

Stock Code: 603883

Company Abbreviation: LBX

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# 2024 Annual Report

In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

## Important Notes

**I. The Company's Board of Directors, Board of Supervisors, and directors, supervisors, senior executives warrant the truthfulness, accuracy, and completeness of the content of this annual report, confirm that there are no false records, misleading statements, or material omissions, and assume individual and joint legal liability.**

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

**III. Ernst & Young Hua Ming LLP issued a standard unqualified auditor's report for the Company.**

**IV. The Company's principal Xie Zilong, person in charge of accounting work Chen Lishan, and person in charge of accounting department (chief accountant) Shi Lei declare: We warrant the truthfulness, accuracy, and completeness of the financial report in this annual report.**

**V. Profit distribution plan or plan for capitalization of capital reserves for the reporting period approved by the Board of Directors' resolution**

According to the proposal reviewed and approved at the 8th meeting of the 5th Board of Directors on April 29, 2025, based on the total share capital on the record date for the implementation of the equity distribution, it is proposed to distribute a cash dividend of RMB 0.8 (tax included) for every 10 shares held by all shareholders. The Company will not issue bonus shares or convert capital reserves into share capital. As of March 31, 2025, the Company's total share capital was 760,095,613 shares. The proposed cash dividend distribution is RMB 60,807,649.04 (tax included). The total proposed cash dividend for the year 2024 (tax included) is RMB 312,216,098.28 (including the interim dividend of RMB 251,408,449.24 for 2024), representing 60.15% of the net profit attributable to the parent company for 2024.

**VI. Risk statement regarding forward-looking statements**

Applicable  Not Applicable

The forward-looking statements involved in this report, such as future plans, development strategies, do not constitute substantial commitments by the Company to investors.

Please pay attention to investment risks.

**VII. Whether there is any non-operational occupation of funds by the controlling shareholder and other related parties**

No

**VIII. Whether there is any situation of providing external guarantees in violation of stipulated decision-making procedures**

No

**IX. Whether more than half of the directors cannot guarantee the truthfulness, accuracy, and completeness of the annual report disclosed by the Company**

No

**X. Major risk warning**

During the reporting period, there were no major risks that had a substantial impact on the Company's production and operation. The Company has elaborated in detail in this report on the various risks it may face during its production and operation, as well as the corresponding countermeasures. Please refer to Section III "Discussion and Analysis by the Management", Part VI "Company's Discussion and Analysis of Future Development - (IV) Potential Risks".

**XI. Other**

Applicable Not Applicable

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Directory of Documents Available for Inspection	Financial statements bearing the signatures and seals of the legal representative, the person in charge of accounting work, and the person in charge of accounting department
	Original auditor's report bearing the seal of the accounting firm and the signatures and seals of the certified public accountants
	Originals of all the Company's documents and announcements and that have been publicly disclosed on the newspapers designated by China Securities Regulatory Commission during the reporting period

## Section I Definitions

### I. Definitions

Unless the context otherwise requires, the following words shall have the following meanings in this Report:

LBX/Company/Group	means	LBX Pharmacy Chain Joint Stock Company
LBX Pharmaceutical Group/Pharmaceutical Group	means	LBX Pharmaceutical Group Co., Ltd., LBX's controlling shareholder
Janstar Investment	means	Janstar Investment Limited, LBX's major shareholder
Lanzhou Huirentang	means	Lanzhou Huirentang Pharmaceutical Chain Co., Ltd., LBX's wholly-owned subsidiary
Shaanxi LBX/Shaanxi Company	means	LBX Pharmacy Chain (Shaanxi) Co., Ltd., LBX's wholly-owned subsidiary
Zhejiang LBX	means	LBX Pharmacy Chain (Zhejiang) Co., Ltd., LBX's wholly-owned subsidiary
Guangxi LBX/Guangxi Company	means	LBX Pharmacy Chain (Guangxi) Co., Ltd., LBX's wholly-owned subsidiary
Shandong LBX/Shandong Company	means	LBX Pharmacy Chain (Shandong) Co., Ltd., LBX's wholly-owned subsidiary
Guangdong LBX/Guangdong Company	means	LBX Pharmacy Chain Guangdong Co., Ltd., LBX's wholly-owned subsidiary
Tianjin LBX/Tianjin Company	means	LBX Pharmacy Chain (Tianjin) Co., Ltd., LBX's wholly-owned subsidiary
Jiangxi LBX	means	LBX Pharmacy (Jiangxi) Co., Ltd., LBX's wholly-owned subsidiary
Shanghai LBX	means	LBX Pharmacy (Shanghai) Co., Ltd., LBX's wholly-owned subsidiary
Hubei LBX	means	LBX Pharmacy Chain (Hubei) Co., Ltd., LBX's wholly-owned subsidiary
Shanxi Baihui	means	Shanxi Baihui Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Hunan Huairen/Huiren Pharmacy	means	Hunan LBX Huairen Pharmacy Chain Co., Ltd. (formerly "Hunan Huairen Great Health Industry Development Co., Ltd."), LBX's non-wholly-owned subsidiary
Henan LBX	means	LBX Pharmacy Chain Henan Co., Ltd., LBX's wholly-owned subsidiary
Forworld Company/Hunan Forworld	means	Forworld Medicine Logistics (Hunan) Co., Ltd., LBX's wholly-owned subsidiary
Jiangsu Forworld	means	Forworld Medicine Logistics (Jiangsu) Co., Ltd., LBX's wholly-owned subsidiary
Tianjin Forworld	means	Forworld Medicine Logistics (Tianjin) Co., Ltd., Hunan Forworld's wholly-owned subsidiary
Jiangsu LBX	means	LBX Pharmacy (Jiangsu) Co., Ltd., Changzhou Wanren's wholly-owned subsidiary
Yaoshengtang/Yaoshengtang Company	means	Yaoshengtang (Hunan) Pharmaceutical Co., Ltd., LBX's former wholly-owned subsidiary
Yaoshengtang Technology/Chinese Medicine Technology	means	Hunan Yaoshengtang Chinese Medicine Technology Co., Ltd., LBX's wholly-owned subsidiary
Hengyang LBX	means	LBX Pharmacy Chain (Hengyang) Co., Ltd., LBX's non-wholly-owned subsidiary
Hangzhou Forworld	means	Forworld Medicine Logistics (Hangzhou) Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Beijing E-commerce	means	Beijing LBX E-commerce Co., Ltd., LBX's wholly-owned subsidiary

Anhui Baixingyuan	means	Anhui Baixingyuan Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Xi'an Longsheng	means	Xi'an Longsheng Pharmaceutical Co., Ltd., Shaanxi LBX's wholly-owned subsidiary
Xi'an Changjia	means	Xi'an Changjia Pharmaceutical Co., Ltd., Shaanxi LBX's wholly-owned subsidiary
Henan Pharmaceutical Supermarket	means	Henan Provincial Pharmaceutical Supermarket Co., Ltd., Henan LBX's wholly-owned subsidiary
Yangzhou Baixinyuan	means	Yangzhou Baixinyuan Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Mingyuan Bee Industry	means	Hunan Mingyuan Bee Industry Co., Ltd., whose controlling shareholder is Tianyi Venture Capital Co., Ltd., and actual controllers are Mr. Xie Zilong and Ms. Chen Xiulan.
Tianjin Binhai LBX	means	LBX Pharmacy Chain (Tianjin Binhai New Area) Co., Ltd., Tianjin LBX's non-wholly-owned subsidiary
Wugong Longsheng	means	Wugong County Longsheng Pharmaceutical Co., Ltd., Xi'an Longsheng's wholly-owned subsidiary
LBX Health Pharmacy	means	LBX Health Pharmacy Group Chain Co., Ltd., Forworld's non-wholly-owned subsidiary
Jiji Trading	means	Jiaxing Jiji Trading Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Qiutao LBX	means	Hangzhou Qiutao LBX Pharmacy Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Baixingtang	means	Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Management Co., Ltd., LBX's non-wholly-owned subsidiary
Hunan Baixingtang	means	Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Outpatient Department Co., Ltd., Baixingtang's wholly-owned subsidiary
Chengdu Baixingtang	means	Chengdu Baixingtang Medical Center Management Co., Ltd., Baixingtang's wholly-owned subsidiary
Mingyu Longxing	means	Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd., LBX's non-wholly-owned subsidiary
Xi'an Baixingtang	means	Xi'an Baixingtang Zhang Shiwu Tang Traditional Chinese Medicine Clinic Co., Ltd., LBX (Shaanxi)'s wholly-owned subsidiary
Changzhou Renmin Baixingtang	means	Changzhou Baixingtang Renmin Traditional Chinese Medicine Outpatient Department Co., Ltd., Baixingtang's wholly-owned subsidiary
Changzhou Heping Baixingtang	means	Changzhou Baixingtang Heping Medical Outpatient Department Co., Ltd., Baixingtang's wholly-owned subsidiary
Zhejiang Health	means	LBX Health Pharmacy (Zhejiang) Co., Ltd., LBX Health Pharmacy's non-wholly-owned subsidiary
Zhongbeiqiao	means	Hangzhou Zhongbeiqiao Clinic Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Ningbo Haishu	means	Ningbo Haishu LBX Internal Medicine Clinic Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Kunshan Duhao	means	Kunshan Duhao Convenience Chain Co., Ltd., Jiangsu Baijiahui's wholly-owned subsidiary
Jiangsu Baijiahui	means	Jiangsu Baijiahui Suhe Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Tongliao Zeqiang	means	Tongliao Zeqiang Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Inner Mongolia Zeqiang	means	Inner Mongolia Zeqiang Pharmaceutical Co., Ltd., Tongliao Zeqiang's wholly-owned subsidiary
Chifeng LBX	means	Chifeng LBX Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Longtaiyuan	means	Taizhou Longtaiyuan Pharmaceutical Chain Co., Ltd., LBX's wholly-owned subsidiary

Zhenjiang Huakang	means	Zhenjiang Huakang Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Nantong Puze	means	Nantong Puze Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Anhui Linjiayi	means	Anhui Linjiayi Kangfu Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Easy Drug	means	Hunan Easy Drug Technology Co., Ltd., LBX's non-wholly-owned subsidiary
Jintan Xinqianqiu	means	Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd., LBX's non-wholly-owned subsidiary
Sanpintan	means	Wuxi Sanpintan Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Jiangsu Haipeng	means	Jiangsu Haipeng Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Tongshengxiang Tongjitang	means	Ningxia Tongshengxiang Tongjitang Pharmaceutical Co., Ltd., Lanzhou Huirentang's wholly-owned subsidiary
Rende Pharmacy	means	Linyi Rende Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Longxing Tianxia	means	Hunan Longxing Tianxia Pharmaceutical Consulting Service Co., Ltd., LBX Health Pharmacy's wholly-owned subsidiary
Faxiangdi	means	Changsha Faxiangdi Industrial Co., Ltd., LBX's wholly-owned subsidiary
A-share	means	Ordinary shares approved for listing on domestic stock exchanges, denominated in RMB, subscribed for and traded in RMB
CSRC	means	China Securities Regulatory Commission
SSE (Shanghai Stock Exchange)	means	Shanghai Stock Exchange
Articles of Association	means	LBX's past and currently effective Articles of Association
State Council	means	The State Council of the People's Republic of China, also known as the Central People's Government, is the executive body of the highest organ of state power and the highest state administrative organ
Ministry of Commerce	means	Ministry of Commerce of the People's Republic of China
O2O	means	Abbreviation for Online-to-Offline, referring to an e-commerce model that combines offline business opportunities with the internet, making the internet a front-end for offline transactions
B2C	means	Business-to-Customer, an e-commerce model where businesses sell products and services directly to consumers
DTP	means	DTP is the abbreviation for Direct-to-Patient. A DTP pharmacy is a pharmacy that directly provides more valuable professional services to patients. An innovative sales model where, after a patient obtains a prescription from the hospital, the pharmacy delivers the medication to the patient's or family's designated time and place based on the prescription, tracks the patient's medication progress, and provides professional services such as medication counseling.
This Report	means	2024 Annual Report of LBX Pharmacy Chain Joint Stock Company
Reporting period	means	January 1 - December 31, 2024
End of the reporting period	means	December 31, 2024
Chinese Yuan	means	RMB

## Section II Company Profile and Main Financial Indicators

### I. Company Information

Chinese Name of the Company	
Chinese Abbreviation of the Company	LBX
English Name of the Company	LBX Pharmacy Chain Joint Stock Company
English Abbreviation of the Company	LBX
Legal Representative of the Company	Xie Zilong

### II. Contacts and Contact Information

Item	Secretary of the Board of Directors	Securities Affairs Representative
Name	Feng Shini	Liu Xia'er
Contact Address	<b>No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province</b>	<b>No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province</b>
Tel	0731-84035189	0731-84035189
Fax	0731-84035196	0731-84035196
Email	ir@lbxdrugs.com	ir@lbxdrugs.com

### III. Basic Information Summary

Company's registered address	<b>No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province</b>
Change history of the Company's registered address	In April 2019, the registered address changed from 288 Xiangya Road, Changsha City to 808 Qingzhuhu Road, Kaifu District, Changsha City
Office address of the Company	<b>No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province</b>
Postal code of the Company's office address	410152
Company Website	www.lbxdrugs.com
Email	ir@lbxdrugs.com

### IV. Information Disclosure and Document Location

Media name and website for the Company's annual report disclosure	<i>China Securities Journal</i> ( <a href="https://www.cs.com.cn">https://www.cs.com.cn</a> ) / <i>Shanghai Securities News</i> ( <a href="https://www.cnstock.com">https://www.cnstock.com</a> ) / <i>Securities Times</i> ( <a href="http://www.stcn.com">http://www.stcn.com</a> ) / <i>Securities Daily</i> ( <a href="http://www.zqrb.cn">http://www.zqrb.cn</a> )
Website of the stock exchange for the Company's annual report disclosure	www.sse.com.cn
Location where the Company's annual report is kept	Company's Securities Affairs Department

### V. Company Stock Profile

Company Stock Profile				
Stock Type	Stock Listing Exchange	Stock Abbreviation	Stock Code	Previous Stock Abbreviation
A-share	SSE (Shanghai Stock Exchange)	LBX	603883	None

**VI. Other Relevant Information**

Accounting firm engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office Address	Rooms 01-12, 17th Floor, Ernst & Young Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing
	Names of signatory certified public accountants	Wang Shijie, Liang Chang'e
Sponsor institution performing continuous supervision duties during the reporting period	Name	Goldman Sachs (China) Securities Company Limited
	Office Address	Rooms 1807-1819, 18th Floor, Beijing Yinglan International Financial Center, 7 Jincheng Street, Xicheng District, Beijing
	Names of signing sponsor representatives	Huang Yunqi, Liu Yang
	Period of continuous supervision	August 6, 2020 - December 31, 2023 (As raised funds were not fully utilized, continuous supervision duties for the raised funds continued in 2024)

**VII. Main Accounting Data and Financial Indicators for the Last Three Years****(I) Main Accounting Data**

Unit: Yuan Currency: RMB

Main Accounting Data	2024	2023	Change from the same period last year (%)	2022
Operating income	22,357,610,195	22,437,489,012	-0.36	20,175,519,303
Net profit attributable to shareholders of the listed company	519,063,405	929,023,131	-44.13	784,961,520
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	496,274,418	843,765,222	-41.18	735,724,494
Net cash flows from operating activities	2,026,458,797	2,729,838,947	-25.77	2,314,315,009
	End of 2024	End of 2023	Change from the end of the same period last year (%)	End of 2022
Net assets attributable to shareholders of the listed company	6,580,857,270	6,701,235,576	-1.80	6,529,953,538
Total asset	21,044,853,679	21,230,999,976	-0.88	21,397,332,918

**(II) Main Financial Indicators**

Main Financial Indicators	2024	2023	Change from the same period last year (%)	2022
Basic EPS (RMB/share)	0.68	1.23	-44.72	1.04
Diluted EPS (RMB/share)	0.68	1.23	-44.72	1.04
Basic EPS after deducting non-recurring gains and losses (RMB/share)	0.65	1.11	-41.44	0.97
Weighted average ROE (%)	7.84	13.91	Decrease by 6.07 percentage points	12.72
Weighted average ROE after deducting non-recurring gains and losses (%)	7.60	12.64	Decrease by 5.04 percentage points	11.88

Explanation of the Company's main accounting data and financial indicators for the past three years at the end of the reporting period

Applicable  Not Applicable

During this reporting period, operating income decreased by 0.36% compared to the previous year, basically flat; net profit attributable to shareholders of the listed company and net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses decreased by 44.13% and 41.18% respectively compared to the previous year, mainly due to the increase in the number of new stores, which are still in their performance growth period, and the Company's recognition of goodwill impairment losses; net cash flow generated from operating activities decreased by 25.77% compared to the previous year, mainly due to the decrease in cash received from the sale of goods and an increase in salary payments resulting from the opening of new stores; net assets attributable to shareholders of the listed company decreased by 1.80% compared to the previous year, mainly due to the Company's dividend distribution. Total assets decreased by 0.88% compared to the previous year, basically flat.

**VIII. Differences in Accounting Data under Domestic and Foreign Accounting Standards****(I) Differences in net profit and net assets attributable to shareholders of the listed company between financial reports disclosed simultaneously under International Accounting Standards and Chinese Accounting Standards**

Applicable  Not Applicable

**(II) Differences in net profit and net assets attributable to shareholders of the listed company between financial reports disclosed simultaneously under Foreign Accounting Standards and Chinese Accounting Standards**

Applicable  Not Applicable

**(III) Explanation of differences between domestic and foreign accounting standards:**

Applicable  Not Applicable

**IX. Main Financial Data by Quarter for 2024**

Unit: Yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating income	5,539,130,441	5,400,532,345	5,292,485,303	6,125,462,106
Net profit attributable to shareholders of the listed company	321,257,612	181,446,821	127,443,390	-111,084,418

Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	310,558,626	171,227,391	125,291,960	-110,803,559
Net cash flows from operating activities	417,071,839	194,413,371	644,236,284	770,737,303

Explanation of differences between quarterly data and disclosed periodic report data

Applicable Not Applicable

#### X. Non-recurring gains and losses items and amounts

Applicable Not Applicable

Unit: Yuan: RMB

Non-recurring gains and losses item	Amount in 2024	Notes (if applicable)	Amount in 2023	Amount in 2022
Gains or losses from disposal of non-current assets, including the write-off portion of asset impairment provisions already recognized	-4,530,258		5,509,528	1,442,570
Government grants recognized in current profit or loss, excluding those closely related to the Company's normal business operations, complying with national policy regulations, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	31,143,302		36,990,610	39,327,221
Gains or losses from changes in fair value of financial assets and liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and liabilities, excluding effective hedging activities related to the Company's normal business operations	1,206,496		4,629,589	20,578,149
Fees charged for the occupation of funds to non-financial enterprises recognized in current profit or loss				
Gains or losses from entrusting others to invest or manage assets				
Gains or losses from external entrusted loans				
Asset losses arising from force majeure factors, such as natural disasters				
Reversal of impairment provisions for receivables tested individually for impairment	253,000		790,786	
Gains arising from the investment cost of acquiring subsidiaries, associates, and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition				
Current net profit or loss of subsidiaries from the beginning of the period to the merger date arising from business combinations involving enterprises under common control				
Gains or losses from non-monetary asset exchanges				
Gains or losses from debt restructuring				
One-off expenses incurred due to the				

discontinuation of related business activities, such as employee placement expenses				
One-off impact on current profit or loss due to adjustments in tax, accounting, and other laws and regulations				
Share-based payment expenses recognized one-off due to cancellation or modification of equity incentive plans				
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee benefits payable after the vesting date				
Gains or losses arising from changes in fair value of investment properties subsequently measured using the fair value model				
Gains arising from transactions with obviously unfair transaction prices				
Gains or losses arising from contingent events unrelated to the Company's normal business operations				
Custody fee income from entrusted operations				
Other non-operating income and expenses other than the items listed above	2,398,621		9,703,510	884,108
Other profit or loss items meeting the definition of non-recurring gains and losses	-1,309,915		56,265,472	4,546,871
Less: Income tax impact	4,978,234		25,236,570	12,578,269
Impact on minority interests (after tax)	1,394,025		3,395,016	4,963,624
Total	22,788,987		85,257,909	49,237,026

Reasons should be provided if the Company identifies items not listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Gains and Losses* as non-recurring gains and losses items with significant amounts, or defines items listed in the announcement as recurring gains and losses items.

Applicable  Not Applicable

Unit: Currency: RMB

Item	Amount involved	Reason
VAT reduction/exemption for small-scale taxpayers	46,542,302	Closely related to normal business operations

## XI. Items measured at fair value

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of Project	Beginning balance	Ending balance	Change during the period	Impact on current profit
Trading financial assets	1,500,000		-1,500,000	1,206,496
Receivables financing	8,332,713	15,269,288	6,936,575	
Other equity instrument investments	37,177,723	35,877,723	-1,300,000	
Other non-current financial assets	5,774,109	12,093,150	6,319,041	
Other payables	-42,398,775	-42,398,775		
Total	10,385,770	20,841,386	10,455,616	1,206,496

## XII. Other

Applicable  Not Applicable

## Section III Discussion and Analysis by the Management

### I. Discussion and Analysis of Business Conditions

LBX Pharmacy is committed to building a "technology-driven health service platform". In 2024, the Company achieved operating income of RMB 22,357.61 million, a year-on-year decrease of 0.36%; achieved net profit attributable to parent company shareholders of RMB 519.06 million, a year-on-year decrease of 44.13%; achieved net cash flow generated from operating activities of RMB 2,026.46 million, a year-on-year decrease of 25.77%.

As of December 31, 2024, the Company had built a marketing network covering 18 provinces, over 150 prefecture-level cities and above across the country, totaling 15,277 stores, including 9,981 directly-operated stores and 5,296 franchised stores. In 2024, there was a net increase of 1,703 stores, including a net increase of 801 directly-operated stores and a net increase of 902 franchised stores.

For a detailed discussion and analysis of the Company's business conditions, please refer to Section III "Discussion and Analysis by the Management", Part IV "Analysis of Core Competitiveness during the Reporting Period" of this report.

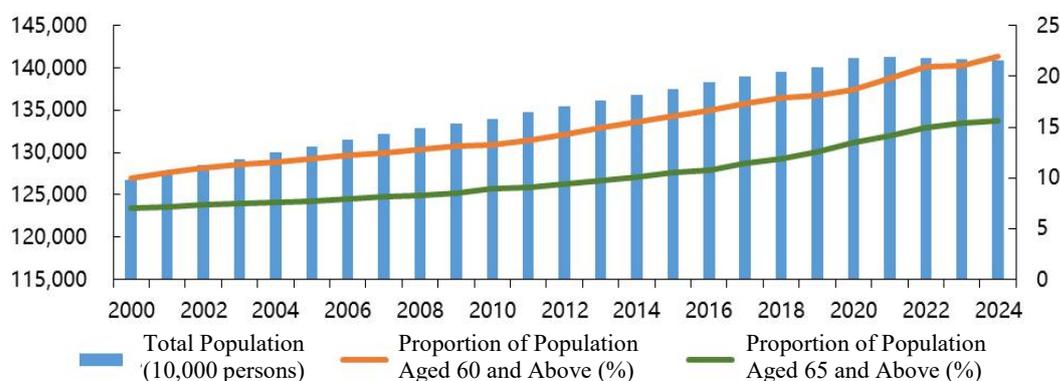
### II. Industry Situation during the Reporting Period

#### (I) Basic Industry Situation

##### 1. Deepening population aging drives industry growth

According to data released by the National Bureau of Statistics, as of the end of 2024, China's population aged 60 and above was 310 million, accounting for 22% of the national population, of which the population aged 65 and above was 220 million, accounting for 15.6% of the national population. At the end of 2024, the proportion of China's population aged 60 and above continued to increase compared to 2023, and the proportion of the population aged 65 and above also increased by 0.2 percentage points compared to 2023. China's aging process continues to deepen, and the demand for healthcare and chronic disease management will gradually increase in the future.

#### Aging Population in China



Data source: National Bureau of Statistics

The sales scale of all categories in China's retail pharmacies has grown steadily. According to CMH data, the sales scale of all categories in national retail pharmacies reached RMB 528.2 billion in 2024. The growth rate was high in 2022 due to the relaxation of epidemic controls, while the growth rate slowed down in 2024 and 2023 due to the high base. The compound annual growth rate from 2018 to 2024 was 3.05%.

### 2018-2024 National Retail Pharmacy Sales and Year-on-Year Growth Rate by Category



Data source: CMH

## 2. Policies accelerate prescription outflow, increasing the market share of pharmaceutical retail

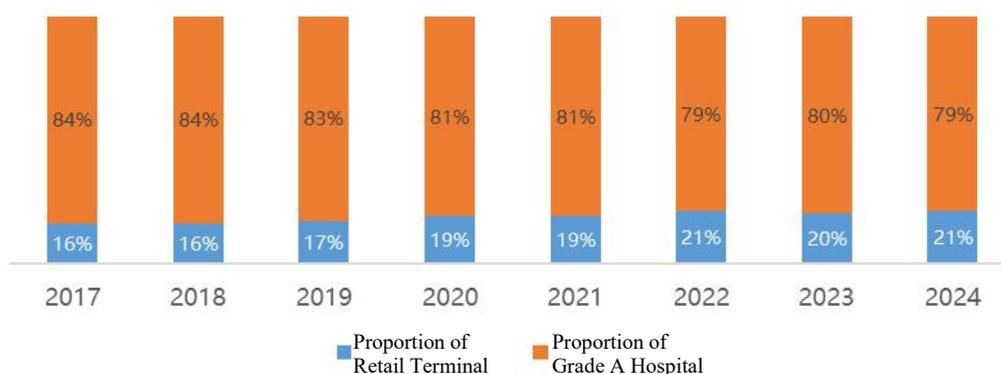
With the implementation of the "Healthy China" strategy and the deepening of medical and health system reforms, a series of policies such as the Separation of Dispensing from Prescription (SDP), medical insurance cost control, volume-based procurement, zero mark-up policy for drugs, dual-channel, medical insurance reform, and the inclusion of designated pharmacies in outpatient pooling management have gradually landed, promoting the continuous outflow of prescription drugs from hospitals.

### (1) Separation of Dispensing from Prescription (SDP) is an inevitable trend

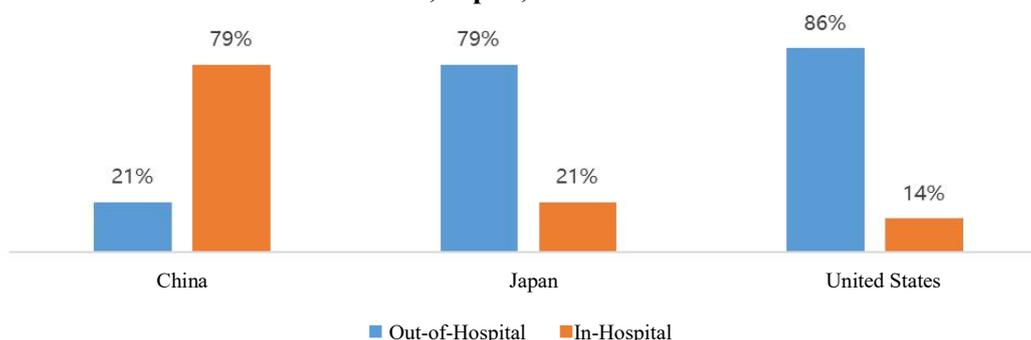
"Separation of Dispensing from Prescription (SDP)" is an important goal of China's medical system reform, and prescription outflow is also an important direction for the "Separation of Dispensing from Prescription (SDP)". China's medical resources are relatively concentrated, and patients tend to seek diagnosis, treatment, and purchase medicine in public hospitals. In recent years, the state has deepened the reform of the medical system. Various policies such as DRG (Diagnosis Related Group payment), DIP (Diagnosis-Intervention Packet payment), volume-based procurement, and opening outpatient pooling medical insurance to pharmacies have gradually landed, continuously promoting the "Separation of Dispensing from Prescription (SDP)" and prescription outflow.

In recent years, prescription drug sales in China have shifted towards outside hospitals, with the retail terminal share increasing by about 5 percentage points from 2017 to 2024. Currently, the retail terminal share has increased from 16% in 2017 to 21% in 2024. However, the share of retail channels in prescription drug sales is still relatively low. In 2022, the proportion of prescription drug sales outside hospitals in Japan and the United States reached 79% and 86% respectively. Compared with developed countries, there is still significant room for improvement in the proportion of prescription drug sales outside hospitals in China.

### 2017-2024 Proportion of Prescription Drugs In and Out of Hospitals in China



### 2022 Proportion of Prescription Drugs In and Out of Hospitals in China, Japan, and the US



Data sources: CMH, Ministry of Health, Labour and Welfare of Japan, IQVIA

#### (2) Medical insurance account reform strengthens mutual aid and liquidity

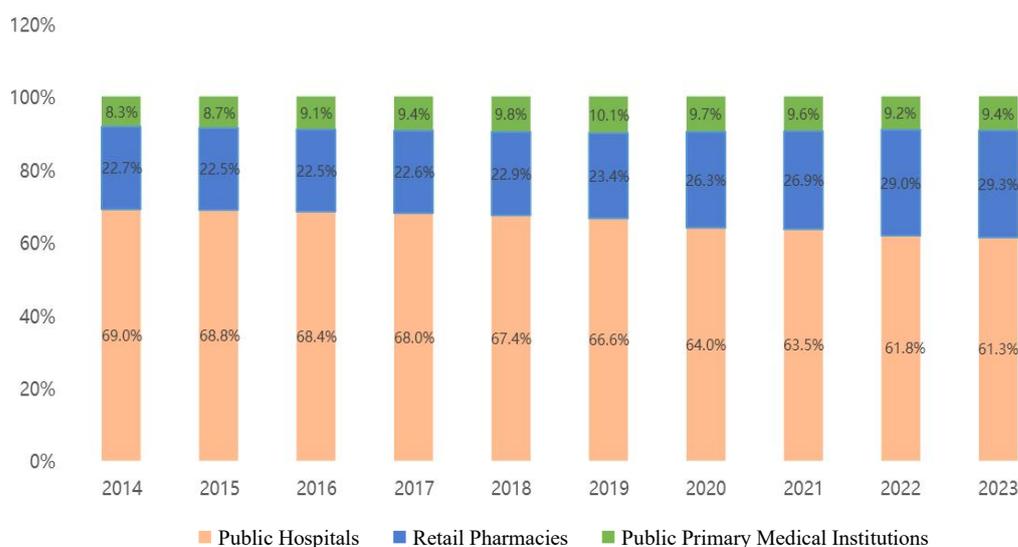
The reform of medical insurance accounts shifts towards "allocation by disease", strengthening mutual aid. More medical insurance funds flow to people with high demand for medical treatment and medication purchase, improving liquidity. Before the medical insurance account reform, all personal contributions and part of the employer's contributions were allocated to the individual medical insurance account. Expenses for outpatient visits or drug purchases at pharmacies could only be paid from the individual account. After the reform, the part of the employer's contribution is allocated to the pooled medical insurance fund. At the same time, the reimbursement scope of the pooled medical insurance fund has been expanded to include outpatient reimbursement, hospitalization reimbursement, and pharmacy purchase reimbursement. The medical insurance account reform is essentially a change in the medical security model. The "allocation by person" model of medical insurance funds has shifted to the "allocation by disease" model. The increase in the pooled medical insurance fund compensates for the reduction in individual accounts, and expanding the reimbursement scope to pharmacies will promote prescription outflow.

#### (3) Inclusion of designated pharmacies in outpatient pooling management has a significant effect on attracting patient flow

The inclusion of designated pharmacies in outpatient pooling management, implementing the same medical insurance benefits as designated primary medical institutions, has a significant effect on attracting patient flow. On February 15, 2023, the National Healthcare Security Administration issued the *Notice on Further Improving the Management of Including Designated Retail Pharmacies in Outpatient Pooling Management*, actively supporting designated retail pharmacies to open outpatient pooling services, improving the payment policy for outpatient pooling in designated pharmacies, and clarifying the supporting policies for including designated retail pharmacies in outpatient pooling. This signifies a significant improvement in the role and status of retail pharmacies in the national medical and health security system and is also a substantial promotion of prescription circulation and the Separation of Dispensing from Prescription (SDP). For retail pharmacies, obtaining the qualification of a coordinated designated pharmacy will add the pooled medical insurance fund as a payer in addition to the individual medical insurance account, and will attract more customer flow due to prescription outflow from hospitals.

According to Menet data, the sales share of retail pharmacy terminals increased from 22.7% in 2014 to 29.3% in 2023, while the sales share of public hospital terminals gradually decreased from 69% in 2014 to 61.3% in 2023, indicating the continuous progress of prescription outflow.

### Proportion of National Drug Terminal Channel

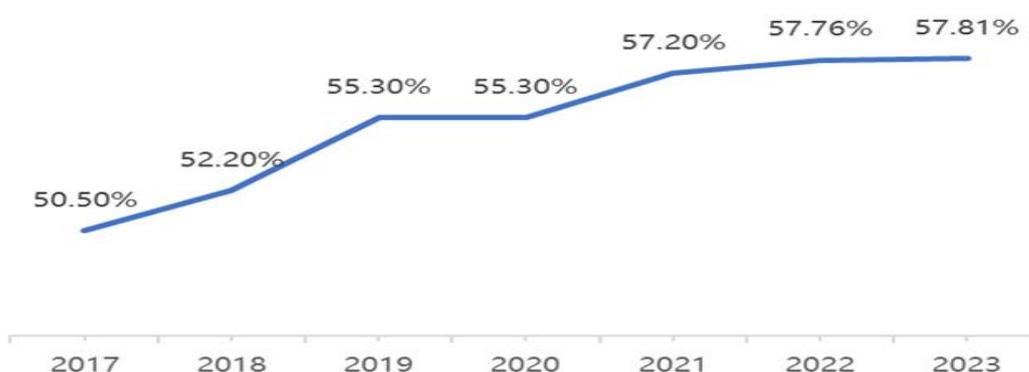


Data source: Menet

### 3. Increased industry concentration and stricter regulation accelerate industry consolidation

National policies promote the increase in market concentration and chain rate in the pharmaceutical retail industry, with significant room for improvement. In October 2021, the Ministry of Commerce issued the *Guiding Opinions on Promoting the High-Quality Development of the Pharmaceutical Circulation Industry during the "14th Five-Year Plan" Period*, pointing out that by 2025, 5-10 specialized and diversified pharmaceutical retail chain enterprises with annual sales exceeding RMB 50 billion will be cultivated. The annual sales of the top 100 pharmaceutical retail enterprises will account for more than 65% of the total pharmaceutical retail market, and the pharmaceutical retail chain rate will approach 70%. According to CMH, the pharmacy chain rate in the United States has exceeded 71%, while China's chain rate was only about 58% in 2023, and there are significant differences in pharmacy chain rates across different regions. In addition, the concentration of China's pharmaceutical retail industry still lags significantly behind developed markets. According to Soochow Securities and China Drug Store data, in 2022, the market share of the top three pharmacy chains in the United States was 85%, and the market share of the top ten drugstores in Japan was 73.7%. In 2023, the market share of the top ten pharmacy chains in China was only 34.11%, indicating significant room for improvement.

### 2017-2023 National Pharmacy Chain Rate



Data sources: CMH, National Medical Products Administration

### 2015-2023 Sales and Proportion of Top 10 and Top 100 Pharmacies in China

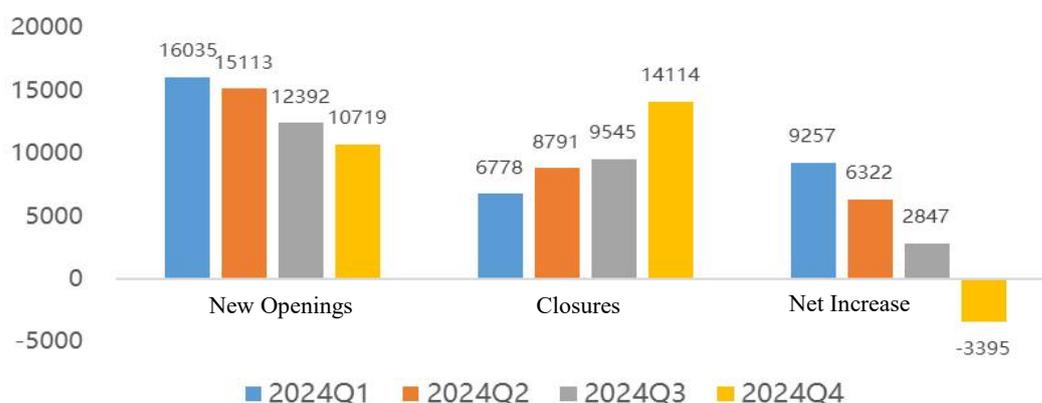


Data source: China Drug Store

Under the trend of stricter regulation and increased price transparency, large chain pharmacies with compliant operations, refined management, strong product selection, and service capabilities will further highlight their advantages, and market concentration is expected to accelerate. In recent years, regulations at all levels have gradually tightened, the compliance of the pharmaceutical retail industry has continuously improved, medical insurance price supervision has become stricter, and market price transparency has increased. Small chain pharmacies and individual pharmacies face greater operating pressure. However, leading national pharmaceutical chain pharmacies possess strong bargaining power, rich product matrices, digitally empowered compliance management, and other operational advantages, enabling them to further increase their market share during the "market consolidation period". With the advancement of the outpatient pooling medical insurance policy, large chain pharmacies with stronger compliance have obtained more outpatient pooling qualifications, and customer flow is further concentrating towards large chain pharmacies.

According to CMH data, influenced by multiple factors, the growth in the number of national retail pharmacies reached an inflection point in 2024. In the first to fourth quarters of 2024, the number of closed retail pharmacies nationwide was 6,778, 8,791, 9,545, and 14,114, respectively. The net increase in each quarter was 9,257, 6,322, 2,847, and -3,395, respectively. In the fourth quarter of 2024, the number of retail pharmacies showed negative growth, and the average number of people served per pharmacy is expected to rise.

### 2024 Changes in National Retail Pharmacies



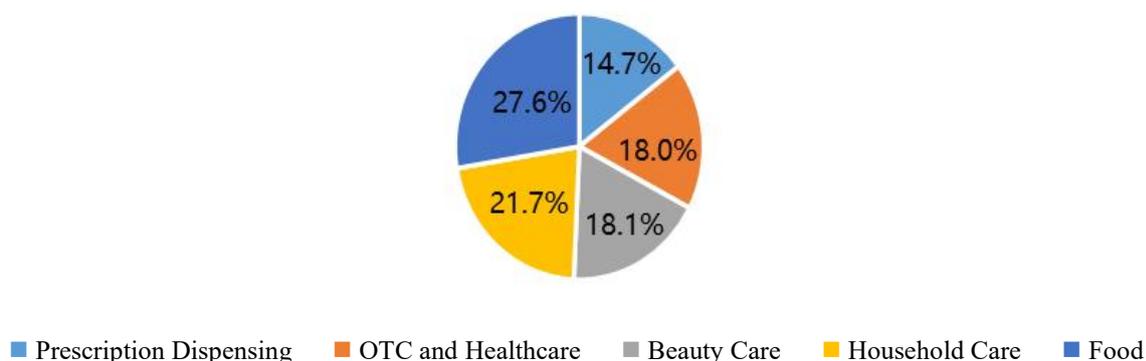
Data source: CMH

### 4. Digital intelligence, specialization, diversification development, and integration of online and offline services

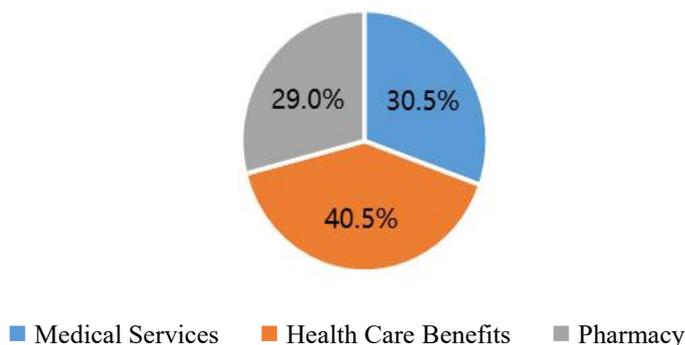
National policies promote the digital intelligence, specialization, diversification, and integration of online and offline development of retail pharmacies. According to the *Statistical Analysis Report on the Operation of the Pharmaceutical Circulation Industry in 2022* by the Ministry of Commerce, the operating capabilities of retail pharmacies continue to improve. The improvement of the "dual-channel" management mechanism for nationally negotiated medical insurance drugs and the implementation of policies such as including designated retail pharmacies in outpatient pooling have led retail pharmacies to continuously enhance their informatization construction level, such as docking with medical insurance information platforms and electronic prescription circulation platforms, improving drug storage and distribution systems, and equipping professional talents to provide rational drug use guidance to patients. At the same time, retail pharmacies continue to explore paths for professional and digital intelligence transformation, actively expanding their service scope, carrying out chronic disease self-testing, pharmaceutical services, and chronic disease management, and providing consulting services and follow-up visits for patients with special drug diseases. Online drug sales continue to be standardized, the scale of the online drug sales market continues to grow, pharmacies are strengthening their expansion of pharmaceutical e-commerce business, utilizing internet platforms to expand the content and radius of pharmacy services, and online and offline services are further integrated.

In November 2024, the Ministry of Commerce and seven other departments issued the *Implementation Plan for the Innovation and Improvement Project of the Retail Industry*, allowing retail pharmacies to legally carry out non-drug commodity sales and related health services, encouraging the diversified development of pharmacies. Data shows that the proportion of non-drug sales in the Japanese drugstore industry reached 67.3% in 2022; CVS Pharmacy in the United States saw its revenue from healthcare services and medical insurance reach 69.5% in 2024, while the proportion of non-drug sales in Chinese pharmacies was only 18.6% in 2024. In comparison, there is still significant room for development in the diversification of goods and services in Chinese pharmacies.

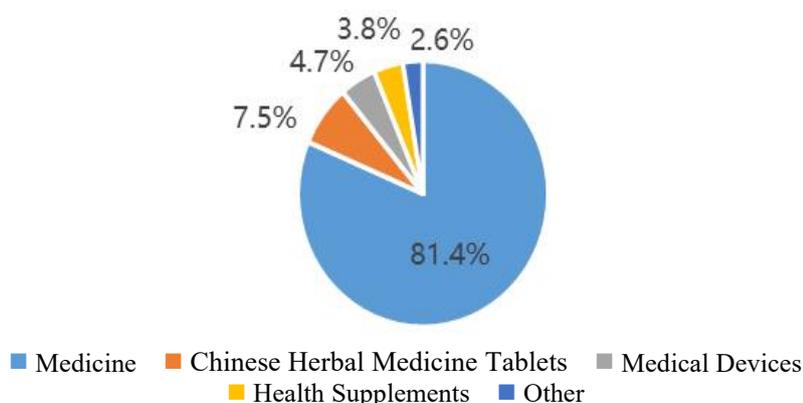
### 2022 Product Category Structure of Japan's Cosmetics and Drugstore Industry



### US CVS Pharmacy 2024 Financial Report Revenue Structure



### 2024 Sales Category Structure of Physical Pharmacies in China



Data sources: CVS financial reports, Japan Association of Chain Drug Stores, China Drug Store, Menet

#### (II) Cyclical Characteristics of the Industry

The demand for pharmaceutical consumption is mainly determined by the size of the covered population and the incidence of diseases, belonging to essential consumption. Compared with other general retail industries, the pharmaceutical retail industry is relatively less affected by the macroeconomic environment, and economic cyclicity is not obvious. Based on objective conditions such as accelerated aging and rising resident consumption levels in China, residents' demand for medicine continues to grow, and the demand for health care products and professional pharmaceutical services continues to increase.

#### (III) Company's Position in the Industry

LBX is an influential pharmaceutical retail chain enterprise in China, committed to building a technology-driven health service platform. In 2024, the Company won the championship of the "Top 100 Comprehensive Competitiveness List of Chinese Pharmaceutical Retail Enterprises" at the Xipu Conference for the twelfth time, and also retained the title of "Competitiveness of Pharmaceutical Retail Enterprises - Brand Power Champion"; ranked third in the "Top 10 List of Total Sales of Chinese Pharmaceutical Retail Enterprises in 2023" by the China Association of Pharmaceutical Commerce; ranked fourth in the "2023-2024 Top 100 Comprehensive Strength List of Chinese Chain Pharmacies" held by the Mingsi Conference; ranked fourth in the "2024-2025 Top 100 Value List of Chinese Pharmacies" held by "China Drug Store"; awarded the China Best Managed Companies (BMC) for the third consecutive year, and is the only pharmaceutical retail enterprise listed on this year's BMC list of consecutive award-winning enterprises.

### III. Business Activities during the Reporting Period

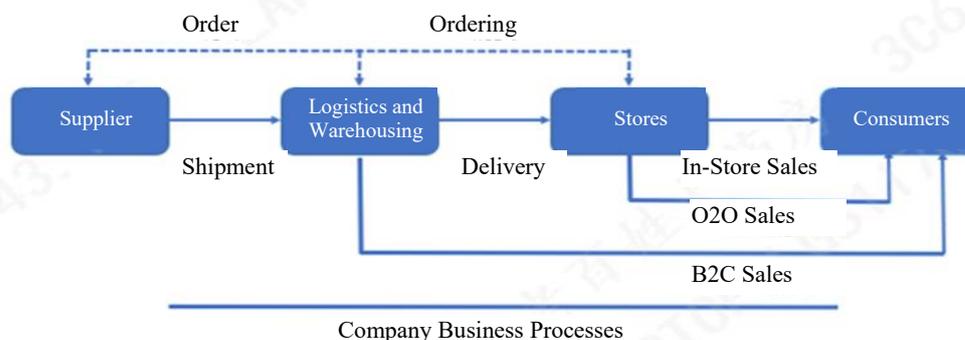
#### (I) Overview of Main Business

LBX Pharmacy is one of the leading pharmaceutical retail chain enterprises in China in terms of scale. It is mainly engaged in the sale of drugs and other health and beauty-related products through its marketing network. Its operating categories include Chinese and Western patent medicines, Chinese herbal medicines, health-preserving Chinese medicines, health equipment, health foods, ordinary foods, personal care products, and daily necessities. At the same time, LBX Pharmacy actively explores the "Spark Company" cooperation model of controlling acquisitions, vigorously develops the "Seven Unifications" high-standard pharmacy franchise model, innovatively creates the alliance model of a "third-party comprehensive empowerment service platform", and actively explores O2O business, committed to becoming a technology-driven health service platform, creating an innovation platform led by retail, coordinated by services, and continuously expanding into new retail, prescription drugs, and other fields.

As of December 31, 2024, the Company had built a marketing network covering 18 provinces, over 150 prefecture-level cities and above across the country, totaling 15,277 stores, including 9,981 directly-operated stores and 5,296 franchised stores. In 2024, there was a net increase of 1,703 stores, including a net increase of 801 directly-operated stores and a net increase of 902 franchised stores.

#### (II) Business Model

The Company's main business process is shown in the figure below:



#### 1. Procurement Model



The Company's procurement process mainly includes several important steps: budget formulation, detailed plan refinement, supplier selection, product review, and supplier management. Through the coordinated cooperation of buyers for each category in the procurement line with the product management department and quality management department, high-quality products, efficient procurement, and process integrity are ensured.

#### 2. Logistics and Distribution Model

The Company's logistics and distribution system mainly includes three processes: warehouse management, order management, and transportation management. The Company utilizes advanced information systems such as WMS (Warehouse Management System), WCS (Warehouse Control System), AS/RS (Automated Storage and Retrieval System), DPS (Digital Picking System), MCS (Material Control System), CRM (Customer Relationship Management System), and ERP (Enterprise

Resource Planning) to achieve automated store replenishment requests nationwide. It has also introduced advanced intelligent equipment such as AS/RS automated warehouses, AGV (Automated Guided Vehicle) goods-to-person picking, electronic tag picking, RF picking, and unmanned transport vehicles, achieving full intelligence in the entry and exit of goods in logistics distribution centers. Through informatization and visualization management, TMS (Transportation Management System) order allocation, vehicle scheduling, freight settlement, etc., the timeliness of logistics distribution is effectively improved, and the distribution error rate is reduced, making it a core competitiveness of the enterprise.

### **3. Sales Model**

The Company's sales model includes self-operated purchase and sale, franchising, and alliance. That is, the logistics distribution center uniformly purchases goods and distributes them uniformly. After the purchased goods are accepted and enter the stores, they become the inventory of the retail pharmacy, and the risks and rewards related to the ownership of the goods are borne by the retail pharmacy. Under the self-operated purchase and sale model, the purchase-sale price difference is the main source of profit. The main profit sources for franchising are distribution purchase-sale price difference, franchise fees, management fees, and software usage fees. The main profit sources for the alliance are distribution purchase-sale price difference and consulting fees. The Company relies on directly-operated stores, franchised stores, and alliance stores to conduct pharmaceutical retail business. To provide consumers with high-quality goods and professional services, the Company has formulated a series of operating specifications to manage store sales. In addition, the Company develops online business through multiple channels such as major e-commerce platforms and private domain WeChat mini-programs.

### **4. Profit Model**

Currently, the Company's main business is the retail chain business of drugs and health-related products, and the main profit comes from the purchase-sale price difference.

## **IV. Analysis of Core Competitiveness during the Reporting Period**

√ Applicable □ Not Applicable

### **(I) Market**

#### **1. Broad Market Coverage Seizes Strategic Advantage**

##### **(1) Wide market coverage, large development space**

The Company is one of the pharmaceutical retail enterprises with the widest coverage in China. Targeting the characteristics of different market levels, the Company continues to build a three-dimensional deep cultivation model of directly-operated stores, mergers and acquisitions, franchising, and alliance to expand the market. As of the end of 2024, the Company's chain network (excluding alliances) covered 18 provincial-level markets and over 150 prefecture-level cities and above nationwide, with a total of 15,277 stores, including 9,981 directly-operated stores and 5,296 franchised stores. In 2024, there was a net increase of 1,703 stores, including a net increase of 801 directly-operated stores and a net increase of 902 franchised stores.

Broad coverage provides the Company with vast development space and great potential for market share improvement. According to the Company's estimates, the 18 provinces already covered account for 3/4 of the market share of China's pharmaceutical retail market. Increasing market share in covered markets can enhance the Company's local competitiveness and further improve gross profit margin and net profit margin. At the same time, localized management teams familiar with local markets and regulatory policies can effectively increase the success rate of store expansion.

##### **(2) Focusing on advantageous markets, expanding into small-town and rural markets**

Focusing on advantageous provincial markets and actively expanding into small-town and rural markets. Based on having achieved broad national market coverage, the Company focuses on expanding in 11 advantageous provinces, prioritizing deepening and densifying the store network in advantageous markets, and actively exploring small-town and rural markets.

The Company accurately expands the market, concentrates resources on advantageous provinces, and seizes opportunities to increase market share during the industry differentiation and clearing process. The Company currently holds a top-three market share in 11 provinces, including being number one in 4 provinces. In 2024, 2,295 new stores were added in advantageous provinces and key cities, accounting for 86% of the total new stores. In addition, the Company optimizes its layout by relocating and closing loss-making stores based on market changes, enhancing overall profitability.

Small-town and rural markets provide new growth points for the Company. Small-town and rural markets have a large population base, continuously increasing consumption capacity, gradually

increasing healthcare consumption expenditure, and relatively low operating costs. As of the end of 2024, the proportion of the Company's stores in prefecture-level cities and below was 77%; among the new stores added in 2024, the proportion of stores in prefecture-level cities and below was 80%.

## **2. Building a Win-Win Pattern in the Pharmaceutical Retail Ecosystem**

### **(1) Industry-leading franchising, mature model, rapid replication**

The franchise business "Health Pharmacy" adheres to the role positioning of "headquarters management expert" and "pharmacy operation steward", focusing on 9+7 regional development, prioritizing the expansion into Tier 3-5 small-town and rural markets. By implementing high-standard management of "Seven Unifications" (unified brand identity, unified management system, unified information system, unified personnel training, unified procurement and distribution, unified financial management, unified pharmaceutical service standards), the quality, efficiency, and output of franchised stores are ensured. At the same time, the Company utilizes its strong brand influence, professional operational management capabilities, advanced digitalization, and new retail strength to fully empower franchised stores.

The Company's franchise business achieved steady development in 2024. First, franchise recruitment focused on breakthroughs in converting existing stores to franchises, project-based franchising, and county-level agency development, absorbing existing pharmacies. In 2024, the proportion of existing stores joining the franchise was 39%, an increase of 12 percentage points year-on-year. Second, franchisee support policies were introduced, optimizing product resources through reward mechanisms to improve operational quality. Third, digital tools such as "salary calculator" and "automatic ordering" were introduced to franchisees, refining commission rules, optimizing manufacturer resources, and reducing product out-of-stock rates to enhance operational efficiency.

At the end of 2024, the number of the Company's franchised stores reached 5,296, a net increase of 902. The franchise business achieved distribution sales of approximately RMB 2.276 billion for the full year.

### **(2) Extensive alliance cooperation, reserving acquisition and franchise targets**

The alliance business "Easy Drug" is positioned as a "third-party comprehensive empowerment service platform". With pharmaceutical retail market operation services and product output as its main business, it provides management consulting and supply chain integration services to small and medium-sized chain pharmacies. Leveraging platform advantages, sharing internal and external resources, reducing procurement and operating costs, it helps alliance enterprises improve operational quality and efficiency.

At the end of 2024, the Company's alliance business covered 26 provinces and cities, with deep cultivation in 12 key provinces and cities. The total retail scale of alliance enterprises was approximately RMB 29 billion, with 19,900 alliance stores (not included in the Company's total store count); among them, there were 100 equity-participating cooperative enterprises, corresponding to 5,826 stores and a retail scale of RMB 6.648 billion. In 2024, the Company's alliance business achieved distribution sales of RMB 423 million, a year-on-year increase of 78.8%.

## **3. Outpatient Pooling Management Advantages and Professional, Caring Service**

### **(1) Outpatient Pooling Management Advantages**

In 2024, the Company concentrated on improving the management capabilities of its outpatient pooling stores. First, the Company strengthened compliant operation management, establishing online and offline medical insurance compliance self-inspection mechanisms, and implementing strong control over customer medication, medical insurance funds, etc. Second, the Company actively responded to policy changes, carrying out internal adaptation work in areas such as price management, pharmacist staffing, and internet hospitals, accelerating the transition from "passive compliance" to "active innovation", and seizing development opportunities. In the second half of 2024, there was a clear trend of the pooling scheme tightening.

As of the end of 2024, the Company had a total of 5,487 stores qualified for the outpatient pooling scheme (comprising 4,224 directly-operated stores and 1,263 franchised stores). Among the directly-operated stores, the proportion qualified for the outpatient pooling scheme was 42.32%.

### **(2) Professional Pharmacy Construction**

Building pharmacies to high standards, providing professional pharmaceutical services. At the end of 2024, the Company had 1,728 stores qualified as designated points for "Outpatient Chronic and Special Diseases" (a year-on-year increase of 144), accounting for 17.31% of directly-operated stores; 329 stores had dual-channel qualifications (a year-on-year increase of 49), and 176 DTP pharmacies.

Among the Company's directly-operated stores, 93.84% were covered by medical insurance, enabling them to preferentially undertake prescription outflow.

The Company strengthens the professional service capabilities of pharmacies through an "online + offline" training system, encouraging employees to obtain qualifications as licensed pharmacists and pharmacists. Utilizing online instant learning tools to solidify theoretical foundations and enhancing practical skills through offline counter training. In addition, the Company's "intelligent medication recommendation" tool was upgraded to a "medication recommendation tool". The Company continuously empowers store staff through digital tools to provide customers with high-quality pharmaceutical services.

### **(3) Chronic Disease Caring Service**

Strong service in chronic disease management. The Company builds a digital intelligence chronic disease management service system, relying on digital intelligence technology to achieve closed-loop management throughout the disease course, enhancing member service stickiness. At the same time, strengthening employees' professional training and humanistic care capabilities to meet customer health needs with precise and warm services. As of the end of 2024, the Company's chronic disease management service had accumulated 18.12 million+ registered files, provided 99.23 million+ self-testing services, conducted 38.53 million+ follow-up visits, and held 29,000+ online and offline patient education sessions.

## **(II) Goods/Products**

### **1. Torch Project Increases Gross Margin**

In 2024, the Company promoted the Torch Project, optimizing the entire chain of operations, procurement, products, and sales, effectively increasing the gross profit margin. In 2024, the Company's gross profit margin was 33.17%, a steady increase of 0.62 percentage points. First, reshaping the product selection strategy; second, using digital tools to accelerate the introduction of new products, ensuring alignment with market trends; third, achieving intelligent distribution and replenishment management, significantly improving distribution efficiency and accuracy; fourth, improving the business procurement management system, systematizing performance management; fifth, strengthening the construction and governance of operational, procurement, product, and sales data infrastructure; sixth, increasing procurement negotiation efforts to reduce supply chain costs; seventh, adhering to the principle of "altruism", continuously optimizing incentive plans, and adjusting sales structure.

### **2. Smart Logistics Increases Efficiency**

The Company possesses an industry-leading pharmaceutical logistics system, achieving an efficient logistics network with the Changsha logistics center as the national distribution center (NDC), and logistics centers in Yangzhou, Xi'an, Tianjin, etc., as regional distribution centers (RDC), radiating to 18 provincial distribution centers (DC) for direct delivery to stores. Currently, the Company's warehousing area exceeds 320,000 square meters. In 2024, the Company successively integrated the supply chain in the East China region, completed modern logistics certification for logistics centers in Changsha, Yangzhou, etc., upgraded the warehouse management system, improved logistics efficiency, and basically formed logistics digitalization. In 2025, the Company will focus on deepening the integration of supply chains in the Northwest and East China regions and optimizing the planning system.

### **3. Private Brands Seize Opportunities**

In 2024, the Company's private brands deeply integrated with leading domestic manufacturers, with direct supply from manufacturers ensuring quality. For non-pharmaceutical categories, "LBX Preferred Selection" was created to select safe, healthy, and cost-effective health and lifestyle products for consumers, implementing product development standards  $\geq$  national standards, and establishing a full-process quality assurance system. In 2024, the sales of private brands in self-operated stores reached RMB 3.54 billion, with private brand sales accounting for 22%, an increase of 2.4 percentage points from 2023.

### **4. Procurement Innovation Reduces Costs**

The Company reduces procurement costs by deepening channel integration, optimizing inventory management, and strengthening brand cooperation. First, optimizing the procurement process through vertical management to integrate channels, increasing the proportion of centralized procurement to leverage scale advantages. Second, using big data platforms to monitor inventory and demand in real-time, achieving rapid product turnover. Third, cooperating deeply with brand manufacturers to obtain rich product resources and meet customer needs. As of the end of 2024, the Company operated approximately 25,800 SKUs (Stock Keeping Units). In 2024, the sales proportion of centralized

procurement was 72.4%, an increase of about 4 percentage points year-on-year; the Company's inventory turnover days were 94 days, a decrease of 4 days year-on-year.

At the same time, the Company deepened the management of non-operational procurement, reducing procurement costs. In 2024, the Company completed the bidding for 479 non-operational procurement projects, achieving total cost savings of RMB 16 million+ for the year, a saving rate of 7%+.

### **(III) People**

#### **1. Organizational Culture Promotes Development**

##### **(1) Efficient Organization**

The Company continuously builds an efficient organization adapted to digitalization. First, emphasizing customer orientation, simplicity and efficiency, altruism and equality. Second, promoting the concept of data-driven decision-making, building a flexible and scalable application office platform. Third, developing digital tools and products that meet business needs, achieving the digital intelligence transformation of organizational management.

The Company continuously builds an HR digital intelligence system to support rapid collaboration. First, developing a comprehensive HR management data dashboard; second, continuously building digital intelligence management for the entire employee lifecycle ("plan-select-use-train-retain"); third, launching the "search people by position" function to achieve rapid and precise personnel search.

##### **(2) Talent Team**

The Company focuses on echelon talent cultivation, enhancing talent density and improving organizational effectiveness. In 2024, full-chain cultivation of operational, procurement, and merchandising echelon talent was achieved, covering 100% of core business positions in the war zones. A new "Group + War Zone Rotation" model was added to improve employees' understanding of the value chain and their positions.

Continuously optimizing the talent strategy to ensure the stable operation of the talent supply chain. Improving talent quality and team cohesion through measures such as optimizing recruitment processes, strengthening the internal training system, implementing performance incentive mechanisms, and enhancing cultural construction.

##### **(3) Altruistic Culture**

In 2024, the focus was on promoting the altruistic mindset project for frontline employees. The Company cultivates employees' altruistic mindset through "doing ten things well", understanding and treating customers kindly, and improving service quality.

Benefiting employees: First, renovating store dining areas and employee dormitories to enhance employee satisfaction; second, implementing employee care initiatives such as the ten-million hardship relief fund to enhance employee belonging; third, building an altruistic honor system for frontline employees and training in altruistic mindset.

Benefiting customers: First, implementing six free self-testing services such as blood pressure, blood oxygen, and blood sugar measurement 100%, providing warm care and professional services; second, opening store restrooms to the public for customer convenience and stickiness enhancement; third, promoting altruistic culture, encouraging all employees to strive to do altruistic deeds.

#### **2. Refined Member Operations**

Improving the member operations system and enhancing refined service capabilities. First, focusing on precise member marketing capabilities, providing full lifecycle health services. Second, strengthening member loyalty operations, optimizing member experience through strategies such as rights, points, and paid memberships. Third, promoting member data governance, improving member data quality. Fourth, reviewing member marketing strategies and results, continuously increasing the proportion of member sales and member consumption frequency. As of the end of 2024, the Company's total number of members (including those from franchised stores) reached 99.65 million, including 30.34 million annual active members. Over 11.49 million new registered members were added in 2024, and member sales accounted for over 75%.

#### **3. Sustainable Shareholder Returns**

The Company practices the development philosophy of "investor-oriented", committed to establishing a scientific, continuous, and stable dividend return mechanism, and actively rewarding shareholders. In 2024, the Company implemented its first interim dividend distribution of RMB 251 million to reward shareholders. At the same time, the Company released the *Shareholder Return Plan for the Next Three Years (2024-2026)* to bring long-term investment returns to investors, planning that

the minimum proportion of net profit distributed as cash dividends annually from 2024 to 2026 should reach 50%. Since its listing, the Company has implemented cumulative cash dividends of RMB 2.008 billion, approximately twice the net proceeds raised from the IPO.

#### **(IV) Digital Intelligence and Innovation**

##### **1. Continuous Deepening of Digital Intelligence Transformation**

Deeply integrating various data resources and promoting the construction of a digital intelligence system. First, focusing on dual innovation in algorithms and business processes, strengthening the precise identification of abnormal inventory; second, continuously improving the business procurement system to provide data support; third, iterating efficiency improvement tools for different scenarios, refining operational strategies; fourth, closely focusing on business projects, covering infrastructure governance and application delivery; fifth, combining business scenarios, increasing exploration efforts in digital intelligence and AI applications.

##### **2. Comprehensive Empowerment through Information Technology R&D**

Focusing on consolidating information technology capabilities to ensure refined business operations. First, digital upgrading of the supply chain, optimizing management and collaboration from a full supply chain perspective, enhancing decision-making and procurement efficiency. Second, precise transformation of operational management, utilizing cutting-edge digital technologies such as big data analysis and AI to formulate personalized medication plans, and improving member medication adherence through push notifications. Third, optimization of new retail operations, continuously upgrading fulfillment capabilities, launching O2O abnormal price control, and deeply mining user needs through private domain sales.

##### **3. Full-Domain Efforts in New Retail Ecosystem**

Full-chain resonance between online and offline, continuous innovation in channels and products. In 2024, the Company enriched the product line of its new retail business, enhanced the application of intelligent management and big data analysis, and responded quickly to consumer needs. In 2024, the Company's total online channel sales (including franchises) were approximately RMB 2.47 billion, a year-on-year increase of about 24%. At the end of the reporting period, the number of stores offering O2O delivery services reached 12,659, and the number of 24-hour stores reached 694.

In the public domain, multi-channel and multi-scenario live streaming achieved significant results, with various categories such as tonics and health products performing well. In 2024, the Company's O2O and B2C sales ranked fifth and third in the market, respectively. In the private domain, the "LBX Pharmacy" WeChat mini-program provides 24-hour online services, and the "all-time, all-domain, all-product" service system continues to improve. In the fourth quarter of 2024, private domain mini-program sales increased rapidly, with a year-on-year growth of 84.7%.

##### **4. Diversified Exploration for the Second Growth Curve**

The Company continues to explore diversified projects, focusing on increasing the proportion of non-pharmaceutical sales. First, creating new categories, utilizing omni-channel big data to focus on insights into the needs of drug purchasing users, identifying leading brands in segmented scenarios, selecting SKUs for pilot projects, screening potential products, and building a new category matrix. Second, shaping a new image, comprehensively shaping the brand image by iterating the store VI system, creating a humanized shopping environment, enhancing shelf display guidance capabilities, and improving employee service professionalism. Third, transmitting a new mindset, based on offline community services, exploring new models of online community reach and interaction using mobile internet technology, and transmitting the mindset of a "healing community" through all channels. Fourth, establishing a digital intelligence testing platform, building an intelligent decision-making system supported by internal and external omni-channel big data, continuously assisting the group's diversified exploration.

##### **5. Brand Innovation Enhances Influence**

Brand innovation driven by both brand co-creation and new media matrix. The Company continuously strengthens the brand culture core of "healing" and "altruism", deepening the emotional connection with consumers. In 2024, 17 brand co-creation activities were held, with a cumulative exposure of 1.65 billion views, effectively enhancing brand awareness and reputation.

At the same time, the Company strengthens the "professional, warm" brand image and enhances brand influence by building a new media matrix, incubating professional pharmacist accounts, and forming a celebrity pharmacist IP matrix. Among them, the video views of the "Pharmacist Xiaoying" IP account have exceeded 130 million.

**(V) Risk Management System****1. Strengthening Quality Management and Compliance Management**

Establishing and improving the quality management and compliance management system. In terms of quality management: Adhering to the quality policy of "Quality First, Customer Foremost", the Company has established a four-level quality management structure of "Group - Provincial Subsidiary - City - Store", set up professional quality management departments, and implemented closed-loop management of the entire quality process. At the same time, the Company promotes quality culture construction, creating a good atmosphere where "everyone values quality, everyone creates quality, everyone enjoys quality".

In terms of compliance management: First, front-loading legal risk control, issuing contract review standards, improving contract review processes, and reducing contract performance risks; second, optimizing arbitration/litigation handling mechanisms, analyzing cases, and providing compliance solutions.

**2. Improving Risk and Process Management System**

Strengthening the risk management system and promoting the optimization of the process system. In terms of risk management: First, improving the risk management responsibilities of various lines, enhancing the collaboration of the three lines of defense in risk management; second, operating a risk event classification management mechanism, improving the reporting and handling of risk events by classification; third, establishing a risk compliance bottom-line checklist for six major sections, strengthening employees' risk awareness.

In terms of process management: First, using the process architecture to support compliance governance projects; second, analyzing the current status of key processes and optimizing them; third, gradually building a process audit system to strengthen supervision and management.

**3. Corporate Governance Escorts Long-term Development**

Good corporate governance escorts the Company's long-term healthy development. The Company has founders with rich industry experience and a professional management team, possessing a good corporate governance structure. The Company's Board of Directors is composed of experts in the pharmaceutical retail field, empowering the Company's development from various professional perspectives and serving as the Company's strategic development "think tank". In 2024, the Company's Board of Directors completed its term renewal, further enhancing the level of diversity in gender, age, nationality, and profession.

**V. Main Business Conditions during the Reporting Period**

In 2024, the Company achieved operating income of RMB 22,357.61 million, a year-on-year decrease of 0.36%; achieved net profit attributable to parent company shareholders of RMB 519.06 million, a year-on-year decrease of 44.13%; achieved net cash flow generated from operating activities of RMB 2,026.46 million, a year-on-year decrease of 25.77%.

**(I) Analysis of Main Business****1. Analysis Table of Changes in Relevant Items of Income Statement and Cash Flow Statement**

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount in the same period last year	Change ratio (%)
Operating income	22,357,610,195	22,437,489,012	-0.36
Operating cost	14,942,332,455	15,134,226,781	-1.27
Selling expenses	4,947,435,885	4,566,475,793	8.34
Administrative expenses	1,257,665,102	1,186,691,499	5.98
Financial expenses	173,025,944	177,397,752	-2.46
R&D expenses	2,013,597	2,510,591	-19.80
Net cash flows from operating activities	2,026,458,797	2,729,838,947	-25.77
Net cash flows from investing activities	-627,875,871	-761,264,347	17.52
Net cash flows from financing activities	-1,348,348,430	-2,427,828,951	44.46

Explanation of change in operating income: Basically flat compared to last year.

Explanation of change in operating cost: Basically flat compared to last year.

Explanation of change in selling expenses: Mainly due to increased labor, rent, depreciation and amortization expenses caused by the increase in the number of new stores.

Explanation of change in administrative expenses: Mainly due to increased labor costs caused by the increase in management personnel and increased depreciation and amortization from projects transferred to fixed assets.

Explanation of change in financial expenses: Basically flat compared to last year.

Explanation of change in R&D expenses: Mainly due to the decrease in R&D expenditure of the Company's subsidiary Hunan Baixin Information Technology Co., Ltd.

Explanation of change in net cash flow from operating activities: Mainly due to the decrease in cash received from the sale of goods and an increase in expenses for opening new stores.

Explanation of change in net cash flow from investing activities: Mainly due to the decrease in investment in new M&A projects during the period.

Explanation of change in net cash flow from financing activities: Mainly due to the increase in borrowings and dividends during the period.

Detailed explanation of significant changes in the Company's business type, profit structure, or profit sources during the period

Applicable Not Applicable

## 2. Analysis of Revenue and Cost

Applicable Not Applicable

See table below

### (1) Main Business by Industry, Product, Region, and Sales Model

Unit: Yuan Currency: RMB Percentage points (PP)

Main Business by Industry						
By industry	Operating income	Operating cost	Gross profit margin (%)	YoY change in operating income (%)	YoY change in operating cost (%)	YoY change in gross profit margin (%)
Retail	19,106,710,524	12,148,669,938	36.42	-1.25	-2.38	Increase by 0.73 PP
Franchise, alliance, and distribution	3,104,570,127	2,699,022,682	13.06	5.92	4.22	Increased by 1.42 PP
Other	146,329,544	94,639,835	35.32	-6.80	-5.51	Decrease by 0.89 PP
Total	22,357,610,195	14,942,332,455	33.17	-0.36	-1.27	Increased by 0.62 PP
Main Business by Product						
By product	Operating income	Operating cost	Gross profit margin (%)	YoY change in operating income (%)	YoY change in operating cost (%)	YoY change in gross profit margin (%)
Chinese and western patent medicine	17,684,831,078	12,102,123,176	31.57	1.72	0.50	Increase by 0.83 PP
Chinese medicine	1,703,796,178	967,677,073	43.20	-10.40	-10.46	Decreased by 0.04 PP
Non-pharmaceuticals	2,968,982,939	1,872,532,206	36.93	-5.76	-6.94	Increased by 0.80 PP
Total	22,357,610,195	14,942,332,455	33.17	-0.36	-1.27	Increased by 0.62 PP
Main Business by Region						
By region	Operating income	Operating cost	Gross profit	YoY change in	YoY change in	YoY change in

			margin (%)	operating income (%)	operating cost (%)	gross profit margin (%)
Central China	9,048,933,932	6,019,828,406	33.47	-4.05	-4.96	Increase by 0.63 PP
South China	1,120,094,230	718,031,431	35.90	-2.60	-3.19	Increased by 0.40 PP
North China	2,427,448,616	1,696,110,170	30.13	1.65	0.28	Increase by 0.96 PP
East China	5,871,639,716	3,942,085,523	32.86	4.64	3.55	Increase by 0.71 PP
Northwest China	3,889,493,701	2,566,276,925	34.02	0.83	0.23	Increased by 0.40 PP
Total	22,357,610,195	14,942,332,455	33.17	-0.36	-1.27	Increased by 0.62 PP

Note: The Company includes categories like Ejiao (donkey-hide gelatin) into the Chinese Medicine category based on industry conditions, and historical data has been adjusted accordingly.

#### Explanation of Main Business by Industry, Product, Region, and Sales Model

By industry: The Company's operating income mainly comes from pharmaceutical retail business, franchise, alliance, and distribution business. Among them, retail business is dominant, accounting for over 85% of total revenue during the reporting period; excluding the DTP pharmacy business (DTP pharmacies are pharmacies that directly provide more valuable professional services to patients, mainly selling new specialty drugs, self-pay drugs, and professional drugs), the retail gross profit margin is 39.08%. Franchise, alliance, and distribution business involves distribution to franchisees and small and medium-sized chains, grew rapidly during the reporting period, accounting for about 14% of total revenue. The Company's franchise business leads among listed private pharmacies, with a relatively high revenue share, and its gross profit margin is lower than the retail business gross profit margin. Other business includes commodity sales revenue and store sublease income from the Company's subsidiary Yaoshengtang Technology to external units, accounting for about 1% of total revenue.

By category: Sales of Chinese and Western patent medicines account for about 79%, making it the Company's most important product category, with operating income increasing by 1.72% year-on-year. Sales of Chinese medicine account for about 8%, with operating income decreasing by 10.40% year-on-year.

By region: Central China accounts for over 40% of revenue, making it an important source of business income for the Company, where the Company has a prominent leading advantage.

Note: Central China region includes: Hunan Province, Hubei Province, Jiangxi Province, Henan Province;

South China region includes: Guangdong Province, Guangxi Province;

North China region includes: Tianjin Municipality, Inner Mongolia Autonomous Region, Shanxi Province;

East China region includes: Zhejiang Province, Shanghai Municipality, Anhui Province, Jiangsu Province, Shandong Province;

Northwest China region includes: Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region, Guizhou Province

#### (2) Production and Sales Volume Analysis Table

Applicable Not Applicable

#### (3) Performance of Major Purchase Contracts and Major Sales Contracts

Applicable Not Applicable

**(4) Cost Analysis Table**

Unit: Yuan

By industry							
By industry	Cost component item	Amount of the current period	Proportion of total cost in current period (%)	Amount in same period last year	Proportion of total cost in same period last year (%)	YoY change ratio of current period amount (%)	Situation Explanation
Retail	Goods	12,148,669,938	81.30	12,444,229,549	82.23	-2.38	
Franchise, alliance, and distribution	Goods	2,699,022,682	18.06	2,589,843,608	17.11	4.22	
Other		94,639,835	0.63	100,153,624	0.66	-5.51	
Total		14,942,332,455	100.00	15,134,226,781	100.00	-1.27	
By product							
By product	Cost component item	Amount of the current period	Proportion of total cost in current period (%)	Amount in same period last year	Proportion of total cost in same period last year (%)	YoY change ratio of current period amount (%)	Situation Explanation
Chinese and western patent medicine	Goods	12,102,123,176	80.99	12,041,380,067	79.56	0.50	
Chinese medicine	Goods	967,677,073	6.48	1,080,750,881	7.14	-10.46	
Non-pharmaceuticals	Goods	1,872,532,206	12.53	2,012,095,833	13.30	-6.94	
Total		14,942,332,455	100.00	15,134,226,781	100.00	-1.27	

Other Explanations for Cost Analysis

None

**(5) Changes in Consolidation Scope due to Changes in Equity of Major Subsidiaries during the Reporting Period**

√Applicable □Not Applicable

See Note IX (1) in Section X Financial Report.

**(6) Information on Significant Changes or Adjustments in the Company's Business, Products, or Services during the Reporting Period**

□Applicable √ Not Applicable

**(7) Information on Major Sales Customers and Major Suppliers****A. Information on the Company's Major Sales Customers**

√Applicable □Not Applicable

The sales of the top five customers were RMB 269.75 million, accounting for 1.21% of the total annual sales. Among the top five customers, the sales of related parties were RMB 57.68 million, accounting for 0.26% of the total annual sales.

Situations where the sales proportion to a single customer exceeds 50% of the total, new customers exist among the top 5 customers, or severe reliance on a few customers exists during the reporting period  
Applicable Not Applicable

#### B. Information on the Company's Major Suppliers

Applicable Not Applicable

Purchases from the top five suppliers amounted to RMB 2,340.31 million, accounting for 13.7% of the total annual purchases; among them, purchases from related parties within the top five suppliers amounted to RMB 0, accounting for 0% of the total annual purchases.

Situations where the purchase proportion from a single supplier exceeds 50% of the total, new suppliers exist among the top 5 suppliers, or severe reliance on a few suppliers exists during the reporting period  
Applicable Not Applicable

Other Explanations:

None

### 3. Expenses

Applicable Not Applicable

Unit: Yuan

Item	Amount for the current period	Amount in the same period last year	Change ratio (%)
Selling expenses	4,947,435,885	4,566,475,793	8.34
Administrative expenses	1,257,665,102	1,186,691,499	5.98
Financial expenses	173,025,944	177,397,752	-2.46
R&D expenses	2,013,597	2,510,591	-19.80

Other Explanations: Selling expenses increased by 8.34%, mainly due to increased labor, rent, depreciation and amortization expenses caused by the increase in the number of new stores. Administrative expenses increased by 5.98%, mainly due to increased labor costs caused by the increase in management personnel and increased depreciation and amortization from projects transferred to fixed assets. Financial expenses were basically flat compared to last year.

### 4. R&D investments

#### (1). R&D Investment Table

Applicable Not Applicable

Unit: Yuan

Expensed R&D investment in current period	2,013,597
Capitalized R&D investment in current period	133,998,334
Total R&D investment	136,011,931
Ratio of total R&D investment to operating income (%)	0.61
Ratio of capitalized R&D investment (%)	98.52

#### (2). R&D Personnel Table

Applicable Not Applicable

Number of the Company's R&D personnel	434
Ratio of R&D personnel to total company employees (%)	1.08
Educational structure of R&D personnel	
Educational structure category	Number by educational structure
PhD candidates	0
Postgraduates	42
Bachelor	296
Associate Degree	96
High school and below	0
Age structure of R&D personnel	
Age structure category	Number by age structure
Below 30 years old (excluding 30)	121
30-40 years old (including 30, excluding 40)	281
40-50 years old (including 40, excluding 50)	31
50-60 years old (including 50, excluding 60)	1
60 and above	0

**(3). Explanation of Situation**

Applicable Not Applicable

**(4). Reasons for significant changes in R&D personnel composition and their impact on the Company's future development**

Applicable Not Applicable

**5. Cash Flow**

Applicable Not Applicable

Unit: Yuan

Item	Amount for the current period	Amount in the same period last year	Change ratio (%)
Net cash flows from operating activities	2,026,458,797	2,729,838,947	-25.77
Net cash flows from investing activities	-627,875,871	-761,264,347	17.52
Net cash flows from financing activities	-1,348,348,430	-2,427,828,951	44.46

Explanation:

The net cash flow generated from operating activities decreased compared to the previous period, mainly due to a decrease in cash received from the sale of goods and an increase in salaries paid resulting from the opening of new stores.

Net cash flow generated from investing activities increased compared to the previous period, mainly due to the decrease in investment in new M&A projects during the period.

Net cash flow generated from financing activities increased compared to the previous period, mainly due to the increase in borrowings and dividends during the period.

**(II) Explanation of Significant Changes in Profit due to Non-Main Business**

Applicable Not Applicable

During the period, the recoverable amount of the cash-generating unit where some goodwill resides was less than its book value, and the Company recognized a goodwill impairment loss of RMB 108 million.

### (III) Analysis of Assets and Liabilities

√Applicable □Not Applicable

#### 1. Assets and Liabilities

Name of Project	Amount at end of current period	Proportion of total assets at end of current period (%)	Amount at end of previous period	Proportion of total assets at end of previous period (%)	Change ratio of amount at end of current period compared to end of previous period (%)	Explanation of Situation
Trading financial assets			1,500,000	0.01	-100.00	Mainly due to the decrease in the fair value of convertible bonds held.
Receivables financing	15,269,288	0.07	8,332,713	0.04	83.25	Mainly due to the increase in settlement via bank acceptance bills.
Other current assets	215,072,326	1.02	164,111,488	0.77	31.05	Mainly due to the increase in input VAT to be deducted in the current period.
Other non-current financial assets	12,093,150	0.06	5,774,109	0.03	109.44	Mainly due to the increase in the Company's associate business during the period.
Construction in progress	107,795,924	0.51	75,754,943	0.36	42.30	Mainly due to continuous investment in construction in progress during the period.
Deferred tax assets	116,703,610	0.55	69,501,069	0.33	67.92	Mainly due to the increase in deferred income tax recognized from deductible losses in the current period.
Other non-current assets	17,051,558	0.08	51,289,452	0.24	-66.75	Mainly due to the decrease in prepayments for engineering projects.
Short-term	1,656,884,090	7.87	799,754,553	3.77	107.17	Mainly due to the

loans						increase in borrowings and bill discounting during the period.
Other payables	653,535,414	3.11	936,519,479	4.41	-30.22	Mainly due to the decrease in payables for acquisitions.
Deferred tax liabilities	36,696,534	0.17	21,238,961	0.10	72.78	Mainly due to the increase in deferred tax liabilities recognized under the new lease standard.
Less: Treasury stock	16,935,356	0.08	43,256,912	0.20	-60.85	Mainly due to the decrease in treasury stock resulting from the unlocking and repurchase of restricted shares.

Unit: Yuan

Other Explanations:

None

**2. Overseas Assets**Applicable Not Applicable**(1) Asset Scale**

Wherein: Overseas assets at RMB 1,541,008 (Unit: Yuan; Currency: RMB), accounting for 0.01% of total assets. \_\_\_\_\_

**(2) Explanation regarding the high proportion of overseas assets**Applicable Not Applicable**3. Major Assets Restricted at the End of the Reporting Period**Applicable Not Applicable

See "Section X Financial Report", "VII. Notes to Consolidated Financial Statement Items", "31. Assets with Restricted Ownership or Use Rights".

**4. Other Explanations**Applicable Not Applicable**(IV) Analysis of Industry Operating Information**Applicable Not Applicable

See Section III "Discussion and Analysis by the Management", Subsection II "II. Industry Situation during the Reporting Period" of this report.

## Analysis of Retail Industry Operating Information

### 1. Distribution of Opened Stores at the End of the Reporting Period

Applicable Not Applicable

Region	Operating Format	Self-Owned Property Stores		Leased Property Stores	
		Number of Stores	Building Area (10,000m <sup>2</sup> )	Number of Stores	Building Area (10,000m <sup>2</sup> )
North China Region	Pharmaceutical Retail	0	0	1,513	21.77
East China Region	Pharmaceutical Retail	0	0	2,901	43.54
South China Region	Pharmaceutical Retail	0	0	549	7.56
Central China Region	Pharmaceutical Retail	10	0.32	3,522	44.95
Northwest Region	Pharmaceutical Retail	0	0	1,486	20.16
Total		10	0.32	9,971	137.99

### 2. Other Explanations

Applicable Not Applicable

#### (1) Operating Efficiency of Directly-Operated Stores

As of December 31, 2024, the Company had a total of 15,277 stores, including 9,981 directly-operated stores, with operating efficiency as follows:

Store Type (by daily sales amount)	Number of Stores (Stores)	Store Operating Area (m <sup>2</sup> )	Average Daily Sales per Square Meter (Tax included, RMB/m <sup>2</sup> )
Flagship Store	114	45,017	206
Large Store	248	45,587	110
Small-Medium Mature Store	9,619	964,332	36
Total	9,981	1,054,936	47

Note: The year-on-year decrease in 2024 flagship store sales per square meter was due to an adjustment in data scope, as sales from some B2C stores were not included in the directly-operated store figures. After adjusting for this impact, flagship store sales per square meter remained essentially the same as in 2023. The decrease in sales per square meter for small and medium-sized stores was mainly affected by the market environment, health insurance policies, and the impact that most new stores added in 2024 were small and medium-sized stores (community stores with lower sales per square meter). In 2024, the vast majority of newly opened stores were located in prefecture-level cities and lower-tier markets, where costs such as rent and labor are lower, resulting in better profitability and growth potential.

#### (2) Store Changes

At the end of 2024, the Company owned 15,277 stores, a net increase of 1,703. This included 9,981 directly-operated stores (a net increase of 801) and 5,296 franchised stores (a net increase of 902).

The Company has 2,474 stores whose leases will expire in 2025. Lease renewals for all expiring stores are proceeding orderly and renewability is stable. In 2025, the Group will further promote lease cost control work. While ensuring the steady progress of lease renewal work, based on the actual

business conditions of each store, a one-store-one-policy approach will be adopted to reduce costs and improve efficiency, optimize the store cost structure, and enhance overall store profitability.

The overall distribution of directly-operated stores during the reporting period is as follows:

Region	2024	
	Net increase (stores)	End of Period (Stores)
Central China Region	242	3,532
South China Region	28	549
North China Region	129	1,513
East China Region	212	2,901
Northwest Region	190	1,486
Total	801	9,981

### (3) Situation of Directly-Operated Stores Obtaining Medical Insurance Qualification

During the reporting period, 9,366 of the Company's directly-operated stores obtained various "Designated Retail Pharmacy for Medical Insurance" qualifications, accounting for 93.84% of the total number of stores. An increase of 1,180 stores compared to the end of 2023.

Region	Total Number of Stores	Number of Stores with Various Medical Insurance Qualifications	Proportion of Total Stores
Central China Region	3,532	3,426	97.00%
South China Region	549	539	98.18%
North China Region	1,513	1,452	95.97%
East China Region	2,901	2,802	96.59%
Northwest Region	1,486	1,147	77.19%
Total	9,981	9,366	93.84%

### (4) Category Structure Situation at Retail Terminals

Chinese and Western patent medicines are the main products operated by the Company, accounting for 79.10% of the Company's retail terminal revenue. The sales proportion of various categories of the Company is stable, and there have been no significant changes in the product structure. In 2022, the proportion of non-pharmaceuticals such as masks and disinfectants was relatively high.

Retail Category	2022	2023	2024
Chinese and western patent medicine	77.60%	78.56%	79.10 %
Chinese medicine	6.96%	7.40%	7.62 %
Non-pharmaceuticals	15.44%	14.04%	13.28%

### (5) Situation of Store Pharmaceutical Operation Permits and GSP Certification

According to the *Drug Administration Law of the People's Republic of China* and other relevant regulations, the qualification certificates involved in the daily operations of the Company, its subsidiaries, and stores mainly include *Pharmaceutical Operation Permit*, *Food Operation Permit*, *Medical Device Operation Permit*, etc.

As of the end of the reporting period, all stores opened by the Company possessed a *Pharmaceutical Operation Permit*. The Company has always attached importance to business qualification management. According to the provisions of applicable laws and regulations, major business qualifications have been renewed or extended in a timely manner.

**(V) Investment Analysis****Overall Analysis of External Equity Investment**

√Applicable □Not Applicable

During the reporting period, the Company and its subsidiaries conducted a total of 4 acquisition projects, including asset acquisitions, with a total amount of RMB 5,490.6 million, acquiring 41 pharmacies (number of stores for which acquisition agreements were signed during the reporting period). Details are as follows:

1. In January 2024, the Company's subsidiary Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd. signed the *Business and Asset Acquisition Agreement* with Changzhou Daye Pharmacy Co., Ltd., Changzhou Daye Zijin Pharmacy Co., Ltd., and Changzhou Daye Jinzhong Pharmacy Co., Ltd., acquiring the relevant assets and business of 6 stores controlled by them, with an acquisition price of RMB 5.5 million;
2. In January 2024, the Company's subsidiary Anhui Baixingyuan Pharmacy Chain Co., Ltd. signed the *Business and Asset Acquisition Agreement* with Hefei Jingtian Pharmacy Chain Co., Ltd., acquiring the relevant assets and business of 25 stores controlled by them, with an acquisition price of RMB 25.07 million.
3. In April 2024, the Company's subsidiary Wuxi Sanpintan Pharmaceutical Chain Co., Ltd. signed the *Business and Asset Acquisition Agreement* with Wuxi Wanfeng Pharmacy Co., Ltd., Wuxi Wanjia Laikang Pharmacy Co., Ltd., Wuxi Runzetang Pharmacy Co., Ltd., Wuxi Xizhang Yongping Pharmacy Co., Ltd., Wuxi Herun Guoda Pharmacy Co., Ltd., Wuxi Lixin Pharmacy Co., Ltd., and Wuxi Wanzhong Pharmacy Co., Ltd., acquiring the relevant assets and business of 10 stores controlled by them, with an acquisition price of RMB 8.46 million. The closing of this transaction has not yet been completed.
4. In October 2024, the Company signed the *Equity Transfer Agreement* with the shareholders of LBX Pharmacy Chain (Hengyang) Co., Ltd., acquiring a 15.12% equity stake in LBX Pharmacy Chain (Hengyang) Co., Ltd., with an acquisition price of RMB 15.876 million.

**1. Significant Equity Investments**

□Applicable √ Not Applicable

**2. Significant Non-Equity Investments**

□Applicable √ Not Applicable

**3. Financial Assets Measured at Fair Value**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Asset Category	Beginning balance	Fair Value Change Gain/Loss in Current Period	Cumulative Fair Value Change Recognized in Equity	Impairment Recognized in Current Period	Purchase Amount in Current Period	Sale/Redemption Amount in Current Period	Other Changes	Ending balance
Other	35,308,123							35,308,123

Other	5,774,109						5,774,109
Other	1,300,000				5,019,041		6,319,041
Other	460,000						460,000
Other	109,600						109,600
Total	42,951,832				5,019,041		47,970,873

Investment in Securities

Applicable Not Applicable

Explanation of Investment in Securities

Applicable Not Applicable

Investment in Private Equity Funds

Applicable Not Applicable

Investment in Derivatives

Applicable Not Applicable

**4. Specific Progress of Major Asset Restructuring and Integration during the Reporting Period**

□Applicable √ Not Applicable

**(VI) Major Asset and Equity Sales**

□Applicable √ Not Applicable

**(VII) Analysis of Major Holding and Participating Companies**

√Applicable □Not Applicable

Subsidiary Name	Registered Capital (Ten thousand yuan)	Shareholding Ratio %	Business Scope	Total Assets (Ten thousand yuan)	Net Assets (Ten thousand yuan)	Net Profit in 2024 (Ten thousand yuan)
Guangxi Company	500	100	Pharmaceutical Retail	71,984	15,018	1,348
Shaanxi Company	600	100	Pharmaceutical Retail	102,905	33,151	9,958
Forworld Company	8,700	100	Pharmaceutical Wholesale	500,276	44,731	16,599
Tongliao Zeqiang	5,000	51	Pharmaceutical Retail	57,546	25,165	8,213
Lanzhou Huirentang	3,000	100	Pharmaceutical Retail	104,572	40,711	7,190
Hunan Huairen	12,700	80	Pharmaceutical Retail	166,051	51,731	11,486

**(VIII) Information on Structured Entities Controlled by the Company**

□Applicable √ Not Applicable

**VI. Company's Discussion and Analysis of Future Development****(I) Industry Landscape and Trends**

√Applicable □Not Applicable

**1. Population Aging and Economic Development Drive Growth in the Pharmaceutical Retail Industry**

According to the *National Strategy Research Report on Coping with Population Aging* released by the Office of the National Working Commission on Aging, the medical expenses of people aged 65 and above are about 3-5 times those of people under 65, and the medical expenses of people aged 80 and above are about 13-15 times those of people aged 65-80. Driven by the gradual deepening of China's population aging, the Chinese pharmaceutical market maintains rapid growth. At the same time, with China's economic development and the upgrading of resident consumption structure, people's emphasis on health management is increasing daily, which also provides momentum for the development of the pharmaceutical retail industry.

**2. Separation of Dispensing from Prescription (SDP) Drives Prescription Outflow**

In recent years, the state has continuously introduced policies to promote prescription outflow. Various regions have also actively promoted electronic prescription services and accelerated the construction of prescription circulation platforms. Especially in February 2023, the National Healthcare Security Administration issued the *Notice on Further Improving the Management of Including Designated Retail Pharmacies in Outpatient Pooling Management*, actively supporting designated retail

pharmacies to open outpatient pooling services, substantially promoting the Separation of Dispensing from Prescription (SDP) and prescription circulation. Prescription outflow from hospitals is likely to become a long-term trend under the strong push of policies. As the main terminal for undertaking prescription outflow, retail pharmacies are expected to receive continuous benefits.

### 3. Continuous Increase in Industry Concentration

As the supervision of China's pharmaceutical retail industry gradually becomes stricter, a batch of small and medium-sized pharmacies will gradually exit the market or join the camp of large chain pharmacies. The inclusion of designated pharmacies in outpatient pooling management puts forward higher requirements for retail pharmacies in terms of digital systems, licensed pharmacists, pharmaceutical services, and operational compliance. The advantages of large chain pharmacies in standardized operation and market scale are increasingly prominent, and industry concentration will further increase.

### 4. Integrated Development of Online and Offline

Offline chain pharmacies have advantages such as immediate drug purchase and professional pharmaceutical services, which can be synergistic with online business. Chain pharmacies utilize their store network to cover surrounding communities and hospitals, better meeting the timeliness and professionalism needs of major groups such as the elderly and chronic disease patients for medication. At the same time, chain pharmacies rapidly develop online business through self-construction, cooperation, etc., using integrated online and offline service solutions to facilitate drug purchase while providing customers with more value-added services and enhancing customer stickiness. The integrated development of online and offline will become the future trend for Chinese pharmacies.

### 5. Digital Intelligence Transformation

Based on the upgrading needs of consumers for convenient drug purchase, personalized health services, and medication safety, the digital intelligence of pharmacies is not only a technological upgrade but also a restructuring of industry competitive barriers. Digital intelligence empowers through technology (AI, big data, Internet of Things, etc.), service innovation, and ecological integration. With the deepening application of AI technology and policy support, digital intelligence will become the core engine for the sustainable development of the pharmacy industry.

### 6. Diversification Trend

As consumer demand shifts from simple drug purchase to comprehensive services such as health management, chronic disease intervention, and personalized services, diversified development is not only a development strategy but also a key path for industry upgrading and development. Retail pharmacies continue to explore diversified development transformation paths, breaking homogeneous competition through differentiated services by means of non-pharmaceutical product line expansion, service scenario innovation, cross-format integration, and technology-empowered operations. In the future, the advantages of chain pharmacies with diversified development capabilities will become increasingly prominent, and industry concentration will gather towards leading enterprises.

## (II) Development Strategy of the Company

Applicable Not Applicable

The Company focuses on seven major strategies to build a technology-driven health service platform. First, technology-driven, empowering enterprise operations with digital intelligence. Second, seizing the opportunity of prescription outflow, capturing the blue ocean market of prescription drugs. Third, embracing new retail, creating a closed-loop ecosystem of "product + service + customer group". Fourth, advancing into new rural areas, building a three-dimensional expansion network. Fifth, expanding health and social spaces for the elderly. Sixth, cultivating private brands. Seventh, exploring pharmacy diversification.

## (III) Business Plan

Applicable Not Applicable

### 1. Technology-Driven

Continuously promoting the process of digital transformation and innovation. The Company actively deploys and develops digital and intelligent tools to empower stores and staff, enhance the pharmaceutical knowledge and professional pharmaceutical service level of store staff, bring professional and considerate service experiences to customers, enrich the LBX brand connotation, and

strengthen the emotional connection with customers. At the same time, solving work pain points and difficulties through intelligent tools and information technology, achieving efficiency improvement in management at all levels, and enhancing organizational operational efficiency.

#### 2. Seizing the Opportunity of Prescription Outflow

Under the major trend of prescription outflow, the Company will actively seize the blue ocean market of prescription drugs. In 2025, the Company will continue to closely monitor policies related to prescription outflow and outpatient pooling, and actively connect with local medical insurance bureaus. At the same time, relying on the Company's resources such as nationally unified high-standard dual-channel stores, DTP stores, outpatient chronic and special disease stores, and the advantage of a relatively high licensed pharmacist staffing rate in the industry, the Company will actively connect with prescription circulation platforms successively launched in various regions to undertake more outflow prescriptions.

#### 3. Embracing New Retail

The Company has established an omni-channel online sales platform covering public and private domains, and continuously enhances its refined member service capabilities, creating a closed-loop ecosystem of "product + service + customer group". In 2025, the Company will utilize digitalization to further enhance data collation and integration capabilities, seize the diversified demands of online pharmaceutical consumption, create differentiated advantages compared to offline sales methods, and improve customer consumption experience. The Company continuously improves member service levels, analyzes the outcome data of the entire marketing chain, identifies factors influencing user behavior, optimizes marketing strategies, and thereby increasing the proportion of member sales and repurchase rates.

#### 4. Advancing into New Rural Areas

The Company continues to focus on increasing market share in advantageous provinces while vigorously developing small-town and rural markets. Because the new rural market has advantages such as good growth potential, less impact from policies, and low costs. In 2025, the Company will continue to expand its network downward through self-construction, franchising, and alliances, creating a large pharmaceutical retail ecosystem, uniting broader local resources, leveraging store management advantages, and implementing the "New Rural" strategy.

#### 5. Expanding Health and Social Spaces for the Elderly

The main consumers for offline drug purchases are middle-aged and elderly people. Due to chronic disease needs, the elderly have demands including medical insurance reimbursement, professional medication guidance, and full-course chronic disease management. In 2025, the Company will continue to seize the community health traffic entrance, rationally layout community stores, equip stores with chronic disease testing equipment, provide professional services such as medication consultation and health consultation, strengthen the medical attribute, enhance the stickiness of elderly customers, and become a trusted professional health management consultant nearby. At the same time, community store services will be further extended, expanding into health spaces with social attributes.

#### 6. Cultivating Private Brands

In recent years, with the continuous improvement of China's manufacturing capabilities and national cultural confidence, a large number of new domestic brands have risen rapidly. In 2025, the Company will utilize advanced Internet of Things technology to create private brands and intelligent products in the consumer healthcare field, focusing on scenarios such as "health management, health preservation, health exercise", opening up new category markets for the channel. By leveraging the Company's "online + offline" omni-channel advantages, discovering customer needs, cultivating high-quality private brand products, the Company aims to build popular domestic health brands loved by the public.

#### 7. Exploring Pharmacy Diversification

With the continuous development of the times and the continuous improvement of quality of life, LBX's demands for a healthy life are also increasing. In 2025, the Company will focus on the healthy living needs of LBX customers, actively build a full-process digital intelligence testing platform, actively explore diversification around new categories, new services, new images, and new mindsets, commit to becoming a trustworthy "healthy living steward" in the surrounding community, and explore diversified pharmacy models.

**(IV) Potential Risks**

Applicable Not Applicable

**1. Industry Policy Risk**

**Potential Risk:**

The pharmaceutical retail industry is an important industry related to national health. As China's medical reform continues to deepen, industry policies are successively introduced, and industry regulation is becoming increasingly strict and standardized. If the Company cannot make corresponding adjustments to its operations and management in a timely manner according to policy changes, it may adversely affect the Company's development.

**Company's Countermeasures:**

The Company will closely monitor policies issued by relevant departments. By introducing policy and industry experts, strengthening the Company's interpretation and understanding of policies and the industry, and making forward-looking layouts, the Company will actively innovate based on legal compliance, proactively seek change, and grasp industry changes.

**2. Market Competition Risk**

**Potential Risk:**

China's pharmaceutical retail industry is currently in a period of gradually increasing concentration and chain rate. Leading pharmacy enterprises are accelerating expansion, and industry competition is intensifying.

**Company's Countermeasures:**

First, the Company will continue to promote digital transformation and refined operational management to enhance the quality and efficiency of its operations. The Company leverages AI, big data, and other technologies to empower operations, procurement, merchandising, and sales, leading to comprehensive quality and efficiency improvements. Second, the Company enhances the professionalism of stores and employees to provide customers with specialized and personalized chronic disease management services, thereby increasing competitiveness. Third, the Company will utilize the advantages of its offline store layout and integrate online and offline development to enhance its omni-channel service capabilities.

**3. Risk of Acquired Store Operations Not Meeting Expectations**

**Potential Risk:**

The Company accelerates its development through both organic growth and external expansion. The operating performance of acquired stores is influenced by multiple factors such as the policy environment, market demand, and integration status, posing a risk of profitability not meeting expectations.

**Company's Countermeasures:**

The key to preventing acquired store operations from falling short of expectations lies in improving the quality of acquisition targets. Firstly, the Company adheres to peer M&A in selecting acquisition targets. Secondly, the Company has established a comprehensive management system covering both pre-acquisition and post-acquisition phases to ensure controllable risks.

Before the acquisition, the Company's experienced investment team, combined with third-party intermediary resources, conducts thorough due diligence on acquisition targets to control valuation risks. After the acquisition, leveraging the Company's strong integration capabilities, the acquired targets are rapidly empowered in terms of product structure, procurement costs, capital efficiency, operational standards, talent echelon, and work processes; operating data is closely monitored, and the performance achievement of target companies is tracked in real-time.

Additionally, the Company commissions a third party to conduct strict goodwill impairment tests annually according to relevant requirements. Based on the results of the goodwill impairment tests, the operating departments continuously follow up on performance improvement and achieve performance targets, ensuring the health of the Company's goodwill.

**4. Risk of Insufficient Talent Reserves due to Company Scale Expansion**

**Potential Risk:**

As the Company's operating scale continues to expand, the demand for high-level professional talents in pharmacy, marketing, logistics, and information technology will continuously increase, placing higher demands on the business quality and service level of frontline employees. If talent cultivation and introduction fail to adapt to the Company's development needs, it may adversely affect the Company's expansion.

Company's Countermeasures:

On the one hand, by integrating internal and external training resources, the Company implements a complete training process for talents at all positions both online and offline, strengthens the integrated training and practice learning system, and consolidates the internal talent echelon. On the other hand, the Company achieves full coverage of employees at all levels through "short, medium, long-term" incentive tools, increases employee income, improves the timeliness of salary incentives, stimulates employee motivation to retain outstanding talents, and attracts external outstanding talents to join through an excellent corporate culture.

**(V) Other**

Applicable  Not Applicable

**VII. Explanation of situations and reasons where the Company did not disclose information according to standard provisions due to inapplicability of standard provisions or special reasons such as state secrets or trade secrets**

Applicable  Not Applicable

## Section IV Governance

### I. Explanation of Corporate Governance Related Matters

Applicable  Not Applicable

During the reporting period, the Company strictly followed the requirements of the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and relevant requirements of the CSRC and SSE. Combined with the Company's actual situation, it established and improved internal control systems, promoted standardized operations, and safeguarded the legitimate rights and interests of the Company and shareholders.

1. Shareholders' General Meetings. During the reporting period, 4 shareholders' general meetings were convened by the Company. The convening, holding, and voting procedures of shareholders' general meetings operated normatively. All meetings were held using a combination of on-site voting and online voting. When shareholders' general meetings reviewed major matters affecting the interests of small and medium-sized investors, the Company separately counted the votes of small and medium-sized investors and disclosed them in the announcement on resolutions of the shareholders' general meeting. Lawyers attended the meetings, provided on-site witness, and issued legal opinions, further ensuring the legality and validity of the meetings.

2. Directors and Board of Directors. The Company's Board of Directors consists of 9 directors, including 3 independent directors. All directors performed their duties faithfully, diligently, and seriously. During the reporting period, the Board of Directors held a total of 7 meetings. The convening and holding of each meeting complied with applicable laws and regulations and were legal and valid. The three specialized committees under the Board of Directors strictly divided their work, convened meetings according to their rules of procedure, fully played their professional roles, and ensured the normal operation of the Board of Directors.

3. Supervisors and Board of Supervisors. The Company's Board of Supervisors consists of 3 supervisors, including 1 employee representative supervisor. During the reporting period, the Board of Supervisors held a total of 6 meetings. All members of the Board of Supervisors, with a responsible attitude towards all shareholders, attended meetings, actively performed their duties, and effectively safeguarded the legitimate rights and interests of the Company and shareholders.

4. Controlling Shareholder and the Company. During the reporting period, the Company and its controlling shareholder were independent of each other in terms of personnel, institutions, finance, business, and assets, with no situation of horizontal competition. Related party transactions between the Company and the controlling shareholder were fair and reasonable. The controlling shareholder exercised its investor rights normally through shareholders' general meetings, without directly or indirectly interfering in the Company's decision-making and operating activities beyond the scope of the shareholders' general meetings. During the reporting period, there was no non-operational occupation of company funds by the controlling shareholder or its controlled related enterprises.

5. Information Disclosure. The Company paid high attention to and actively supported information disclosure work. During the reporting period, the Company disclosed a total of 89 announcements, including 4 periodic reports. All disclosures strictly complied with laws and regulations, fulfilling information disclosure obligations consciously. The information disclosed was true, accurate, timely, and complete, without false records, misleading statements, or material omissions. At the same time, the Company strictly implemented insider information management, maintaining the principle of fair information disclosure.

Whether there are significant differences between the Company's corporate governance and the laws, administrative regulations, and CSRC provisions regarding the governance of listed companies; if there are significant differences, the reasons should be explained

Applicable  Not Applicable

### II. Specific measures taken by the Company's controlling shareholder and actual controller to ensure the independence of the Company in terms of assets, personnel, finance, institutions, business, etc., as well as solutions adopted, work progress, and subsequent work plans to address issues affecting the Company's independence

Applicable  Not Applicable

Situation of the controlling shareholder, actual controller, and other units controlled by them engaging in businesses identical or similar to the Company's, as well as the impact of horizontal competition or significant changes in horizontal competition on the Company, adopted solutions, progress, and subsequent solution plans

Applicable  Not Applicable

### III. Brief Introduction to Shareholders' General Meetings

Meeting Session	Date Held	Query Index of Designated Website Where Resolution Was Published	Disclosure Date of Resolution Publication	Meeting Resolution
2025 First Extraordinary General Meeting	February 22, 2024	<i>Announcement on Resolutions of LBX 2024 First Extraordinary General Meeting</i> (2024-009) on the website (www.sse.com.cn) of the Shanghai Stock Exchange	February 23, 2024	This meeting reviewed and approved 5 proposals in total, with no proposals rejected. For details, please refer to the Company's announcements published in <i>Shanghai Securities News</i> , <i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , and on the website of the Shanghai Stock Exchange.
2024 Annual General Meeting	June 13, 2024	<i>Announcement on Resolutions of LBX 2024 Annual General Meeting</i> (2024-038) on the website (www.sse.com.cn) of the Shanghai Stock Exchange	June 14, 2024	This meeting reviewed and approved 9 proposals in total, with no proposals rejected. For details, please refer to the Company's announcements published in <i>Shanghai Securities News</i> , <i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , and on the website of the Shanghai Stock Exchange.
2024 Second Extraordinary General Meeting	September 18, 2024	<i>Announcement on Resolutions of LBX 2024 Second Extraordinary General Meeting</i> (2024-060) on the website (www.sse.com.cn) of the Shanghai Stock Exchange	September 19, 2024	This meeting reviewed and approved 3 proposals in total, with no proposals rejected. For details, please refer to the Company's announcements published in <i>Shanghai Securities News</i> , <i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , and on the website of the Shanghai Stock Exchange.
2024 Third Extraordinary General Meeting	November 15, 2024	<i>Announcement on Resolutions of LBX 2024 Third Extraordinary General Meeting</i> (2024-085) on the website (www.sse.com.cn) of the Shanghai Stock Exchange	November 16, 2024	This meeting reviewed and approved 2 proposals in total, with no proposals rejected. For details, please refer to the Company's announcements published in <i>Shanghai Securities News</i> , <i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , and on the website of the Shanghai Stock Exchange.

Request by preferred shareholders with restored voting rights to convene an extraordinary general meeting

Applicable  Not Applicable

## Explanation of Shareholders' General Meeting

√Applicable Not Applicable

The Company held the 2024 first extraordinary general meeting on February 22, 2024. The number of shareholders and proxies attending the meeting was 9. The total number of voting shares held by the attending shareholders was 326,330,230, accounting for 55.7893% of the total effective voting shares. The meeting reviewed and approved the *Proposal on Changing the Company's Registered Capital and Amending the Articles of Association*, *Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Executives*, *Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Non-Independent Directors of the Fifth Board of Directors*, *Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Independent Directors of the Fifth Board of Directors*, and *Proposal on the Re-election of the Company's Board of Supervisors and Nomination of Candidates for Non-Employee Representative Supervisors*. For details, see the *Announcement on Resolutions of 2024 First Extraordinary General Meeting (2024-009)* disclosed by the Company on February 23, 2024.

The Company held the 2023 annual general meeting on June 13, 2024. The number of shareholders and proxies attending the meeting was 15. The total number of voting shares held by the attending shareholders was 323,274,891, accounting for 55.2802% of the total effective voting shares. The meeting reviewed and approved the *Proposal on the Company's 2023 Annual Report and Abstract*, *Proposal on the Company's 2023 Board of Directors Work Report*, *Proposal on the Company's 2023 Board of Supervisors Work Report*, *Proposal on the Company's 2023 Profit Distribution Plan*, *Proposal on the Company's Re-appointment of the 2024 Accounting Firm*, *Proposal on the Company and its Subsidiaries Applying for Bank Comprehensive Credit Lines and Providing Guarantees in 2024*, *Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Senior Executives in 2023*, *Proposal on the Company's Estimated Routine Related Party Transactions for January-June 2024 and the 2024-2025 Period*, and *Proposal on the Allowance Standards for Some of the Company's Directors*. For details, see the *Announcement on Resolutions of 2024 Annual General Meeting (2024-038)* disclosed by the Company on June 14, 2024.

The Company held the 2024 second extraordinary general meeting on September 18, 2024. The number of shareholders and proxies attending the meeting was 653. The total number of voting shares held by the attending shareholders was 402,106,837, accounting for 52.8927% of the total effective voting shares. The meeting reviewed and approved the *Proposal on the Company's 2024 Semi-Annual Profit Distribution Plan*, *Proposal on the Company's Shareholder Return Plan for the Next Three Years (2024-2026)*, and *Proposal on Changing the Company's Registered Capital, Business Scope, and Amending the Articles of Association*. For details, see the *Announcement on Resolutions of 2024 Second Extraordinary General Meeting (2024-060)* disclosed by the Company on September 19, 2024.

The Company held the 2024 third extraordinary general meeting on November 15, 2024. The number of shareholders and proxies attending the meeting was 1,369. The total number of voting shares held by the attending shareholders was 431,814,601, accounting for 56.8004% of the total effective voting shares. The meeting reviewed and approved the *Proposal on Changing the Use of Part of the Raised Funds* and *Proposal on Changing the Company's Enterprise Type*. For details, see the *Announcement on Resolutions of 2024 Third Extraordinary General Meeting (2024-085)* disclosed by the Company on November 16, 2024.

**IV.Situation of Directors, Supervisors, and Senior Executives****(I) Shareholding Changes and Remuneration of Current and Resigned Directors, Supervisors, and Senior Executives during the Reporting Period**

√Applicable □Not Applicable

Unit: Share

Name	Position Held	Gender	Age	Term Start Date	Term End Date	Shares Held at Beginning of Year	Shares Held at End of Year	Change in Shares Held During the Year	Reason for Change	Total Pre-tax Remuneration Received from the Company during the Reporting Period (Ten thousand yuan)	Whether Remuneration is Received from Related Parties of the Company
Xie Zilong	Chairman	Male	58	February 22, 2024	February 21, 2027	0	0	0	None	216	No
Xie Jiaqi	Director	Female	32	February 22, 2024	February 21, 2027	0	0	0	None	0	No
Zheng Jiaqi	Director	Male	41	February 22, 2024	February 21, 2027	0	0	0	None	0	No
Li Zhen	Director	Male	46	February 22, 2024	February 21, 2027	0	0	0	None	0	No
Wu Bin	Director	Male	64	February 22, 2024	February 21, 2027	1,456	1,893	437	Dividend distribution and transfer	10	No
Liu Xiaoen	Director	Male	52	February 22, 2024	February 21, 2027	0	0	0	None	10	No
Wu Lianfeng	Director	Male	56	February 22, 2024	February 21, 2027	0	0	0	None	10	No
Xie Ziqi	Director	Male	47	February 22, 2024	February 21, 2027	0	0	0	None	10	No
Ren Mingchuan	Director	Male	64	February 22, 2024	February 21, 2027	0	0	0	None	10	No
Wang Li	President	Female	42	February 22, 2024	February 21, 2027	75,984	98,779	22,795	Dividend distribution	196	No

									and transfer		
Su Shiyong	Vice President	Male	49	February 22, 2024	February 21, 2027	30,500	39,650	9,150	Dividend distribution and transfer	134	No
Jiang Yufei	Vice President	Male	32	February 22, 2024	February 21, 2027	30,500	39,650	9,150	Dividend distribution and transfer	148	No
Wan Xin	Vice President	Male	40	February 22, 2024	February 21, 2027	30,500	39,650	9,150	Dividend distribution and transfer	138	No
Dang Xian	Vice President	Female	43	October 29, 2024	February 21, 2027	27,790	25,441	-2,349	Dividend distribution, transfer, and pre-appointment transactions	11	No
Lin Huan	Vice President	Female	42	October 29, 2024	February 21, 2027	32,400	24,934	-7,466	Dividend distribution, transfer, and pre-appointment transactions	12	No
Zhang Wenshuai	Vice President	Male	38	February 22, 2024	February 21, 2027	24,570	31,942	7,372	Dividend distribution and transfer	106	No
Guo	Vice	Male	42	February	February	0	0	0	None	108	No

Xiaowei	President			22, 2024	21, 2027							
Chen Lishan	Chief Financial Officer & Person in Charge of Finance	Male	45	February 22, 2024	February 21, 2027	1,229	1,598	369	Dividend distribution and transfer	82	No	
Feng Shini	Secretary of the Board of Directors	Female	39	February 22, 2024	February 21, 2027	57,405	74,626	17,221	Dividend distribution and transfer	89	No	
Tan Jian	Chairman of the Board of Supervisors	Male	47	February 22, 2024	February 21, 2027	0	0	0	None	58	No	
Rao Hao	Supervisor	Male	46	February 22, 2024	February 21, 2027	0	0	0	None	32	No	
Luo Qun	Employee Supervisor	Female	35	February 22, 2024	February 21, 2027	0	0	0	None	30	No	
Huang Weide	Director (Resigned)	Male	53	February 25, 2021	February 22, 2024	0	0	0	None	0	No	
Li Wei	Director (Resigned)	Male	42	February 25, 2021	February 22, 2024	0	0	0	None	0	No	
Huang Gan	Director (Resigned)	Male	47	February 25, 2021	February 22, 2024	0	0	0	None	0	No	
Total	/	/	/	/	/	312,334	378,163	65,829	/	1,410	/	

Remark: Dang Xian and Lin Huan were appointed as vice presidents by the fifth meeting of the fifth Board of Directors held on October 29, 2024. Their corresponding total pre-tax remuneration received from the Company during the reporting period is data from the appointment date to the end of 2024.

Name	Main work experience
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Xie Zilong	Mr. Xie Zilong, born in 1966, Chinese nationality, member of the China National Democratic Construction Association (CNDCA), founder of the Company, National Model Worker, nominee for the 5th National Moral Model Award (Honesty and Trustworthiness), representative of the 11th, 12th, and 14th National People's Congress, member of the CNDCA Central Committee, Vice Chairman of the CNDCA Hunan Provincial Committee, Honorary President of the China Medical Pharmaceutical Material Association, Vice President of the China Association of Pharmaceutical Commerce, President of the Hunan Provincial Pharmaceutical Circulation Industry Association. He currently serves as Chairman of the Company.
Xie Jiaqi	Ms. Xie Jiaqi, born in 1992, Chinese nationality, Bachelor's degree in Management from the University of Manchester, UK, currently pursuing EMBA at China Europe International Business School (CEIBS). Member of the Standing Committee of the Hunan Federation of Industry and Commerce (General Chamber of Commerce), Executive Vice President of the Hunan Federation of Industry and Commerce Young Entrepreneurs Chamber of Commerce, Standing Committee Member of the Hunan Youth Federation, People's Supervisor of the Hunan Provincial People's Procuratorate. She currently serves as Special Assistant to the Chairman of LBX Pharmacy Chain Joint Stock Company, President of LBX Pharmaceutical Group Co., Ltd., Chairman of the Hunan Influence Foundation, and Director of Women & Children's Hospital of Hunan. She currently serves as a Director of the Company's Fifth Board of Directors.
Zheng Jiaqi	Mr. Zheng Jiaqi, born in 1983, Chinese nationality, holds permanent residency abroad, Bachelor's degree in Economics from the University of Manchester, UK, Master's degree in Finance from Lancaster University, UK, previously worked in the Investment Banking Department of China International Capital Corporation Limited. As a founding member of Primavera Capital Group, he currently serves as Partner at Primavera Capital Group, Director of the Company's Fifth Board of Directors.
Li Zhen	Mr. Li Zhen, born in 1978, Chinese nationality, EMBA from CEIBS, Master's degree in Economics from Fudan University, Bachelor's degree in Law from Fudan University, previously worked at Temasek Holdings (Private) Limited Shanghai Representative Office. He currently serves as Executive Director and General Manager, Head of Healthcare Investment at FountainVest Partners (Sanya) Co., Ltd., Director of the Company's Fifth Board of Directors.
Wu Bin	Mr. Wu Bin, born in 1960, Chinese nationality, postgraduate degree, Registered Senior Consultant, Licensed Pharmacist, recognized as an academic successor to national veteran traditional Chinese medicine experts (third batch) by the Ministry of Personnel, Ministry of Health, and State Administration of Traditional Chinese Medicine, previously worked at Taiyuan Heavy Machinery Group Co., Ltd., Shanxi Provincial Pharmaceutical Company, Shanxi Provincial Pharmaceutical Administration Bureau, Shanxi Provincial Medicinal Material Company, Shanxi Provincial Pharmaceutical Group Co., Ltd., and other enterprises and administrative agencies. He formerly served as Executive Vice President of the China Association of Pharmaceutical Commerce. He currently serves as a member of the Expert Committee of the China Pharmaceutical Enterprise Management Association, expert reviewer for pharmaceutical circulation industry and traditional Chinese medicine projects for the Ministry of Science and Technology, and Ministry of Information Technology, Ministry of Commerce, Beijing Municipal Commission of Economy and Information Technology, expert reviewer for pharmaceutical circulation industry and traditional Chinese medicine projects, Senior Advisor to the China Medical Pharmaceutical Material Association. He concurrently serves as Vice President and Secretary-General of the Shanxi Provincial Pharmaceutical Industry Association, Master's Supervisor at Shanxi University, Director of Zhejiang Wecome Pharmaceutical Company Limited, Yabao Pharmaceutical Group Co., Ltd., and Shandong Keyuan Pharmaceutical Co., Ltd., and Independent Director of HPGC Renmintongtai Pharmaceutical Corporation and Dezhan Healthcare Company Limited. She currently serves as a Director of the Company's Fifth Board of

	Directors.
Liu Xiaoen	Mr. Liu Xiaoen, Taiwan nationality, born in 1972, Bachelor's degree in Business Management from Fu Jen Catholic University, Taiwan, previously served as General Manager of Kang Fu Lang Man Main Store, Import and Private Brand Product Manager at RT-Mart International Ltd., Purchasing Director at Wellcome Taiwan (Dairy Farm Group Hong Kong), Chief Merchandising and Marketing Officer at Walmart China, Partner and Chief Product Officer and Head of Supply Chain at Meicai, Vice President and President of Intelligent Supply Chain Y Business Unit at JD Group. He currently serves as Director of DFI Lucky Private Limited, The Dairy Farm Company Limited, Director of the Company's Fifth Board of Directors.
Wu Lianfeng	Mr. Wu Lianfeng, born in 1968, Chinese nationality, no permanent residency abroad, Master's degree in Engineering, MBA degree, previously served as Engineer at China Academy of Launch Vehicle Technology, Engineer at Hewlett-Packard China Co., Ltd., General Manager of the Technology Department at Jardine OneSolution (JOS) Information Technology Co., Ltd. He currently serves as Vice President and Chief Analyst at IDC Consulting (Beijing) Co., Ltd., Independent Director of the Company's Fifth Board of Directors.
Xie Ziqi	Mr. Xie Ziqi, born in 1977, US nationality, permanent resident of the Hong Kong Special Administrative Region, obtained a Master of Science degree from Stanford University in 2000, majoring in Financial Mathematics. He previously worked as a Financial Engineer at Moody's, Vice President at Deutsche Bank, etc., engaged in financial investment work for over 20 years. He currently serves as Investment Partner at Alpha JWC Ventures PTE LTD, Independent Director of BNP Paribas (China), Director of Shanghai Jianbei Asset Management Co., Ltd., Independent Director of the Company's Fifth Board of Directors.
Ren Mingchuan	Mr. Ren Mingchuan, born in 1960, Chinese nationality, no permanent residency abroad, Associate Professor at Fudan University School of Management, PhD in Accounting (UK), Master's degree from Xiamen University, Bachelor's degree from Anhui University of Finance and Economics, started teaching at Zhejiang University of Technology in 1982; visited the University of Hull (UK) as a visiting scholar funded by the Zhejiang University Pao Yue-Kong Foundation in 1992, later pursued a PhD degree. He returned to China in 2000 and has been teaching at Fudan University School of Management since then. During this period, visited MIT (Sloan) twice as a visiting scholar and participated in case training at Harvard Business School. He currently serves as Independent Director of Guobang Pharma Ltd. (605507). He concurrently serves as a member of the Professional Ethics Standards Committee of the Chinese Institute of Certified Public Accountants (CICPA). He currently serves as Independent Director of the Company's Fifth Board of Directors.
Wang Li	Ms. Wang Li, born in 1982, Chinese nationality, Bachelor's degree in Applied Chemistry from Beijing Normal University, Master's degree in Advertising and Marketing from the University of Leeds, UK, EMBA from CEIBS, National Second-level Nutritionist. She previously worked at China Youth Daily Zhongqing Chuanzhi Advertising Art Co., Ltd., Dr. & Herbs Co., Ltd (UK's largest TCM chain at the time), Eupo Group Co., Ltd (UK); joined LBX Pharmacy in 2008, has been responsible for marketing, strategic investment, post-investment management of Spark companies, human resources, organizational change, innovative business, etc., successively served as the Company's Brand Promotion Director, Marketing Director, Assistant to the Chairman, Director of the Chairman's Office, General Manager of the Strategic Investment Center, Director of the Human Capital Center, Director, Executive Vice President, etc. She currently serves as President of the Company.
Su Shiyong	Mr. Su Shiyong, born in 1975, Chinese nationality, no permanent residency abroad, Bachelor's degree, previously served as Human Resources Development Supervisor at Midea Group Co., Ltd., Human Resources Director and President's Office Director at Guangdong Jiufeng Group Co., Ltd., Assistant President and Human Resources Director at Dongjiang Environmental Company Limited, Vice President at Guangdong Danzi Group Co., Ltd., Senior Management Consultant at Lulele Health Technology (Guangzhou) Co., Ltd. He currently serves as Vice President of the

	Company.
Jiang Yufei	Mr. Jiang Yufei, born in 1992, Chinese nationality, no permanent residency abroad, Bachelor's degree in International Finance from Shanghai University of Finance and Economics, Master's degree in Business Administration from Massachusetts Institute of Technology, previously served as Project Manager at Bain & Company (Shanghai), Head of Digital Business, CEO Advisor at United Pipe & Steel, Executive COO at Liangxian E-commerce. He currently serves as Vice President and Chief Growth Officer of the Company.
Wan Xin	Mr. Wan Xin, born in 1984, Chinese nationality, Bachelor's degree in Information Engineering from Beijing University of Posts and Telecommunications, Master's degree in Signal and Information Processing from Beijing University of Posts and Telecommunications, has 13 years of technology development experience, rich experience in managing multi-role teams. He previously served as Senior R&D Engineer at Baidu, Technical Director of Business Platform at Renrenche, Technical Director of Cloud Service Business Unit at Beijing Megvii Technology Co., Ltd., Technical VP at Hetao Programming, CTO at Weimiao Business School, etc. He currently serves as Vice President of the Company.
Zhang Wenshuai	Mr. Zhang Wenshuai, born in 1986, Chinese nationality, no permanent residency abroad, Bachelor's degree in Law and Master's degree in Constitutional and Administrative Law from Wuhan University, qualified for judicial practice, previously served as Deputy Director of the Department of Regulations and International Economic and Trade Relations of the Hunan Provincial Department of Commerce, Public Lawyer of the Hunan Provincial Department of Commerce, Hunan Director of the Strategic Development Department of Alibaba Group. He currently serves as Vice President of the Company.
Guo Xiaowei	Mr. Guo Xiaowei, born in 1982, Chinese nationality, no permanent residency abroad, Bachelor's degree, has 18 years of work and management experience in large internet retail enterprises, rich experience in supply chain management, operation management, platform and digital operation. He previously served as Purchasing Director, Assistant General Manager of Business Unit, Deputy General Manager of Business Unit at Suning Appliance Group Co., Ltd., President of Air Conditioning Product Company at Suning Commerce Group Co., Ltd., President of Home Appliance Company and Vice President of Cloud Network Wandian Group at Suning.com Group Co., Ltd., etc. He currently serves as Vice President of the Company.
Chen Lishan	Mr. Chen Lishan, born in 1979, Chinese nationality, no permanent residency abroad, Bachelor's degree in Investment Economics from Central University of Finance and Economics, Master's degree in National Economics from Central University of Finance and Economics, Master's degree in Accounting (Mpac) from Peking University, EMBA from CEIBS, Senior Accountant, Certified Internal Auditor, Certified Management Accountant (USA). He previously served as Finance Manager at Li Ning Co., Ltd., Deputy Finance Director at Yili Clean Energy Co., Ltd., Marketing Finance Director at Fujian Tianying Network Information Technology Co., Ltd., Finance Director at Qinghai Huzhu Tianyoude Highland Barley Wine Co., Ltd., CFO at Beijing Smart Core Technology Co., Ltd. He currently serves as Chief Financial Officer and Person in Charge of Finance of the Company.
Feng Shini	Ms. Feng Shini, born in 1985, Chinese nationality, Master's degree, previously served as Comprehensive Service Manager of the Heavy Industry President's Office, Media Supervisor of the Propaganda and Culture Department, Investor Relations Manager of the Securities Department at Sany Heavy Industry Co., Ltd., Deputy Director of the Board Secretary Office at Aier Eye Hospital Group Co., Ltd., etc. She currently serves as Secretary of the Board of Directors of the Company.
Tan Jian	Mr. Tan Jian, born in 1977, Chinese nationality, Bachelor's degree in Traditional Chinese Medicine Clinical Medicine from Hunan University of Chinese Medicine, Master's degree in Business Administration from Hunan University, previously worked at Aier Eye Hospital, engaged in procurement management of medical supplies. Mr. Tan Jian joined LBX Pharmacy Chain Joint Stock Company in 2008. He currently serves as

	Chairman of the Company's Fifth Board of Supervisors.
Rao Hao	Mr. Rao Hao, born in 1978, Chinese nationality, Bachelor's degree, joined LBX Pharmacy Chain Joint Stock Company in 2008. He previously served as Finance Director of the Company's subsidiary Henan Company, Finance Director of Guangdong Company, Head of the Company's Planning and Analysis Department, Head of the Internal Control Department, and Finance Director of the Company's Hunan War Zone. Currently serves as Finance Director of the Company's Xiangbei War Zone, Supervisor of the Company's Fifth Board of Supervisors.
Luo Qun	Ms. Luo Qun, born in 1989, Chinese nationality, Bachelor's degree, joined LBX Pharmacy Chain Joint Stock Company in 2012. She previously served as Data Analysis Specialist, Product Analysis Manager. Currently serves as Data Expert in the Company's Big Data Department, Employee Supervisor of the Company's Fifth Board of Supervisors.
Huang Weide	Mr. Huang Weide, born in 1971, Chinese nationality, permanent resident of the Hong Kong Special Administrative Region, obtained a Bachelor's degree in Economics from the University of California, USA in 1992. He is a Hong Kong Certified Public Accountant, member of the Hong Kong Institute of Certified Public Accountants. He previously served as Partner at PricewaterhouseCoopers, Partner at KPMG, engaged in professional accounting, auditing, and M&A consulting work for about 30 years. He currently serves as Independent Director of Qingdao Haier Biomedical Co., Ltd., Independent Non-executive Director of COSCO SHIPPING Energy Transportation Co., Ltd. He previously served as Independent Director of the Company's Fourth Board of Directors.
Li Wei	Mr. Li Wei, born in 1982, Chinese nationality, no permanent residency abroad, Bachelor's degree in Journalism and Communication from Hunan University, previously served as Deputy Secretary of the Youth League Committee and Producer at Hunan Economic Television; Deputy Director of the General Office of Hunan Broadcasting System; Administrative Director of Mango Media Co., Ltd. He currently serves as Chairman of Xingyi Century (Hainan) Network Technology Co., Ltd. Previously served as Director of the Company's Fourth Board of Directors.
Huang Gan	Mr. Huang Gan, born in 1977, Chinese nationality, Bachelor's degree in Law from Jilin University, Master's degree in Business Administration from Peking University Guanghua School of Management, EMBA in Finance from Tsinghua University PBC School of Finance, served at HNA Group Co., Ltd. from 2000 to 2017. He previously served as Director and President of Beijing iHeima Technology Group Co., Ltd., Director of the Company's Fourth Board of Directors.

Other Explanations

Applicable Not Applicable**(II) Positions Held by Current and Resigned Directors, Supervisors, and Senior Executives during the Reporting Period****1. Positions Held in Shareholder Entities**Applicable Not Applicable

Name of Person Holding Position	Name of Shareholder Entity	Position Held in Shareholder Entity	Term Start Date	Term End Date
Xie Zilong	LBX Pharmaceutical Group Co., Ltd.	Executive Director	-	-
Xie Jiaqi	LBX Pharmaceutical Group Co., Ltd.	President	-	-
Explanation of Positions Held in Shareholder Entities	None			

**2. Positions Held in Other Entities**

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable	Name of Person Holding Position	Name of Other Entity	Position Held in Other Entity	Term Start Date	Term End Date
	Xie Zilong	Women & Children's Hospital of Hunan Co., Ltd.	Director		
	Xie Zilong	Hunan Tianyi Venture Capital Co., Ltd.	Executive Director & General Manager		
	Xie Zilong	Changsha Rongying Investment Partnership (Limited Partnership)	Executive Partner		
	Xie Zilong	Hunan Xie Zilong Photography Museum Co., Ltd.	Executive Director & General Manager		
	Xie Zilong	Hunan Mingyuan Bee Industry Co., Ltd.	Director		
	Xie Zilong	Hunan Mingyuan Bee Technology Co., Ltd.	Director		
	Xie Zilong	Hunan Hongjiang Ancient Commercial Town Cultural Tourism Industry Investment Co., Ltd.	Director		
	Xie Zilong	Hunan Longping Tea Industry High-Tech Co., Ltd.	Supervisor		
	Xie Jiaqi	LBX Pharmaceutical Group Co., Ltd.	President		
	Xie Jiaqi	Hunan Xie Zilong Photography Museum Co., Ltd.	Executive Director, Chairman		
	Xie Jiaqi	Women & Children's Hospital of Hunan Co., Ltd.	Director		
	Xie Jiaqi	Changsha Xie Gallery Cultural Communication Co., Ltd.	Executive Director & General Manager		

Xie Jiaqi	Hunan Jiusen Ritong Trading Co., Ltd.	Supervisor		
Xie Jiaqi	Hunan Influence Foundation	Vice Chairman		
Zheng Jiaqi	2178Primavera Capital Group	Partner		
Zheng Jiaqi	Flame SPV Limited	Director		
Zheng Jiaqi	Flame Venture Limited	Director		
Zheng Jiaqi	Flash (Hong Kong) Limited	Director		
Zheng Jiaqi	Flash Capital Limited	Director		
Zheng Jiaqi	Flash Venture Limited	Director		
Zheng Jiaqi	Halide Limited	Director		
Zheng Jiaqi	Halide SPV Limited	Director		
Zheng Jiaqi	Hong Kong Asia Medical Holding Limited	Director		
Zheng Jiaqi	Iovate Health Sciences International Inc.	Director		
Zheng Jiaqi	Iovate Health Sciences U.K. Inc,	Director		
Zheng Jiaqi	Iovate Health Sciences U.S.A. Inc,	Director		
Zheng Jiaqi	Janecox Investment IV HK Limited	Director		
Zheng Jiaqi	Northern Innovations Holding Corp.	Director		
Zheng Jiaqi	Xiwang Iovate Holdings Company Limited	Director		
Zheng Jiaqi	Beijing Iovate Sports Nutrition Health Management Co., Ltd.	Director		
Zheng Jiaqi	Beijing Iovate Sports Nutrition Tech Co., Ltd.	Director		
Zheng Jiaqi	King of West Food (Qingdao) Co., Ltd.	Director		
Zheng Jiaqi	Jenscare Scientific Co., Ltd.	Director		
Zheng Jiaqi	Beijing Avistone Pharmaceuticals Biotechnology Co., Ltd.	Director		
Li Zhen	FountainVest Partners (Shanghai) Co., Ltd.	Chairman, General Manager		
Li Zhen	FountainVest Partners (Sanya) Co., Ltd.	Executive Director & General Manager		
Li Zhen	FountainVest Partners (Shenzhen) Co., Ltd.	Executive Director		
Li Zhen	2249Shanghai Fanglang Enterprise Management Limited Liability Company	Executive Director & General Manager		
Li Zhen	Chaoju Eye Care Holdings Limited	Non-executive Director		
Li Zhen	Xiamen Chaoju Medical Technology Group Co., Ltd.	Director		
Li Zhen	Xiamen Chaoju Hospital Management Development Co., Ltd.	Director		
Li Zhen	Chaoju Medical Technology Co., Ltd.	Director		
Li Zhen	Xiamen Chaoju Eye Optometry Technology Development Co., Ltd.	Director		
Li Zhen	Shanghai Kezhen Business Consulting Co., Ltd.	Supervisor		
Wu Bin	Shanxi Pharmaceutical Group Nongtai Traditional Chinese Medicine Technology Development Co., Ltd.	Director		
Wu Bin	HPGC Renmintongtai Pharmaceutical Corporation	Independent director		
Wu Bin	Dezhan Great Health Co., Ltd.	Independent director		
Wu Bin	Zhejiang Wecome Pharmaceutical Company Limited	Independent director		

Wu Bin	Shanxi Zhendong Pharmaceutical Co., Ltd.	Independent director		
Wu Bin	Yabao Pharmaceutical Group Co., Ltd.	Director		
Wu Bin	Shandong Keyuan Pharmaceutical Co., Ltd.	Director		
Liu Xiaoen	Hayselton Enterprises Limited	Director		
Liu Xiaoen	The Dairy Farm Company, Limited	Director		
Liu Xiaoen	SanMiu Supermarket Limited	Director		
Liu Xiaoen	San Son Cheong Commercial and Industrial Company Limited	Director		
Liu Xiaoen	Robinsons Retail Holdings, Inc.	Director		
Liu Xiaoen	Cold Storage Singapore (1983) Pte Ltd	Director		
Liu Xiaoen	DFI Lucky Private Limited	Director		
Wu Lianfeng	IDC Consulting (Beijing) Ltd.	Vice President, Chief Analyst		
Xie Ziqi	Alpha JWC Ventures PTE LTD	Investment Partner		
Xie Ziqi	BNP Paribas (China)	Independent director		
Xie Ziqi	Funding Societies PTE LTD	Director		
Xie Ziqi	Shanghai Jianbei Asset Management Co., Ltd.	Executive Director		
Ren Mingchuan	Guobang Pharma Ltd.	Independent director		
Ren Mingchuan	Shanghai Cailian Press Technology Co., Ltd.	Independent director		
Ren Mingchuan	Wanxiang Technology Group Co., Ltd.	Independent director		
Ren Mingchuan	Sheng Terry (Shanghai) Engineering Consulting Co., Ltd.	Independent director		
Huang Weide	Demin Zhongcheng Enterprise Management (Shenzhen) Co., Ltd.	Executive Director, General Manager		
Huang Weide	Deminzhong Enterprise Management (Shenzhen) Co., Ltd.	Executive Director, General Manager		
Huang Weide	ManpowerGroup Greater China Limited	Independent director		
Huang Weide	Thinkingdom Education Group	Independent director		
Huang Weide	Topsports International Holdings Limited	Independent director		
Huang Weide	Qingdao Haier Biomedical Co., Ltd.	Independent director		
Huang Weide	COSCO SHIPPING Energy Transportation Co., Ltd.	Independent director		
Huang Weide	Shandong Hi-Speed New Energy Group Limited	Independent director		
Huang Weide	New Times Corporation Limited	Independent director		
Li Wei	Xingyi Century (Hainan) Network Technology Co., Ltd.	Chairman & General Manager		
Li Wei	Yinhe Zhongxing (Hainan) E-commerce Co., Ltd.	Director		

Tan Jian	Women & Children's Hospital of Hunan Co., Ltd.	Supervisor		
Tan Jian	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Supervisor		
Wang Li	Guangzhou Xincheng Information Technology Co., Ltd.	Director		
Wang Li	Hunan Influence Foundation	Director		
Chen Lishan	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Director		
Feng Shini	Hunan Pharmaceutical Group Co., Ltd.	Director		
Explanation of Positions Held in Other Entities	None			

### (III) Remuneration of Directors, Supervisors, and Senior Executives

Applicable Not Applicable

Decision-making Procedure for Remuneration of Directors, Supervisors, and Senior Executives	For directors of the Fifth Board of Directors not employed by the Company, Pharmaceutical Group, Janstar Investment, or its actual controller, remuneration is paid annually based on the determined remuneration basis and agreed amount, considering the director's appointment time. The remuneration of directors, supervisors, and senior executives employed by the Company is calculated by the Company's HR department based on the determined basis and submitted to the Nomination, Remuneration, and Appraisal Committee of the Board of Directors for review according to the <i>Management Measures for Remuneration of the Company's Senior Executives</i> . The remuneration plan for directors, supervisors, and senior executives is approved by the shareholders' general meeting after being passed by the Board of Directors.
Whether directors recused themselves when the Board of Directors discussed their own remuneration matters	Yes
Specific recommendations made by the Remuneration and Appraisal Committee or the Independent Directors' Special Meeting regarding the remuneration matters of directors, supervisors, and senior executives	On April 29, 2025, the fourth meeting of the Fifth Board of Directors' Nomination, Remuneration, and Appraisal Committee reviewed and approved the <i>Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Senior Executives for 2024</i> , agreeing to submit this proposal to the Board of Directors for deliberation.
Basis for Determining Remuneration of Directors, Supervisors, and Senior Executives	The remuneration for directors of the Fifth Board of Directors not employed by the Company, Pharmaceutical Group, Janstar Investment, or its actual controller company is based on the allowance standards for some directors reviewed and approved by the first meeting of the Fifth Board of Directors and the 2023 Annual General Meeting. The remuneration for directors, supervisors, and senior executives employed internally by the Company is determined by the <i>Management Measures for Remuneration of the Company's Senior Executives</i> .
Actual Payment of Remuneration for Directors, Supervisors, and Senior Executives	For details, please refer to the relevant content in "Shareholding Changes and Remuneration of Current and Resigned Directors, Supervisors, and Senior Executives during the Reporting Period" in this section.
Total Actual Remuneration	RMB 14.10 million

Received by All Directors, Supervisors, and Senior Executives at the End of the Reporting Period	
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**(IV) Changes in Company Directors, Supervisors, and Senior Executives**

√Applicable □Not Applicable

Name	Position Held	Change	Reason for Change
Xie Jiaqi	Director	Election	Re-election of the Board of Directors
Liu Xiaoen	Director	Election	Re-election of the Board of Directors
Ren Mingchuan	Independent director	Election	Re-election of the Board of Directors
Dang Xian	Vice President	Appointment	Appointment of the Board of Directors
Lin Huan	Vice President	Appointment	Appointment of the Board of Directors
Huang Weide	Independent director	Resignation	Re-election of the Board of Directors
Li Wei	Director	Resignation	Re-election of the Board of Directors
Huang Gan	Director	Resignation	Re-election of the Board of Directors

**(V) Explanation of Penalties Received from Securities Regulatory Authorities in the Last Three Years**

□Applicable √ Not Applicable

**(VI) Other**

□Applicable √ Not Applicable

**V.Information on Board Meetings Held During the Reporting Period**

Meeting Session	Date Held	Meeting Resolution
34th Meeting of the Fourth Board of Directors	January 30, 2024	Reviewed and Approved: 1. Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Non-Independent Directors of the Fifth Board of Directors 2. Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Independent Directors of the Fifth Board of Directors 3. Proposal on Changing the Company's Registered Capital and Amending the <i>Articles of Association</i> 4. Proposal on Revising the Company's <i>Independent Director Work System</i> 5. Proposal on Adjusting the Company's Strategy and Development Committee of the Board of Directors to the Strategy and ESG Committee of the Board of Directors and Formulating Relevant Systems 6. Proposal on Revising the Company's <i>Rules of Procedure for the Nomination, Remuneration, and Appraisal Committees of the Board of Directors</i> and Rules of Procedure for the Audit Committee of the Board of

		<p>Directors</p> <p>7. Proposal on Purchasing Liability Insurance for Directors, Supervisors, and Senior Executives</p> <p>8. Proposal on Convening the Company's 2024 First Extraordinary General Meeting</p>
First Meeting of the Fifth Board of Directors	February 22, 2024	<p>Reviewed and Approved:</p> <p>1. Proposal on Waiving the Notice Period for the Board Meeting</p> <p>2. Proposal on Electing the Chairman of the Company</p> <p>3. Proposal on Electing Members of the Specialized Committees of the Fifth Board of Directors</p> <p>4. Proposal on Appointing the Company's President and other Senior Executives</p> <p>5. Proposal on Appointing the Company's Secretary of the Board of Directors and Securities Affairs Representative</p> <p>6. Proposal on the Allowance Standards for Some of the Company's Directors</p> <p>7. Proposal on Providing Guarantees for Subsidiaries</p>
Second Meeting of the Fifth Board of Directors	April 12, 2024	<p>Reviewed and Approved:</p> <p>1. Proposal on Estimated Routine Related Party Transactions for January-June 2024 and the 2024-2025 Period</p> <p>2. Proposal on Repurchasing and Cancelling Part of the Restricted Shares</p>
Third Meeting of the Fifth Board of Directors	April 29, 2024	<p>Reviewed and Approved:</p> <p>1. Proposal on the Company's 2023 Annual Report and Abstract</p> <p>2. Proposal on the Company's 2023 Environmental, Social, and Corporate Governance (ESG) Report</p> <p>3. Proposal on the Company's 2023 Internal Control Evaluation Report</p> <p>4. Proposal on the Special Report on the Independence of the Company's Independent Directors</p> <p>5. Proposal on the 2023 Performance Evaluation Report of the Accounting Firm</p> <p>6. Proposal on the Report of the Company's Audit Committee of the Board of Directors on the Performance of Supervisory Duties over the 2023 Annual Audit Accounting Firm</p> <p>7. Proposal on the Company's 2024 First Quarter Report</p> <p>8. Proposal on the Company's 2023 Board of Directors Work Report</p> <p>9. Proposal on the Company's 2023 Independent Director Performance Report</p> <p>10. Proposal on the 2023 Profit Distribution Plan</p> <p>11. Proposal on the Company's 2023 Situation of Raised Funds Deposit and Use</p> <p>12. Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital</p> <p>13. Proposal on the Company's Re-appointment of the 2024 Accounting Firm</p> <p>14. Proposal on the Company and its Subsidiaries Applying for Bank Comprehensive Credit Lines and Providing Guarantees in 2024</p> <p>15. Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Senior Executives in 2023; 16. Proposal on the Company's 2024 "Quality Improvement, Efficiency Enhancement, and Return Focus" Action Plan</p> <p>17. Proposal on Convening the 2023 Annual General Meeting</p>
Fourth Meeting of the Fifth Board of Directors	August 29, 2024	<p>Reviewed and Approved:</p> <p>1. Proposal on the Company's 2024 <i>Semi-Annual Report</i> and Its Abstract</p> <p>2. Proposal on the Company's 2024 Semi-Annual Profit Distribution Plan</p> <p>3. Special Report on the Company's 2024 Semi-Annual Deposit and Actual Use of Raised Funds</p>

		<p>Report Proposal</p> <p>4. Proposal on the Company's Shareholder Return Plan for the Next Three Years (2024-2026)</p> <p>5. Proposal on Changing the Company's Registered Capital, Business Scope, and Amending the <i>Articles of Association</i></p> <p>6. Proposal on Convening the Company's 2024 Second Extraordinary General Meeting</p>
Fifth Meeting of the Fifth Board of Directors	October 29, 2024	<p>Reviewed and Approved:</p> <p>1. Proposal on the Company's 2024 Third Quarter Report</p> <p>2. Proposal on Changing the Use of Part of the Raised Funds</p> <p>3. Proposal on the Fulfillment of Vesting Conditions but Temporary Non-listing of Shares for the Second Vesting Period of the First Grant and the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan</p> <p>4. Proposal on Adjusting the Repurchase Price and Quantity of the 2022 Restricted Share Incentive Plan</p> <p>5. Proposal on Repurchasing and Cancelling Part of the Restricted Shares</p> <p>6. Proposal on Adding Estimated Routine Related Party Transactions for 2024-2025</p> <p>7. Proposal on Increasing Bank Comprehensive Credit Lines</p> <p>8. Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital</p> <p>9. Proposal on the Company's Appointment of Senior Executives</p> <p>10. Proposal on Convening the Company's 2024 Third Extraordinary General Meeting</p>
Sixth Meeting of the Fifth Board of Directors	November 05, 2024	<p>Reviewed and Approved</p> <p>1. Proposal on Waiving the Notice Period for the Board Meeting</p> <p>2. Proposal on Changing the Company's Enterprise Type</p>

## VI. Directors' Performance of Duties

### (I) Directors' Attendance at Board and Shareholders' General Meetings

Director Name	Whether Independent Director	Attendance at Board Meetings						Attendance at Shareholders' General Meetings	
		Number of Board Meetings Required to Attend This Year	Number of Times Attended in Person	Number of Times Attended by Communication	Number of Times Attended by Proxy	Absent Number of Times	Whether Absent from Two Consecutive Meetings in Person	Number of Times Attended Shareholders' General Meetings	
Xie Zilong	No	7	7	4	0	0	No	3	
Xie Jiaqi	No	6	6	4	0	0	No	3	
Zheng Jiaqi	No	7	7	4	0	0	No	4	
Li Zhen	No	7	7	4	0	0	No	4	
Wu Bin	No	7	7	2	0	0	No	4	
Liu Xiaoen	No	6	6	6	0	0	No	2	
Wu	Yes	7	7	2	0	0	No	4	

Lianfeng								
Xie Ziqi	Yes	7	7	2	0	0	No	4
Ren Mingchuan	Yes	6	6	3	0	0	No	3
Li Wei	No	1	1	0	0	0	No	1
Huang Gan	No	1	1	1	0	0	No	0
Huang Weide	Yes	1	1	0	0	0	No	2

Explanation for Not Attending Two Consecutive Board Meetings in Person

Applicable Not Applicable

Number of Board Meetings Held During the Year	7
Of which: Number of On-site Meetings	0
Number of Meetings Held by Communication	2
Number of Meetings Held by On-site Combined with Communication	5

## (II) Situation of Directors Raising Objections to Company Matters

Applicable Not Applicable

## (III) Other

Applicable Not Applicable

## VII.Specialized Committees under the Board of Directors

Applicable Not Applicable

### (I) Members of Specialized Committees under the Board of Directors

Category of Specialized Committees	Member Name
Strategy and ESG Committee	Xie Zilong, Zheng Jiaqi, Wu Lianfeng
Audit Committee	Ren Mingchuan, Li Zhen, Xie Ziqi
Nomination, Remuneration and Evaluation Committee	Wu Lianfeng, Xie Jiaqi, Ren Mingchuan

### (II) The Strategy and ESG Committee held 2 meetings during the reporting period

Date Held	Meeting Content	Important Opinions and Suggestions	Other Performance of Duties
April 29, 2024	1. Proposal on the Company's 2023 Environmental, Social, and Corporate Governance (ESG) Report	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
October 29, 2024	1. Proposal on Changing the Use of Part of the Raised Funds	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

**(III) The Audit Committee held 4 meetings during the reporting period**

Date Held	Meeting Content	Important Opinions and Suggestions	Other Performance of Duties
February 22, 2024	Reviewed Proposal 1. Proposal on Appointing the Company's President and other Senior Executives	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
April 24, 2024	Reviewed Proposals: 1. Proposal on the Company's 2023 Annual Report and Abstract; 2. Proposal on the Company's 2023 Internal Control Evaluation Report; 3. Proposal on the Company's 2024 First Quarter Report; 4. Proposal on the Company's 2023 Audit Committee Performance Report ; 5. Proposal on the 2023 Profit Distribution Plan; 6. Proposal on the Company's 2023 Situation of Raised Funds Deposit and Use ; 7. Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital; 8. Proposal on the Report of the Company's Audit Committee of the Board of Directors on the Performance of Supervisory Duties over the 2023 Annual Audit Accounting Firm ; 9. Proposal on the Company's Re-appointment of the 2024 Accounting Firm; 10. Proposal on the Company and its Subsidiaries Applying for Bank Comprehensive Credit Lines and Providing Guarantees in 2024; 11. 2023 Internal Audit Report.	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
August 29, 2024	Reviewed Proposals: 1. Proposal on the Company's 2024 <i>Semi-Annual Report</i> and Its Abstract 2. Proposal on Special Report on the Company's 2024 Semi-Annual Deposit and Actual Use of Raised Funds	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
October 29, 2024	Reviewed Proposal 1. Proposal on the Company's 2024 Third Quarter Report 2. Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

**(IV) The Nomination, Remuneration , and Appraisal Committee held 4 meetings during the reporting period**

Date Held	Meeting Content	Important Opinions and Suggestions	Other Performance of Duties
January 30, 2024	Reviewed Proposal 1. Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Non-Independent Directors of the Fifth Board of Directors; 2. Proposal on the Re-election of the Company's Board of Directors and Nomination of Candidates for Independent Directors of the Fifth Board of Directors	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
February 22, 2024	Reviewed Proposals: 1. Proposal on Appointing the Company's President and other Senior Executives 2. Proposal on Appointing the Company's Secretary of the Board of Directors and Securities Affairs Representative 3. Proposal on the Allowance Standards for Some of the Company's Directors	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
April 29, 2024	Reviewed Proposals: 1. Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Senior Executives for 2023	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
October 29, 2024	Reviewed Proposal 1. Proposal on the Fulfillment of Vesting Conditions but Temporary Non-listing of Shares for the Second Vesting Period of the First Grant and the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan 2. Proposal on Adjusting the Repurchase Price and Quantity of the 2022 Restricted Share Incentive Plan 3. Proposal on Repurchasing and Cancelling Part of the Restricted Shares 4. Proposal on the Company's Appointment of Senior Executives	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

**(V) Specific Disagreements**

Applicable  Not Applicable

**VIII.Explanation of Risks Identified by the Board of Supervisors in the Company**

Applicable  Not Applicable

The Board of Supervisors has no objection to the supervision matters during the reporting period.

**IX. Employees of the Parent Company and Major Subsidiaries at the End of the Reporting Period****(I) Employees**

Number of Employees in the Parent Company	8,798
Number of Employees in Major Subsidiaries	31,334
Total Number of Employees	40,132
Number of Retired Employees Whose Expenses are Borne by the Parent Company and Major Subsidiaries	0
<b>Professional Composition</b>	
<b>Professional Composition Category</b>	<b>Number by Professional Composition</b>
Production staff	173
Sales staff	33,409
Technical staff	604
Financial staff	438
Administrative staff	4,464
Management Personnel	-
Other	1,044
Total	40,132
<b>Educational Level</b>	
<b>Educational Level Category</b>	<b>Number (People)</b>
Master's Degree or Above	230
Bachelor	6,369
Associate Degree	16,217
College and below	17,316
Total	40,132

**(II) Remuneration policies**

Applicable Not Applicable

The Company's total remuneration is mainly determined by the Board of Directors based on the Company's remuneration situation and the budget and completion of key operating indicators. Within the total remuneration, the Company implements a broadband salary system based on job qualification certification and job grade system, as well as a market-oriented incentive mechanism. Mid-to-senior level personnel implement an annual salary system, determined based on individual capabilities and performance contribution values, combined with market salary levels. Other personnel implement a model combining position and performance salary. Fixed salary is benchmarked against the industry, determined based on individual job qualification certification levels and job grades, and periodically adjusted based on individual qualification levels and market peer levels to maintain the Company's attractiveness to talent. Employee performance salary is directly linked to individual performance output and is also related to the overall performance achievement of the Company and unit where they belong, ensuring that while enhancing employee motivation, the Company maintains an industry-leading level of per capita efficiency output.

In terms of employee benefits, the Company strictly implements national and local laws and regulations, providing employees with basic statutory benefits such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund, paid leave, etc.; at the same time, the Company also provides corresponding employees with supplementary insurance items such as accidental injury insurance, critical illness insurance, commercial pension insurance, tax-preferred insurance, etc., striving to help employees solve their worries.

**(III) Training Plan**

Applicable Not Applicable

During the reporting period, the Company's training work adhered to the human resources management philosophy of "upholding integrity and altruism, business orientation, data-driven",

continuously improving the talent cultivation system, actively responding to business needs, supporting the implementation of company strategy, assisting employee lifecycle development, and enhancing organizational insight and agility to adapt to the constantly changing market environment.

In 2024, digital support for training continued to upgrade. Through the docking of multiple platforms, visual management of employee growth was achieved at the employee end, and macro-control of talent cultivation data was achieved at the manager end, promoting the horizontal penetration and vertical permeation of talent cultivation and learning projects within the Company, continuously consolidating the foundation for building a learning organization. In 2024, the Company's big data learning reached a new high, with all employees accumulating 11.77 million hours of learning (an average of 245 hours per person annually). The learning platform offered over 1,900 courses, with a total of over 7.69 million learning sessions. Continuously developing and cultivating various internal trainers, including 2,812 mentors, 878 lecturers, 401 management tutors, 1,208 counter lecturers, and 15 learning maps have been established, covering frontline employees, core business line employees, and management employees.

Focusing on echelon talent cultivation, enhancing talent density, and improving organizational capabilities. In 2024, full-chain cultivation of operational, procurement, and merchandising echelon talent was achieved, covering 100% of core business positions in the war zones. A new "Group + War Zone Rotation" model was added to improve trainees' overall understanding of the Company's value chain and deep understanding of target positions. 24 qualified personnel were cultivated this year. The B-position cultivation project is the third year of the Company's continuous "one-on-one" customized cultivation of successors for mid-to-senior level positions (A-positions). Through the method of "task practice + monthly coaching", 162 qualified personnel were cultivated, achieving a B-position staffing rate of 95.6% for mid-to-senior levels. To broaden the global perspective and systematic thinking ability of management personnel, the Company systematically cultivated the management and leadership capabilities of mid-to-senior managers through "Executive Intensive Training Camps" and "Middle Management Intensive Training Camps", strengthening the Company's middle management team strength. 99 qualified personnel were cultivated in 2024. The Ran Plan, a mid-to-senior level team-building activity continuing for 5+ years, saw over 400 colleagues continuously sharing daily reading wisdom and exercise styles, bringing super vitality to the organization. Management trainees are a strong reserve force for the Company's continuous development and innovation. In 2024, LBX Pharmacy cultivated 141 management trainees for business lines such as operations, merchandise, procurement, new retail, digitalization, HR, and expansion through forms such as centralized training, business chain learning, frontline practice, target business line practice, and executive symposiums.

Standardized implementation of the "Frontline Talent Training and Practice Mechanism" achieves self-circulating supply guarantee for frontline talent. LBX Pharmacy frontline talent is cultivated in levels for different positions through an "online + offline, training combined with practice" approach. In 2024, 321 centralized training camps were conducted, cultivating 16,313 people. Among them, 234 sessions were held for reserve talent cultivation, cultivating 9,747 people; 87 sessions were held for incumbent talent cultivation, cultivating 6,566 people. The Company continuously recruits retired military personnel into the "Little Poplar Project", designing specialized training plans and providing exclusive promotion channels. As of the end of 2024, 80+ retired military personnel have been cultivated. For licensed pharmacist cultivation, the Company established "Employee Learning Growth Award", "Talent Cultivation Award", and "Special Implementation Award", providing paid leave and full tuition reimbursement subsidies, encouraging employees to actively participate in the National Licensed Pharmacist Qualification Examination. In 2024, the licensed pharmacist examination assistance mechanism was actively promoted, assisting 958 people in passing the licensed pharmacist examination, with a pass rate of 35.4%, 14.3 percentage points higher than the national licensed pharmacist pass rate.

In 2025, the Company's training work will continue to strengthen the support and empowerment of training for business and company development through the three pillars of "assisting frontline personnel in professional knowledge improvement", "strengthening frontline talent job competency", and "focusing on key functional position talent cultivation", providing diversified learning and development solutions for employees at different levels and stages of development. On the one hand, for frontline employee cultivation, focus will be placed on both professional knowledge and on-the-job capabilities. By identifying knowledge and skills needing improvement for employees, the Group will empower war zones downward to improve the comprehensive capabilities of frontline employees; on the other hand, for functional line employee cultivation, the focus will be on potential talents in key positions. Through

iterating training forms, restructuring content, and upgrading mentors, composite talents will be cultivated, improving the suitability of potential talents for target positions. In 2025, characteristic projects such as "Store Manager Speaks", "Daily Practice", and "Elective Course Knowledge Contest" will also be used to create a continuous learning atmosphere for all employees, improving the quality and efficiency of organizational talent cultivation, and assisting the Company's innovation and stable development.

#### (IV) Labor Outsourcing

√Applicable <input type="checkbox"/> Not Applicable Total Hours of Labor Outsourcing	1,352,196
Total Remuneration Paid for Labor Outsourcing (Ten thousand yuan)	40,033,299

Note: The Company uses labor outsourcing as a supplement to its employment forms. As of December 31, 2024, the number of outsourced laborers was 753, accounting for 1.87% of the total employees, to meet the labor demand for auxiliary positions such as loading and unloading, warehouse management, etc., in logistics and distribution.

### X.Profit Distribution or Capital Reserve Capitalization Plan

#### (I) Formulation, Execution, or Adjustment of Cash Dividend Policy

√Applicable Not Applicable

During the reporting period, to practice the development philosophy of "investor-oriented", establish a scientific, continuous, and stable dividend mechanism, actively reward investors, and promote the Company's high-quality development, according to the requirements of laws and regulations such as the China Securities Regulatory Commission's *Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies* and relevant provisions of the *Articles of Association*, combined with the Company's actual situation, the "LBX Pharmacy Chain Joint Stock Company Shareholder Return Plan for the Next Three Years (2024-2026)" was formulated. The plan stipulates: Under the condition of meeting the cash dividend requirements and ensuring the funding needs for the Company's normal operation and development, the Company's annual cash dividend distribution in the next three years should reach at least 50% of the net profit attributable to shareholders of the listed company in the consolidated financial statements for the year. The specific cash dividend ratio for each year will be determined by the Company's Board of Directors based on the Company's profit scale, cash flow status, development stage, and current funding needs, formulating annual or interim dividend plans.

During the reporting period, the Company strictly implemented the 2023 annual profit distribution plan and the 2024 interim dividend distribution in accordance with the profit distribution policy stipulated in the *Articles of Association* and the shareholder return plan, as well as the resolutions of the shareholders' general meetings. The Company's 2023 profit distribution plan (already completed) was to distribute a cash dividend of RMB 6.6 per 10 shares (tax included), no bonus shares, and convert 0.3 shares per share from capital reserves, distributing cash dividends of RMB 385,963,519.26; the 2024 interim dividend plan (already completed) was to distribute a cash dividend of RMB 0.3307 per share (tax included), distributing cash dividends of RMB 251,408,449.24.

The Company proposes to distribute a cash dividend of RMB 0.8 per 10 shares (tax included) to all shareholders based on the total share capital on the record date for the implementation of the 2024 annual equity distribution. The Company will not issue bonus shares or convert capital reserves into share capital. As of March 31, 2025, the Company's total share capital was 760,095,613 shares. The proposed cash dividend distribution is RMB 60,807,649.04 (tax included). The total proposed cash dividend for the year 2024 (tax included) is RMB 312,216,098.28 (including the interim dividend of RMB 251,408,449.24 for 2024), representing 60.15% of the net profit attributable to the parent company for 2024.

#### (II) Specific Explanation of Cash Dividend Policy

√Applicable Not Applicable

Whether it complies with the provisions of the Articles of Association or the requirements of shareholders' general meeting resolutions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend standard and ratio are clear and explicit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the related decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors fulfilled their duties and played their due role	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether small and medium-sized shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**(III) If the Company is profitable during the reporting period and the parent company's distributable profit to shareholders is positive, but no cash profit distribution plan proposal is put forward, the Company should disclose the reasons in detail, as well as the use and plan for the undistributed profit**

Applicable Not Applicable

**(IV) Profit Distribution and Capital Reserve Capitalization Plan for This Reporting Period**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Bonus Shares per 10 Shares (Shares)	0
Dividend per 10 Shares (RMB) (Tax Included)	4.107
Shares Transferred per 10 Shares (Shares)	0
Cash Dividend Amount (Tax Included)	312,216,098
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements	519,063,405
Ratio of Cash Dividend Amount to Net Profit Attributable to Ordinary Shareholders of the Listed Company in Consolidated Statements (%)	60.15
Amount of Share Repurchases Accounted for as Cash Dividends	0
Total Dividend Amount (Tax Included)	312,216,098
Ratio of Total Dividend Amount to Net Profit Attributable to Ordinary Shareholders of the Listed Company in Consolidated Statements (%)	60.15

**(V) Cash Dividend Situation in the Last Three Fiscal Years**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Cumulative Cash Dividend Amount in the Last Three Fiscal Years (Tax Included) (1)	990,583,068
Cumulative Amount of Repurchases and Cancellations in the Last Three Fiscal Years (2)	0
Cumulative Amount of Cash Dividends and Repurchases and Cancellations in the Last Three Fiscal Years (3)=(1)+(2)	990,583,068
Average Annual Net Profit Amount in the Last Three Fiscal Years (4)	744,349,352

Cash Dividend Ratio in the Last Three Fiscal Years (%) (5)=(3)/(4)	133.08
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements of the last fiscal year	519,063,405
Undistributed profit at the end of the year in the parent company's statements of the last fiscal year	1,004,470,487

### XI.Situation and Impact of Company Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Measures

#### (I) Related incentive matters already disclosed in temporary announcements with no subsequent progress or changes

Applicable Not Applicable

Matter Overview	Query Index
<p>On April 12, 2024, the Company held the second meeting of the Fifth Board of Directors and the second meeting of the Fifth Board of Supervisors, reviewing and approving the <i>Proposal on Repurchasing and Cancelling Part of the Restricted Shares</i>. The Company repurchased and cancelled a total of 139,925 restricted shares held by 22 incentive objects under the 2022 restricted share incentive plan who had resigned or experienced position changes.</p> <p>On June 5, 2024, the Company disclosed the <i>Announcement on the Implementation of Repurchase and Cancellation of Equity Incentive Restricted Shares</i>.</p>	<p>The Company made announcements on the website (www.sse.com.cn) of the Shanghai Stock Exchange on April 13, 2024; Announcement Nos.: 2024-018, 2024-019; The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on June 5, 2024; Announcement No.: 2024-036</p>
<p>On October 29, 2024, the Company held the fifth meeting of the Fifth Board of Directors and the fifth meeting of the Fifth Board of Supervisors, reviewing and approving the <i>Proposal on the Fulfillment of Vesting Conditions but Temporary Non-listing of Shares for the Second Vesting Period of the First Grant and the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan, Proposal on Adjusting the Repurchase Price and Quantity of the 2022 Restricted Share Incentive Plan, and Proposal on Repurchasing and Cancelling Part of the Restricted Shares</i>.</p> <p>On January 8, 2025, the Company disclosed the <i>Announcement on the Implementation of Repurchase and Cancellation of Equity Incentive Restricted Shares</i>.</p> <p>On January 16, 2025, the Company disclosed the <i>Announcement on the Vesting and Listing Circulation of the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan</i>. This batch of restricted shares was listed and circulated on January 21, 2025.</p> <p>On March 26, 2025, the Company disclosed the <i>Announcement on the Vesting and Listing Circulation of the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan</i>. This batch of restricted shares was listed and circulated on March 31, 2025.</p>	<p>The Company made announcements on the website (www.sse.com.cn) of the Shanghai Stock Exchange on October 30, 2024; Announcement Nos.: 2024-070, 2024-071, 2024-072, 2024-073; The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on January 8, 2025; Announcement No.: 2025-001; The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on January 16, 2025; Announcement No.: 2025-002; The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on March 26, 2025; Announcement No.: 2025-005.</p>

**(II) Incentive situations not disclosed in temporary announcements or with subsequent progress**

Equity Incentive

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

Employee Stock Ownership Plan

Applicable  Not Applicable

Other Incentive Measures

Applicable  Not Applicable

**(III) Equity Incentives Granted to Directors and Senior Executives during the Reporting Period**

Applicable  Not Applicable

**(IV) Evaluation Mechanism for Senior Executives during the Reporting Period, and Establishment and Implementation of Incentive Mechanisms**

Applicable Not Applicable

The Company has established an assessment system for the operation and management objectives and responsibilities of mid-to-senior executives based on performance competition, signing operation objective responsibility contracts and annual performance objective assessments with operation managers, and conducting performance ranking PK quarterly. The assessment method stipulates: The remuneration of mid-to-senior executives is linked not only to the performance achievement of their respective units but also to the impact of their work on future long-term development, incentivizing managers at all levels to actively focus on the long-term development of their units while ensuring the achievement of performance goals.

Implementation situation: At the beginning of each year, after the Company's overall annual operating objectives are reviewed and determined by the Board of Directors, the Company signs operation and management objective responsibility contracts with the primary responsible persons of its subordinate subsidiaries. Following the principle of "quarterly tracking assessment, communication feedback, and year-end assessment realization", the implementation is strict. The assessment results are directly linked to the remuneration and rewards/penalties of the operators to ensure the effective achievement of the Company's operating objectives. At year-end, the Company's HR department calculates the remuneration based on the operation and management objective responsibility contracts and annual performance achievement, and submits it to the Remuneration and Appraisal Committee for review and determination of the corresponding annual bonuses for senior executives.

**XII.Construction and Implementation of Internal Control System during the Reporting Period**

Applicable Not Applicable

The Company has established a comprehensive system of rules and regulations to standardize various businesses. Through systems like OA, SAP, ERP, etc., it standardizes and controls the approval links of various business processes, strictly implementing internal control measures such as segregation of incompatible duties control, authorization and approval control, accounting system control, property protection control, budget control, etc.

Explanation of Significant Deficiencies in Internal Control during the Reporting Period

Applicable  Not Applicable

**XIII.Management Control over Subsidiaries during the Reporting Period**

Applicable Not Applicable

The group headquarters controls subsidiaries through published management systems and regulations, covering multiple aspects such as finance, operations, sales, merchandise, engineering, etc.

All subsidiaries conduct business according to the requirements of the unified institutional documents issued by the group. Important business matters are reported and approved according to procedures. For matters involving disclosure, subsidiaries report to the group headquarters, and the group securities affairs department promptly fulfills disclosure procedures. The group headquarters uniformly appoints and dismisses senior executives of wholly-owned and holding subsidiaries, designates directors and supervisors, and dispatches financial directors, directors, and supervisors to holding subsidiaries to strengthen subsidiary management. Various departments of the group inspect and supervise the business conditions of subsidiaries according to the principle of vertical departmental management, assisting in the improvement of subsidiary management levels and the refinement of risk control mechanisms.

#### **XIV.Explanation Regarding the Internal Control Auditor's Report**

Applicable Not Applicable

In accordance with the requirements of the *Guidelines for Auditing Enterprise Internal Control* and relevant standards of Chinese Certified Public Accountants, the accounting firm issued a standard unqualified opinion internal control auditor's report.

Whether to Disclose the Internal Control Auditor's Report: Yes

Opinion Type of Internal Control Auditor's Report: Standard Unqualified Opinion

#### **XV.Rectification of Issues Found in the Special Action Self-Inspection of Listed Company**

##### **Governance**

None

#### **XVI.Other**

Applicable Not Applicable

## **Section V Environment and Social Responsibility**

### **I. Environmental Information Situation**

Whether Environmental Protection Related Mechanisms Have Been Established	Yes
Environmental Protection Investment during the Reporting Period (Unit: Ten thousand yuan)	123.14

### **(I) Environmental Protection Explanation for Companies and Their Major Subsidiaries Listed as Key Polluting Units by Environmental Protection Departments**

Applicable Not Applicable

### **(II) Environmental Protection Explanation for Companies outside the Key Polluting Units**

Applicable Not Applicable

#### **1、 Situation of Receiving Administrative Penalties due to Environmental Problems**

Applicable Not Applicable

#### **2、 Disclosure of Other Environmental Information with Reference to Key Polluting Units**

Applicable Not Applicable

#### **3、 Reasons for Not Disclosing Other Environmental Information**

Applicable Not Applicable

### (III) Relevant Information Beneficial to Protecting the Ecology, Preventing Pollution, and Fulfilling Environmental Responsibilities

√Applicable □Not Applicable

#### (1) Wastewater Pollutants and Their Treatment Measures

The Company's sewage treatment facility adopts underground burial method, with a sewage treatment capacity of 300m<sup>3</sup>/day and 1 total discharge outlet. The current sewage treatment facility operates normally. The Company has a sewage treatment position with 1 sewage treatment operator.

In September 2023, the sewage station was upgraded and renovated to enhance its treatment capacity.

On March 8, 2024, Hunan Huahuan Testing Technology Co., Ltd. sampled and tested the Company's sewage discharge outlet. The test results for indicators such as PH value/chemical oxygen demand/suspended solids/ammonia nitrogen all met quality control requirements.

#### (2) Exhaust Gas Pollutants and Their Treatment Measures

On March 23, 2020, the boiler low-carbon transformation passed the joint acceptance by environmental protection, quality inspection, street authorities, and experts. The boiler nitrogen oxide emission concentration is below 30mg/m<sup>3</sup>, meeting emission standards. Workshop exhaust gas is treated by dust removal and discharged through dedicated flues, with an emission height ≥24m, meeting emission requirements. Canteen exhaust gas is treated by dust removal and discharged through dedicated flues, with an emission height ≥24m, meeting emission requirements.

On December 29, 2021, Hunan Pinbiao Huace Testing Technology Co., Ltd. tested the boiler emissions, and the results met emission requirements.

On January 6, 2022, Hunan Special Equipment Inspection and Testing Institute tested the boiler's operating thermal efficiency, and the result was 93.03%, which is greater than the specified limit of 92%, meeting the requirements of the specification for operational testing.

In September 2022, Huace Testing Technology Co., Ltd. tested the boiler emissions, and the results met emission requirements.

In November 2022, Hunan Special Equipment Inspection and Testing Institute conducted the annual inspection of the boiler, and the results basically met the requirements.

In November 2023, 380 pieces of activated carbon were replaced to ensure exhaust emissions meet requirements.

In November 2023, Hunan Special Equipment Inspection and Testing Institute conducted the annual inspection of the boiler, and the results met the requirements.

In February 2024, entrusted by the Changsha Municipal Health and Environment Bureau Furong Branch, a third party tested the boiler exhaust gas, and the results met the requirements.

#### (3) Solid Waste Pollutants and Their Treatment Measures

The Company has signed a solid waste treatment agreement with the Environmental Sanitation Administration Bureau of Furong District, Changsha City. Solid waste is collected uniformly by the sanitation department for centralized treatment.

Starting from 2023, the Company has adopted measures for recycling used cardboard boxes. Outer packaging cardboard boxes from raw materials, packaging materials, and finished products unpacked for shipment are recycled and reused in production storage and transportation links. In 2024, about 4,000 waste cardboard boxes were recycled, reducing solid paper waste by about 4 tons; meanwhile, the Company uses recycled environmentally friendly paper when purchasing raw paper for outer packaging boxes to maintain a good ecological environment.

#### (4) Hazardous Waste Treatment Measures

In 2024, the Company signed a laboratory hazardous waste entrusted treatment contract with Hunan Shoujia Environmental Protection Technology Co., Ltd. Laboratory hazardous waste is collected uniformly and treated according to standards by Hunan Shoujia Environmental Protection Technology Co., Ltd. In 2024, a total of 0.635 tons of hazardous waste were treated.

#### (5) Noise

The noise level of the equipment purchased by the Company complies with national standards.

#### (6) Photovoltaic Power Generation

To actively respond to the national requirements for energy conservation, emission reduction, and clean environmental protection, the Company signed the "Distributed Photovoltaic Energy Management Project", involving the installation of over 5,000 square meters of photovoltaic panels. It began operation in November, and the total power generation in 2024 was 137,432kWh. Injecting green momentum into

the high-quality development of the enterprise.

#### (IV) Measures Taken to Reduce Carbon Emissions and Their Effects during the Reporting Period

Whether Carbon Reduction Measures Were Taken	Yes
Equivalent Carbon Dioxide Emissions Reduced (Unit: tons)	1,821.26
Type of Carbon Reduction Measures (e.g., using clean energy for power generation, using carbon reduction technology in production processes, developing new products contributing to carbon reduction)	Using clean energy for power generation

Specific Explanation

Applicable Not Applicable

See the 2024 Environmental, Social, and Corporate Governance (ESG) Report of LBX Pharmacy Chain Joint Stock Company disclosed on the SSE website (www.sse.com.cn) on the same date.

## II. Social Responsibility Work

### (I) Whether to Separately Disclose Social Responsibility Report, Sustainability Report, or ESG Report

Applicable Not Applicable

See the 2024 Environmental, Social, and Corporate Governance (ESG) Report of LBX Pharmacy Chain Joint Stock Company disclosed on the SSE website (www.sse.com.cn) on the same date.

### (II) Specific Situation of Social Responsibility Work

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable External Donations, Public Welfare Projects	Quantity/Content	Explanation of Situation
Total Investment (Ten thousand yuan)	244.05	-
Of which: Funds (Ten thousand yuan)	183.58	-
Value of Materials (Ten thousand yuan)	60.46	-
Number of People Benefited	-	-

Specific Explanation

Applicable Not Applicable

The Company always remembers its social responsibility as a corporate citizen, actively advocates and promotes the "altruistic" culture, gives back to society while creating value, participates in various social public welfare and charity undertakings, deeply cultivates small-town and rural markets, assists rural revitalization; advocates a healthy lifestyle, acts as a "guardian" of safe medication use; diligently spreads the "healing" culture, jointly building a community with a shared future for mankind.

In 2024, the Company's total investment in external donations and public welfare projects was RMB 2.4405 million, including RMB 1.8358 million in funds and RMB 604,600 in material value. For details, see the 2024 Environmental, Social, and Corporate Governance (ESG) Report of LBX Pharmacy Chain Joint Stock Company disclosed on the SSE website (www.sse.com.cn) on the same date.

### III. Specific Situation of Consolidating and Expanding Achievements in Poverty Alleviation, Rural Revitalization, etc.

√Applicable □Not Applicable

Poverty Alleviation and Rural Revitalization Projects	Quantity/Content	Explanation of Situation
Total Investment (Ten thousand yuan)	9.9	-
Of which: Funds (Ten thousand yuan)	9.9	-
Value of Materials (Ten thousand yuan)	-	-
Number of People Benefited	-	-
Form of Assistance (e.g., industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, etc.)	-	-

#### Specific Explanation

√Applicable □Not Applicable

As a pharmaceutical retail enterprise serving the health of the people, the Company actively takes responsibility and acts proactively in rural revitalization. LBX Pharmacy has identified "Advancing into New Rural Areas" as one of the Company's seven core strategies. By promoting store franchise programs to support entrepreneurial ventures in rural areas, leveraging e-commerce to enhance agricultural procurement, and implementing targeted assistance to improve rural healthcare facilities, we have developed a multi-channel, multi-dimensional support strategy to drive comprehensive rural revitalization.

In 2024, the Company's total investment in poverty alleviation and rural revitalization projects was RMB 99,000, all in funds. For details, see the *2024 Environmental, Social, and Corporate Governance (ESG) Report of LBX Pharmacy Chain Joint Stock Company* disclosed on the SSE website ([www.sse.com.cn](http://www.sse.com.cn)) on the same date.

## Section VI Significant Matters

### I. Performance of Commitments

#### (I) Commitments made by the Company's actual controller, shareholders, related parties, acquirers, and the Company itself during the reporting period or continuing into the reporting period

√Applicable □Not Applicable

Background of Commitment	Commitment Type	Promisor	Commitment Content	Commitment Time	Whether There is a Performance Period	Commitment Period	Whether Timely and Strictly Fulfilled	If Not Timely Fulfilled, Explain Specific Reasons for Non-completion	If Not Timely Fulfilled, Explain Next Steps
Commitments Made in Acquisition Reports or Equity Change Reports	Resolving Horizontal Competition	Janstar Investment	Remark 1	November 17, 2019	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
	Other	Janstar Investment	Remark 2	November 17, 2019	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
Commitments Related to Major Asset Restructuring	Other	Pharmaceutical Group	Remark 3	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
	Other	Xie Zilong, Chen Xiulan	Remark 4	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
	Other	All directors, senior executives	Remark 5	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
Commitments Related to Initial Public Offering	Other	Pharmaceutical Group, Janstar Investment	Remark 6	April 10, 2015	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
	Share	Pharmaceutical	Remark 7	April 10,	Yes	During the period of	Yes	Not Applicable	Not

	Lock-up	Group		2015		holding more than 5% of LBX shares			Applicable
Commitments Related to Refinancing	Other	Pharmaceutical Group, Xie Zilong, Chen Xiulan	Remark 8	March 03, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
	Other	All directors, senior executives	Remark 9	March 03, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
	Other	LBX	Remark 10	May 18, 2021	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable
Commitments Related to Equity Incentives	Other	LBX	Remark 11	July 31, 2022	Yes	September 29, 2022 to September 28, 2025	Yes	Not Applicable	Not Applicable
Other Commitments Made to the Company's Small and Medium-sized Shareholders	Resolving Horizontal Competition	Pharmaceutical Group, Janstar Investment	Remark 12	April 10, 2015	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
	Resolving Horizontal Competition	Xie Zilong, Chen Xiulan	Remark 13	April 10, 2015	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
	Resolving Horizontal Competition	Pharmaceutical Group, Chen Xiulan	Remark 14	June 20, 2022	Yes	During the period as LBX's actual controller/controlling shareholder	Yes	Not Applicable	Not Applicable
	Resolving Related Party Transactions	Pharmaceutical Group, Janstar Investment, Xie Zilong, Chen Xiulan	Remark 15	April 10, 2015	Yes	During the period of holding more than 5% of LBX shares	Yes	Not Applicable	Not Applicable
	Resolving Related Party Transactions	Pharmaceutical Group, Chen Xiulan	Remark 16	June 20, 2022	Yes	Until the commitment is fulfilled	Yes	Not Applicable	Not Applicable

## Remarks 1:

(I) Janstar Investment and other enterprises controlled by it will not engage in any business that constitutes substantial competition with LBX's business scope in any form, directly or indirectly, in the future. (II) Will strictly abide by the relevant regulations of the China Securities Regulatory Commission, Shanghai Stock Exchange, and LBX's *Articles of Association*, exercise shareholder rights and fulfill shareholder obligations equally like other shareholders, and not harm the legitimate rights and interests of LBX and other shareholders. (III) Unless Janstar Investment's indirectly held LBX A-shares fall below 5% of LBX's total share capital at that time, this commitment will remain valid. If Janstar Investment violates the above commitments and causes losses to LBX and other shareholders, Janstar Investment will bear the losses.

## Remarks 2:

(I) Maintaining personnel independence with the listed company: 1. The listed company's general manager, deputy general managers, chief financial officer, secretary of the board of directors, and other senior executives work full-time at the listed company and do not hold administrative positions other than director or supervisor at Janstar Investment, maintaining the personnel independence of the listed company. 2. The listed company has a complete and independent labor, personnel, and salary management system, which is completely independent from Janstar Investment. (II) Maintaining asset independence with the listed company: 1. The listed company has independent and complete assets, all of which are under the control of the listed company and are independently owned and operated by the listed company. 2. Janstar Investment currently does not, and will not in the future, illegally occupy the funds or assets of the listed company in any way. 3. Janstar Investment will not provide guarantees for its own debts using the assets of the listed company. (III) Maintaining financial independence with the listed company: 1. The listed company continues to maintain an independent finance department and an independent financial accounting system. 2. The listed company has standardized and independent financial and accounting systems and financial management systems for branches and subsidiaries. 3. The listed company independently opens bank accounts and does not share bank accounts with Janstar Investment. 4. The listed company can make independent financial decisions, and Janstar Investment will not interfere with the listed company's fund use and allocation through illegal means. 5. The listed company's financial personnel are independent and do not hold concurrent positions or receive remuneration at Janstar Investment. 6. The listed company pays taxes independently according to law. (IV) Maintaining institutional independence with the listed company: 1. The listed company continues to maintain a sound corporate governance structure and has independent and complete organizational institutions. 2. The listed company's shareholders' general meeting, board of directors, independent directors, board of supervisors, general manager, etc., independently exercise their powers according to laws, regulations, and the articles of association. (V) Maintaining business independence with the listed company: 1. The listed company has the independent assets, personnel, qualifications, and capabilities to carry out operating activities, maintains independence in procurement, production, sales, intellectual property, etc., and possesses the ability to operate independently and continuously facing the market. 2. Janstar Investment will not interfere in the business activities of the listed company except through exercising shareholder rights.

## Remark 3:

(I) Commitment letter regarding ensuring the independence of the listed company: LBX Pharmaceutical Group Co., Ltd. will strictly follow the requirements of the *Company Law*, *Securities Law*, and other applicable laws and regulations for listed companies, legally exercise shareholder rights and fulfill corresponding obligations, take practical and effective measures to ensure that after the completion of this transaction, LBX is completely separate from other enterprises controlled by the Company in terms of personnel, assets, finance, institutions, and business, maintaining the independence of the listed company in business, assets, personnel, finance, and institutions. (II) Principled opinions on this restructuring: This transaction reflects LBX's optimization of its business structure and pursuit of further development. This transaction is conducive to enhancing LBX's continuous operating capabilities, improving LBX's profitability, and protecting the interests of LBX shareholders, especially small and medium-sized shareholders. Our company/I agree(s) in principle to this transaction and will actively promote the smooth progress of this transaction by taking measures including but not limited to attending LBX shareholders' general meetings and voting in favor of the relevant

proposals for this transaction, under the premise of maximizing the interests of LBX and investors. (III) Commitment letter regarding taking remedial measures for the dilution of immediate returns from this major asset purchase: 1. Exercise controlling shareholder rights in accordance with applicable laws, regulations, and the provisions of the *Articles of Association of LBX Pharmacy Chain Joint Stock Company*, not overstep LBX's business management activities, and not encroach on LBX's interests. 2. As one of the responsible parties for remedial measures, if the above commitment is violated or refused to be fulfilled, agree that the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies may impose relevant penalties or take relevant management measures in accordance with their formulated or issued relevant regulations and rules; if such commitment is violated and causes losses to the Company or investors, willing to bear compensation liability to the Company or investors according to law. (IV) Commitment letter regarding the absence of insider trading: 1. The Company does not have situations of leaking relevant insider information of this transaction or using such insider information for insider trading; 2. The Company does not have situations of being investigated by the CSRC (or investigated by judicial organs) for insider trading related to this transaction; 3. If the above commitment is violated and causes losses to the listed company or investors, the Company will bear legal responsibility. (V) Explanation of share reduction plan from the date of signing the commitment letter to the completion of implementation: From the date of signing the commitment letter to the completion of implementation, the Company has no share reduction plan (the aforementioned shares include shares held before this transaction and shares newly added due to rights issues such as bonus shares, capitalization of capital reserves, etc., implemented by the listed company during the aforementioned period). If subsequent reductions are made based on actual needs or market changes, relevant information will be disclosed in a timely manner in accordance with applicable laws and regulations.

Remark 4:

(I) Commitment letter regarding ensuring the independence of the listed company: I will strictly follow the requirements of the *Company Law, Securities Law*, and other applicable laws and regulations for listed companies, legally exercise shareholder rights and fulfill corresponding obligations, take practical and effective measures to ensure that after the completion of this transaction, LBX is completely separate from other enterprises controlled by me in terms of personnel, assets, finance, institutions, and business, maintaining the independence of the listed company in business, assets, personnel, finance, and institutions. (II) Principled opinions on this restructuring: This transaction reflects LBX's optimization of its business structure and pursuit of further development. This transaction is conducive to enhancing LBX's continuous operating capabilities, improving LBX's profitability, and protecting the interests of LBX shareholders, especially small and medium-sized shareholders. I agree in principle to this transaction and will actively promote the smooth progress of this transaction by taking measures including but not limited to attending LBX shareholders' general meetings and voting in favor of the relevant proposals for this transaction, under the premise of maximizing the interests of LBX and investors. (III) Commitment letter regarding taking remedial measures for the dilution of immediate returns from this major asset purchase: 1. Exercise actual controller rights in accordance with applicable laws, regulations, and the provisions of the *Articles of Association of LBX Pharmacy Chain Joint Stock Company*, not overstep LBX's business management activities, and not encroach on LBX's interests. 2. As one of the responsible parties for remedial measures, if the above commitment is violated or refused to be fulfilled, agree that the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies may impose relevant penalties or take relevant management measures in accordance with their formulated or issued relevant regulations and rules; if such commitment is violated and causes losses to the Company or investors, willing to bear compensation liability to the Company or investors according to law. (IV) Commitment letter regarding the absence of insider trading: 1. I do not have situations of leaking relevant insider information of this transaction or using such insider information for insider trading; 2. I do not have situations of being investigated by the CSRC (or investigated by judicial organs) for insider trading related to this transaction; 3. If the above commitment is violated and causes losses to the listed company or investors, I will bear individual and joint legal responsibility. (V) Explanation of share reduction plan from the date of signing the commitment letter to the completion of implementation: From the date of signing the commitment letter to the completion of implementation, I have no share reduction plan (the aforementioned shares include shares held before this transaction and shares newly added due to rights issues such as bonus shares, capitalization of capital reserves, etc., implemented by the listed company during the aforementioned period). If subsequent

reductions are made based on actual needs or market changes, relevant information will be disclosed in a timely manner in accordance with applicable laws and regulations.

Remark 5:

(I) Commitment letter regarding taking remedial measures for the dilution of immediate returns from this major asset purchase: 1. I promise not to transfer benefits to other entities or individuals gratuitously or under unfair conditions, nor harm the Company's interests in other ways; 2. I promise to restrain my own business consumption behavior; 3. I promise not to use company assets for investment or consumption activities unrelated to fulfilling my duties; 4. I promise that the remuneration system formulated by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's remedial measures; 5. I promise that if the Company implements an equity incentive plan in the future, the exercise conditions will be linked to the implementation of the Company's remedial measures; 6. After the issuance date of this commitment and before the completion of the Company's major asset purchase, if the CSRC issues other new regulatory provisions regarding remedial measures and their commitments, and the above commitments cannot meet such provisions, I promise to issue supplementary commitments in accordance with the latest provisions of the CSRC at that time; 7. I promise to earnestly fulfill the relevant remedial measures formulated by the Company and any commitments made by me regarding remedial measures. If I violate such commitments and cause losses to the Company or investors, I am willing to bear compensation liability to the Company or investors according to law. As one of the responsible parties for remedial measures, if I violate the above commitment or refuse to fulfill the above commitment, I agree that the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies may impose relevant penalties or take relevant management measures against me in accordance with their formulated or issued relevant regulations and rules.

Remark 6:

If the prospectus for LBX's initial public offering contains false records, misleading statements, or material omissions that constitute a major and substantial impact on judging whether LBX meets the legally stipulated issuance conditions, the Company will urge LBX to repurchase all newly issued shares in the initial public offering according to legal procedures; and, the Company will repurchase the originally restricted shares transferred by the Company according to law. Within one month after the CSRC identifies or the people's court determines the existence of the above situation, the Company will initiate share repurchase measures, issue a repurchase offer. The price at which the Company repurchases the transferred originally restricted shares according to law shall not be lower than the transfer price of the originally restricted shares, and interest for the period from the completion of the transfer registration of the originally restricted shares to the date of the repurchase announcement shall be paid at the prevailing bank demand deposit rate (calculated according to the benchmark interest rate announced by the People's Bank of China) as compensation. If the prospectus for LBX's initial public offering contains false records, misleading statements, or material omissions, causing investors to suffer losses in securities trading, the Company will compensate investors for their losses according to law. The scope of compensation includes losses from stock investment, commissions, stamp duty, etc., unless the Company can prove that it is not at fault. Within one month after the CSRC identifies or the people's court determines the existence of the above situation, the Company will pay cash compensation to the investors who suffered losses. The amount of compensation shall be limited to the actual direct losses confirmed by investor evidence and does not include indirect losses. If the Company violates the commitment regarding repurchasing shares and compensating investors for losses, and fails to take effective remedial measures or fulfill compensation liability, LBX has the right to freeze the LBX shares held by the Company, and may withhold cash dividends payable to the Company to fulfill relevant compensation or indemnity liability until the Company fully fulfills the relevant liability.

Remark 7:

Within 36 months from the date LBX shares are listed and traded on a securities exchange within the People's Republic of China, the Company will not transfer or entrust others to manage the shares issued before LBX's initial public offering that are directly or indirectly held by the Company, nor will LBX repurchase the shares issued before LBX's initial public offering that are directly or indirectly held by the Company. However, this excludes the situation where the Company sells

the LBX shares it holds to investors through public offering along with LBX's initial public offering of new shares according to law. If the *Securities Law of the People's Republic of China*, *Company Law of the People's Republic of China*, CSRC, and the securities exchange where LBX shares are listed have other requirements regarding the transfer of LBX shares held by the Company, the Company will comply with the relevant requirements. If within 6 months after LBX's listing, the closing price of the stock for 20 consecutive trading days (if LBX has dividend distribution, bonus shares, capitalization of capital reserves, etc., the price will be adjusted accordingly, the same below) is lower than the issue price of LBX's initial public offering, or if the closing price of the stock at the end of 6 months after LBX's listing (if that day is not a trading day, then the first trading day thereafter) is lower than the issue price, the lock-up period for the shares issued before LBX's initial public offering held by the Company will automatically be extended by 6 months. The Company intends to hold the Company's stock long-term and has no intention to reduce its holdings of LBX shares within two years after the lock-up period expires; if it intends to reduce its holdings of LBX shares after the two-year period following the lock-up expiration, it will notify LBX 3 trading days in advance and make an announcement, and handle it in accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, CSRC, and relevant regulations of the SSE.

Remark 8:

Commitment letter regarding the effective implementation of remedial measures for the dilution of immediate returns from this non-public offering of shares: 1. I/our company will continue to ensure the independence of the listed company, not overstep the Company's business management activities, and not encroach on the Company's interests; 2. I/our company will earnestly fulfill the relevant remedial measures formulated by the Company and this commitment. If this commitment is violated or refused to be fulfilled and causes losses to the Company or shareholders, agree to bear corresponding legal liability according to laws, regulations, and relevant provisions of securities regulatory agencies; 3. From the date of signing this commitment until the completion of the Company's non-public offering of shares, if the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies issue other new regulatory provisions regarding remedial measures and their commitments, and the above commitments cannot meet such provisions, I/our company promise(s) to issue supplementary commitments in accordance with the latest provisions of the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies at that time.

Remark 9:

Commitment letter regarding the effective implementation of remedial measures for the dilution of immediate returns from this non-public offering of shares: 1. I promise not to transfer benefits to other entities or individuals gratuitously or under unfair conditions, nor harm the Company's interests in other ways; 2. I promise to restrain my own business consumption behavior; 3. I promise not to use company assets for investment or consumption activities unrelated to fulfilling my duties; 4. I promise that the remuneration system formulated by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's remedial measures; 5. If the Company implements an equity incentive plan in the future, its exercise conditions will be linked to the implementation of the Company's remedial measures; 6. As one of the responsible parties for remedial measures, I promise to earnestly fulfill the relevant remedial measures formulated by the Company and any commitments made by me regarding remedial measures. If I violate such commitments and cause losses to the Company or investors, I am willing to bear compensation liability to the Company or investors according to law. If I violate the above commitment or refuse to fulfill the above commitment, I agree that the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies may impose relevant penalties or take relevant regulatory measures against me in accordance with their formulated or issued relevant regulations and rules. 7. From the date of signing this commitment until the completion of the Company's non-public offering of shares, if the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies issue other new regulatory provisions regarding remedial measures and their commitments, and the above commitments cannot meet such provisions, I promise to issue supplementary commitments in accordance with the latest provisions of the CSRC, Shanghai Stock Exchange, and other securities regulatory agencies at that time.

## Remark 10:

Commitment letter regarding the absence of real estate development business: 1. As of the date of issuance of this commitment letter, the acquisition of the aforementioned Faxiangdi land plot is based on the needs of the Company to carry out its main business. Currently, only preliminary preparation work such as exploration and design before housing construction is being carried out on this land plot. The Company and its subsidiaries within the scope of consolidated financial statements (hereinafter referred to as "Holding Subsidiaries") promise not to carry out real estate development business involving the external sale of houses on this land plot. 2. The land and construction of factories, office buildings, and other supporting facilities involved in the Company's fund-raising investment project this time will all be used for the Company's and its subsidiaries' own production, office, and operating activities, with no plans for external leasing or selling, and do not involve real estate development, operation, sales, etc. The Company will strictly use the raised funds in accordance with the provisions of regulatory documents such as the *Administrative Measures for Securities Issuance by Listed Companies* and *Supervisory Guidelines No. 2 for Listed Companies - Regulatory Requirements for the Management and Use of Raised Funds by Listed Companies*. The funds raised from this non-public offering of shares, after deducting issuance expenses, are intended to be fully used for the new chain pharmacy project, East China pharmaceutical product sorting and processing project, enterprise digital platform and new retail construction project, and supplementing working capital; the funds raised from this non-public offering do not involve the construction on the aforementioned Faxiangdi land plot, nor will the Company use the raised funds for the aforementioned Faxiangdi construction by changing the use of raised funds. At the same time, the portion of the funds raised from this non-public offering used to supplement working capital will not be used in any way for or indirectly flow into real estate development, operation, sales, etc., nor will it directly or indirectly flow into the real estate development field through other means. 3. As of the date of issuance of this commitment letter, neither the Company nor its Holding Subsidiaries possess qualifications related to real estate development, operation, or sales; during the reporting period, neither the Company nor its Holding Subsidiaries engaged in real estate development, operation, or sales business, nor did they obtain or have obtained real estate development enterprise qualification certificates or other qualifications related to real estate development and operation. The Company guarantees that neither the Company nor its Holding Subsidiaries will engage in real estate development, operation, sales, etc. in the future, nor will they apply for or obtain operating qualifications related to real estate development.

## Remark 11:

The Company promises not to provide loans or any other form of financial assistance for the restricted shares obtained by incentive objects under this incentive plan, including providing guarantees for their loans.

## Remark 12:

(1) As of the date of issuance of this commitment letter, this enterprise/company has not directly or indirectly engaged in business constituting horizontal competition with LBX's main business within or outside the People's Republic of China (except through LBX). (2) From the effective date of this commitment letter, during the period when this enterprise/company holds more than 5% of LBX shares (hereinafter referred to as the "Commitment Period"), unless otherwise stated in this commitment letter, within or outside China, will not in any way (including but not limited to investment, M&A, joint venture, cooperative, partnership, contracting, or leasing operation) directly or indirectly (except through LBX) engage in or intervene in business or activities that constitute or may constitute competition with LBX's existing or future actual main business. (3) During the Commitment Period, this enterprise/company will not support others in any way to engage in business or activities that constitute or may constitute competition with LBX's existing or future main business. (4) During the Commitment Period, if the business of this enterprise due to LBX's business expansion constitutes horizontal competition with LBX's main business, this enterprise/company shall avoid horizontal competition through stopping the competitive business, injecting the competitive business into LBX, transferring the competitive business to an unrelated third party, or other legal means; if this enterprise/company transfers the competitive business, LBX shall have the right of first refusal. (5) If the above commitment is proven untrue or not complied with, this enterprise/company will compensate LBX for all direct and indirect losses. (6) If this enterprise/company violates the

above commitment and fails to take effective remedial measures or fulfill compensation liability, the income from the competitive business engaged in by this enterprise/company in violation of the commitment shall belong to LBX; if this enterprise/company fails to hand over the aforementioned income to LBX, LBX has the right to freeze the LBX shares held by this enterprise/company, and may withhold cash dividends payable to this enterprise/company to offset the income from engaging in competitive business that this enterprise/company should hand over to LBX, until this enterprise/company fully fulfills the relevant liability. (7) This commitment letter shall take effect from the date of signature and seal by this enterprise/company, remain valid during the Commitment Period, and cannot be changed or revoked without LBX's consent.

Remark 13:

(1) As of the date of issuance of this commitment letter, I/this enterprise have not directly or indirectly engaged in business constituting horizontal competition with LBX's main business within or outside the People's Republic of China (except through LBX); (2) From the effective date of this commitment letter, during the period when I/this enterprise act as the actual controller of LBX (hereinafter referred to as the "Commitment Period"), unless otherwise stated in this commitment letter, within or outside China, will not in any way (including but not limited to investment, M&A, joint venture, cooperative, partnership, contracting, or leasing operation) directly or indirectly (except through LBX) engage in or intervene in business or activities that constitute or may constitute competition with LBX's existing or future actual main business; (3) During the Commitment Period, I/this enterprise will not support others in any way to engage in business or activities that constitute or may constitute competition with LBX's existing or future main business; (4) During the Commitment Period, if the business of mine/this enterprise due to LBX's business expansion constitutes horizontal competition with LBX's main business, I/this enterprise shall avoid horizontal competition through stopping the competitive business, injecting the competitive business into LBX, transferring the competitive business to an unrelated third party, or other legal means; if I/this enterprise transfer the competitive business, LBX shall have the right of first refusal; (5) If the above commitment is proven untrue or not complied with, I/this enterprise will compensate LBX for all direct and indirect losses; (6) If I/this enterprise violate the above commitment and fail to take effective remedial measures or fulfill compensation liability, the income from the competitive business engaged in by me/this enterprise in violation of the commitment shall belong to LBX; if I/this enterprise fail to hand over the aforementioned income to LBX, LBX has the right to freeze the LBX shares held by me/this enterprise, and may withhold cash dividends payable to me/this enterprise to offset the income from engaging in competitive business that I/this enterprise should hand over to LBX, until I/this enterprise fully fulfill the relevant liability. (7) This commitment letter shall take effect from the date of signature by me/this enterprise, remain valid during the Commitment Period, and cannot be changed or revoked without LBX's consent.

Remark 14:

As of the completion date of this acquisition, the acquirer: During the period as the actual controller/controlling shareholder of LBX, I/this enterprise have not directly or indirectly engaged in business constituting horizontal competition with LBX's main business within or outside the People's Republic of China (except through LBX); will not in any way (including but not limited to investment, M&A, joint venture, cooperative, partnership, contracting, or leasing operation) directly or indirectly (except through LBX) engage in or intervene in business or activities that constitute or may constitute competition with LBX's existing or future actual main business; I/this enterprise will not support others in any way to engage in business or activities that constitute or may constitute competition with LBX's existing or future main business; if the business of mine/this enterprise due to LBX's business expansion constitutes horizontal competition with LBX's main business, I/this enterprise shall avoid horizontal competition through stopping the competitive business, injecting the competitive business into LBX, transferring the competitive business to an unrelated third party, or other legal means; if I/this enterprise transfer the competitive business, LBX shall have the right of first refusal.

**Remark 15:**

(1) Our company/I and other enterprises controlled by our company/I do not have situations of occupying LBX funds through borrowing, repaying debts on behalf, advancing funds, or other means. (2) After LBX's listing, our company/I will strictly exercise shareholder and director rights and fulfill shareholder and director obligations in accordance with the "Company Law of the People's Republic of China" and other laws, regulations, administrative rules, normative documents, relevant provisions of the stock exchange, and LBX's articles of association. When voting on related party transactions between our company/I and related enterprises controlled by our company/I and LBX at shareholders' general meetings and board meetings, fulfill the obligation of recusal. (3) After LBX's listing, our company/I will minimize related party transactions between our company/I and related enterprises controlled by our company/I and LBX, and take appropriate measures to eliminate related party transactions with LBX as soon as conditions permit in the future. If necessary and unavoidable related party transactions occur at that time, our company/I guarantee that our company/I and related enterprises controlled by our company/I promise to follow market principles and fair prices for fair transactions, strictly perform the decision-making procedures for related party transactions set by law and LBX's articles of association, and fulfill information disclosure obligations timely according to law, absolutely not harming the legitimate rights and interests of LBX and its non-related shareholders through related party transactions. (4) If our company/I violate(s) the above commitment and occupy LBX funds, our company/I violating the commitment will return the occupied funds and interest (calculated according to the benchmark lending rate of the People's Bank of China for the same period) to LBX; if our company/I and enterprises controlled by our company/I engage in related party transactions with LBX without LBX performing the decision-making procedures for related party transactions, or if the related party transactions are unfair and cause losses to LBX, our company/I will attribute all income generated from the corresponding related party transactions to LBX. If our company/I fail(s) to return the aforementioned funds and interest or income from related party transactions to LBX, LBX has the right to freeze the LBX shares held or controlled by our company/I, and may withhold cash dividends payable to our company/I or controlled enterprises to offset the funds and interest and income from related party transactions that our company/I should return to LBX, until our company/I fully fulfill the relevant liability.

**Remark 16:**

As of the completion date of this acquisition, the acquirer will minimize related party transactions between our company/I and related enterprises controlled by our company/I and LBX, and take appropriate measures to eliminate related party transactions with LBX as soon as conditions permit in the future. If necessary and unavoidable related party transactions occur at that time, our company/I guarantee that our company/I and related enterprises controlled by our company/I promise to follow market principles and fair prices for fair transactions, strictly perform the decision-making procedures for related party transactions set by law and LBX's articles of association, and fulfill information disclosure obligations timely according to law, absolutely not harming the legitimate rights and interests of LBX and its non-related shareholders through related party transactions.

**(II) Whether the Company's assets or projects have profit forecasts, and if the reporting period is still within the profit forecast period, the Company should explain whether the assets or projects met the original profit forecast and the reasons**

Met Not met Not Applicable

SN	Name of Asset or Project with Profit Forecast	Forecast Start Time	Forecast End Time	Forecast Performance for Current Period	Actual Performance for Current Period	Explanation
1	Hunan Huairen	January 01, 2022	December 31, 2024	2024 Non-GAAP Net Profit Forecast: RMB 152 million	2024 Non-GAAP Net Profit Actual: RMB 115.19 million	Failed to meet the cumulative performance commitment for 2022-2024
2	Nantong Puze	January 01, 2022	December 31, 2024	2024 Non-GAAP Net Profit Forecast: RMB 40 million	2024 Non-GAAP Net Profit Actual: RMB 39.52 million	Achieved the cumulative performance commitment for 2022-2024

**(III) Completion of Performance Commitments and Their Impact on Goodwill Impairment Test**

Applicable Not Applicable

1. Hunan Huairen's audited non-GAAP net profit for 2024 was RMB 115.19 million, RMB 36.81 million lower than the committed amount, failing to meet the performance commitment for the current year.

According to the Equity Acquisition Agreement, the performance commitment period for Hunan Huairen is based on the cumulative net profit attributable to the parent company, excluding non-recurring gains and losses, achieved from 2022 to 2024. Hunan Huairen's performance target for the cumulative net profit attributable to the parent company, excluding non-recurring gains and losses, from 2022 to 2024 was RMB 393 million. The actual cumulative three-year net profit achieved was RMB 362.8 million, RMB 30.2 million lower than the committed amount, with a three-year cumulative completion rate of 92.31%. Based on the Equity Acquisition Agreement, the compensation clause was not triggered. According to the assessment result of the *Asset Appraisal Report on the Present Value of Estimated Future Cash Flows of the Cash-Generating Unit Containing Goodwill of Hunan LBX Huairen Pharmacy Chain Co., Ltd. Involved in the Goodwill Impairment Test of LBX Pharmacy Chain Joint Stock Company* issued by Zhongrui Shilian Asset Appraisal Group Co., Ltd. on April 25, 2025, as of December 31, 2024, the total book value of Hunan Huairen's goodwill and related cash-generating unit was RMB 2,397.61 million, the recoverable amount of the goodwill cash-generating unit was RMB 2,332 million, with an assessed impairment of RMB 65.61 million, and a goodwill impairment amount of RMB 49.94 million.

2. Nantong Puze's audited net profit excluding non-recurring items for 2024 was RMB 39.52 million, RMB 0.48 million lower than the committed amount, failing to meet the performance commitment for the year.

According to the Equity Acquisition Agreement, the performance commitment period for Nantong Puze is based on the cumulative net profit excluding non-recurring items achieved from 2022 to 2024. The cumulative net profit excluding non-recurring items for 2022-2024 was RMB 101.25 million, RMB 1.31 million higher than the committed amount, exceeding the cumulative performance commitment for 2022-2024. According to the assessment result of the *Asset Appraisal Report on the Present Value of Estimated Future Cash Flows of the Cash-Generating Unit Containing Goodwill of Nantong Puze Pharmacy Chain Co., Ltd. Involved in the Goodwill Impairment Test of LBX Pharmacy Chain Joint Stock Company* issued by Zhongrui Shilian Asset Appraisal Group Co., Ltd. on April 25, 2025, as of December 31, 2024, the total book value of Nantong Puze's goodwill and related cash-generating unit was RMB 450.39 million, the recoverable amount of the goodwill cash-generating unit was RMB 505 million, indicating no impairment risk.

## II. Non-operational Occupation of Funds by Controlling Shareholder and Other Related Parties during the Reporting Period

Applicable  Not Applicable

## III. Irregular Guarantees

Applicable  Not Applicable

## IV. Company's Board of Directors' Explanation of the Accounting Firm's "Non-standard Opinion Auditor's Report"

Applicable  Not Applicable

## V. Company's Analysis and Explanation of Reasons and Impacts of Changes in Accounting Policies, Accounting Estimates, or Correction of Material Accounting Errors

### (I) Company's Analysis and Explanation of Reasons and Impacts of Changes in Accounting Policies and Accounting Estimates

Applicable  Not Applicable

### (II) Company's Analysis and Explanation of Reasons and Impacts of Correction of Material Accounting Errors

Applicable  Not Applicable

### (III) Communication with the Former Accounting Firm

Applicable  Not Applicable

### (IV) Approval Procedures and Other Explanations

Applicable  Not Applicable

## VI. Appointment and Dismissal of Accounting Firm

Unit: Yuan Currency: RMB

	Currently Appointed
Name of Domestic Accounting Firm	Ernst & Young Hua Ming LLP
Remuneration of Domestic Accounting Firm	2,100,000
Audit Tenure of Domestic Accounting Firm	4
Names of Registered Accountants of Domestic Accounting Firm	Wang Shijie, Liang Chang'e
Cumulative Audit Service Years of Registered Accountants of Domestic Accounting Firm	4
Name of Overseas Accounting Firm	Not Applicable
Remuneration of Overseas Accounting Firm	Not Applicable
Audit Tenure of Overseas Accounting Firm	Not Applicable

	Name	Remuneration
Internal Control Audit Accounting Firm	Ernst & Young Hua Ming LLP	600,000

Explanation of Appointment and Dismissal of Accounting Firm

Applicable  Not Applicable

Explanation of Changing Accounting Firm during the Audit Period

Applicable  Not Applicable

Explanation of Audit Fee Decrease by More Than 20% (Including 20%) Compared to the Previous Year

Applicable  Not Applicable

## **VII. Situation Facing Delisting Risk**

### **(I) Reasons Leading to Delisting Risk Warning**

Applicable  Not Applicable

### **(II) Countermeasures Proposed by the Company**

Applicable  Not Applicable

### **(III) Situation and Reasons Facing Termination of Listing**

Applicable  Not Applicable

## **VIII. Bankruptcy Reorganization Related Matters**

Applicable  Not Applicable

## **IX. Major Litigation and Arbitration Matters**

The Company had significant litigation or arbitration matters during the year

## **X. Situation of Listed Company and Its Directors, Supervisors, Senior Executives, Controlling Shareholder, Actual Controller Suspected of Violating Laws and Regulations, Receiving Penalties, and Rectification**

Applicable  Not Applicable

## **XI. Explanation of the Integrity Status of the Company and Its Controlling Shareholder, Actual Controller during the Reporting Period**

Applicable  Not Applicable

## **XII. Major Related Party Transactions**

### **(I) Related Party Transactions Related to Daily Operations**

#### **1. Matters Already Disclosed in Temporary Announcements with No Subsequent Progress or Changes**

Applicable  Not Applicable

**2. Matters Already Disclosed in Temporary Announcements but with Subsequent Progress or Changes**

Applicable  Not Applicable

**3. Matters Not Disclosed in Temporary Announcements**

Applicable  Not Applicable

**(II)Related Party Transactions Involving Asset or Equity Acquisition or Disposal**

**1. Matters Already Disclosed in Temporary Announcements with No Subsequent Progress or Changes**

Applicable  Not Applicable

**2. Matters Already Disclosed in Temporary Announcements but with Subsequent Progress or Changes**

Applicable  Not Applicable

**3. Matters Not Disclosed in Temporary Announcements**

Applicable  Not Applicable

**4. If performance agreements are involved, the performance realization situation during the reporting period should be disclosed**

Applicable  Not Applicable

**(III)Major Related Party Transactions Involving Joint External Investment**

**1. Matters Already Disclosed in Temporary Announcements with No Subsequent Progress or Changes**

Applicable  Not Applicable

**2. Matters Already Disclosed in Temporary Announcements but with Subsequent Progress or Changes**

Applicable  Not Applicable

**3. Matters Not Disclosed in Temporary Announcements**

Applicable  Not Applicable

**(IV)Related Party Claims and Debts**

**1. Matters Already Disclosed in Temporary Announcements with No Subsequent Progress or Changes**

Applicable  Not Applicable

**2. Matters Already Disclosed in Temporary Announcements but with Subsequent Progress or Changes**

Applicable  Not Applicable

**3. Matters Not Disclosed in Temporary Announcements**

Applicable  Not Applicable

**(V)Financial Business between the Company and Related Financial Companies, Company's Holding Financial Company and Related Parties**

Applicable  Not Applicable

**(VI)Other**

Applicable  Not Applicable

**XIII.Major Contracts and Their Performance**

**(I) Custody, Contracting, Leasing Matters**

**1. Custody**

Applicable  Not Applicable

**2. Contracting**

Applicable  Not Applicable

**3. Leasing**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Lessor Name	Lessee Name	Leased Assets	Amount Involved in Leased Assets	Lease Start Date	Lease End Date	Lease Income	Basis for Determining Lease Income	Impact of Lease Income on the Company	Whether Related Party Transaction	Relationship
See Section X Financial Report, VII. 82 Leasing.										

Leasing  
None

(II) Guarantees

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Company's External Guarantees (Excluding Guarantees for Subsidiaries)														
Guarantor	Relationship between Guarantor and Listed Company	Guaranteed Party	Guarantee Amount	Guarantee Date (Agreement Signing Date)	Guarantee Start Date	Guarantee End Date	Guarantee Type	Collateral (If any)	Whether Guarantee Has Been Fulfilled	Whether Guarantee is Overdue	Overdue Guarantee Amount	Counter-Guarantee	Whether Guarantee for Related Party	Related Relationship
None														
Total Guarantee Amount Occurred during the Reporting Period (Excluding Guarantees for Subsidiaries)														
Total Guarantee Balance at End of Reporting Period (A) (Excluding Guarantees for Subsidiaries)														
Guarantees Provided by the Company and Its Subsidiaries for Subsidiaries														
Total Guarantee Amount Occurred for Subsidiaries during the Reporting Period						340,000,000								
Total Guarantee Balance for Subsidiaries at End of Reporting Period (B)						340,000,000								
Company's Total Guarantee Amount (Including Guarantees for Subsidiaries)														
Total Guarantee Amount (A+B)						340,000,000								
Ratio of Total Guarantee Amount to Company's Net Assets (%)						4.75								
Where:														
Amount of Guarantees Provided for Shareholders, Actual Controller, and Their Related Parties (C)						0								
Amount of Debt Guarantees Provided Directly or Indirectly for Guaranteed Parties with Asset-Liability Ratio Exceeding 70% (D)						180,000,000								
Amount of Total Guarantee Exceeding 50% of Net Assets (E)						0								
Total Amount of the Above Three Guarantees (C+D+E)						180,000,000								
Explanation of Potential Joint and Several Liability for Outstanding Guarantees														
Guarantee Situation Explanation														

**(III) Situation of Entrusting Others for Cash Asset Management**

**1. Entrusted Wealth Management**

**(1) Overall Situation of Entrusted Wealth Management**

Applicable  Not Applicable

Other Situations

Applicable  Not Applicable

**(2) Individual Entrusted Wealth Management**

Applicable  Not Applicable

Other Situations

Applicable  Not Applicable

**(3) Impairment Provision for Entrusted Wealth Management**

Applicable  Not Applicable

**2. Entrusted Loan**

**(1) Overall Situation of Entrusted Loans**

Applicable  Not Applicable

Other Situations

Applicable  Not Applicable

**(2) Individual Entrusted Loan**

Applicable  Not Applicable

Other Situations

Applicable  Not Applicable

**(3) Impairment Provision for Entrusted Loans**

Applicable  Not Applicable

**3. Other Situations**

Applicable  Not Applicable

**(IV) Other Major Contracts**

Applicable  Not Applicable

**XIV. Progress Explanation of Raised Funds Usage**

Applicable Not Applicable

**(I) Overall Usage Situation of Raised Funds**

Applicable Not Applicable

Unit: Yuan

Source of Raised Funds	Raised Funds Arrival Time	Raised Funds Total Amount	Raised Funds Net Amount (1)	Total Promised Investment Amount of Raised Funds in Prospectuses or Offering Memorandum (2)	Total Amount of Over-Raised Funds (3) = (1) - (2)	Total Cumulative Investment Amount of Raised Funds as of the End of the Reporting Period (4)	Of which: Total Cumulative Investment Amount of Over-Raised Funds as of the End of the Reporting Period (5)	Cumulative Investment Progress of Raised Funds as of the End of the Reporting Period (%) (6) = (4)/(1)	Cumulative Investment Progress of Over-Raised Funds as of the End of the Reporting Period (%) (7) = (5)/(3)	Amount Invested This Year (8)	Proportion of Amount Invested This Year (%) (9) = (8)/(1)	Total Amount of Raised Funds with Changed Use
Issuing Shares to Specific Objects	January 27, 2022	1,740,453,674	1,725,273,909	1,725,273,909	0	1,522,483,187	0	88.2	0	349,377,483	20.2	66,000,000

Other Explanations

√Applicable □Not Applicable

Based on company needs, to improve the efficiency of raised funds usage, reviewed and approved by the fifth meeting of the Fifth Board of Directors and the 2024 Third Extraordinary General Meeting, in October 2024, the Company allocated RMB 66 million from the original raised funds investment project "Enterprise Digital Platform and New Retail Construction Project" to implement the new project "LBX Pharmacy Changsha NDC Expansion Project (Phase I)". The Company's continuous supervision institution issued a no-objection opinion.

**(II) Details of Fund-Raising Investment Projects**

√Applicable □Not Applicable

1、Detailed Usage Situation of Raised Funds

√Applicable □Not Applicable

Unit: Ten thousand yuan

Source of Raised Funds	Name of Project	Project Nature	Whether it is a promised investment project in the prospectus or offering memorandum	Whether it involves change of investment direction	Total Planned Investment Amount of Raised Funds (1)	Amount Invested This Year	Total Cumulative Investment Amount of Raised Funds as of the End of the Reporting Period (2)	Cumulative Investment Progress as of the End of the Reporting Period (%) (3) = (2)/(1)	Date Project Reaches Pre-determined Usable State	Whether Project is Completed	Whether Investment Progress Meets Planned Schedule	Specific Reasons for Investment Progress Not Meeting Plan	Benefits Realized This Year	Benefits Realized or R&D Achievements of This Project	Whether Project Feasibility Has Undergone Major Changes; If Yes, Please Explain Specific Situation	Surplus Amount
Issuing Shares to Specific Objects	New Chain Pharmacy Project	Production Construction	Yes	No	57,328	18,536	46,141	80.49	December 2025	No	Yes	Not Applicable	-7,035	-14,519	No	Not Applicable
Issuing Shares to Specific	East China Pharmaceutical Product	Production Construction	Yes	No	27,880	5,829	25,603	91.83	August 2024	No	Yes	Not Applicable	Not Applicable	Not Applicable	No	Not Applicable

ific Obje cts	Sorting and Processi ng Project																
Issui ng Shar es to Spec ific Obje cts	Enterpris e Digital Platform and New Retail Construc tion Project	R&D	Yes	Yes, this project is not cancelle d, adjust the total investm ent amount of raised funds	30,02 3	9,3 58	28,591	95.23	Marc h 2025	No	Yes	Not Applic able	Not Appli cable	Not Applic able	No	Not Appli cable	
Issui ng Shar es to Spec ific Obje cts	LBX Pharmac y Changsh a NDC Expansio n Project (Phase I)	Product ion Construc tion	No	Yes, this project is a new project	6,600	1,2 15	1,215	18.41	Marc h 2026	No	Yes	Not Applic able	Not Appli cable	Not Applic able	No	Not Appli cable	
Issui ng Shar es to Spec ific Obje cts	Supplem enting Working Capital	Other	Yes	No	50,69 6	0	50,699	100	Not Appli cable	Not Appli cable	Not Applic able	Not Applic able	Not Appli cable	Not Applic able	Not Applica ble	Not Appli cable	
Tota l	/	/	/	/	172,5 27	34, 938	152,249	/	/	/	/	/	Not Appli cable	/	/		

2、 Detailed Usage Situation of Over-Raised Funds

Applicable  Not Applicable

**(III) Situation of Fund-Raising Investment Project Change or Termination during the Reporting Period**

√Applicable □Not Applicable

Unit: Yuan

Project Name before Change	Change Time (First Announcement Disclosure Time)	Change Type	Total Investment Amount of Raised Funds before Change/Termination	Total Raised Funds Invested Before Change/Termination	Project Name after Change	Reason for Change/Termination	Amount of Raised Funds Used for Supplementing Working Capital after Change/Termination	Explanation of Decision-Making Procedures and Information Disclosure
Enterprise Digital Platform and New Retail Construction Project	October 30, 2024	Reducing investment amount of raised funds	36,623	26,379	LBX Pharmacy Changsha NDC Expansion Project (Phase I)	Based on company needs, improve efficiency of raised funds usage	6,600	Reviewed and approved by the fifth meeting of the Fifth Board of Directors and the 2024 Third Extraordinary General Meeting. The continuous supervision institution issued a no-objection opinion. For details, see the <i>Announcement on Changing the Use of Part of the Raised Funds</i> (Announcement No.: 2024-069) disclosed by the Company on the website (www.sse.com.cn) of the Shanghai Stock Exchange on October 30, 2024.

**(IV) Other Situations Regarding the Use of Raised Funds during the Reporting Period**

## 1. Situation of Preliminary Investment and Replacement of Fund-Raising Investment Projects

Applicable Not Applicable

## 2. Situation of Using Idle Raised Funds to Temporarily Supplement Working Capital

Applicable Not Applicable

On October 30, 2023, the Company held the 31st meeting of the Fourth Board of Directors and the 26th meeting of the Fourth Board of Supervisors, reviewing and approving the *Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital*, agreeing for the Company to use RMB 400 million of idle raised funds to temporarily supplement working capital for a period of 6 months. Independent directors expressed clear agreement opinions on this matter. The sponsor institution issued an agreed verification opinion on the matter of temporarily supplementing working capital with raised funds. On April 3, 2024, the Company returned RMB 50 million to the special account for raised funds and notified the Company's continuous supervision institution for raised funds, Goldman Sachs (China) Securities Company Limited, and the sponsor representatives of the return of the above raised funds, fulfilling information disclosure obligations in a timely manner. On April 24, 2024, the Company returned RMB 350 million to the special account for raised funds and notified the Company's continuous supervision institution for raised funds, Goldman Sachs (China) Securities Company Limited, and the sponsor representatives of the return of the above raised funds, fulfilling information disclosure obligations in a timely manner.

3611 On April 29, 2024, the Company held the third meeting of the Fifth Board of Directors and the third meeting of the Fifth Board of Supervisors, reviewing and approving the *Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital*, agreeing for the Company to use RMB 300 million of idle raised funds to temporarily supplement working capital for a period of 6 months. The sponsor institution issued an agreed verification opinion on the matter of temporarily supplementing working capital with raised funds. On September 5, 2024, the Company returned RMB 60 million to the special account for raised funds and notified the Company's continuous supervision institution for raised funds, Goldman Sachs (China) Securities Company Limited, and the sponsor representatives of the return of the above raised funds, fulfilling information disclosure obligations in a timely manner. On October 28, 2024, the Company returned RMB 240 million to the special account for raised funds and notified the Company's continuous supervision institution for raised funds, Goldman Sachs (China) Securities Company Limited, and the sponsor representatives of the return of the above raised funds, fulfilling information disclosure obligations in a timely manner.

On October 29, 2024, the Company held the fifth meeting of the Fifth Board of Directors and the fifth meeting of the Fifth Board of Supervisors, reviewing and approving the *Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital*, agreeing for the Company to use RMB 150 million of idle raised funds to temporarily supplement working capital for a period of 6 months. The sponsor institution issued a verification opinion on the matter of temporarily supplementing working capital with raised funds. On February 17, 2025, the Company returned RMB 55 million to the special account for raised funds and notified the Company's continuous supervision institution for raised funds, Goldman Sachs (China) Securities Company Limited, and the sponsor representatives of the return of the above raised funds, fulfilling information disclosure obligations in a timely manner. On April 25, 2025, the Company returned another RMB 95 million to the special account for raised funds and notified the Company's continuous supervision agency and sponsor representatives for raised funds of the return, fulfilling its information disclosure obligations in a timely manner.

## 3. Situation of conducting cash management with idle raised funds and investing in related products

Applicable Not Applicable

## 4. Other

Applicable Not Applicable

According to the *Shanghai Stock Exchange Listed Companies Self-Regulatory Guidelines No. 1 - Standardized Operations*, "After the completion of a single fundraising project, if a listed company

intends to use the surplus raised funds (including interest income) from that project for other fundraising projects, it shall be approved by the Board of Directors and used only after obtaining explicit consent from the sponsor and the board of supervisors. The Company shall make a timely announcement after the Board of Directors' review. If the surplus raised funds (including interest income) are less than RMB 1 million or less than 5% of the committed investment amount for the project, the procedures in the preceding paragraph may be exempted, and the usage shall be disclosed in the annual report." In August 2024, the Company's "Huadong Medicine Product Sorting and Processing Project" reached its intended usable state. In March 2025, the Company's "Enterprise Digital Platform and New Retail Construction Project" reached its intended usable state. The surplus funds from the aforementioned projects were both less than 5% of the committed investment amount. According to the above regulations, in 2025, the Company plans to transfer the remaining RMB 8.1405 million of raised funds from the "Huadong Medicine Product Sorting and Processing Project" to the special account for raised funds for the "New Chain Pharmacy Project," and RMB 12.5713 million will remain in the original special account for raised funds for subsequent payment of project final payments and quality assurance deposits. The Company plans to close the special account for raised funds for the "Enterprise Digital Platform and New Retail Construction Project" and transfer the remaining RMB 0.9533 million to the special account for raised funds for the "New Chain Pharmacy Project".

**XV.Explanation of other significant matters that have a major impact on investors' value judgment and investment decisions**

Applicable Not Applicable

## Section VII Share Changes and Shareholder Information

### I.Changes in Share Capital

#### (I) Statement of Changes in Shares

##### 1、 Statement of Changes in Shares

Unit: Share

	Before this Change		Increase/Decrease in this Change (+, -)					After this Change	
	Quantity	Proportion (%)	Issuance of New Shares	Bonus Shares	Conversion from Capital Reserves	Other	Subtotal	Quantity	Proportion (%)
I. Shares subject to sales restrictions	2,588,634	0.44			534,102	-808,295	-274,193	2,314,441	0.30
1. State-held shares									
2. Shares held by the state-owned legal person									
3. Shares held by other domestic capital	2,588,634	0.44			534,102	-808,295	-274,193	2,314,441	0.30
Of which: Domestic non-state-owned legal person shares									
Shares held by the domestic natural person	2,588,634	0.44			534,102	-808,295	-274,193	2,314,441	0.30
4. Shares held by the foreign capital									
Of which: Shares held by the domestic legal person									
Shares held by the foreign natural person									
II. Shares not subject to sales restrictions (tradable shares)	582,344,502	99.56			174,903,861	668,370	175,572,231	757,916,733	99.70
1. RMB ordinary shares	582,344,502	99.56			174,903,861	668,370	175,572,231	757,916,733	99.70
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
III. Total shares	584,933,136	100.00			175,437,963	-139,925	175,298,038	760,231,174	100.00

**1. Explanation of Share Changes**√Applicable Not Applicable

1. On October 12, 2023, the Company held the 30th meeting of the Fourth Board of Directors, reviewing and approving the *Proposal on the Fulfillment of Vesting Conditions but Temporary Non-listing of Shares for the First Vesting Period of the First Grant under the 2022 Restricted Share Incentive Plan*. On March 26, 2024, the Company disclosed the *Announcement on the Vesting and Listing Circulation of the First Vesting Period of the First Grant under the 2022 Restricted Share Incentive Plan*. 668,370 restricted shares were listed and circulated on March 29, 2024. The Company's total share capital remained unchanged at 584,933,136 shares. Shares subject to sales restrictions changed from 2,588,634 shares to 1,920,264 shares.

2. On April 12, 2024, the Company held the second meeting of the Fifth Board of Directors, reviewing and approving the *Proposal on Repurchasing and Cancelling Part of the Restricted Shares*. The Company repurchased and cancelled a total of 139,925 restricted shares held by 22 incentive objects under the 2022 restricted share incentive plan who had resigned or experienced position changes. On June 5, 2024, the Company disclosed the *Announcement on the Implementation of Repurchase and Cancellation of Equity Incentive Restricted Shares*. The aforementioned restricted shares were repurchased and cancelled on June 7, 2024. The Company's total share capital changed from 584,933,136 shares to 584,793,211 shares. Shares subject to sales restrictions changed from 1,920,264 shares to 1,780,339 shares.

3. On April 29, 2024, and June 13, 2024, the Company held the third meeting of the Fifth Board of Directors and the 2023 Annual General Meeting, respectively, reviewing and approving the *Proposal on the 2023 Profit Distribution Plan*. The Company converted 0.3 shares from capital reserves per share for all shareholders and distributed RMB 0.66 per share. The aforementioned profit distribution was completed on June 27, 2024. The Company's total share capital changed from 584,793,211 shares to 760,231,174 shares. Shares subject to sales restrictions changed from 1,780,339 shares to 2,314,441 shares.

**2. Impact of share changes on financial indicators such as EPS and net assets per share for the latest year and latest period (if any)**√Applicable Not Applicable

During the reporting period, the total number of shares increased by 175,298,038 due to reasons such as conversion of capital reserves into share capital and repurchase and cancellation of restricted shares. At the end of the reporting period, the Company's total share capital was 760,231,174 shares, EPS was RMB 0.68, and net assets per share was RMB 9.41.

**3. Other content deemed necessary by the Company or required by securities regulatory authorities for disclosure**Applicable Not Applicable**(II) Changes in Restricted Shares**√Applicable Not Applicable

						Unit: Share
Name of Shareholder	Number of Restricted Shares at Beginning of Year	Number of Restricted Shares Released This Year	Number of Restricted Shares Increased This Year	Number of Restricted Shares at End of Year	Reason for Restriction	Date of Restriction Release
2022 Restricted Share Incentive Plan	2,588,634	808,295	534,102	2,314,441	2022 Restricted Share Incentive Plan	Listed circulation on March 29, 2024, repurchase and cancellation on June 7, 2024, conversion from capital reserves on June 27, 2024
Total	2,588,634	808,295	534,102	2,314,441	/	/

## II. Securities Issuance and Listing

### (I) Securities Issuance up to the Reporting Period

Applicable  Not Applicable

Explanation of Securities Issuance up to the Reporting Period (For bonds with different interest rates during their duration, please explain separately):

Applicable  Not Applicable

### (II) Changes in the Company's Total Share Count and Shareholder Structure, and Changes in the Company's Asset and Liability Structure

Applicable  Not Applicable

1. On October 12, 2023, the Company held the 30th meeting of the Fourth Board of Directors, reviewing and approving the *Proposal on the Fulfillment of Vesting Conditions but Temporary Non-listing of Shares for the First Vesting Period of the First Grant under the 2022 Restricted Share Incentive Plan*. On March 26, 2024, the Company disclosed the *Announcement on the Vesting and Listing Circulation of the First Vesting Period of the First Grant under the 2022 Restricted Share Incentive Plan*. 668,370 restricted shares were listed and circulated on March 29, 2024. The Company's total share capital remained unchanged at 584,933,136 shares. Shares subject to sales restrictions changed from 2,588,634 shares to 1,920,264 shares.

2. On April 12, 2024, the Company held the second meeting of the Fifth Board of Directors, reviewing and approving the *Proposal on Repurchasing and Cancelling Part of the Restricted Shares*. The Company repurchased and cancelled a total of 139,925 restricted shares held by 22 incentive objects under the 2022 restricted share incentive plan who had resigned or experienced position changes. On June 5, 2024, the Company disclosed the *Announcement on the Implementation of Repurchase and Cancellation of Equity Incentive Restricted Shares*. The aforementioned restricted shares were repurchased and cancelled on June 7, 2024. The Company's total share capital changed from 584,933,136 shares to 584,793,211 shares. Shares subject to sales restrictions changed from 1,920,264 shares to 1,780,339 shares.

3. On April 29, 2024, and June 13, 2024, the Company held the third meeting of the Fifth Board of Directors and the 2023 Annual General Meeting, respectively, reviewing and approving the *Proposal on the 2023 Profit Distribution Plan*. The Company converted 0.3 shares from capital reserves per share for

all shareholders and distributed RMB 0.66 per share. The aforementioned profit distribution was completed on June 27, 2024. The Company's total share capital changed from 584,793,211 shares to 760,231,174 shares. Shares subject to sales restrictions changed from 1,780,339 shares to 2,314,441 shares.

### (III) Situation of Existing Internal Employee Shares

Applicable Not Applicable

## III.Shareholders and Actual Controller

### (I) Total Number of Shareholders

Total number of ordinary shareholders at the end of the reporting period (households)	77,451
Total number of ordinary shareholders at the end of the month preceding the annual report disclosure date (households)	48,022
Total number of preference shareholders with restored voting rights at the end of the reporting period (households)	0
Total number of preference shareholders with restored voting rights at the end of the month preceding the annual report disclosure date (households)	0

### (II) Shareholding of Top Ten Shareholders and Top Ten Tradable Shareholders (or Shareholders without Sales Restrictions) at the End of the Reporting Period

Unit: Share

Top Ten Shareholders' Shareholding (Excluding Shares Lent Through Securities Lending)							
Name of Shareholder (Full Name)	Increase/Decrease during Reporting Period	Number of Shares Held at End of Period	Proportion (%)	Number of Shares Held Subject to Sales Restrictions	Pledge, Mark, or Freeze		Shareholder Nature
					Share Status	Quantity	
LBX Pharmaceutical Group Co., Ltd.	45,822,502	198,564,175	26.12	0	Pledged	123,204,000	Domestic Non-State-Owned Legal Person
Janstar Investment Limited	38,772,239	168,013,035	22.10	0	Pledged	134,410,428	Foreign legal person
Hong Kong Securities Clearing Company Limited	-38,658,475	20,873,995	2.75	0	None	0	Unknown
Chen Xiulan	3,130,546	13,565,698	1.78	0	None	0	Domestic natural person
Shi Zhan	2,261,895	10,099,711	1.33	0	None	0	Domestic natural person
Linzhi Tencent Technology Co., Ltd.	1,705,626	7,391,046	0.97	0	None	0	Domestic Non-State-Owned Legal

							Person
Agricultural Bank of China Limited - CSI 500 ETF	3,742,929	5,351,003	0.70	0	None	0	Unknown
China Life Insurance Company Limited - Traditional - General Insurance Product - 005L - CT001 Shanghai	3,252,954	4,706,510	0.62	0	None	0	Unknown
China Life Insurance Company Limited - Universal - Guoshou Rui'an	2,029,780	2,112,380	0.28	0	None	0	Unknown
He Shijin	2,064,060	2,064,060	0.27	0	None	0	Domestic natural person
Top Ten Shareholders without Sales Restrictions Shareholding Situation (Excluding Shares Lent Through Securities Lending)							
Name of Shareholder	Number of Tradable Shares without Sales Restrictions Held	Share Type and Quantity					
		Type	Quantity				
LBX Pharmaceutical Group Co., Ltd.	198,564,175	RMB ordinary shares	198,564,175				
Janstar Investment Limited	168,013,035	RMB ordinary shares	168,013,035				
Hong Kong Securities Clearing Company Limited	20,873,995	RMB ordinary shares	20,873,995				
Chen Xiulan	13,565,698	RMB ordinary shares	13,565,698				
Shi Zhan	10,099,711	RMB ordinary shares	10,099,711				
Linzhi Tencent Technology Co., Ltd.	7,391,046	RMB ordinary shares	7,391,046				
Agricultural Bank of China Limited - CSI 500 ETF	5,351,003	RMB ordinary shares	5,351,003				
China Life Insurance Company Limited - Traditional - General Insurance Product - 005L - CT001 Shanghai	4,706,510	RMB ordinary shares	4,706,510				
China Life Insurance Company Limited - Universal - Guoshou Rui'an	2,112,380	RMB ordinary shares	2,112,380				
He Shijin	2,064,060	RMB ordinary shares	2,064,060				
Explanation of Repurchase Special Account Situation among Top Ten Shareholders	None						
Explanation of Entrusted Voting Rights, Entrusted	None						

Voting Rights, and Waiver of Voting Rights by the Above Shareholders	
Explanation of Related Relationships or Concerted Actions among the Above Shareholders	The Company's actual controllers are Mr. Xie Zilong and Ms. Chen Xiulan (couple). Apart from this, the Company is unaware whether other relationships or concerted actions as defined in the <i>Administrative Measures for the Acquisition of Listed Companies</i> exist among the other shareholders mentioned above.
Explanation of Preference shareholders with Restored Voting Rights and Their Shareholding Quantity	None

Situation of Shareholders Holding 5% or More, Top Ten Shareholders, and Top Ten Shareholders without Sales Restrictions Participating in Securities Lending Business

Applicable  Not Applicable

Unit: Share

Situation of Shareholders Holding 5% or More, Top Ten Shareholders, and Top Ten Shareholders without Sales Restrictions Participating in Securities Lending Business								
Shareholder Name (Full Name)	Beginning Balance Held in Ordinary and Credit Accounts		Beginning Balance of Shares Lent through Securities Lending and Not Yet Returned		Ending Balance Held in Ordinary and Credit Accounts		Ending Balance of Shares Lent through Securities Lending and Not Yet Returned	
	Total Quantity	Proportion (%)	Total Quantity	Proportion (%)	Total Quantity	Proportion (%)	Total Quantity	Proportion (%)
Agricultural Bank of China Limited - CSI 500 ETF	1,608,074	0.27	473,500	0.08	5,351,003	0.70	0	0

Changes Compared to the Previous Period Due to Lending/Returning Shares through Securities Lending by Top Ten Shareholders and Top Ten Shareholders without Sales Restrictions

Applicable  Not Applicable

Shareholding Quantity and Restriction Conditions of Top Ten Shareholders Subject to Sales Restrictions

Applicable  Not Applicable

**(III) Strategic Investors or General Legal Persons Becoming Top 10 Shareholders due to New Share Placements**

Applicable  Not Applicable

#### IV. Controlling Shareholder and Actual Controller

**(I) Controlling Shareholder**

1. Legal Person

Applicable  Not Applicable

Name	LBX Pharmaceutical Group Co., Ltd.
Principal or Legal Representative	Xie Zilong
Establishment Date	October 25, 2001
Main Business Operations	Investment management of pharmaceutical retail and wholesale projects with own assets (excluding sales)
Equity Situation of Other Domestic and Foreign Listed Companies Controlled or Participated in during the Reporting Period	Hold 2.4 million shares of Shanghai Xiaofang Pharmaceutical Co., Ltd. (603207), representing a 1.50% stake; and holds 1.15 million shares of AIM Vaccine Co., Ltd. (06660.HK), representing a 0.0958% stake.
Other Explanations	None

## 2. Natural Person

Applicable Not Applicable

## 3. Special Explanation of the Company Not Having a Controlling Shareholder

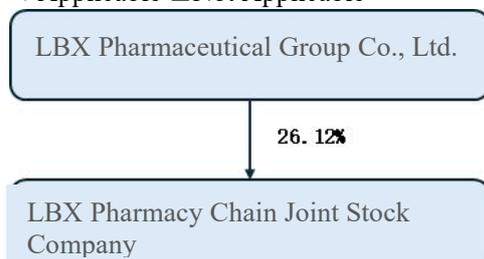
Applicable Not Applicable

## 4. Explanation of Changes in Controlling Shareholder during the Reporting Period

Applicable Not Applicable

## 5. Block Diagram of Ownership and Control Relationship between the Company and the Controlling Shareholder

Applicable Not Applicable



## (II) Actual Controllers

### 1. Legal Person

Applicable Not Applicable

### 2. Natural Person

Applicable Not Applicable

Name	Mr. Xie Zilong, Ms. Chen Xiulan (Couple)
Nationality	Chinese
Whether Obtained Residency Rights in Other Countries or Regions	No
Main Occupation and Position	Xie Zilong is Chairman of LBX, Executive Director of Pharmaceutical Group
Situation of Domestic and Foreign Listed Companies Controlled in the Past 10 Years	None

**3. Special Explanation of the Company Not Having an Actual Controller**

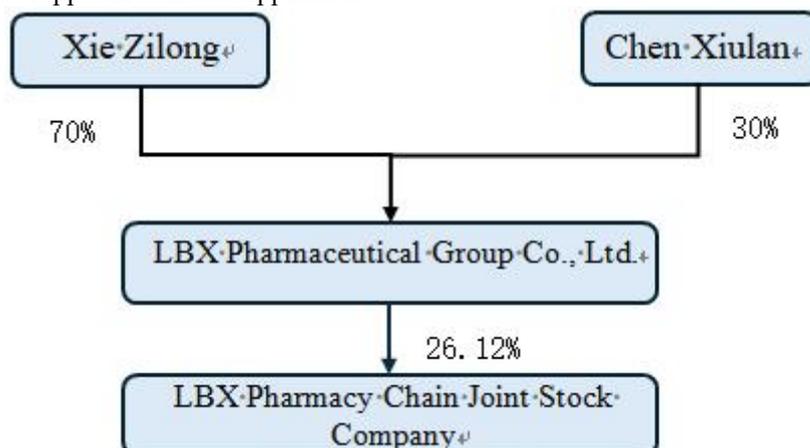
Applicable Not Applicable

**4. Explanation of Changes in Company Control during the Reporting Period**

Applicable Not Applicable

**5. Block Diagram of Ownership and Control Relationship between the Company and the Actual Controller**

Applicable Not Applicable

**6. Actual Controller Controlling the Company through Trust or Other Asset Management Methods**

Applicable Not Applicable

**(III) Other Information Introduction of Controlling Shareholder and Actual Controller**

Applicable Not Applicable

**V. Cumulative Pledged Share Quantity of the Company's Controlling Shareholder or Largest Shareholder and Their Concerted Actors Reaching 80% or More of Their Held Company Share Quantity**

Applicable Not Applicable

**VI. Other Institutional Shareholders Holding More Than Ten Percent**

Applicable Not Applicable

Unit: HKD Currency: HKD

Name of Institutional Shareholder	Principal or Legal Representative	Establishment Date	Organization Code	Registered Capital	Main Business Operations or Management Activities, etc.
Janstar Investment Limited	Liang Weiyan, Li Yinghua	September 19, 2007	None	HKD 10,000	Investment Holding
Explanation of Situation	Hong Kong companies have no registered legal representative. The above directors represent the Company as principals performing director duties.				

**VII.Explanation of Share Restriction and Reduction**

Applicable  Not Applicable

**VIII.Specific Implementation Situation of Share Repurchase during the Reporting Period**

Applicable  Not Applicable

**Section VIII Preference share Related Situation**

Applicable  Not Applicable

## Section IX Bond Related Situation

### I. Corporate Bonds (Including Enterprise Bonds) and Non-financial Enterprise Debt Financing Instruments

Applicable Not Applicable

### II. Convertible Corporate Bonds

Applicable Not Applicable

## Section X Financial Report

### I. Auditor's Report

Applicable Not Applicable

#### Auditor's Report

Ernst & Young Hua Ming (2024) Shen Zi No. 70053916\_P01LBX Pharmacy Chain Joint Stock Company

To all shareholders of LBX Pharmacy Chain Joint Stock Company:

#### I. Audit Opinion

We have audited the financial statements of LBX Pharmacy Chain Joint Stock Company (the "Company"), which comprise the consolidated and company balance sheets as at December 31, 2024, the consolidated and company income statements, statements of changes in shareholder's equity and cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of LBX Pharmacy Chain Joint Stock Company present fairly, in all material respects, the consolidated and company financial position as at December 31, 2024, and their consolidated and company operation results and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

#### II. Basis for Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Responsibilities of Certified Public Accountants for Audit of Financial Statements" section of our auditor's report. We are independent of LBX Pharmacy Chain Joint Stock Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed each matter below is provided in that context.

We have fulfilled the responsibilities described in the "Responsibilities of Certified Public Accountants for Audit of Financial Statements" section of our report, including in relation to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter:	How the Matter Was Addressed in the Audit:
<p data-bbox="277 510 639 539"><b>Impairment testing of goodwill</b></p> <p data-bbox="236 546 938 741">As at December 31, 2024, the book value of LBX Pharmacy Chain Joint Stock Company's goodwill was RMB 5,756,158,728, representing 27% of total assets. Wherein the original value of goodwill is RMB 5,873,132,876, and the balance of the provision for impairment of goodwill is RMB 116,974,148.</p> <p data-bbox="236 779 938 1178">The management allocates the book value of goodwill to the relevant cash-generating unit (CGU) or groups of CGUs and compares the recoverable amount of each CGU or group of CGUs containing goodwill with its book value to assess whether goodwill is impaired. The relevant CGUs or groups of CGUs are those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination and are not larger than the reporting segments determined by LBX Pharmacy Chain Joint Stock Company. The recoverable amount of a CGU is determined based on the present value of the estimated future cash flows of the CGU.</p> <p data-bbox="236 1216 938 1783">According to the Accounting Standards for Business Enterprises, the management performs impairment testing on goodwill at least annually. The determination of CGUs or groups of CGUs to which goodwill is allocated and the calculation of recoverable amounts involve significant management judgments and estimates. The test results largely depend on the judgments made and assumptions adopted by management, such as the determination of CGUs or groups of CGUs, forecast period revenue growth rates and stable period revenue growth rates, gross profit margins, and discount rates. Such judgments and estimates are affected by management's judgments on how to manage operating activities, future market and economic environments. The use of different judgments and estimates may have a significant impact on the calculation of goodwill impairment. This matter is important to our audit, therefore we identified it as a key audit matter.</p> <p data-bbox="236 1821 938 2016">For accounting policies and estimates related to goodwill impairment assessment and related financial statement disclosures, please refer to Note III. 27. Impairment of long-term assets, Note III. 39. Other Significant accounting policies and estimates, and Note V. 27. Goodwill.</p>	<p data-bbox="959 546 1417 640">In response to this key audit matter, the audit procedures we performed mainly included:</p> <ol data-bbox="959 678 1417 1984" style="list-style-type: none"> <li data-bbox="959 678 1417 808">(1) Understood, evaluated, and tested management's internal controls related to goodwill impairment assessment;</li> <li data-bbox="959 815 1417 1043">(2) Understood the basis for management's identification of CGUs or groups of CGUs and evaluated its reasonableness in conjunction with the management model of LBX Pharmacy Chain Joint Stock Company's operating activities;</li> <li data-bbox="959 1050 1417 1245">(3) Understood the situation of the third-party appraisal institution engaged by management and assessed its independence, professional qualifications, and competence;</li> <li data-bbox="959 1252 1417 1480">(4) Invited internal valuation experts to assist us in evaluating the goodwill impairment testing method adopted by management and the key parameters used in the impairment test, including discount rates and perpetual growth rates, etc.;</li> <li data-bbox="959 1487 1417 1783">(5) Reviewed the future annual sales revenue and operating performance used in the cash flow forecast, and compared them with the historical operating performance of the relevant CGUs or groups of CGUs, especially future sales growth rates, estimated gross profit margins, related expenses, etc.;</li> <li data-bbox="959 1789 1417 1883">(6) Performed sensitivity tests and analysis on the key assumptions used in the impairment test;</li> <li data-bbox="959 1890 1417 1984">(7) Reviewed the adequacy of management's disclosures related to goodwill impairment.</li> </ol>

#### **IV. Other Information**

The management of LBX Pharmacy Chain Joint Stock Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

#### **V. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing and maintaining necessary internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing LBX Pharmacy Chain Joint Stock Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LBX Pharmacy Chain Joint Stock Company's financial reporting process.

#### **VI. Responsibilities of Certified Public Accountants for Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards for Chinese Certified Public Accountants will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Auditing Standards for Chinese Certified Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting. Also, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on LBX Pharmacy Chain Joint Stock Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause LBX Pharmacy Chain Joint Stock Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within LBX Pharmacy Chain Joint Stock Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Hua Ming LLP

Chinese CPA: Wang Shijie  
(Engagement Partner)

Chinese CPA: Liang Chang'e

Beijing, China

April 29, 2025

## II. Financial Statements

### Consolidated Balance Sheet

December 31, 2024

Prepared by: \_\_\_\_\_

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2024	December 31, 2023
<b>Current assets:</b>			
Cash and bank deposits		2,379,865,319	1,974,984,513
Deposit reservation for balance			
Funds lent			
Trading financial assets			1,500,000
Derivative financial assets			
Notes receivable		76,074,821	80,433,190
Accounts receivable		2,340,489,925	2,223,516,743
Receivables financing		15,269,288	8,332,713
Prepayments		170,391,318	182,786,262
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables		265,281,348	308,579,953
Of which: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories		3,573,538,507	4,152,484,967
Of which: Data resources			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		37,528,487	33,150,856
Other current assets		215,072,326	164,111,488
Total current assets		9,073,511,339	9,129,880,685
<b>Non-current assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables		79,389,411	84,390,074
Long-term equity investments		85,352,717	67,821,191
Other equity instrument investments		35,877,723	37,177,723
Other non-current financial assets		12,093,150	5,774,109
Investment properties		316,529,855	325,674,762
Fixed assets		1,365,648,334	1,341,028,196
Construction in progress		107,795,924	75,754,943
Productive biological assets			
Oil and gas assets			
Right-of-use assets		2,502,807,163	2,723,994,585

Intangible assets		841,812,406	746,981,692
Of which: Data resources			
R&D expenditures		-	
Of which: Data resources			
Goodwill		5,756,158,728	5,835,861,208
Long-term deferred expenses		734,121,761	735,870,287
Deferred tax assets		116,703,610	69,501,069
Other non-current assets		17,051,558	51,289,452
Total non-current assets		11,971,342,340	12,101,119,291
Total assets		21,044,853,679	21,230,999,976
<b>Current liabilities:</b>			
Short-term loans		1,656,884,090	799,754,553
Borrowings from central bank			
Funds borrowed			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		4,546,258,111	4,785,990,053
Accounts payable		2,008,964,593	2,209,026,977
Advances received		18,293,769	17,428,097
Contract liabilities		195,193,795	230,303,595
Financial assets sold for repurchase			
Deposits from customers and interbank placements			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Payroll payable		430,424,756	460,404,162
Taxes and dues payable		191,184,507	212,780,957
Other payables		653,535,414	936,519,479
Of which: Interest payable			
Dividends payable		208,088	1,735,049
Fees and commissions payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,204,356,466	1,483,510,595
Other current liabilities		14,443,599	19,374,284
Total current liabilities		10,919,539,100	11,155,092,752
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term loans		1,397,226,137	1,378,359,287
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		1,522,516,044	1,371,360,192
Long-term payables			
Long-term employee compensation payable			

Provisions			
Deferred income		12,925,575	15,908,923
Deferred tax liabilities		36,696,534	21,238,961
Other non-current liabilities			
Total non-current liabilities		2,969,364,290	2,786,867,363
Total liabilities		13,888,903,390	13,941,960,115
<b>Total owner's equity (or shareholder's equity):</b>			
Paid-in capital (or capital stock)		760,231,174	584,933,136
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		1,970,466,686	2,174,156,022
Less: Treasury stock		16,935,356	43,256,912
Other comprehensive income		15,231,092	15,231,092
Special reserve			
Surplus reserve		301,549,640	283,066,159
General risk reserve			
Undistributed profits		3,550,314,034	3,687,106,079
Total equity attributable to owners of the parent company (or shareholder's equity)		6,580,857,270	6,701,235,576
Minority interests		575,093,019	587,804,285
Total owner's equity (or shareholder's equity)		7,155,950,289	7,289,039,861
Total liabilities and owner's equity (or shareholder's equity)		21,044,853,679	21,230,999,976

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

### Balance Sheet of Parent Company

December 31, 2024

Prepared by: \_\_\_\_\_

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2024	December 31, 2023
<b>Current assets:</b>			
Cash and bank deposits		2,064,268,383	1,733,411,341
Trading financial assets			1,500,000
Derivative financial assets			
Notes receivable			
Accounts receivable		515,726,687	464,683,585
Receivables financing			
Prepayments		32,673,995	31,504,632
Other receivables		5,009,698,877	5,546,278,807
Of which: Interest receivable			
Dividends receivable		8,198,830	63,198,830
Inventories		467,483,217	576,804,172
Of which: Data resources			
Contract assets			
Held-for-sale assets			
Non-current assets due within		9,290,909	9,941,533

one year			
Other current assets		24,364,116	31,774,555
Total current assets		8,123,506,184	8,395,898,625
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		22,319,183	21,085,389
Long-term equity investments		6,309,092,736	6,288,866,436
Other equity instrument investments		35,308,123	35,308,123
Other non-current financial assets		5,774,109	5,774,109
Investment properties		256,390,126	262,198,276
Fixed assets		400,154,596	407,101,470
Construction in progress		56,654,546	18,046,683
Productive biological assets			
Oil and gas assets			
Right-of-use assets		486,621,414	510,170,079
Intangible assets		160,285,902	148,162,384
Of which: Data resources R&D expenditures			
Of which: Data resources			
Goodwill		527,221,668	527,221,668
Long-term deferred expenses		169,457,320	177,603,565
Deferred tax assets		39,013,461	13,745,634
Other non-current assets		7,236,084	11,680,415
Total non-current assets		8,475,529,268	8,426,964,231
Total assets		16,599,035,452	16,822,862,856
<b>Current liabilities:</b>			
Short-term loans		279,806,357	
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		5,587,633,477	5,482,744,830
Accounts payable		51,096,966	9,901,643
Advances received		2,144,697	2,609,209
Contract liabilities		20,113,000	23,475,661
Payroll payable		117,599,031	111,072,788
Taxes and dues payable		26,989,206	24,899,046
Other payables		2,772,020,283	3,057,046,258
Of which: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		417,377,528	468,112,147
Other current liabilities		747,518	1,103,513
Total current liabilities		9,275,528,063	9,180,965,095
<b>Non-current liabilities:</b>			
Long-term loans		1,397,226,137	1,378,359,287
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		421,441,914	328,201,622
Long-term payables			

Long-term employee compensation payable			
Provisions			
Deferred income		4,315,135	4,417,269
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,822,983,186	1,710,978,178
Total liabilities		11,098,511,249	10,891,943,273
<b>Total owner's equity (or shareholder's equity):</b>			
Paid-in capital (or capital stock)		760,231,174	584,933,136
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		3,435,977,166	3,615,454,984
Less: Treasury stock		16,935,356	43,256,912
Other comprehensive income		15,231,092	15,231,092
Special reserve			
Surplus reserve		301,549,640	283,066,159
Undistributed profits		1,004,470,487	1,475,491,124
Total owner's equity (or shareholder's equity)		5,500,524,203	5,930,919,583
Total liabilities and owner's equity (or shareholder's equity)		16,599,035,452	16,822,862,856

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

### Consolidated Income Statement

January-December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Total operating income		22,357,610,195	22,437,489,012
Of which: Operating income		22,357,610,195	22,437,489,012
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating cost		21,403,375,972	21,146,321,234
Of which: Operating cost		14,942,332,455	15,134,226,781
Interest expense			
Fee and commission expense			
Surrender value			
Net claims paid			
Net change in insurance contract reserves			
Expenditures for policy dividends			
Reinsurance expense			
Taxes and surcharges		80,902,989	79,018,818
Selling expenses		4,947,435,885	4,566,475,793
Administrative expenses		1,257,665,102	1,186,691,499

R&D expenses		2,013,597	2,510,591
Financial expenses		173,025,944	177,397,752
Including: Interest expenses		178,247,831	185,604,447
Interest income		20,103,612	27,706,373
Add: Other income		78,365,349	69,797,682
Investment income (loss indicated with "-")		2,728,107	66,161,134
Including: income from investments in associates and joint ventures		2,831,526	3,766,073
Gain on derecognition of financial assets measured at amortized cost			
Exchange gains (losses indicated with "-")			
Net gains (losses indicated with "-") on net investment hedges			
Gains from change in fair value (losses indicated with "-")		-	-1,500,000
Credit impairment losses (losses indicated with "-")		-6,022,024	-9,591,744
Asset impairment losses (losses indicated with "-")		-111,202,534	-23,414,789
Gains from disposal of assets (losses indicated with "-")		-4,530,258	5,509,528
III. Operating profits (losses indicated with "-")		913,572,863	1,398,129,589
Add: non-operating income		14,027,387	18,103,079
Less: non-operating expenditures		11,628,766	8,399,569
IV. Profit before tax (total losses indicated with "-")		915,971,484	1,407,833,099
Less: income tax expenses		230,853,330	284,273,739
IV. Net profits (net losses indicated with "-")		685,118,154	1,123,559,360
(I) By operating continuity			
1. Net profits from continuing operation (net losses indicated with "-")		685,118,154	1,123,559,360
2. Net profits from discontinued operation (net losses indicated with "-")			
(II) By ownership attribution			
1. Net profit attributable to shareholders of the parent company (net loss indicated with "-")		519,063,405	929,023,131
2. Minority interest income (net loss indicated with "-")		166,054,749	194,536,229
VI. Net amount of other comprehensive income after tax			-2,248,600
(I) Net amount of other comprehensive income attributable to owners of the parent company after tax			-2,248,600
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Remeasurement changes in			

defined benefit plans			
(2) Other comprehensive income under equity method that cannot be transferred to profit or loss			
(3) Fair value changes of other equity instrument investments			-2,248,600
(4) Fair value changes due to own credit risk of the enterprise			
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income under equity method that can be transferred to profit or loss			
(2) Fair value changes of other debt investments			
(3) Amount reclassified to other comprehensive income from financial assets			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve			
(6) Foreign currency translation differences			
(7) Other			
(II) Net amount of other comprehensive income attributable to minority interests after tax			
VII. Total comprehensive income		685,118,154	1,121,310,760
(I) Total comprehensive income attributable to owners of the parent company		519,063,405	926,774,531
(II) Total comprehensive income attributable to minority interests		166,054,749	194,536,229
VIII. Earnings per share (EPS)			
(I) Basic EPS (RMB/share)		0.68	1.23
(II) Diluted EPS (RMB/share)		0.68	1.23

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

### Income Statement of Parent Company

January-December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Operating income		4,478,468,650	4,439,954,277
Less: operating costs		2,963,766,302	2,983,342,288
Taxes and surcharges		13,239,862	16,601,396
Selling expenses		1,066,348,428	969,473,304
Administrative expenses		431,615,514	360,862,727
R&D expenses			
Financial expenses		74,310,998	81,042,792
Including: Interest expenses		84,375,489	93,452,782
Interest income		18,902,422	26,554,670
Add: Other income		13,493,473	10,272,244

Investment income (loss indicated with "-")		230,447,487	606,257,556
Including: income from investments in associates and joint ventures		2,831,526	3,766,073
Gain on derecognition of financial assets measured at amortized cost			
Net gains (losses indicated with "-") on net investment hedges			
Gains from change in fair value (losses indicated with "-")			-1,500,000
Credit impairment losses (losses indicated with "-")		-119,140	396,737
Asset impairment losses (losses indicated with "-")		-1,130,064	-531,796
Gains from disposal of assets (losses indicated with "-")		465,017	3,406,447
II. Operating profits (losses indicated with "-")		172,344,319	646,932,958
Add: non-operating income		636,483	1,206,052
Less: non-operating expenditures		3,523,051	2,955,632
III. Profit before tax (total losses indicated with "-")		169,457,751	645,183,378
Less: income tax expenses		-15,377,062	14,849,687
IV. Net profits (net losses indicated with "-")		184,834,813	630,333,691
(I) Net profits from continuing operation (net losses indicated with "-")		184,834,813	630,333,691
(II) Net profits from discontinued operation (net losses indicated with "-")			
V. Net amount of other comprehensive income after tax			-2,248,600
(I) Other comprehensive income that cannot be reclassified to profit or loss			-2,248,600
1. Remeasurement changes in defined benefit plans			
2. Other comprehensive income under equity method that cannot be transferred to profit or loss			
3. Fair value changes of other equity instrument investments			-2,248,600
4. Fair value changes due to own credit risk of the enterprise			
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income under equity method that can be transferred to profit or loss			
2. Fair value changes of other debt investments			
3. Amount reclassified to other			

comprehensive income from financial assets			
4. Credit impairment provision for other debt investments			
5. Cash flow hedge reserve			
6. Foreign currency translation differences			
7. Other			
VI. Total comprehensive income		184,834,813	628,085,091
VII. Earnings per share (EPS):			
(I) Basic EPS (RMB/share)			
(II) Diluted EPS (RMB/share)			

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

**Consolidated Cash Flow Statement**  
January-December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and rendering of services		25,590,231,980	26,028,574,197
Net increase in customer deposits and interbank placements			
Net increase in borrowings from central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policyholder deposits and investment funds			
Cash received from interest, fees, and commissions			
Net increase in funds borrowed			
Net increase in funds from repurchase agreements			
Net cash received from securities trading on behalf of clients			
Refund of taxes and levies			
Other cash received from operating related activities		103,940,541	105,199,987
Subtotal of cash inflows of operating activities		25,694,172,521	26,133,774,184
Cash paid for purchasing goods and receiving services		18,046,362,509	18,132,852,446
Net increase in customer loans and advances			
Net increase in placements with central bank and other banks			

Cash paid for claims of original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees, and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		3,774,532,506	3,484,204,944
Tax payments		976,067,264	911,784,561
Other cash paid for operating related activities		870,751,445	875,093,286
Subtotal of cash outflows of operating activities		23,667,713,724	23,403,935,237
Net cash flows from operating activities		2,026,458,797	2,729,838,947
<b>II. Cash flows from investing activities:</b>			
Cash received from return on investments			360,461,119
Cash received from investment income			7,539,466
Net cash from disposal of fixed assets, intangible assets and other long-term assets		8,242,106	7,480,253
Net cash from disposal of subsidiaries and other business units		25,938,620	14,124,230
Other cash received from investing related activities			
Subtotal of cash inflows of investing activities		34,180,726	389,605,068
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		507,503,709	620,865,593
Cash paid for investment		19,719,041	580,000
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units		134,833,847	529,423,822
Other cash paid for investing related activities			
Subtotal of cash outflows of investing activities		662,056,597	1,150,869,415
Net cash flows from investing activities		-627,875,871	-761,264,347
<b>III. Cash flows from financing activities:</b>			
Cash received by investors		3,075,060	6,542,347
Including: cash received by subsidiaries from investments of minority shareholders		3,075,060	239,154
Cash received from loans		3,360,910,303	1,496,209,554
Other cash received from financing related activities			
Subtotal of cash inflows of financing activities		3,363,985,363	1,502,751,901
Cash paid for repayment of debts		2,449,061,239	1,680,844,971

Cash paid for allocation of dividends and profits and payment of interest		883,337,195	471,317,759
Including: dividends and profits paid by the subsidiaries to the minority shareholders		169,332,688	96,611,210
Other cash paid for financing related activities		1,379,935,359	1,778,418,122
Subtotal of cash outflows of financing activities		4,712,333,793	3,930,580,852
Net cash flows from financing activities		-1,348,348,430	-2,427,828,951
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>			-547,077
<b>V. Net increase in cash and cash equivalents</b>		50,234,496	-459,801,428
Add: Beginning balance of cash and cash equivalents		936,501,157	1,396,302,585
<b>VI. Ending balance of cash and cash equivalents</b>		986,735,653	936,501,157

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

### Cash Flow Statement of Parent Company

January-December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and rendering of services		4,627,063,020	4,487,657,549
Refund of taxes and levies			
Other cash received from operating related activities		53,001,218	67,305,557
Subtotal of cash inflows of operating activities		4,680,064,238	4,554,963,106
Cash paid for purchasing goods and receiving services		3,185,285,195	2,848,518,303
Cash paid to and for employees		832,303,906	782,430,967
Tax payments		46,768,453	88,454,527
Other cash paid for operating related activities		367,558,221	383,832,815
Subtotal of cash outflows of operating activities		4,431,915,775	4,103,236,612
Net cash flows from operating activities		248,148,463	451,726,494
<b>II. Cash flows from investing activities:</b>			
Cash received from return on investments		1,095,882	360,461,119
Cash received from investment income		280,032,305	538,059,130
Net cash from disposal of fixed assets, intangible assets and other long-term assets		239,353	5,951,925

Net cash from disposal of subsidiaries and other business units			
Other cash received from investing related activities		488,074,586	
Subtotal of cash inflows of investing activities		769,442,126	904,472,174
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		125,223,618	61,919,483
Cash paid for investment		82,197,000	274,607,646
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for investing related activities			1,558,487,979
Subtotal of cash outflows of investing activities		207,420,618	1,895,015,108
Net cash flows from investing activities		562,021,508	-990,542,934
<b>III. Cash flows from financing activities:</b>			
Cash received by investors			6,303,193
Cash received from loans		680,000,000	100,000,000
Other cash received from financing related activities			878,930,693
Subtotal of cash inflows of financing activities		680,000,000	985,233,886
Cash paid for repayment of debts		353,176,410	318,234,806
Cash paid for allocation of dividends and profits and payment of interest		699,989,964	363,884,372
Other cash paid for financing related activities		416,212,098	214,062,259
Subtotal of cash outflows of financing activities		1,469,378,472	896,181,437
Net cash flows from financing activities		-789,378,472	89,052,449
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>			-547,077
<b>V. Net increase in cash and cash equivalents</b>		20,791,499	-450,311,068
Add: Beginning balance of cash and cash equivalents		728,709,823	1,179,020,891
<b>VI. Ending balance of cash and cash equivalents</b>		749,501,322	728,709,823

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

**Consolidated Statement of Changes in Owner's Equity**  
January-December 2024

Unit: Yuan Currency: RMB

Item	2024													Minority interests	Total owner's equity
	Equity attributable to owners of the parent company														
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other	Subtotal		
Preference shares		Perpetual bond	Other												
I. Balance at end of last year	584,933,136				2,174,156,022	43,256,912	15,231,092	283,066,159		3,687,106,079		6,701,235,576	587,804,285	7,289,039,861	
Add: Changes in accounting policies															
Correction of prior period errors															
Other															
II. Balance at beginning of this year	584,933,136				2,174,156,022	43,256,912	15,231,092	283,066,159		3,687,106,079		6,701,235,576	587,804,285	7,289,039,861	
III. Increase/decrease in current period (decrease indicated with "-")	175,298,038				-203,689,336	-26,321,556		18,483,481		-136,792,045		-120,378,306	-12,711,266	-133,089,572	
(I) Total comprehensive income										519,063,405		519,063,405	166,054,749	685,118,154	
(II) Capital	175,29				-179,477,8	-26,321,556						22,141,776	3,075,060	25,216,836	

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contributed and reduced by owners	8,038				18									
1. Ordinary shares contributed by owners	175,437,963				-175,437,963							0	3,075,060	3,075,060
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment recognized in owner's equity	-139,925				-4,039,855	-26,321,556						22,141,776		22,141,776
4. Other														
(III) Profit distribution								18,483,481	-655,855,450	-637,371,969	-167,805,727	-805,177,696		
1. Appropriation to surplus reserve								18,483,481	-18,483,481					
2. Appropriation to general risk reserve														
3. Distribution to owners (or shareholders)									-637,371,969	-637,371,969	-167,805,727	-805,177,696		
4. Other														
(IV) Internal transfer within owner's equity					-24,211,518						-24,211,518	-14,035,348	-38,246,866	
1. Capitalization of capital reserves (or share capital)														
2. Capitalization of surplus														

reserve (or share capital)														
3. Surplus reserve used to cover losses														
4. Transfer of changes in defined benefit plans to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Other					-24,211,518						-24,211,518	-14,035,348	-38,246,866	
(V) Special reserve														
1. Appropriation in current period														
2. Use in current period														
(VI) Other														
IV. Balance at end of current period	760,231,174				1,970,466,686	16,935,356	15,231,092	301,549,640	3,550,314,034	6,580,857,270	575,093,019	7,155,950,289		

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Item	2023														
	Equity attributable to owners of the parent company													Minority interests	Total owner's equity
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surpluses reserve	General risk reserve	Undistributed profits	Other	Subtotal		
	Preference shares	Perpetual bond	Other												
I. Balance at end of last year	584,902,902				2,637,065,588	42,929,952	36,825,587		218,098,201		3,095,991,212		6,529,953,538	567,769,870	7,097,723,408
Add: Changes in accounting policies															
Correction of prior period errors															
Other															
II. Balance at beginning of this year	584,902,902				2,637,065,588	42,929,952	36,825,587		218,098,201		3,095,991,212		6,529,953,538	567,769,870	7,097,723,408
III. Increase/decrease in current period (decrease indicated with "-")	30,234				-462,909,566	326,960	-21,594,495		64,967,958		591,114,867		171,282,038	20,034,415	191,316,453
(I) Total comprehensive income							-2,248,600				929,023,131		926,774,531	194,536,229	1,121,310,760
(II) Capital contributed and reduced by owners	30,234				16,903,009	326,960							16,606,283	8,548,170	25,154,453
1. Ordinary shares contributed by														239,154	239,154

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owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owner's equity	30,234			16,903,009	326,960							16,606,283		16,606,283	
4. Other													8,309,016	8,309,016	
(III) Profit distribution								63,033,369	-355,319,570	-292,286,201	-93,337,687			-385,623,888	
1. Appropriation to surplus reserve								63,033,369	-63,033,369						
2. Appropriation to general risk reserve															
3. Distribution to owners (or shareholders)									-292,286,201	-292,286,201	-93,337,687			-385,623,888	
4. Other															
(IV) Internal transfer within owner's equity				-479,812,575	-19,345,895		1,934,589		17,411,306	-479,812,575	-89,712,297			-569,524,872	
1. Capitalization of capital reserves (or share capital)															
2. Capitalization of surplus															

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reserve (or share capital)															
3. Surplus reserve used to cover losses															
4. Transfer of changes in defined benefit plans to retained earnings															
5. Transfer of other comprehensive income to retained earnings							-19,345,895		1,934,589		17,411,306		-		
6. Other					-479,812,575								-479,812,575	-89,712,297	-569,524,872
(V) Special reserve															
1. Appropriation in current period															
2. Use in current period															
(VI) Other															
IV. Balance at end of current period	584,933,136				2,174,156,022	43,256,912	15,231,092		283,066,159		3,687,106,079		6,701,235,576	587,804,285	7,289,039,861

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

**Statement of Changes in Owner's Equity of Parent Company**  
January-December 2024

Unit: Yuan Currency: RMB

Item	2024										
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preference shares	Perpetual bond	Other							
I. Balance at end of last year	584,933,136				3,615,454,984	43,256,912	15,231,092		283,066,159	1,475,491,124	5,930,919,583
Add: Changes in accounting policies											
Correction of prior period errors											
Other											
II. Balance at beginning of this year	584,933,136				3,615,454,984	43,256,912	15,231,092		283,066,159	1,475,491,124	5,930,919,583
III. Increase/decrease in current period (decrease indicated with "-")	175,298,038				-179,477,818	-26,321,556			18,483,481	-471,020,637	-430,395,380
(I) Total comprehensive income										184,834,813	184,834,813
(II) Capital contributed and reduced by owners	175,298,038				-179,477,818	-26,321,556					22,141,776
1. Ordinary shares contributed by owners	175,437,963				-175,437,963						
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment recognized in owner's equity	-139,925				-4,039,855	-26,321,556					22,141,776
4. Other											
(III) Profit distribution									18,483,481	-655,855,450	-637,371,969
1. Appropriation to surplus									18,483,481	-18,483,481	

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reserve										1	1	
2. Distribution to owners (or shareholders)											-637,371,969	-637,371,969
3. Other												
(IV) Internal transfer within owner's equity												
1. Capitalization of capital reserves (or share capital)												
2. Capitalization of surplus reserve (or share capital)												
3. Surplus reserve used to cover losses												
4. Transfer of changes in defined benefit plans to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Other												
(V) Special reserve												
1. Appropriation in current period												
2. Use in current period												
(VI) Other												
IV. Balance at end of current period	760,231,174				3,435,977,166	16,935,356	15,231,092		301,549,640	1,004,470,487	5,500,524,203	

Item	2023										
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preference shares	Perpetual bond	Other							
I. Balance at end of last year	584,902,902				3,598,551,975	42,929,952	36,825,587		218,098,201	1,183,065,697	5,578,514,410
Add: Changes in accounting											

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policies										
Correction of prior period errors										
Other										
II. Balance at beginning of this year	584,902,902			3,598,551,975	42,929,952	36,825,587		218,098,201	1,183,065,697	5,578,514,410
III. Increase/decrease in current period (decrease indicated with "-")	30,234			16,903,009	326,960	-21,594,495		64,967,958	292,425,427	352,405,173
(I) Total comprehensive income						-2,248,600			630,333,691	628,085,091
(II) Capital contributed and reduced by owners	30,234			16,903,009	326,960					16,606,283
1. Ordinary shares contributed by owners										
2. Capital contributed by holders of other equity instruments										
3. Amount of share-based payment recognized in owner's equity	30,234			16,903,009	326,960					16,606,283
4. Other										
(III) Profit distribution								63,033,369	-355,319,570	-292,286,201
1. Appropriation to surplus reserve								63,033,369	-63,033,369	
2. Distribution to owners (or shareholders)									-292,286,201	-292,286,201
3. Other										
(IV) Internal transfer within owner's equity						-19,345,895		1,934,589	17,411,306	
1. Capitalization of capital reserves (or share capital)										
2. Capitalization of surplus reserve (or share capital)										
3. Surplus reserve used to										

cover losses											
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings							-19,345,895		1,934,589	17,411,306	
6. Other											
(V) Special reserve											
1. Appropriation in current period											
2. Use in current period											
(VI) Other											
IV. Balance at end of current period	584,933,136				3,615,454,984	43,256,912	15,231,092		283,066,159	1,475,491,124	5,930,919,583

Principal of the Company: Xie Zilong Person in Charge of Accounting Work: Chen Lishan Person in Charge of Accounting Department: Shi Lei

### III. Company Basic Information

#### 1. Company Profile

Applicable Not Applicable

LBX Pharmacy Chain Joint Stock Company(hereinafter referred to as "the Company") is a joint-stock limited company registered in Changsha City, Hunan Province, People's Republic of China, established in October 2001. The Company's issued RMBordinary A-share stocks were listed and traded on the Shanghai Stock Exchange on April 23, 2015 (Stock Code: 603883). The Company's headquarters is located at 808 Qingzhuhu Road, Kaifu District, Changsha City, Hunan Province.

The main business scope of the Company and its subsidiaries (hereinafter referred to as "the Group") is: Licensed items: Pharmaceutical retail; pharmaceutical wholesale; food sales; pharmaceutical internet information services; operation of Class III medical devices; retail of tobacco products; alcohol operation; catering services; food internet sales; medical device internet information services; Class II value-added telecommunications services; inspection and testing services; life beauty services; operation and utilization of nationally key protected aquatic wildlife and their products; sales of disinfection equipment; internet live streaming technical services; retail of publications; maternal and child health technical services; vocational intermediary activities; foot bath services; veterinary drug operation; import and export of pharmaceuticals; road freight transport (excluding dangerous goods). (Projects requiring approval according to law can only be carried out after approval by relevant departments. Specific business projects are subject to approval documents or permits from relevant departments) General projects: Sales of Class I medical devices; sales of Class II medical devices; sales of infant formula milk powder and other infant formula foods; retail of pet food and supplies; sales of agricultural and sideline products; purchase and sale of local Chinese medicinal materials (excluding Chinese herbal medicine pieces); retail of edible agricultural products; sales of gold and silver products; sales of daily necessities; sales of sanitary products and disposable medical supplies; sales of daily chemical products; sales of disinfectants (excluding hazardous chemicals); retail of cosmetics; retail of shoes and hats; retail of jewelry; sales of hair accessories; sales of glasses (excluding contact lenses); rehabilitation assistive device adaptation services; internet sales (excluding sales of goods requiring permits); agency sales of single-purpose commercial prepaid cards; sales agency; health preservation services (non-medical); remote health management services; health consulting services (excluding diagnosis and treatment services); conducting exclusive insurance agency business within the scope authorized by insurance companies (operating based on authorization); information consulting services (excluding licensed information consulting services); information technology consulting services; enterprise management consulting; advertising production; advertising design, agency; marketing planning; market research (excluding foreign-related surveys); ticketing agency services; conference and exhibition services; photography and printing services; clinic services; import and export of goods; import and export of technology; import and export agency; resident daily life services; sales of special medical purpose formula foods; typing and copying; general cargo warehousing services (excluding hazardous chemicals and other projects requiring licensing approval); advertising publication; domestic trade agency; enterprise management; wholesale of edible agricultural products; sales of food additives; sales of gift flowers; low-temperature warehousing (excluding hazardous chemicals and other projects requiring licensing approval); sales of maternal and infant products; traditional Chinese medicine health preservation services (non-medical); non-residential real estate leasing; housing rental; patient escort services; retail of protective equipment for medical personnel; sales of detergents for food use; sales of weighing instruments; sales of electronic products; wholesale of pet food and supplies; domestic freight transport agency; wholesale of cosmetics; sales of needles, textiles, and raw materials; housekeeping services; investment activities with own funds; organizing cultural and artistic exchange activities; packaging services; loading and unloading; hospital management; social and economic consulting services; traditional Chinese medicine clinic services (must be filed with the competent authority of traditional Chinese medicine before operation); sales of daily sundries; sales of adult products (excluding drugs, medical devices); maternal and infant life care (excluding medical services); amusement park services; business agency services; enterprise member points management services; takeaway delivery services; primary agricultural product acquisition; wholesale of shoes and hats; sales of toys, animation, and amusement products; sales of arts and crafts and ceremonial items (excluding ivory and its products); software development; software sales; labor services (excluding labor dispatch);

trade brokerage; Chinese herbal medicine acquisition; supply chain management services; counter and booth leasing; sales office equipment; wholesale of jewelry; sales of communication equipment; leasing services (excluding licensed leasing services); import and export of food; sales of sanitary insecticides; sales of health food (pre-packaged); food sales (only pre-packaged food); food internet sales (only pre-packaged food); sales of daily necessities; retail of sports goods and equipment; retail of hardware products; retail of stationery; wholesale of hardware products; wholesale of sports goods and equipment; wholesale of clothing and apparel; sales of chemical products (excluding licensed chemical products); sales of machinery and equipment; sales of household appliances; retail of clothing and apparel; repair of special equipment. (except for business items subject to approval pursuant to the law, the Company shall carry out business activities autonomously with business license pursuant to the law).

The Company's largest shareholder is LBX Pharmaceutical Group Co., Ltd. (hereinafter referred to as "Pharmaceutical Group"), and the actual controllers are Mr. Xie Zilong and Ms. Chen Xiulan (couple).

These financial statements were approved for issuance by the Company's Board of Directors resolution on April 29, 2025.

#### **IV. Basis of Preparation of Financial Statements**

##### **1. Basis of Preparation**

These financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* promulgated by the Ministry of Finance, as well as subsequently promulgated and revised specific accounting standards, interpretations, and other relevant regulations (collectively referred to as "the Accounting Standards for Business Enterprises"). In addition, these financial statements also disclose relevant financial information in accordance with the *Rules Governing the Format and Content of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports*.

##### **2. Going Concern**

Applicable Not Applicable

As at December 31, 2024, the Group's current liabilities exceeded its current assets by RMB 1,846,027,761. The Company has made certain financing arrangements. Based on the management's prepared cash flow forecast for the Group for the next 12 months and the financing facilities obtained by the Group, the management estimates that the Group will have sufficient funds to repay maturing debts and maintain normal operations in the coming year. Therefore, the Group's management prepared these financial statements on a going concern basis.

#### **V. Significant Accounting Policies and Accounting Estimates**

Notes on Specific Accounting Policies and Accounting Estimates:

Applicable Not Applicable

The Group has formulated specific accounting policies and accounting estimates based on its actual production and operation characteristics, mainly reflected in bad debt provisions for receivables, inventory impairment provisions, depreciation of fixed assets, amortization of intangible assets, amortization of long-term deferred expenses, impairment of investment properties, and impairment of goodwill, etc.

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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position, operating results, changes in shareholder's equity, cash flows, and other relevant information.

**2. Accounting Period**

The Company's fiscal year is from January 1 to December 31 of the Gregorian calendar.

**3. Operating Cycle**

Applicable Not Applicable

**4. Functional currency**

The Company's functional currency is Renminbi (RMB).

**5. Methods and Basis for Determining the Criteria for Significance**

Applicable Not Applicable

Item	Criteria for Significance
Significant recovery or reversal amount of bad debt provision for receivables	Individual recovery or reversal amount accounts for more than 10% of the total amount of various receivables or the amount is greater than RMB 30 million
Significant actual write-off of receivables	Individual write-off amount is greater than RMB 10 million
Significant prepayments	Individual prepayment aged over 1 year accounts for more than 10% of the total prepayment amount and the amount is greater than RMB 30 million
Significant contract liabilities	Individual contract liability aged over 1 year accounts for more than 10% of the total contract liability amount and the amount is greater than RMB 30 million
Significant accounts payable	Individual account payable aged over 1 year accounts for more than 1% of the total accounts payable amount and the amount is greater than RMB 30 million
Significant other payables	Individual other payable aged over 1 year accounts for more than 5% of the total other payables amount and the amount is greater than RMB 30 million
Significant construction in progress	Ending balance exceeds 1% of the Group's total assets or the budget for a single project is greater than RMB 300 million
Subsidiaries with significant non-controlling interests	Subsidiary's net assets account for more than 2% of the Group's net assets, or a single subsidiary's operating income accounts for more than 5% of the Group's consolidated operating income
Significant non-cash investing and financing activities	Activities not involving current period cash receipts and expenditures with an amount greater than 10% of the corresponding total cash inflow or outflow

**6. Accounting Treatment Methods for Business Combinations Involving Enterprises under Common Control and Not under Common Control**

Applicable Not Applicable

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The assets and liabilities (including goodwill formed from the ultimate controlling party's acquisition of the acquiree) obtained by the combining party in a business combination involving enterprises under common control are accounted for based on their book value in the ultimate controlling party's financial statements on the combination date. The difference between the book value of the net assets obtained by the combining party and the book value of the combination consideration paid (or the total par value of shares issued) is adjusted against the share premium in capital reserves. If the share premium is insufficient to absorb the difference, retained earnings are adjusted.

A business combination not involving enterprises under common control is a business combination in which the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination not involving enterprises under common control, the identifiable assets, liabilities, and contingent liabilities of the acquiree acquired are measured at fair value on the acquisition date. The excess of the cost of combination over the acquirer's interest in the fair value of the identifiable net assets acquired is recognized as goodwill, which is subsequently measured at cost less accumulated impairment losses. If the cost of combination is less than the acquirer's interest in the fair value of the identifiable net assets acquired, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities and the cost of combination. If after reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the identifiable net assets acquired, the difference is recognized in profit or loss for the current period.

## 7. Criteria for determining control and method for preparing consolidated financial statements

Applicable Not Applicable

The scope of consolidation for the consolidated financial statements is determined based on control, including the financial statements of the Company and all its subsidiaries. A subsidiary is an entity controlled by the Company (including enterprises, separable parts of investees, structured entities controlled by the Company, etc.). An investor controls an investee if and only if the investor possesses all of the following three elements: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of its returns.

Where the accounting policies or accounting periods adopted by subsidiaries are inconsistent with those of the Company, necessary adjustments are made to the subsidiaries' financial statements in accordance with the Company's accounting policies and accounting period when preparing the consolidated financial statements. All intra-group assets, liabilities, equity, income, expenses, and cash flows arising from transactions between companies within the Group are eliminated in full on consolidation.

The portion of the current period loss attributable to minority interests that exceeds the minority interests' share in the beginning balance of the subsidiary's equity is still charged against minority interests.

For subsidiaries acquired through a business combination not involving enterprises under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary. When preparing the consolidated financial statements, adjustments are made to the subsidiary's financial statements based on the fair value of the identifiable assets, liabilities, and contingent liabilities determined at the acquisition date.

For subsidiaries acquired through a business combination involving enterprises under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements

from the beginning of the consolidation period. When preparing comparative consolidated financial statements, relevant items in the prior period financial statements are adjusted as if the reporting entity formed after the combination had existed since the ultimate controlling party began to exercise control.

If changes in relevant facts and circumstances lead to changes in one or more of the elements of control, the Group reassesses whether it controls the investee.

Changes in minority interests that do not result in a loss of control are accounted for as equity transactions.

## 8. Classification of joint arrangements and accounting treatment for joint operations

Applicable Not Applicable

## 9. Criteria for determining cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand by the Group; cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Applicable Not Applicable

Foreign currency transactions entered into by the Group are translated into the functional currency amounts.

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the settlement of monetary items and from the translation of monetary items are generally recognized in profit or loss for the current period, except for those arising from foreign currency specific borrowings related to the acquisition or construction of qualifying assets, which are treated in accordance with the principle of borrowing cost capitalization. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates at the date of the initial recognition and their functional currency amounts remain unchanged. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. The resulting exchange differences are recognized in profit or loss for the current period or other comprehensive income depending on the nature of the non-monetary item.

Foreign currency cash flows are translated using the average exchange rate for the period when the cash flows occur (unless exchange rate fluctuations render the use of this rate inappropriate, in which case the spot exchange rate at the date of the cash flow is used). The effect of exchange rate changes on cash is presented separately in the cash flow statement as a reconciliation item.

## 11. Financial instruments

Applicable Not Applicable

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized (i.e., removed from the balance sheet) when the following conditions are met:

- (1) The rights to receive cash flows from the financial asset expire;
- (2) the rights to receive cash flows from the financial asset have been transferred, or an obligation has been assumed under a 'pass-through' arrangement to pay the collected cash flows in full to a third party without material delay; and either substantially all the risks and rewards of ownership of the financial asset have been transferred, or substantially all the risks and rewards of ownership of the financial asset have been neither transferred nor retained, but control of the financial asset has been relinquished.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference is recognized in profit or loss.

Financial assets purchased or sold on a regular way basis are recognized and derecognized using trade date accounting. Regular way purchases or sales of financial assets refer to the purchase or sale of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date is the date on which the Group commits to purchase or sell the financial asset.

## (2) Classification and measurement of financial assets

At initial recognition, the Group's financial assets are classified based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets into: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVOCI), and financial assets measured at fair value through profit or loss (FVTPL). All relevant financial assets affected are reclassified only when the Group changes its business model for managing financial assets.

Financial assets are measured at fair value at initial recognition. However, accounts receivable or notes receivable arising from the sale of goods or provision of services that do not contain a significant financing component or do not consider financing components of no more than one year are initially measured at the transaction price.

For financial assets at FVTPL, related transaction costs are directly recognized in profit or loss. Transaction costs related to other categories of financial assets are included in their initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

### Debt instrument investments measured at amortized cost

A financial asset is classified as measured at amortized cost if both of the following conditions are met: the business model for managing the financial asset is to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets recognize interest income using the effective interest method. Gains or losses arising from derecognition, modification, or impairment are recognized in profit or loss.

### Debt instrument investments measured at FVOCI

A financial asset is classified as measured at FVOCI if both of the following conditions are met: the Group's business model for managing the financial asset is achieved by both collecting contractual cash flows and selling the financial asset; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets recognize interest income using the effective interest method. Except for interest income, impairment losses, and exchange differences recognized in profit or loss, other changes in fair value are recognized in other comprehensive income. Upon derecognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

#### Equity instrument investments measured at FVOCI

The Group irrevocably elects to designate some non-trading equity instrument investments as financial assets measured at FVOCI. Only relevant dividend income (excluding dividend income clearly recovered as part of the investment cost) is recognized in profit or loss. Subsequent changes in fair value are recognized in other comprehensive income, and no impairment provision is required. Upon derecognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to retained earnings.

#### Financial assets at FVTPL

Financial assets other than those measured at amortized cost and FVOCI mentioned above are classified as financial assets at FVTPL. For such financial assets, subsequent measurement is at fair value, and all changes in fair value are recognized in profit or loss.

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

At initial recognition, the Group's financial liabilities are classified as: financial liabilities at FVTPL and financial liabilities measured at amortized cost. For financial liabilities at FVTPL, related transaction costs are directly recognized in profit or loss. Transaction costs related to financial liabilities measured at amortized cost are included in their initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

#### Financial assets at FVTPL

Financial liabilities at FVTPL, including trading financial liabilities and those designated at initial recognition as at FVTPL, are subsequently measured at fair value, with all changes in fair value recognized in profit or loss.

#### Financial liabilities measured at amortized cost

For such financial liabilities, subsequent measurement is at amortized cost using the effective interest method.

### (4) Impairment of financial instruments

#### Method for determining ECL and accounting treatment method

The Group assesses impairment and recognizes a loss allowance for financial assets measured at amortized cost based on expected credit losses (ECL).

For receivables that do not contain a significant financing component, the Group applies the simplified measurement approach and measures the loss allowance at an amount equal to lifetime ECL.

For financial assets other than those using the simplified measurement approach mentioned above, the Group assesses at each balance sheet date whether their credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition (Stage 1), the Group measures the loss allowance at an amount equal to 12-month ECL and calculates interest income based on the book balance and effective interest rate. If the credit risk has increased significantly since initial recognition but is not yet credit-impaired (Stage 2), the Group measures the loss allowance at an amount equal to lifetime ECL and calculates interest income based on the book balance and effective interest rate. If credit impairment has occurred after initial recognition (Stage 3), the Group measures the loss allowance at an amount equal to lifetime ECL and calculates interest income based on amortized cost and effective interest rate. For financial instruments that have low credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition.

Disclosures regarding the Group's criteria for determining significant increase in credit risk and the definition of credit-impaired assets can be found in Section X Financial Report, XII. Risks Related to Financial Instruments, Point 1. Risks of Financial Instruments.

The method used by the Group to measure the ECL of financial instruments reflects factors including: an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Portfolio categories and determination basis for providing impairment provisions based on credit risk characteristics

The Group considers the credit risk characteristics of different customers. Based on common risk characteristics and aging portfolio, it assesses the ECL of financial assets measured at amortized cost and debt instrument investments measured at FVOCI. The portfolios divided by the Group are: Medical insurance receivables portfolio, Enterprise trade receivables portfolio, Hospital and health center trade receivables and other portfolios.

Aging calculation method for confirming credit risk characteristic portfolio based on aging

The Group determines the aging based on the invoice date.

Judgment criteria for individually providing bad debt impairment provisions on an individual basis

If the credit risk characteristics of a counterparty are significantly different from other counterparties in the portfolio, a loss provision is provided individually for the receivables due from that counterparty.

Write-off of impairment provisions

When the Group no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the Group directly writes down the book balance of that financial asset.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are presented net in the balance sheet if, and only if, the following conditions are met: there is a legally enforceable right to set off the recognized amounts, and that legal right is currently enforceable; there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially measured at fair value. Except for financial guarantee contracts designated as financial liabilities at FVTPL, other financial guarantee contracts are subsequently measured at the higher of the amount of the ECL provision determined at the balance sheet date and the initial recognition amount less the cumulative amortization determined in accordance with revenue recognition principles.

(7) Transfer of financial assets

The Group derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; if it retains substantially all the risks and rewards of ownership of the financial asset, it does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the situation as follows: if it relinquishes control over the financial asset, it derecognizes the financial asset and recognizes the assets and liabilities created; if it does not relinquish

control over the financial asset, it recognizes the related financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the associated liability.

If continuing involvement takes the form of guaranteeing the transferred financial asset, the continuing involvement asset is recognized at the lower of the book value of the financial asset and the amount of the financial guarantee. The amount of the financial guarantee is the maximum amount of the consideration received that could be required to be repaid.

## 12. Notes receivable

Applicable Not Applicable

### **Portfolio categories and determination basis for providing bad debt provisions based on credit risk characteristics**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

### **Aging calculation method for confirming credit risk characteristic portfolio based on aging**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

### **Judgment criteria for individually providing bad debt provisions on an individual basis**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

## 13. Accounts receivable

Applicable Not Applicable

### **Portfolio categories and determination basis for providing bad debt provisions based on credit risk characteristics**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

### **Aging calculation method for confirming credit risk characteristic portfolio based on aging**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

### **Recognition criteria for individually providing bad debt provisions on an individual basis**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

## 14. Receivables financing

Applicable Not Applicable

### **Portfolio categories and determination basis for providing bad debt provisions based on credit risk characteristics**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

### **Aging calculation method for confirming credit risk characteristic portfolio based on aging**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

**Judgment criteria for individually providing bad debt provisions on an individual basis**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

**15. Other receivables**

Applicable Not Applicable

**Portfolio categories and determination basis for providing bad debt provisions based on credit risk characteristics**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

**Aging calculation method for confirming credit risk characteristic portfolio based on aging**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

**Judgment criteria for individually providing bad debt provisions on an individual basis**

Applicable Not Applicable

See Section X Financial Report, V. Significant Accounting Policies and Accounting Estimates, Point 11 Financial Instruments - Impairment of Financial Instruments.

**16. Inventories**

Applicable Not Applicable

**Inventory category, costing method for issued inventory, inventory system, amortization method for low-value consumables and packaging materials**

Applicable Not Applicable

Inventories include goods in stock, finished goods, raw materials, low-value consumables, and work in progress, etc.

Inventories are initially measured at cost. The cost of inventories includes purchase cost, processing cost, and other costs. The cost of inventories issued is calculated using the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, and manufacturing overhead allocated systematically based on normal production capacity.

The perpetual inventory system is used for inventory accounting.

Low-value consumables are amortized using the one-off write-off method.

**Recognition criteria and provision method for inventory impairment provisions**

Applicable Not Applicable

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If cost exceeds net realizable value, a provision for inventory impairment is recognized in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. When providing for inventory write-down, raw materials are provided for by category, while finished goods and goods in stock are provided for on an individual inventory item basis. Inventories that relate to the same product series produced and sold in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product series, are grouped together when providing for inventory write-down.

**Portfolio categories and determination basis for providing inventory impairment provisions by portfolio, and determination basis for net realizable value of different inventory categories**

Applicable Not Applicable

**Calculation method and determination basis for the net realizable value of each aging portfolio based on inventory aging confirmation**

Applicable Not Applicable

**17. Contract assets**

Applicable Not Applicable

**18. Non-current assets or disposal groups held for sale**

Applicable Not Applicable

**Recognition criteria and accounting treatment method for classifying non-current assets or disposal groups as held for sale**

Applicable Not Applicable

**Recognition criteria and presentation method for discontinued operations**

Applicable Not Applicable

**19. Long-term equity investments**

Applicable Not Applicable

Long-term equity investments include equity investments in subsidiaries and associates.

Long-term equity investments are initially measured at initial investment cost upon acquisition. For long-term equity investments acquired through a business combination involving enterprises under common control, the initial investment cost is the share of the acquiree's owner's equity in the ultimate controlling party's consolidated financial statements at the combination date based on book value; the difference between the initial investment cost and the book value of the combination consideration is adjusted against capital reserves (if insufficient, retained earnings are adjusted). For long-term equity investments acquired through a business combination not involving enterprises under common control, the initial investment cost is the cost of combination (for business combinations not involving enterprises under common control achieved in stages through multiple transactions, the initial investment cost is the sum of the book value of the equity investment in the acquiree held before the acquisition date and the cost of the additional investment on the acquisition date). For long-term equity investments acquired by means other than business combination, the initial investment cost is determined as follows: if acquired by cash payment, the initial investment cost is the actual purchase price paid and directly related expenses, taxes, and other necessary expenditures incurred to acquire the long-term equity investment; if acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

Long-term equity investments over which the Company can exercise control over the investee are accounted for using the cost method in the Company's separate financial statements. Control refers to having power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of those returns.

Under the cost method, long-term equity investments are measured at initial investment cost. The cost of long-term equity investments is adjusted for additional investments or disposals. Cash dividends or profits declared by the investee are recognized as investment income for the current period.

Long-term equity investments where the Group has significant influence over the investee are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, if the initial investment cost of a long-term equity investment exceeds the investor's share of the fair value of the investee's identifiable net assets at the time of investment, the excess is included in the initial investment cost of the long-term equity investment; if the initial investment cost is less than the investor's share of the fair value of the investee's identifiable net assets, the difference is recognized in profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, after acquiring the long-term equity investment, investment income or loss and other comprehensive income are recognized based on the share of the net profit or loss and other comprehensive income realized by the investee that should be enjoyed or shared, and the book value of the long-term equity investment is adjusted accordingly. When recognizing the share of the investee's net profit or loss, it is confirmed after adjusting the investee's net profit based on the fair value of the investee's identifiable assets, etc., at the time of investment, in accordance with the Group's accounting policies and accounting period, and after eliminating the portion of unrealized intra-group transaction gains or losses attributable to the investor according to the attributable proportion (however, if the intra-group transaction loss is an asset impairment loss, it should be recognized in full), unless the assets invested or sold constitute a business. The portion attributable calculated based on the profits or cash dividends declared by the investee reduces the book value of the long-term equity investment accordingly. The Group recognizes the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term equity interests that substantially form part of the net investment in the investee are reduced to zero, unless the Group has obligations to assume additional losses. For other changes in shareholder's equity of the investee other than net profit or loss, other comprehensive income, and profit distribution, the book value of the long-term equity investment is adjusted and included in shareholder's equity.

## **20. Investment properties**

### **(1). If the cost measurement model is adopted:**

Depreciation or amortization method

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost. Subsequent expenditures related to investment property are included in the cost of the investment property if it is probable that the economic benefits associated with the asset will flow to the entity and its cost can be measured reliably. Otherwise, they are recognized in profit or loss when incurred.

The Group uses the cost model for subsequent measurement of investment property and applies the same depreciation or amortization methods as for fixed assets and intangible assets. Depreciation or amortization is calculated for buildings and land use rights based on their estimated useful lives and residual value rates.

When the use of an investment property changes to owner-occupied, the Group reclassifies the investment property to fixed assets or intangible assets from the date of change. When the use of an owner-occupied property changes to earn rentals or for capital appreciation, the Group reclassifies the fixed asset to investment property from the date of change. Upon conversion, the book value before conversion is used as the carrying amount after conversion.

If there are indications at the balance sheet date that an investment property is impaired, a corresponding impairment provision is recognized for the difference between the book value and the recoverable amount.

An investment property is derecognized when it is disposed of, or permanently withdrawn from use and no future economic benefits are expected from its disposal. The disposal proceeds from the sale, transfer, retirement or damage of an investment property, net of its book value and related taxes and fees, are recognized in profit or loss for the current period.

## 21. Fixed assets

### (1). Recognition conditions

Applicable Not Applicable

Fixed assets are recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures related to fixed assets that meet the recognition criteria are included in the cost of the fixed asset, and the book value of the replaced part is derecognized; otherwise, they are recognized in profit or loss for the current period or the cost of the related asset according to the beneficiary object when incurred.

Fixed assets are initially measured at cost. The cost of acquiring fixed assets includes the purchase price, related taxes and fees, and other expenditures directly attributable to bringing the asset to its intended use condition. Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated residual value rates, and annual depreciation rates for various types of fixed assets are as follows:

### (2). Depreciation method

Applicable Not Applicable

Category	Depreciation method	Depreciation period (years)	Residual value rate	Annual depreciation rate
Building and construction	Straight-line method	20 - 50 years	5%	1.90%-4.75%
Machinery and equipment	Straight-line method	10	5%	9.50%
Transportation vehicles	Straight-line method	5	5%	19.00%
Electronic and office equipment	Straight-line method	5	5%	19.00%

## 22. Construction in progress

Applicable Not Applicable

The cost of construction in progress is determined based on actual project expenditures, including all necessary project expenditures incurred during the construction period, borrowing costs eligible for capitalization before the project reaches its intended use condition, and other related expenses.

Construction in progress is transferred to fixed assets, intangible assets, and other non-current assets when it reaches its intended use condition based on the following standards:

	Criteria for capitalization
Building and construction	Earlier of actual commencement of use / completion acceptance
Machinery, equipment, and others	Earlier of actual commencement of use / completion of installation acceptance

## 23. Borrowing costs

Applicable Not Applicable

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized; other borrowing costs are recognized in profit or loss for the current period.

Capitalization of borrowing costs commences when capital expenditures and borrowing costs have been incurred, and the activities necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs ceases when the qualifying asset is ready for its intended use or sale. Borrowing costs incurred thereafter are recognized in profit or loss for the current period.

During the capitalization period, the amount of interest capitalized for each accounting period is determined as follows: for specific borrowings, the amount is determined by the actual interest expense incurred during the period, less any temporary deposit interest income or investment income. For general borrowings utilized, the amount is determined by multiplying the weighted average of asset expenditures exceeding the specific borrowings by the weighted average interest rate of the general borrowings utilized.

If the acquisition, construction or production of a qualifying asset is interrupted abnormally for reasons other than the procedures necessary to prepare the asset for its intended use or sale, and the interruption period exceeds 3 consecutive months, the capitalization of borrowing costs is suspended. Borrowing costs incurred during the interruption period are recognized as expenses in profit or loss for the current period, until the acquisition, construction or production activities resume.

#### 24. Biological assets

Applicable Not Applicable

#### 25. Oil and gas assets

Applicable Not Applicable

#### 26. Intangible assets

##### (1). Useful life and its determination basis, estimation situation, amortization method or review procedure

Applicable Not Applicable

Trademark rights are treated as intangible assets with indefinite useful lives. Such intangible assets are not amortized. Regardless of whether there are indications of impairment, they are tested for impairment at least annually; their useful lives are reviewed in each accounting period. If there is evidence that the useful life is finite, they are accounted for according to the policy for intangible assets with finite useful lives.

Other intangible assets are amortized using the straight-line method over their useful lives. Their useful lives are as follows:

	Useful life	Determination basis
Land use rights	40 - 50 years	Term of land use right
Software and patent rights, others	5 - 10 years	Shorter of patent right term / estimated useful life

##### (2). Scope of R&D expenditure capitalization and related accounting treatment methods

Applicable Not Applicable

The Group distinguishes expenditures on internal research and development projects into research phase expenditures and development phase expenditures. Expenditures in the research phase are recognized in profit or loss when incurred. Expenditures in the development phase are capitalized only if all the following conditions are met: it is technically feasible to complete the intangible asset so that it will be available for use or sale; there is an intention to complete the intangible asset and use or sell it; the way the intangible asset will generate economic benefits, including demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself, or, if it is to be used internally, the

usefulness of the intangible asset; there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; the expenditure attributable to the intangible asset during its development phase can be measured reliably. Development expenditures that do not meet the above conditions are recognized in profit or loss when incurred.

## 27. Impairment of long-term assets

Applicable Not Applicable

For impairment of assets other than inventories, deferred income tax, and financial assets, the following method is used: at the balance sheet date, assess whether there are indications that an asset may be impaired. If impairment indications exist, the Group estimates its recoverable amount and conducts an impairment test. For goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet ready for use, regardless of whether impairment indications exist, an impairment test is conducted at least at the end of each year.

The recoverable amount is determined as the higher of the asset's fair value less costs to sell and the present value of the estimated future cash flows of the asset. The Group estimates the recoverable amount on an individual asset basis; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is determined. The identification of a CGU is based on whether the main cash inflows generated by the CGU are independent of the cash inflows from other assets or CGUs.

When the recoverable amount of an asset or CGU is lower than its book value, the Group writes down its book value to the recoverable amount. The write-down amount is recognized in profit or loss for the current period, and a corresponding asset impairment provision is recognized.

For goodwill impairment testing, the book value of goodwill is allocated to the relevant CGUs or groups of CGUs from the acquisition date using a reasonable method. The relevant CGUs or groups of CGUs are those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination and are not larger than the operating segments determined by the Group.

Compare the book value of the CGU or group of CGUs containing goodwill with its recoverable amount. If the recoverable amount is lower than the book value, the impairment loss amount first reduces the book value of goodwill allocated to the CGU or group of CGUs, and then reduces the book value of other assets in the CGU or group of CGUs proportionally based on the book value of each asset other than goodwill.

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

## 28. Long-term deferred expenses

Applicable Not Applicable

Long-term deferred expenses include improvements to leased fixed assets under operating leases and other expenses already incurred but to be borne by the current and future periods, with an amortization period exceeding one year. They are recorded at the actual amount incurred and amortized using the straight-line method over the benefit period or the stipulated period. If a long-term deferred expense item cannot benefit future accounting periods, the unamortized balance of the item is fully transferred to profit or loss for the current period.

## 29. Contract liabilities

Applicable Not Applicable

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations fulfilled and customer payments. The Group presents contract assets and contract liabilities under the same contract on a net basis.

(1) Contract liabilities

An obligation to transfer goods or services to a customer for which the Group has received consideration from the customer or has an unconditional right to receive consideration before transferring the goods or services is recognized as a contract liability.

### 30. Employee Compensation

#### (1). Accounting treatment method for short-term compensation

Applicable Not Applicable

During the accounting period in which the employee provides services, the actually incurred short-term compensation are recognized as a liability and included in profit or loss for the current period or the cost of related assets.

#### (2). Accounting treatment method for post-employment benefits

Applicable Not Applicable

The Group's employees participate in pension insurance and unemployment insurance managed by the local government. Corresponding expenditures are included in the cost of related assets or profit or loss for the current period when incurred.

#### (3). Accounting treatment method for termination benefits

Applicable Not Applicable

If the Group provides termination benefits to employees, the employee benefit liability arising from termination benefits is recognized and included in profit or loss for the current period at the earlier of the following dates: when the enterprise cannot unilaterally withdraw the termination benefits provided due to the termination of employment relationship plan or redundancy proposal; when the enterprise recognizes costs or expenses related to restructuring involving the payment of termination benefits.

#### (4). Accounting treatment method for other long-term employee benefits

Applicable Not Applicable

### 31. Provisions

Applicable Not Applicable

Except for contingent consideration and contingent liabilities assumed in a business combination not involving enterprises under common control, an obligation related to a contingent event is recognized by the Group as a provision if it is a present obligation of the Group, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably.

Provisions are initially measured at the best estimate of the expenditure required to settle the relevant present obligation, taking into account factors such as risks, uncertainties, and the time value of money related to the contingent event. The book value of provisions is reviewed at the balance sheet date and adjusted appropriately to reflect the current best estimate.

### 32. Share-based payment

Applicable Not Applicable

Share-based payment is classified into equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payment is a transaction in which the Group receives services in exchange for shares or other equity instruments as consideration.

Equity-settled share-based payments in exchange for employee services are measured at the fair value of the equity instruments granted to employees. If the options granted vest immediately, the fair value is recognized in relevant costs or expenses on the grant date, with a corresponding increase in capital reserves; if the options vest only after completing services during the vesting period or meeting specified performance conditions, then on each balance sheet date during the vesting period, based on the best

estimate of the number of equity instruments expected to vest, the services received in the current period are recognized in relevant costs or expenses at the grant date fair value, with a corresponding increase in capital reserves.

If the terms of an equity-settled share-based payment are modified, services received are recognized at least as if the terms had not been modified. In addition, any modification that increases the fair value of the equity instruments granted, or that is otherwise beneficial to the employee at the date of modification, is recognized as an increase in services received.

If an equity-settled share-based payment is cancelled, it is treated as if vesting occurred on the date of cancellation, and any amount not yet recognized is recognized immediately. If employees or other parties can choose to satisfy non-vesting conditions but fail to do so during the vesting period, it is treated as a cancellation of the equity-settled share-based payment. However, if new equity instruments are granted and, on the date the new equity instruments are granted, the new equity instruments granted are identified as replacement equity instruments for the cancelled equity instruments, the replacement equity instruments are accounted for in the same way as a modification of the original equity instruments.

### 33. Preference shares, perpetual bonds, and other financial instruments

Applicable Not Applicable

### 34. Revenue

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

Applicable Not Applicable

The Group recognizes revenue when it has satisfied a performance obligation in a contract, i.e., when the customer obtains control of the related goods or services. Obtaining control of the related goods or services means being able to direct the use of the goods or the provision of the service and obtain substantially all the remaining benefits from it.

##### (1) Contracts for the sale of goods

The Group's contracts for the sale of goods with customers usually involve retail and wholesale business of goods. Revenue is recognized at the point of customer acceptance based on comprehensive consideration of the following factors: the present right to receive payment for the goods, the transfer of significant risks and rewards of ownership of the goods, the transfer of legal title of the goods, the transfer of physical possession of the goods, and customer acceptance of the goods. For retail business, the Group sells goods directly to customers through directly-operated stores and e-commerce, and recognizes revenue when the customer obtains the goods. For wholesale business, the Group sells goods to purchasers in various locations. The Group transports the products to the agreed delivery location according to the contract and recognizes revenue after the purchaser accepts the goods and both parties sign the goods handover document.

The Group grants reward points to customers when selling goods. Customers can redeem reward points for free or discounted goods. This reward points program provides customers with a material right. The Group treats it as a separate performance obligation, allocates a portion of the transaction price to the reward points based on the relative proportion of the standalone selling prices of the goods or services provided and the reward points, and recognizes revenue when the customer obtains control of the goods or services redeemed with points or when the points expire.

For contracts containing a significant financing component, the Group determines the transaction price based on the amount payable assuming the customer pays in cash when obtaining control of the goods. Using the discount rate that discounts the nominal amount of the contract consideration to the cash selling price of the goods, the difference between the determined transaction price and the promised consideration amount in the contract is amortized using the effective interest method over the contract period. For contracts where the interval between the customer obtaining control of the goods and the

customer paying the price is expected to be no more than one year, the Group does not consider the significant financing component existing in the contract.

(2) Contracts for the rendering of services

The Group fulfills performance obligations by providing services such as information consulting and promotional activities to customers. Since the customer simultaneously obtains and consumes the economic benefits brought by the Group's performance as the Group performs, the Group treats it as a performance obligation satisfied over time and recognizes revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Group determines the progress of service provision using the input method. When the progress of performance cannot be reasonably determined, if the costs incurred by the Group are expected to be recovered, revenue is recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

(3) Franchise fee contracts

When a franchised store passes the Group's review, meets the Group's requirements, and formally signs a franchise agreement, the franchise fee is collected according to the contract. The one-time franchise fee collected when the franchisee cooperates with the Group is recognized as revenue from an intellectual property license satisfied over time.

**(2). Different revenue recognition methods and measurement methods involved in similar businesses using different operating models**

Applicable Not Applicable

**35. Contract costs**

Applicable Not Applicable

**36. Government grants**

Applicable Not Applicable

5758Government grants are recognized when the conditions attached to them can be met and the grants can be received. If a government grant is in the form of monetary assets, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary assets, it is measured at fair value; if the fair value cannot be reliably obtained, it is measured at a nominal amount.

Asset-related government grants are those specified in government documents for the acquisition, construction, or formation of long-term assets in other ways; if the government documents are unclear, judgment is based on the basic conditions necessary to obtain the grant. Grants requiring the acquisition or construction of long-term assets as a basic condition are treated as asset-related government grants; others are treated as income-related government grants.

Income-related government grants used to compensate for related costs, expenses or losses in future periods are recognized as deferred income and included in profit or loss for the current period during the periods when the related costs, expenses or losses are recognized; grants used to compensate for related costs, expenses or losses already incurred are directly included in profit or loss for the current period.

Asset-related government grants are recognized as deferred income and included in profit or loss on a reasonable and systematic basis over the useful life of the related asset. However, government grants measured at a nominal amount are directly included in profit or loss for the current period. If the related asset is sold, transferred, scrapped, or destroyed before the end of its useful life, the remaining balance of related deferred income is transferred to profit or loss for the period of disposal.

**37. Deferred tax assets/Deferred tax liabilities**√Applicable Not Applicable

The Group recognizes deferred income tax using the balance sheet liability method based on temporary differences arising between the book value and tax base of assets and liabilities at the balance sheet date, as well as temporary differences arising from the difference between the book value and tax base of items not recognized as assets and liabilities but whose tax base can be determined according to tax law.

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- (1) The taxable temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that: is not a business combination; at the time of the transaction, affects neither accounting profit nor taxable profit or deductible loss; and the initial recognition of the asset and liability does not give rise to equal taxable and deductible temporary differences;
- (2) For taxable temporary differences associated with investments in subsidiaries and associates, the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, deductible losses that can be carried forward to subsequent years, and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, deductible losses, and tax credits can be utilized, unless:

- (1) The deductible temporary difference arises from a transaction that: is not a business combination; at the time of the transaction, affects neither accounting profit nor taxable profit or deductible loss; and the initial recognition of the asset and liability does not give rise to equal taxable and deductible temporary differences;
- (2) For deductible temporary differences associated with investments in subsidiaries and associates, it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

At the balance sheet date, the Group measures deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws enacted or substantively enacted by the balance sheet date, and reflects the income tax effects of the manner in which the assets are expected to be recovered or the liabilities settled at the balance sheet date.

At the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable profit will not be available in future periods to utilize the benefit of the deferred tax asset, the book value of the deferred tax asset is written down. At the balance sheet date, the Group reassesses unrecognized deferred tax assets. Deferred tax assets are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

**38. Leases**√Applicable Not Applicable

**Judgment basis and accounting treatment method for simplified handling of short-term leases and low-value asset leases as a lessee**

Applicable Not Applicable

The Group recognizes right-of-use assets and lease liabilities for leases.

At the commencement date of the lease term, the Group recognizes its right to use the leased asset during the lease term as a right-of-use asset, initially measured at cost. The cost of the right-of-use asset comprises: the initial measurement amount of the lease liability; lease payments made at or before the commencement date (less any lease incentives received); initial direct costs incurred by the lessee; estimated costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. If the Group remeasures the lease liability due to changes in lease payments, the book value of the right-of-use asset is adjusted accordingly. The Group subsequently depreciates the right-of-use asset using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the right-of-use asset over the remaining useful life of the leased asset. If it cannot be reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the right-of-use asset over the shorter of the lease term and the remaining useful life of the leased asset.

At the commencement date of the lease term, the Group recognizes the present value of the lease payments not yet paid as a lease liability. Lease payments include fixed payments and substantive fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option or payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease or it is reasonably certain that the Group will exercise the purchase option.

When substantive fixed payments change, the amount expected to be payable under residual value guarantees changes, the index or rate used to determine lease payments changes, or the assessment result or actual exercise of purchase options, extension options, or termination options changes, the Group remeasures the lease liability based on the present value of the revised lease payments.

#### **Lease classification criteria and accounting treatment methods as a lessor**

Applicable Not Applicable

A lease where substantially all the risks and rewards incidental to ownership of the leased asset are transferred at the commencement date is classified as a finance lease; otherwise, it is classified as an operating lease.

Rental income from operating leases is recognized in profit or loss for the current period on a straight-line basis over the lease term. Variable lease payments not included in the lease payments are recognized in profit or loss for the current period when incurred.

### **39. Other significant accounting policies and estimates**

Applicable Not Applicable

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure thereof, as well as the disclosure of contingent liabilities at the balance sheet date. The uncertainty of these assumptions and estimates could result in outcomes that require a material adjustment to the book value of the assets or liabilities affected in the future.

#### **(1) Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

##### **Business model**

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. When judging the business model, the Group considers factors including

how the enterprise evaluates and reports the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and the way they are managed, and the way relevant business management personnel are remunerated. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyze and judge the reasons, timing, frequency, and value of sales before the maturity date of the financial assets.

#### Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. It needs to be judged whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. When assessing modifications to the time value of money, it needs to be judged whether there is a significant difference compared to the benchmark cash flows. For financial assets with prepayment features, it needs to be judged whether the fair value of the prepayment feature is insignificant, etc.

#### Lease term - Lease contracts containing extension options

The lease term is the non-cancellable period for which the Group has the right to use the leased asset, plus periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. When assessing whether it is reasonably certain to exercise an extension option, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the extension option, including expected changes in facts and circumstances from the commencement date until the exercise date of the option. At the commencement date, the Group believes that due to significant leasehold improvements made or expected to be made during the contract period, it is reasonably certain that the Group will exercise the extension option. Therefore, the lease term includes the period covered by the extension option. After the commencement date, if a significant event or change within the Group's control occurs that affects whether the Group is reasonably certain to exercise the corresponding extension option, the Group will reassess whether to exercise the extension option and revise the lease term based on the reassessment results.

#### Identification of goodwill impairment CGUs

When conducting goodwill impairment testing, the Group estimates the present value of the future cash flows of the CGU or group of CGUs to which goodwill has been allocated. The identification of a CGU is based on whether the main cash inflows generated by the CGU are independent of the cash inflows from other assets or CGUs. When identifying CGUs, management considers the way the Group manages its production and operating activities and its decision-making process for the continuous use or disposal of assets, etc. The identification of goodwill impairment CGUs this year is consistent with previous periods.

#### Identification of business acquisitions

In acquisition projects, the Group needs to judge whether the acquired asset portfolio constitutes a business. The Group uses the condition that "the acquired portfolio must have at least one input and one substantive process, and the combination of the two significantly contributes to the ability to create output" as the criterion for judging whether the portfolio constitutes a business.

#### (2) Estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, which may cause a material adjustment to the book values of assets and liabilities within the next financial year.

#### Impairment of financial instruments

The Group uses the ECL model to assess the impairment of financial instruments. Applying the ECL model requires significant judgment and estimation, considering all reasonable and supportable information, including forward-looking information. When making these judgments and estimates, the Group infers the expected changes in the credit risk of debtors based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks, and other factors. Different estimates may affect the amount of impairment provision recognized, and the impairment provision recognized may not be equal to the actual impairment loss amount in the future.

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

The Group assesses at each balance sheet date whether there is any indication that non-current assets other than financial assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. Other non-current assets other than financial assets are tested for impairment when there are indications that their book value may not be recoverable. An impairment exists when the book value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is determined by reference to the price in a sale agreement for similar assets in an arm's length transaction or observable market prices, less incremental costs directly attributable to the disposal of the asset. When estimating the present value of future cash flows, management must estimate the expected future cash flows from the asset or CGU and select an appropriate discount rate to determine the present value of the future cash flows.

#### Goodwill impairment

The Group tests goodwill for impairment at least annually. This requires estimating the present value of the future cash flows of the CGU or group of CGUs to which goodwill has been allocated (goodwill book value is allocated to the CGU or group of CGUs expected to benefit from the synergies of the business combination). When estimating the present value of future cash flows, the Group needs to estimate the future cash flows generated by the CGU or group of CGUs and select an appropriate discount rate to determine the present value of the future cash flows.

Assuming other parameters remain unchanged, if management revises the gross profit margin used in the calculation of future cash flows for the CGU and group of CGUs, and the revised gross profit margin is lower than the currently used gross profit margin, or the revised revenue growth rate is lower than the currently used revenue growth rate, the Group may need to recognize additional impairment provisions for goodwill.

Assuming other parameters remain unchanged, if management revises the pre-tax discount rate applied to the cash flow discounting, and the revised pre-tax discount rate is higher than the currently used discount rate, the Group may need to recognize additional impairment provisions for goodwill.

If the actual growth rate and gross profit margin are higher or the actual pre-tax discount rate is lower than management's estimates, the Group cannot reverse previously recognized goodwill impairment losses.

#### Inventory impairment provision

As described in Note V. 16, the Group's inventories are measured at the lower of cost and net realizable value. The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. The Group reassesses at each balance sheet date whether the net realizable value of inventory items is lower than the inventory cost.

#### Depreciation and amortization

The Group depreciates and amortizes investment property, fixed assets, long-term deferred expenses, and intangible assets using the straight-line method over their useful lives after considering their residual values. The Group periodically reviews the useful lives to determine the amount of depreciation and amortization expense to be recognized in each reporting period. The useful life is determined by the Group based on past experience with similar assets combined with expected technological updates. If previous estimates change significantly, the depreciation and amortization expense will be adjusted in future periods.

#### Fair value of unlisted equity investments

The Group estimates the fair value based on the present value of expected future cash flows discounted using current discount rates for other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate expected future cash flows, credit risk, volatility, and discount rates, thus involving uncertainty.

**Share-based payment**

Equity-settled share-based payments in exchange for employee services are measured at the fair value of the equity instruments granted to employees. If the options granted vest immediately, the fair value is recognized in relevant costs or expenses on the grant date, with a corresponding increase in capital reserves; if the options vest only after completing services during the vesting period or meeting specified performance conditions, then on each balance sheet date during the vesting period, based on the best estimate of the number of equity instruments expected to vest, the services received in the current period are recognized in relevant costs or expenses at the grant date fair value, with a corresponding increase in capital reserves.

**Deferred tax assets**

Deferred tax assets should be recognized for all unused deductible losses to the extent that it is probable that sufficient taxable profit will be available against which the deductible losses can be utilized. This requires management to exercise significant judgment to estimate the timing and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

**Lessee's incremental borrowing rate**

For leases where the interest rate implicit in the lease cannot be readily determined, the Group uses the lessee's incremental borrowing rate as the discount rate to calculate the present value of lease payments. When determining the incremental borrowing rate, the Group uses observable interest rates as a reference basis based on the economic environment it operates in. On this basis, the Group adjusts the reference rate according to its own situation, the underlying asset situation, the lease term, the lease liability amount, and other specific circumstances of the lease transaction to arrive at the applicable incremental borrowing rate.

**40. Changes in significant accounting policies and accounting estimates****(1). Changes in significant accounting policies**

Applicable Not Applicable

**(2). Changes in significant accounting estimates**

Applicable Not Applicable

**(3). First-time adoption of new accounting standards or interpretations, etc., in 2024 involving adjustment of the financial statements at the beginning of the first year of adoption**

Applicable Not Applicable

**41. Other**

Applicable Not Applicable

**VI. Taxes****1. Main tax types and rates**

Main tax types and rates situation

Applicable Not Applicable

Tax type	Tax basis	Tax rate
Value added tax (VAT)	-- Companies and stores assessed as general taxpayers:  Taxable value-added amount (calculated based on sales amount and applicable tax rate for output tax, less deductible input tax)  -- Companies and stores assessed as small-scale taxpayers: Taxable sales amount  -- Consulting services  -- Leasing business	Simplified collection projects 3%; Family planning supplies tax-exempt; Chinese herbal medicine pieces 9%, other goods 13%  0% or 1% or 3%  6%  5% or 9%
Consumption tax		
Business tax		
Urban maintenance and construction tax	Actual VAT paid	5% or 7%
Enterprise income tax	Taxable income	25%, 15%, 5%, 3%
Educational surcharge	Actual VAT paid	3%
Local educational surcharge	VAT paid	2%

For companies and stores assessed as general taxpayers, the applicable VAT rate for sales of anti-cancer drugs and biological products is the simplified collection rate of 3%. Sales of contraceptive drugs and devices are tax-exempt.

Disclosure explanation for taxable entities subject to different enterprise income tax rates

Applicable Not Applicable

## 2. Tax preferences

Applicable Not Applicable

### (1) VAT preferences

For companies and stores assessed as small-scale taxpayers, according to the *Announcement on VAT Reduction and Exemption Policies for Small-scale VAT Taxpayers* (Ministry of Finance, State Taxation Administration Announcement [2023] No. 19), from January 1, 2023 to December 31, 2027, small-scale VAT taxpayers with monthly sales of RMB 100,000 or less (inclusive) are exempt from VAT. Small-scale taxpayer stores of the Group meeting the above conditions enjoy the above VAT exemption policy.

According to the *Announcement on Clarifying Policies such as VAT Reduction and Exemption for Small-scale VAT Taxpayers* (Ministry of Finance, State Taxation Administration Announcement [2023] No. 1), from January 1, 2023 to December 31, 2027, taxable sales income subject to the 3% collection rate for small-scale VAT taxpayers shall be levied VAT at a reduced rate of 1%; VAT prepayment items subject to the 3% prepayment rate shall be prepaid at a reduced rate of 1%.

### (2) Enterprise income tax preferences

According to the *Announcement on Continuing the Enterprise Income Tax Policies for the Western Development* [Ministry of Finance Announcement 2020 No. 23] jointly issued by the Ministry of Finance, State Taxation Administration, and National Development and Reform Commission, from

January 1, 2021 to December 31, 2030, encouraged industries located in the western region are subject to a reduced enterprise income tax rate of 15%. The Company's subsidiaries LBX Pharmacy Chain (Guangxi) Co., Ltd. (hereinafter referred to as "Guangxi Company"), Forworld Medicine (Guangxi) Co., Ltd. (hereinafter referred to as "Guangxi Forworld"), LBX Health Pharmacy Group (Guangxi) Co., Ltd. (hereinafter referred to as "Health Pharmacy Guangxi"), LBX Pharmacy Chain (Shaanxi) Co., Ltd. (hereinafter referred to as "Shaanxi Company"), Xi'an Longsheng Pharmaceutical Co., Ltd. (hereinafter referred to as "Xi'an Longsheng"), Shaanxi LBX Sanqin Jishengtang Pharmaceutical Chain Co., Ltd. (hereinafter referred to as "Shaanxi Sanqin Jishengtang"), LBX Health Pharmacy Group (Shaanxi) Co., Ltd. (hereinafter referred to as "Health Pharmacy Shaanxi"), Lanzhou Huirentang Pharmaceutical Chain Co., Ltd. (hereinafter referred to as "Lanzhou Huirentang"), Lanzhou Hui ren Changqing Pharmaceutical Co., Ltd. (hereinafter referred to as "Lanzhou Changqing"), Ningxia LBX Huirentang Pharmaceutical Co., Ltd. (hereinafter referred to as "Ningxia Huirentang Pharmaceutical"), Tongliao Zeqiang Pharmacy Chain Co., Ltd. (hereinafter referred to as "Tongliao Zeqiang"), Inner Mongolia Zeqiang Pharmaceutical Co., Ltd. (hereinafter referred to as "Inner Mongolia Zeqiang"), Chifeng LBX Pharmacy Chain Co., Ltd. (hereinafter referred to as "Chifeng LBX"), Chifeng Renchuan Pharmaceutical Co., Ltd. (hereinafter referred to as "Renchuan Pharmaceutical"), LBX Health Pharmacy Group (Ningxia) Chain Co., Ltd. (hereinafter referred to as "Ningxia Health Pharmacy") enjoy the preferential enterprise income tax policy for the Western Development, applying a 15% enterprise income tax rate for the 2024 fiscal year (15% for the 2023 fiscal year).

According to the *Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households Regarding Relevant Tax and Fee Policies* (Ministry of Finance, State Taxation Administration Announcement [2023] No. 12), from January 1, 2023 to December 31, 2027, for small profitable enterprises with annual taxable income not exceeding RMB 1 million, the portion shall be included in taxable income at a reduced rate of 25% and enterprise income tax shall be paid at a rate of 20%; from January 1, 2022 to December 31, 2027, for small profitable enterprises with annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million, the portion shall be included in taxable income at a reduced rate of 25% and enterprise income tax shall be paid at a rate of 20%, resulting in an applicable effective tax rate of 5%. The Company's subsidiaries Henan Easy Drug Pharmaceutical Technology Co., Ltd., Xinjian County Baihui Pharmaceutical Co., Ltd., and 83 other companies meeting the conditions for small profitable enterprises enjoy the above income tax preferential policies.

According to the *Notice of the People's Government of Guangxi Zhuang Autonomous Region on Printing and Distributing Several Policies for Promoting High-Level Opening-up and High-Quality Development of the Guangxi Beibu Gulf Economic Zone in the New Era* (Gui Zheng Fa [2020] No. 42), Guangxi Forworld, being a newly registered enterprise within the Beibu Gulf Economic Zone and meeting the conditions for the Western Development enterprise income tax preference, is exempt from the local share (40%) of enterprise income tax for 5 years starting from the tax year in which the first main business income is obtained, applying a 9% enterprise income tax rate for the 2024 fiscal year (9% for the 2023 fiscal year); Guangxi LBX Pharmacy Health Technology Co., Ltd., Guangxi Longxing Century Pharmaceutical Consulting Co., Ltd., Guangxi Longxing Century Health Management Co., Ltd., being newly registered enterprises within the Beibu Gulf Economic Zone and meeting the conditions for small-scale taxpayer tax preferences, are exempt from the local share (40%) of enterprise income tax for 5 years starting from the tax year in which the first main business income is obtained, applying a 3% enterprise income tax rate for the 2024 fiscal year.

According to the *Measures for Further Supporting the High-Quality Development of the Private Economy issued by the Party Committee and Government of the Inner Mongolia Autonomous Region*, from September 27, 2022 to December 31, 2025, small profitable enterprises with annual taxable income below RMB 1 million (inclusive) are exempt from the local share (40%) of enterprise income tax, with an actual applicable tax rate of 3%. The Company's subsidiaries Tongliao Zeqiang Binhe Leyou Maternal and Infant Products Co., Ltd., Tongliao Zeqiang Meilejia Supermarket Co., Ltd., Tongliao Zeqiang Leyou Maternal and Infant Products Co., Ltd., Tongliao No. 2 Meilejia Supermarket Co., Ltd., Tongliao No. 4 Meilejia Supermarket Co., Ltd. meet the above preferential conditions, applying a 3% enterprise income tax rate for the 2024 fiscal year.

The Company's subsidiary Hunan Yaoshengtang Chinese Medicine Technology Co., Ltd. (hereinafter referred to as "Yaoshengtang Chinese Medicine Technology"), whose main business is the production of Chinese herbal medicine pieces and Chinese patent medicines, enjoys enterprise income tax exemption for the sales income from its produced Chinese herbal medicine pieces, which complies with the regulations for primary processing of agricultural products under Article 27(1) of the *Enterprise Income Tax Law*.

Based on the certificate of high-tech enterprise obtained by the Company's subsidiary Hunan Baixin Information Technology Co., Ltd. (hereinafter referred to as "Hunan Baixin") in December 2024, it calculates and pays enterprise income tax at a reduced preferential rate of 15% for the 2024 fiscal year.

### 3. Other

Applicable Not Applicable

## VII. Notes to Consolidated Financial Statement Items

### 1. Cash and bank deposits

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash on hand	7,404,677	10,037,560
Bank deposits	931,407,077	918,508,843
Other cash and cash equivalents	1,441,053,565	1,046,438,110
Total	2,379,865,319	1,974,984,513
Of which: Total amount deposited overseas		

Other Explanations:

Other cash and cash equivalents mainly consist of margins for bank acceptance bill. As of December 31, 2024, the Group's other cash and cash equivalents with restricted ownership amounted to RMB 1,393,129,666 (December 31, 2023: RMB 1,038,483,356).

### 2. Trading financial assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reason and basis for designation
Financial assets at FVTPL	0	1,500,000	/
Where:			
Other	0	1,500,000	/
			/
Financial assets at FVTPL			
Where:			
Total		1,500,000	/

Other Explanations:

Applicable Not Applicable

### 3. Derivative financial assets

Applicable Not Applicable

**4. Notes receivable****(1). Classified presentation of notes receivable**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	76,074,821	80,433,190
Total	76,074,821	80,433,190

**(2). Notes receivable pledged by the Company at period-end**Applicable Not Applicable**(3). Notes receivable endorsed or discounted by the Company and not yet matured at the balance sheet date**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bills		74,641,240
Total		74,641,240

**(4). Disclosure by bad debt provision method classification**Applicable Not Applicable

Bad debt provision made individually:

Applicable Not Applicable

Bad debt provision made by portfolio:

Applicable Not Applicable

Bad debt provision made using the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of notes receivable with changes in loss provision during the period:

Applicable Not Applicable**(5). Bad debt provision**Applicable Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable Not Applicable**(6). Actual write-off situation of notes receivable during the period**Applicable Not Applicable

Of which, significant write-off situation of notes receivable:

Applicable Not Applicable

Explanation of notes receivable write-off:

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

## 5. Accounts receivable

### (1). Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Of which: Sub-items within 1 year		
Within 1 year	2,299,856,094	2,179,048,864
Subtotal within 1 year	2,299,856,094	2,179,048,864
1-2 year(s)	54,328,176	48,011,747
2-3 years	10,773,852	23,549,524
Over 3 years	6,112,830	5,391,237
3-4 years		
4-5 years		
Over 5 years		
Total	2,371,070,952	2,256,001,372

### (2). Disclosure by bad debt provision method classification

Applicable Not Applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)		Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision made individually										
Where:										
Bad debt provision	2,371,070,952	100	30,581,027	1.29	2,340,489,925	2,256,001,372	100	32,484,629	1.44	2,223,516,743

on made by portfolio										
Where:										
Portfolio of credit risk characteristic	2,371,070,952	100	30,581,027	1.29	2,340,489,925	2,256,001,372	100	32,484,629	1.44	2,223,516,743
Total	2,371,070,952	/	30,581,027	/	2,340,489,925	2,256,001,372	/	32,484,629	/	2,223,516,743

Bad debt provision made individually:

Applicable Not Applicable

Bad debt provision made by portfolio:

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Bad debt provision	Provision ratio (%)
Medical insurance receivables	1,601,899,196	9,797,069	0.61
Enterprise trade receivables	335,325,354	14,383,976	4.29
Hospital and health center trade receivables	279,409,507	3,619,336	1.3
Other	154,436,895	2,780,646	1.8
Total	2,371,070,952	30,581,027	1.29

Explanation of bad debt provision made by portfolio:

Applicable Not Applicable

Bad debt provision made using the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of accounts receivable with changes in loss provision during the period:

Applicable Not Applicable

### (3). Bad debt provision

Applicable Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Change amount during the period				Ending balance
		Provision	Recovery or reversal	Write-off or cancellation	Other Changes	
Accounts	32,484,629	13,495,679	-13,283,501	-2,115,780		30,581,027

receivable						
Total	32,484,629	13,495,679	-13,283,501	-2,115,780	-	30,581,027

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable Not Applicable

Other Explanations:

None \_\_\_\_\_

#### (4). Actual write-off of accounts receivable during the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Actual write-off of accounts receivable	-2,115,780

Of which, significant write-off situation of accounts receivable

Applicable Not Applicable

Explanation of accounts receivable write-off:

Applicable Not Applicable

#### (5). Situation of accounts receivable and contract assets for the top five debtors by ending balance

Applicable Not Applicable

Unit: Yuan Currency: RMB

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt provision
Total accounts receivable for the top five debtors by balance	538,354,210		538,354,210	23	1,883,319
Total	538,354,210		538,354,210	23	1,883,319

Other Explanations:

None

Other Explanations:

Applicable Not Applicable

## 6. Contract assets

### (1). Contract assets

Applicable Not Applicable

**(2). Amount and reason for significant changes in book value during the reporting period**

Applicable  Not Applicable

**(3). Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

Bad debt provision made using the general model of ECL

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of contract assets with changes in loss provision during the period:

Applicable  Not Applicable

**(4). Bad debt provision for contract assets during the period**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(5). Actual write-off of contract assets during the period**

Applicable  Not Applicable

Of which, significant write-off of contract assets

Applicable  Not Applicable

Explanation of contract asset write-off:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**7. Receivables financing**

**(1). Classification and presentation of receivables financing**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	15,269,288	8,332,713
Total	15,269,288	8,332,713

**(2). Receivables financing pledged by the Company at period-end**

Applicable  Not Applicable

**(3). Receivables financing endorsed or discounted by the Company and not yet matured at the balance sheet date**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bills	135,933,315	
Total	135,933,315	

**(4). Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

Bad debt provision made using the general model of ECL

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of receivables financing with changes in loss provision during the period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

**(6). Actual write-off of receivables financing during the period**

Applicable  Not Applicable

Of which, significant write-off of receivables financing

Applicable  Not Applicable

Write-off explanation:

Applicable  Not Applicable

**(7). Changes in receivables financing and fair value changes during the period:**

Applicable  Not Applicable

**(8). Other Explanations**

Applicable  Not Applicable

**8. Prepayments****(1). Prepayments presented by aging**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	156,162,500	91.60	165,077,413	89.66
1-2 year(s)	4,936,304	2.90	15,838,402	8.60
2-3 years	9,378,208	5.50	3,203,648	1.74
Over 3 years	-	-	-	-
Impairment provision for prepayments	85,694		1,333,201	
Total	170,391,318	100.00	182,786,262	100.00

Explanation of reasons for prepayments aged over 1 year and with significant amounts not settled timely:

None

**(2). Situation of prepayments for the top five counterparties by ending balance**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance of prepayments (%)
Total prepayments for the top five counterparties	42,688,798	25.05
Total	42,688,798	25.05

Other Explanations:

None

Other Explanations:

Applicable  Not Applicable

## 9. Other receivables

**Presentation by item**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	265,281,348	308,579,953
Total	265,281,348	308,579,953

Other Explanations:

适用 不适用

### Interest receivable

#### (1). Classification of interest receivable

Applicable  Not Applicable

#### (2). Significant overdue interest

Applicable  Not Applicable

#### (3). Disclosure by bad debt provision method classification

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

#### (4). Bad debt provision made using the general model of ECL

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of interest receivable with changes in loss provision during the period:

Applicable  Not Applicable

**(5) . Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(6) . Actual write-off of interest receivable during the period**

Applicable  Not Applicable

Of which, significant write-off of interest receivable

Applicable  Not Applicable

Write-off explanation:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Dividends receivable**

**(1) . Dividends receivable**

Applicable  Not Applicable

**(2) . Significant dividends receivable aged over 1 year**

Applicable  Not Applicable

**(3) . Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

**(4) . Bad debt provision made using the general model of ECL**

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio:

Explanation of significant changes in the book balance of dividends receivable with changes in loss

provision during the period:

Applicable  Not Applicable

**(5) . Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(6) . Actual write-off of dividends receivable during the period**

Applicable  Not Applicable

Of which, significant write-off of dividends receivable

Applicable  Not Applicable

Write-off explanation:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Other receivables**

**(1) . Disclosure by aging**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Of which: Sub-items within 1 year		
Within 1 year	179,742,532	212,558,357
Subtotal within 1 year	179,742,532	212,558,357
1-2 year(s)	64,261,281	74,959,424
2-3 years	14,549,506	15,582,103
Over 3 years	23,220,747	17,600,150
Less: Bad debt provision for other receivables	16,492,718	12,120,081
Total	265,281,348	308,579,953

**(2) . Classification by nature of funds**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Nature of funds	Ending book balance	Beginning book balance
Receivables from third parties	89,277,703	101,868,636
Electronic wallet	95,221,972	127,061,770
Deposits	12,011,421	11,751,640
Advances	22,114,711	20,064,780

Store petty cash	24,350,523	19,788,008
Employee advances	17,288,714	13,338,275
Receivables from minority shareholders	604,507	604,507
Other	20,904,515	26,222,418
Less: Bad debt provision for other receivables	16,492,718	12,120,081
Total	265,281,348	308,579,953

**(3). Bad debt provision**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	ECL for the next 12 months	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance as of January 1, 2024	1,833,294		10,286,787	12,120,081
Balance as of January 1, 2024 during this period	1,833,294		10,286,787	12,120,081
Provision during the period	5,642,526		1,600,000	7,242,526
Reversal during the period	-2,053,814		-253,000	-2,306,814
Write-off during the period	-563,075			-563,075
Balance as of December 31, 2024	4,858,931		11,633,787	16,492,718

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of other receivables with changes in loss provision during the period:

□Applicable √ Not Applicable

Amount of bad debt provision made during the period and basis for assessing significant increase in credit risk of financial instruments:

□Applicable √ Not Applicable

**(4). Bad debt provision**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Change amount during the period				Ending balance
		Provision	Recovery or reversal	Write-off or cancellation	Other Changes	
2024	12,120,081	7,242,526	-2,306,814	-563,075		16,492,718
Total	12,120,081	7,242,526	-2,306,814	-563,075		16,492,718

Of which, significant reversal or recovery amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(5). Actual write-off of other receivables during the period**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Actual write-off of other receivables	563,075

Of which, significant write-off of other receivables:

Applicable  Not Applicable

Explanation of other receivables write-off:

Applicable  Not Applicable

**(6). Situation of other receivables for the top five debtors by ending balance**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance of other receivables (%)	Nature of funds	Aging	Bad debt provision Ending balance
Company A	23,153,693	8.22	Receivables from third parties	1-2 year(s)	305,629
Company B	18,411,089	6.53	Electronic wallet	Within 1 year	92,055
Company C	11,324,462	4.02	Electronic wallet	Within 1 year	56,622
Company D	10,823,390	3.84	Electronic wallet	Within 1 year	54,117
Company E	10,504,520	3.73	Electronic wallet	Within 1 year	52,523
Total	74,217,154	26.34	/	/	560,946

**(7). Presented under other receivables due to centralized fund management**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**10. Inventories**

**(1). Classification of inventories**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book	Inventory	Book value	Book balance	Inventory	Book value

	balance	impairment provision / impairment provision for contract performance cost			impairment provision / impairment provision for contract performance cost	
Goods in stock	3,549,914,801	24,340,300	3,525,574,501	4,125,643,111	30,070,905	4,095,572,206
Finished goods	19,019,017	-	19,019,017	21,096,956	-	21,096,956
Raw materials	17,142,236	-	17,142,236	20,881,647	-	20,881,647
Low-value consumables	7,372,862	-	7,372,862	9,888,462	-	9,888,462
Work in progress	4,429,891	-	4,429,891	5,045,696	-	5,045,696
Total	3,597,878,807	24,340,300	3,573,538,507	4,182,555,872	30,070,905	4,152,484,967

**(2). Data resources recognized as inventory**

Applicable Not Applicable

**(3). Inventory impairment provision and impairment provision for contract performance cost**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase for the current period		Decrease for the current period		Ending balance
		Provision	Other	Reversal or write-off	Other	
Goods in stock	30,070,905	2,875,375	-	-8,605,980	-	24,340,300
Finished goods	-	112,348	-	-112,348	-	-
Total	30,070,905	2,987,723	-	-8,718,328	-	24,340,300

Reason for reversal or write-off of inventory impairment provision during the period

Applicable Not Applicable

Item	Basis for providing / (reversing) inventory impairment provision	Reason for write-off of inventory impairment provision this year
Goods in stock	Measurement at lower of cost and net realizable value	Inventory scrapped
Finished goods	Measurement at lower of cost and net realizable value	Inventory scrapped

Inventory impairment provision made by portfolio

Applicable  Not Applicable

Provision standard for inventory impairment provision made by portfolio

Applicable  Not Applicable

**(4). Amount of capitalized borrowing costs included in the ending balance of inventory and its calculation standard and basis**

Applicable  Not Applicable

**(5). Explanation of the amortization amount of contract fulfillment costs during the period**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**11. Held-for-sale assets**

Applicable  Not Applicable

**12. Non-current assets due within one year**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term receivables due within one year	37,528,487	33,150,856
Total	37,528,487	33,150,856

**Debt investments due within one year**

Applicable  Not Applicable

**Other debt investments due within one year**

Applicable  Not Applicable

Other explanation for non-current assets due within one year:

None

**13. Other current assets**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Input VAT to be deducted	215,072,326	164,111,488
Total	215,072,326	164,111,488

Other Explanations:

None

**14. Debt investments**

**(1). Debt investment**

Applicable  Not Applicable

Changes in impairment provision for debt investments during the period

Applicable  Not Applicable

**(2). Significant debt investments at period-end**

Applicable  Not Applicable

**(3). Impairment provision**

Applicable  Not Applicable

Basis for stage classification and impairment provision ratio:

Explanation of significant changes in the book balance of debt investments with changes in loss provision during the period:

Applicable  Not Applicable

Amount of impairment provision made during the period and basis for assessing significant increase in credit risk of financial instruments

Applicable  Not Applicable

**(4). Actual write-off of debt investments during the period**

Applicable  Not Applicable

Of which, significant write-off of debt investments

Applicable  Not Applicable

Explanation of debt investment write-off:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**15. Other debt investments**

**(1). Other debt investment**

Applicable  Not Applicable

Changes in impairment provision for other debt investments during the period

Applicable  Not Applicable

**(2). Significant other debt investments at period-end**

Applicable  Not Applicable

**(3). Impairment provision**

Applicable  Not Applicable

Basis for stage classification and impairment provision ratio:

Explanation of significant changes in the book balance of other debt investments with changes in loss provision during the period:

Applicable  Not Applicable

Amount of impairment provision made during the period and basis for assessing significant increase in credit risk of financial instruments

Applicable  Not Applicable

**(4). Actual write-off of other debt investments during the period**

Applicable  Not Applicable

Of which, significant write-off of other debt investments

Applicable  Not Applicable

Explanation of other debt investment write-off:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**16. Long-term receivables**

**(1). Long-term receivables**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
House lease deposits	116,917,898	-	116,917,898	117,540,930	-	117,540,930	4.35% -4.47%
Less: House lease deposits due within one year	37,528,487	-	37,528,487	33,150,856	-	33,150,856	
Total	79,389,411	-	79,389,411	84,390,074	-	84,390,074	/

**(2). Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

**(3). Bad debt provision made using the general model of ECL**

Applicable  Not Applicable

## Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of long-term receivables with changes in loss provision during the period:

Applicable  Not Applicable

Amount of bad debt provision made during the period and basis for assessing significant increase in credit risk of financial instruments

Applicable  Not Applicable

**(4). Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(5). Actual write-off of long-term receivables during the period**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Actual write-off of long-term receivables	874,134

Of which, significant write-off of long-term receivables

Applicable  Not Applicable

Explanation of long-term receivables write-off:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**17. Long-term equity investments****(1). Long-term equity investment**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Investee	Beginning Balance	Increase/decrease during the period								Ending Balance	Ending balance of impairment provision
		Additional investment	Reduction in investment	Investment gain/loss recognized under equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment provision made	Other		
I. Joint ventures											

Subtotal											
II. Associates											
Hunan Pharmaceutical Group Co., Ltd.	67,821,191	-		4,319,300						72,140,491	
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	-	14,700,000		-1,487,774						13,212,226	
Subtotal	67,821,191	14,700,000		2,831,526						85,352,717	
Total	67,821,191	14,700,000		2,831,526						85,352,717	

## (2). Impairment test for long-term equity investments

Applicable Not Applicable

### Other Explanations:

In October 2019, the Company signed a contribution agreement with a third-party company to jointly establish Hunan Pharmaceutical Group Co., Ltd. The Company holds 12.5% equity in Hunan Pharmaceutical Group Co., Ltd. By December 31, 2020, the Company had paid the contribution amount of RMB 62,500,000 corresponding to 6.25% equity as agreed in the contribution agreement. The Company can appoint one director and exercise significant influence over it, accounting for it as an associate.

In February 2023, the Company signed an agreement with Hunan Hezhong Changda Enterprise Management Partnership, selling the unpaid 6.25% equity to Hunan Hezhong Changda Enterprise Management Partnership for a transfer price of RMB 1. The obligation for the paid-in capital corresponding to the target equity is assumed by Hunan Hezhong Changda Enterprise Management Partnership. The change registration was completed on March 10, 2023. The Company holds 6.25% equity in Hunan Pharmaceutical Group Co., Ltd., can still appoint one director, and exercises significant influence over it.

In March 2024, the Company's subsidiary Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd. signed a contribution agreement with Beijing Tong Ren Tang Commercial Investment Group Co., Ltd. to jointly establish Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd. Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd. holds 49% equity in Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd. As of December 31, 2024, Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd. has paid the contribution amount of RMB 14,700,000 corresponding to 49% equity according to the contribution agreement. The Group can appoint two directors and exercise significant influence over it, accounting for it as an associate.

## 18. Other equity instrument investments

## (1). Other equity instrument investment

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning Balance	Increase/decrease during the period					Ending Balance	Dividend income recognized during the period	Cumulative gains recognized in other comprehensive income	Cumulative losses recognized in other comprehensive income	Reason for designation as measured at FVOCI
		Addition investment	Reduction in investment	Gains recognized in other comprehensive income during the period	Losses recognized in other comprehensive income during the period	Other					
Guangzhou Xincheng Information Technology Co., Ltd. (hereinafter referred to as "Xincheng Company")	35,308,123						35,308,123		20,308,123		Long-term holding for non-trading purposes
Beijing Boyun Likang Pharmaceutical Information Consulting Center (hereinafter referred to as "Boyun Likang")	460,000						460,000				Long-term holding for non-trading purposes
Chifeng	109,600						109,600				Long-term

Yuanbaoshan Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Yuanbaoshan Rural Commercial Bank")											m holding for non-trading purposes
Hubei Hongtai Pharmacy Chain Co., Ltd.	1,000,000					1,000,000					Long-term holding for non-trading purposes
Jilin Jianli Hailanjiang Pharmaceutical Group Co., Ltd.	300,000					300,000					Long-term holding for non-trading purposes
Total	37,177,723					1,300,000	35,877,723		20,308,123		/

**(2). Explanation of derecognition situation during the period**

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

**19. Other non-current financial assets**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Financial assets at FVTPL	12,093,150	5,774,109
Total	12,093,150	5,774,109

## Other Explanations:

√Applicable □Not Applicable

In 2020, the Company invested RMB 84,069,900 of its own funds in Hunan Huairen Great Health Industry Development Co., Ltd. (hereinafter referred to as "Huairen Great Health"), holding a 4.28% share. In December 2020, a third party increased capital in Huairen Great Health. After the capital increase, the Company's share became 4.1556%. The Company measures this equity investment with a put option clause at FVTPL. In January 2022, Huairen Great Health spun off and derived a new company, Hunan Huairen Health Industry Development Co., Ltd. (hereinafter referred to as "Huairen Health"). The Company holds the same equity share in the newly spun-off company Huairen Health as before the spin-off, i.e., 4.1556%. As of December 31, 2024, the fair value of this equity was RMB 5,774,109. On April 20, 2022, the Company further purchased equity in the spun-off Huairen Great Health, making Huairen Great Health a subsidiary of the Company. The original related book value was fully transferred out. On May 25, 2022, the spun-off Huairen Great Health was renamed Hunan LBX Huairen Pharmacy Chain Co., Ltd. (hereinafter referred to as "LBX Huairen").

In 2024, the Company's subsidiary Hunan Easy Drug Technology Co., Ltd. (hereinafter referred to as "Easy Drug") holds 1%-2% equity stakes in 43 companies including Jingzhou Hongtai Pharmacy Chain Co., Ltd. and Jilin Jianli Hailanjiang Pharmaceutical Group Co., Ltd. It does not participate in or influence the financial and operating decisions of the above investee companies in any way. Therefore, the Company's subsidiary Hunan Easy Drug Technology Co., Ltd. does not have significant influence over the above investee companies and accounts for them as other non-current financial assets.

**20. Investment properties**

Measurement model for investment property

**(1). Investment property using the cost measurement model**

Unit: Yuan Currency: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original book value				
1. Beginning balance	37,315,751	5,896,566	309,921,887	353,134,204
2. Increase for the current period				
(1) Purchased	-	-	-	-
(2) Transferred from inventory\fixed assets\construction in progress	-	-	-	-
(3) Increase from business combination	-	-	-	-

3. Decrease for the current period				
(1) Disposal	-	-	-	-
(2) Other transfer-out	-	-	-	-
4. Ending balance	37,315,751	5,896,566	309,921,887	353,134,204
II. Accumulated depreciation and amortization				
1. Beginning balance	6,796,203	1,360,576	19,302,663	27,459,442
2. Increase for the current period				
(1) Provision or amortization	710,422	130,821	8,303,664	9,144,907
3. Decrease for the current period				
(1) Disposal	-	-	-	-
(2) Other transfer-out	-	-	-	-
4. Ending balance	7,506,625	1,491,397	27,606,327	36,604,349
III. Impairment provision				
1. Beginning balance	-	-	-	-
2. Increase for the current period				
(1) Provision	-	-	-	-
3. Decrease for the current period				
(1) Disposal	-	-	-	-
(2) Other transfer-out	-	-	-	-

4. Ending balance	-	-	-	-
IV. Book value				
1. Ending book value	29,809,126	4,405,169	282,315,560	316,529,855
2. Beginning book value	30,519,548	4,535,990	290,619,224	325,674,762

**(2). Investment property situation with title certificates not yet obtained**

Applicable  Not Applicable

**(3). Impairment test for investment property using the cost measurement model**

Applicable  Not Applicable

Other Explanations:

Applicable Not Applicable

As of December 31, 2024, the Group's investment property project under construction is the Xiangya plot project, i.e., the land use right certificate "Xiang (2019) Changsha City Real Estate Right No. 0040100" obtained by the Group's subsidiary Hunan Faxiangdi Industrial Co., Ltd. on August 13, 2018. As of [December 31, 2024], investment property book value is RMB 282,315,560, intangible asset book value is RMB 88,792,872. The Changsha Natural Resources and Planning Administrative Law Enforcement Detachment imposed temporary regulatory measures on the land use right in December 2022. These measures can be lifted once construction begins on the land. In 2023, the Company submitted a regulatory adjustment report to the Changsha Municipal Natural Resources and Planning Bureau, which has passed the expert review meeting and completed the process of soliciting opinions from functional departments such as urban management, rail transit, and fire protection. Currently, the Changsha Municipal Natural Resources and Planning Bureau has approved the regulatory adjustment

In 2024, there were no changes in the building, construction and land use rights leased out by the Group compared 2023to 2023. The above investment properties are leased to third parties under operating leases.

As of December 31, 2024 and December 31, 2023, the Group had no investment properties with title certificates not yet obtained.

As of December 31, 2024, the ownership of investment property with a book value of RMB 4,405,169 (December 31, 2022: RMB 4,535,989) was restricted.

**21. Fixed assets****Presentation by item**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	1,365,648,334	1,341,028,196
Disposal of fixed assets		
Total	1,365,648,334	1,341,028,196

Other Explanations:

√Applicable □Not Applicable

As of December 31, 2024 and December 31, 2023, the Group had no temporarily idle fixed assets.

As of December 31, 2024 and December 31, 2023, the Group had no fixed assets leased out under operating leases.

As of December 31, 2024 and December 31, 2023, the Group had no building and construction with title certificates not yet obtained.

As of December 31, 2024, the ownership of houses and buildings with a book value of RMB 548,238,569 (December 31, 2023: RMB 549,318,741) was restricted.

**Fixed assets****(1). Fixed assets**

□Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Building and construction	Machinery and equipment	Transportation vehicles	Electronic and office equipment	Total
I. Original book value:					
1. Beginning balance	982,085,889	106,790,462	26,675,336	811,002,381	1,926,554,068
2. Increase for the current period	17,719,810	17,904,825	6,139,782	173,295,332	215,059,749
(1) Purchase		762,604	6,139,782	169,693,073	176,595,459
(2) Transfer from construction in progress	17,719,810	3,217,527		3,602,259	24,539,596

(3) Reclassification		13,924,694			13,924,694
3. Decrease for the current period	13,924,694	58,078	2,289,149	62,339,582	78,611,503
(1) Disposal or retirement		58,078	2,289,149	62,339,582	64,686,809
(2) Reclassification	13,924,694				13,924,694
4. Ending balance	985,881,005	124,637,209	30,525,969	921,958,131	2,063,002,314
II. Accumulated depreciation					
1. Beginning balance	94,159,514	18,108,666	17,345,648	455,912,044	585,525,872
2. Increase for the current period	23,174,167	7,381,719	3,051,417	132,458,740	166,066,043
(1) Provision	23,174,167	7,381,719	3,051,417	132,458,740	166,066,043
3. Decrease for the current period		1,833	1,764,433	52,471,669	54,237,935
(1) Disposal or retirement		1,833	1,764,433	52,471,669	54,237,935
4. Ending balance	117,333,681	25,488,552	18,632,632	535,899,115	697,353,980
III. Impairment provision					
1. Beginning balance					
2. Increase for the current period					
(1) Provision					
3. Decrease for the current period					
(1) Disposal or retirement					

4. Ending balance					
IV. Book value					
1. Ending book value	868,547,324	99,148,657	11,893,337	391,585,146	1,365,648,334
2. Beginning book value	887,926,375	88,681,796	9,329,688	355,090,337	1,341,028,196

**(2). Temporarily idle fixed assets**

Applicable  Not Applicable

**(3). Fixed assets leased out through operating lease**

Applicable  Not Applicable

**(4). Fixed assets with title certificates not yet obtained**

Applicable  Not Applicable

**(5). Impairment test for fixed assets**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Disposal of fixed assets**

Applicable  Not Applicable

**22. Construction in progress****Presentation by item**

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

**Construction in progress****(1). Construction in progress**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Changsha NDC Expansion Project (Phase I) of LBX (Former Name: LBX Logistics Hub and E-commerce Base Phase II Project)	49,445,587		49,445,587	4,874,403		4,874,403
Enterprise Digital Platform and New Retail Construction Project	50,107,825		50,107,825	62,578,129		62,578,129
East China Pharmaceutical Product Sorting and Processing Project	-		-	4,852,899		4,852,899
Miscellaneous and petty construction projects	8,242,512		8,242,512	3,449,512		3,449,512
Total	107,795,924		107,795,924	75,754,943		75,754,943

**(2). Changes in significant construction in progress projects during the period**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of Project	Budget amount	Beginning Balance	Increase for the current period	Amount transferred to fixed assets during the period	Other decrease for the current period	Ending Balance	Ratio of cumulative project investment to budget (%)	Project progresses	Cumulative amount of capitalized interest	Of which: Amount of capitalized interest during the period	Interest capitalization rate during the period (%)	Source of funds
Changsha NDC Expansion Project (Phase I) of LBX	128,160,000	4,874,403	48,225,842	3,654,658	-	49,445,587	64.61%					Bank loans and own funds
Enterprise Digital Platform and New Retail Construction Project	611,872,491	62,578,129	133,998,334	-	146,468,638	50,107,825	93.68%					Own funds and raised funds
East China Pharmaceutical Product Sorting and Processing Project	311,484,700	4,852,899	14,962,451	18,343,652	1,471,698	-	87.18%					Own funds and raised funds
Total	1,051,517,191	72,305,431	197,186,626	21,998,310	147,940,335	99,553,412	/	/	931,500		/	/

**(3). Impairment provision made for construction in progress during the period**

□Applicable √ Not Applicable

**(4). Impairment test for construction in progress**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Engineering materials**

**(1). Engineering materials**

Applicable  Not Applicable

**23. Productive biological assets**

**(1). Productive biological assets using the cost measurement model**

Applicable  Not Applicable

**(2). Impairment test for productive biological assets using the cost measurement model**

Applicable  Not Applicable

**(3). Productive biological assets using the fair value measurement model**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**24. Oil and gas assets**

**(1) Oil and gas assets**

Applicable  Not Applicable

**(2) Impairment test for oil and gas assets**

□Applicable √ Not Applicable

Other Explanations:

None

**25. Right-of-use assets****(1) Right-of-use assets**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Building and construction	Total
<b>I. Original book value</b>		
1. Beginning balance	6,777,056,892	6,777,056,892
2. Increase for the current period	1,129,069,230	1,129,069,230
New additions	1,129,069,230	1,129,069,230
3. Decrease for the current period	-506,891,030	-506,891,030
Lease modification	-51,440,326	-51,440,326
Disposal	-455,450,704	-455,450,704
4. Ending balance	7,399,235,092	7,399,235,092
<b>II. Accumulated depreciation</b>		
1. Beginning balance	4,053,062,307	4,053,062,307
2. Increase for the current period	1,234,580,552	1,234,580,552
(1) Provision	1,234,580,552	1,234,580,552
3. Decrease for the current period	-391,214,930	-391,214,930
(1) Disposal	-391,214,930	-391,214,930
4. Ending balance	4,896,427,929	4,896,427,929
<b>III. Impairment provision</b>		
1. Beginning balance		

2. Increase for the current period		
(1) Provision		
3. Decrease for the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	2,502,807,163	2,502,807,163
2. Beginning book value	2,723,994,585	2,723,994,585

**(2) Impairment test for right-of-use assets**

Applicable Not Applicable

Other Explanations:

None

**26. Intangible assets****(1). Intangible assets**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Land use rights	Software and patent rights	Non-patented technology	Trademark rights	Other	Total
I. Original book value						
1. Beginning balance	277,092,776	490,642,616		139,051,061	3,828,064	910,614,517
2. Increase for the current period						
(1) Purchase		10,020,269			-	10,020,269

(2) Internal R&D		147,940,335			85,000	148,025,335
3. Decrease for the current period						
(1) Disposal		-27,874,357				-27,874,357
4. Ending balance	277,092,776	620,728,863		139,051,061	3,913,064	1,040,785,764
II. Accumulated amortization						
1. Beginning balance	20,939,879	140,549,425			2,143,521	163,632,825
2. Increase for the current period						
(1) Provision	3,558,002	58,584,419		-	1,072,469	63,214,890
3. Decrease for the current period						
(1) Disposal	-	-27,874,357		-	-	-27,874,357
4. Ending balance	24,497,881	171,259,487		-	3,215,990	198,973,358
III. Impairment provision						
1. Beginning balance						
2. Increase for the current period						
(1) Provision						

3. Decrease for the current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Ending book value	252,594,895	449,469,376		139,051,061	697,074	841,812,406
2. Beginning book value	256,152,897	350,093,191		139,051,061	1,684,543	746,981,692

The proportion of intangible assets formed through internal R&D to the balance of intangible assets at the end of the period is 17.57%

**(2). Data resources recognized as intangible assets**

Applicable Not Applicable

**(3). Land use rights with title certificates not yet obtained**

Applicable Not Applicable

**(3) Impairment test for intangible assets**

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

As of December 31, 2024 and December 31, 2023, the Group had no intangible assets with title certificates not yet obtained.

As of December 31, 2024, the ownership of intangible assets with a book value of RMB 93,712,413 (December 31, 2023: RMB 94,533,877) was restricted.

## 27. Goodwill

## (1). Original book value of goodwill

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of investee or event forming goodwill	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Formed from business combination	Business combination not involving enterprises under common control	Disposal	Other decrease	
Anhui Baixingyuan Pharmacy Chain Co., Ltd. ("Anhui Baixingyuan")	194,274,936		-	-		194,274,936
39 stores of Changde Qinghetang Pharmacy Chain Co., Ltd. ("Qinghetang 39 stores")	93,850,314		-	-		93,850,314
Changzhou Wanren Pharmacy Co., Ltd. ("Changzhou Wanren Company")	80,466,574		-	-		80,466,574
55 stores of Hunan Kangyixin Pharmacy Retail Chain Co., Ltd. ("Kangyixin 55 stores")	78,864,078		-	-		78,864,078
27 stores of Anyang Xinglin Pharmaceutical Chain Co., Ltd. ("Xinglin Pharmaceutical 27 stores")	49,699,999		-	-		49,699,999
Xi'an Longsheng	45,221,026		-	-		45,221,026
34 stores of Hunan Fushoutang Pharmacy Retail Chain Co., Ltd. ("Fushoutang 34 stores")	38,938,235		-	-		38,938,235
100% equity acquisition of Henan Pharmaceutical Supermarket Co., Ltd. ("Henan	34,206,934		-	-		34,206,934

Pharmaceutical Supermarket")						
46 stores of Tianjin Jingyitang Pharmacy Co., Ltd. ("Jingyitang 46 stores")	25,581,196			-	-	25,581,196
12 stores of Ma'anshan Baiyuan Pharmacy Chain Co., Ltd. ("Baiyuan 12 stores")	20,566,038			-	-	20,566,038
18 stores of Hunan Yaohaitang Pharmaceutical Chain Co., Ltd. ("Yaohaitang 18 stores")	20,413,527			-	-	20,413,527
Changde Minkang Pharmacy Chain Co., Ltd. ("Changde Minkang")	17,471,648			-	-	17,471,648
25 stores of Anhui Hefei Weimin Pharmacy Chain Co., Ltd. ("Hefei Weimin 25 stores")	18,575,471			-	-	18,575,471
24 stores of Hunan Kang'erjia Baoqing Pharmacy Chain Co., Ltd. ("Baoqing Pharmacy 24 stores")	16,977,528			-	-	16,977,528
14 stores of Xiangxiang Xiangrentang Pharmacy and Xiangxiang Huashang Pharmacy ("Xiangxiang 14 stores")	9,866,416			-	-	9,866,416
32 Haicheng Pharmacy stores	8,700,000			-	-	8,700,000
Anxiang Kangyuan Pharmacy Chain Co., Ltd. ("Anxiang Kangyuan 18 stores")	5,800,000			-	-	5,800,000
Lanzhou Huirentang	285,048,544			-	-	285,048,544
Yangzhou Baixinyuan Pharmaceutical Chain Co., Ltd. ("Yangzhou Baixinyuan")	114,813,534			-	-	114,813,534
Renxin Pharmacy	12,735,849			-	-	12,735,849
100% equity of Wuhan Nanfang Pharmacy Chain Co., Ltd.	55,519,338			-	-	55,519,338

("Wuhan Nanfang")						
Jiangsu Baijiahui Suhe Pharmacy Chain Co., Ltd. ("Jiangsu Baijiahui")	59,658,890			-	-	59,658,890
Tongliao Zeqiang	236,100,252			-	-	236,100,252
Yangzhou Mingxuan Pharmacy Co., Ltd., Yangzhou Xingyanghe Pharmacy Co., Ltd.	7,193,637			-	-	7,193,637
Zhenjiang Huakang Pharmacy Chain Co., Ltd. ("Zhenjiang Huakang")	58,767,810			-	-	58,767,810
Taizhou Longtaiyuan Pharmaceutical Chain Co., Ltd. ("Longtaiyuan")	52,874,568			-	-	52,874,568
Nantong Puze Pharmacy Chain Co., Ltd. ("Nantong Puze")	93,418,352			-	-	93,418,352
Anhui Linjiayi Kangfu Pharmacy Chain Co., Ltd. ("Linjiayi")	40,024,723			-	-	40,024,723
Wuhu Xinshimin Pharmacy Co., Ltd.	11,023,271			-	-	11,023,271
Hunan Easy Drug Technology Co., Ltd. ("Easy Drug")	7,987,199			-	-	7,987,199
Wuxi Sanpintan Pharmaceutical Chain Co., Ltd. ("Sanpintan")	29,017,544			-	-	29,017,544
Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd. ("Jintan Xinqianqiu")	14,148,071			-	-	14,148,071
Jiangsu Haipeng Pharmaceutical Chain Co., Ltd. ("Jiangsu Haipeng")	69,484,357			-	-	69,484,357
Changzhou Weizhikang Pharmacy Co., Ltd., Changzhou Weikang Pharmacy Co., Ltd., etc. ("Changzhou Weizhikang 6	11,893,907			-	-	11,893,907

stores")						
Anhui Zhengtong Pharmacy Chain Co., Ltd. ("Zhengtong Pharmacy 15 store")	25,728,476			-	-	25,728,476
Anhui Zhengtong Pharmacy Chain Co., Ltd. ("Zhengtong Pharmacy 1 store")	3,921,132			-	-	3,921,132
Anhui Yaoshantang Pharmacy Chain Co., Ltd. ("Yaoshantang Pharmacy 16 stores")	23,584,907			-	-	23,584,907
9 Huarí Pharmacy stores	28,373,090			-	-	28,373,090
Linyi Rende Pharmacy Chain Co., Ltd. ("Linyi Rende")	59,797,199			-	-	59,797,199
Hengyang Qianxi Yixintang Pharmacy Chain Co., Ltd. (renamed "LBX Pharmacy Chain (Hengyang) Co., Ltd." after acquisition)	22,523,948			-	-	22,523,948
Zhenjiang Kaitai Pharmacy Co., Ltd. (renamed "Zhenjiang Huakang Kaitai Pharmacy Co., Ltd." after acquisition)	4,991,549			-	-	4,991,549
Ningxia Tongshengxiang Tongjitang Pharmaceutical Co., Ltd.	38,307,089			-	-	38,307,089
Shanxi Baihui Pharmaceutical Chain Co., Ltd. ("Shanxi Baihui")	98,721,210			-	-	98,721,210
Tianjin Qianwei Jinqilin Pharmaceutical Co., Ltd. (renamed "Tianjin LBX Jinqilin Pharmaceutical Sales Co., Ltd." after acquisition)	541,081			-	-	541,081
10 stores of Xi'an Shisanchao Laoyaopu Pharmaceutical Co., Ltd.	9,339,622			-	-	9,339,622

Changsha Kaifu District Chujia Renkangtai Pharmacy, Changsha Kaifu District Maifei Renkangtai Pharmacy, etc. 11 stores	16,176,078			-	-	16,176,078
21 stores of Guangxi Guangpu Pharmaceutical Co., Ltd.	34,866,132			-	-	34,866,132
17 stores of Xi'an Jinxiu Huatuo Pharmaceutical Co., Ltd., etc.	15,705,331			-	-	15,705,331
8 stores of Anhui Xingtianxia Pharmacy Chain Co., Ltd.	11,838,157			-	-	11,838,157
14 stores of Hengyang Renxintang Pharmacy Chain Co., Ltd.	4,630,000			-	-	4,630,000
10 stores of Huixian Ren'ai LBX Pharmacy, Gangu County Jiankang LBX Pharmaceutical Co., Ltd., etc.	15,335,872			-	-	15,335,872
19 stores of Anhui Anning Pharmacy Chain Co., Ltd.	44,339,623			-	-	44,339,623
Nantong Chengxin Pharmacy Chain Co., Ltd.	36,009,600			-	-	36,009,600
21 Jiangyin Haipeng stores	34,922,102			-	-	34,922,102
16 stores of Xi'an Dexiang Pharmaceutical Co., Ltd.	33,443,396			-	-	33,443,396
12 stores of Yixing Baixin Pharmacy Co., Ltd., etc.	32,000,000			-	-	32,000,000
26 stores of Shaoyang Baoqing Chuntian Pharmacy	30,905,710			-	-	30,905,710
Ulanhot Shengjian Shiyi Co., Ltd., etc. 11 pharmacies	26,000,000			-	-	26,000,000
11 stores of Zhuzhou Xinglin Pharmacy	15,967,117			-	-	15,967,117
22 stores of Chenzhou Lexian Pharmacy	15,800,000			-	-	15,800,000
10 stores of Qidong County	14,505,248			-	-	14,505,248

Kangzhiyuan Pharmacy Co., Ltd.						
19 stores of Nantong Bainian Pharmacy Chain Co., Ltd.	11,322,924		-	-		11,322,924
12 stores of Ruicheng County Baihui Pharmaceutical Co., Ltd.	11,000,000		-	-		11,000,000
11 stores of Hefei Pushengtang Pharmaceutical Chain Co., Ltd.	9,933,962		-	-		9,933,962
Hejin Renguo Baihui Pharmaceutical Co., Ltd.	9,078,000		-	-		9,078,000
Yuanqu County Baihui Pharmaceutical Co., Ltd.	6,915,600		-	-		6,915,600
7 Changde Shunxing stores	2,830,024		-	-		2,830,024
Wuhu Jian'erjia Pharmaceutical Trading Co., Ltd. (renamed "Forworld Medicine Logistics (Anhui) Co., Ltd." after acquisition)	1,000,000		-	-		1,000,000
Tianjin LBX Tonghui Pharmacy Co., Ltd.	116,096		-	-		116,096
111 stores of Huairen Great Health	148,580,000		-	-		148,580,000
Chifeng LBX	594,799,828		-	-		594,799,828
Shaanxi Sanqin Jishengtang	118,032,360		-	-		118,032,360
27 stores of Anhui Baijiaxin Pharmacy Chain Co., Ltd. ("Anhui Baijiaxin 27 stores")	39,148,515		-	-		39,148,515
7 stores of Yuncheng Kanghui Tonghui Pharmaceutical Co., Ltd. Xinjian County Kanghuida Pharmacy ("Xinjian Baijiahui 7 stores")	19,800,000		-	-		19,800,000
28 Loudi Chujitang stores	15,320,592		-	-		15,320,592
19 stores in Ningxia Area 1	34,627,634		-	-		34,627,634
36 stores of Chenzhou Guiyang	26,237,624		-	-		26,237,624

Fukang						
46 stores of Anhui Yuyong Pharmacy	38,239,623		-	-		38,239,623
25 stores of Shanxi LBX Binhai Co., Ltd.	14,150,943		-	-		14,150,943
11 stores of Hunan Yongkangtang Pharmacy Chain Co., Ltd.	30,000,000		-	-		30,000,000
Baicheng Tongtai Pharmaceutical Co., Ltd., etc. 39 stores	12,362,264		-	-		12,362,264
3 stores of Kangle County Baijiakang Pharmacy	5,106,796		-	-		5,106,796
Equity of Xuancheng LBX Jiangnan Pharmaceutical Chain Co., Ltd.	37,500,000		-	-		37,500,000
Equity of Wuhu Yuanchu Pharmacy Chain Co., Ltd.	105,000,000		-	-		105,000,000
25 stores of Jiangsu Puze Pharmacy Chain Co., Ltd.	42,760,000		-	-		42,760,000
20 stores of Xinghua Chushui Pharmacy Chain Co., Ltd.	58,500,000		-	-		58,500,000
Equity of Huaiaren Great Health	1,492,257,067		-	-		1,492,257,067
Equity of Wuhu LBX Yijiaren Pharmacy Chain Co., Ltd.	121,000,000			-		121,000,000
Equity of Anqing LBX Pharmacy Chain Co., Ltd.	109,120,000			-	2,728,000	106,392,000
Equity of Shandong LBX Chuntian Pharmacy Chain Co., Ltd.	95,793,589			-		95,793,589
E-commerce of Jiangsu Puze Pharmacy Chain Co., Ltd.	10,000,000			-		10,000,000
17 stores of Hengyu Pharmacy	7,300,000			-		7,300,000
25 stores of Hefei Jingtian Pharmacy	-		25,070,000	-		25,070,000

Acquisition of 7 Qianjin Daye stores	-		5,500,000	-		5,500,000
Total	5,845,290,876		30,570,000	-	2,728,000	5,873,132,876

**(2). Goodwill impairment provision**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of investee or event forming goodwill	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Provision		Disposal		
Tianjin Area	9,429,668	16,079,140				25,508,808
Zhenjiang Area, Jiangsu Province	-	26,247,143				26,247,143
Kunshan Area, Jiangsu Province	-	15,273,603				15,273,603
Huaihua Area, Hunan	-	49,944,594				49,944,594
Total	9,429,668	107,544,480				116,974,148

**(3). Information related to the CGU or group of CGUs where goodwill resides**√Applicable Not Applicable

Name	Composition and basis of the affiliated CGU or combination	Affiliated operating segment and basis	Whether consistent with previous years
Hunan Province Area	Mainly composed of pharmacies within the Hunan Province area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Hunan Province pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Other Areas in Anhui Province	Mainly composed of pharmacies in other areas of Anhui Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Anhui	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	Province other areas pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.		
Gansu and Ningxia Province Area	Mainly composed of pharmacies within the Gansu and Ningxia Province area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Gansu and Ningxia Province pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Inner Mongolia Autonomous Region Area	Mainly composed of pharmacies within the Inner Mongolia Autonomous Region area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Inner Mongolia Autonomous Region pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Shaanxi Province Area	Mainly composed of pharmacies within the Shaanxi Province area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Shaanxi Province pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Changzhou Area, Jiangsu Province	Mainly composed of pharmacies within the Changzhou area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Changzhou pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Nantong Area, Jiangsu Province	Mainly composed of pharmacies within the Nantong area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Nantong pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Yuncheng Area, Shanxi Province	Mainly composed of pharmacies within the Yuncheng area in Shanxi Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Shanxi	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	Province Yuncheng pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.		
Yangzhou Area, Jiangsu Province	Mainly composed of pharmacies within the Yangzhou area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Yangzhou pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Jiangyin Area, Jiangsu Province	Mainly composed of pharmacies within the Jiangyin area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Jiangyin pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Henan Province Area	Mainly composed of pharmacies within the Henan Province area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Henan Province pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Hubei Province Area	Mainly composed of pharmacies within the Hubei Province area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Hubei Province pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Zhenjiang Area, Jiangsu Province	Mainly composed of pharmacies within the Zhenjiang area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Zhenjiang pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Chaohu Area, Anhui Province	Mainly composed of pharmacies within the Chaohu area in Anhui Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Anhui	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	Province Chaohu pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.		
Wuxi Area, Jiangsu Province	Mainly composed of pharmacies within the Wuxi area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Wuxi pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Linyi Area, Shandong Province	Mainly composed of pharmacies within the Linyi area in Shandong Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Shandong Province Linyi pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Kunshan Area, Jiangsu Province	Mainly composed of pharmacies within the Kunshan area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Kunshan pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Taizhou Area, Jiangsu Province	Mainly composed of pharmacies within the Taizhou area in Jiangsu Province. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Jiangsu Province Taizhou pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Guangxi Zhuang Autonomous Region Area	Mainly composed of pharmacies within the Guangxi Zhuang Autonomous Region area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Guangxi Zhuang Autonomous Region pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Tianjin Area	Mainly composed of pharmacies within the Tianjin area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Tianjin City pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Chifeng Area, Inner Mongolia	Mainly composed of pharmacies within the Chifeng area in Inner Mongolia. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Inner Mongolia Chifeng pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Ningxia Health Area	Mainly composed of pharmacies within the Ningxia Health area. The beneficiary of the synergy effect from acquiring	Based on internal management purposes, this CGU group belongs to	Yes

	pharmacies in this area is the entire Ningxia Health pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	the retail business segment.	
Shanxi Health Area	Mainly composed of pharmacies within the Shanxi Health area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Shanxi Health pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Huaihua Area, Hunan	Mainly composed of pharmacies within the Hunan Huaihua area. The beneficiary of the synergy effect from acquiring pharmacies in this area is the entire Hunan Huaihua pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
Easy Drug	Mainly composed of Hunan Easy Drug, whose cash inflows are basically independent of cash inflows generated by other assets or CGUs.	Based on internal management purposes, this CGU belongs to the wholesale business segment.	Yes

Changes in CGU or group of CGUs

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**(4). Specific determination method for recoverable amount**

Recoverable amount determined based on fair value less costs to sell

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Book value	Recoverable amount	Impairment amount	Number of years in the forecast period	Key parameters for the forecast period	Basis for determining parameters within the forecast	Key parameters for the stable period	Basis for determining key parameters for the
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						period		stable period
Hunan Province Area	1, 549, 847, 202	1, 762, 000, 000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%-4%, Gross profit margin 33%, Discount rate 12.32%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 33%, Discount rate 12.32%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Other Areas in Anhui Province	1, 247, 308, 717	1, 352, 000, 000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 3%-6%, Gross profit margin 35%-38%, Discount rate 11.35%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 38%, Discount rate 11.35%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Gansu and Ningxia Province Area	824, 788, 166	1, 015, 000, 000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 1%-3%,	Combined historical data, market conditions,	Revenue growth rate 1.8%, Gross	Stable period revenue growth rate

					Gross profit margin 33%, Discount rate 12.11%	and management's long-term business forecast	profit margin 33%, Discount rate 12.11%	is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Inner Mongolia Autonomous Region Area	605,251,926	739,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 27%-28%, Discount rate 10.83%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 28%, Discount rate 10.83%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Shaanxi Province Area	652,130,444	850,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 29%, Discount rate 10.84%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 29%, Discount rate 10.84%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically

								consistent with the last year of the forecast period
Changzhou Area, Jiangsu Province	297,272,732	323,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%-3%, Gross profit margin 42%-43%, Discount rate 11.93%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 43%, Discount rate 11.93%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Nantong Area, Jiangsu Province	450,363,945	505,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 3%-5%, Gross profit margin 28%, Discount rate 11.94%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 28%, Discount rate 11.9%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Yuncheng	333,011,647	350,000,000		2025-2029,	Revenue	Combined	Revenue	Stable

Area, Shanxi Province			-	2030 to perpetuity	growth rate 2%-5%, Gross profit margin 32%, Discount rate 11.92%	historical data, market conditions, and management's long-term business forecast	growth rate 1.8%, Gross profit margin 33%, Discount rate 11.92%	period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Yangzhou Area, Jiangsu Province	313, 109, 792	380, 000, 000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 0%-3%, Gross profit margin 32%, Discount rate 11.84%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 32%, Discount rate 11.84%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Jiangyin Area, Jiangsu Province	241, 925, 213	255, 000, 000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%-3%, Gross profit margin	Combined historical data, market conditions, and management's long-term	Revenue growth rate 1.8%, Gross profit margin 43%,	Stable period revenue growth rate is 1.8%, gross profit margin and

					42%-43%, Discount rate 11.96%	business forecast	Discount rate 11.96%	discount rate are basically consistent with the last year of the forecast period
Henan Province Area	173,426,633	191,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 36%-37%, Discount rate 11.68%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 37%, Discount rate 11.68%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Hubei Province Area	166,059,454	207,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 31%, Discount rate 12.09%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 31%, Discount rate 12.09%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of

								the forecast period
Zhenjiang Area, Jiangsu Province	116,380,220	76,000,000	-26,247,143	2025-2029, 2030 to perpetuity	Revenue growth rate 1%-3%, Gross profit margin 42%, Discount rate 11.95%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 43%, Discount rate 11.95%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Chaohu Area, Anhui Province	158,465,432	165,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 42%, Discount rate 11.78%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 42%, Discount rate 11.78%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Wuxi Area, Jiangsu Province	169,604,339	189,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 4%-9%,	Combined historical data, market conditions,	Revenue growth rate 1.8%, Gross	Stable period revenue growth rate

					Gross profit margin 39%-42%, Discount rate 11.79%	and management's long-term business forecast	profit margin 42%, Discount rate 11.79%	is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Linyi Area, Shandong Province	346,481,949	378,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 4%-8%, Gross profit margin 36%-40%, Discount rate 11.62%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 11.62%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Kunshan Area, Jiangsu Province	157,948,241	128,000,000	-15,273,603	2025-2029, 2030 to perpetuity	Revenue growth rate 2%-3%, Gross profit margin 39%-40%, Discount rate	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 11.94%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically

					11.94%			consistent with the last year of the forecast period
Taizhou Area, Jiangsu Province	228,500,703	247,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 3%-5%, Gross profit margin 41%-42%, Discount rate 11.90%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 42%, Discount rate 11.90%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Guangxi Zhuang Autonomous Region Area	304,511,995	344,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 34%, Discount rate 11.01%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 34%, Discount rate 11.01%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Tianjin Area	205,079,140	189,000,000	-16,079,140	2025-2029,	Revenue	Combined	Revenue	Stable

				2030 to perpetuity	growth rate 2%-4%, Gross profit margin 32%-33%, Discount rate 12.50%	historical data, market conditions, and management's long-term business forecast	growth rate 1.8%, Gross profit margin 33%, Discount rate 12.50%	period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Chifeng Area, Inner Mongolia	661,480,780	705,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 4%-12%, Gross profit margin 38%-40%, Discount rate 10.69%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 10.69%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Ningxia Health Area	44,785,536	92,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%, Gross profit margin 20%,	Combined historical data, market conditions, and management's long-term	Revenue growth rate 1.8%, Gross profit margin 20%,	Stable period revenue growth rate is 1.8%, gross profit margin and

					Discount rate 10.78%	business forecast	Discount rate 10.78%	discount rate are basically consistent with the last year of the forecast period
Shanxi Health Area	18,770,928	20,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 3%, Gross profit margin 17%-19%, Discount rate 11.75%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 19%, Discount rate 11.75%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Huaihua Area, Hunan	2,397,613,057	2,332,000,000	-49,944,594	2025-2029, 2030 to perpetuity	Revenue growth rate 3%-4%, Gross profit margin 38%, Discount rate 10.85%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 38%, Discount rate 10.85%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of

								the forecast period
Easy Drug	14,294,397	281,000,000	-	2025-2029, 2030 to perpetuity	Revenue growth rate 2%-18%, Gross profit margin 49%, Discount rate 10.69%	Combined historical data, market conditions, and management's long-term business forecast	Revenue growth rate 1.8%, Gross profit margin 49%, Discount rate 10.69%	Stable period revenue growth rate is 1.8%, gross profit margin and discount rate are basically consistent with the last year of the forecast period
Total	11,678,412,588	13,075,000,000	-91,465,340					

Note: The impairment amount is the impairment loss of goodwill calculated and determined based on the shareholding ratio at the point in time when control was obtained.

Recoverable amount determined based on present value of estimated future cash flows

Applicable Not Applicable

Reasons for significant inconsistency between the aforementioned information and information used in previous year's impairment test or external information

Applicable Not Applicable

Reasons for significant inconsistency between information used in the Company's previous year's impairment test and the actual situation of the current year

Applicable Not Applicable

**(5). Performance commitment and corresponding goodwill impairment**

Existence of performance commitment when goodwill was formed, and the reporting period or the preceding period falls within the performance commitment period

Applicable Not Applicable

Goodwill generated from the acquisition of Hunan Huairen is included in the Hunan Huaihua area CGU group for goodwill impairment testing. The performance commitment situation at the time of acquiring Hunan Huairen is as follows:

1. The performance commitment period is from 2022 to 2024. According to the agreement, the cumulative net profit during the performance commitment period shall not be less than RMB 393 million. Specifically: net profit after deducting non-recurring gains and losses in 2022 shall not be less than RMB 110 million, net profit after deducting non-recurring gains and losses in 2023 shall not be less than RMB 131 million, net profit after deducting non-recurring gains and losses in 2024 shall not be less than RMB 152 million. If the cumulative actual net profit realized during the commitment period is less than 90% of the total predicted net profit for the commitment period, the performance commitment party shall compensate the Company in cash.
2. Upon the expiration of the performance commitment period, the Company shall engage an accounting firm and an appraisal firm qualified for securities business to conduct an impairment test on Hunan Huairen, and shall issue the impairment test report within 30 working days after the issuance of the special audit report for the year when the performance commitment period expires. If the result of the impairment test is: the impairment amount of Hunan Huairen at the end of the performance commitment period is greater than the amount payable as compensation, then the performance committing party shall compensate the Company for the asset impairment. Asset impairment compensation amount = Impairment amount of the target asset at the end of the performance commitment period - Amount payable as compensation. Impairment amount of the target asset at the end of the performance commitment period = Transaction price of Hunan Huairen - Assessed value of Hunan Huairen at the end of the performance commitment period (deducting the impact of factors such as shareholder capital increases, capital reductions, acceptance of donations, and profit distributions of the target company during the performance commitment period).

The performance commitment results for the Huaihua area in Hunan Province as of December 31, 2024 are as follows:

1. The cumulative actually realized net profit attributable to owners of the parent company on a consolidated statement basis after deducting non-recurring gains and losses during the performance commitment period amounted to RMB 362,795,900. The cumulative completion rate was 92.31%, reaching 90% of the cumulative net profit committed; this item did not trigger the payment arrangement for performance compensation.
2. The Company engaged Zhongrui Shilian Asset Appraisal Group Co., Ltd. to assess the 100% equity value of Hunan Huairen with December 31, 2024 as the date of value, and issued the *the Equity Value Project of Hunan LBX Huairen Pharmacy Chain Co., Ltd. Involved in the Impairment Test of Placed-in Assets for LBX Pharmacy Chain Joint Stock Company* (Zhong Rui Ping Bao Zi [2025] No. 500830). According to the assessment results, using the income approach for the target asset, as of December 31, 2024, the assessed value of 100% equity of Hunan Huairen was RMB 2,444,900,000. At the end of the performance commitment period, the target asset was the 71.9643% equity share of Hunan Huairen, and the assessed equity value of the target asset was RMB 1,759,455,200. The transaction price of the target asset was RMB 1,637,188,400. During the performance commitment period, the profit distribution of the target company was RMB 150,000,000. Based on the impairment test results, the performance committing party is not required to make cash compensation.

For the year 2024, the goodwill impairment amount for the Hunan Huaihua area was RMB 49,944,594 (2023: None).

Regarding the performance commitment situation of Nantong Puze

Goodwill generated from the acquisition of Nantong Puze is included in the Jiangsu Province Nantong area CGU group for goodwill impairment testing. The performance commitment situation at the time of acquiring Nantong Puze is as follows:

For the acquisition of Nantong Puze pharmacy business, the commitment period is from the acquisition date in 2022 to 2024. The net profit after deducting non-recurring gains and losses shall not be less than RMB 25.10 million for 2022, not less than RMB 33.00 million for 2023, and RMB 38.00 million for 2024. If the three-year cumulative actual net profit exceeds the cumulative committed net profit, and if cash compensation has already been paid, the performance commitment payment already paid shall be refunded, limited to the lower of the amount by which the three-year cumulative actual net profit exceeds the cumulative committed net profit and the amount of cash compensation already paid. For the pharmaceutical e-commerce B2C business, the commitment period is from the acquisition date in 2023 to 2027, with an average annual net profit of RMB 2.00 million from 2023 to 2024, and an average annual net profit of RMB 3.00 million from 2025 to 2027. This performance commitment is adjusted based on the calculation from the date the acquired party is actually included in the scope of consolidation.

The performance commitment results for Nantong Puze as of December 31, 2024 are as follows:

As of December 31, 2024, Nantong Puze's cumulative actual net profit excluding non-recurring gains and losses of reached RMB 101.2463 million, with a cumulative completion rate of 102.57%, achieving the committed cumulative net profit.

There was no goodwill impairment for this area for the years 2024 and 2023.

Other Explanations:

Applicable Not Applicable

The following explains the key assumptions made when conducting the goodwill impairment test:

CGU group		Key assumptions
Budget/forecast period revenue growth rate	-	The basis for determination is the revenue achieved in the year prior to the budget/forecast period, with the growth rate appropriately increased according to the expected market development situation.
Budget/forecast period gross profit margin	-	The basis for determination is the average gross profit margin achieved in the year prior to the forecast period, with this average gross profit margin appropriately increased according to the expected improvement in efficiency and the expected market development situation.
Discount rate	-	The discount rate used is a pre-tax discount rate that reflects the specific risks of the relevant CGU.

The key assumption values regarding the market development situation are consistent with external information sources.

The allocation of the carrying amount of goodwill to CGUs or groups of CGUs is as follows:

	2024	2023
Other Areas in Anhui Province	813,551,203	791,209,203
Changzhou Area, Jiangsu Province	205,858,866	200,358,866
Hunan Province Area	568,880,865	568,880,865
Henan Province Area	83,906,933	83,906,933
Shaanxi Province Area	221,741,734	221,741,734
Tianjin Area	729,565	16,808,705
Gansu and Ningxia Province Area	343,798,301	343,798,301
Yangzhou Area, Jiangsu Province	129,307,171	129,307,171
Hubei Province Area	68,255,187	68,255,187
Kunshan Area, Jiangsu Province	44,385,287	59,658,890
Inner Mongolia Autonomous Region Area	274,462,516	274,462,516
Zhenjiang Area, Jiangsu Province	37,512,216	63,759,359
Taizhou Area, Jiangsu Province	111,374,568	111,374,568
Nantong Area, Jiangsu Province	193,510,876	193,510,876
Chaohu Area, Anhui Province	63,609,630	63,609,630
Wuxi Area, Jiangsu Province	61,017,544	61,017,544
Jiangyin Area, Jiangsu Province	104,406,459	104,406,459
Linyi Area, Shandong Province	155,590,787	155,590,787
Yuncheng Area, Shanxi Province	145,514,810	145,514,810
Guangxi Zhuang Autonomous Region Area	34,866,132	34,866,132
Chifeng Area, Inner Mongolia	594,799,829	594,799,829
Ningxia Health Area	34,627,634	34,627,634
Huaihua Area, Hunan	1,442,312,473	1,492,257,067
Shanxi Health Area	14,150,943	14,150,943
Easy Drug	7,987,199	7,987,199
Total	5,756,158,728	5,835,861,208

Note: The carrying amount of goodwill includes the amount of goodwill impairment.

**28. Long-term deferred expenses**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase for the current period	Amortization for the current period	Other decrease	Ending balance	Ending balance of impairment provision
Improvements to leased fixed assets under operating lease	560,185,965	180,134,192	148,290,207	12,889,903	579,140,047	11,691,541
Transfer service fee	172,558,703	17,623,216	34,600,521	2,991,821	152,589,577	1,065,140
Other	3,125,619	7,416,973	1,011,639	7,138,816	2,392,137	-
Total	735,870,287	205,174,381	183,902,367	23,020,540	734,121,761	12,756,681

Other Explanations:

Impairment provision for long-term deferred expenses

	Beginning balance	Increase for the current year	Write-off during the year	Ending balance
Improvements to leased fixed assets under operating lease	13,035,704	754,617	-2,098,780	11,691,541
Transfer service fee	1,065,140	-	-	1,065,140
Total	14,100,844	754,617	-2,098,780	12,756,681

**29. Deferred tax assets/Deferred tax liabilities****(1). Deferred tax assets before offset**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Equity incentive expenses	-	-	23,089,269	5,772,317
Deductible losses	153,077,439	37,113,686	27,347,422	6,836,855
New lease standard	2,674,750,286	598,168,062	2,807,273,443	503,497,461
Unrealized profit from internal transactions	47,128,203	11,782,051	58,417,893	14,604,473
Asset impairment provision	92,709,439	20,592,241	84,962,097	18,504,439
Points reward plan	11,675,294	2,714,337	5,119,876	1,033,039
Government special subsidies included in deferred income	9,848,863	2,462,216	13,668,797	3,417,199
Other	1,233,539	308,197	1,679,339	416,212
Total	2,990,423,063	673,140,790	3,021,558,136	554,081,995

**(2). Deferred tax liabilities before offset**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax Liabilities	Taxable temporary differences	Deferred income tax Liabilities
Temporary differences on long-term assets arising from business combinations not involving enterprises under common control	131,216,486	32,804,122	134,002,589	33,500,647
Fair value changes of other equity instrument investments	20,308,123	5,077,031	20,308,123	5,077,031
Fair value changes of other non-current financial assets	5,774,109	1,443,527	5,774,109	1,443,527
New lease standard	2,502,807,163	553,757,449	2,683,116,728	465,558,576
Other	206,342	51,585	960,422	240,106
Total	2,660,312,223	593,133,714	2,844,161,971	505,819,887

**(3). Deferred tax assets or liabilities presented net after offset**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance offset amount for deferred tax assets and liabilities	Ending balance of deferred tax assets or liabilities after offset	Beginning balance offset amount for deferred tax assets and liabilities	Beginning balance of deferred tax assets or liabilities after offset
Deferred tax assets	556,437,180	116,703,610	484,580,926	69,501,069
Deferred tax liabilities	556,437,180	36,696,534	484,580,926	21,238,961

**(4). Details of unrecognized deferred tax assets**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Deductible temporary differences	35,435,284	54,565,204
Deductible losses	168,703,659	105,762,546
Total	204,138,943	160,327,750

**(5). Deductible losses for which unrecognized deferred tax assets will expire in the following years**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Year	Ending amount	Beginning amount	Remarks
2024	-	7,011,712	
2025	3,375,755	4,322,782	
2026	8,156,652	8,266,987	
2027	19,161,781	21,129,183	
2028	44,013,765	54,904,629	
2029 and later	93,995,706	10,127,253	

Total	168,703,659	105,762,546	/
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Other Explanations:

适用 不适用

The Group believes it is not probable that sufficient taxable profit will be generated in the future to utilize the above deductible temporary differences and deductible losses, therefore, deferred tax assets for the above items have not been recognized.

### 30. Other non-current assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid engineering costs	5,913,932	-	5,913,932	49,892,704	-	49,892,704
Prepaid equity and store business acquisition costs	5,720,000	-	5,720,000	-	-	-
Prepaid equipment costs	504,500	-	504,500	-	-	-
Prepaid software purchase costs	3,541,000	-	3,541,000	69,749	-	69,749
Other	1,372,126	-	1,372,126	1,326,999	-	1,326,999
Total	17,051,558		17,051,558	51,289,452	-	51,289,452

Other Explanations:

None

### 31. Assets with restricted ownership or use rights

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending				Beginning			
	Book balance	Book value	Type of restriction	Restriction situation	Book balance	Book value	Type of restriction	Restriction situation

Cash and bank deposits	1,393,129,666	1,393,129,666	Other	Margin for acceptance bill	1,038,483,356	1,038,483,356	Other	Margin for acceptance bill
Investment properties	5,896,566	4,405,169	Mortgage	Bank loans obtained through mortgage	5,896,566	4,535,989	Mortgage	Bank loans obtained through mortgage
Fixed assets	723,635,988	548,238,569	Mortgage	Bank loans obtained through mortgage	723,635,988	549,318,741	Mortgage	Bank loans obtained through mortgage
Intangible assets	108,933,140	93,712,413	Mortgage	Bank loans obtained through mortgage	108,933,140	94,533,877	Mortgage	Bank loans obtained through mortgage
Subsidiary equity	1,136,006,439	1,136,006,439	Pledged	Bank loans obtained through pledge	1,636,793,579	1,636,793,579	Pledged	Bank loans obtained through pledge
Total	3,367,601,799	3,175,492,256			3,513,742,629	3,323,665,542	/	/

Other Explanations:

None

### 32. Short-term loans

#### (1). Classification of short-term borrowing

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Letter of credit borrowing	100,000,000	-
Credit borrowing	279,806,357	-
Bill discounting borrowing	1,277,077,733	799,754,553
Total	1,656,884,090	799,754,553

Explanation of classification of short-term borrowing:

None

**(2). Situation of overdue and unpaid short-term borrowings**

Applicable  Not Applicable

Of which, significant overdue and unpaid short-term borrowings are as follows:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**33. Trading financial liabilities**

Applicable  Not Applicable

Other Explanations:

Applicable Not Applicable

None

**34. Derivative financial liabilities**

Applicable  Not Applicable

**35. Notes payable****(1). Presentation of notes payable**

Applicable Not Applicable

Unit: Yuan: RMB

Type	Ending balance	Beginning balance
Commercial acceptance bills		
Bank acceptance bills	4,546,258,111	4,785,990,053
Total	4,546,258,111	4,785,990,053

Yuan

**36. Accounts payable****(1). Presentation of accounts payable**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payables for goods	2,008,964,593	2,209,026,977
Total	2,008,964,593	2,209,026,977

**(2). Significant accounts payable aged over 1 year or overdue**Applicable Not Applicable

Other Explanations:

Applicable Not Applicable**37. Advances received****(1). Presentation of advances received**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rent received in advance	18,293,769	17,428,097
Total	18,293,769	17,428,097

**(2). Significant advances received aged over 1 year**Applicable Not Applicable

**(3). Amount and reason for significant changes in book value during the reporting period**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**38. Contract liabilities****(1). Contract liabilities**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Advances received for goods	76,783,937	95,244,711
Franchise fees received in advance	30,764,866	37,933,151
Advances received for store purchases	72,833,355	87,934,830
Points plan	10,612,473	5,771,292
Other	4,199,164	3,419,611
Total	195,193,795	230,303,595

**(2). Significant contract liabilities aged over 1 year**

Applicable  Not Applicable

**(3). Amount and reason for significant changes in book value during the reporting period**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**39. Payroll payable****(1). Presentation of employee compensation payable**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
I. Short-term compensation	446,758,451	3,418,171,925	3,436,379,699	428,550,677
II. Post-employment benefits - defined contribution plan	12,655,767	324,050,616	335,352,669	1,353,714
III. Termination benefits	989,944	2,330,559	2,800,138	520,365
IV. Other benefits due within one year				
Total	460,404,162	3,744,553,100	3,774,532,506	430,424,756

**(2). Presentation of short-term compensation**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
I. Wages, bonuses, allowances, and subsidies	405,622,726	3,073,330,582	3,099,791,647	379,161,661
II. Employee welfare expenses	1,233,750	59,731,722	60,652,673	312,799
III. Social insurance contributions	198,691	171,758,015	171,713,157	243,549
Of which: Medical insurance contributions	174,311	160,174,696	160,116,007	233,000
Work-related injury insurance contributions	23,443	9,606,395	9,620,226	9,612
Maternity insurance contributions	937	1,976,924	1,976,924	937
IV. Housing provident fund	1,286,702	57,206,110	55,532,095	2,960,717
V. Union funds and employee education funds	38,416,582	56,145,496	48,690,127	45,871,951
VI. Short-term paid absences				
VII. Short-term profit-sharing plans				
Total	446,758,451	3,418,171,925	3,436,379,699	428,550,677

**(3). Presentation of defined contribution plan**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
1. Basic pension insurance	12,640,651	312,050,894	323,347,323	1,344,222
2. Unemployment insurance contributions	15,116	11,999,722	12,005,346	9,492
3. Enterprise annuity contributions				
Total	12,655,767	324,050,616	335,352,669	1,353,714

Other Explanations:

Applicable Not Applicable**40. Taxes and dues payable**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Enterprise income tax	84,147,117	85,754,982
Value added tax (VAT)	71,019,842	100,511,634
Urban maintenance and construction tax	4,288,626	4,403,321
Educational surcharge and local educational surcharge	2,956,213	3,246,194
Individual income tax	17,121,218	10,351,389
Other	11,651,491	8,513,437
Total	191,184,507	212,780,957

Other Explanations:

None

**41. Other payables****(1). Presentation by item**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	208,088	1,735,049
Other payables	653,327,326	934,784,430
Total	653,535,414	936,519,479

Other Explanations:

Applicable Not Applicable**(2). Interest payable**

Classification presentation

Applicable Not Applicable

Significant overdue interest payable:

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable**(3). Dividends payable**

Classification presentation

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Dividends payable - subsidiary minority shareholders	208,088	1,735,049
Total	208,088	1,735,049

Other explanations, including significant dividends payable outstanding for more than 1 year, should disclose the reason for non-payment:

Not Applicable

**(4). Other payables**

Other payables presented by nature of funds

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payables for acquisitions	54,142,110	228,860,305
Payables for pledge deposits and rent deposits	125,284,327	110,585,927
Restricted stock repurchase obligation	15,350,449	43,256,912
Payables for professional services	73,332,714	102,839,847
Payables for freight and miscellaneous charges	40,316,621	26,854,429
Payables for store decoration	27,420,810	86,475,053
Payables for engineering costs	49,557,900	88,800,181
Payables to former shareholders	-	1,467,030
Payables for business promotion fees	35,016,972	21,119,417
Payables for utilities	980,995	5,609,270
Payables for minority shareholders of subsidiaries	42,398,775	42,398,775
Other	189,525,653	176,517,284
Total	653,327,326	934,784,430

Significant other payables aged over 1 year or overdue

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Reason for non-repayment or carry-forward
Payables to subsidiary minority shareholders	42,398,775	Payment time not yet reached as stipulated in the contract
Total	42,398,775	/

Other Explanations:

□Applicable √ Not Applicable

**42. Held-for-sale liabilities**

□Applicable √ Not Applicable

**43. Non-current liabilities due within one year**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	222,960,000	184,984,693
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within one year	981,396,466	1,298,525,902
Total	1,204,356,466	1,483,510,595

Other Explanations:

None

**44. Other current liabilities**

Other current liabilities

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Output tax to be transferred	14,443,599	19,374,284
Total	14,443,599	19,374,284

Changes in short-term bonds payable:

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

**45. Long-term loans****(1). Classification of long-term borrowing**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Mortgage borrowings	643,186,137	744,302,399
Pledged borrowings	578,000,000	819,041,581
Credit borrowing	399,000,000	-
Less: Long-term borrowings due within one year	222,960,000	184,984,693
Total	1,397,226,137	1,378,359,287

Explanation of long-term borrowing classification:

None

Other Explanations:

√Applicable □Not Applicable

As of December 31, 2024, the annual interest rates for the above borrowings ranged from 2.49% to 7.06% (December 31, 2023: 3.40% to 6.95%). As of December 31, 2024, mortgage borrowings were secured by the real estate, equipment and software, trademarks, etc., of the Company and Yaoshengtang Chinese Medicine Technology located in Yaoshengtang Chinese Medicine Technology Park and Qingzhuhu Park.

Mortgage borrowings were provided by the International Finance Corporation (IFC), World Bank Group, including RMB borrowings and USD borrowings. The principal amount for RMB borrowings was RMB 700 million, and the principal amount for USD borrowings was USD 44,072,602 (equivalent to RMB 280,993,689). The term for RMB borrowings is from April 2021 to December 2027, and the term for USD borrowings is from March 2021 to June 2024. As of December 31, 2024, the outstanding balance of this borrowing was RMB 650 million. The USD borrowing has been fully repaid.

Pledged borrowings are acquisition loans used for the equity acquisition of LBX Huairen in 2022. Among them, the principal from China Construction Bank is RMB 280 million, with a loan term from July 2022 to July 2027, secured by a pledge of 20.5612% equity of LBX Huairen; the principal from Ping An Bank is RMB 400 million, with a loan term from October 2022 to October 2027, secured by a pledge of 29.3731% equity of LBX Huairen.

Credit borrowings include RMB 200 million borrowed from China Construction Bank in 2024, with a loan term from February 2024 to February 2027; and RMB 200 million borrowed from China Merchants Bank, with a loan term from December 2024 to December 2027.

**46. Bonds payable****(1). Bonds payable**

□Applicable √ Not Applicable

**(2). Specific situation of bonds payable: (excluding preference shares, perpetual bonds, and other financial instruments classified as financial liabilities)**

Applicable  Not Applicable

**(3). Explanation of convertible corporate bonds**

Applicable  Not Applicable

Accounting treatment and judgment basis for conversion rights

Applicable  Not Applicable

**(4). Explanation of other financial instruments classified as financial liabilities**

Basic situation of outstanding preference shares, perpetual bonds, and other financial instruments at period-end

Applicable  Not Applicable

Table of changes in outstanding preference shares, perpetual bonds, and other financial instruments at period-end

Applicable  Not Applicable

Explanation of the basis for classifying other financial instruments as financial liabilities

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**47. Lease liabilities**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Lease liabilities	2,503,912,510	2,669,886,094
Less: Lease liabilities due within one year	981,396,466	1,298,525,902
Total	1,522,516,044	1,371,360,192

Other Explanations:

None

**48. Long-term payables****Presentation by item**Applicable Not Applicable

Other Explanations:

Applicable Not Applicable**Long-term payables****(1). Long-term payables presented by nature of funds**Applicable Not Applicable**Special payables****(1). Special payables presented by nature of funds**Applicable Not Applicable**49. Long-term employee compensation payable**Applicable Not Applicable**50. Provisions**Applicable Not Applicable**51. Deferred income**

Deferred income

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance	Reason for formation
Government grants	15,908,923	234,000	3,217,348	12,925,575	/

Total	15,908,923	234,000	3,217,348	12,925,575	/
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Other Explanations:

Applicable  Not Applicable

## 52. Other non-current liabilities

Applicable  Not Applicable

## 53. Share capital

Applicable Not Applicable

Unit: Yuan Currency: RMB

	Beginning balance	Increase/decrease in this change (+, -)					Ending balance
		Issuance New shares	Bonus Shares	Capital reserves Conversion to shares	Other	Subtotal	
Total shares	584,933,136			175,437,963	-139,925	175,298,038	760,231,174
Shares subject to sales restrictions: Domestic natural person shares	2,588,634			534,102	-808,295	-274,193	2,314,441
Shares not subject to sales restrictions: RMB ordinary shares	582,344,502			174,903,861	668,370	175,572,231	757,916,733
Total	584,933,136			175,437,963	-139,925	175,298,038	760,231,174

Other Explanations:

Note 1: In 2024, due to the departure of grantees of the Company's restricted stock resulting in the lapse of some restricted stock, the Company repurchased and cancelled the corresponding restricted stock, leading to a decrease in share capital by RMB 139,925 (Note XIII).

Note 2: According to the resolution of the shareholders' general meeting held on June 13, 2024, based on the share capital as of the record date for the 2023 profit distribution plan, the Company distributed a cash dividend of RMB 6.6 per 10 shares (tax included) to all shareholders, distributing a total cash dividend of RMB 385,963,519 (tax included) to all shareholders registered as of the record date for the 2023 profit distribution plan. Simultaneously, 3 shares were transferred per 10 shares to all shareholders through capitalization of capital reserves, totaling 175,437,963 shares transferred to share capital.

## 54. Other equity instruments

### (1). Basic situation of outstanding preference shares, perpetual bonds, and other financial instruments at period-end

Applicable  Not Applicable

**(2). Table of changes in outstanding preference shares, perpetual bonds, and other financial instruments at period-end**

Applicable Not Applicable

Changes in other equity instruments during the period, explanation of reasons for change, and basis for related accounting treatment:

Applicable Not Applicable

Other Explanations:

Applicable Not Applicable

**55. Capital reserves**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Capital premium (share premium)				
Capital contributed by shareholders	139,867,494			139,867,494
Issuance of New Shares	3,400,165,127			3,400,165,127
Capital reserves converted to share capital	-251,167,791		175,437,963	-426,605,754
Conversion of convertible bonds to shares	323,009,972			323,009,972
Equity incentive plan	107,585,057	21,187,469	2,138,055	126,634,471
Other	1,910,628			1,910,628
Other capital reserves				
Equity incentive plan	23,089,269		23,089,269	
Changes in minority interests	-1,570,303,734		24,211,518	-1,594,515,252
<b>Total</b>	<b>2,174,156,022</b>	<b>21,187,469</b>	<b>224,876,805</b>	<b>1,970,466,686</b>

Other explanations, including changes during the period, explanation of reasons for change:

This year, the Company's capitalization of capital reserves led to changes in capital reserves;

This year, the Company's equity incentive plan led to changes in capital reserves;

This year, changes occurred in the Group's minority interests.

**56. Treasury stock**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Equity incentive repurchase	43,256,912		26,321,556	16,935,356
Total	43,256,912		26,321,556	16,935,356

Other explanations, including changes during the period, explanation of reasons for change:

Note 1: Due to the initially granted restricted stock was unlocked, reducing treasury stock by RMB24,043,577.

Note 2: According to the Company's 2022 restricted stock incentive plan, on April 12, 2024, due to the departure of some incentive objects who no longer met the relevant provisions for incentive objects in the Company's incentive plan, the Company repurchased and cancelled 139,925 restricted shares, reducing treasury stock by RMB 2,277,979.

### 57. Other comprehensive income

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning Balance	Amount incurred during the period						Ending Balance
		Amount incurred before income tax during the period	Less: Amount transferred to profit or loss from other comprehensive income recognized in prior periods	Less: Amount transferred to retained earnings from other comprehensive income recognized in prior periods	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss	15,231,092							15,231,092
Of which: Remeasurement changes in defined benefit plans								
Other comprehensive income under equity method that cannot be transferred								

to profit or loss								
Fair value changes of other equity instrument investments	15,231,092							15,231,092
Fair value changes due to own credit risk of the enterprise								
II. Other comprehensive income that will be reclassified to profit or loss								
Of which: Other comprehensive income under equity method that can be transferred to profit or loss								
Fair value changes of other debt investments								
Amount reclassified to other comprehensive income from financial assets								
Credit impairment provision for other debt investments								
Cash flow hedge								

reserve								
Foreign currency translation differences								
Total other comprehensive income	15,231,092							15,231,092

Other explanations, including adjustment for the effective portion of cash flow hedge gains or losses transferred to the initial recognition amount of the hedged item:

None

#### 58. Special reserve

Applicable Not Applicable

#### 59. Surplus reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Statutory surplus reserve	283,066,159	18,483,481	-	301,549,640
Total	283,066,159	18,483,481	-	301,549,640

Explanation of surplus reserve, including changes during the period, explanation of reasons for change:

According to the Company Law and the Company's Articles of Association, the Company appropriates 10% of its net profit to the statutory surplus reserve. Appropriation is no longer required when the cumulative amount of the statutory surplus reserve reaches 50% or more of the Company's registered capital.

#### 60. Undistributed profits

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profit at end of previous period before adjustment	3,687,106,079	3,095,991,212
Total adjustment to beginning undistributed profit (increase +, decrease -)		
Beginning undistributed profit after adjustment	3,687,106,079	3,095,991,212
Add: Net profit attributable to owners of the parent company during the period	519,063,405	929,023,131
Less: Appropriation to statutory surplus reserve	18,483,481	63,033,369
Appropriation to discretionary surplus reserve		
Appropriation to general risk		

reserve		
Dividends payable on ordinary shares	637,371,969	292,286,201
Ordinary share dividends converted to share capital		
Other comprehensive income transferred to retained earnings		17,411,306
Ending undistributed profit	3,550,314,034	3,687,106,079

Note 1: According to the resolution of the shareholders' general meeting held on June 13, 2024, based on the share capital as of the record date for the 2023 profit distribution plan, the Company distributed a cash dividend of RMB 6.6 per 10 shares (tax included) to all shareholders, distributing a total cash dividend of RMB 385,963,519.26 (tax included) to all shareholders registered as of the record date for the 2023 profit distribution plan. Simultaneously, 3 shares were transferred per 10 shares to all shareholders through capitalization of capital reserves, totaling a proposed transfer of 175,437,963 shares to share capital.

Note 2: According to the 2024 Second Extraordinary General Meeting on September 18, 2024, the Company distributed cash dividends to all shareholders. This profit distribution is based on the Company's total share capital of 760,231,174 shares before the implementation of the plan, distributing a cash dividend of RMB 0.3307 per share (tax included), totaling RMB 251,408,449.24 in cash dividends.

## 61. Operating income and operating cost

### (1). Details of operating income and operating cost

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	22,213,132,767	14,850,489,230	22,288,226,659	15,041,484,730
Other business	144,477,428	91,843,225	149,262,353	92,742,051
Total	22,357,610,195	14,942,332,455	22,437,489,012	15,134,226,781

**(2). Breakdown of operating income and operating cost**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Contract classification	Retail - Segment		Wholesale - Segment		Other - Segment		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Product type								
Sale of goods	18,620,167,315	12,144,459,175	3,104,570,127	2,699,022,682	70,304,121	30,095,081	21,795,041,563	14,873,576,938
Rendering of services	486,543,209	4,210,763	-	-	-	-	486,543,209	4,210,763
Leasing business	-	-	-	-	76,025,423	64,544,754	76,025,423	64,544,754
Classification by operating region								
China	19,106,710,524	12,148,669,938	3,104,570,127	2,699,022,682	146,329,544	94,639,835	22,357,610,195	14,942,332,455
Classification by timing of goods transfer								
Transferred at a point in time	18,620,167,315	12,144,459,175	3,104,570,127	2,699,022,682	70,304,121	30,095,081	21,795,041,563	14,873,576,938
Transferred over time	486,543,209	4,210,763	-	-	76,025,423	64,544,754	562,568,632	68,755,517
Total	19,106,710,524	12,148,669,938	3,104,570,127	2,699,022,682	146,329,544	94,639,835	22,357,610,195	14,942,332,455

Other Explanations:

√Applicable □Not Applicable

Revenue recognized during the period included in the beginning book value of contract liabilities is as follows:

	2024	2023
Sale of goods	230,303,595	220,002,353

As of December 31, 2024, the estimated timing for recognizing revenue from performance obligations in signed contracts that are unsatisfied or partially unsatisfied is as follows:

	2024	2023
Within 1 year	195,193,795	230,303,595

**(3). Description of performance obligation**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

	Time of performance obligation fulfillment	Significant payment terms	Nature of goods promised to be transferred	Whether principal obligor	Amount expected to be refunded to customers	Type of quality assurance provided and related obligations
Sale of goods	Upon delivery	Payment upon arrival	Mainly sales of pharmaceutical products	Yes		Statutory warranty, service-type warranty
Rendering of services	During service period	Consulting fees	Mainly providing information consulting, promotional services, etc.	Yes		None
Total	/	/	/	/		/

The Group recognizes revenue after the transfer of control of goods. For retail customers, payment is made upon delivery of goods. For wholesale customers, the Group adopts a combination of prepayment and credit sales. Contract payments for credit sales customers are usually due within 30 or 60 days after delivery of goods.

The Group recognizes revenue over the period of service provision. Contract payment settlement is based on contract stipulations.

Contract payments are usually due within one year. Contracts typically do not contain significant financing components. Some contracts have variable considerations such as cash discounts and price protection, and the estimation of variable consideration is usually not constrained.

#### (4). Explanation of allocation to remaining performance obligations

Applicable Not Applicable

#### (5). Significant contract modifications or significant transaction price adjustments

Applicable Not Applicable

Other Explanations:

None

## 62. Taxes and surcharges

适用 不适用

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Urban maintenance and construction tax	31,271,321	27,998,168
Educational surcharge	22,830,957	20,454,377
Stamp duty	17,426,936	18,632,661
Property tax	8,036,619	6,677,209
Other	1,337,156	5,256,403
Total	80,902,989	79,018,818

Other Explanations:

None

**63. Selling expenses**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Wages, bonuses, social security, and employee benefits	2,819,881,888	2,577,252,567
Amortization of right-of-use assets	1,222,169,498	1,131,493,097
Depreciation and amortization	260,942,278	200,095,244
Business promotion fees	115,570,844	117,991,618
Utilities	116,382,565	115,730,914
Payment platform service fees	76,551,080	100,752,908
Freight and miscellaneous charges	105,162,132	98,235,474
Office and network expenses	54,360,851	59,337,583
Property management and repair fees	85,964,562	88,375,081
Labor outsourcing fees	35,999,268	33,831,723
Other	54,450,919	43,379,584
Total	4,947,435,885	4,566,475,793

Other Explanations:

None

**64. Administrative expenses**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Wages, bonuses, social security, and employee benefits	750,001,484	700,424,445
Depreciation and amortization	149,210,202	121,635,922
Professional service fees	81,831,930	75,770,846
Office and utilities	59,097,198	60,466,603
Business entertainment expenses	43,786,301	39,995,984
Inventory retirement or gains/losses	63,542,785	55,649,359
Travel expenses	37,521,636	37,202,561
Planning fees	34,254,111	32,841,050
Equity incentive expenses	-1,901,800	16,606,284
Other	40,321,255	46,098,445
Total	1,257,665,102	1,186,691,499

Other Explanations:

None

**65. R&D expenses**

□Applicable √ Not Applicable

**66. Financial expenses**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Interest expense	178,247,831	185,604,447
Less: Interest income	20,103,612	27,706,373
Handling fees	13,257,306	13,814,421
Exchange gains/losses	1,254,199	5,216,589
Other	370,220	468,668
Total	173,025,944	177,397,752

Other Explanations:

None

**67. Other income**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Classification by nature	Amount incurred during the period	Amount incurred in the previous period
Government grants related to daily activities	77,685,603	69,094,626
Handling fee refund for withholding individual income tax	679,746	703,056
Total	78,365,349	69,797,682

Other Explanations:

None

**68. Investment income**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	2,831,526	3,766,073
Investment income from disposal of long-term equity investments		-1,327,944
Investment income from trading financial assets during the holding period	1,206,496	1,317,089
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investments during the holding period		4,812,500
Interest income from other debt investments during the holding period		
Investment income from disposal of trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of		

debt investments		
Investment income from disposal of other debt investments		
Debt restructuring income		
Investment income from disposal of stores	-1,309,915	57,593,416
Total	2,728,107	66,161,134

Other Explanations:

None

#### 69. Net gains on net investment hedges

Applicable Not Applicable

#### 70. Gains from changes in fair value

Applicable Not Applicable

#### 71. Credit impairment losses

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Bad debt losses on notes receivable		
Bad debt losses on accounts receivable	212,178	10,586,321
Bad debt losses on other receivables	4,935,712	-994,577
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt losses on long-term receivables	874,134	-
Impairment losses related to financial guarantees		
Total	6,022,024	9,591,744

Other Explanations:

None

#### 72. Asset impairment loss

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
I. Impairment losses on contract assets		
II. Inventory write-down losses and impairment losses on contract fulfillment costs	2,881,743	21,563,724
III. Impairment losses on long-term		

equity investments		
IV. Impairment losses on investment properties		
V. Impairment losses on fixed assets		-
VI. Impairment losses on engineering materials		
VII. Impairment losses on construction in progress		
VIII. Impairment losses on productive biological assets		
IX. Impairment losses on oil and gas assets		
X. Impairment losses on intangible assets		
XI. Impairment losses on goodwill	107,544,480	-
XII. Other		
XIII. Impairment losses on long-term deferred expenses	754,617	1,528,738
XIV. Impairment losses on prepayments	21,694	322,327
Total	111,202,534	23,414,789

Other Explanations:

None

### 73. Gains on disposal of assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Gains or losses on disposal of fixed assets	-6,427,167	631,215
Gains or losses on disposal of right-of-use assets	1,896,909	4,878,313
Total	-4,530,258	5,509,528

Other Explanations:

None

### 74. Non-operating income

Details of non-operating income

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total gains on disposal of non-current assets			
Of which: Gains on disposal of fixed assets			
Gains on disposal of intangible assets			

Gains on non-monetary asset exchange			
Donations received			
Government grants			
Amounts no longer required to be paid	5,572,459	7,161,395	5,572,459
Compensation or deposits received	5,713,484	5,700,757	5,713,484
Income from fines and confiscations	1,160,813	2,649,199	1,160,813
Other	1,580,631	2,591,728	1,580,631
Total	14,027,387	18,103,079	14,027,387

Other Explanations:

Applicable Not Applicable

#### 75. Non-operating expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total losses on disposal of non-current assets			
Of which: Losses on disposal of fixed assets			
Losses on disposal of intangible assets			
Losses on non-monetary asset exchange			
Fines or compensation payments	7,112,793	4,486,545	7,112,793
External donations	2,405,459	1,721,619	2,405,459
Losses on clearing intercompany balances	1,002,260	385,562	1,002,260
Other	1,108,254	1,805,843	1,098,254
Total	11,628,766	8,399,569	11,618,766

Other Explanations:

None

#### 76. Income tax expense

##### (1). Statement of income tax expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Current income tax expense	262,598,298	275,830,689
Deferred income tax expense	-31,744,968	8,443,050
Total	230,853,330	284,273,739

**(2). Reconciliation between accounting profit and income tax expense**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period
Profit before tax	915,971,484
Income tax expense calculated at the statutory/applicable tax rate	228,992,871
Effect of different tax rates applicable to subsidiaries	-68,950,370
Effect of adjusting income tax for prior periods	20,655,329
Effect of non-taxable income	-707,882
Effect of non-deductible costs, expenses, and losses	32,143,543
Effect of using deductible losses from prior periods for which deferred tax assets were not previously recognized	-1,284,648
Effect of deductible temporary differences or deductible losses for which deferred tax assets were not recognized in the current period	20,004,487
Income tax expense	230,853,330

Other Explanations:

√Applicable □Not Applicable

Note 1: The Group's income tax is provided based on the estimated taxable income obtained within China and the applicable tax rates. Taxes on taxable income derived from other regions are calculated based on the prevailing laws, interpretations, announcements, and practices in the countries/jurisdictions where the Group operates, at the applicable tax rates.

**77. Other comprehensive income**

□Applicable √ Not Applicable

**78. Items of cash flow statement****(1). Cash related to operating activities**

Other cash received from operating related activities

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Government grants	75,382,001	66,608,122
Interest income	20,103,612	27,650,181
Compensation received	5,713,484	5,700,757
Other	2,741,444	5,240,927

Total	103,940,541	105,199,987
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Explanation of other cash received related to operating activities:

None

Other cash paid related to operating activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Office expenses and miscellaneous expenses	202,326,001	203,948,053
Business promotion fees	135,927,400	142,649,674
Professional service fees	86,318,492	85,496,582
Utilities	130,166,160	126,357,709
Payment platform handling fees	76,551,080	80,187,686
Business entertainment expenses	37,521,636	37,202,561
Travel expenses	59,340,729	54,242,962
Bank card handling fees	12,421,030	14,283,089
Donation expenditure	2,405,459	1,721,619
Store opening expenses	7,148,120	7,276,519
Other	120,625,338	121,726,832
Total	870,751,445	875,093,286

Explanation of other cash paid related to operating activities:

None

### (2). Cash related to investing activities

Significant cash received related to investing activities

Applicable Not Applicable

Significant cash paid related to investing activities

Applicable Not Applicable

Other cash received related to investing activities

Applicable Not Applicable

Other cash paid related to investing activities

Applicable Not Applicable

### (3). Cash related to financing activities

Other cash received related to financing activities

Applicable Not Applicable

Other cash paid related to financing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Cash paid for purchasing minority	96,736,267	469,554,872

interests in subsidiaries		
Repurchase of restricted stocks	3,862,887	5,976,234
Lease payments made	1,279,336,205	1,302,887,016
Total	1,379,935,359	1,778,418,122

Explanation of other cash paid related to financing activities:

None

Changes in liabilities arising from financing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans	799,754,553	2,960,910,303	-	2,103,780,766	-	1,656,884,090
Other payables	187,360,736	-	920,560,343	983,936,349	22,942,511	101,042,219
Long-term borrowings (including non-current liabilities due within one year)	1,563,343,980	400,000,000	2,122,630	345,280,473	-	1,620,186,137
Lease liabilities (including non-current liabilities due within one year)	2,669,886,094	-	1,113,111,519	1,279,085,103	-	2,503,912,510
Total	5,220,345,363	3,360,910,303	2,035,794,492	4,712,082,691	22,942,511	5,882,024,956

**(4). Explanation of reporting cash flows on a net basis**

Applicable Not Applicable

**(5). Significant activities and financial impacts not involving current cash receipts and payments but affecting the enterprise's financial position or potentially affecting future cash flows**

Applicable Not Applicable

	2024	2023
Newly added right-of-use assets	1,129,069,230	936,655,641

	2024	2023
Endorsement transfer of bank acceptance bills received from selling goods and providing services	210,574,555	491,455,208

## 79. Supplementary information to the cash flow statement

## (1). Supplementary information to the cash flow statement

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Supplementary information	Amount of the current period	Amount of the previous period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	685,118,154	1,123,559,360
Add: Asset impairment provisions	111,202,534	23,414,789
Credit impairment losses	6,022,024	9,591,744
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	175,210,950	144,071,113
Amortization of right-of-use assets	1,234,580,552	1,140,056,443
Amortization of intangible assets	63,214,890	49,618,188
Amortization of long-term deferred expenses	183,902,367	131,731,937
Losses on disposal of fixed assets, intangible assets, and other long-term assets (gains indicated with "-")	4,530,258	-5,509,528
Losses on retirement of fixed assets (gains indicated with "-")		
Losses from changes in fair value (gains indicated with "-")		1,500,000
Financial expenses (income indicated with "-")	180,708,526	190,764,844
Investment losses (gains indicated with "-")	-2,728,107	-66,161,134
Decrease in deferred tax assets (increase indicated with "-")	-47,202,541	5,122,978
Increase in deferred tax liabilities (decrease indicated with "-")	15,457,573	-6,060,150
Decrease in inventories (increase indicated with "-")	576,064,717	-202,631,274
Decrease in operating receivables (increase indicated with "-")	-633,155,554	39,968,163
Increase in operating payables (decrease indicated with "-")	-526,467,546	150,801,474
Other		
Net cash flows from operating activities	2,026,458,797	2,729,838,947
<b>2. Significant investing and financing activities not involving cash receipts and payments:</b>		
Debt converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net change in cash and cash equivalents:</b>		
Ending balance of cash	986,735,653	936,501,157
Less: Beginning balance of cash	936,501,157	1,396,302,585
Add: Ending balance of cash equivalents		

Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	50,234,496	-459,801,428

**(2). Net cash paid for acquiring subsidiaries during the period**√Applicable Not Applicable

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid during the period for business combinations occurred in the current period	30,020,000
Less: Cash and cash equivalents held by subsidiaries on the acquisition date	-
Add: Cash or cash equivalents paid during the period for business combinations occurred in prior periods	104,813,847
Net cash paid for acquiring subsidiaries	134,833,847

Other Explanations:

None

**(3). Net cash received from disposing of subsidiaries during the period**√Applicable Not Applicable

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents received during the period from disposing of subsidiaries in the current period	25,938,620
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	
Add: Cash or cash equivalents received during the period from disposing of subsidiaries in prior periods	
Net cash received from disposing of subsidiaries	25,938,620

Other Explanations:

None

**(4). Composition of cash and cash equivalents**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
I. Cash	986,735,653	936,501,157
Of which: Cash on hand	7,404,677	10,037,560

Bank deposits readily available for payment	931,407,077	918,508,843
Other cash and cash equivalents readily available for payment	47,923,899	7,954,754
Deposits with central bank available for payment		
Placements with other banks		
Funds lent to other banks		
II. Cash equivalents		
Of which: Bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	986,735,653	936,501,157
Of which: Cash and cash equivalents with restricted use within the parent company or group subsidiaries		

**(5). Situation where the scope of use is restricted but still presented as cash and cash equivalents**

Applicable  Not Applicable

**(6). Cash and cash equivalents not classified as cash and cash equivalents**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**80. Notes to items in the statement of changes in owner's equity**

Explanation of the "Other" item name and adjustment amount, etc., for adjusting the prior year ending balance:

Applicable  Not Applicable

**81. Foreign currency monetary items****(1). Foreign currency monetary items**

Applicable Not Applicable

Unit: Yuan

Item	Ending foreign currency balance	Translation exchange rate	Ending balance translated to RMB Balance
Cash and bank deposits	-	-	
Of which: USD	4.16	7.1884	29.90
EUR			
HKD			
Accounts receivable	-	-	
Of which: USD			
EUR			
HKD			

Long-term loans	-	-	
Of which: USD			
EUR			
HKD			

Other Explanations:

None

**(2). Explanation of foreign operating entities, including disclosure of the principal place of business, functional currency and basis for selection for significant foreign operating entities. Reasons should also be disclosed if the functional currency changes.**

Applicable Not Applicable

## 82. Leases

### (1) As lessee

Applicable Not Applicable

Interest expense on lease liabilities	101,615,298	103,184,100
Income from subleasing right-of-use assets	72,267,940	64,713,172
Total cash outflow related to leases	1,279,085,103	1,293,645,150

Variable lease payments not included in the measurement of lease liabilities

Applicable Not Applicable

Lease expenses for short-term leases or low-value assets treated with simplification

Applicable Not Applicable

Sale-and-leaseback transactions and judgment basis

Applicable Not Applicable

Total cash outflow related to leases 1,279,085,103 (Unit: Yuan Currency: RMB)

### (2) As lessor

Operating leases as lessor

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Lease income	Of which: Income related to variable lease payments not included in lease payments
Lease income	76,025,423	
Total	76,025,423	

Finance leases as lessor

Applicable Not Applicable

Reconciliation of undiscounted lease payments and net investment in the lease

Applicable  Not Applicable

Undiscounted lease payments for the next five years

Applicable  Not Applicable

### (3) Recognition of finance lease sales profit or loss as a manufacturer or dealer

Applicable  Not Applicable

Other Explanations:

The Group leases out part of its self-owned buildings for a lease term of 2 years, forming operating leases; the Group leases out part of its leased-in buildings, typically for a lease term of 1-5 years, forming operating leases.

Operating lease

Gains and losses related to operating leases are presented as follows:

	2024	2023
Lease income	76,025,423	73,189,042

According to the lease contracts signed with lessees, the undiscounted minimum lease payments are as follows:

	2024	2023
Within 1 year (inclusive)	49,968,727	48,381,604
1 to 2 years (inclusive)	22,975,027	26,639,436
2 to 3 years (inclusive)	14,977,810	8,639,871
Over 3 years	18,252,442	6,666,162
Total	106,174,006	90,327,073

### 83. Data resources

Applicable  Not Applicable

### 84. Other

Applicable  Not Applicable

## VIII. R&D expenditures

### 1. Presented by nature of expense

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
R&D personnel remuneration	130,104,680	120,414,294
Outsourced R&D fees	4,447,043	11,392,123
Depreciation and amortization expenses	158,934	181,490
Other	1,301,274	836,793
Total	136,011,931	132,824,700
Of which: Expensed R&D expenditure	2,013,597	2,510,591
Capitalized R&D expenditure	133,998,334	130,314,109

Other Explanations:

None

**2. Development expenditure for R&D projects qualifying for capitalization**

Applicable  Not Applicable

Significant capitalized R&D projects

Applicable  Not Applicable

Impairment provision for development expenditure

Applicable  Not Applicable

Other Explanations:

None

**3. Significant externally acquired R&D projects**

Applicable  Not Applicable

**IX. Changes in the scope of consolidation**

**1. Business combination not involving enterprises under common control**

Applicable  Not Applicable

**2. Business combinations involving enterprises under common control**

Applicable  Not Applicable

**3. Reverse acquisition**

Applicable  Not Applicable

#### 4. Disposal of subsidiaries

Whether there were transactions or events resulting in loss of control over subsidiaries during the period

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

Whether there was a situation of disposing of investment in subsidiaries in stages through multiple transactions and losing control during the period

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

#### 5. Changes in the scope of consolidation due to other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:

Applicable Not Applicable

(1) Establishment of new subsidiaries

Subsidiaries newly established by the Group during the 2024 fiscal year include Hefei Baizhikang Internal Medicine Clinic Co., Ltd., Nantong Renyuan Clinic Co., Ltd., Hai'an Tianshoutang Traditional Chinese Medicine Clinic Co., Ltd.; LBX Health Pharmacy Group Chain (Inner Mongolia) Pharmaceutical Co., Ltd., Shangyouzhixuan (Hunan) Commercial Co., Ltd., Tianjin Hebei District Baixingtang Outpatient Department Co., Ltd., LBX Pharmacy Chain (Baiyin) Co., Ltd., Yangzhong LBX Traditional Chinese Medicine Comprehensive Clinic Co., Ltd., Yangzhong LBX Traditional Chinese Medicine Comprehensive Clinic Co., Ltd., LBX Pharmacy (HK) Company Limited, Hong Kong Health Pharmaceutical Co., Limited

(2) Deregistration of subsidiaries

	Place of registration	Business nature	Total shareholding ratio of the Group (%)	Total voting rights ratio enjoyed by the Group (%)	Reason for no longer being a subsidiary
Wuwei Huirentang Pharmaceutical Chain Co., Ltd.	Wuwei City	Commodity wholesale	100	100	Deregistration
Shenzhen Baixinji Information Technology Co., Ltd.	Shenzhen Municipality	Computer	100	100	Deregistration
Shangyou Chain Management Co., Ltd.	Changsha City	Commodity retail	100	100	Deregistration
Tianjin Baikan'an Pharmaceutical Technology Co., Ltd.	Tianjin City	Medical services	80	80	Deregistration

Inner Mongolia Mengdong Zeqiang Medical Device Co., Ltd.	Tongliao City	Pharmaceutical commerce	51	51	Deregistration
Ulanhot No. 3 Meimeijia Supermarket Co., Ltd.	Xing'an League Ulanhot City	Commodity retail	51	51	Deregistration
Hohhot No. 17 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 15 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Tongliao No. 4 Meilejia Supermarket Co., Ltd.	Tongliao City	Commodity retail	51	51	Deregistration
Tongliao No. 2 Meilejia Supermarket Co., Ltd.	Tongliao City	Commodity retail	51	51	Deregistration
Hohhot No. 7 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 8 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 10 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 2 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 6 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot Qiyuan Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 3 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 12 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 9 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 5 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 16 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration
Hohhot No. 11 Zeqiang Pharmacy Co., Ltd.	Hohhot City	Pharmaceutical commerce	51	51	Deregistration

## 6. Other

√Applicable Not Applicable

None

**X. Equity in other entities****1. Equity in subsidiaries****(1). Composition of the enterprise group**

√Applicable □Not Applicable

Unit: Ten thousand yuan Yuan Currency: RMB

Subsidiary Name	Principal place of business	Registered Capital	Place of registration	Business nature	Shareholding ratio (%)		Acquisition Method
					Direct	Indirect	
Forworld Medicine Technology (Jiangsu) Co., Ltd.	Nanjing	10,000	Nanjing	Pharmaceutical Wholesale	100%	0%	
Changsha Faxiangdi Industrial Co., Ltd.	Changsha	9,000	Changsha	Business services	100%	0%	
Forworld Medicine Logistics (Hunan) Co., Ltd.	Changsha	8,700	Changsha	Pharmaceutical Wholesale	100%	0%	
Jinan Xincheng Enterprise Management Co., Ltd.	Jinan	8,500	Jinan	Business services	100%	0%	
LBX Pharmacy Chain (Anhui) Co., Ltd. (formerly Anhui Baixingyuan Pharmacy Chain Co., Ltd.)	Hefei	7,500	Hefei	Pharmaceutical Retail	100%	0%	
Xi'an Longsheng Pharmaceutical Co., Ltd.	Xi'an	6,660	Xi'an	Pharmaceutical Retail	0%	100%	
Chifeng LBX Pharmacy Chain Co., Ltd. (formerly Chifeng Renchuan Pharmacy Chain Co., Ltd.)	Chifeng	6,000	Chifeng	Pharmaceutical Wholesale	0%	100%	
Hunan Baibi Technology Co., Ltd.	Changsha	6,000	Changsha	Information technology consulting	100%	0%	
Chifeng Renchuan Pharmaceutical Co., Ltd.	Chifeng	5,800	Chifeng	Pharmaceutical Wholesale	0%	100%	
Hunan Yaoshengtang Chinese Medicine	Changsha	5,500	Changsha	Chinese medicine R&D	100%	0%	

Technology Co., Ltd.							
LBX Pharmacy Chain (Hubei) Co., Ltd.	Wuhan	5,000	Wuhan	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain Guangdong Co., Ltd.	Guangzhou	5,000	Guangzhou	Pharmaceutical Retail	100%	0%	
Forworld Medicine (Tianjin) Co., Ltd.	Tianjin	4,000	Tianjin	Pharmaceutical Wholesale	0%	100%	
Forworld Medicine Logistics (Anhui) Co., Ltd.	Hefei	3,010	Hefei	Pharmaceutical Wholesale	0%	100%	
LBX Pharmacy Chain (Gansu) Co., Ltd. (formerly Lanzhou Huirentang Pharmaceutical Chain Co., Ltd.)	Lanzhou	3,000	Lanzhou	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain (Zhejiang) Co., Ltd.	Hangzhou	3,000	Hangzhou	Pharmaceutical Retail	100%	0%	
Ningxia LBX Huirentang Pharmaceutical Co., Ltd.	Yinchuan	2,380	Yinchuan	Pharmaceutical Retail	0%	100%	
LBX Pharmacy (Jiangsu) Co., Ltd.	Nanjing	1,700	Nanjing	Pharmaceutical Retail	0%	100%	
Beijing LBX E-commerce Co., Ltd.	Beijing	1,200	Beijing	E-commerce	100%	0%	
Shaanxi LBX Sanqin Jishengtang Pharmaceutical Chain Co., Ltd.	Weinan	1,077	Weinan	Pharmaceutical Retail	0%	100%	
Wuhu Yuanchu Pharmacy Chain Co., Ltd.	Wuhu	1,000	Wuhu	Pharmaceutical Retail	0%	100%	
Forworld Biotechnology (Hangzhou) Co., Ltd.	Hangzhou	1,000	Hangzhou	Technical services	0%	100%	
Wuhu LBX Yijiaren Pharmacy Chain Co., Ltd.	Wuhu	1,000	Wuhu	Pharmaceutical Retail	0%	100%	
Forworld Medicine	Zhengzhou	1,000	Zhengzhou	Pharmaceutical Wholesale	0%	100%	

(Henan) Co., Ltd.							
Yinchuan Xincheng Internet Hospital Co., Ltd.	Yinchuan	1,000	Yinchuan	Information technology consulting	100%	0%	
Hunan Baixin Information Technology Co., Ltd.	Changsha	1,000	Changsha	Information technology consulting	100%	0%	
Forworld Medicine Logistics (Hangzhou) Co., Ltd.	Hangzhou	1,000	Hangzhou	Pharmaceutical Wholesale	0%	100%	
Zhejiang LBX Food Co., Ltd.	Hangzhou	1,000	Hangzhou	Food and department store retail	0%	100%	
Forworld Medicine (Guangxi) Co., Ltd.	Nanning	1,000	Nanning	Pharmaceutical Wholesale	0%	100%	
LBX Pharmacy Chain (Changde) Co., Ltd.	Changde	1,000	Changde	Pharmaceutical Retail	100%	0%	
Henan Provincial Pharmaceutical Supermarket Co., Ltd.	Zhengzhou	1,000	Zhengzhou	Pharmaceutical Retail	0%	100%	
Hainan LBX Medical Health Co., Ltd.	Chengmai	1,000	Chengmai	Pharmaceutical consulting	100%	0%	
LBX Pharmacy Chain (Taizhou) Co., Ltd. (formerly Taizhou Longtaiyuan Pharmaceutical Chain Co., Ltd.)	Taixing	800	Taixing	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain (Shaanxi) Co., Ltd.	Xi'an	600	Xi'an	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain (Yangzhou) Co., Ltd. (formerly Yangzhou Baixinyuan Pharmaceutical Chain Co., Ltd.)	Yangzhou	500	Yangzhou	Pharmaceutical Retail	100%	0%	
Jiangsu Baijiahui Suhe Pharmacy Chain Co., Ltd.	Kunshan	500	Kunshan	Pharmaceutical Retail	100%	0%	
LBX Health Management Consulting	Shanghai	500	Shanghai	Pharmaceutical consulting	0%	100%	

(Shanghai) Co., Ltd.							
Anhui Baixingyuan Pharmacy Gaoxin Co., Ltd.	Hefei	500	Hefei	Pharmaceutical Retail	0%	100%	
Lanzhou Huiren Changqing Pharmaceutical Co., Ltd.	Lanzhou	500	Lanzhou	Pharmaceutical Retail	0%	100%	
LBX Pharmacy Chain Henan Co., Ltd.	Zhengzhou	500	Zhengzhou	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain (Guangxi) Co., Ltd.	Nanning	500	Nanning	Pharmaceutical Retail	100%	0%	
Anhui Baixingyuan Pharmacy Luyang Co., Ltd.	Hefei	500	Hefei	Pharmaceutical Retail	0%	100%	
LBX Pharmacy Chain (Tianjin) Co., Ltd.	Tianjin	500	Tianjin	Pharmaceutical Retail	100%	0%	
Zhenjiang LBX Kaitai Pharmacy Co., Ltd. (formerly Zhenjiang Huakang Kaitai Pharmacy Co., Ltd.)	Zhenjiang	500	Zhenjiang	Pharmaceutical Retail	0%	100%	
LBX Pharmacy Chain (Zhenjiang) Co., Ltd. (formerly Zhenjiang Huakang Pharmacy Chain Co., Ltd.)	Yangzhong	500	Yangzhong	Pharmaceutical Retail	100%	0%	
Xuancheng LBX Pharmacy Chain Co., Ltd. (formerly Xuancheng LBX Jiangnan Pharmaceutical Chain Co., Ltd.)	Xuancheng	450	Xuancheng	Pharmaceutical Retail	0%	100%	
Yangzhou Baixingtang Guoyiguan Traditional Chinese Medicine Outpatient Department Co., Ltd.	Yangzhou	428	Yangzhou	TCM clinic	0%	100%	

LBX Pharmacy Chain (Shanghai) Co., Ltd.	Shanghai	300	Shanghai	Pharmaceutical Retail	100%	0%	
Ningxia Huirentang Pharmaceutical Chain Co., Ltd.	Wuzhong	300	Wuzhong	Pharmaceutical Retail	0%	100%	
Xi'an Baixingtang Zhang Shiwu Tang Traditional Chinese Medicine Clinic Co., Ltd.	Xi'an	300	Xi'an	TCM clinic	0%	100%	
LBX Health Pharmacy (Shandong) Co., Ltd.	Jinan	300	Jinan	Pharmaceutical Retail	0%	100%	
Tianjin Xiqing District Bai'ankang Comprehensive Outpatient Department Co., Ltd.	Tianjin	200	Tianjin	Clinic	0%	100%	
LBX Pharmacy (Jiangxi) Co., Ltd.	Pingxiang	200	Pingxiang	Pharmaceutical Retail	100%	0%	
LBX Pharmacy Chain (Shandong) Co., Ltd.	Jinan	200	Jinan	Pharmaceutical Retail	100%	0%	
Guangxi LBX Pharmacy Health Technology Co., Ltd.	Nanning	200	Nanning	Pharmaceutical Retail	0%	100%	
Hunan Linggan Yaodian Cultural Creativity Co., Ltd.	Changsha	200	Changsha	Business services	100%	0%	
Changzhou Wanren Pharmacy Co., Ltd.	Changzhou	100	Changzhou	Pharmaceutical Retail	100%	0%	
Tianjin Hebei District Baixingtang Pharmaceutical Technology Co., Ltd.	Tianjin	100	Tianjin	Pharmaceutical Retail	0%	100%	
Tianjin Binhai Baixingtang Clinic Co., Ltd.	Tianjin	100	Tianjin	Clinic	0%	100%	
Kunshan Baijiahui Suhe Ningkang	Kunshan	100	Kunshan	Pharmaceutical Retail	0%	100%	

Pharmacy Co., Ltd.							
Hefei Shushan Baixingyuan Outpatient Department Co., Ltd.	Hefei	60	Hefei	Clinic	0%	100%	
LBX Pharmacy Chain (Lintao) Co., Ltd. (formerly Lintao Huirentang Pharmaceutical Chain Co., Ltd.)	Dingxi	50	Dingxi	Pharmaceutical Wholesale	0%	100%	
Changsha Kaifu District Baiyi Health Comprehensive Outpatient Department Co., Ltd.	Changsha	50	Changsha	Clinic	100%	0%	
LBX Pharmacy Chain (Zhangye) Co., Ltd.	Zhangye	50	Zhangye	Pharmaceutical Retail	0%	100%	
LBX Pharmacy Chain (Hanzhong) Co., Ltd.	Hanzhong	50	Hanzhong	Pharmaceutical Retail	0%	100%	
Xi'an Baixin Health Comprehensive Outpatient Department Co., Ltd.	Xi'an	50	Xi'an	Clinic	0%	100%	
Baiyin Xiangjitang Chain Pharmaceutical Co., Ltd.	Baiyin	50	Baiyin	Pharmaceutical Retail	0%	100%	
LBX Pharmacy Chain (Baiyin) Co., Ltd. (formerly Baiyin LBX Huirentang Pharmacy Chain Co., Ltd.)	Baiyin	50	Baiyin	Pharmaceutical Retail	0%	100%	
Tianjin Hedong District LBX Traditional Chinese Medicine Outpatient Department Co., Ltd.	Tianjin	35	Tianjin	Clinic	0%	100%	
Lanzhou Baixing Huirentang	Lanzhou	30	Lanzhou	Pharmaceutical Retail	0%	100%	

Pharmaceutical Co., Ltd.							
Tianjin LBX Jinqilin Pharmaceutical Sales Co., Ltd.	Tianjin	30	Tianjin	Pharmaceutical Retail	0%	100%	
Kunshan Duhao Convenience Chain Co., Ltd.	Kunshan	20	Kunshan	Food and department store retail	0%	100%	
LBX Jianning Pharmaceutical (Yangzhong) Co., Ltd. (formerly Zhenjiang Huakang Jianning Pharmacy Co., Ltd.)	Yangzhong	10	Yangzhong	Pharmaceutical Retail	0%	100%	
LBX Kangren Pharmaceutical (Yangzhong) Co., Ltd. (formerly Zhenjiang Huakang Kangren Pharmacy Co., Ltd.)	Zhenjiang	10	Zhenjiang	Pharmaceutical Retail	0%	100%	
Xi'an Changjia Pharmaceutical Co., Ltd.	Xi'an	10	Xi'an	Pharmaceutical wholesale	0%	100%	
Tianjin Hedong District Ren'ai Baixing Comprehensive Outpatient Department Co., Ltd.	Tianjin	10	Tianjin	Clinic	0%	100%	
Wugong County Longsheng Pharmaceutical Co., Ltd.	Xi'an	10	Xi'an	Pharmaceutical Retail	0%	100%	
LBX Comprehensive Outpatient Department (Tianjin) Co., Ltd.	Tianjin	10	Tianjin	Clinic	0%	100%	
Hangzhou Zhongbeiqiao Clinic Co., Ltd.	Hangzhou	10	Hangzhou	Clinic	0%	100%	
Hefei Baizhikang Internal Medicine Clinic Co., Ltd.	Hefei	10	Hefei	Clinic	0%	100%	
Kunshan	Kunshan	8	Kunshan	Pharmaceutical	0%	100%	

Baijiahui Suhe Chunqiu Pharmacy Co., Ltd.				Retail			
Chenzhou Forworld Pharmacy Co., Ltd.	Chenzhou	5	Chenzhou	Pharmaceutical Retail	0%	100%	
Chenzhou Linyi Chronic Disease Professional Pharmacy Co., Ltd.	Chenzhou	5	Chenzhou	Pharmaceutical Retail	0%	100%	
Tianjin LBX Tonghui Pharmacy Co., Ltd.	Tianjin	1	Tianjin	Pharmaceutical Retail	0%	100%	
Wuhu Baixingyuan Pharmacy Chain Co., Ltd.	Wuhu	1,500	Wuhu	Pharmaceutical Retail	0%	85%	
LBX Health Pharmacy Group Chain Co., Ltd.	Changsha	5,000	Changsha	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Zhejiang) Co., Ltd.	Hangzhou	1,000	Hangzhou	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Jiangsu) Co., Ltd.	Nanjing	1,000	Nanjing	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Henan) Co., Ltd.	Zhengzhou	500	Zhengzhou	Pharmaceutical consulting	0%	81%	
Shangyouzhixuan (Hunan) Commercial Co., Ltd.	Changsha	500	Changsha	Commodity wholesale	0%	81%	
LBX Health Pharmacy (Tianjin) Co., Ltd.	Tianjin	500	Tianjin	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Guangdong) Co., Ltd.	Guangzhou	500	Guangzhou	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy Management (Anhui) Co., Ltd.	Hefei	500	Hefei	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Shaanxi) Co., Ltd.	Xi'an	500	Xi'an	Pharmaceutical consulting	0%	81%	
LBX Health	Nanning	500	Nanning	Pharmaceutical	0%	81%	

Pharmacy Chain (Guangxi) Co., Ltd.				consulting			
Hunan Longxing Tianxia Health Management Co., Ltd.	Changsha	500	Changsha	Pharmaceutical consulting	0%	81%	
LBX Health Pharmacy (Hubei) Co., Ltd.	Wuhan	500	Wuhan	Pharmaceutical consulting	0%	81%	
Lanzhou Huirentang Health Pharmacy Co., Ltd.	Lanzhou	300	Lanzhou	Pharmaceutical consulting	0%	81%	
Tianjin Longxing Century Health Management Co., Ltd.	Tianjin	200	Tianjin	Pharmaceutical consulting	0%	81%	
Hunan Longxing Qianyi Health Management Co., Ltd.	Changsha	200	Changsha	Pharmaceutical consulting	0%	81%	
Changde Longxing Century Health Management Co., Ltd.	Changde	200	Changde	Pharmaceutical consulting	0%	81%	
Henan Longxing Century Health Management Co., Ltd.	Luohe	200	Luohe	Pharmaceutical consulting	0%	81%	
Guangxi Longxing Qianyi Health Management Co., Ltd.	Nanning	200	Nanning	Pharmaceutical consulting	0%	81%	
Xiangtan Longxing Century Health Management Co., Ltd.	Xiangtan	200	Xiangtan	Pharmaceutical consulting	0%	81%	
Loudi Longxing Century Health Management Co., Ltd.	Loudi	200	Loudi	Pharmaceutical consulting	0%	81%	
Guangxi Longxing Century Health Management Co., Ltd.	Hechi	200	Hechi	Business services	0%	81%	
Shaanxi Longxing Century Health Management Co., Ltd.	Xi'an	200	Xi'an	Pharmaceutical consulting	0%	81%	
Shaoyang	Shaoyang	200	Shaoyang	Pharmaceutical	0%	81%	

Longxing Century Health Management Co., Ltd.				consulting			
Hunan Longxing Century Health Management Co., Ltd.	Changsha	200	Changsha	Pharmaceutical consulting	0%	81%	
Hefei Longxing Century Health Management Consulting Co., Ltd.	Hefei	100	Hefei	Pharmaceutical consulting	0%	81%	
Lanzhou Longxing Qianyi Health Management Co., Ltd.	Lanzhou	100	Lanzhou	Pharmaceutical consulting	0%	81%	
Lanzhou Longxing Century Health Management Co., Ltd.	Lanzhou	100	Lanzhou	Pharmaceutical consulting	0%	81%	
Hubei Longxing Century Health Management Co., Ltd.	Wuhan	100	Wuhan	Pharmaceutical consulting	0%	81%	
Nanjing Longxing Century Health Management Co., Ltd.	Nanjing	50	Nanjing	Pharmaceutical consulting	0%	81%	
Changsha High-tech Industrial Development Zone Longxing Qianyi Technology Co., Ltd.	Changsha	50	Changsha	Pharmaceutical consulting	0%	81%	
Hengyang Longxing Century Health Management Co., Ltd.	Hengyang	50	Hengyang	Pharmaceutical consulting	0%	81%	
Hangzhou Longxing Qianyi Health Management Co., Ltd.	Hangzhou	50	Hangzhou	Pharmaceutical consulting	0%	81%	
Hangzhou Longxing Century Health Management Co., Ltd.	Hangzhou	50	Hangzhou	Pharmaceutical consulting	0%	81%	
Hunan LBX	Huaihua	12,700	Huaihua	Pharmaceutical	80%	0%	

Huairen Pharmacy Chain Co., Ltd.				Retail			
Hunan LBX Huairen Pharmaceutical Co., Ltd.	Huaihua	2,000	Huaihua	Pharmaceutical Wholesale	80%	0%	
Anqing LBX Pharmacy Chain Co., Ltd.	Anqing	1,860	Anqing	Pharmaceutical Retail	0%	80%	
Hunan LBX Huairen Maternal and Infant Life Pavilion Co., Ltd.	Huaihua	1,000	Huaihua	Retail of maternal and infant products	80%	0%	
Hunan LBX Huaixinren Pharmacy Chain Co., Ltd.	Huaihua	1,000	Huaihua	Pharmaceutical Retail	80%	0%	
Huaihua LBX Huairen Medical Enterprise Management Co., Ltd.	Huaihua	200	Huaihua	Clinic	80%	0%	
Qianxi LBX Pharmacy Co., Ltd.	Bijie	50	Bijie	Pharmaceutical Retail	80%	0%	
LBX Health Pharmacy Chain (Guizhou) Co., Ltd.	Guiyang	500	Guiyang	Pharmaceutical consulting	0%	73%	
Guizhou Longxing Century Health Management Co., Ltd.	Guiyang	50	Guiyang	Pharmaceutical consulting	0%	73%	
LBX Pharmacy Chain (Hengyang) Co., Ltd.	Hengyang	2,600	Hengyang	Pharmaceutical Retail	66%	0%	
Wuxi Sanpintan Pharmaceutical Chain Co., Ltd.	Wuxi	720	Wuxi	Pharmaceutical Retail	65%	0%	
Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd.	Changzhou	324	Changzhou	Pharmaceutical Retail	0%	65%	
Yixing Sanpintan Traditional Chinese Medicine Clinic Co., Ltd.	Yixing	30	Yixing	Clinic	0%	65%	
LBX Health Pharmacy (Inner Mongolia) Co., Ltd.	Hohhot	1,000	Hohhot	Pharmaceutical consulting	0%	59%	
Hunan	Changsha	1,000	Changsha	Medical	58%	0%	

Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Management Co., Ltd.				services			
Chengdu Baixingtang Hospital Management Co., Ltd.	Chengdu	1,000	Chengdu	TCM clinic	0%	58%	
Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changsha	800	Changsha	TCM clinic	0%	58%	
Changzhou Baixingtang Heping Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changzhou	200	Changzhou	TCM clinic	0%	58%	
Hunan Baixingtang Health Management Co., Ltd.	Changsha	200	Changsha	Business services	0%	58%	
Changzhou Baixingtang Renmin Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changzhou	200	Changzhou	TCM clinic	0%	58%	
Jiangsu Haipeng Pharmaceutical Chain Co., Ltd.	Jiangyin	830	Jiangyin	Pharmaceutical Retail	55%	0%	
Inner Mongolia Zeqiang Pharmaceutical Co., Ltd.	Tongliao	5,100	Tongliao	Pharmaceutical Wholesale	0%	51%	
Tongliao Zeqiang Pharmacy Chain Co., Ltd.	Tongliao	5,000	Tongliao	Pharmaceutical Retail	51%	0%	
Hunan Mingyu Longxing	Changsha	3,000	Changsha	Pharmaceutical wholesale	51%	0%	

Pharmaceutical Sales Co., Ltd.							
Nantong Puze Pharmacy Chain Co., Ltd.	Hai'an	2,760	Hai'an	Pharmaceutical Retail	51%	0%	
Linyi Rende Pharmacy Chain Co., Ltd.	Linyi	1,474	Linyi	Pharmaceutical Retail	51%	0%	
LBX Pharmacy (Tianjin Binhai New Area) Co., Ltd.	Tianjin	1,400	Tianjin	Pharmaceutical Retail	0%	51%	
Shanxi Baihui Pharmaceutical Chain Co., Ltd.	Yuncheng	1,007	Yuncheng	Pharmaceutical Retail	51%	0%	
Jilin LBX Tongtai Pharmacy Chain Co., Ltd.	Baicheng	1,000	Baicheng	Pharmaceutical Retail	0%	51%	
Inner Mongolia Zeqiang Pharmacy Chain Co., Ltd.	Tongliao	1,000	Tongliao	Pharmaceutical Wholesale	0%	51%	
Shanxi Baihui Pharmaceutical Co., Ltd.	Yuncheng	1,000	Yuncheng	Pharmaceutical wholesale	0%	51%	
Anhui Linjiayi Kangfu Pharmacy Chain Co., Ltd.	Chaohu	538	Chaohu	Pharmaceutical Retail	51%	0%	
Hunan LBX Easy Drug Technology Co., Ltd.	Changsha	500	Changsha	Pharmaceutical promotion	51%	0%	
Baicheng Mintai Medical Device Co., Ltd.	Baicheng	100	Baicheng	Pharmaceutical Wholesale	0%	100%	
Tongliao Zeqiang Binhe Leyou Maternal and Infant Products Co., Ltd.	Tongliao	100	Tongliao	Retail of maternal and infant products	0%	51%	
Tongliao Zeqiang Meilejia Supermarket Co., Ltd.	Tongliao	100	Tongliao	Food and department store retail	0%	51%	
Tongliao Zeqiang Leyou Maternal and Infant Products Co., Ltd.	Tongliao	100	Tongliao	Retail of maternal and infant products	0%	51%	
Nantong Renyuan Clinic Co., Ltd.	Nantong	50	Nantong	Clinic	0%	51%	
Yuncheng Yanhu District Baihui Shenghuinan	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	

Pharmaceutical Co., Ltd.							
Yuncheng Economic and Technological Development Zone Baihui Pharmaceutical Yuduyi Pharmacy Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Yuncheng Economic and Technological Development Zone Baihui Pharmaceutical Huangjinshuiian Pharmacy Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Yuncheng Yanhu District Baihui Zhongyin Pharmaceutical Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Jishan County Baihui Pharmaceutical Kangfu Road Pharmacy Co., Ltd.	Jishan	10	Jishan	Pharmaceutical Retail	0%	51%	
Yuncheng Economic and Technological Development Zone Baihui Pharmaceutical Konggangyi Pharmacy Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Ruicheng County Baihui Pharmaceutical Co., Ltd.	Ruicheng	10	Ruicheng	Pharmaceutical Retail	0%	51%	
Yuncheng Yanhu District Baihui Nanhuan Pharmaceutical Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Yuncheng Yanhu District Baihui Zhonglou Pharmaceutical Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Xinjian County Baihui	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	

Pharmaceutical Co., Ltd.							
Jishan County Baihui Pharmaceutical Jifengdong Street Pharmacy Co., Ltd.	Jishan	10	Jishan	Pharmaceutical Retail	0%	51%	
Hai'an Tianshoutang Traditional Chinese Medicine Clinic Co., Ltd.	Nantong	10	Nantong	Clinic	0%	51%	
Yuncheng Yanhu District Baihui Laodong Pharmaceutical Co., Ltd.	Yuncheng	10	Yuncheng	Pharmaceutical Retail	0%	51%	
Shandong LBX Chuntian Pharmacy Chain Co., Ltd.	Linyi	1,868	Linyi	Pharmaceutical Retail	0%	45%	
Liaoning Easy Drug Technology Co., Ltd.	Panjin	300	Panjin	Pharmaceutical promotion	0%	34%	
LBX Health Pharmacy Chain (Shanxi) Co., Ltd.	Taiyuan	2,000	Taiyuan	Pharmaceutical consulting	0%	41%	
LBX Health Pharmacy Chain (Ningxia) Co., Ltd.	Yinchuan	1,000	Yinchuan	Pharmaceutical Retail	0%	41%	
LBX Health Pharmacy (Jiangxi) Co., Ltd.	Yichun	500	Yichun	Pharmaceutical Retail	0%	41%	
Nantong Puze Chengxin Chain Pharmacy Co., Ltd.	Nantong	500	Nantong	Pharmaceutical Retail	0%	41%	
Hebei Easy Drug Enterprise Management Consulting Co., Ltd.	Shijiazhuang	300	Shijiazhuang	Pharmaceutical promotion	0%	34%	
Shaanxi Easy Drug Technology Co., Ltd.	Xi'an	200	Xi'an	Pharmaceutical promotion	0%	34%	
Chongqing Easy Drug Technology Co., Ltd.	Chongqing	200	Chongqing	Pharmaceutical promotion	0%	34%	
Jilin Easy Drug Technology Co., Ltd.	Changchun	200	Changchun	Pharmaceutical promotion	0%	34%	

Hubei Easy Drug Yixin Technology Co., Ltd.	Wuhan	200	Wuhan	Pharmaceutical promotion	0%	34%	
Henan Easy Drug Pharmaceutical Technology Co., Ltd.	Zhengzhou	200	Zhengzhou	Pharmaceutical promotion	0%	34%	
Hejin Renguo Baihui Pharmaceutical Co., Ltd.	Hejin	220	Hejin	Pharmaceutical Retail	0%	26%	
Yuanqu County Baihui Pharmaceutical Co., Ltd.	Yuanqu	151	Yuanqu	Pharmaceutical Retail	0%	26%	
LBX Pharmacy (HK) Company Limited	Hong Kong	HKD 10,000	Hong Kong	Pharmaceutical Retail	100%	0%	
Hong Kong Health Pharmaceutical Co., Limited	Hong Kong	HKD 10,000	Hong Kong	Pharmaceutical	0%	100%	

Explanation of difference between shareholding ratio and voting rights ratio in subsidiaries:  
None

Basis for controlling an investee despite holding half or less of the voting rights, and basis for not controlling an investee despite holding more than half of the voting rights:  
None

Basis for control over significant structured entities included in the scope of consolidation:  
None

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

Other Explanations:  
None

## (2). Significant non-wholly-owned subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

Subsidiary Name	Minority interest shareholding Ratio	Profit or loss attributable to minority interests during the period	Dividends declared to minority shareholders during the period	Ending balance of minority interests
Tongliao Zeqiang	49%	40,244,659	36,959,100	123,093,910
LBX Huairen	20%	22,971,871	30,000,000	104,444,648

Explanation of difference between minority shareholders' shareholding ratio and voting rights ratio in subsidiaries:  
Applicable Not Applicable

Other Explanations:  
Applicable Not Applicable

**(3). Main financial information of significant non-wholly-owned subsidiaries**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Subsidiary Name	Ending balance						Beginning balance					
	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
Tongliao Zeqiang	441,178,219	134,283,045	575,461,264	290,358,700	33,449,067	323,807,767	447,380,860	134,373,129	581,753,989	304,213,232	33,033,919	337,247,151
LBX Huairen	1,252,683,010	407,826,092	1,660,509,102	974,665,255	168,533,094	1,143,198,349	1,052,232,871	405,032,228	1,457,265,099	730,823,907	169,077,306	899,901,213

Subsidiary Name	Amount incurred during the period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Tongliao Zeqiang	1,189,583,407	82,131,957	82,131,957	191,855,586	1,185,492,225	72,504,540	72,504,540	117,534,491
LBX Huairen	1,721,995,604	114,859,353	114,859,353	734,666,020	1,665,911,199	121,966,273	121,966,273	167,300,933

Other Explanations:

None

**(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts**

□Applicable √ Not Applicable

**(5). Financial or other support provided to structured entities included in the scope of consolidated financial statements**

□Applicable √ Not Applicable

Other Explanations:

□Applicable √ Not Applicable

**2. Transactions involving changes in the ownership interest share in subsidiaries while still retaining control**

√Applicable □Not Applicable

**(1). Explanation of changes in the ownership interest share in subsidiaries**

√Applicable □Not Applicable

In August 2024, the Company acquired part of the investment in LBX Hengyang (accounting for 15.12% of LBX Hengyang). The consideration paid for the equity acquisition was RMB 15,876,000. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 4,385,688 and a decrease in capital reserves by RMB 11,490,312.

In October 2024, the Company acquired part of the investment in Health Pharmacy (Zhejiang) (accounting for 6% of Health Pharmacy (Zhejiang)). The consideration paid for the equity acquisition was RMB 1,331,680. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 589,846 and a decrease in capital reserves by RMB 741,834.

In December 2024, the Company acquired part of the investment in Health Pharmacy (Hubei) (accounting for 9% of Health Pharmacy (Hubei)). The consideration paid for the equity acquisition was RMB 724,649. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 658,326 and a decrease in capital reserves by RMB 66,323.

In December 2024, the Company acquired part of the investment in Lanzhou Huirentang Health Pharmacy Co., Ltd. (accounting for 5% of Lanzhou Huirentang Health Pharmacy Co., Ltd.). The consideration paid for the equity acquisition was RMB 1,713,752. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 212,857 and a decrease in capital reserves by RMB 1,500,895.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy Chain (Guizhou) Co., Ltd. (accounting for 29% of LBX Health Pharmacy Chain (Guizhou) Co., Ltd.). The consideration paid for the equity acquisition was RMB 4,204,684. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 1,875,999 and a decrease in capital reserves by RMB 2,328,685.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy Group Chain (Guangxi) Co., Ltd. (accounting for 9% of LBX Health Pharmacy Group Chain (Guangxi) Co., Ltd.). The consideration paid for the equity acquisition was RMB 7,487,561. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 2,492,363 and a decrease in capital reserves by RMB 4,995,198.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy Management (Anhui) Co., Ltd. (accounting for 2% of LBX Health Pharmacy Management (Anhui) Co., Ltd.). The consideration paid for the equity acquisition was RMB 254,822. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 281,100 and an increase in capital reserves by RMB 26,278.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy (Shaanxi) Co., Ltd. (accounting for 9% of LBX Health Pharmacy (Shaanxi) Co., Ltd.). The consideration paid for the equity acquisition was RMB 4,173,832. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 2,245,023 and a decrease in capital reserves by RMB 1,928,809.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy (Henan) Co., Ltd. (accounting for 4% of LBX Health Pharmacy (Shaanxi) Co., Ltd.). The consideration paid for the equity acquisition was RMB 402,406. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 147,093 and a decrease in capital reserves by RMB 255,313.

In December 2024, the Company acquired part of the investment in LBX Health Pharmacy (Tianjin) Co., Ltd. (accounting for 7% of LBX Health Pharmacy (Tianjin) Co., Ltd.). The consideration paid for the equity acquisition was RMB 2,077,481. This transaction resulted in a decrease in minority interests in

the consolidated financial statements by RMB 1,147,054 and a decrease in capital reserves by RMB 930,427.

**(2). Impact of the transaction on minority interests and equity attributable to owners of the parent company**

Applicable  Not Applicable

**3. Equity in joint ventures or associates**

Applicable Not Applicable

**(1). Significant joint ventures or associates**

Applicable  Not Applicable

**(2). Main financial information of significant joint ventures**

Applicable  Not Applicable

**(3). Main financial information of significant associates**

Applicable  Not Applicable

**(4). Aggregated financial information of insignificant joint ventures and associates**

Applicable Not Applicable

Unit: Yuan Currency: RMB

	Ending balance / Amount incurred during the period	Beginning balance / Amount incurred in the previous period
Joint ventures:		
Total book value of investments		
Total calculated based on shareholding ratio for the following items		
-- Net profit		
-- Other comprehensive income		
-- Total comprehensive income		
Associates:		
Total book value of investments	85,352,717	67,821,191
Total calculated based on shareholding ratio for the following items		
-- Net profit	2,831,526	3,766,073
-- Other comprehensive income		
-- Total comprehensive income	2,831,526	3,766,073

Other Explanations:

None

**(5). Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company**

Applicable  Not Applicable

**(6). Excess losses incurred by joint ventures or associates**

Applicable  Not Applicable

**(7). Unrecognized commitments related to investments in joint ventures**

Applicable  Not Applicable

**(8). Contingent liabilities related to investments in joint ventures or associates**

Applicable  Not Applicable

**4. Significant joint operations**

Applicable  Not Applicable

**5. Equity in structured entities not included in the scope of consolidated financial statements**

Explanation related to structured entities not included in the scope of consolidated financial statements:

Applicable  Not Applicable

**6. Other**

Applicable  Not Applicable

**XI. Government grants****1. Government grants recognized based on receivable amount at the end of the reporting period**

Applicable  Not Applicable

Reasons for not receiving the estimated amount of government grants at the expected time point

Applicable  Not Applicable

**2. Liability items involving government grants**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Financial statement item	Beginning balance	Amount of new subsidies during the period	Amount included in non-operating income during the period	Amount transferred to other income during the period	Other changes during the period	Ending balance	Related to assets/income
Deferred income	15,908,923	234,000		3,217,348		12,925,575	Related to assets
Total	15,908,923			3,217,348		12,925,575	/

**3. Government grants included in current profit or loss**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Type	Amount incurred during the period	Amount incurred in the previous period
Related to assets	3,217,348	3,189,560
Related to income	74,468,255	65,905,066
Total	77,685,603	69,094,626

Other Explanations:  
None

## XII. Risks related to financial instruments

### 1. Risks of financial instruments

Applicable Not Applicable

The Group faces various financial instrument risks in its daily activities, mainly including credit risk, liquidity risk, and market risk. The Group's risk management policy overview for these risks is as follows.

#### Credit risk

The Group only trades with recognized, reputable third parties. According to the Group's policy, credit checks are required for all customers requesting credit terms. In addition, the Group continuously monitors accounts receivable balances to ensure that the Group does not face significant bad debt risk. For transactions not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms unless specifically approved by the Group's credit control department.

Since the counterparties for cash and cash equivalents, notes receivable, and receivables financing are reputable banks with high credit ratings, the credit risk of these financial instruments is low.

The Group's other financial assets include accounts receivable, long-term receivables, and other receivables. The credit risk of these financial assets arises from counterparty default, and the maximum risk exposure equals the book value of these instruments. Cash and cash equivalents, debt investments, and long-term receivables are all in Stage 1, with bad debt provisions made based on 12-month ECL. The amount of bad debt provisions is not significant.

Since the Group only trades with recognized and reputable third parties, no collateral is required. Credit risk concentration is managed by customer/counterparty, geographical region, and industry. As the Company's accounts receivable risk points are distributed among multiple partners and customers, as of December 31, 2024, 23% (December 31, 2023: 17%) of the Company's accounts receivable originated from the top five customers by balance. Therefore, there is no significant concentration of credit risk within the Group. The Group holds no collateral or other credit enhancements for accounts receivable and receivables financing balances. The maximum credit risk exposure borne by the Group is the book value of each financial asset in the balance sheet.

#### Criteria for judging significant increase in credit risk

The Group assesses at each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition. The main criteria used by the Group to judge a significant increase in credit risk are overdue days exceeding 30 days, or significant changes in one or more of the following indicators: the operating environment in which the debtor operates, internal and external credit ratings, significant adverse changes in actual or expected operating results, etc.

#### Definition of credit-impaired assets

The main criterion used by the Group to judge credit impairment is overdue days exceeding 90 days. However, in some cases, if internal or external information indicates that the contractual amount may not be fully recovered before considering any credit enhancements held, the Group also considers it credit-impaired.

Credit impairment of financial assets may result from the combined effect of multiple events, not necessarily caused by a single identifiable event.

#### Credit risk exposure

For accounts receivable and other receivables for which impairment provisions are made based on lifetime ECL, the risk matrix is detailed in the disclosures in Note VII. 5 and Note VII. 9.

#### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of various financing means. The Group finances its operations through funds generated from operations and borrowings. Except for the non-current portion of long-term borrowings and lease liabilities, all borrowings mature within one year.

The following table summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

#### 2024

	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term loans	1,659,806,358			1,659,806,358
Notes payable	4,546,258,111			4,546,258,111
Accounts payable	2,008,964,593			2,008,964,593
Other payables	653,535,414			653,535,414
Non-current liabilities due within one year	1,202,733,964			1,202,733,964
Long-term loans		1,575,629,494		1,575,629,494
Lease liabilities		1,633,031,096	35,059,937	1,668,091,033
Total	10,071,298,440	3,208,660,590	35,059,937	13,315,018,967

#### 2023

	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term loans	801,543,347	-	-	801,543,347
Notes payable	4,785,990,053	-	-	4,785,990,053
Accounts payable	2,209,026,977	-	-	2,209,026,977
Other payables	936,519,479	-	-	936,519,479
Non-current liabilities due within one year	1,516,049,318	-	-	1,516,049,318
Long-term loans	-	1,473,230,359	-	1,473,230,359
Lease liabilities	-	3,000,619,437	69,579,957	3,070,199,394
Total	10,249,129,174	4,473,849,796	69,579,957	14,792,558,927

#### Market risk

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term liabilities with floating interest rates. The Group manages interest rate risk by closely monitoring changes in interest rates and periodically reviewing borrowings.

The following table illustrates the sensitivity analysis of interest rate risk, reflecting the impact on net profit or loss (through the effect on floating rate borrowings) and the net amount of other comprehensive income after tax, assuming a reasonable, possible change in interest rates, holding all other variables constant.

2024

	Interest rate	Net profit/loss	Net amount of other comprehensive income after tax	Total shareholder's equity
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
RMB	1.00%	-24,578,027	-	-24,578,027
RMB	(1.00%)	24,578,027	-	24,578,027

2023

	Interest rate	Net profit/loss	Net amount of other comprehensive income after tax	Total shareholder's equity
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
RMB	1.00%	-17,333,204	-	-17,333,204
USD	1.00%	-390,035	-	(390,035)
RMB	(1.00%)	17,333,204	-	17,333,204
USD	(1.00%)	390,035	-	390,035

#### Equity instrument investment risk

Equity instrument investment price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of stock indices and the value of individual securities. As of December 31, 2024, the Group was exposed to equity instrument investment price risk arising from individual equity investments classified as equity investments measured at FVTPL and equity investments measured at FVOCI. The Group manages risk by holding a portfolio of investments with different risks.

The following table illustrates the sensitivity of the Group's net profit or loss and net amount of other comprehensive income after tax to each 5% change in the fair value of equity investments (based on the book value at the balance sheet date), assuming all other variables remain constant.

2024

	Equity instrument investment	Net profit/loss	Other comprehensive income	Shareholder equity
		Increase/(decrease)	Net amount after tax	Total
	Book value		Increase/(decrease)	Increase/(decrease)
Equity instrument investment				
- Measured at fair value and changes	12,093,150	453,493/(453,493)		453,493/(453,493)

recognized in profit or loss instrument investment				
Equity instrument investments measured at FVOCI	35,877,723		1,345,415/(1,345,415)	1,345,415/(1,345,415)

2023

	Equity instrument investment	Net profit/loss	Other comprehensive income	Shareholder equity
		Increase/(decrease)	Net amount after tax	Total
	Book value		Increase/(decrease)	Increase/(decrease)
Equity instrument investment				
- Measured at fair value and changes recognized in profit or loss instrument investment	7,274,109	272,779/(272,779)	-	272,779/(272,779)
Equity instrument investments measured at FVOCI	37,177,723	-	1,394,165/(1,394,165)	1,394,165/(1,394,165)

## 2. Hedging

### (1) The Company conducts hedging activities for risk management

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

### (2) The Company conducts qualifying hedging activities and applies hedge accounting

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

### (3) The Company conducts hedging activities for risk management, expected to achieve risk management objectives but does not apply hedge accounting

Applicable  Not Applicable

Other Explanations:

Applicable Not Applicable**3. Transfer of financial assets****(1) Classification by transfer method**Applicable Not Applicable

Unit: Yuan Currency: RMB

Transfer method	Nature of transferred financial asset	Amount of transferred financial asset	Derecognition	Judgment basis for derecognition
Notes endorsement	Notes receivable	74,641,240	Not derecognized	Retained substantially all risks and rewards, including related default risk
Notes endorsement	Receivables financing	135,933,315	Derecognized	Transferred substantially all risks and rewards
Total	/	210,574,555		/

**(2) Financial assets derecognized due to transfer**Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Method of financial asset transfer	Amount of derecognized financial asset	Gains or losses related to derecognition
Receivables financing	Notes endorsement	135,933,315	-
Total	/	135,933,315	

**(3) Transferred financial assets with continuing involvement**Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Asset transfer method	Amount of asset formed from continuing involvement	Amount of liability formed from continuing involvement
Notes receivable	Notes endorsement	74,641,240	74,641,240
Total	/	74,641,240	74,641,240

Other Explanations:

Applicable Not Applicable

Transferred but not fully derecognized financial assets

As of December 31, 2024, the book value of bank acceptance bills endorsed to suppliers for settling accounts payable by the Group was RMB 74,641,240 (December 31, 2023: RMB 72,363,151). The Group believes that it retains substantially all the risks and rewards, including the related default risk. Therefore, the Group continues to fully recognize them and the related settled accounts payable. After endorsement, the Group no longer retains the right to use them, including the right to sell, transfer, or pledge them to other third parties.

Fully derecognized transferred financial assets with continuing involvement

As of December 31, 2024, the book value of bank acceptance bills endorsed to suppliers for settling accounts payable and discounted with banks by the Group was RMB 135,933,315 (December 31, 2023: RMB 412,713,588). According to the relevant provisions of the *Negotiable Instruments Law*, if the accepting bank refuses payment, the holder has the right of recourse against the Group ("continuing involvement"). The Group believes that it has transferred substantially all the risks and rewards, therefore, fully derecognizes them and the related settled accounts payable. The maximum loss from continuing involvement and repurchase and the undiscounted cash flows equal its book value. The Group believes that the fair value of continuing involvement is not significant.

As of December 31, 2024, the Group did not recognize gains or losses on the transfer date. The Group has no income or expenses recognized in the current year or cumulatively due to continuing involvement in derecognized financial assets. Endorsements occurred roughly evenly throughout the year.

### XIII. Disclosure of fair value

#### 1. Ending fair value of assets and liabilities measured at fair value

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
<b>I. Continuous fair value measurement</b>				
(I) Trading financial assets				
1. Financial assets at FVTPL				
(1) Debt instrument investments				
(2) Equity instrument investments				
(3) Derivative financial assets				
2. Financial assets at FVTPL				
(1) Debt instrument investments				
(2) Equity instrument investments				
(II) Other debt investments				
(III) Other equity instrument investments	-	-	35,877,723	35,877,723
(IV) Investment properties				
1. Land use rights held for rental				
2. Buildings held for rental				
3. Land use rights held for capital appreciation				
(V) Biological assets				

1. Consumable biological assets				
2. Productive biological assets				
(VI) Receivables financing	-	15,269,288	-	15,269,288
(VII) Other non-current financial assets	-	-	12,093,150	12,093,150
<b>Total assets continuously measured at fair value</b>	-	15,269,288	47,970,873	63,240,161
(VI) Trading financial liabilities				
1. Financial liabilities at FVTPL				
Of which: Issued trading bonds				
Derivative financial liabilities				
Other				
2. Financial liabilities designated as measured at FVTPL				
(IX) Other payables			42,398,775	42,398,775
<b>Total liabilities continuously measured at fair value</b>			42,398,775	42,398,775
<b>II. Non-continuous fair value measurement</b>				
(I) Assets held for sale				
<b>Total assets non-continuously measured at fair value</b>				
<b>Total liabilities non-continuously measured at fair value</b>				

	Beginning balance	Transferred out	Total gain or loss during the period		Newly added	Ending balance	Assets held at year-end
		Level 3	Recognized in profit or loss	Recognized in other comprehensive income	Level 3		Changes in unrealized gains or losses recognized in profit or loss

							during the period
Trading financial assets	1,500,000	1,500,000	-	-	-	-	
Other non-current financial assets	5,774,109	-	-	-	6,319,041	12,093,150	
Other equity instrument investments	37,177,723	1,300,000	-	-	-	35,877,723	
Total	44,451,832	2,800,000	-	-	6,319,041	47,970,873	
Other payables	42,398,775	-	-	-	-	42,398,775	

**2. Basis for determining market price for Level 1 continuous and non-continuous fair value measurement items**

Applicable Not Applicable

Listed equity investments, fair value determined by market quotation.

**3. Qualitative and quantitative information on valuation techniques and significant parameters used for Level 2 continuous and non-continuous fair value measurement items**

Applicable Not Applicable

Bank acceptance bills in receivables financing, fair value approximates book value due to short remaining term.

**4. Qualitative and quantitative information on valuation techniques and significant parameters used for Level 3 continuous and non-continuous fair value measurement items**

Applicable Not Applicable

The following is an overview of significant unobservable inputs for Level 3 fair value measurement:

	Ending fair value	Valuation technique	Unobservable input	Range interval
				(Weighted average value)
Other equity instrument investments	35,877,723	Market approach	Liquidity discount	2024: 25%
			Price-to-sales ratio	2024: 4.3
Other payables	42,398,775	Listed company comparison method	Liquidity discount	2024: 35%

**5. Continuous Level 3 fair value measurement items, reconciliation information between beginning and ending book value, and sensitivity analysis of unobservable parameters**

√Applicable □Not Applicable

2024

	Beginning balance	Transferred out	Total gain or loss during the period		Newly added	Ending balance	Assets held at year-end
			Recognized in profit or loss	Recognized in other comprehensive income			
		Level 3			Level 3		Changes in unrealized gains or losses recognized in profit or loss during the period
Trading financial assets	1,500,000	1,500,000	-	-		-	
Other non-current financial assets	5,774,109	-	-	-	6,319,041	12,093,150	
Other equity instrument investments	37,177,723	1,300,000	-	-	-	35,877,723	
Total	44,451,832	2,800,000	-	-	6,319,041	47,970,873	
Other payables	42,398,775	-	-	-	-	42,398,775	

2023

	Beginning balance	Transferred out	Total gain or loss during the period		Newly added	Ending balance	Assets held at year-end
			Recognized in profit or loss	Recognized in other comprehensive income			
		Level 3			Level 3		Changes in unrealized gains or losses recognized in profit or loss during

							the period
Trading financial assets	3,000,000	-	-1,500,000	-	-	1,500,000	-1,500,000
Other non-current financial assets	5,774,109	-	-	-	-	5,774,109	-
Other equity instrument investments	35,997,723	-	-	-	1,180,000	37,177,723	-
Total	44,771,832	-	-1,500,000	-	1,180,000	44,451,832	-1,500,000
Other payables	42,398,775	-	-	-	-	42,398,775	-

**6. Continuous fair value measurement items, reasons for transfers between levels during the period, and policy for determining the timing of transfers**

Applicable Not Applicable

**7. Changes in valuation techniques during the period and reasons for changes**

Applicable Not Applicable

**8. Fair value situation of financial assets and financial liabilities not measured at fair value**

Applicable Not Applicable

**9. Other**

Applicable Not Applicable

**XIV. Related parties and related party transactions**

**1. Information about the parent company of the enterprise**

Applicable Not Applicable

Unit: Ten thousand yuan Yuan Currency: RMB

Parent company name	Place of registration	Business nature	Registered Capital	Parent company's shareholding ratio in the enterprise (%)	Parent company's voting rights ratio in the enterprise (%)
Pharmaceutical Group	Hunan, China	Investment management	RMB 104.2626 million	26.12%	27.90%

Explanation of the parent company situation

None

The ultimate controlling parties of the enterprise are Xie Zilong and Chen Xiulan

Other Explanations:

The Company's largest shareholder is Pharmaceutical Group, and the actual controllers are Xie Zilong and Chen Xiulan. Chen Xiulan personally holds a direct equity ratio and voting rights ratio of 1.78% in the Company. Therefore, Pharmaceutical Group and Chen Xiulan jointly hold a total equity ratio and voting rights ratio of 27.90% in the Company.

## 2. Information about subsidiaries of the enterprise

Details of the enterprise's subsidiaries can be found in the notes

Applicable Not Applicable

Subsidiaries details can be found in Note X (1).

## 3. Information about joint ventures and associates of the Company

Details of the Company's significant joint ventures or associates can be found in the notes

Applicable Not Applicable

Other joint ventures or associates that had related party transactions with the Company during the period, or had balances arising from prior period related party transactions with the Company, are as follows:

Applicable Not Applicable

Name of joint venture or associate	Relationship with the Company
Hunan Pharmaceutical Group Co., Ltd.	The Company's associate
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	The Company's associate

Other Explanations:

Applicable Not Applicable

## 4. Information about other related parties

Applicable Not Applicable

Name of other related party	Relationship of other related party with the Company
Hunan Mingyuan Bee Industry Co., Ltd. (hereinafter referred to as "Mingyuan Bee Industry")	Controlled by the Company's Chairman
Hunan Wholesale Pharmaceutical Technology Co., Ltd. (hereinafter referred to as "Wholesale Pharmaceutical")	Enterprise where the close family members of the Company's Chairman serve as directors, supervisors, or senior executives of other enterprises
Women & Children's Hospital of Hunan Co., Ltd. (hereinafter referred to as "Women & Children's Hospital")	Controlled by the Company's Chairman
Innovation Partner Program (hereinafter referred to as "Innovation Partner")	Controlled by the Company's directors, supervisors, and senior executives
Hunan Xie Zilong Photography Museum Co., Ltd. (hereinafter referred to as "Xie Zilong Photography Museum")	Controlled by the Company's Chairman
Hunan Influence Foundation	Controlled by close family members of the Company's Chairman
Zhejiang Wecome Pharmaceutical Company Limited (hereinafter referred to as "Zhejiang Wecome")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Hunan Jiusen Ritong Trading Co., Ltd. (hereinafter referred to as "Jiusen Ritong")	Enterprise where family members of the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other

	enterprises
Guangzhou Xincheng Information Technology Co., Ltd. (hereinafter referred to as "Guangzhou Xincheng")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Yabao Pharmaceutical Group Co., Ltd. (hereinafter referred to as "Yabao Pharmaceutical")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Realcan Pharmaceutical Group Co., Ltd. (hereinafter referred to as "Realcan Pharmaceutical")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Shanxi Zhendong Pharmaceutical Co., Ltd. (hereinafter referred to as "Shanxi Zhendong Pharmaceutical")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Shandong Keyuan Pharmaceutical Co., Ltd. (hereinafter referred to as "Shandong Keyuan Pharmaceutical")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Shanghai Baiyang Pharmaceutical Co., Ltd. (hereinafter referred to as "Shanghai Baiyang Pharmaceutical")	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises

Other Explanations:

None

## 5. Related party transaction

### (1). Related party transactions involving purchase and sale of goods, provision and receipt of services

Table of purchasing goods / receiving services

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred during the period	Approved transaction limit (if applicable)	Whether transaction limit exceeded (if applicable)	Amount incurred in the previous period
Hunan Pharmaceutical Group Co., Ltd.	Purchase of goods	102,100,435			109,995,551
Mingyuan Bee Industry	Purchase of goods	15,576,184			27,113,375
Wholesale Pharmaceutical	Purchase of goods	7,638,453			14,475,791
Zhejiang Wecome	Purchase of goods	-			10,213,114
Jiusen Ritong	Purchase of goods	4,462,686			7,576,240
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Purchase of goods	19,045,985			-
Yabao Pharmaceutical	Purchase of goods	30,381,888			-
Realcan Pharmaceutical	Purchase of goods	6,011,279			-
Xie Zilong Photography Museum	Purchase of goods	1,395,482			-
Shanxi Zhendong Pharmaceutical	Purchase of goods	7,894,350			-

Shandong Keyuan Pharmaceutical	Purchase of goods	2,285,186			-
Shanghai Baiyang Pharmaceutical	Purchase of goods	60,166			-
Total		196,852,094			169,374,071

Table of selling goods / providing services

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred during the period	Amount incurred in the previous period
Women & Children's Hospital	Sale of goods	57,682,217	55,667,187
Wholesale Pharmaceutical	Sale of goods	16,425,998	39,379,556
Hunan Pharmaceutical Group Co., Ltd.	Sale of goods	19,070,575	3,418,924
Mingyuan Bee Industry	Sale of goods	5,565	45,541
Zhejiang Wecome	Sale of goods	3,919,816	6,536,493
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Sale of goods	35,290,037	-
Yabao Pharmaceutical	Sale of goods	202,195	-
Total		132,596,403	105,047,701

Explanation of related party transactions involving purchase and sale of goods, provision and receipt of services

Applicable Not Applicable

During the year, the Group conducted transactions of goods and services with related parties at agreed prices.

### (2). Related party entrusted management/contracting and entrusted management/outsourcing situation

Table of the Company's entrusted management/contracting situation:

Applicable Not Applicable

Explanation of related party custody/contracting situation

Applicable Not Applicable

Table of the Company's entrusted management/outsourcing situation

Applicable Not Applicable

Explanation of related party management/outsourcing situation

Applicable Not Applicable

### (3). Related party leasing

The Company as lessor:

Applicable Not Applicable

Unit: Yuan Currency: RMB

Lessee name	Type of leased asset	Lease income recognized during the period	Lease income recognized in the previous period
Pharmaceutical Group	House leasing	-	1,629,057
Wholesale Pharmaceutical	House leasing	8,697,496	6,846,813

The Company as lessee:  
Applicable Not Applicable

Unit: Yuan Currency: RMB

Lessor Name	Type of leased asset	Rental expenses for short-term leases and low-value asset leases treated with simplification (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense incurred on lease liabilities		Increase in right-of-use assets	
		Amount incurred during the period	Amount incurred in the previous period	Amount incurred during the period	Amount incurred in the previous period	Amount incurred during the period	Amount incurred in the previous period	Amount incurred during the period	Amount incurred in the previous period	Amount incurred during the period	Amount incurred in the previous period
Women & Children's Hospital (Note 1)	House leasing					192,723	183,545				

Explanation of related party leasing situation

Applicable Not Applicable

Note 1: The Group leases buildings from the related party Women & Children's Hospital. The book value and changes of the corresponding right-of-use assets and lease liabilities are as follows:

	Right-of-use assets	Lease liabilities
January 01, 2024	239,818	235,482
Depreciation expense	151,858	-
Interest expense	-	5,243
Payment	-	192,723
December 31, 2024	87,960	48,002

**(4). Related party guarantee**

The Company as guarantor

Applicable  Not Applicable

The Company as guaranteed party

Applicable  Not Applicable

Explanation of related party guarantee

Applicable  Not Applicable**(5). Borrowings to and from related parties**Applicable  Not Applicable**(6). Related party asset transfer, debt restructuring**Applicable  Not Applicable**(7). Remuneration of key management personnel**Applicable  Not Applicable

Unit: Ten thousand yuan Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Remuneration of key management personnel	1,410	1,593

**(8). Other related party transactions**Applicable  Not Applicable

Unit: Yuan Currency:

RMB

Item	Content of related party transaction	Amount incurred during the period	Amount incurred in the previous period
Hunan Influence Foundation	Donation expenditure	700,000	-

**6. Situation of outstanding receivables and payables with related parties, etc.****(1). Receivables items**Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of Project	Related party	Ending balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Women & Children's Hospital	90,913,397	90,913	57,490,726	57,588
Accounts receivable	Wholesale Pharmaceutical	752,522	6,020	1,394,503	21,426
Accounts receivable	Zhejiang Wecome	34,435	-	969,046	7,752
Accounts receivable	Mingyuan Bee Industry	-	-	18,578	149
Accounts	Beijing Tong	2,999,440	23,996	-	-

receivable	Ren Tang Hunan Pharmaceutical Co., Ltd.				
Notes receivable	Wholesale Pharmaceutical	-	-	4,006,266	-
Notes receivable	Hunan Pharmaceutical Group Co., Ltd.	-	-	300,000	-
Receivables financing	Wholesale Pharmaceutical	-	-	476,000	-
Receivables financing	Zhejiang Wecome	-	-	764,802	-
Receivables financing	Hunan Pharmaceutical Group Co., Ltd.	11,875	-	307,681	-
Prepayments	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	2,062,444	-	-	-
Prepayments	Yabao Pharmaceutical	28,800	-	-	-

**(2). Payables items**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of Project	Related party	Ending book balance	Beginning book balance
Accounts payable	Hunan Pharmaceutical Group Co., Ltd.	17,305,517	18,719,639
Accounts payable	Mingyuan Bee Industry	7,640,914	22,924,873
Accounts payable	Wholesale Pharmaceutical	1,216,487	4,203,710
Accounts payable	Zhejiang Wecome	717,374	3,347,186
Accounts payable	Jiusen Ritong	335,635	2,491,969
Accounts payable	Shanxi Zhendong Pharmaceutical	7,323,684	-
Accounts payable	Realcan Pharmaceutical	794,847	-
Accounts payable	Yabao Pharmaceutical	560,136	-
Accounts payable	Shandong Keyuan Pharmaceutical	1,462,165	-
Advances received	Wholesale Pharmaceutical	880,381	897,989
Contract liabilities	Mingyuan Bee Industry	-	5,196
Contract liabilities	Zhejiang Wecome	-	7,706
Contract liabilities	Jiusen Ritong	11,016	21,400
Contract liabilities	Women & Children's Hospital	3,219	-

Other payables	Innovation Partner	42,398,775	42,398,775
Other payables	Wholesale Pharmaceutical	770,400	770,400
Other payables	Zhejiang Wecome	30,000	102,768
Non-current liabilities due within one year	Women & Children's Hospital	48,002	187,480
Lease liabilities	Women & Children's Hospital	-	48,002

**(3). Other items**

Applicable Not Applicable

**7. Related party commitments**

Applicable Not Applicable

**8. Other**

Applicable Not Applicable

**XV. Share-based payment****1. Various equity instruments**

Applicable Not Applicable

Quantity unit: share Amount unit: Yuan Currency: RMB

Category of grantee	Granted during the period		Unlocked during the period		Lapsed during the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management Personnel	-	-	1,641,873	27,446,128	946,761	13,493,229
Total	-	-	1,641,873	27,446,128	946,761	13,493,229

Outstanding stock options or other equity instruments at period-end

Applicable Not Applicable

Category of grantee	Outstanding stock options at period-end	
	Range of exercise price	Remaining contract term
Management Personnel	RMB 16.78/share	9 months (40%)
Management Personnel	RMB 16.28/share	7 months (50%)

Other Explanations

None

**2. Situation of equity-settled share-based payments**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Method for determining the fair value of equity instruments on the grant date	Fair value of employee stock ownership plan shares adopts the closing price on the grant date
Significant parameters for the fair value of equity	Closing price of the stock on the grant date

instruments on the grant date	
Basis for determining the number of exercisable equity instruments	Best estimate of the number of exercisable instruments at year-end
Reasons for significant differences between current period estimate and previous period estimate	None
Cumulative amount of equity-settled share-based payments included in capital reserves	125,185,124

Other Explanations:  
None

### 3. Situation of cash-settled share-based payments

Applicable Not Applicable

### 4. Share-based payment expense during the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Category of grantee	Equity-settled share-based payment expense
Management Personnel	-1,901,800
Total	-1,901,800

Other Explanations  
None

### 5. Situation of modification or termination of share-based payments

Applicable Not Applicable

### 6. Other

Applicable Not Applicable

## XVI. Commitments and contingencies

### 1. Significant commitments

Applicable Not Applicable

Nature and amount of significant external commitments existing at the balance sheet date

	2024	2023
Signed but not provided for		
Capital commitments	1,584,735	3,645,000
Investment commitments	5,052,820	400,000
	6,637,555	4,045,000

### 2. Contingencies

#### (1). Significant contingencies existing at the balance sheet date

Applicable Not Applicable

**(2). If the Company has no significant contingencies to disclose, it should also be stated:**

Applicable  Not Applicable

**3. Other**

Applicable  Not Applicable

**XVII. Events after the Balance Sheet Date****1. Significant non-adjusting events**

Applicable  Not Applicable

**2. Profit distribution**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Proposed profit or dividend distribution	60,807,649.04
Profit or dividend declared and approved for distribution	

**3. Sales returns**

Applicable  Not Applicable

**4. Explanation of other events after the balance sheet date**

Applicable  Not Applicable

**XVIII. Other significant matters****1. Correction of prior period accounting errors****(1). Retrospective restatement method**

Applicable  Not Applicable

**(2). Prospective application method**

Applicable  Not Applicable

**2. Significant debt restructuring**

Applicable  Not Applicable

**3. Asset swap****(1). Non-monetary asset exchange**

Applicable  Not Applicable

**(2). Other asset swaps**

Applicable  Not Applicable

**4. Annuity plan**

Applicable  Not Applicable

**5. Discontinued operations**

Applicable  Not Applicable

**6. Segment information****(1). Basis for determination and accounting policies of reportable segments**

Applicable Not Applicable

For management purposes, the Group divides business units based on products and services. Because various businesses require different technologies and market strategies, the Group manages the production and operating activities of each reportable segment independently, primarily using operating income and operating cost to evaluate its operating results and performance.

The Group currently has three reportable segments: Retail business, Wholesale business, and Other segments, where:

- Retail segment is responsible for engaging in commodity retail business
- Wholesale segment is responsible for engaging in commodity wholesale business
- Other segment is responsible for engaging in pharmaceutical manufacturing business and others

The Group uses operating income and operating cost for regular management analysis and does not report or manage assets and liabilities by segment.

Segment performance is evaluated based on reported segment profit. This indicator is consistent with the Group's profit before tax. Total segment profit is calculated as segment operating income less segment operating costs, taxes and surcharges, and selling expenses.

Transfer pricing between operating segments is mainly determined by reference to the cost of purchased inventory.

The Group's customers are relatively dispersed, and there is no single customer whose transaction amount with the Group exceeds 10%.

**(2). Financial information of reportable segments**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Retail segment	Wholesale segment	Other segment	Unallocated amounts	Inter-segment elimination	Total
Operating income	19,106,710,524	11,879,585,530	450,495,344		-9,079,181,203	22,357,610,195
Of which: External transaction revenue	19,106,710,524	3,104,570,127	146,329,544			22,357,610,195
Inter-segment transaction revenue		8,775,015,403	304,165,800		-9,079,181,203	
Operating cost	-12,515,795,743	-10,844,669,336	-407,816,550		8,825,949,174	-14,942,332,455
Taxes and surcharges	-50,646,186	-27,971,551	-2,285,252			-80,902,989
Selling expenses	-4,697,148,639	-245,926,738	-4,360,508			-4,947,435,885

Administrative expenses				-1,257,665,102		-1,257,665,102
R&D expenses				-2,013,597		-2,013,597
Financial expenses				-173,025,944		-173,025,944
Other income				78,365,349		78,365,349
Investment income				2,728,107		2,728,107
Credit impairment losses				-6,022,024		-6,022,024
Gains or losses from changes in fair value						
Asset impairment loss				-111,202,534		-111,202,534
Gains or losses on disposal of assets				-4,530,258		-4,530,258
Profit before tax	1,843,119,956	761,017,905	36,033,034	-1,470,967,382	-253,232,029	915,971,484
Income tax expense				-230,853,330		-230,853,330
Net profit				685,118,154		685,118,154

(3). If the Company has no reportable segments, or cannot disclose the total assets and total liabilities of each reportable segment, the reason should be explained

Applicable  Not Applicable

(4). Other Explanations

Applicable Not Applicable

External transaction revenue

	2024	2023
Sale of goods	21,795,041,563	21,918,510,901
Rendering of services	486,543,209	446,047,730
Total	22,281,584,772	22,364,558,631

Geographical information

The Group's geographical segments are relatively concentrated. In 2024, 100% of external transaction revenue and non-current assets were attributable to Mainland China (2023: 100%).

7. Other significant transactions and matters affecting investor decision-making

Applicable  Not Applicable

8. Other

Applicable  Not Applicable

**XIX. Notes to main items of the parent company financial statements****1. Accounts receivable****(1). Disclosure by aging**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Of which: Sub-items within 1 year		
Within 1 year	517,557,251	467,295,649
Subtotal within 1 year	517,557,251	467,295,649
1-2 year(s)	2,850,183	1,441,573
2-3 years	147,401	199,238
Over 3 years	144,059	-
3-4 years		
4-5 years		
Over 5 years		
Total	520,698,894	468,936,460

**(2). Disclosure by bad debt provision method classification**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)		Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision made individually										
Where:										
Bad debt provision made by portfolio	520,698,894	100	4,972,207	0.95	515,726,687	468,936,460	100	4,252,875	0.91	464,683,585
Where:										
Portfolio of credit risk character	520,698,894	100	4,972,207	0.95	515,726,687	468,936,460	100	4,252,875	0.91	464,683,585

ristic										
Total	520,698,894	/	4,972,207	/	515,726,687	468,936,460	/	4,252,875	/	464,683,585

Bad debt provision made individually:

Applicable Not Applicable

Bad debt provision made by portfolio:

Applicable Not Applicable

Portfolio provision item: Credit risk characteristic portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Bad debt provision	Provision ratio (%)
Medical insurance receivables portfolio	472,555,032	4,456,773	0.94
Enterprise trade receivables	10,295,435	83,482	0.81
Other	37,848,427	431,952	1.14
Total	520,698,894	4,972,207	0.95

Explanation of bad debt provision made by portfolio:

Applicable Not Applicable

For accounts receivable, the Company measures the credit loss provision based on lifetime ECL. When determining the ECL for accounts receivable, the Company considers historical actual impairment situations and considers forecasts of current conditions and future economic conditions. It divides accounts receivable into three portfolios: medical insurance receivables, enterprise trade receivables, and others, providing bad debt provisions based on credit risk characteristic portfolios.

Bad debt provision made using the general model of ECL

Applicable Not Applicable

Explanation of significant changes in the book balance of accounts receivable with changes in loss provision during the period:

Applicable Not Applicable

### (3). Bad debt provision

Applicable Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Change amount during the period				Ending balance
		Provision	Recovery or reversal	Write-off or cancellation	Other Changes	
Bad debt provision for accounts receivable	4,252,875	719,332	-	-	-	4,972,207
Total	4,252,875	719,332	-	-	-	4,972,207

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable Not Applicable

**(4). Actual write-off of accounts receivable during the period**

Applicable  Not Applicable

Of which, significant write-off situation of accounts receivable

Applicable  Not Applicable

Explanation of accounts receivable write-off:

Applicable  Not Applicable

**(5). Situation of accounts receivable and contract assets for the top five debtors by ending balance**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt provision
Total accounts receivable for the top five debtors by balance	277,540,150		277,540,150	53.30	1,206,238
Total	277,540,150		277,540,150	53.30	1,206,238

Other Explanations:

None

Other Explanations:

Applicable  Not Applicable

**2. Other receivables****Presentation by item**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	8,198,830	63,198,830
Other receivables	5,001,500,047	5,483,079,977
Total	5,009,698,877	5,546,278,807

Other Explanations:

Applicable  Not Applicable

**Interest receivable****(1). Classification of interest receivable**

Applicable  Not Applicable

**(2). Significant overdue interest**

Applicable  Not Applicable

**(3). Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

**(4). Bad debt provision made using the general model of ECL**

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of interest receivable with changes in loss provision during the period:

Applicable  Not Applicable

**(5). Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(6). Actual write-off of interest receivable during the period**

Applicable  Not Applicable

Of which, significant write-off of interest receivable

Applicable  Not Applicable

Write-off explanation:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Dividends receivable****(1). Dividends receivable**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item (or investee)	Ending balance	Beginning balance
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Dividends receivable	8,198,830	63,198,830
Total	8,198,830	63,198,830

**(2). Significant dividends receivable aged over 1 year**

Applicable  Not Applicable

**(3). Disclosure by bad debt provision method classification**

Applicable  Not Applicable

Bad debt provision made individually:

Applicable  Not Applicable

Explanation of bad debt provision made individually:

Applicable  Not Applicable

Bad debt provision made by portfolio:

Applicable  Not Applicable

**(4). Bad debt provision made using the general model of ECL**

Applicable  Not Applicable

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of dividends receivable with changes in loss provision during the period:

Applicable  Not Applicable

**(5). Bad debt provision**

Applicable  Not Applicable

Of which, significant recovery or reversal amount of bad debt provision during the period:

Applicable  Not Applicable

Other Explanations:

None

**(6). Actual write-off of dividends receivable during the period**

Applicable  Not Applicable

Of which, significant write-off of dividends receivable

Applicable  Not Applicable

Write-off explanation:

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**Other receivables****(1). Disclosure by aging**

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Of which: Sub-items within 1 year		
	1,656,894,293	2,762,993,901
Subtotal within 1 year	1,656,894,293	2,762,993,901
1-2 year(s)	1,032,486,174	2,109,111,973
2-3 years	1,777,707,890	429,697,881
Over 3 years	537,395,067	184,874,790
Total	5,004,483,424	5,486,678,545

**(2). Classification by nature of funds**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Nature of funds	Ending book balance	Beginning book balance
Receivables from subsidiaries	4,930,294,806	5,421,609,775
Receivables from third parties	13,361,136	11,065,599
Electronic wallet	20,246,097	24,301,795
Deposits	1,804,676	1,753,299
Advances	9,321,954	6,111,429
Store petty cash	9,434,740	8,201,017
Employee advances	9,809,632	8,344,105
Other	10,210,383	5,291,526
Total	5,004,483,424	5,486,678,545

**(3). Bad debt provision**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	ECL for the next 12 months	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance as of January 1, 2024	2,903,318		695,250	3,598,568
Balance as of January 1, 2024 during this period	2,903,318		695,250	3,598,568
Provision during the period	1,402,451			1,402,451
Reversal during the period	-2,002,642			-2,002,642
Write-off during the period	-15,000			-15,000
Balance as of December 31, 2024	2,288,127		695,250	2,983,377

Basis for stage classification and bad debt provision ratio

Explanation of significant changes in the book balance of other receivables with changes in loss provision during the period:

□Applicable √ Not Applicable

Amount of bad debt provision made during the period and basis for assessing significant increase in credit risk of financial instruments:

Applicable Not Applicable

#### (4). Bad debt provision

Applicable Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Change amount during the period				Ending balance
		Provision	Recovery or reversal	Write-off or cancellation	Other Changes	
Other receivables	3,598,568	1,402,451	-2,002,642	-15,000	-	2,983,377
Total	3,598,568	1,402,451	-2,002,642	-15,000	-	2,983,377

Of which, significant reversal or recovery amount of bad debt provision during the period:

Applicable Not Applicable

Other Explanations:

None

#### (5). Actual write-off of other receivables during the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Actual write-off of other receivables	15,000

Of which, significant write-off of other receivables:

Applicable Not Applicable

Explanation of other receivables write-off:

Applicable Not Applicable

#### (6). Situation of other receivables for the top five debtors by ending balance

Applicable Not Applicable

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance of other receivables (%)	Nature of funds	Aging	Bad debt provision Ending balance
Company A	2,833,164,916	56.65	Holding Subsidiaries	Within three years and over three years	
Company B	389,657,978	7.79	Holding Subsidiaries	Within three years	
Company C	363,078,988	7.26	Holding Subsidiaries	Within three years and over three years	
Company D	343,253,648	6.86	Holding Subsidiaries	Within three years and over three years	
Company E	321,949,666	6.44	Holding	Within	

			Subsidiaries	three years and over three years	
Total	4,251,105,196	85.00	/	/	

## (7). Presented under other receivables due to centralized fund management

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

## 3. Long-term equity investments

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	6,238,948,099	1,995,854	6,236,952,245	6,223,041,099	1,995,854	6,221,045,245
Investment in associates and joint ventures	72,140,491		72,140,491	67,821,191		67,821,191
Total	6,311,088,590	1,995,854	6,309,092,736	6,290,862,290	1,995,854	6,288,866,436

## (1). Investment in subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase/decrease during the period				Ending balance (book value)	Ending balance of impairment provision
			Additio nal invest ment	Redu ction in invest ment	Impa rme nt provi sion made	Oth er		
LBX Pharmacy Chain (Zhejiang) Co., Ltd.	52,376,383		-				52,376,383	-
Guangxi Company	285,444,127		-				285,444,127	-
LBX Pharmacy Chain (Tianjin) Co., Ltd.	166,915,787		-				166,915,787	-
Changzhou Wanren Company	88,400,000		-				88,400,000	-
Forworld Medicine	90,000,000		-				90,000,000	-

Logistics (Hunan) Co., Ltd.								
Anhui Baixingyuan	313,459,205		-				313,459,205	-
Lanzhou Huirentang	587,752,000		-				587,752,000	-
Yangzhou Baixinyuan	344,870,000		-				344,870,000	-
Jiangsu Baijiahui	142,537,076		-				142,537,076	-
Tongliao Zeqiang	271,370,000		-				271,370,000	-
Zhenjiang Huakang	110,416,308		-				110,416,308	-
Longtaiyuan	176,364,223		-				176,364,223	-
Nantong Puze	117,300,000		-				117,300,000	-
Linjiayi	51,000,000		-				51,000,000	-
Jiangsu Haipeng	79,750,000		-				79,750,000	-
Linyi Rende	68,340,000		-				68,340,000	-
Sanpintan	43,750,000		-				43,750,000	-
Shanxi Baihui	110,925,000		-				110,925,000	-
LBX Pharmacy Chain (Hengyang) Co., Ltd.	32,321,000		15,876,000				48,197,000	-
Forworld Medicine Logistics (Jiangsu) Co., Ltd.	100,000,000		-				100,000,000	-
Yaoshengtang Chinese Medicine Technology	55,000,000		-				55,000,000	-
Hunan Baixin	74,537,749		-				74,537,749	-
Yinchuan Xincheng	4,850,000		31,000				4,881,000	-
Chifeng LBX	680,000,000		-				680,000,000	-
Hainan LBX Medical Health Co., Ltd.	2,000,000		-				2,000,000	-
LBX Huairen	1,820,001,784		-				1,820,001,784	-
Hunan Linggan Yaodian Cultural Creativity Co., Ltd.	100,000		-				100,000	-
Shandong LBX Chuntian Pharmacy Chain Co., Ltd.	29,583,000		-				29,583,000	-
Other	321,681,603	-1,995,854	-				321,681,603	-1,995,854

Total	6,221,045,245	-1,995,854	15,876,000				6,236,952,245	-1,995,854
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**(2). Investment in associates and joint ventures**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Investment Unit	Beginning Balance	Increase/decrease during the period							Ending Balance	Ending balance of impairment provision
		Additional investment	Reduction in investment	Investment gain/loss recognized under equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment provision made		
<b>I. Joint ventures</b>										
Subtotal										
<b>II. Associates</b>										
Hunan Pharmaceutical Group Co., Ltd.	67,821,191			4,319,300						72,140,491
Subtotal	67,821,191			4,319,300						72,140,491
Total	67,821,191			4,319,300						72,140,491

**(3). Impairment test for long-term equity investments**

□Applicable √ Not Applicable

Other Explanations:

None

**4. Operating income and operating cost****(1). Details of operating income and operating cost**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost

Main business	4,422,432,720	2,949,335,505	4,371,512,543	2,968,801,655
Other business	56,035,930	14,430,797	68,441,734	14,540,633
Total	4,478,468,650	2,963,766,302	4,439,954,277	2,983,342,288

**(2). Breakdown of operating income and operating cost**

Applicable  Not Applicable

Other Explanations:

Applicable  Not Applicable

**(3). Description of performance obligation**

Applicable  Not Applicable

**(4). Explanation of allocation to remaining performance obligations**

Applicable  Not Applicable

**(5). Significant contract modifications or significant transaction price adjustments**

Applicable  Not Applicable

Other Explanations:

None

**5. Investment income**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the cost method	220,585,426	591,649,253
Income from long-term equity investments accounted for using the equity method	4,319,300	3,766,073
Investment income from disposal of long-term equity investments	1,095,882	
Investment income from trading financial assets during the holding period	1,206,496	1,317,089
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investments during the holding period		4,812,500
Interest income from other debt investments during the holding period		
Investment income from disposal of trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investments		

Investment income from disposal of other debt investments		
Debt restructuring income		
Income from fund borrowing	3,240,383	4,712,641
Total	230,447,487	606,257,556

Other Explanations:

None

## 6. Other

Applicable  Not Applicable

## XX. Supplementary information

### 1. Details of non-recurring gains and losses during the period

Applicable Not Applicable

Unit: Yuan: RMB

Item	Amount	Explanation
Gains or losses from disposal of non-current assets, including the write-off portion of asset impairment provisions already recognized	-4,530,258	
Government grants recognized in current profit or loss, excluding those closely related to the Company's normal business operations, complying with national policy regulations, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	31,143,302	
Gains or losses from changes in fair value of financial assets and liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and liabilities, excluding effective hedging activities related to the Company's normal business operations	1,206,496	
Fees charged for the occupation of funds to non-financial enterprises recognized in current profit or loss	-	
Gains or losses from entrusting others to invest or manage assets	-	
Gains or losses from external entrusted loans		
Asset losses arising from force majeure factors, such as natural disasters		
Reversal of impairment provisions for receivables tested individually for impairment	253,000	
Gains arising from the investment cost of acquiring subsidiaries, associates, and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition		
Current net profit or loss of subsidiaries from the beginning of the period to the merger date arising from business combinations involving enterprises under common control		
Gains or losses from non-monetary asset		

exchanges		
Gains or losses from debt restructuring		
One-off expenses incurred due to the discontinuation of related business activities, such as employee placement expenses		
One-off impact on current profit or loss due to adjustments in tax, accounting, and other laws and regulations		
Share-based payment expenses recognized one-off due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee benefits payable after the vesting date		
Gains or losses arising from changes in fair value of investment properties subsequently measured using the fair value model		
Gains arising from transactions with obviously unfair transaction prices		
Gains or losses arising from contingent events unrelated to the Company's normal business operations		
Custody fee income from entrusted operations		
Other non-operating income and expenses other than the items listed above	2,398,621	
Other profit or loss items meeting the definition of non-recurring gains and losses	-1,309,915	
Less: Income tax impact	4,978,234	
Impact on minority interests (after tax)	1,394,025	
Total	22,788,987	

Reasons should be provided if the Company identifies items not listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Gains and Losses* as non-recurring gains and losses items with significant amounts, or defines items listed in the announcement as recurring gains and losses items.

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount involved	Reason
VAT reduction/exemption for small-scale taxpayers	46,542,302	Closely related to normal business operations

Other Explanations:

Applicable Not Applicable

## 2. Return on net assets and EPS

Applicable Not Applicable

Profit for the reporting period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.84	0.68	0.68

Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	7.60	0.65	0.65
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**3. Differences in Accounting Data under Domestic and Foreign Accounting Standards**

Applicable Not Applicable

**4. Other**

Applicable Not Applicable

Chairman: Xie Zilong

Date of approval for submission by the Board of Directors: April 29, 2025

**Revision Information**

Applicable Not Applicable