

Stock Code: 603883

Company Abbreviation: LBX

# **LBX Pharmacy Chain Joint Stock Company 2025 Annual Report**

**(In case of any discrepancy between the Chinese and English versions of  
this document, the Chinese version shall prevail.)**

## Important Notes

- I. The Board of Directors, the directors and officers of the Company warrant that the contents of this Annual Report are true, accurate and complete, free from false records, misleading statements or major omissions, and that they will bear several and joint liability.**
- II. All directors of the Company attended the Board of Directors meetings.**
- III. Ernst & Young Hua Ming LLP issued a standard unqualified auditor's report for the Company.**
- IV. Xie Zilong, the Company's principal, Chen Lishan, person in charge of accounting work, and Shi Lei, the person in charge of accounting department (chief accountant) declare as follows: 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 resolution of the Board of Directors**

As approved at the 14th meeting of the fifth Board of Directors upon deliberation on April 22, 2026, the Company intends to distribute cash dividends of RMB 0.27 (tax-inclusive) for every 10 shares to all shareholders based on the total share capital on the record date for equity distribution. The Company will not issue bonus shares or convert capital reserve into its share capital. As of March 31, 2026, the total share capital of the Company is 758,890,236 shares, and the Company intends to distribute cash dividends of RMB 204,900,364 (tax-inclusive). The total amount of cash dividends proposed by the Company in 2025 (including tax) was RMB 311,144,997 (including interim dividends of RMB 106,244,633 in 2025), accounting for 81.48% of the net profit attributable to the parent company in 2025. The profit distribution proposal was submitted to the 2025 annual shareholders' meeting of the Company for deliberation.

**Information on the Parent Company's Unrecovered Losses and Their Impacts on the Company's Dividend Distribution and Other Matters as of the End of the Reporting Period**

Applicable Not Applicable

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

Applicable Not Applicable

The forward-looking statements involved in this Report, including future plans and 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 was any external guarantee in violation of the established decision-making procedures**

No

**IX. Whether a majority of directors cannot guarantee the authenticity, 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. Others**

Applicable Not Applicable

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Contents of Documents Available for Reference	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 of the Audit Report stamped by the accounting firm, signed and stamped by certified public accountants
	Originals of all the Company's documents and announcements that have been publicly disclosed on the newspapers designated by China Securities Regulatory Commission during the reporting period

## Section I Interpretation

### I. Interpretation

Unless otherwise specified, the following terms in this Report are defined as follows:

Interpretation of Common Terms		
LBX/Company/Group	Refers to	LBX Pharmacy Chain Joint Stock Company
LBX Pharmaceutical Group/Pharmaceutical Group	Refers to	LBX Pharmaceutical Group Co., Ltd., LBX's controlling shareholder
Janstar Investment	Refers to	Janstar Investment Limited, LBX's major shareholder
Lanzhou Huirentang	Refers to	LBX Pharmacy Chain (Gansu) Co., Ltd., LBX's wholly-owned subsidiary
Shaanxi LBX/Shaanxi Company	Refers to	LBX Pharmacy Chain (Shaanxi) Co., Ltd., LBX's wholly-owned subsidiary
Zhejiang LBX	Refers to	LBX Pharmacy Chain (Zhejiang) Co., Ltd., LBX's wholly-owned subsidiary
Guangxi LBX/Guangxi Company	Refers to	LBX Pharmacy Chain (Guangxi) Co., Ltd., LBX's wholly-owned subsidiary
Shandong LBX/Shandong Company	Refers to	LBX Pharmacy Chain (Shandong) Co., Ltd., LBX's wholly-owned subsidiary
Guangdong LBX/Guangdong Company	Refers to	LBX Pharmacy Chain Guangdong Co., Ltd., LBX's wholly-owned subsidiary
Tianjin LBX/Tianjin Company	Refers to	LBX Pharmacy Chain (Tianjin) Co., Ltd., LBX's wholly-owned subsidiary
Jiangxi LBX	Refers to	LBX Pharmacy (Jiangxi) Co., Ltd., LBX's wholly-owned subsidiary
Shanghai LBX	Refers to	LBX Pharmacy Chain (Shanghai) Co., Ltd., LBX's wholly-owned subsidiary
Hubei LBX	Refers to	LBX Pharmacy Chain (Hubei) Co., Ltd., LBX's wholly-owned subsidiary
Shanxi Baihui	Refers to	Shanxi Baihui Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Hunan Huairen/Huiren Pharmacy	Refers to	Hunan LBX Huairen Pharmacy Chain Co., Ltd. (formerly "Hunan Huairen Great Health Industry Development Co., Ltd."), LBX's wholly-owned subsidiary
Henan LBX	Refers to	LBX Pharmacy Chain Henan Co., Ltd., LBX's wholly-owned subsidiary
Forworld Company/Hunan Forworld	Refers to	Forworld Medicine Logistics (Hunan) Co., Ltd., LBX's wholly-owned subsidiary
Jiangsu Forworld	Refers to	Forworld Medicine Technology (Jiangsu) Co., Ltd., LBX's wholly-owned subsidiary
Tianjin Forworld	Refers to	Forworld Pharmaceutical (Tianjin) Co., Ltd., Hunan

		Forworld's wholly-owned subsidiary
Jiangsu LBX	Refers to	LBX Pharmacy (Jiangsu) Co., Ltd., Changzhou Wanren's wholly-owned subsidiary
Yaoshengtang Technology/Chinese Medicine Technology	Refers to	Hunan Yaoshengtang Chinese Medicine Technology Co., Ltd., LBX's wholly-owned subsidiary
Hengyang LBX	Refers to	LBX Pharmacy Chain (Hengyang) Co., Ltd., LBX's non-wholly-owned subsidiary
Hangzhou Forworld	Refers to	Forworld Medicine Logistics (Hangzhou) Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Beijing E-commerce	Refers to	Beijing LBX E-commerce Co., Ltd., LBX's wholly-owned subsidiary
Anhui Baixingyuan	Refers to	LBX Pharmacy Chain (Anhui) Co., Ltd., LBX's wholly-owned subsidiary
Xi'an Longsheng	Refers to	Xi'an Longsheng Pharmaceutical Co., Ltd., Shaanxi LBX's wholly-owned subsidiary
Xi'an Changjia	Refers to	Xi'an Changjia Pharmaceutical Co., Ltd., Shaanxi LBX's wholly-owned subsidiary
Henan Pharmaceutical Supermarket	Refers to	Henan Provincial Pharmaceutical Supermarket Co., Ltd., Henan LBX's wholly-owned subsidiary
Yangzhou Baixinyuan	Refers to	LBX Pharmacy Chain (Yangzhou) Co., Ltd., LBX's wholly-owned subsidiary
Mingyuan Bee Industry	Refers to	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	Refers to	LBX Pharmacy Chain (Tianjin Binhai New Area) Co., Ltd., Tianjin LBX's non-wholly-owned subsidiary
Wugong Longsheng	Refers to	Wugong County Longsheng Pharmaceutical Co., Ltd., Xi'an Longsheng's wholly-owned subsidiary
LBX Health Pharmacy	Refers to	LBX Health Pharmacy Group Chain Co., Ltd., Forworld's non-wholly-owned subsidiary
Baixingtang	Refers to	Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Management Co., Ltd., LBX's non-wholly-owned subsidiary
Hunan Baixingtang	Refers to	Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Outpatient Department Co., Ltd., Baixingtang's wholly-owned subsidiary
Chengdu Baixingtang	Refers to	Chengdu Baixingtang Medical Center Management Co., Ltd., Baixingtang's wholly-owned subsidiary
Mingyu Longxing	Refers to	Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd., LBX's non-wholly-owned subsidiary
Xi'an Baixingtang	Refers to	Xi'an Baixingtang Zhang Shiwu Tang Traditional Chinese Medicine Clinic Co., Ltd., LBX (Shaanxi)'s wholly-owned subsidiary
Changzhou Renmin Baixingtang	Refers to	Changzhou Baixingtang Renmin Traditional Chinese Medicine Outpatient Department Co., Ltd.,

		Baixingtang's wholly-owned subsidiary
Changzhou Heping Baixingtang	Refers to	Changzhou Baixingtang Heping Medical Outpatient Department Co., Ltd., Baixingtang's wholly-owned subsidiary
Zhejiang Health	Refers to	LBX Health Pharmacy (Zhejiang) Co., Ltd., LBX Health Pharmacy's non-wholly-owned subsidiary
Zhongbeiqiao	Refers to	Hangzhou Zhongbeiqiao Clinic Co., Ltd., Zhejiang LBX's wholly-owned subsidiary
Kunshan Duhao	Refers to	Kunshan Duhao Convenience Chain Co., Ltd., Jiangsu Baijiahui's wholly-owned subsidiary
Jiangsu Baijiahui	Refers to	Jiangsu Baijiahui Suhe Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Tongliao Zeqiang	Refers to	Tongliao Zeqiang Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Inner Mongolia Zeqiang	Refers to	Inner Mongolia Zeqiang Pharmaceutical Co., Ltd., Tongliao Zeqiang's wholly-owned subsidiary
Chifeng LBX	Refers to	Chifeng LBX Pharmacy Chain Co., Ltd., LBX's wholly-owned subsidiary
Longtaiyuan	Refers to	LBX Pharmacy Chain (Taizhou) Co., Ltd., LBX's wholly-owned subsidiary
Zhenjiang Huakang	Refers to	LBX Pharmacy Chain (Zhenjiang) Co., Ltd., LBX's wholly-owned subsidiary
Nantong Puze	Refers to	Nantong Puze Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Anhui Linjiayi	Refers to	Anhui Linjiayi Kangfu Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Easy Drug	Refers to	Hunan LBX Easy Drug Technology Co., Ltd., LBX's non-wholly-owned subsidiary
Jintan Xinqianqiu	Refers to	Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd., LBX's non-wholly-owned subsidiary
Sanpintan	Refers to	Wuxi Sanpintan Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Jiangsu Haipeng	Refers to	Jiangsu Haipeng Pharmaceutical Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Ningxia Huirentang	Refers to	Ningxia LBX Huirentang Pharmaceutical Co., Ltd., Lanzhou Huirentang's wholly-owned subsidiary
Rende Pharmacy	Refers to	Linyi Rende Pharmacy Chain Co., Ltd., LBX's non-wholly-owned subsidiary
Longxing Tianxia	Refers to	Hunan Longxing Tianxia Health Management Co., Ltd., LBX Health Pharmacy's wholly-owned subsidiary
Faxiangdi	Refers to	Changsha Faxiangdi Industrial Co., Ltd., LBX's wholly-owned subsidiary
A-share	Refers to	Ordinary shares approved for listing on domestic stock exchanges, denominated in RMB, subscribed for and traded in RMB
CSRC	Refers to	China Securities Regulatory Commission
SSE (Shanghai Stock Exchange)	Refers to	Shanghai Stock Exchange

Articles of Association	of	Refers to	LBX's past and currently effective Articles of Association
State Council		Refers to	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	of	Refers to	Ministry of Commerce of the People's Republic of China
O2O		Refers to	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		Refers to	Business-to-Customer, an e-commerce model where businesses sell products and services directly to consumers
DTP		Refers to	DTP is an abbreviation of Direct-to-Patient. DTP pharmacies are pharmacies that provide more valuable professional services directly to patients. After a patient receives a prescription from a hospital, the pharmacy delivers the medicine door to door at the time and place designated by the patient or his family according to the prescription, cares for and tracks the patient's medication progress, and provides professional services such as medication consultation.
This Report		Refers to	LBX Pharmacy Chain Joint Stock Company 2025 Annual Report
Reporting period		Refers to	January 1 - December 31, 2025
End of the reporting period		Refers to	December 31, 2025
RMB, RMB'0000, RMB'00 million		Refers to	RMB, RMB'0000, RMB'00 million

## Section II Company Profile and Key Financial Indicators

### I. Company Information

Chinese Name of the Company	LBX Pharmacy Chain Joint Stock 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. Contact Person and Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Full name	Feng Shini	Liu Xia'er
Contact address	No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province	No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province
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	No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province
Change history of the Company's registered address	In April 2019, the registered address changed from No. 288 Xiangya Road, Changsha City to No. 808 Qingzhu Road, Kaifu District, Changsha City
Office address of the Company	No. 808 Qingzhu Lake Road, Kaifu District, Changsha City, Hunan Province
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	China Securities Journal ( <a href="https://www.cs.com.cn">https://www.cs.com.cn</a> ) / Shanghai Securities News ( <a href="https://www.cnstock.com">https://www.cnstock.com</a> ) / Securities Times ( <a href="http://www.stcn.com">http://www.stcn.com</a> ) / Securities Daily ( <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	Stock abbreviation before change
A-share	Shanghai Stock Exchange	LBX	603883	None

**VI. Other Relevant Information**

Accounting firm engaged by the Company (within the territory of China)	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 06, 2020 - December 31, 2023 (As raised funds were not fully utilized, continuous supervision duties for the raised funds continued in 2025)

**VII. Major Accounting Data and Financial Indicators in the Past Three Years****(i) Main accounting data**

Unit: RMB Currency: RMB

Main accounting data	2025	2024	Year-on-year change (%)	2023
Operating income	22,236,615,347	22,357,610,195	-0.54	22,437,489,012
Total profit	756,168,890	915,971,484	-17.45	1,407,833,099
Net profits attributable to shareholders of the listed company	381,846,593	519,063,405	-26.44	929,023,131
Net profits attributable to shareholders of the listed company, net of non-recurring profit and loss	346,630,483	496,274,418	-30.15	843,765,222
Net cash flows from operating activities	3,142,633,749	2,026,458,797	55.08	2,729,838,947
	End of 2025	End of 2024	Year-end comparison (%)	End of 2023
Net assets attributable to shareholders of the listed company	6,535,391,985	6,580,857,270	-0.69	6,701,235,576
Total assets	19,845,403,504	21,044,853,679	-5.70	21,230,999,976

Note: The profit attributable to shareholders of the listed company net of the impact of goodwill and land impairment was RMB 620 million, representing a year-on-year decrease of 1.0% as compared with 2024.

**(ii) Main financial indicators**

Main financial indicators	2025	2024	Year-on-year change (%)	2023
Basic EPS (RMB/share)	0.50	0.68	-26.47	1.23
Diluted EPS (RMB/share)	0.50	0.68	-26.47	1.23
Basic EPS net of non-recurring profit or loss (RMB/share)	0.46	0.65	-29.23	1.11
Weighted average return on equity (%)	5.66	7.84	Decrease by 2.18 percentage points	13.91
Weighted average return on equity net of non-recurring profit or loss (%)	5.61	7.60	Decrease by 1.99 percentage points	12.64

Notes to the main accounting data and the financial indicators of the Company for the past three years at the end of the reporting period

Applicable Not Applicable

During the reporting period, the operating income decreased by 0.54% as compared with the previous year, which was basically the same as that of the previous year. The net profit attributable to shareholders of the listed company and the profit attributable to shareholders of the listed company net of non-recurring gains and losses declined by 26.44% and 30.15%, respectively, as compared with the previous year, mainly due to the Company's goodwill and land impairment provision. Net cash flows from operating activities increased by 55.08% as compared with the previous year, mainly owing to the decrease in operating receivables and the increase in operating payables in the current period. Net assets attributable to shareholders of listed companies decreased by 0.69% as compared with the previous year, which was basically the same as that of the previous year. Total assets decreased by 5.70% as compared with the previous year, mainly due to the provision for impairment losses and amortization of right-of-use assets.

**VIII. Differences in Accounting Data under Domestic and Overseas Accounting Standards**

**(i) The difference between the net profits and net assets attributable to shareholders of the listed company in the financial report disclosed in accordance with both the international accounting standards and the Chinese accounting standards**

Applicable Not Applicable

**(ii) The difference between the net profits and net assets attributable to shareholders of the listed company in the financial report disclosed in accordance with both overseas accounting standards and Chinese accounting standards**

Applicable Not Applicable

**(iii) Explanation for differences between domestic and overseas accounting standards:**

Applicable Not Applicable

**IX. Main financial data by quarter in 2025**

Unit: RMB Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating income	5,435,220,089	5,339,092,426	5,296,154,500	6,166,148,332
Net profits attributable to shareholders of the listed company	250,636,310	147,227,583	130,783,352	-146,800,652
Net profits attributable to shareholders of the listed company, net of non-recurring profit or loss	243,498,304	137,623,386	113,349,086	-147,840,293
Net cash flows from operating activities	804,266,875	821,778,294	530,772,555	985,816,025

Explanation for differences between quarterly data and disclosed periodic report data

Applicable Not Applicable**X. Non-recurring profit or loss items and amounts**Applicable Not Applicable

Unit: RMB Currency: RMB

Non-recurring profit or loss item	Amount of 2025	Notes (if applicable)	Amount of 2024	Amount for 2023
Gains or losses from the disposal of non-current assets, including the reversal of any previously provided for asset impairment	-3,542,326		-4,530,258	5,509,528
Government grants recognized in the current profit or loss, except for government grants that are closely related to the Company's normal business operations, comply with national policy provisions, are enjoyed according to established standards, and have continuous impacts on the Company's profit or loss	26,407,173		31,143,302	36,990,610
Except for effective hedging transactions related to the Company's normal business operations, the gains or losses from changes in the fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from the disposal of financial assets and liabilities	4,966,241		1,206,496	4,629,589
Fund possession costs that are recorded in current profit or loss and are charged from the non-financial enterprises				
Profit or loss from entrusting others to make investment or management of assets				
Profit or loss from obtaining of entrusted loans				
Various asset losses caused by force				

majeure factors, such as natural disasters				
Reversal of impairment provision for accounts receivable subject to individual impairment test	70,000		253,000	790,786
Profits from deficiency of the investment costs for acquisition of the subsidiaries, associates and joint ventures below the fair value of the net identifiable assets received from the investee at the time of investment				
Current net profit or loss of subsidiaries generated from business combinations involving enterprises under common control from the beginning of the period to the date of consolidation				
Profit or loss from exchange of non-monetary assets				
Profit or loss from debt restructuring				
One-time expenses incurred by the enterprise due to the discontinuation of related business activities such as expenditures for the resettlement of employees				
One-time impact on the current profit or loss due to adjustments in tax, accounting, and other laws and regulations				
One-time share-based payment expenses recognized due to the cancellation or modification of equity incentive plans				
For cash-settled share-based payments, the gains or losses generated by changes in the fair value of employee compensation payable after the exercise date				
Profit or loss from change in fair value of investment property that is subsequently measured at fair value				
Profits generated from transactions that are obviously unfair in terms of transaction price				
Profit or loss from contingencies that are irrelevant to the normal operation business of the Company				
Trustee fee income from entrusted operation				
Other non-operating income and expenses other than the items listed above	14,312,936		2,398,621	9,703,510
Other profit or loss items that conform to the definition of non-recurring profit or loss			-1,309,915	56,265,472
Less: impact of income tax	3,461,353		4,978,234	25,236,570
Influence of minority equity (after-tax)	3,536,561		1,394,025	3,395,016
Total	35,216,110		22,788,987	85,257,909

The non-presented items defined as non-recurring profit or loss items at significant amount by the Company according to the Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss, as well as the non-recurring profit or loss items listed in Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss shall be accounted for.

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount involved	Reason
VAT reduction/exemption for small-scale taxpayers	51,123,215	Closely related to normal business operations

**XI. Companies with equity incentives and employee stock ownership plans may choose to disclose their profits after net of the impacts of share-based payments**

Applicable Not Applicable

**XII. Items measured at fair value**

Applicable Not Applicable

Unit: RMB Currency: RMB

Name of project	Opening balance	Closing balance	Changes during the period	Impact on current profit
Accounts receivable financing	15,269,288	5,612,871	-9,656,417	
Other equity instrument investments	35,877,723	35,768,123	-109,600	
Other non-current financial assets	12,093,150	6,963,496	-5,129,654	455,891
Total	63,240,161	48,344,490	-14,895,671	455,891

**XIII. Others**

Applicable Not Applicable

## Section III Discussion and Analysis by the Management

### I. Business Activities during the reporting period

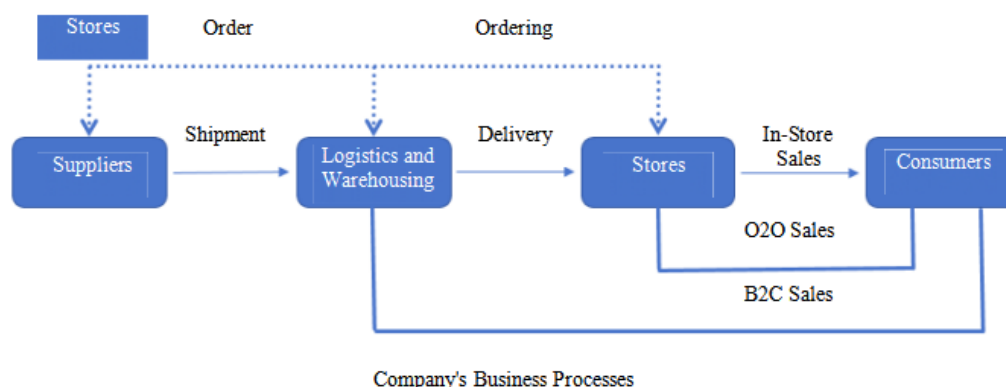
#### (I) Overview of Main Business

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. In addition to the retail of pharmaceuticals, the Company is also engaged in the wholesale and manufacturing of pharmaceuticals (mainly the manufacturing of ready-for-use traditional Chinese medicine and Chinese medicine decoction pieces).

While committed to the direct operation and management mode, LBX Pharmacy actively explores the "Spark Company" cooperation model of controlling acquisitions, vigorously develops the "Seven-Unification" high-standard pharmacy franchise model, innovatively creates the alliance model of a "third-party comprehensive empowerment service platform", DTP professional pharmacy, Chinese medicine clinic chain and other formats, and actively explores O2O business, strives to become 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.

#### (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 managers 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 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 models. 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.

Notes on the Company's Additional Important Non-primary Business during the Reporting Period

Applicable Not Applicable

## **II. Industry Situation during the Reporting Period**

### **(I) Basic Industry Situation**

1. Policies drive high-quality development of the industry and improve the social status of retail pharmacies

In January 2026, nine ministries, including the Ministry of Commerce, issued the "Opinions on Promoting the High-Quality Development of the Pharmaceutical Retail Industry" (hereinafter referred to as the "Opinions"), pointing out that the pharmaceutical retail industry is an important part of national medical and health undertakings and is related to people's health and life safety. The Opinions highly recognize the important position of retail pharmacies in the national health cause. They are conducive to the standardized, healthy and sustainable development of the pharmaceutical retail industry. They also re-estimate the commercial and social value of retail pharmacies. In particular, they have constituted substantial and structural long-term benefits for industry leaders.

Specifically, their value for long-term growth of the industry is reflected from the following six aspects: Firstly, optimize the policies for external prescriptions and remote prescription review, which is favorable for retail pharmacies to obtain external and remote reviewed prescriptions. Enterprises may directly use prescription circulation platforms, encourage self-built remote prescription review platforms, and further promote the outflow

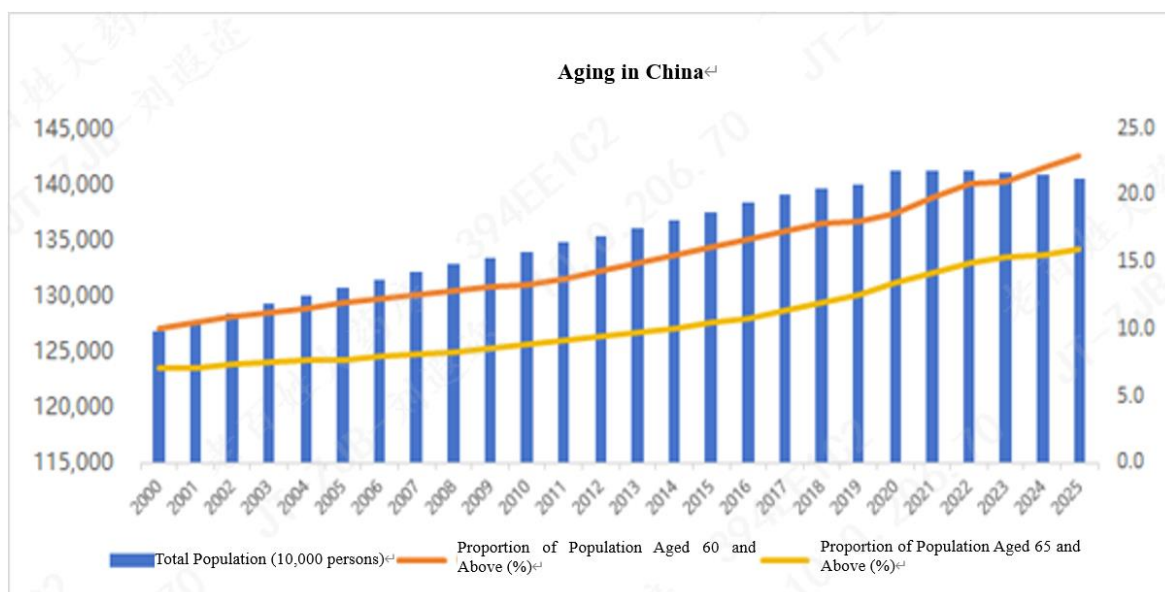
of prescriptions. Secondly, clarify the positioning of retail pharmacies' social public service functions, encourage pharmacies to participate in social functions such as health stations, emergency supply guarantee, and real-world scientific research, and enjoy the same rights as primary medical institutions to improve the social status of retail pharmacies. Thirdly, enrich the business scope of retail pharmacies, in combination with the construction of a quarter-hour convenient life circle, encourage pharmacies to expand their businesses such as patient education, health consultation, traditional Chinese medicine culture, care, and commercial insurance, so as to meet customers' diversified health needs and improve customer stickiness. Fourthly, confirm the market orientation and strengthen fair supervision; confirm market orientations of drug prices, strengthen the supervision over online platforms, and ease the inspection burden of enterprises with good credit to further protect the interests of offline pharmacies. Fifthly, enhance the market positions of leading enterprises, optimize the post-M&A medical insurance qualification inheritance policy, encourage industry integration, and enhance the bargaining power of leading pharmacies. Sixthly, optimize the settlement methods between medical insurance funds and retail pharmacies, effectively shorten the settlement time, improve the settlement efficiency, and benefit the cash flow of retail pharmacies.

With the continuous optimization of the policy environment and stricter supervision for maintaining the order of fair market competitions, the pharmaceutical retail industry will accelerate its high-quality development for becoming specialized, intensive, digitalized and standardized. Leading offline pharmacies have steadily promoted the transformation of their "health stations", relied on offline scenarios to build competitive barriers direct to consumers, expanded diversified health services, and effectively given play to their social and public functions. With steady improvement of its concentration and constant increase in its chain rate, the pharmaceutical retail industry has maintained a favorable development pattern in a long term.

## 2. Population aging intensified and residents' health awareness increased

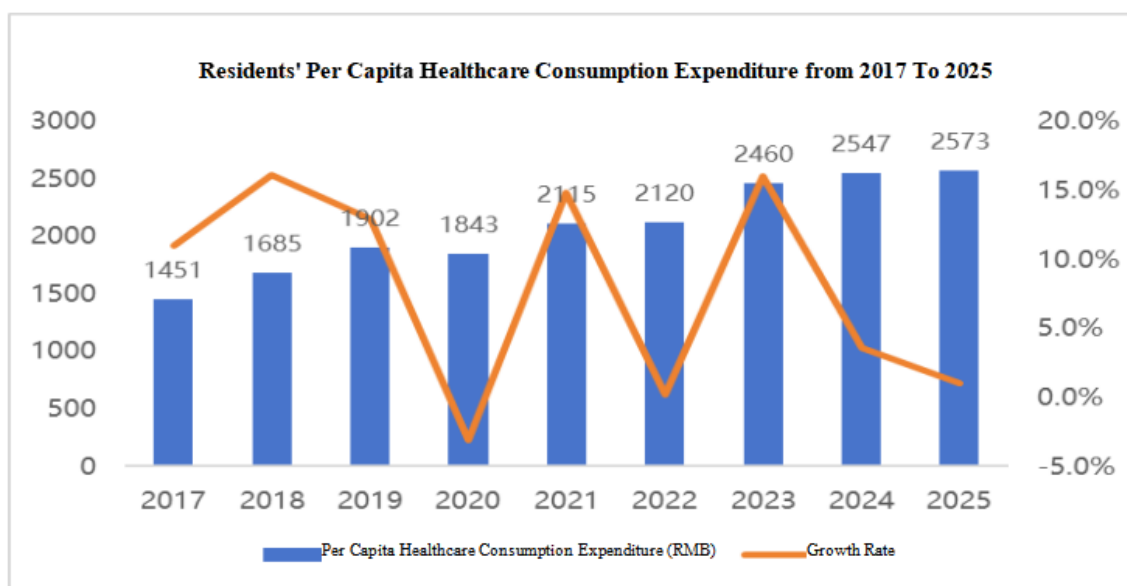
According to the data from the National Bureau of Statistics, as at the end of 2025, China's population aged 60 and above was 323 million, accounting for 23% of the national population, with an increase of 1% compared with 2024. Among them, 224 million people aged 65 and above, accounting for 15.9% of the national population, with an increase of 0.3% compared with 2024. According to the calculations of the National Health Commission, it is estimated that around 2035, the population of the elderly aged 60 and above would exceed

400 million, accounting for more than 30% of the total population, entering a stage of severe aging. China's aging degree continues to be deepened, and the demand for healthcare and chronic disease management will gradually rise in the future.



Data source: National Bureau of Statistics

As residents' health awareness continues to increase, pharmacies, as important scenarios in the field of residents' health, have a definite long-term demand for medical and health services. According to the data of the National Bureau of Statistics, in 2025, nationwide residents' per capita medicare spending was RMB 2,573, with an increase of 1.0%, accounting for 8.7% of the per capita consumption expenditure.



Data source: National Bureau of Statistics

According to CMH data, in 2025, the overall sales scale of the retail pharmacy market amounted to RMB 517.3 billion (all categories of pharmacies, including drugs and non-drugs), with a year-on-year decline of 2.2%. Since 2023, the market size of physical pharmacies maintained slight decline, mainly affected by the reform of personal medical insurance accounts, outpatient mutual assistance, compliance supervision and drug price governance.

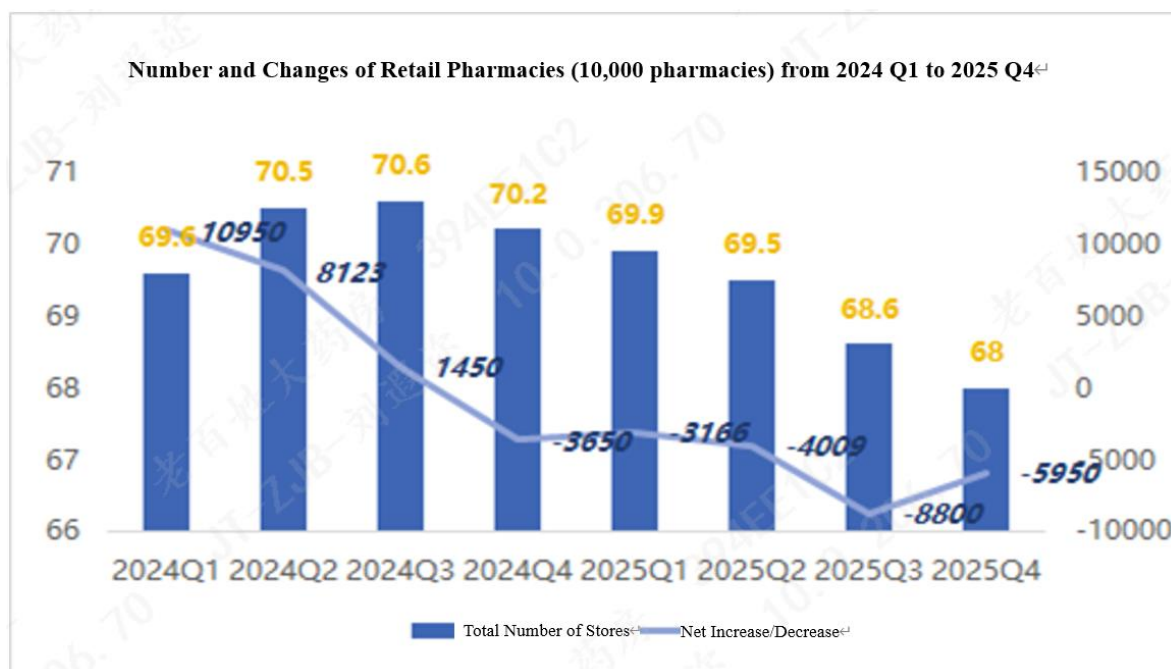
3. Clearing WAS accelerated, and the strong remained strong. Intense supervision drove industry integration.

(1) Pharmacy clearing was accelerated. The scale and concentration of the industry were improved.

Affected by multiple factors such as tightening supervision and intensifying industry competitions, the clearing process of retail pharmacies nationwide was significantly accelerated in 2025. According to data from CMH, since the number of retail pharmacies nationwide reached an inflection point in 2024 Q4, 22,000 pharmacies nationwide had been cleared by the end of 2025, and pharmacies had turned from quantitative increase to quality improvement. The net decrease in the number of pharmacies in each quarter of 2025 was 3,166, 4,009, 8,800, and 5,950, respectively, and the clearing of the industry was accelerated.

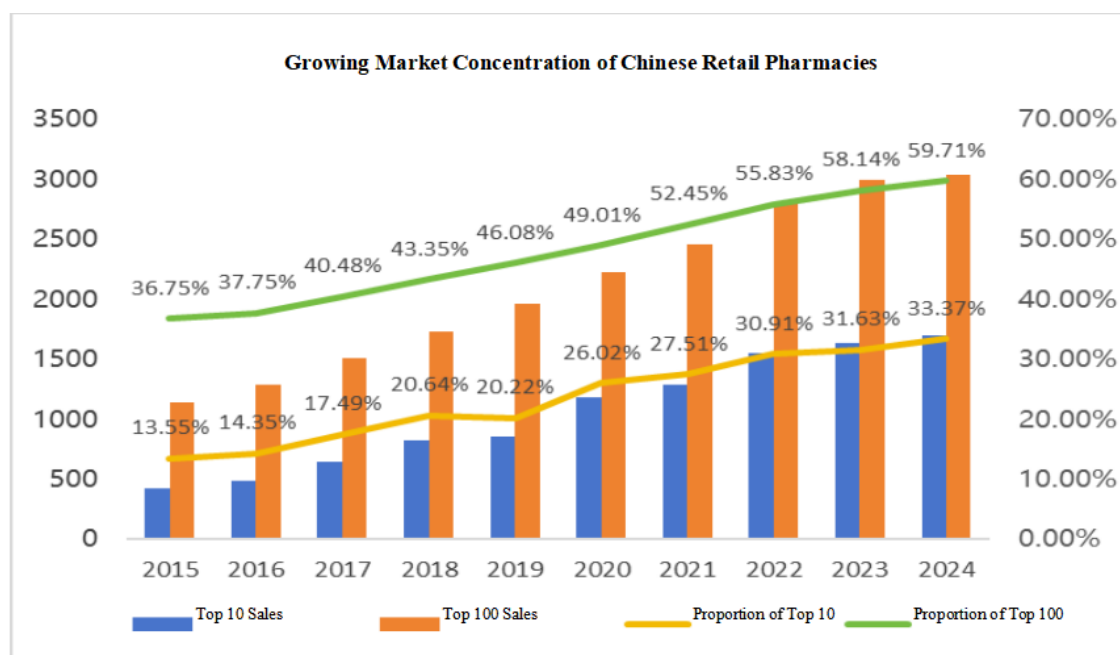
From the perspective of pharmacy clearing structure, small and medium-sized chains and single pharmacies with insufficient compliance capabilities and lower level of specialization are under pressure and are being cleared one after another. Among the nearly 20,000 stores decreased on a net basis in 2025 Q3 as compared with 2024 Q4, small and medium-sized chains (chain pharmacies outside the top 30) and single pharmacies had accounted for 84.5%.

According to the forecast of CMH data, the number of pharmacies is expected to drop below 500,000 in the next 3 to 5 years. With the accelerated integration and clearing of pharmacies, the number of served customers per store in the industry is expected to rebound. This will facilitate the increase in the top chain pharmacies' market shares and growth of their customer flow.



Data source: CMH

According to data from China Drug Store and CITIC Securities, the industry's chain operation rate slightly dropped to 57.56% in 2024. The market shares of the Top 10 and Top 100 continued to increase. Large chain pharmacies steadily expanded in reliance upon their scale and brand advantages, while small and medium-sized chain pharmacies bore pressure from competitions, and in the industry, the strong tended to remain strong. In 2024, the sales of the Top 10 chain pharmacies increased by 1.74% compared with 2023. The sales of Top 100 pharmacy chains accounted for 59.71% of the industry's total sales, with an increase of 1.57% from 2023. According to data from Soochow Securities and China Drug Store, in 2022, the market share of the Top 3 pharmacies in the United States was 85%; The market share of the Top 10 pharmacies in Japan was 73.7%, and the market share of the Top 10 pharmacies China in 2024 was only 33.37%. There is huge room for improvement in concentration.



Data source: China Drug Store

(2) Regulatory compliance tends to be tightened, and medical insurance qualifications are particularly owned by the top pharmacies.

In recent years, the supervision at all levels has been gradually upgraded in China, and the compliance of the pharmaceutical retail industry has been improving. Firstly, the supervision of medical insurance prices has become more rigorous. The price comparison action has been implemented nationwide, and the market prices have become more transparent. Industry leaders are expected to further give full play to their cost advantages. Secondly, unannounced inspections are normalized, and large chain pharmacies that are conducive to compliance operations give priority to undertaking outgoing prescriptions. Thirdly, traceability codes are fully launched, and technological advancement has accelerated the progress of industry compliance. Large chain pharmacies may further increase their market share in the process of regulatory clearance with the advantages of digitally empowered compliance management.

The nine ministries, including the Ministry of Commerce, has pointed out in the Opinions jointly issued by them that the intelligent supervision model of "technology empowerment + risk classification" shall be explored, and that the dynamic supervision model of classified management and differentiated inspection shall be implemented according to the risk level and credit evaluation of pharmaceutical retailers. With the advancement of intelligent supervision, the requirements for pharmacies' own compliance management capabilities have been further improved, and compliance management

capability has also become an important threshold for obtaining outpatient coordination qualifications. The standardized management and stronger risk prevention and control capabilities of large chain pharmacies will give play to greater advantages under the regulatory environment.

As compliance costs continue to rise, numerous small chains and single medical insurance stores will withdraw from medical insurance or be closed. Medical insurance qualifications will further concentrate among the top chain pharmacies. According to CMH data, as of the end of 2025 Q3, among the nearly 30,000 medical insurance stores with a net year-on-year decrease, small and medium-sized chains (chain pharmacies outside the top 30) and single pharmacies accounted for 92.9%.

4. Policies drive prescription outflow, increasing the market share of pharmaceutical retail

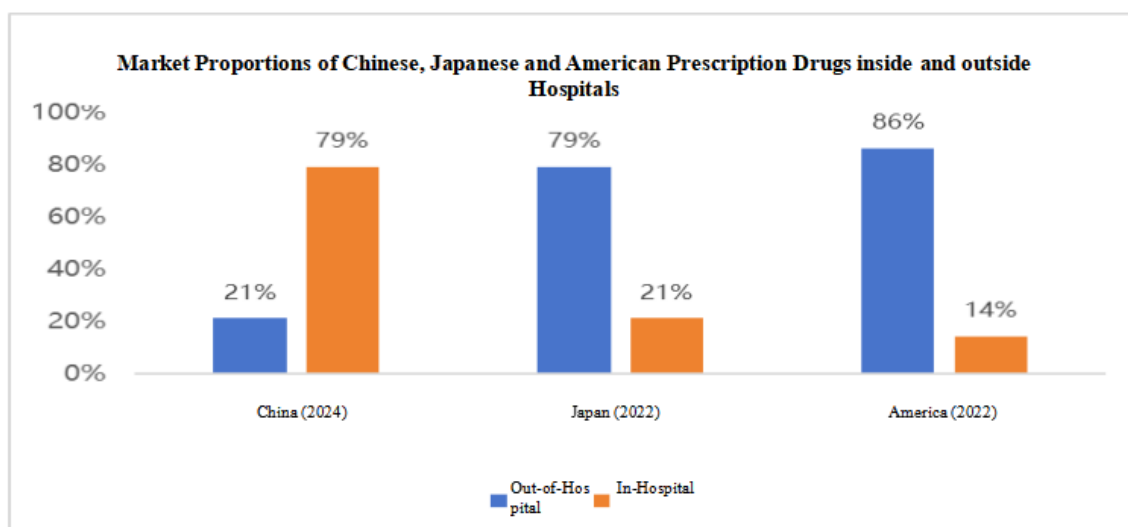
With the advancement of the "Healthy China" strategy and the deepening of the reform of the medical and health system, a series of policies such as separation of dispensing from prescription, volume-based procurement, dual channels, medical insurance reform and the inclusion of designated pharmacies in coordinated outpatient management have been gradually implemented, promoting the continuous outflow of prescription drugs from hospitals. The nine ministries, including the Ministry of Commerce, have jointly issued the Opinions, pointing out that the reform of the medical and health system shall be continuously promoted, and medical institutions shall be promoted to strengthen their external prescription services.

(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 "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 been gradually implemented, continuously promoting the "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% from 16% in 2017 to 21% in 2024. However, compared with developed countries, there was still much room for improvement

in the proportion of out-of-hospital sales of prescription drugs in China. In 2022, the proportion of prescription drug sales outside hospitals in Japan and the United States reached 79% and 86% respectively.



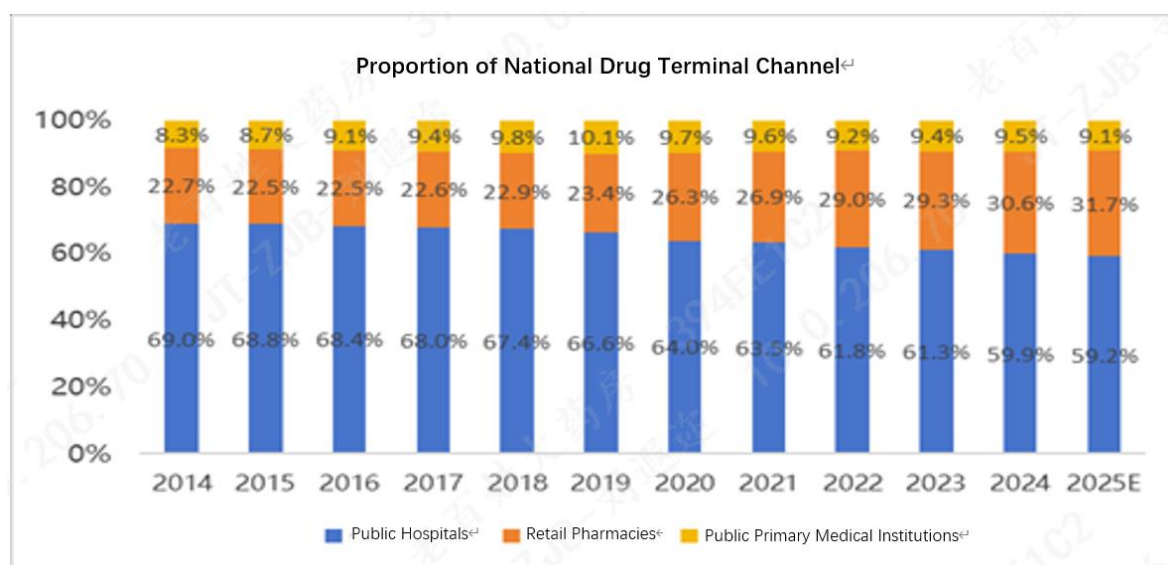
Data sources: CMH, Ministry of Health, Labour and Welfare of Japan, IQVIA

## (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, demonstrating higher liquidity. Before the medical insurance account reform, all personal contributions and part of the employer's contributions were allocated to the individual medical insurance accounts. Expenses for outpatient visits or drug purchases at pharmacies could only be paid from the individual account. After the reform, part of the employers' contributions has been allocated to the pooled medical insurance funds. At the same time, the reimbursement scope of the pooled medical insurance fund has been expanded to 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 funds 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 facilitates medical insurance reimbursement

The inclusion of designated pharmacies in outpatient pooling management, implementing the same medical insurance benefits as designated primary medical institutions, has significant effects 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 enable 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 SDP. Pharmacies qualified as coordinated designated pharmacies have added payment with coordinated medical insurance funds based on personal accounts for medical insurances, and convenient medical insurance reimbursement better serves customers. According to the drug sales data of MENET, the proportion of terminal sales in retail pharmacies increased from 22.7% in 2014 to 31.7% in 2025, while the proportion of terminal sales in public hospitals gradually decreased from 69% in 2014 to 59.2% in 2025. The outflow of prescriptions continues to advance.



Data source: Menet

##### 5. Development trend of digital intelligence, specialization and diversification

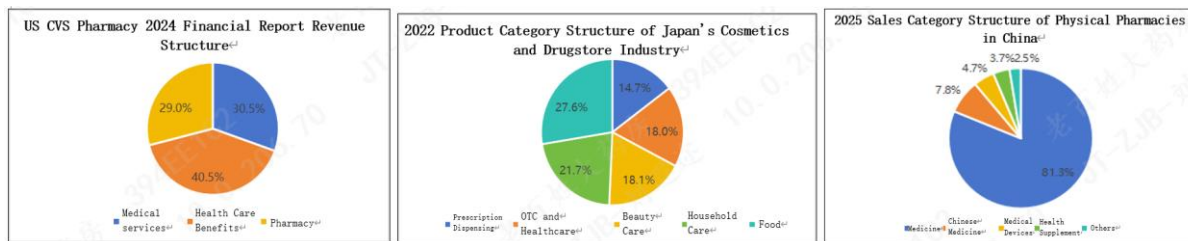
National policies promote the digital intelligence, specialization and diversification of retail pharmacies. The Opinions jointly issued by 9 ministries, including the Ministry of Commerce, encourage local governments to introduce special support policies for digital and intelligent health service upgrading, and procure Internet hospitals relying on physical

medical institutions to build health consultation centers for retail pharmacies; encourage pharmaceutical retailers to build teams of licensed pharmacists and health consultants, strengthen the business training for pharmaceutical technicians, and improve professional service capabilities; encourage chain pharmacies to enrich their pharmaceutical retail formats, optimize their product and service experience, and support the innovative development of time-honored pharmaceutical retailers.

The digital and intelligent transformation of the pharmaceutical retail industry has become an industry consensus, and "pharmaceutical + AI" promotes the continuous upgrading of the industrial chain. 5 ministries, including the National Health Commission, have pointed out in the Implementation Opinions on Promoting and Standardizing the Application and Development of "Artificial Intelligence + Healthcare to strengthen the standardized management services for residents' chronic diseases, create intelligent chronic disease management and personal health portrait applications, and build a new intelligent service model for grassroots chronic disease management; strengthen health management, aged care and childcare services, provide residents with personalized intelligent, healthy and scientific diet and exercise suggestions, and promote intelligent applications on health management and daily nursing guidance for key groups such as the elderly, pregnant women and children.

According to a research report of China Securities, Chinese pharmacies might be divided into specialized and diversified pharmacies in the future. Among them, the essence of specialized pharmacies lies in meeting the specialized medication needs of people flowing out of hospitals, including outpatient coordinated pharmacies, dual-channel pharmacies, commercial insurance pharmacies, in-hospital pharmacies, specialty pharmacies, etc.; The essence of diversified pharmacies consists in satisfying people's daily health needs, including drugstores, maternity and baby stores, pet stores, sports stores, convenience stores, experience stores, aging-friendly stores, hot commodity stores, etc.

At present, there is still a lot of room for development in the diversification of products and services in pharmacies in China. Data showed 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 benefits and medical services reached 70.5% in 2024, while the proportion of non-drug sales in Chinese pharmacies was only 18.7% in 2025, with huge space for development.



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 2025, it was the thirteenth time that the Company was evaluated by CPEO as "TOP100 Champion in Overall Competitive Strengths among Chinese Drug Retailersterprises". Besides, it was evaluated as "TOP100 Champion in Overall Competitive Strengths among Chinese Drug Retail Enterprises" and "TOP 10 Urban Drug Retail Groups in Competitive Strength". It was ranked No.4 by China Drug Store among "TOP 100 Chinese Pharmacy in Value 2024-2025" and honorably listed by China Association of Pharmaceutical Commerce as "Top Ten Best Health Stations in Total Sales among Chinese Pharmaceutical Retail Enterprises in 2024". Honorably evaluated as the Best Managed Companies ("BMC") for the fourth consecutive year, the Company was also the sole pharmaceutical retailer included in the list of the BMC this time.

## III. Business Discussion and Analysis

LBX Pharmacy is committed to building a "technology-driven health service platform". As of December 31, 2025, the Company had built a marketing network covering 18 provinces, over 150 prefecture-level cities and above across the country, totaling 14,975 stores, including 9,732 direct-sale stores and 5,243 franchised stores. In 2025, 875 new stores were opened by the Company, including 84 direct-sale stores and 791 franchised stores.

In 2025, the Company achieved operating revenue of RMB 22,236,615,347, with a year-on-year decline of 0.54%, a net profit attributable to shareholders of the parent company amounting to RMB 381.85 million, with a year-on-year decrease of 26.44%. The profit attributable to shareholders of the parent company net of the impacts of goodwill and land impairment was RMB 620.45 million, representing a year-on-year decrease of 1.0%, and net cash flows from operating activities amounting to RMB 3,142.63 million, with year-on-year growth of 55.08%.

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.

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

Applicable  Not Applicable

The Company continuously consolidated the strategic positioning as a "technology-driven health service platform" and built a moat with seven major advantages. During the reporting period, the operating quality improved quarter by quarter. The net profit attributable to the parent company declined by 22% year-on-year in the first quarter, further dropped to 18.9% in the second quarter, turned positive in the third quarter, with a year-on-year increase of 2.6%, amounted to RMB 91.8 million net of non-comparable impairment factors in the fourth quarter, demonstrating a year-on-year growth. The operating quality was continuously consolidated. Firstly, the Company had a wide and deep pharmaceutical retail network; Secondly, the Company owned an industry-leading pharmaceutical logistics system and smart supply chain; Thirdly, the Company achieved continuous expansion through ecological empowerment and the mature franchise and alliance asset-light model; Fourthly, the Company possessed mature M&A experience and integration capability, and used high-quality alliance stores as incubation pools for potential M&A targets; Fifthly, the Company had an industry-leading proportion of stores with medical insurance co-ordination qualifications, and leveraged its professional advantages to attract customers; Sixthly, the Company owned a wide range of chronic disease management pharmacies in the industry, and strengthened customer stickiness with professionalism and warmth; Seventhly, the Company laid a solid digital intelligence foundation in the industry, and empowered efficient operation with the power of digital AI.

##### **(I) Channel Advantages**

##### **1. The Company has created a broad and in-depth nationwide store network**

The Company is one of China's pharmaceutical retailers with the widest coverage and deepest penetration. As of the end of the reporting period, the Company had owned 14,975 stores, which covered 18 provincial markets, over 150 prefecture-level cities and above, including 9,732 direct-sale stores and 5,243 franchised stores. In 2025, 875 new stores were opened by the Company, including 84 direct-sale stores and 791 franchised stores.

The Company focuses on core advantageous markets and actively expands the lower-tier markets. During the reporting period, the Company deployed stores in 18 provinces and cities across the country, ranked among the top three in terms of the number and market share of stores in 11 advantageous provinces. As of the end of 2025, the number of stores in advantageous provinces and key cities had accounted for 90.2%.

Meanwhile, the Company has accelerated its penetration into the lower-tier markets with a large population base and low operating costs. As of the end of 2025, the stores in prefecture-level cities and below had accounted for 78%; Among the new stores in 2025, stores in prefecture-level cities and below had accounted for 88%.

## **2. The Company has an industry-leading pharmaceutical logistics system**

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, with warehousing area exceeds 320,000 m<sup>2</sup>. During the reporting period, the Company continuously explored the application of digital AI in logistics, iteratively upgraded the warehousing management system (WMS) of the logistics distribution centers, improved human efficiency while expanding its capacity, and built a reporting system, online monitoring platform and intelligent inspection platform.

## **3. The Company's new retail business has creatively maintained high growth**

The Company's new retail service system has been continuously upgraded, and its online business has achieved rapid growth. Focusing on the "category leader + private brand" strategy online, the Company has responded to the dynamic market demand, and continuously improved the performance efficiency and customer satisfaction with the aid of AI algorithms. During the reporting period, the total sales of the Company's online channels (including franchised stores) exceeded RMB 3.12 billion, representing a year-on-year increase of 26.3%. As of the end of 2025, the Company had owned 12,352 O2O take-out service stores and 730 24-hour stores.

In private domains, the mini program mall named "LBX Pharmacy Healthy Door-to-door Drug Delivery" has been newly upgraded, optimizing the online purchase link around the user experience, improving the convenience of finding medicine and the timeliness of delivery, and greatly increasing private domain orders and user visits. As of the end of 2025, the cumulative users of mini programs had exceeded 30 million, representing a year-on-year increase of approximately 30%.

In addition, the Company's new retail business has opened up cross-border commodity trading links. On the public B2C platforms, overseas flagship stores have been launched online, and in private mini programs, global purchasing business has been added to meet customer demand for imported over-the-counter drugs, dietary supplements, personal care and beauty products.

#### **4. The Company has developed diversified and inclusive franchising and alliance businesses**

The Company has achieved steady development in its franchising business of "health pharmacies", and consolidated its scale advantage. Firstly, focusing on "integration of single old stores + upgrading of project stores", it has been absorbing the existing market, and the franchised old stores in 2025 accounted for 73.7%, representing a year-on-year increase of 34.7%. Secondly, through digital AI empowerment and non-pharmaceutical innovations, the Company improved its store operation efficiency, and specially cleaned up abnormal stores in the fourth quarter to optimize the overall operation quality of franchised stores. As of the end of 2025, the Company had owned 5,243 franchised stores, including 791 new stores opened in 2025. The annual distribution sales of franchising business amounted to approximately RMB 2.412 billion, representing a year-on-year increase of 6%.

In terms of the Company's alliance business "Easy Drug", extensive cooperation is conducted, and high-quality acquisition targets are reserved. The alliance business focuses on pharmaceutical retail market operation services and commodity export. As of the end of 2025, 29 provinces and cities had been covered; The Company had owned 22,491 alliance stores (excluded from the total number of stores of the Company). In 2025, the Company achieved distribution sales of RMB 440 million, with a year-on-year increase of 4.26%. Besides, the Company regarded high-quality alliance enterprises as incubation pools of potential M&A targets. As of the end of 2025, the Company had become a shareholder of 225 alliance partners and owned 11,078 stores, with retail scale of RMB 13.056 billion.

#### **(II) Commodity Advantages**

## **1. Deepen the reform of commercial procurement, and highlight the efficiency of supply chain and commodity competitiveness**

(1) Innovation in commercial procurement, in-depth and refined management, cost reduction and efficiency increase

In 2025, commercial procurement collaboration continuously reduced costs, increased efficiency, activated supply chain efficiency and enhanced product competitiveness. In 2025, the consolidated gross profit margin was 32.30%, with a year-on-year increase of 0.87%. The decrease in the Company's gross profit margin was mainly attributable the rapid growth of DTP pharmacies of new special drugs and online retail sales, which led to the increase in the proportion of low gross profit segments. Net of DTP and online retail, the gross profit margin of offline retail (excluding DTP) increased by 0.6% on a year-on-year basis. Firstly, make unremitting efforts in category reform, exploration, promotion and iteration of top categories. As of the end of the reporting period, the Company had merchandised approximately 24,700 SKUs (product specifications). Secondly, optimize the category management system, implement the full-link responsibility system for category managers' "marketing, procurement, commercial sales", practise a PK mechanism for category managers, and activate the initiative of commercial procurement talents. Thirdly, promote channel integration and centralized procurement; streamline distribution levels and strengthen terminal category management. In 2025, sales from unified procurement accounted for 75.9%, representing a year-on-year increase of 3.5%. Fourthly, the construction, iteration and digital intelligence of commercial procurement management kanban support business decision-making.

(2) Upgrading of "cost-effective" projects and enhancement of product competitiveness

During the reporting period, the Company deepened the iteration of "cost-effective projects (formerly known as "torch projects"), and made synergistic efforts in marketing, procurement, and commercial sales. Firstly, establish a variety management mechanism, strengthen the supply guarantee capability for key varieties, increase the sales share of cost-effective varieties, reduce customers' medication costs and increase gross profit margin. Secondly, deepen strategic procurement and effectively reduce intermediate costs through category negotiation, centralized tendering, and evaluation of new product introduction. Thirdly, improve the price monitoring system, integrate offline and online control, and adopt precise marketing strategies to enhance product competitiveness.

(3) Enhancement of inventory control and maintenance of efficient product turnover

The Company has achieved remarkable results in its inventory and cash flow control projects. Firstly, empower inventory management with digital intelligence, and optimize cash flows using sales forecast, ordering decision-making, intelligent replenishment and other methods to strengthen inventory turnover on the premise of guaranteeing supply. In 2025, the out-of-stock rate of all goods decreased by 0.6% on a year-on-year. Secondly, optimize the product distribution strategy according to local conditions, increase the sell-through rate, and improve customers' drug purchase experience. Thirdly, strengthen inventory review and management, monitor abnormal inventories, and reduce product loss. In 2025, the days sales of inventory were 88 days, shortened by 6 days on a year-on-year basis.

## **2. R&D and innovation of private brands and creation of premium products for healthy living**

The Company has performed continuous R&D and innovation of its private brands, and created its second growth curve. Firstly, the product development standards executed by the Company exceed industry or national standards, and the Company has established an end-to-end quality control system. Secondly, we have performed R&D of new categories around customers' health scenarios, developed high-quality cost-effective featured products, continuously expanded categories and iteratively upgraded them. Thirdly, create "LBX preferred" non-medical products, and choose premium, safe, healthy and highly cost-effective health lifestyle products for consumers. In 2025, the sales of private brands in the self-operated stores accounted for 22.5%, with a year-on-year increase of 0.5%.

## **3. Rapid development of diversified products, being good but inexpensive, satisfying diversified needs**

Firstly, the Company has focused on customers' health needs and created a good but inexpensive non-pharmaceutical product matrix around the core needs for "treating diseases, improving quality and enjoying life". Secondly, drive product selection with data and continuously enrich product assortments, including nutrition, health care, healthy dietary supplements, health care equipment, household daily necessities, personal care and other varieties, to satisfy consumers' increasingly more diversified healthy life needs. In 2025, the Company introduced more than 300 non-medical SKUs.

### **(III) Service Advantages**

#### **1. Highly standard professional pharmaceutical services, and professional qualification for giving priority to undertake prescription outflow**

##### **(1) Consolidate the foundation for compliance operation**

In 2025, the Company continuously improved its professional service system for stores and consolidated its foundation for compliance operation in terms of medical insurance. Firstly, build an integrated operation system covering agile policy response and qualification lifecycle management. Secondly, deploy online hospitals' prescription capacity nationwide, strengthen the ability to undertake prescription outflow, and improve the risk prevention and control system to ensure the safety of medical insurance funds. Thirdly, improve the traceability code project, and use the information system to strictly control the acquisition and verification of the full-link traceability codes for drug "purchase, inventory and sales", so as to achieve "maximum code acquisition, as well as code-based settlement and payment".

#### (2) Specialized pharmacies undertake prescription outflow

Construct pharmacies up to high standards and provide professional pharmaceutical services. The Company has industry-leading medical insurance qualifications and guarantees the medical service needs of a majority of the insured. As of the end of 2025, the Company had owned 13,411 stores with medical insurance qualification and overall qualified 4,511 stores. Besides, a total of 1,725 stores of the Company had obtained the designated qualification for "outpatient chronic diseases", accounting for 17.73% of direct-sale stores. The Company had 317 stores with dual-channel qualification, which could give priority to undertake prescription outflow.

The Company attaches great importance to professional team building. Through the "online + offline" training systems, we encourage our employees to obtain qualifications for licensed pharmacists and pharmacists. The Company has more than 15,000 licensed pharmacists. Besides, through AI empowerment and "competition instead of training", the professional service capabilities of pharmacies are strengthened. Our digital and intelligent "Drug Recommendation Tool" empowers frontline store clerks to provide customers with high-quality pharmaceutical services.

## **2. "Relational" heart-warming services and continuous establishment of highly sticky customer relationships**

#### (1) Initiate transformation of "relational" stores

In 2025, the Company initiated and deepened the transformation of stores from being "transaction-oriented" to be "relational", strengthened customer stickiness and improved customer satisfaction. Firstly, reconstruct and publicize the service concept, require store employees to focus on "selling what customers want to buy", provide customers with emotional value, promote the transformation of store clerks from salesmen to health

consultants trusted by customers, and enhance customer experience. Secondly, optimize the assessment mechanism, increase service indicators for frontline employees and "internal customer" evaluation indicators for non-frontline employees, and strengthen service orientation. Thirdly, create a benchmark model for relationship stores, launch a "relational transformation" training system, focus on service concepts and communication skills, establish emotional connections with customers and compete for customers' mind.

(2) Upgrade of membership marketing and traffic redirection

The Company has continuously improved its membership management system. Firstly, reconstruct and innovate membership marketing modules and enrich interactive scenarios. Secondly, iteratively upgrade a membership interests system to create a more attractive membership ecosystem. Thirdly, digital intelligence empowers members to refine their operational capabilities and improve the efficiency of marketing activities. As at the end of the reporting period, the Company had owned 108 million members (including members of franchised stores) and 31.36 million active users, and the membership sales accounted for 73.43%.

**3. Diversified services, and comprehensive service stations for chronic disease, the silver haired, convenience and commercial insurance**

(1) Creating health service stations for chronic diseases

The Company strives to build long-term and in-depth chronic disease management relationships. Firstly, deploy Bluetooth smart devices for self-testing of chronic diseases in 10,000 stores across the country, and turn pharmacies into health service stations, so that convenient and reliable chronic disease management services may penetrate into communities. Secondly, rely on digital intelligence technologies for full-cycle health management, systematic filing and regular health tracking. As at the end of the reporting period, the Company had filed more than 22.89 million people, served 140 million self-tests, followed up on 42.8 million people, and organized 37,700 online and offline health education sessions in terms of chronic disease management services.

(2) Promoting convenience services and silver-hair services

Firstly, promote convenience services and build community-friendly stores. During the reporting period, the Company built "love stations" in 10,000 stores across the country to promote convenience services, providing free services such as rest seats, free tea and free debridement for outdoor workers and citizens. Some stores provided convenience restrooms, parcel collection, and other services. Secondly, in response to the health needs of the silver-

haired groups, continuously carry out "aging-friendly construction" of stores, set up barrier-free passages and magnifying glasses on the hardware, and provide services such as helping take taxis with smart mobile phones and assisting in registering for medical treatment.

(3) Developing the commercial insurance business to explore increments

The Company keeps informative about policy trends and explores the increments of the commercial insurance business. Firstly, by docking with technical systems of commercial insurance service agencies, and cooperating with insurance companies, Internet hospitals, pharmaceutical companies, etc., we have innovated our "drug + insurance" product model and opened up the closed loop of insurance application, drug purchase for medical treatment, and claim settlement. Secondly, provide professional services such as distribution of special drugs, chronic disease management, and medication guidance for commercial insurance members, and adapt to the needs for implementing Huiminbao project and innovative drug catalog policies covered by the commercial insurance. As at the end of the reporting period, the Company had enabled commercial insurance contract performance services in more than 12,000 stores.

**(IV) Personnel Advantages**

**1. Continuously deepening the reform of organizational structure and further stimulating the vitality of the management team**

(1) Stimulating the vitality of business units

Firstly, integrate functions in the organization to achieve strategic focus and efficient coordination of regional resources. During the reporting period, the Company further streamlined the setting of relevant functions, combined related functions, and strengthened regional cost control. Secondly, aim to serve the frontline in terms of management, and "let people who can hear the sound of gunfire make decisions", in order to make business decisions more accurate and efficient. Thirdly, stimulate the vitality of all business units, and strengthen the management of "top leaders" through projects such as kinetic mechanism construction, horse racing and job rotation plan to help improve performance. Fourthly, iterate the process management and control system, streamline links to improve process efficiency, support agile business transformation, promote the reasonable delegation of approval authorities, and effectively empower frontline business units.

(2) Transformation from "shopkeepers" to "itinerary merchants"

The Company has started and promoted the transformation of its business line from "shopkeepers" to "itinerary merchants". Firstly, the positions strongly related to business are

designated as "itinerary merchants". The Operation Guide for Itinerary Merchants has been issued. The management team normalizes "itinerary merchants" to discover and solve practical problems in the frontline. Secondly, independently develop the intelligent tool known as "Assistant for Itinerary Merchants" to improve efficiency and quickly respond to frontline needs. Thirdly, formulate a mechanism for exposing itinerary merchants' data in the list, and improve the quality of itinerary merchants' work through internal PK named "Competition, Learning, Catching up".

## **2. Consolidating the talent guarantee system, complete talent echelon and high organizational resilience**

The Company optimizes its talent training and recruitment system to provide talent support for business growth. Firstly, focus on the cultivation of echelon talents, perform hierarchical classified targeted training, carry out the successor project for B posts, and promote the staffing rate of middle and senior B posts to reach 99.5%. Secondly, upgrade the digital training system and the learning platform to visualize the learning paths for employees, and procure the internal teaching staff to become increasingly stronger. Thirdly, initiate the "Talent Return Home Plan" to provide targeted return channels for departed employees, strengthen organizational resilience and enhance the employers' brand images.

## **3. Cultivating employees' altruistic mindset, and procuring all employees to have service consciousness and collaborative spirit**

Integrate the cultivation of altruistic mindset into the talent development system. The Company has continuously promoted the change from "benefiting employees" to "benefiting customers", strengthened the altruistic value recognition of employees through compulsory training and altruistic case promotion, enhanced the service awareness and collaborative spirit of all employees, and further optimized the customer experience. In 2025, a total of 4,231 excellent cases of "altruistic" services sprang up in the Company, including 121 first aid cases.

### **(V) Innovation Advantages**

#### **1. Strengthen digital intelligence capabilities, improve quality and efficiency in full-link business scenarios**

Digital intelligence drives more efficient decision-making, and strengthens compliance control over medical insurance. Firstly, deepen the digitalization of the supply chain, realize the transition from "online procedures" to "intelligent decision-making", upgrade the supplier collaboration platform, and strengthen supplier data management. Secondly, improve the

efficiency of logistics operations, realize the closed-loop control over the whole link of contract performance, reduce operating costs and improve the timeliness of contract performance. Thirdly, digital intelligence empowers medical insurance compliance. During the reporting period, the Company comprehensively promoted the construction of a medical insurance compliance system and a code platform system, and built a digital control system for "code collection - medical insurance verification - risk warning". Fourthly, consolidate data governance, provide standardized data support for full-link business scenarios, and ensure data consistency and traceability.

## **2. Promote the implementation of AI applications and independently develop comprehensive Q&A agents**

The Company established the AI Application Strategy Committee to promote the applications of the full-link information system and AI technologies, and help it reduce costs and increase efficiency. Firstly, independently develop an AI-based comprehensive Q&A agent known as "LBX Maruko AI", covering eight core business scenarios such as medical insurance policies, chronic disease services, and new retail. Secondly, carry out smart "health pharmacy" agent project, which converts the Company's mature experience in commodity management, business diagnosis, pharmaceutical services and other fields into a smart agent system, empowering small and medium-sized chains and single pharmacies to improve their efficiency. As at the end of the reporting period, the pilot AI agent system had covered more than 200 franchised stores. Thirdly, promote the "AI Learning and Talent Training" program, build a dual-track model of online AI learning platform and offline practical training camp, create a hierarchical and classified AI talent matrix, and continuously cultivate AI application talents.

## **3. Enhance brand awareness and create brand campaigns and new media matrix**

The Company has continuously promoted brand innovations, built a strong "professional, warm" brand image, and deepened the emotional connection with consumers. Firstly, based on the health service scenarios around residents, carry out brand activities in community stores. In 2025, 13 brand co-building activities were carried out, included in the national hot search list for 6 times, with a year-on-year increase of 300%. Secondly, continuously promote the new media matrix of "official account + professional online celebrity pharmacist IP + store clerk KOC", and build a health service content ecology covering the whole population, with the total exposure of new media in the whole area exceeding 264 million. Thirdly, in 2025, the Company set up "love stations" in 10,000 stores

nationwide, creating a positive model for enterprises to serve people's livelihood of the grassroots, widely recognized by government authorities at all levels, People's Daily, CCTV news, other mainstream media and the public. The Company's total annual omnichannel brand exposure exceeded 7.1 billion times, representing a year-on-year increase of 36.5%, and effectively enhancing brand awareness.

## V. Main Business Operations during the Reporting Period

In 2025, the Company achieved operating revenue of RMB 22,236,615,347, with a year-on-year decline of 0.54%, a net profit attributable to shareholders of the parent company amounting to RMB 381.85 million, with a year-on-year decrease of 26.44%. The profit attributable to shareholders of the parent company net of the impacts of goodwill and land impairment was RMB 620.45 million, representing a year-on-year decrease of 1.0%, and net cash flows from operating activities amounting to RMB 3,142.63 million, with year-on-year growth of 55.08%.

### (i) Analysis of primary business

#### 1. Analysis of changes to relevant items of the income statement and the cash flow statement

Unit: RMB Currency: RMB

Item	Amount for the current period	Amount in the same period of the previous year	Change proportion (%)
Operating income	22,236,615,347	22,357,610,195	-0.54
Operating costs	15,054,734,735	14,942,332,455	0.75
Selling expenses	4,699,222,568	4,947,435,885	-5.02
Administrative expenses	1,288,100,931	1,257,665,102	2.42
Financial expenses	130,424,433	173,025,944	-24.62
R&D expenses	51,071,549	2,013,597	2,436.33
Net cash flows from operating activities	3,142,633,749	2,026,458,797	55.08
Net cash flows from investing activities	-236,659,327	-627,875,871	62.31
Net cash flows from financing activities	-2,748,868,697	-1,348,348,430	-103.87

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 attributable to the initial results of cost control measures in the current period.

Explanation of change in general and administrative expenses: Basically flat compared to the previous year.

Explanation of change in financial expenses: Mainly due to the decrease in interest expenses caused by the decrease in bill discounting loans in the current period.

Explanation of change in R&D expenses: Mainly due to the increase in R&D expenditure in the current period.

Explanation of change in net cash flow from operating activities: Mainly due to the decrease in operating receivables and the increase in operating payables in the current period.

Explanation of change in net cash flow from investing activities: Mainly due to the decrease in the purchase and construction of long-term assets and the decrease in investment in new M&A projects during the current period.

Explanation of change in net cash flow from financing activities: Mainly due to the decrease in loans and the decrease in dividends distributed by the Company 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: RMB Currency: RMB

Primary business by industry						
By industry	Operating income	Operating costs	Gross profit margin (%)	Increase or decrease in operating income compared with the previous year (%)	Increase or decrease in operating costs compared with the previous year (%)	Increase or decrease in gross profit margin compared with the previous year (percentage points)
Retail	19,114,844,302	12,350,670,127	35.39	0.04	1.66	-1.03
Franchise, alliance, and distribution	3,003,707,956	2,630,021,787	12.44	-3.25	-2.56	-0.62
Others	118,063,089	74,042,821	37.29	-19.32	-21.76	1.96
Total	22,236,615,347	15,054,734,735	32.30	-0.54	0.75	-0.87
Primary business by products						
By products	Operating income	Operating costs	Gross profit margin (%)	Increase or decrease in operating income compared with the previous year (%)	Increase or decrease in operating costs compared with the previous year (%)	Increase or decrease in gross profit margin compared with the previous year (percentage points)
Chinese and western patent medicine	18,018,038,778	12,545,344,174	30.37	1.88	3.66	-1.19
Chinese medicine	1,610,190,522	891,029,044	44.66	-5.49	-7.92	1.46
Non-pharmaceuticals	2,608,386,047	1,618,361,517	37.96	-12.15	-13.57	1.03
Total	22,236,615,347	15,054,734,735	32.30	-0.54	0.75	-0.87
Primary business by regions						
By regions	Operating income	Operating costs	Gross profit margin (%)	Increase or decrease in operating income compared with the previous year	Increase or decrease in operating costs compared with the previous year	Increase or decrease in gross profit margin compared with the previous year

				(%)	(%)	(percentage points)
Central China	8,893,481,123	6,008,573,651	32.44	-1.72	-0.19	-1.04
South China	1,086,417,913	702,847,559	35.31	-3.01	-2.11	-0.59
North China	2,481,119,397	1,752,806,695	29.35	2.21	3.34	-0.77
East China	5,846,880,128	3,991,877,461	31.73	-0.42	1.26	-1.14
Northwest China	3,928,716,786	2,598,629,369	33.86	1.01	1.26	-0.16
Total	22,236,615,347	15,054,734,735	32.30	-0.54	0.75	-0.87

In 2025, the decline in the Company's gross profit margin was mainly attributable to the rapid growth of DTP (new special drugs) and online retail sales, which led to the increase in the proportion of low gross profit segments. The gross profit margin of offline retail net of DTP and online retail increased by 0.6% on a year-on-year basis.

#### Primary business by industries, products, regions and sales models

**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. Franchise, alliance, and distribution business involves distribution to franchisees and small and medium-sized chains, 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 81%, making it the Company's most important product category, with operating income increasing by 1.88% year-on-year. Sales of Chinese medicine account for about 7%, with operating income decreasing by 5.49% 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). Analysis of output and sales

Applicable Not Applicable

#### (3). Performance of major purchase contracts and major sales contracts

Applicable Not Applicable

## (4). Cost analysis

Unit: RMB Currency: RMB

By industries							
By industry	Cost components	Amount of the current period	Ratio to total cost in the current period (%)	Amount for the same period of the previous year	Ratio to total costs for the same period of the previous year (%)	Change proportion of the amount for the current period compared with the same period of the previous year (%)	Situation Explanation
Retail	Goods	12,350,670,127	82.04	12,148,669,938	81.30	1.66	
Franchise, alliance, and distribution	Goods	2,630,021,787	17.47	2,699,022,682	18.06	-2.56	
Others		74,042,821	0.49	94,639,835	0.63	-21.76	
Total		15,054,734,735	100	14,942,332,455	100	0.75	
By product							
By products	Cost components	Amount of the current period	Ratio to total cost in the current period (%)	Amount for the same period of the previous year	Ratio to total costs for the same period of the previous year (%)	Change proportion of the amount for the current period compared with the same period of the previous year (%)	Situation Explanation
Chinese and western patent medicine	Goods	12,545,344,174	83.33	12,102,123,176	80.99	3.66	
Chinese medicine	Goods	891,029,044	5.92	967,677,073	6.48	-7.92	
Non-pharmaceuticals	Goods	1,618,361,517	10.75	1,872,532,206	12.53	-13.57	
Total		15,054,734,735	100	14,942,332,455	100	0.75	

## Other descriptions of cost analysis

None

## (5). Changes in the scope of consolidation due to changes in equity of major subsidiaries during the reporting period

√Applicable □Not Applicable

See Note IX in Section VIII Financial Report.

## (6). Major changes or adjustments in the Company's business, products, or services during the reporting period

□Applicable √Not Applicable

**(7). Main customers and suppliers**

Customers or suppliers controlled by the same controller are presented together as the same customer or supplier, unless they are actually controlled by the same state-owned asset management organization.

Explanation on consolidated calculation and presentation of the information on the following customers and suppliers as under common control

None

**A. Main customers and suppliers of the Company**

Applicable Not Applicable

The sales of the top five customers were RMB 260.53 million, accounting for 1.17% of the total annual sales. Among the top five customers, the sales of related parties were RMB 52.07 million, accounting for 0.23% of the total annual sales.

Purchases from the top five suppliers amounted to RMB 3,651.1 million, accounting for 20.17% 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.

**B. During the reporting period, there were situations where sales to a single customer accounted for more than 50% of the total sales, or where new customers existed among the top 5 customers, or where heavy reliance on a few customers existed.**

Applicable Not Applicable

**During the reporting period, there were situations where the purchase from a single supplier exceeded 50% of the total purchase, or where new suppliers existed among the top 5 suppliers or a heavy reliance on a few suppliers existed.**

Applicable Not Applicable

**C. Delisting or other risk warnings for the Company's stocks during the reporting period**

Top 5 customers

Applicable Not Applicable

Top 5 suppliers

Applicable Not Applicable

**D. Trade business income of the Company during the reporting period**

Applicable Not Applicable

Top 5 customers whose trade business accounts for more than 10% of their operating income

Applicable Not Applicable

Top 5 suppliers whose income from trade business accounts for more than 10% of the operating income

Applicable Not Applicable

Other explanations:

None

**3. Expenses**√Applicable Not Applicable

Item	Amount for the current period	Amount in the same period of the previous year	Change proportion (%)
Selling expenses	4,699,222,568	4,947,435,885	-5.02
Administrative expenses	1,288,100,931	1,257,665,102	2.42
Financial expenses	130,424,433	173,025,944	-24.62
R&D expenses	51,071,549	2,013,597	2,436.33

Other explanations: Selling expenses decreased by 5.02%, mainly due to the initial results of expense control measures in the current period. Administrative expenses increased by 2.42%, which was basically the same as the previous year. Financial expenses decreased by 24.62%, mainly due to the decrease in interest expenses caused by the decrease in the bill discounting loans in the current period. R&D expenses increased by 2436.33%, mainly due to the increase in R&D expenses in the current

**4. R&D Investments****(1). R&D Investment**√Applicable Not Applicable

Unit: RMB Currency: RMB

Expensed R&D investment in the current period	51,071,549
Capitalized R&D investment in the current period	39,128,258
Total R&D investments	90,199,807
Proportion of total R&D investments to operating income (%)	0.41
Capitalization rate of R&D investments (%)	43.38

**(2). R&D Personnel**√Applicable Not Applicable

Number of the Company's R&D personnel	325
Proportion of R&D personnel to the total number of employees in the Company (%)	0.88
Educational structure of R&D personnel	
Category of educational structure	Number of persons
Doctor	0
Postgraduate	26
Bachelor's Degree	231
Junior college	68
High school and below	0
Age structure of R&D personnel	

Category of age structure	Number of persons
Under 30 (excluding 30)	54
30-40 (including 30, excluding 40)	234
40-50 years old (including 40, excluding 50)	35
50-60 years old (including 50, excluding 60)	2
Aged 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

Item	Amount for the current period	Amount in the same period of the previous year	Change proportion (%)
Net cash flows from operating activities	3,142,633,749	2,026,458,797	55.08
Net cash flows from investing activities	-236,659,327	-627,875,871	62.31
Net cash flows from financing activities	-2,748,868,697	-1,348,348,430	-103.87

Explanation:

Compared with the previous period, the net cash flow from operating activities increased mainly due to the decrease in operating receivables and the increase in operating payables in the current period.

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

Compared with the previous period, the net cash flow generated from financing activities declined mainly due to the increase in borrowings and dividends during the period.

**(ii) Description of significant changes in profits caused by non-primary 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 150 million. During the current period, the recoverable amount of the land possessed by the Company was lower than the book value, and the Company made an asset impairment provision of RMB 88 million.

**(iii) Analysis of assets and liabilities**

Applicable Not Applicable

## 1. Assets and liabilities

Unit: RMB Currency: RMB

Name of project	Closing amount for the current period	Ratio of the closing amount for the current period to the total assets (%)	Closing amount for the previous period	Ratio of the closing amount for the previous period to the total assets (%)	Change ratio of the closing amount for the current period compared with the previous period (%)	Explanation of Situation
Accounts receivable financing	5,612,871	0.03	15,269,288	0.07	-63.24	Mainly due to the decrease in settlement via bank acceptance bills.
Other non-current financial assets	6,963,496	0.04	12,093,150	0.06	-42.42	Mainly due to the disposal of Huaren Great Health's investment during the current period.
Construction in progress	1,734,300	0.01	107,795,924	0.51	-98.39	Mainly due to the conversion of construction in progress to fixed assets during the current period.
Other non-current assets	8,530,627	0.04	17,051,558	0.08	-49.97	Mainly due to the decrease in prepaid purchase payment and software purchase payment during the current period.
Short-term loans	697,299,622	3.51	1,656,884,090	7.87	-57.92	Mainly due to the decrease in bill discounting loans.
Treasury stock			16,935,356	0.08	-100.00	Mainly due to the repurchase of restricted shares during the current period.

Other explanations:

None

## 2. Overseas assets

√Applicable □Not Applicable

**(1). Asset scale**

Of which: Overseas assets RMB 692,064 (Unit: RMB Currency: RMB), accounting for 0.01% of total assets.

**(2). Related description of high proportion of overseas assets**

Applicable Not Applicable

**3. Restrictions on the main assets by the end of the reporting period**

Applicable Not Applicable

See "Section VIII 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 Direct Stores at the End of the Reporting Period

√Applicable Not Applicable

Region	Operating Format	Self-Owned Property Stores		Leased Property Stores	
		Number of Stores	Floor Area (10,000m <sup>2</sup> )	Number of Stores	Floor Area (10,000m <sup>2</sup> )
North China	Pharmaceutical Retail	0	0	1,467	21.11
East China	Pharmaceutical Retail	0	0	2,798	42
South China	Pharmaceutical Retail	0	0	544	7.46
Central China	Pharmaceutical Retail	10	0.32	3,463	44.37
Northwest China	Pharmaceutical Retail	0	0	1,450	19.36
Total		10	0.32	9,722	134.30

### 2. Other Explanations

√Applicable Not Applicable

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

As of December 31, 2025, the Company had a total of 14,975 stores, including 9,732 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	97	41,110	212
Large store	256	47,018	111
Small-medium mature store	9,379	921,400	38
Total	9,732	1,009,527	48

Note: Compared with the end of 2024 and the end of 2025 Q3, the Company's average revenue per available square meter increased by RMB 1/m<sup>2</sup>, indicating that the operating quality of the Company's stores gradually improved as a whole.

#### (2) Store changes

At the end of 2025, the Company had 14,975 stores, including 9,732 direct-sale stores and 5,243 franchised stores. In 2025, the Company opened 875 new stores, including 84 direct-sale stores and 791 franchised stores. In 2025, based on market changes, the Company quickly adjusted its pace, optimized its layout through relocation and closure of loss-making stores, and enhanced its overall profitability.

In 2026, the Company will effectively renew the leases of all expired stores and maintain stable lease renewability, and 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	2025	
	Net increase (stores)	End of period (stores)
Central China	-59	3,473
South China	-5	544
North China	-46	1,467
East China	-103	2,798
Northwest China	-36	1,450
Total	-249	9,732

(3) Situation of directly-operated stores obtaining medical insurance qualification

During the reporting period, 8,994 of the Company's directly-operated stores obtained various "Designated Retail Pharmacy for Medical Insurance" qualifications, accounting for 92.42% of the total number of direct stores.

Region	Total Number of Stores	Number of stores with various medical insurance qualifications	Proportion of total stores
Central China	3,473	3,308	95.25%
South China	544	540	99.26%
North China	1,467	1,252	85.34%
East China	2,798	2,739	97.89%
Northwest China	1,450	1,155	79.66%
Total	9,732	8,994	92.42%

(4) Category structure at retail terminals

Chinese and Western patent medicines are the main products merchandised by the Company, accounting for 81.03% 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.

Retail category	2023	2024	2025
Chinese and western patent medicine	78.56%	79.10%	81.03%
Chinese medicine	7.40%	7.62%	7.24%
Non-pharmaceuticals	14.04%	13.28%	11.73%

(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 had 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) Analysis on investments

**Overall analysis on external equity investments**

Applicable Not Applicable

During the reporting period, the Company and its subsidiaries were involved in 1 acquisition project, with an acquisition amount of RMB 385 million. Details are as follows:

1. In January 2025, the Company signed an Equity Transfer Agreement with the shareholders of Hunan LBX Huairen Pharmacy Chain Co., Ltd. to acquire a 20% stake in Hunan LBX Huairen Pharmacy Chain Co., Ltd. for an acquisition consideration of RMB 385 million. The transaction was closed in June 2025.

**1、 Significant equity investment**

Applicable Not Applicable

**2、 Significant Non-Equity Investments**

Applicable Not Applicable

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

Applicable Not Applicable

Unit: RMB Currency: RMB

Asset category	Opening amount	Profit or loss from changes in fair value for the current period	Accumulated changes in fair value recognized in equity	Impairment provided for the current period	Amount purchased for the current period	Sales/repurchase for the current period	Other changes	Closing balance
Others	35,308,123							35,308,123
Others	5,774,109					5,774,109		
Others	6,319,041				644,455			6,963,496
Others	460,000							460,000
Others	109,600					109,600		
Total	47,970,873				644,455	5,883,709		42,731,619

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) Sale of major assets and equity**

Applicable Not Applicable

**(vii) Analysis of major companies where the Company is a controlling shareholder or holds shares**

Applicable Not Applicable

Major subsidiaries and shareholding companies that affect the Company's net profit by more than 10%

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Guangxi Company	Subsidiary	Pharmaceutical Retail	5,000,000	640,255,931	139,996,814	1,015,403,707	29,294,396	28,815,839
Shaanxi Company	Subsidiary	Pharmaceutical Retail	6,000,000	957,105,860	217,841,811	1,706,368,505	118,853,351	97,331,804
Forworld Company	Subsidiary	Pharmaceutical Wholesale	87,000,000	5,342,158,843	638,388,497	7,690,030,462	270,868,266	219,485,493
Tongliao Zeqiang	Subsidiary	Pharmaceutical Retail	50,000,000	592,685,090	239,642,037	1,234,871,638	98,362,451	85,741,440
Lanzhou Huirentang	Subsidiary	Pharmaceutical Retail	30,000,000	1,003,684,360	351,356,572	1,503,336,567	63,194,191	55,245,701
Hunan Huairen	Subsidiary	Pharmaceutical Retail	127,000,000	1,608,229,886	735,294,118	1,745,468,319	156,703,277	120,580,536

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

Other Explanations

Applicable Not Applicable

(viii) Structured entities controlled by the Company

Applicable Not Applicable

## VI. Discussion and Analysis on the Company's 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 possess advantages such as immediate drug purchase and professional pharmaceutical services, which may be synergistic with online business. The store network of chain pharmacies becomes the "capillary" of health services and penetrates deep into the community grassroots, 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. Nine ministries, including the Ministry of Commerce, issued the Opinions on Promoting the High-Quality Development of the Pharmaceutical Retail Industry to encourage chain pharmacies to enrich the drug retail format and optimize the product service experience. 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) Company's development strategy

Applicable    Not Applicable

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

### (iii) Business Plan

Applicable    Not Applicable

#### 1. Technology-Driven

In 2026, the Company will continue to promote the application and implementation of AI, closely combine business scenarios, and empower innovation with AI. Integrate AI into all aspects of store operation, supply chain optimization, customer service upgrade and management efficiency improvement. For example, with the aid of AI, we can improve the professional service capabilities of store clerks and create a more intimate service experience for customers. We will further strengthen our refined operation capabilities of the supply chain, and carry out demand forecast, category optimization and precise inventory control based on consumer demand. We will serve the Group's strategy of "technology-driven health service platform" in an all-round manner..

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

In 2026, the Company kept on closely monitoring policies related to prescription outflow and outpatient pooling, and actively liaising with local medical insurance bureaus. 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 actively coordinated with prescription circulation platforms successively launched in various regions to undertake more outflow prescriptions. In addition, the Company will actively cooperate with innovative drug companies to further enhance the accessibility of innovative drugs.

#### 3. Embracing New Retail

In 2026, 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,

continuously 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

In 2026, the Company will continue 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. 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, implementing the "New Rural" strategy, and further enhancing its scale.

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

In 2026, 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. In addition, the Company will expand the service boundaries of pharmacies, build warm community health stations, open more than 10,000 stores across the country into community health stations and social spaces, and integrate love into health services.

#### 6. Cultivating Private Brands

In 2026, 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" omnichannel advantages, discovering customer needs, cultivating high-quality private brand products, the Company aims to build popular domestic health brands favored by the public. Besides, our quality control team will strictly screen cooperative manufacturers and monitor the stability of products throughout the process, so as to truly realize the high cost performance advantage of its own brands with high quality and comparable prices.

#### 7. Exploring Pharmacy Diversification

In 2026, the Company will focus on the health needs of all people, empower the diversified development of pharmacies with digital and intelligent platforms, and foster

community healthy life stewards. Relying on its own brand department, it will develop cost-effective products, deploy nutrition and health care, health for the silver haired, healthcare equipment and functional beauty tracks, and continue to expand non-pharmaceutical business to develop differentiated competitive advantages.

**(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 regulation is becoming increasingly strict and standardized, and industry policies are successively introduced. 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. In 2025, it was the first time that the number of pharmacies nationwide showed negative growth, and small and medium-sized pharmacies entered an era of closing.

**Company's Countermeasures:**

The Company will perform refined management to improve the quality of store operation, maintain the basic market of old stores and expand market share. Firstly, the Company will continue to promote digital transformation and refined operational management to enhance the quality and efficiency of its operations. Secondly, the Company enhances the professionalism of stores and employees to provide customers with specialized and personalized chronic disease management services, thereby increasing competitiveness.

Thirdly, the Company will utilize the advantages of its offline store layout and integrate online and offline development to enhance its omnichannel 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, constantly improve refined management according to local conditions and ensure the Company's sound 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, arousing higher demands for the business and service quality of frontline employees. If talent cultivation and introduction fail to adapt to the Company's development needs, it might 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, attracts and retains external outstanding talents to join through an excellent corporate culture.

**(v) Others**

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 Corporate Governance, Environmental and Social

### 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. General shareholders' meetings. During the reporting period, the Company held two shareholders' meetings. The convening, holding and voting procedures of shareholders' meetings were standardized to ensure that all shareholders, especially minority shareholders, enjoyed equal status and fully exercised their rights. All shareholders' meetings were held by a combination of on-site and online voting. When the shareholders' meetings considered major matters affecting the interests of small and medium-sized investors, the Company separately counted the voting of small and medium-sized investors and disclosed them in the announcement of the resolutions of the general shareholders' meetings. Lawyers attended the meetings, witnessed them on site and issued legal opinions, which further guaranteed the legality and validity of the meetings.

2. Directors and the Board of Directors. The Board of Directors of the Company consists of 9 Directors, including 5 non-independent directors, 1 employee director and 3 independent directors. The Board of Directors has established three special committees, namely, the "Audit Committee", the "Nomination, Remuneration and Appraisal Committee" and the "Strategy and ESG Committee", with strict division of labor. The meetings are convened in accordance with the rules of procedure. These committees give full play to their professional roles and provide professional advice and reference for the decision-making by the Board of Directors. During the reporting period, the Board of Directors held a total of 6 meetings, and all meetings were convened and held in compliance with the requirements of relevant laws and regulations. They were legal and valid.

3. Management. The officers of the Company, who bear clear responsibilities, are able to perform their duties in strict accordance with various management systems such as the Articles of Association and the Working Rules of the President. Being fully responsible for the operations management of the Company, they organize the implementation of the

Company's annual business plans, draw up basic management systems of the Company, formulate the specific rules and regulations of the Company, etc. with due diligence, and earnestly implement and execute the resolutions of the Board of Directors.

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 much attention to and actively supported information disclosure work. During the reporting period, the Company consciously fulfilled its information disclosure obligations in strict compliance with laws and regulations in all announcements. The information disclosure 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

Since its establishment, the Company has conducted its business operations in strict accordance with the Company Law of the People's Republic of China, the Articles of Association and other relevant regulations, gradually established and improved its corporate governance structure, achieved independence from the controlling shareholder and de facto controller in terms of assets, personnel, finance, organization and business, and possessed independent and complete business and independent operation capabilities.

1. Asset integrity: With clear property relations with its controlling shareholder and actual controller, the Company possesses complete and independent corporate assets. The controlling shareholder, actual controller and other enterprises controlled by the Company did not illegally misappropriate the assets or funds of the Company or harm the interests of the Company.

2. Personnel independence: The Company performs the appointment procedures for directors and officers in accordance with the Company Law, the Articles of Association and other laws and regulations. All officers of the Company work full-time for the Company and receive remuneration, and do not hold any other positions other than directors and supervisors or receive remuneration from the actual controller and other enterprises controlled by the controller.

3. Financial independence: The Company has set up an independent financial accounting department with independent financial accounting personnel, established an independent financial accounting system and an internal control system, independently made financial decisions independently, and owned a standardized financial accounting system. Since its establishment, the Company has opened a separate bank account. The controlling shareholder, actual controller and other enterprises controlled by the Company do not share bank accounts with the Company.

4. Organizational independence: The Company has established a complete range of independent and complete internal organizations and management organizations in line with its actual situation, defined the functions of all organizations, and formulated corresponding internal management and control systems. The Company independently exercises its management powers, and no confusion exists with the actual controller or other enterprises controlled by it.

5. Business independence: The Company owns an independent and complete R&D, production and sales system and the ability to independently operate directly to the market. The controlling shareholder, actual controller and other enterprises controlled by the Company strictly abide by the relevant commitments to avoid horizontal competition. No companies or enterprises other than the Company increase investments or engage in businesses or operations that constitute substantial horizontal competitions with the Company. No direct or indirect intervention with the Company's business operations exist.

The controlling shareholder and actual controller of the Company exercise their rights as shareholders in accordance with the law through the shareholders' meetings, without

exceeding the authority of the shareholders' meetings or directly or indirectly interfering with the business decision-making and business activities of the Company.

Explanation of the chairman who also serves as president: Mr. Xie Zilong, the chairman of the Company, also serves as the president. Mr. Xie Zilong, as founder and actual controller of the Company, has been acting as a core leader. He has been engaged in the operations management of the Company since the establishment of the Company. Having served as chairman and president of the Company since April 2025, he has rich experience in operations management, industry experience and strategic judgment ability. He is familiar with the core business of the Company, industry development trends and market environment. He can coordinate the formulation and implementation of the Company's major decisions, guarantee the consistency and coherence of the Company's business strategies, help the Company cope with industry competitions and market changes, and meet the actual needs of the Company's current operations development. His rich experience and ability to perform duties can ensure the effective performance of his dual duties. Besides, Mr. Xie Zilong always faithfully and diligently performs his duties, strictly abides by laws, regulations and the Articles of Association, and safeguards the interests of the Company and all shareholders. In addition, the Company's sound internal checks and balances mechanism can prevent the risk of concentration of powers and responsibilities and ensure standardized corporate governance. The Company has clearly divided the scope of powers of the Board of Directors and the president in the Articles of Association. The division of powers of the Board of Directors and the president strictly follows laws, regulations and regulatory requirements, combined with the Company's business characteristics and business development needs, in order to clarify powers and responsibilities, and realize effective checks and balances, which can ensure scientific decision-making, efficient operation and standardized governance of the Company. This determination of powers and concurrent appointment arrangement is conducive to the sustainable and healthy development of the Company. It is in the fundamental interests of the Company and all shareholders.

The controlling shareholder, actual controllers, and other entities under its control are engaged in the same or similar business as the Company, and the impact of the horizontal competition or changes in the horizontal competition on the Company, the solutions that have been taken, the progress of the solutions, and the follow-up solution plans

Applicable    Not Applicable

### III. Information on Directors and Officers

#### (i) Shareholding Changes and Remuneration of Current and Resigned Directors and Officers during the Reporting Period

√Applicable    □Not Applicable

Unit: shares

Full name	Position	Sex	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares during the year	Reasons for changes	Total pre-tax remuneration received from the Company during the reporting period (RMB'0000)	Whether remuneration is received from related parties of the Company
Xie Zilong	Chairperson and president	Male	59	February 22, 2024	February 21, 2027	0	0	0	-	216	No
Xie Jiaqi	Director	Female	33	February 22, 2024	February 21, 2027	0	0	0	-	-	No
Zheng Jiaqi	Director	Male	42	February 22, 2024	February 21, 2027	0	0	0	-	-	No
Li Zhen	Director	Male	47	February 22, 2024	February 21, 2027	0	0	0	-	-	No
Wu Bin	Director	Male	65	February 22, 2024	February 21, 2027	1,893	1,893	0	-	12	No
Wu Lianfeng	Director	Male	57	February 22, 2024	February 21, 2027	0	0	0	-	12	No
Xie Ziqi	Director	Male	48	February 22, 2024	February 21, 2027	0	0	0	-	12	No
Ren Mingchuan	Director	Male	65	February 22, 2024	February 21, 2027	0	0	0	-	12	No

Tan Jian	Employee representative director	Male	48	November 28, 2025	February 21, 2027	0	0	0	-	56	No
Wang Zhongxin	Vice president	Male	56	February 5, 2026	February 21, 2027	96,257	82,009	-14,248	Restricted stock repurchase and cancellation	-	No
Su Shiyong	Vice president	Male	50	February 22, 2024	February 21, 2027	39,650	23,790	-15,860	Restricted stock repurchase and cancellation	132	No
Wan Xin	Vice president	Male	41	February 22, 2024	February 21, 2027	39,650	19,825	-19,825	Restricted stock repurchase and cancellation	134	No
Dang Xian	Vice president	Female	44	October 29, 2024	February 21, 2027	25,441	11,193	-14,248	Restricted stock repurchase and cancellation	113	No
Lin Huan	Vice president	Female	43	October 29, 2024	February 21, 2027	24,934	10,686	-14,248	Restricted stock repurchase and cancellation	118	No
Zhang Wenshuai	Vice president	Male	39	February 22, 2024	February 21, 2027	31,942	15,971	-15,971	Restricted stock repurchase and cancellation	100	No
Chen Lishan	Vice president,	Male	46	February 22, 2024	February 21, 2027	1,598	800	-798	Restricted stock	99	No

	financial controller								repurchase and cancellation		
Feng Shini	Vice president and secretary of the Board of Directors	Female	40	February 22, 2024	February 21, 2027	74,626	58,766	-15,860	Restricted stock repurchase and cancellation	93	No
Liu Xiaoen	Director (outgoing)	Male	53	February 22, 2024	November 27, 2025	0	0	0	-	10	No
Wang Li	President (outgoing)	Female	43	February 22, 2024	April 29, 2025	98,779	76,627	-22,152	Restricted stock repurchase and cancellation	206	No
Jiang Yufei	Deputy president (outgoing)	Male	33	February 22, 2024	April 11, 2025	39,650	17,890	-21,760	Restricted stock repurchase and cancellation; compliant transaction half a year after departure	125	No
Guo Xiaowei	Deputy president (outgoing)	Male	43	February 22, 2024	October 10, 2025	0	0	0	-	130	No
Rao Hao	Supervisor (outgoing)	Male	47	February 22, 2024	November 28, 2025	0	0	0	-	28	No
Luo Qun	Employee supervisor (outgoing)	Female	36	February 22, 2024	November 28, 2025	0	0	0	-	28	No
Total	/	/	/	/	/	474,420	319,450	-154,970	/	1,636	/

Note: 1. The commencement date of the term of office is calculated from the commencement time of the current Board of Directors (or the Board of Supervisors).

2. Mr. Tan Jian served as chairman of the Board of Supervisors of the Company from February 22, 2024 to November 28, 2025. Due to the requirements of the new Company Law and other regulations, the Board of Supervisors of the Company was cancelled on November 28, 2025, and Mr. Tan Jian was elected as employee representative director of the Company at the Workers' and Employees' Congress on that day.

3. On February 5, 2026, the Board of Directors appointed Mr. Wang Zhongxin as vice president, Mr. Chen Lishan as vice president and financial controller, and Ms. Feng Shini as vice president and secretary of the Board of Directors.

4. The amount of directors' allowance reviewed by the shareholders' meeting is RMB 100,000/year after tax, which has been converted into the pre-tax amount in the above table.

5. As Ms. Dang Xian and Ms. Lin Huan had served as vice presidents since October 2024, the total remuneration of directors and senior executives in 2025 decreased as compared with the total remuneration of 2024 after adjustment.

Full name	Main work experience
Xie Zilong	Mr. Xie Zilong, born in 1966, Chinese nationality, member of the China National Democratic Construction Association (CNDCA), founder of the Company, is entitled to Special Government Allowance from the State Council. As a 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 is currently the Chairman and President of the Company.
Xie Jiaqi	Ms. Xie Jiaqi, born in 1992, Chinese nationality, Bachelor's degree in Management from the University of Manchester, UK, EMBA at China Europe International Business School (CEIBS). As a 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 President of LBX Pharmaceutical Group Co., Ltd., Chairman of the Hunan Influence Foundation, and Director of Women & Children's Hospital of Hunan, and director of the fifth Board of Directors of the Company.
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. He 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, with 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 Fountain Vest 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 Senior Advisor to the China Medical Pharmaceutical Material Association. He concurrently serves as Vice President and Secretary-General of Shanxi Provincial Pharmaceutical Industry Association, Master's Supervisor at Shanxi University, director of Yabao Pharmaceutical Group Co., Ltd., and Shandong Keyuan Pharmaceutical Co., Ltd., independent director of HPGC Renmintongtai Pharmaceutical Corporation and Dezhan Healthcare Company Limited. He currently serves as a director of the Company's fifth Board of Directors.
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., and 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

	<p>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 Guoyuan Securities. 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.</p>
Tan Jian	<p>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 previously served as employee representative supervisor of the Company's third Board of Supervisors, and Chairman of the fourth and the Fifth Board of Supervisors. He currently serves as employee representative director of the fifth Board of Directors.</p>
Wang Zhongxin	<p>Wang Zhongxin, born in 1969, a Chinese citizen with no permanent residency abroad, and holds a Bachelor's Degree of Wuhan University and a Master's Degree in Business Management of Hunan University. He previously served as regional manager of Shenzhen Sanjiu Pharmaceutical Trading Co., Ltd., and general manager of Shanxi Taiyuan Kanghui Sanjiu Medicine Co., Ltd. Since he joined in LBX in 2005, he has successively served as general manager of Hebei LBX Pharmacy Co., Ltd, general manager of Shandong LBX Pharmacy Chain Co., Ltd., general manager of Zhejiang Laobaixing Pharmacy Chain Co., Ltd., assistant to executive president and M&amp;A development director of the Company, general manager of Anhui Baixingyuan Pharmacy Chain Co., Ltd., general manager of the Group's Spark Business Group, general manager of Ganning Theater, general manager of Xinzhong Theater, etc. and special assistant to the chairman of the Company. He currently serves as vice president of the Company.</p>
Su Shiyong	<p>Born in 1975, Chinese nationality, no permanent residency abroad, Bachelor's degree, he 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 Deputy President of the Company.</p>
Wan Xin	<p>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, he has 13 years of technology development experience, rich experience in managing multi-role teams. He previously served as Senior R&amp;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 Deputy President of the Company.</p>

Dang Xian	Dang Xian, born in 1981, a Chinese citizen with no permanent residency abroad, holds a junior college diploma. Since she joined in the Company in 2005, she has successively served as section chief and store manager of Tianjin LBX Pharmacy, operations director of Hebei LBX, operations director and Beijing regional director of Tianjin LBX, vice general manager of Tianjin Forworld, LBX's purchasing director in North China, LBX's purchasing director in Hunan and Jiangxi, vice general manager of the Group's New Retail Center, marketing director of the Operation Center, operations director and member operations director, general manager of the Operations Center, etc. She currently serves as vice president of the Company.
Lin Huan	Lin Huan, born in 1982, a Chinese citizen without overseas permanent residence, holds an MBA Degree. Since he joined in the Company in September 2001, he has successively served as store assistant of Hunan Company, store manager, procurement director, operations director, assistant to general manager, commodity director, executive vice general manager and general manager of Shaanxi Company, general manager in Hunan-Jiangxi Region, general manager of North Hunan Company, general manager in Hunan Region, general manager of supply chain and general manager of the Procurement Center of the Group, etc. He is currently the 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.
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 (Mpaac) 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 the vice president and financial controller of the Company.
Feng Shini	Feng Shini, born in 1985, a Chinese citizen with no permanent residence abroad, holds a Master's Degree of Central South University. She 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. Having served as secretary of the Board of Directors of the Company since 2019, she currently serves as vice president and secretary of the Board of Directors of the Company.
Liu	Liu Xiaoen, born in 1972, Taiwan nationality, Bachelor's degree in Business Management from Fu Jen Catholic University, Taiwan,

Xiao en	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 and The Dairy Farm Company Limited. He was previously a director of the fifth Board of Directors of the Company.
Wang Li	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.
Jiang Yufei	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 previously served as the Company's vice president and chief growth officer.
Guo Xiaowei	Mr. Guo Xiaowei, born in 1982, Chinese nationality, no permanent residency abroad, Bachelor's degree. It 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 ever served as Deputy President of the Company.
Rao Hao	Born in 1978, Chinese nationality, Bachelor's degree, he 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 Accountant and Senior Director of the Company's Hunan War Zone. He ever served as 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. She currently serves as Data Product Expert, and ever served as Employee Supervisor of the Company's Fifth Board of Supervisors.

Other information

Applicable  Not Applicable

**(ii) Incumbency of current and outgoing directors and officers during the reporting period****1. Incumbency in the shareholder entity**√Applicable Not Applicable

Name of the office holder	Name of the shareholder entity	Position held in the shareholder entity	Start date of tenure	End date of tenure
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. Incumbency in other companies**√Applicable Not Applicable

Name of the office holder	Names of other entities	Positions held in other entities	Start date of tenure	End date of tenure
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	President		

	Group Co., Ltd.			
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	Primavera 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 IVHK 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	Director		

	Nutrition Tech Co., Ltd.			
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	Shanghai 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	Dezhan Great Health	independent		

	Co., Ltd.	directors		
Wu Bin	Zhejiang Wecome Pharmaceutical Company Limited	independent directors		
Wu Bin	Yabao Pharmaceutical Group Co., Ltd.	Director		
Wu Bin	Shandong Keyuan Pharmaceutical Co., Ltd.	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 directors		
Xie Ziqi	Funding Societies PTE LTD	Director		
Xie Ziqi	Shanghai Jianbei Asset Management Co., Ltd.	Executive director		
Ren Mingchuan	Guoyuan Securities Co., Ltd.	independent directors		
Ren Mingchuan	Shanghai Cailian Press Technology Co., Ltd.	independent directors		
Ren Mingchuan	Wanxiang Technology Group Co., Ltd.	independent directors		
Tan Jian	Women & Children's Hospital of Hunan Co., Ltd.	Supervisor		
Chen Lishan	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Director		
Feng Shini	Hunan Pharmaceutical Group Co., Ltd.	Director		
Feng Shini	Guangzhou Xincheng Information Technology Co., Ltd.	Director		
Liu Xiaoen	Livi Holdings Limited	Non-executive Director		
Liu Xiaoen	Livi Bank Limited	Non-executive Director		
Liu Xiaoen	Hayselton Enterprises Limited	Director		
Liu Xiaoen	The Dairy Farm	Director		

	Company, Limited			
Liu Xiaoen	San Miu 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		
Wang Li	Diabetic Kitchen (Hangzhou) Health Food Co., Ltd.	Co-founder, CEO, director		
Explanation of positions held in other entities	None			

**(iii) Remuneration of Directors and Officers**

Applicable Not Applicable

Decision-making procedures for remuneration of directors and officers	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 and officers 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 Management Measures for Remuneration of the Company's Officers. The remuneration plan for directors and officers is approved by the shareholders' general meeting after being passed by the Board of Directors.
Whether a director avoids discussing his/her own remuneration matters at the meeting of the Board of Directors	Yes
Specific circumstances that the Remuneration and Appraisal Committee or special meetings of independent directors expressed opinions on remuneration matters for directors and officers	On April 22, 2026, the ninth meeting of the Fifth Board of Directors' Nomination, Remuneration, and Appraisal Committee reviewed and approved the Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Officers for 2025, agreeing to submit this proposal to the Board of Directors for deliberation.

Basis for determining the remuneration of directors and officers	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 officers employed internally by the Company is determined by the Management Measures for Remuneration of the Company's Officers.
Actual payment of remuneration to directors and officers	See "(I) Shareholding Changes and Remuneration of Current and Departing Directors and Officers during the Reporting Period" in this Section "III. Information on Directors and Officers".
Total remuneration actually received by all directors and officers at the end of the reporting period	RMB 15.8 million (excluding supervisors)
Basis and completion of appraisal on actual remuneration received by all directors and officers at the end of the reporting period	According to the regulations of the Company, the appraisal shall not apply to directors who only receive allowances and remunerations in the capacity of directors and directors who do not receive such allowances and remunerations. The Nomination, Remuneration and Appraisal Committee of the Board of Directors of the Company is responsible for appraising the remunerations of the Company's directors and officers mainly based on the Company's performance, job responsibilities and satisfaction appraisal for the year. The Remuneration and Performance Department of the Human Capital Center of the Company is responsible for the specific implementation, and the Treasury Department of the Company organizes the distribution.
Deferred payment arrangements for the remuneration actually received by all directors and officers at the end of the reporting period	As at the end of the reporting period, the Company had not made deferred payment arrangements for directors who only received allowances in the capacity of directors, or deferred payment arrangements for prepayment + settlement of annual performance bonuses for directors and officers whose remunerations were paid by the Company. During the reporting period, the annual performance bonuses was prepaid in part before the Spring Festival of the following year. The balance was liquidated and paid after the annual audit report for the following year was issued, and the performance appraisal results were finally approved. At the end of the reporting period, the relevant remunerations payable and unpaid had been fully accrued in accordance with the Accounting Standards for Business Enterprises.
Payment suspension and recovery for the remuneration actually received by all directors and officers at the end of the reporting period	During the reporting period, no payment suspension and recovery occurred to the directors of the Company who received allowances in the capacity of directors. The remunerations of some officers were suspended from payment but were not recovered. When the officers resigned, the remuneration settlement and the departure audit results subject

	to coordinated management, and the relevant remuneration payment would be suspended until the audit conclusion was issued.
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Note: As Ms. Dang Xian and Ms. Lin Huan had served as vice presidents since October 2024, the total remuneration of directors and senior executives in 2025 decreased as compared with the total remuneration of 2024 after adjustment.

**(iv) Changes in the Company's Directors and Officers**

Applicable Not Applicable

Full name	Position held	Situation of change	Reason for change
Liu Xiaoen	Director	Departure	Personal reasons
Wang Li	President	Departure	Personal reasons
Jiang Yufei	Vice president	Departure	Personal reasons
Guo Xiaowei	Vice president	Departure	Personal reasons
Tan Jian	Chairman of the Board of Supervisors	Departure	Cancellation of the Board of Supervisors
Rao Hao	Supervisor	Departure	Cancellation of the Board of Supervisors
Luo Qun	Employee representative supervisor	Departure	Cancellation of the Board of Supervisors

**(v) Statements of penalties imposed by securities regulators in the past three years**

Applicable Not Applicable

**(vi) Others**

Applicable Not Applicable

**IV. Performance of Duties by Directors**

**(i) Directors' attendance at the Board of Directors meetings and shareholders' meetings**

Director Full name	Whether an independent director or not	Attendance at the Board of Directors meetings						Attendance at shareholders' meetings
		Number of meetings of the Board of Meetings that should be attended during the current year	Times of personal attendance	Times of attendance by means of communication	Times of delegated attendance	Times of absence Times	Whether absent from meetings in person twice in a row	Times of attendance at shareholders' meetings
Xie Zilong	No	6	6	2	0	0	No	2
Xie Jiaqi	No	6	6	5	0	0	No	2

Zheng Jiaqi	No	6	6	4	0	0	No	2
Li Zhen	No	6	6	4	0	0	No	2
Wu Bin	No	6	6	2	0	0	No	2
Wu Lianfeng	Yes	6	6	4	0	0	No	2
Xie Ziqi	Yes	6	6	3	0	0	No	2
Ren Mingchuan	Yes	6	6	2	0	0	No	2
Tan Jian	No	1	1	1	0	0	No	0
Liu Xiaoen (outgoing)	No	5	5	5	0	0	No	1

Explanation for Not Attending Two Consecutive Board Meetings in Person

Applicable Not Applicable

Number of the Board of Directors meetings held during the year	6
Of which: number of on-site meetings	0
Number of meetings held by communication	2
Number of meetings held onsite and by communication	4

(ii) Cases where directors raise objections to relevant matters of the Company

Applicable Not Applicable

(iii) Others

Applicable Not Applicable

#### V. Special committees under the Board of Directors

Applicable Not Applicable

(i) Membership of special committees under the Board of Directors

Type of special committee	Member's name
Strategy and ESG Committee	Xie Zilong, Zheng Jiaqi, Wu Lianfeng
Audit Committee	Ren Mingchuan, Li Zhen, Xie Ziqi, Wu Lianfeng, Tan Jian
Nomination, Remuneration and Evaluation Committee	Wu Lianfeng, Xie Jiaqi, Ren Mingchuan

(ii) The Strategy and ESG Committee held 3 meetings during the reporting period

Date of meeting	Meeting contents	Important opinions and suggestions	Other duties performed
20250429	1. Proposal on the Company's 2024 Environmental, Social, and Corporate Governance (ESG) Report	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
20250825	1. Proposal on Formulating and Revising the Internal Governance System of the Company 1.1 Formulation of the Securities Investment	Reviewed and approved, agreed to submit to the Company's Board of	None

	Management System	Directors for deliberation	
20251028	1. Resolution on Amendment to the Rules of Procedure of the Strategy and ESG Committee of the Board of Directors	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 of meeting	Meeting contents	Important opinions and suggestions	Other duties performed
20250218	Matters not considered: 1. Financial Work Reports for Four Quarters of 2024 2. 2024 Annual Supervisory Audit Work Report	None	None
20250422	Matters considered: 1. Proposal on the Company's 2024 Annual Report and Abstract 2. Proposal on the Company's 2025 First Quarter Report 3. Proposal on the 2024 Internal Control Evaluation Report of the Company 4. Proposal on the 2024 Annual Profit Distribution Plan 5. Proposal on Provision for Asset Impairment in 2024 6. Proposal on the Company's 2024 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 2024 Annual Audit Accounting Firm 9. Proposal on the Re-appointment of an Accounting Firm by the Company 10. Proposal on the Company and its Subsidiaries Applying for Bank Comprehensive Credit Lines and Providing Guarantees in 2025 11. Proposal on the Company's 2024 Audit Committee Performance Report; 12. The Company's 2024 Annual Internal Audit Report Matters not considered: 1. 2024 Audit Work Report - E&Y 2. 2024 Audit Report - E&Y 3. 2025 Q1 Supervisory Audit Work Report	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
20250821	Matters considered: 1. Proposal on the Company's 2025 Semi-Annual Report and Its Abstract 2. Proposal on Special Report on the 2025 Semi-Annual Deposit and Actual Use of Raised Funds 3. Proposal on Formulating and Revising the Internal Governance System of the Company 3.1 Formulation of the Accounting Firm Selection and Engagement System	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

	<p>3.2 Formulation of the Special System for Preventing Fund Misappropriation by Controlling Shareholders and Related Parties</p> <p>3.3 Formulation of the Accountability System for Significant Errors in Annual Report Information Disclosure</p> <p>3.4 Revision of the Internal Audit System</p> <p>Matters not considered:</p> <p>1. 2025 Interim Financial Data Report</p> <p>2. 2025 Q2 Supervisory Audit Work Report</p>		
20251027	<p>Reviewed Proposals:</p> <p>1. Proposal on the Company's 2025 Third Quarter Report</p> <p>2. Proposal on the Interim Dividend Distribution Plan for 2025</p> <p>3. Proposal on Partial Amendment to the Internal Corporate Governance System</p> <p>3.1 Amendment to the Rules of Procedure for the Audit Committee of the Board of Directors</p> <p>3.2 Amendment to the Administrative Measures for Related-party Transactions</p> <p>3.3 Amendment to the Administrative Measures for External Investments</p> <p>3.4 Amendment to the Administrative Measures for External Guarantees</p> <p>3.5 Amendment to the Management System for Raised Funds</p> <p>3.6 Amendment to the Management System for External Donations</p> <p>4. Proposal on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital</p> <p>Matters not considered:</p> <p>1. 2025 Q3 Financial Data Report</p> <p>5. 2025 Q3 Supervisory Audit Work Report</p>	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 of meeting	Meeting contents	Important opinions and suggestions	Other duties performed
20250411	1. Proposal on the Resignation of the Company's Officers	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
20250429	1. Proposal on the Total Remuneration of the Company's Directors, Supervisors, and Officers for 2024 2. Proposal on the President's Resignation and the Chairman of the Board Concurrently Serving as President	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None
20250825	1. Proposal on Adjusting the Repurchase Price of the 2022 Restricted Share Incentive Plan 2. Proposal on Repurchasing and Cancelling the Remaining Restricted Shares 3. Proposal on Formulating and Revising the	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

	Internal Governance System of the Company 3.1 Formulation of the Resignation Management System for Directors and Officers 3.2 Formulation of the Management System for Shares Held by Directors and Officers and Their Changes		
20251028	Proposal on Revising the Rules of Procedure for the Nomination, Remuneration, and Appraisal Committees of the Board of Directors	Reviewed and approved, agreed to submit to the Company's Board of Directors for deliberation	None

**(v) Details of matters with objection**

Applicable  Not Applicable

**VI. Statement of the risks found by the Audit Committee in the Company**

Applicable  Not Applicable

The Audit Committee had no objections to the supervision matters during the reporting period.

**VII. Employees of the parent company and main subsidiaries at the end of the reporting period****(i) Employee information**

Number of incumbent employees of the parent company	7,685
Number of incumbent employees of the main subsidiaries	29,207
Total number of incumbent employees	36,892
Number of outgoing and retired employees for whom the parent company and the subsidiaries bear the expenses	0
Specialty	
Specialty category	Number by professional composition
Production personnel	172
Sales personnel	31,144
Technicians	473
Financial personnel	418
Administrative staff	3,673
Others	1,012
Total	36,892
Educational attainment	
Category of educational attainment	Number (People)
Master's Degree or Above	154
Bachelor's Degree	6,598
Associate Degree	16,165
College and below	13,975
Total	36,892

**(ii) Remuneration policy**

Applicable  Not Applicable

The total remuneration of the Company is mainly determined based on the Company's remuneration, as well as 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 are subject to an annual salary system, and their salaries are determined based on individual capabilities and performance contribution values, combined with market salary levels. Other personnel are subject to a model combining position and performance pay. 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, etc., striving to help employees solve their worries.

### **(iii) Training plan**

Applicable   Not Applicable

In 2025, the Company's training work focused on support implementation of strategies. Around the philosophy of "upholding integrity and altruism, business orientation, data-driven", the Company has continuously optimized its talent cultivation system, precisely served business growth, empowered employee growth, and enhanced its ability to address market changes.

The Company further upgraded the digital training system, upgraded the user interfaces of the learning platform, and visualized the learning paths for employees, in order to better promote the full implementation of learning projects. As of the end of 2025, all employees' cumulative learning hours had been approximately 10.73 million, and there

had been over 1,500 platform courses, taken by over 990,000 learners. The internal faculty has been further enhanced, with over 2,200 teachers, about 770 lecturers, nearly 490 management tutors and about 960 counter instructors. 14 special learning maps were created to match the learning needs in different positions and ranks.

The training for echelon talents achieved remarkable results. The operational, procurement, and merchandising echelon covered all core positions of theaters. Innovations were made on the "Group + theater rotation" model, and 60 qualified talents were cultivated throughout the year. The successor project for B positions was continuously carried out, with over 110 trainees trained throughout the year. The staffing rate of middle and senior B positions reached 99.5%. A total of 140 qualified managers were trained in middle and senior management training camps, which strongly supported the implementation of the strategies.

The training of frontline talents was solidly implemented. The graded "online + offline, combined training & combat" mode was fully implemented. The appointment standards for store managers and business district managers were iterated. The standard for urban general managers was added. The annual certification covered the frontline of the country. Over 9,000 employees participated in the certification, and nearly 2,500 employees were promoted. More than 190 frontline training sessions were carried out, and more than 8,000 employees were trained. The "Little Poplar Project" was continuously promoted, cumulatively cultivating over 90 veterans. The training for licensed pharmacists strengthened policy incentives. Over 1,000 employees passed the examinations throughout the year, with a pass rate of 37.5%, which was nearly 20% higher than the national average.

For "enhancing frontline professional knowledge, strengthening frontline competence and focusing on key positions", the annual training enhanced the fitness of talents through targeted empowerment, upgrading the curriculum and tutor system, etc. The programs named "Store Manager Talk" and "Master-Apprentice Talk" were continuously carried out. Projects such as "relational transformation" was creatively implemented to create a learning atmosphere and provide solid talent support for business growth.

#### (iv) Labor Outsourcing

Applicable  Not Applicable

Total Hours of Labor Outsourcing	1,490,707
Total remuneration paid for labor outsourcing (Yuan)	44,661,229

Note: The Company performs labor outsourcing as a supplement to its employment form to match the employment needs of auxiliary jobs such as loading, unloading and warehouse

management in logistics and distribution links, and supported the performance of information technology services and online pharmacist services.

### **VIII. Plan for profit distribution or plan for conversion of capital reserve into share capital**

#### **(i) Formulation, implementation or adjustment of cash dividend policy**

Applicable    Not Applicable

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 from 2024 to 2026 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 implemented the 2024 profit distribution plan and the 2025 interim dividend in strict accordance with the profit distribution policy stipulated in the Articles of Association and the Shareholder Return Plan and the resolutions of the shareholders' meeting. According to the 2024 profit distribution plan of the Company (which was completed), a cash dividend of RMB 0.08 (tax-inclusive) per share was distributed, without issuance of bonus shares or conversion into share capital, and cash dividends of RMB 60,807,649.04 were distributed, plus the 2024 interim dividends of RMB 251,408,449.24 already distributed in 2023, totaling RMB 312,216,098.28 in 2024. As per the 2025 interim dividend plan (which was completed), a cash dividend of RMB 0.14 (tax-inclusive) per share was issued, and cash dividends of RMB 106,244,633.04 were distributed.

The Company intended to distribute cash dividends of RMB 0.27 (tax-inclusive) per share to all shareholders based on the total share capital on the record date for equity distribution in 2025. The Company did not issue bonus shares or convert capital reserve into its share capital. As of March 31, 2026, the total share capital of the Company is 758,890,236

shares, and the Company intends to distribute cash dividends of RMB 204,900,364 (tax-inclusive). The total amount of cash dividends proposed by the Company in 2025 (including tax) was RMB 311,144,997 (including interim dividends of RMB 106,244,633 in 2025), accounting for 81.48 % of the net profit attributable to the parent company in 2025. The profit distribution proposal was submitted to the 2025 annual shareholders' meeting of the Company for deliberation.

**(ii) Special notes on cash dividend policy**

Applicable Not Applicable

Can the requirements of the Articles of Association or the resolution of the Shareholders' Meeting be met	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Are the criteria and ratio for dividend distribution are explicit and clear	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Are the relevant decision-making procedures and mechanisms complete	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Did independent directors perform their duties and play their due roles	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Did minority shareholders have the chance of expressing their opinions and demands, and are their legitimate rights and interests well protected	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

**(iii) If the Company is profitable and the parent company has positive profits available for distribution to shareholders during the reporting period, but no cash profit distribution plan is proposed, the Company shall disclose in detail the reasons and the purpose and the use plan for the undistributed profits**

Applicable Not Applicable

**(iv) Profit Distribution and Capital Reserve Capitalization Plan for the Reporting Period**

Applicable Not Applicable

Unit: RMB Currency: RMB

Number of bonus shares per 10 shares (shares)	0
Dividend payout per 10 shares (RMB) (tax-inclusive)	4.1
Number of conversions per 10 shares (shares)	0
Amount of cash dividends (tax-inclusive)	311,144,997
Net profit attributable to common shareholders of the listed company in the consolidated statements	381,846,593
Ratio of the amount of cash dividends to the net profit attributable to common shareholders of the listed company in the consolidated statements (%)	81.48
Repurchase of shares in cash included in cash dividends	0
Total amount of dividends (tax-inclusive)	311,144,997
Ratio of the total amount of dividends to the net profit attributable to common shareholders of the listed company in the consolidated statements (%)	81.48

**(v) Cash dividends for the last three fiscal years**√Applicable Not Applicable

Unit: RMB Currency: RMB

Cumulative cash dividend amount in the last three fiscal years (tax included) (1)	1,009,324,614
Cumulative amount of buybacks and write-offs in the last three fiscal years (2)	0
Cumulative amount of cash dividends and buybacks and write-offs in the last three fiscal years (3)=(1)+(2)	1,009,324,614
Average annual net profit in the last three fiscal years (4)	609,977,710
Cash dividend ratio in the last three fiscal years (%) (5)=(3)/(4)	165.47
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements in the most recent fiscal year	381,846,593
Undistributed profit at the end of the year in the statement of the parent company in the latest fiscal year	1,280,572,773

**IX. 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

Matters overview	Query index
<p>On October 29, 2024, the Company held the fifth meeting of the fifth Board of Directors, at which the Proposal on Repurchasing and Cancelling Part of the Restricted Shares was approved upon deliberation. Whereas 21 incentive recipients of the 2022 Restricted Stock Incentive Plan resigned or were subject to position changes due to personal reasons, and the evaluation results of the 12 incentive recipients at the individual level were average, the stocks were unlocked according to individuals' comprehensive performance achievement rate, the Company repurchased and canceled a total of 135,561 restricted stocks that had been granted to the above incentive recipients but had not yet been unlocked.</p> <p>On January 8, 2025, the Company disclosed the Announcement on the Implementation of Repurchase and Cancellation of Equity Incentive Restricted Shares.</p>	<p>The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on January 08, 2025; Announcement No.: 2025-001.</p>
<p>On October 29, 2024, the fifth meeting of the fifth Board of Directors was held, at which the</p>	<p>The Company made an announcement on the website (www.sse.com.cn) of the</p>

<p>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 was approved upon deliberation, whereby 209,002 shares were released from the first reserved granted restricted shares and 1,205,377 shares were released from the second restricted shares for the first time.</p> <p>On January 16, 2025, the Company disclosed the Announcement on the Vesting and Listing Circulation of the First Vesting Period of the Reserved Grant under the 2022 Restricted Share Incentive Plan. The aforementioned 209,002 restricted shares were listed and circulated on January 21, 2025.</p> <p>On March 26, 2025, the Company disclosed the Announcement of LBX Pharmacy Chain Joint Stock Company on the Vesting and Listing Circulation of the First Vesting Period of the First Grant under the 2022 Restricted Share Incentive Plan. These shares were listed and circulated on March 31, 2025.</p>	<p>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>
<p>On August 25, 2025, the Company held the tenth meeting of the fifth Board of Directors and the seventh meeting of the fifth Board of Supervisors, at which the Proposal on Repurchasing and Cancelling the Remaining Restricted Shares and the Proposal on Adjusting the Repurchase Price of the 2022 Restricted Share Incentive Plan were approved upon deliberation. Among the incentive recipients of the 2022 Restricted Stock Incentive Plan, 32 recipients had resigned. The third vesting period was granted for the first time and the second vesting period was reserved for the grant. The performance at the Company level was not up to standard. The Company repurchased and cancelled a total of 1,205,377 restricted shares that could not be vested. On August 26, 2025, the Company disclosed the Announcement on Repurchase and Cancellation of the Remaining Restricted Shares and the Announcement on Adjusting the Repurchase Price of the 2022 Restricted Stock Incentive Plan.</p> <p>On October 21, 2025, the Company disclosed the Announcement on the Implementation of</p>	<p>The Company made announcements on the website (www.sse.com.cn) of the Shanghai Stock Exchange on August 26, 2025; Announcement Nos.: 2025-043, 2025-044;</p> <p>The Company made an announcement on the website (www.sse.com.cn) of the Shanghai Stock Exchange on August 26, 2025; Announcement No.: 2025-053;</p>

Repurchase and Cancellation of Restricted Shares under Equity Incentives, and all the remaining 1,205,377 restricted shares in 2021 were cancelled on October 23, 2025.	
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**(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 Officers during the Reporting Period**Applicable Not Applicable**(IV) Evaluation Mechanism for Officers 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 management 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 officers.

#### **X. 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

#### **XI. 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 officers 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.

Risk warning on abnormalities in management and control of subsidiaries

Applicable Not Applicable

#### **XII. 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

Type of internal control audit report opinion: Standard unqualified opinion

Whether non-standard audit opinions on internal control were issued during the reporting period or the previous year

是 否

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

None

### **XIV. Environmental information of listed companies and their major subsidiaries included in the list of enterprises disclosing environmental information according to law**

Applicable Not Applicable

Other Explanations

Applicable Not Applicable

For environmental information of the main subsidiaries, 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.

### **XV. Social Responsibility Work**

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

Applicable Not Applicable

For details of the ESG Report, see the 2025 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.

#### **(二) Specific Situation of Social Responsibility Work**

Applicable Not Applicable

External Donations, Public Welfare Projects	Quantity/content	Explanation of Situation
Total investment (RMB'0000)	502.56	-
Of which: funds (RMB'0000)	491.75	-
Value of materials (RMB'0000)	10.81	-
Number of people benefited	-	-

Specific Explanation

Applicable Not Applicable

LBX Pharmacy has always taken steadfast actions to improve people's livelihood and protect people's health. We have supported rural revitalization through agricultural industry assistance and infrastructure construction. We have built "love stations" in tens of thousands of stores across the country, and carried out a variety of charitable donations and special group care public welfare activities with ecological partners. We have continuously organized "journeys to healthy communities" to improve grassroots medicine and health, so as to contribute to the promotion of "common prosperity" and the construction of a healthy China.

In 2025, the Company's total investment in external donations and public welfare projects was RMB 5.0256 million, including RMB 4.9175 million in funds and RMB 108,100 in material value. For details, see the 2025 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.

#### **XVI. 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 (RMB'0000)	2.77	-
Of which: funds (RMB'0000)	0.30	-
Value of materials (RMB'0000)	2.47	-
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 retailer serving the health of the people, the Company actively takes responsibility and acts proactively in rural revitalization. LBX Pharmacy regards "Advancing into New Rural Areas" as one of its seven strategies, gives full play to its own industrial advantages, drives the development of the rural pharmaceutical retail industry and the improvement of medical conditions through the main "franchising" model, targeted assistance, etc., supports the rural pharmaceutical retail industry to achieve development and improve their medical conditions, facilitates the increase in profits and gains from agricultural, rural areas' and farmers' products through the procurement of traditional Chinese medicine and e-commerce empowerment, and comprehensively promotes the construction of beautiful rural areas.

In 2025, the Company's total investment in poverty alleviation and rural revitalization projects was RMB 27,700, including RMB 24,700 invested in the form of materials. For details, see the 2025 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.

**XVII.Others**

Applicable    Not Applicable

## Section V Important Notes

### I. Performance of Commitments

**(i) Commitments made by the Company's actual controllers, shareholders, related parties, acquirer, and the Company in or as of the reporting period**

√Applicable   □Not Applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Time limit for performance required or not	Commitment period	Commitment performed strictly or not	If not fulfilled in time, explain the specific reasons for not fulfilling the commitment	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
	Others	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	Others	Pharmaceutical Group	Remark 3	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable
	Others	Xie Zilong, Chen Xiulan	Remark 4	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable
	Others	All directors, officers	Remark 5	July 16, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable

Commitments Related to Initial Public Offering	Others	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 lock-up	Pharmaceutical Group	Remark 7	April 10, 2015	Yes	During the period of holding more than 5% of LBX shares	Yes	Not applicable	Not applicable
Refinancing-related commitments	Others	Pharmaceutical Group, Xie Zilong, Chen Xiulan	Remark 8	March 3, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable
	Others	All directors, officers	Remark 9	March 3, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable
	Others	LBX	Remark 10	May 18, 2021	Yes	Until the commitment is fulfilled	Yes	Not applicable	Not applicable
Commitments Related to Equity Incentives	Others	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) 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 officers 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 general shareholders' 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's 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 general shareholders' meetings of LBX 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, our company will urge LBX to repurchase all newly issued shares in the initial public offering according to legal procedures; and, our company will repurchase the originally restricted shares transferred by our company according to law. Within one month after the CSRC identifies or the people's court determines the existence of the above situation, our company will initiate share repurchase measures, issue a repurchase offer. The price at which our 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, our company will compensate investors for their losses according to law. The scope of compensation includes losses from stock investment, commissions, stamp duty, etc., unless our 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, our 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 our 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 our company, and may withhold cash dividends payable to our company to fulfill relevant compensation or indemnity liability until our 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 our 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. Our 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 our company's fund-raising investment project this time will all be used for our 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. Our 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 our 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 our company nor its Holding Subsidiaries possess qualifications related to real estate development, operation, or sales; during the reporting period, neither our 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. Our company guarantees that neither our 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, our 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 our company holds more than 5% shares 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, our 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 our company due to LBX's business expansion constitutes horizontal competition with LBX's main business, our 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 our 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, our company will compensate LBX for all direct and indirect losses; (6) If our company violates 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 our company fails to hand over the aforementioned income to LBX, LBX has the right to freeze the LBX shares held by our company, and may withhold cash dividends payable to our company to offset the income from engaging in competitive business that our company should hand over to LBX, until our company fully fulfills the relevant liability.

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 general shareholders' meetings and Board of Directors 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) If the Company's assets or projects have profit forecasts and the reporting period is still within the profit forecast period, the Company shall explain whether the assets or projects have reached the original profit forecast and the reasons thereof**

Achieved  Not Achieved  Not Applicable

**(iii) Performance commitment**

Applicable  Not Applicable

Change in the performance commitment

Applicable  Not Applicable

Other Explanations

Applicable  Not Applicable

**II. Occupation of Capital Not for Business by Controlling Shareholders and Other Related Parties within the Reporting Period**

Applicable  Not Applicable

**III. Illegal Guarantee**

Applicable  Not Applicable

**IV. Statement of the "Modified Audit Report" of the Accounting Firm Provided by the Board of Directors of the Company**

Applicable  Not Applicable

**V. The Company's Explanation and Analysis on the Reasons and Influences of Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors**

**(i) Analysis of the causes and effects of changes in accounting policies and accounting estimates provided by the Company**

Applicable  Not Applicable

**(ii) Analysis of the causes and effects of corrections of significant accounting errors provided by the Company**

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: RMB Currency: RMB	
	Currently appointed
Name of domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of domestic accounting firm	2,100,000
Audit years of the domestic accounting firm	5 years
Names of certified public accountants of the domestic accounting firm	Wang Shijie, Liang Chang'e
Cumulative audit service years of registered accountants of domestic accounting firm	5 years
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 the decrease in audit fees by more than 20% (including 20%) compared with the previous year

Applicable Not Applicable

#### **VII. Situations at risk of delisting**

**(i) Reasons for delisting risk warning**

Applicable Not Applicable

**(ii) Countermeasures to be taken by the Company**

Applicable Not Applicable

**(iii) Circumstances and reasons for facing termination of listing**

Applicable Not Applicable

#### **VIII. Matters related to bankruptcy and reorganization**

Applicable Not Applicable

#### **IX. Significant litigation and arbitration**

The Company had major litigation or arbitration matters this year

The Company had no major litigation or arbitration matters this year

#### **X. Punishment and Rectification of Listed Company and Its Directors, Officers, Controlling and Actual Controllers Suspected of Violating Laws and Regulations**

Applicable Not Applicable

#### **XI. Integrity of the Company, Its Controlling and Actual Controllers during the Reporting Period**

Applicable Not Applicable

#### **XII. Significant Related-party Transactions**

**(i) Related-party transactions involving daily operations**

**1. Matters disclosed in interim announcements without progress or changes in subsequent implementation**

Applicable Not Applicable

**2. Matters disclosed in interim announcements with progress or changes in subsequent implementation**

Applicable Not Applicable

**3. Matters not disclosed in the interim announcements**

Applicable Not Applicable

**(ii) Related-party transactions arising from the acquisition or sale of assets or equity interests**

**1. Matters disclosed in interim announcements without progress or changes in subsequent implementation**

Applicable Not Applicable

**2. Matters disclosed in interim announcements with progress or changes in subsequent implementation**

Applicable Not Applicable

**3. Matters not disclosed in the interim announcements**

Applicable Not Applicable

**4. For the matters involved with performance agreement, the performance realization during the reporting period shall be disclosed**

Applicable Not Applicable

**(iii) Significant related-party transactions involving joint foreign investment**

**1. Matters disclosed in interim announcements without progress or changes in subsequent implementation**

Applicable Not Applicable

**2. Matters disclosed in interim announcements with progress or changes in subsequent implementation**

Applicable Not Applicable

**3. Matters not disclosed in the interim announcements**

Applicable Not Applicable

**(iv) Related credit and debt transactions**

**1. Matters disclosed in interim announcements without progress or changes in subsequent implementation**

Applicable Not Applicable

**2. Matters disclosed in interim announcements with progress or changes in subsequent implementation**

Applicable Not Applicable

**3. Matters not disclosed in the interim announcements**

Applicable Not Applicable

**(v) The financial business between the Company and the affiliated financial company, the financial company under the Company's control and related parties**

Applicable Not Applicable

**(vi) Others**

Applicable Not Applicable

**XIII. Significant Contracts and Their Performance**

**(i) Trusteeship, contracting and leasing matters**

**1. Custody**

Applicable Not Applicable

**2. Contracting**

Applicable Not Applicable

**3. Lease**

Applicable Not Applicable

(ii) Guarantee Status

Applicable  Not Applicable

Unit: RMB Currency: RMB

Company's External Guarantees (Excluding Guarantees for Subsidiaries)														
Guarantor	Relationship between the guarantor and the 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 the 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)											0			
Total Guarantee Balance at End of Reporting Period (A) (Excluding Guarantees for Subsidiaries)											0			
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 amount of guarantees (A+B)											340,000,000			
Proportion of total guarantees to the Company's net assets (%)											4.86			
Including:														
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)											280,000,000			
Amount of Total Guarantee Exceeding 50% of Net Assets (E)											0			
Total Amount of the Above Three Guarantees (C+D+E)											280,000,000			
Explanation of possible joint and several liabilities for unexpired guarantees											-			
Explanation of guarantee situation											-			

**(iii) Entrusted 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). Provision for impairment of entrusted wealth management**

Applicable Not Applicable

**2. Entrusted loan**

**(1). General entrusted loan**

Applicable Not Applicable

Other Situations

Applicable Not Applicable

**(2). Individual entrusted loan**

Applicable Not Applicable

Other Situations

Applicable Not Applicable

**(3). Provision for impairment of entrusted loans**

Applicable Not Applicable

**3. Other Situations**

Applicable Not Applicable

**(iv) Other major contracts**

Applicable Not Applicable

**XIV. Statement of progress in the use of raised funds**

Applicable Not Applicable

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

Applicable Not Applicable

Unit: RMB

Sources of raised funds	Date of receiving raised funds	Total amount of raised funds	Net amount of raised funds (1)	Total committed investment of raised funds in the prospectus (2)	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 of investment during the year (8)	Ratio of investment amount in the current year (%) (9) = (8)/(1)	Total amount of raised funds with changed use
Issuing Shares to Specific Objects	2022 January 27	1,740,453,673.80	1,725,273,908.51	1,725,273,908.51	-	1,595,054,372.91	-	92.45	-	72,571,185.52	4.21	66,000,000
Total	/	1,740,453,673.80	1,725,273,908.51	1,725,273,908.51	-	1,595,054,372.91	-	92.45	-	72,571,185.52	4.21	66,000,000

Other Explanations

Applicable Not Applicable

(ii) Details of fundraising projects

Applicable Not Applicable

1. Details and use of fundraising projects

Applicable Not Applicable

Unit: Ten thousand yuan

Sources of raised funds	Name of project	Nature of the project	Whether it is a promised investment project in the prospectus	Whether it involves change of investment direction	Total planned investment amount of raised funds (1)	Amount invested this year	Total amount of raised funds invested as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3) = (2)/(1)	Date of ready for intended use of the project	If closed	Whether the investment progressed as planned	Specific reason for failing to invest as planned	Benefits realized during the year	The realized benefits or R&D results of this project	Whether the feasibility of the project has changed significantly, if yes, please explain the specific situation	Surplus amount
Issuing Shares to Specific Objects	New Chain Pharmacy Project	Production Construction	Yes	No	57,328	1,377	47,518	82.89	December 2025	No	Yes	Not applicable	5,816	-8,703	No	11,239
Issuing Shares to Specific Objects	East China Pharmaceutical Product Sorting and	Production Construction	Yes	No	27,880	634	26,237	94.11	August 2024	Yes	Yes	Not applicable	Not applicable	Not applicable	No	1,195

	Processing Project															
Issuing Shares to Specific Objects	Enterprise Digital Platform and New Retail Construction Project	R&D	Yes	Yes	30,023	1,733	30,323	101	March 2025	Yes	Yes	Not applicable	Not applicable	Not applicable	No	-
Issuing Shares to Specific Objects	LBX Pharmacy Chain NDC Expansion Project (Phase I)	Production Construction	No	Yes	6,600	3,513	4,728	71.63	March 2026	No	Yes	Not applicable	Not applicable	Not applicable	No	1,885
Issuing Shares to Specific Objects	Supplementing Working Capital	Others	Yes	No	50,696	-	50,699	100	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	69
Total	/	/	/	/	172,527	7,257	159,505	92.45	/	/	/	/	Not applicable	/	/	14,388

2. Details and use of over-raised funds

Applicable Not Applicable

3. Details on further demonstration of fundraising projects during the reporting period

Applicable Not Applicable

**(iii) Changes or termination of fundraising during the reporting period**

Applicable Not Applicable

**(iv) Other uses of raised funds at the end of the reporting period**

1. Initial investment and replacement of investment projects utilizing raised funds

Applicable Not Applicable

2. Temporary supplement of working capital using idle raised funds

Applicable Not Applicable

1. On October 29, 2024, the Company held the fifth meeting of the fifth Board of Directors, and agreed that it would use the idle raised funds of RMB 150 million to temporarily supplement the working capital for no more than 6 months from the approval by the Board of Directors upon deliberation. The sponsor issued verification opinions for approving temporary supplementation of the raised fund to the working capital. As of April 25, 2025, the Company had returned RMB 150 million to the special account for raised funds. Goldman Sachs (China) Securities Company Limited, the organization that continuously supervised raised funds of the Company, and the sponsor representative, were informed of the above-mentioned return of raised funds. The information disclosure obligation was timely fulfilled.

2. On April 29, 2025, the Company held the ninth meeting of the fifth Board of Directors, and agreed that it would use the idle raised funds of RMB 70 million to temporarily supplement the working capital for no more than 6 months from the approval by the Board of Directors upon deliberation. The sponsor issued verification opinions for approving temporary supplementation of the raised fund to the working capital. As of October 24, 2025, the Company had cumulatively returned the idle raised funds of RMB 70 million that had temporarily supplemented the working capital. Goldman Sachs (China) Securities Company Limited, the organization that continuously supervised raised funds of the Company, and the sponsor representative, were informed of the above-mentioned return of raised funds. The information disclosure obligation was timely fulfilled.

3. On October 28, 2025, the Company held the eleventh meeting of the fifth Board of Directors, and agreed that it would use the idle raised funds of RMB 100 million to temporarily supplement the working capital for no more than 2 months from the approval by the Board of Directors upon deliberation. The sponsor issued verification opinions for approving temporary supplementation of the raised fund to the working capital. As of December 25, 2025, the Company had cumulatively returned the idle raised funds of RMB 100 million that had temporarily supplemented the working capital. Goldman Sachs (China) Securities Company Limited, the organization that continuously supervised raised funds of

the Company, and the sponsor representative, were informed of the above-mentioned return of raised funds. The information disclosure obligation was timely fulfilled.

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

Applicable Not Applicable

4. Others

Applicable Not Applicable

**(v) Concluding Opinions of Intermediaries on Special Inspecting and Verifying the Deposit and Use of Raised Funds**

Applicable Not Applicable

The deposit and use of the funds raised by LBX from 2021 non-public offering of shares in 2025 were in line with the provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Regulatory Rules for Raised Funds of Listed Companies, the Guidelines No. 1 on Self-regulation and Supervision for Listed Companies on the Shanghai Stock Exchange - Standardized Operation, other regulations and documents. The Company deposited and used the raised funds in a special account, and fulfilled the relevant information disclosure obligations in time. The specific use of the raised funds was as disclosed by the Company, without disguised changes in the use of the raised funds or damage to the interests of shareholders, or illegal use of the raised funds.

Notes on verified abnormalities

Applicable Not Applicable

**(vi) Subsequent Rectification of Unauthorized Changes in the Use of Raised Funds and Illegal Misappropriation of Raised Funds**

Applicable Not Applicable

**XV.Explanation of Other Material Matters That Have a Significant Impact on Investors' Value Judgment and Investment Decision-making**

Applicable Not Applicable

## Section VI Changes in Shareholding and Shareholder Information

### I. Changes in Share Capital

#### (i) Statement of Share Changes

##### 1. Statement of Share Changes

Unit: shares

	Prior to change		Increase or decrease in the current period (+, -)					After change	
	Quantity	Proportion (%)	Issuance of new shares	Donated shares	Shares converted from accumulation fund	Others	Subtotal	Quantity	Proportion (%)
I. Shares subject to restrictions on sale	2,314,441	0.30				-2,314,441	-2,314,441	0	0
1. Shares held by the state									
2. Shares held by the state-owned legal entities									
3. Shares held by other domestic entities	2,314,441	0.30				-2,314,441	-2,314,441	0	0
Including: shares held by domestic non-stated-owned legal entities									
Shares held by domestic natural persons	2,314,441	0.30				-2,314,441	-2,314,441	0	0
4. Shares held by foreign entities									
Including: shares held by overseas legal entities									
Shares held by overseas natural persons									
II. Freely tradable shares	757,916,733	99.70				973,503	973,503	758,890,236	100
1. RMB ordinary shares	757,916,733	99.70				973,503	973,503	758,890,236	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
III. Total number of shares	760,231,174	100				-1,340,938	-1,340,938	758,890,236	100

##### 2. Explanation of Share Changes

√Applicable    □Not Applicable

1. 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, approving the Proposal on Repurchasing and Cancelling Part of the Restricted Shares upon deliberation. Whereas 21 incentive recipients of the 2022 Restricted Stock Incentive Plan resigned or were subject to position changes due to personal reasons, and the evaluation results of the 12 incentive recipients at the individual level were average, the stocks were unlocked according to individuals' comprehensive performance achievement rate, the Company repurchased and canceled a total of 135,561 restricted stocks that had been granted to the above incentive recipients but had not yet been unlocked. Such restricted stocks were repurchased and cancelled on January 10, 2025, and the total share capital of the Company changed from 760,231,174 shares to 760,095,613 shares. The number of shares subject to sales conditions changed from 2,314,441 to 2,178,880.

2. 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, approving the 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 upon deliberation. Among the first restricted stocks reserved for grant, 209,002 restricted stocks satisfied the vesting conditions. Such restricted stocks were listed and circulated on January 21, 2025. The total share capital of the Company remained unchanged, and the number of shares subject to sales conditions changed from 2,178,880 to 1,969,878.

3. 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, approving the 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 upon deliberation. Among the second restricted stocks granted for the first time, 764,501 restricted stocks satisfied the vesting conditions. Such restricted stocks were listed and circulated on March 31, 2025. The total share capital of the Company remained unchanged, and the number of shares subject to sales conditions changed from 1,969,878 to 1,205,377.

4. On August 25, 2025, the Company held the tenth meeting of the fifth Board of Directors and the seventh meeting of the fifth Board of Supervisors, at which the Proposal on Repurchasing and Cancelling the Remaining Restricted Shares was approved upon

deliberation. Among the incentive recipients of the 2022 Restricted Stock Incentive Plan, 32 recipients had resigned. The third vesting period was granted for the first time and the second vesting period was reserved for the grant. The performance at the Company level was not up to standard. The Company repurchased and cancelled a total of 1,205,377 restricted shares that could not be vested. On October 23, 2025, such restricted stocks were repurchased and canceled on October 23, 2025. The total share capital of the Company changed from 760,095,613 shares to 758,890,236 shares, and the number of shares subject to sales conditions changed from 1,205,377 to 0.

**3. Effect of the change in shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period (if any)**

Applicable Not Applicable

**4. Other contents deemed necessary by the Company or required to be disclosed by securities regulatory authorities**

Applicable Not Applicable

**(ii) Changes in restricted shares**

Applicable Not Applicable

Unit: shares

Name of shareholder	Number of restricted shares at the beginning of the year	Number of shares released from restriction on sales in the current year	Number of restricted shares increased in the current year	Number of restricted shares at the end of the year	Reasons for restriction on sales	Date of restriction release
2022 Restricted Share Incentive Plan	2,314,441	2,314,441	0	0	2022 Restricted Share Incentive Plan	Repurchase and cancellation on January 10, 2025, listing and circulation of the first batch reserved for grant on January 21, 2025, listing and circulation of the second batch granted for the first time on March 31, 2025, repurchase and cancellation of the remaining restricted stocks on October 23, 2025
Total	2,314,441	2,314,441	0	0	/	/

## II. Securities Issuance and Listing

### (i) Issuance of securities up to the reporting period

Applicable  Not Applicable

Explanation of securities issuance as of the reporting period (for bonds with different interest rates during the remaining duration, please explain separately):

Applicable  Not Applicable

### (ii) Changes in the Company's total number of shares, shareholder structure, asset and liability structure

Applicable  Not Applicable

1. 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, approving the Proposal on Repurchasing and Cancelling Part of the Restricted Shares upon deliberation. Whereas 21 incentive recipients of the 2022 Restricted Stock Incentive Plan resigned or were subject to position changes due to personal reasons, and the evaluation results of the 12 incentive recipients at the individual level were average, the stocks were unlocked according to individuals' comprehensive performance achievement rate, the Company repurchased and canceled a total of 135,561 restricted stocks that had been granted to the above incentive recipients but had not yet been unlocked. Such restricted stocks were repurchased and cancelled on January 10, 2025, and the total share capital of the Company changed from 760,231,174 shares to 760,095,613 shares. The number of shares subject to sales conditions changed from 2,314,441 to 2,178,880.

2. 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, approving the 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 upon deliberation. Among the first restricted stocks reserved for grant, 209,002 restricted stocks satisfied the vesting conditions. Such restricted stocks were listed and circulated on January 21, 2025. The total share capital of the Company remained unchanged, and the number of shares subject to sales conditions changed from 2,178,880 to 1,969,878.

3. 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, approving the 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 upon deliberation. Among the second restricted stocks granted for the first time, 764,501 restricted stocks satisfied the vesting conditions. Such restricted stocks were listed and circulated on March 31, 2025. The total share capital of the Company remained unchanged, and the number of shares subject to sales conditions changed from 1,969,878 to 1,205,377.

4. On August 25, 2025, the Company held the tenth meeting of the fifth Board of Directors and the seventh meeting of the fifth Board of Supervisors, at which the Proposal on Repurchasing and Cancelling the Remaining Restricted Shares was approved upon deliberation. Among the incentive recipients of the 2022 Restricted Stock Incentive Plan, 32 recipients had resigned. The third vesting period was granted for the first time and the second vesting period was reserved for the grant. The performance at the Company level was not up to standard. The Company repurchased and cancelled a total of 1,205,377 restricted shares that could not be vested. On October 23, 2025, such restricted stocks were repurchased and canceled on October 23, 2025. The total share capital of the Company changed from 760,095,613 shares to 758,890,236 shares, and the number of shares subject to sales conditions changed from 1,205,377 to 0.

(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 as of the end of the reporting period	63,807
Total number of ordinary shareholders as of the end of the previous month before the disclosure date of the Annual Report	64,179
Total number of preferred shareholders (shareholders) whose voting rights have been restored as of the end of the Reporting Period	0
Total number of preferred shareholders (shareholders) whose voting rights have been restored as of the end of the last month before the disclosure date of the Annual Report	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: shares

Shareholding of the top 10 shareholders (excluding shares lent through refinancing)							
Name of shareholder (Full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of restricted shares held	Pledge, mark, or freeze		Shareholder nature
					Share status	Quantity	
LBX Pharmaceutical Group Co., Ltd.	-18,110,700	180,453,475	23.78	0	Pledged	114,140,000	Domestic Non-State-Owned Legal Person
Janstar Investment Limited	0	168,013,035	22.14	0	Pledged	134,410,428	Foreign legal person
Chen Xiulan	0	13,565,698	1.79	0	None	0	Domestic natural person
Shi Zhan	-80,900	10,018,811	1.32	0	None	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-13,017,145	7,856,850	1.04	0	None	0	Others
Linzhi Tencent Technology Co., Ltd.	0	7,391,046	0.97	0	None	0	Domestic Non-State-Owned Legal Person
China Merchants Bank Co., Ltd. - Southern CSI 1000 Traded Open Index Securities Investment Funds	4,170,111	4,170,111	0.55	0	None	0	Others
China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Traded Open Index Securities Investment Funds	2,639,857	2,639,857	0.35	0	None	0	Others
Peng Xiaoqin	2,639,030	2,639,030	0.35	0	None	0	Domestic natural person

China Construction Bank Corporation - Cathay Pharma Health Stock-type Securities Investment Fund	2,261,800	2,261,800	0.30	0	None	0	Others
Shareholding of the top 10 shareholders not subject to restrictions on sale (excluding shares lent through refinancing)							
Name of shareholder	Number of freely tradable shares held	Type and number of shares					
		Type	Quantity				
LBX Pharmaceutical Group Co., Ltd.	180,453,475	RMB ordinary shares	180,453,475				
Janstar Investment Limited	168,013,035	RMB ordinary shares	168,013,035				
Chen Xiulan	13,565,698	RMB ordinary shares	13,565,698				
Shi Zhan	10,018,811	RMB ordinary shares	10,018,811				
Hong Kong Securities Clearing Company Limited	7,856,850	RMB ordinary shares	7,856,850				
Linzi Tencent Technology Co., Ltd.	7,391,046	RMB ordinary shares	7,391,046				
China Merchants Bank Co., Ltd. - Southern CSI 1000 Traded Open Index Securities Investment Funds	4,170,111	RMB ordinary shares	4,170,111				
China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Traded Open Index Securities Investment Funds	2,639,857	RMB ordinary shares	2,639,857				
Peng Xiaoqin	2,639,030	RMB ordinary shares	2,639,030				
China Construction Bank Corporation - Cathay Pharma Health Stock-type Securities Investment Fund	2,261,800	RMB ordinary shares	2,261,800				
Description of special account for buy-back among the top 10 shareholders	None						
Description of the above shareholders' voting trust, voting proxy and waiver of voting rights	None						
Description of the relationship or concerted action of 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 Administrative Measures for the Acquisition of Listed Companies exist among the other shareholders mentioned above.						
Description of preferred shareholders whose voting rights have been restored and the number of shares held	None						

Note: Peng Xiaoqin held 2,465,130 shares of the Company through a credit account and 173,900 shares of the Company through an ordinary securities account, with a total of 2,639,030 shares in the Company. All other shareholders in the above table held shares in ordinary accounts.

Share lending through refinancing by shareholders holding more than 5% of shares, Top 10 shareholders, and Top 10 shareholders of freely tradable shares

Applicable  Not Applicable

Changes in shareholdings of the Top 10 shareholders and Top 10 shareholders of freely tradable shares due to shares lent through refinancing/return compared with the previous period

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) Information of controlling shareholders**

##### **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	Held 1,563,900 shares in Shanghai Xiaofang Pharmaceutical Co., Ltd. (603207); held 1.15 million shares in Aim Vaccine Co., Ltd. (06660.HK)
Other notes	None

##### **2. Natural person**

Applicable Not Applicable

##### **3. Special note on the absence of controlling shareholders of the Company**

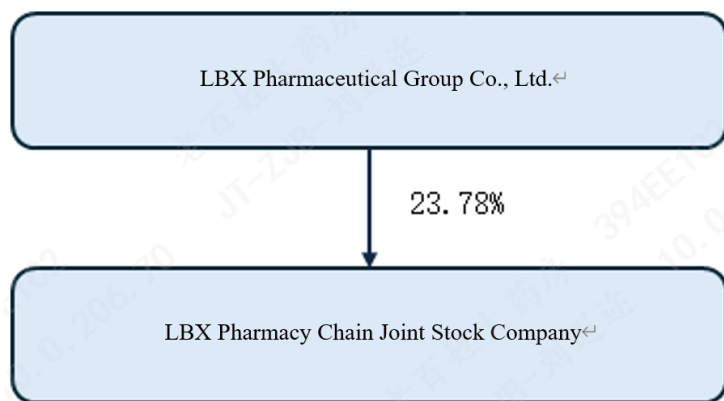
Applicable Not Applicable

##### **4. Statement of the change in controlling shareholders during the reporting period**

Applicable Not Applicable

##### **5. Diagram of the ownership and control relationship between the Company and the controlling shareholders**

Applicable Not Applicable



(ii) Actual controllers

1、 Legal Person

Applicable Not Applicable

2、 Natural person

Applicable Not Applicable

Full name	Mr. Xie Zilong, Ms. Chen Xiulan (Couple)
Nationality	China
Whether the right of residence in other countries or regions is obtained	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

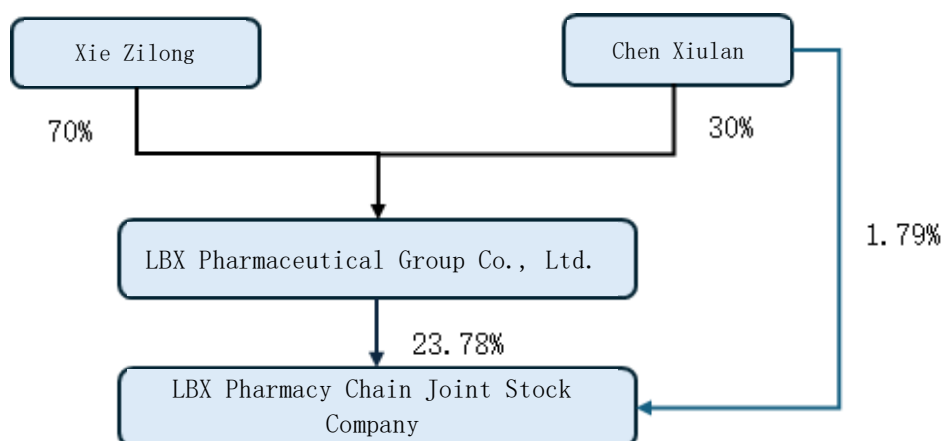
Applicable Not Applicable

4、 Statements of changes in the Company's control right during the reporting period

Applicable Not Applicable

5、 Block diagram of the property rights and control relationship between the Company and the actual controllers

Applicable Not Applicable



**6、 The actual controllers control 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 Weiyang, Li Yinghua	September 19, 2007	None	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

**IX.Preference share Related Situation**

Applicable Not Applicable

## **Section VII Information on Bonds**

### **I. Corporate Bonds and Debt Financing Instruments of Non-financial Enterprises**

Applicable  Not Applicable

### **II. Information of Convertible Corporate Bonds**

Applicable  Not Applicable

## Section VIII Financial Reports

### I. Auditor's Report

Applicable Not Applicable

#### Auditor's Report

Ernst & Young Hua Ming (2026) Audit Report No. 70053916\_P01|  
LBX 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, 2025, 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, 2025, 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 Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements" section of our audit report. We are independent of LBX Pharmacy Chain Joint Stock Company and have fulfilled our other ethical responsibilities in accordance with the Standards on the Independence of Chinese Certified Public Accountants No. 1 - Requirements for Independence in the Audit and Review of Financial Statements and the Code of Ethics for Chinese Certified Public Accountants. We have followed the independence requirements for audits of public interest entities in our audit. 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

The key audit items are the items that are deemed to be the most important ones in the current financial statement audit according to our professional judgment. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, 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.

### III. Key Audit Matters (Continued)

Key Audit Matter:	How the Matter Was Addressed in the Audit:
<p data-bbox="240 651 655 680"><b>Impairment testing of goodwill</b></p> <p data-bbox="240 687 842 976">As at December 31, 2025, the book value of LBX Pharmacy Chain Joint Stock Company's goodwill was RMB 5,612,990,783, representing 28% of total assets. Wherein the original value of goodwill is RMB 5,880,305,976, and the balance of the provision for impairment of goodwill is RMB 267,315,193.</p> <p data-bbox="240 1016 842 1599">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="240 1639 842 2027">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</p>	<p data-bbox="847 687 1348 792">In response to this key audit matter, the audit procedures we performed mainly included:</p> <p data-bbox="847 833 1348 2002">           (1) Understood, evaluated, and tested management's internal controls related to goodwill impairment assessment;            (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;            (3) Understood the situation of the third-party appraisal institution engaged by management and assessed its independence, professional qualifications, and competence;            (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.;            (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,         </p>

<p>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>The accounting policies and estimates related to goodwill impairment assessment and related financial statement disclosures are set out in Note V. 27. Long-term Asset Impairment, Note V. 39. Other Significant Accounting Policies and Estimates, and Note VII. 27. Goodwill.</p>	<p>estimated gross profit margins, related expenses, etc.;</p> <p>(6) Performed sensitivity tests and analysis on the key assumptions used in the impairment test;</p> <p>(7) Reviewed the adequacy of management's disclosures related to goodwill impairment.</p>
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#### 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 audit 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.

If, based on the work we have performed, we concluded that there is a material misstatement of 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 objective is to obtain reasonable assurance as to whether the overall financial statements are free from material misstatement, whether due to fraud or error, and to issue Auditor's Report that contain audit opinions. Reasonable assurance is a high level of assurance, but it cannot guarantee that an audit performed in accordance with the Auditing Standards can always figure out any existing material misstatements. Misstatements may be caused by fraud or error. Misstatement is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect the financial decisions based on these financial statements made by the users.

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 the audit 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) Make a conclusion about the appropriateness of the going-concern assumption used by the Management. 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 to draw attention in our audit 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 audit 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 guiding, supervising and performing group audit, and assume sole liability for the audit opinions.

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.

Among the matters communicated with Those Charged with Governance, we identify which one is the most important to audit of the financial statements during this period, and thus form the key audit matters. We describe these matters in the auditor's report, unless disclosure of these matters is prohibited by laws and regulations, or in rare cases, it is reasonably anticipated that the negative consequence arising from communication of certain matter in the auditor's report overrides the benefit to the public, we identify that we shall not communicate such matters in the auditor's report.

Ernst & Young Hua Ming LLP

Chinese CPA: Wang Shijie  
(Engagement Partner)

Chinese CPA: Liang Chang'e

Beijing, China

April 22, 2026

## II. Financial Statements

### Consolidated Balance Sheet

December 31, 2025

Prepared by: LBX Pharmacy Chain Joint Stock Company LBX Pharmacy Chain Joint Stock Company

Unit: RMB Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
<b>Current assets:</b>			
Cash and bank balances		2,358,429,285	2,379,865,319
Deposit reservation for balance			
Funds lent			
Trading financial assets			

Derivative financial assets			
Notes receivable		58,033,940	76,074,821
Accounts receivable		2,107,724,650	2,340,489,925
Accounts receivable financing		5,612,871	15,269,288
Prepayments		127,750,815	170,391,318
Premiums receivable			
Reinsurance accounts receivable			
Reserves for reinsurance contract receivable			
Other receivables		215,188,071	265,281,348
Of which: interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories		3,652,252,469	3,573,538,507
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		41,225,587	37,528,487
Other current assets		264,435,192	215,072,326
Total current assets		8,830,652,880	9,073,511,339
<b>Non-current assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables		66,161,336	79,389,411
Long-term equity investments		81,283,270	85,352,717
Other equity instrument investments		35,768,123	35,877,723
Other non-current financial assets		6,963,496	12,093,150
Investment property		242,880,980	316,529,855
Fixed assets		1,348,308,487	1,365,648,334
Construction in progress		1,734,300	107,795,924
Productive biological assets			
Oil-and-gas assets			
Right-of-use assets		2,049,366,982	2,502,807,163
Intangible assets		802,566,730	841,812,406
Including: Data resources			

Development expenditures		14,773,607	
Including: Data resources			
Goodwill		5,612,990,783	5,756,158,728
Long-term deferred expenses		609,448,600	734,121,761
Deferred income tax assets		133,973,303	116,703,610
Other non-current assets		8,530,627	17,051,558
Total non-current assets		11,014,750,624	11,971,342,340
Total assets		19,845,403,504	21,044,853,679
<b>Current liabilities:</b>			
Short-term loans		697,299,622	1,656,884,090
Borrowings from central bank			
Funds borrowed			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		5,008,269,907	4,546,258,111
Accounts payable		1,746,997,615	2,008,964,593
Advances from customers		16,853,246	18,293,769
Contract liabilities		217,575,573	195,193,795
Financial assets sold for repurchase			
Deposits from customers and other banks			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Payroll payable		455,209,144	430,424,756
Taxes and dues payable		152,684,505	191,184,507
Other payables		626,911,001	653,535,414
Of which: Interest payable			
Dividends payable		15,203,873	208,088
Service charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,227,214,169	1,204,356,466

Other current liabilities		15,196,091	14,443,599
Total current liabilities		10,164,210,873	10,919,539,100
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term loans		1,434,968,318	1,397,226,137
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		1,204,831,000	1,522,516,044
Long-term payables			
Long-term employee compensation payable			
Provisions			
Deferred income		10,556,274	12,925,575
Deferred tax liabilities		34,744,543	36,696,534
Other non-current liabilities			
Total non-current liabilities		2,685,100,135	2,969,364,290
Total liabilities		12,849,311,008	13,888,903,390
<b>Total owner's equity (or shareholder's equity):</b>			
Paid-in capital (or capital stock)		758,890,236	760,231,174
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		1,694,612,672	1,970,466,686
Less: Treasury stock			16,935,356
Other comprehensive income		15,231,092	15,231,092
Special reserve			
Surplus reserve		350,789,036	301,549,640
General risk reserve			
Undistributed profits		3,715,868,949	3,550,314,034
Total owner's equity (or shareholder's equity) attributable to parent company		6,535,391,985	6,580,857,270
Minority equity		460,700,511	575,093,019
Total owner's equity (or shareholder's equity)		6,996,092,496	7,155,950,289
Total liabilities and owner's equity (or shareholder's equity)		19,845,403,504	21,044,853,679

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, 2025

Prepared by: LBX Pharmacy Chain Joint Stock Company LBX Pharmacy Chain Joint Stock Company

Unit: RMB Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
<b>Current assets:</b>			
Cash and bank balances		2,003,966,001	2,064,268,383
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable		539,946,258	515,726,687
Accounts receivable financing			
Prepayments		31,677,641	32,673,995
Other receivables		4,736,766,562	5,009,698,877
Of which: interest receivable			
Dividends receivable		27,708,652	8,198,830
Inventories		508,188,001	467,483,217
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		9,458,268	9,290,909
Other current assets		25,335,304	24,364,116
Total current assets		7,855,338,035	8,123,506,184
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		21,363,104	22,319,183
Long-term equity investments		6,710,413,621	6,309,092,736
Other equity instrument investments		35,308,123	35,308,123
Other non-current financial assets			5,774,109
Investment property		250,581,978	256,390,126
Fixed assets		476,301,399	400,154,596
Construction in progress		1,705,998	56,654,546
Productive biological assets			

Oil-and-gas assets			
Right-of-use assets		425,057,405	486,621,414
Intangible assets		157,024,255	160,285,902
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill		527,221,668	527,221,668
Long-term deferred expenses		137,236,917	169,457,320
Deferred income tax assets		57,770,813	39,013,461
Other non-current assets		4,736,576	7,236,084
Total non-current assets		8,804,721,857	8,475,529,268
Total assets		16,660,059,892	16,599,035,452
<b>Current liabilities:</b>			
Short-term loans			279,806,357
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		5,140,678,200	5,587,633,477
Accounts payable		155,943,549	51,096,966
Advances from customers		1,834,487	2,144,697
Contract liabilities		34,933,801	20,113,000
Payroll payable		120,646,509	117,599,031
Taxes and dues payable		22,350,003	26,989,206
Other payables		2,992,646,764	2,772,020,283
Of which: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		531,496,745	417,377,528
Other current liabilities		1,466,208	747,518
Total current liabilities		9,001,996,266	9,275,528,063
<b>Non-current liabilities:</b>			
Long-term loans		1,433,378,318	1,397,226,137
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		383,053,003	421,441,914
Long-term payables			

Long-term employee compensation payable			
Provisions			
Deferred income		4,213,002	4,315,135
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,820,644,323	1,822,983,186
Total liabilities		10,822,640,589	11,098,511,249
<b>Total owner's equity (or shareholder's equity):</b>			
Paid-in capital (or capital stock)		758,890,236	760,231,174
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		3,431,936,166	3,435,977,166
Less: Treasury stock			16,935,356
Other comprehensive income		15,231,092	15,231,092
Special reserve			
Surplus reserve		350,789,036	301,549,640
Undistributed profits		1,280,572,773	1,004,470,487
Total owner's equity (or shareholder's equity)		5,837,419,303	5,500,524,203
Total liabilities and owner's equity (or shareholder's equity)		16,660,059,892	16,599,035,452

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 to December 2025

Unit: RMB Currency: RMB

Item	Notes	2025	FY2024
I. Total operating income		22,236,615,347	22,357,610,195
Of which: Operating income		22,236,615,347	22,357,610,195
Interest income			
Premium earned			
Fee and commission income			
II. Total operating costs		21,301,442,246	21,403,375,972
Including: operating costs		15,054,734,735	14,942,332,455
Interest expense			

Fee and commission expense			
Refunded premiums			
Net claims paid			
Net provision for insurance liabilities			
Expenditures for policy dividends			
Reinsurance expenses			
Taxes and surcharges		77,888,030	80,902,989
Selling expenses		4,699,222,568	4,947,435,885
Administrative expenses		1,288,100,931	1,257,665,102
R&D expenses		51,071,549	2,013,597
Financial expenses		130,424,433	173,025,944
Including: Interest expenses		130,270,754	178,247,831
Interest income		13,369,752	20,103,612
Add: Other income		79,206,710	78,365,349
Investment income (loss indicated with "-")		896,794	2,728,107
Including: Income from investments in associates and joint ventures		-4,069,447	2,831,526
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 "-")			
Credit impairment loss (loss indicated with "-")		-18,515,634	-6,022,024
Asset impairment loss (loss indicated with "-")		-251,362,691	-111,202,534
Asset disposal income (loss indicated with "-")		-3,542,326	-4,530,258
III. Operating profits (loss indicated with "-")		741,855,954	913,572,863
Add: non-operating income		27,315,265	14,027,387
Less: non-operating expenses		13,002,329	11,628,766
IV. Profit before tax (total loss indicated with "-")		756,168,890	915,971,484
Less: income tax expenses		215,719,391	230,853,330
V. Net profit (net loss indicated with "-")		540,449,499	685,118,154
(I) By operating continuity			

1. Net profits from going concern (net loss indicated with "-")		540,449,499	685,118,154
2. Net profits from discontinued operation (net loss indicated with "-")			
(II) By ownership attribution			
1. Net profits attributable to the parent company's shareholders (net losses indicated with "-")		381,846,593	519,063,405
2. Minority interest (net loss indicated with "-")		158,602,906	166,054,749
VI. Net amount of other comprehensive income after tax			
(I) Other comprehensive income attributable to owners of the parent company, net of tax			
1. Other comprehensive income that will not be reclassified into profit or loss			
(1) Remeasurement changes in defined benefit plans			
(2) Other comprehensive income that cannot be carried over to profit or loss under equity method			
(3) Changes in the fair value of other equity instrument investments			
(4) Changes in the fair value of the enterprise's own credit risk			
2. Other comprehensive income that will be re-classified into profit or loss			
(1) Other comprehensive income under equity method that can be transferred to profit or loss			
(2) Changes in the fair value of other debt investment			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Credit impairment provision of other debt investments			
(5) Hedging reserve of cash flows			

(6) Translation differences of foreign currency financial statements			
(7) Others			
(II) Post-tax net amount of other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income		540,449,499	685,118,154
(I) Total comprehensive income attributable to owners of the parent company		381,846,593	519,063,405
(II) Total comprehensive income attributable to minority shareholders		158,602,906	166,054,749
VIII. Earnings per share (EPS)			
(I) Basic earnings per share (RMB/share)		0.50	0.68
(II) Diluted EPS (RMB/share)		0.50	0.68

For business combinations involving enterprises under common control occurring during the period, the net profit realized by the combined party before the combination was: RMB 0, and the net profit realized by the combined party in the previous period was: RMB 0.

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 to December 2025

Unit: RMB Currency: RMB

Item	Notes	2025	FY2024
I. Operating income		4,431,224,110	4,478,468,650
Less: operating costs		2,937,107,639	2,963,766,302
Taxes and surcharges		13,557,939	13,239,862
Selling expenses		1,006,270,284	1,066,348,428
Administrative expenses		519,614,680	431,615,514
R&D expenses			
Financial expenses		58,081,873	74,310,998
Including: Interest expenses		65,779,126	84,375,489
Interest income		14,399,218	18,902,422
Add: Other income		13,240,441	13,493,473
Investment income (loss indicated with "-")		568,085,450	230,447,487
Including: Income from investments in associates and joint ventures		-4,679,115	2,831,526

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 "-")			
Credit impairment loss (loss indicated with "-")		-6,829,649	-119,140
Asset impairment loss (loss indicated with "-")		-1,170,003	-1,130,064
Asset disposal income (loss indicated with "-")		-2,468,476	465,017
II. Operating profits (losses indicated with "-")		467,449,458	172,344,319
Add: non-operating income		13,235,718	636,483
Less: non-operating expenses		5,755,734	3,523,051
III. Total profit (total loss indicated with "-")		474,929,442	169,457,751
Less: income tax expenses		-17,464,522	-15,377,062
IV. Net profit (Net loss indicated with "-")		492,393,964	184,834,813
(I) Net profits from going concern (net loss indicated with "-")		492,393,964	184,834,813
(II) Net profits from discontinued operation (net loss indicated with "-")			
V. Net amount of other comprehensive income after tax			
(I) Other comprehensive incomes that cannot be re-classified in profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income under equity method that cannot be transferred to profit or loss			
3. Changes in fair value of other equity instrument investment			
4. Changes in the fair value of the enterprise's own credit risks			
(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		492,393,964	184,834,813
VII. Earnings per share (EPS):			
(I) Basic earnings per share (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 to December 2025

Unit: RMB Currency: RMB

Item	Notes	2025	FY2024
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and rendering of services		25,984,775,525	25,590,231,980
Net increase in deposits from customers and interbank			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from original insurance contract premiums			
Net cash received from reinsurance business			

Net increase in policyholder savings and investment funds			
Cash received from interest, fees, and commissions			
Net increase in borrowed funds			
Net increase in funds from repurchase agreements			
Net cash received from securities trading agency			
Refund of tax and levies			
Other cash received relating to operating activities		110,003,888	103,940,541
Subtotal of cash inflows of operating activities		26,094,779,413	25,694,172,521
Cash paid for purchasing goods and receiving services		17,803,075,277	18,046,362,509
Net increase in customer loans and advances			
Net increase in deposits in the central bank and interbank			
Cash paid for original insurance contract claims			
Net increase in the lending funds			
Cash paid for interest, fees, and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		3,482,604,921	3,774,532,506
Various tax payments		895,132,887	976,067,264
Other cash paid relating to operating activities		771,332,579	870,751,445
Subtotal of cash outflows from operating activities		22,952,145,664	23,667,713,724
Net cash flows from operating activities		3,142,633,749	2,026,458,797
<b>II. Cash flows from investing activities:</b>			
Cash received from return on investments		9,362,391	
Cash received from investment income		3,010,350	
Net cash received from disposal of fixed assets,		8,249,197	8,242,106

intangible assets and other long-term assets			
Net cash recovered from disposal of subsidiaries and other operating units			25,938,620
Other cash received relating to investing activities			
Subtotal of cash inflows of investing activities		20,621,938	34,180,726
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		253,436,810	507,503,709
Cash paid for investment		644,455	19,719,041
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business entities		3,200,000	134,833,847
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		257,281,265	662,056,597
Net cash flows from investing activities		-236,659,327	-627,875,871
<b>III. Cash flows from financing activities:</b>			
Cash received from capital contributions		631,746	3,075,060
Including: cash received by subsidiaries from minority shareholders		631,746	3,075,060
Cash received from loans		1,904,097,357	3,360,910,303
Other cash received related to financing activities			
Subtotal of cash inflows of financing activities		1,904,729,103	3,363,985,363
Cash paid for repayment of debts		2,699,177,144	2,449,061,239
Cash paid for distributing dividends and profits or repaying interest		369,763,560	883,337,195
Including: dividends and profits paid by subsidiaries to minority shareholders		145,144,389	169,332,688
Other cash paid relating to financing activities		1,584,657,096	1,379,935,359

Subtotal of cash outflows from financing activities		4,653,597,800	4,712,333,793
Net cash flows from financing activities		-2,748,868,697	-1,348,348,430
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		157,105,725	50,234,496
Add: opening balance of cash and cash equivalents		986,735,653	936,501,157
<b>VI. Closing balance of cash and cash equivalents</b>		1,143,841,378	986,735,653

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 to December 2025

Unit: RMB Currency: RMB

Item	Notes	2025	FY2024
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and rendering of services		4,409,174,933	4,627,063,020
Refund of tax and levies			
Other cash received relating to operating activities		87,036,071	53,001,218
Subtotal of cash inflows of operating activities		4,496,211,004	4,680,064,238
Cash paid for purchasing goods and receiving services		3,034,443,696	3,185,285,195
Cash paid to and for employees		764,310,399	832,303,906
Various tax payments		13,830,170	46,768,453
Other cash paid relating to operating activities		404,577,923	367,558,221
Subtotal of cash outflows from operating activities		4,217,162,188	4,431,915,775
Net cash flows from operating activities		279,048,816	248,148,463
<b>II. Cash flows from investing activities:</b>			
Cash received from return on investments		9,230,000	1,095,882
Cash received from investment income		551,298,852	280,032,305

Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,125,381	239,353
Net cash recovered from disposal of subsidiaries and other operating units			
Other cash received relating to investing activities		284,919,060	488,074,586
Subtotal of cash inflows of investing activities		851,573,293	769,442,126
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		114,823,848	125,223,618
Cash paid for investment		386,750,000	82,197,000
Net cash paid for acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		501,573,848	207,420,618
Net cash flows from investing activities		349,999,445	562,021,508
<b>III. Cash flows from financing activities:</b>			
Cash received from capital contributions			
Cash received from loans		411,750,000	680,000,000
Other cash received related to financing activities		206,270,739	
Subtotal of cash inflows of financing activities		618,020,739	680,000,000
Cash paid for repayment of debts		527,051,676	353,176,410
Cash paid for distributing dividends and profits or repaying interest		218,049,328	699,989,964
Other cash paid relating to financing activities		265,688,709	416,212,098
Subtotal of cash outflows from financing activities		1,010,789,713	1,469,378,472
Net cash flows from financing activities		-392,768,974	-789,378,472
<b>IV. Net increase in cash and cash equivalents</b>		236,279,287	20,791,499
Add: opening balance of cash and cash equivalents		749,501,322	728,709,823

<b>V. Closing balance of cash and cash equivalents</b>		985,780,609	749,501,322
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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 to December 2025

Unit: RMB Currency: RMB

Item	2025														
	Equity attributable to owners of the parent company													Minority equity	Total owner's equity
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal		
		Preference shares	Preferred bonds	Others											
I. Closing balance of previous year	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	
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance of the current year	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	
III. Increase or decrease for the current period (decrease indicated with "-")	-1,340,938			-275,854,014	-16,935,356			49,239,396		165,554,915		45,465,285	114,392,508	-159,857,793	
(I) Total comprehensive income										381,846,593		381,846,593	158,602,906	540,449,499	
(II) Capital invested and reduced by owners	-1,340,938			-4,041,000	-16,935,356							11,553,417	631,746	12,185,163	



LBX Pharmacy Chain Joint Stock Company 2025 Annual Report

5. Other comprehensive income transferred to retained earnings														
6. Others					271,813,014	-						271,813,014	113,486,986	385,300,000
(V) Special reserve														
1. Appropriation in the current period														
2. Use in this period														
(VI) Other														
IV. Closing balance of the current period	758,890,236				1,694,612,672		15,231,092		350,789,036		3,715,868,949	6,535,391,985	460,700,511	6,996,092,496

Item	FY2024														
	Equity attributable to owners of the parent company												Minority equity	Total owner's equity	
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others			Subtotal
	Preference shares	Perpetual bonds	Others												
I. Closing balance of previous 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															
Others															
II. Opening balance of the current 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

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III. Increase or decrease for the 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 invested and reduced by owners	175,298,038				-179,477,818	-26,321,556							22,141,776	3,075,060	25,216,836
1. Ordinary shares invested by the owners	175,437,963				-175,437,963									3,075,060	3,075,060
2. Capital contributed by holders of other equity instruments															
3. Amounts of share-based payments recognized into shareholder'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 of surplus reserve								18,483,481			-18,483,481				
2. Appropriation of 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	- 14,035,34 8	- 38,246,866	
1. Conversion of capital reserve into capital (or share capital)															
2. Surplus reserve transferred to capital (or share capital)															
3. Surplus reserve used to cover losses															
4. Actuarial gains and losses on defined benefit plans transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others					- 24,211, 518							- 24,211, 518	- 14,035, 348	- 38,246,8 66	
(V) Special reserve															
1. Appropriation in the current period															
2. Use in this period															
(VI) Other															
IV. Closing balance of the current period	760,23 1,174				1,970,4 66,686	16,935, 356	15,231, 092		301,54 9,640		3,550,31 4,034		6,580,8 57,270	575,093,0 19	7,155,950, 289

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 to December 2025

Unit: RMB Currency: RMB

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Item	2025										
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preference shares	Perpetual bonds	Others							
I. Closing balance of previous year	760,231,174				3,435,977,166	16,935,356	15,231,092		301,549,640	1,004,470,487	5,500,524,203
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Opening balance of the current year	760,231,174				3,435,977,166	16,935,356	15,231,092		301,549,640	1,004,470,487	5,500,524,203
III. Increase or decrease for the current period (decrease indicated with "-")	-1,340,938				-4,041,000	-16,935,356			49,239,396	276,102,286	336,895,100
(I) Total comprehensive income										492,393,964	492,393,964
(II) Capital invested and reduced by owners	-1,340,938				-4,041,000	-16,935,356					11,553,418
1. Ordinary shares invested by the owners											
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized into shareholder's equity	-1,340,938				-4,041,000	-16,935,356					11,553,418
4. Other											
(III) Profit distribution									49,239,396.00	-216,291,678.00	-167,052,282
1. Appropriation of surplus reserve									49,239,396	-49,239,396	
2. Distribution to owners (or shareholders)										-167,052,282	-167,052,282
3. Other											

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(IV) Internal transfer within owner's equity											
1. Conversion of capital reserve into capital (or share capital)											
2. Surplus reserve transferred to capital (or share capital)											
3. Surplus reserve used to cover losses											
4. Actuarial gains and losses on defined benefit plans transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation in the current period											
2. Use in this period											
(VI) Other											
IV. Closing balance of the current period	758,890,236				3,431,936,166		15,231,092		350,789,036	1,280,572,773	5,837,419,303

Item	FY2024										
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preference shares	Perpetual bonds	Others							
I. Closing balance of previous 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											
Others											
II. Opening balance of the current 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

LBX Pharmacy Chain Joint Stock Company 2025 Annual Report

III. Increase or decrease for the 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 invested and reduced by owners	175,298,038				-179,477,818	-26,321,556					22,141,776
1. Ordinary shares invested by the owners	175,437,963				-175,437,963						
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized into shareholder'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 of surplus reserve									18,483,481	-18,483,481	
2. Distribution to owners (or shareholders)										-637,371,969	-637,371,969
3. Other											
(IV) Internal transfer within owner's equity											
1. Conversion of capital reserve into capital (or share capital)											
2. Surplus reserve transferred to capital (or share capital)											
3. Surplus reserve used to cover losses											
4. Actuarial gains and losses on defined benefit plans transferred to retained earnings											

5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation in the current period											
2. Use in this period											
(VI) Other											
IV. Closing balance of the 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

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, Hunan Province, the People's Republic of China, established in October 2001. The RMB ordinary A shares issued by the Company were listed and traded on Shanghai Stock Exchange on April 23, 2015 (Stock Code: 603883). The headquarters of the Company is located at No. 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 as follows: pharmaceutical retail and wholesale, food sales, daily necessities sales, life and beauty services, health consulting services, clinic services, pharmaceutical Internet information service information consulting services (excluding licensing information consulting services), information technology consulting services, enterprise management consulting and advertisement production; advertisement design, agency, marketing planning; market research, leasing, etc.

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 22, 2026.

### IV. Basis of Preparation of Financial Statements

#### 1、 Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises--Basic Standards and the specific accounting standards, interpretations, and other relevant stipulations enacted and revised afterwards from the Ministry of Finance (collectively referred to as “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

On December 31, 2025, the Group's current liabilities exceeded its current assets by RMB 1,333,557,993. The Company has entered into certain financing arrangements. 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**

Tips for 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 present fairly and completely information regarding the Company's financial position, operating results, changes in owners' equity, and cash flows.

**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 uses RMB as functional currency.

**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
Significant R&D expenditures	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	Minority shareholders' equity accounts for more than 2% of the Group's net assets, or minority shareholders' profit or loss of a single subsidiary accounts for more than 10% of the Group's consolidated net profit
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 methods of business combination involving enterprises under common control and not involving enterprises 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 merger involving enterprises that are not under the ultimate control of the same party or the same group of parties before and after the merger is considered a business combination not under common control. Identifiable assets, liabilities, and contingent liabilities of the acquiree obtained in a business combination not under common control are measured at their fair values as of the acquisition date. The excess of the cost of a business combination over the fair value of the identifiable net assets acquired is recognized as goodwill and subsequently measured at cost less any accumulated impairment losses. If the combination cost is less than the share of the fair value of the identifiable net assets acquired from the acquiree, a review shall be conducted of the measurement of the fair value of each

identifiable asset, liability, and contingent liability acquired from the acquiree, as well as the combination cost. If, after the review, the combination cost still remains less than the share of the fair value of the identifiable net assets acquired, the difference shall be recognized in the current profit or loss.

#### **7. Criteria for control and method of preparation of consolidated financial statements**

Applicable   Not Applicable

The scope of consolidated financial statements is determined based on control and includes 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.). The investor can control the investee if and only if the investor possesses the following three elements: the investor has power over the investee; the investor is exposed to variable returns from involvement with the investee; and the investor is able to use its power over the investee to influence the amount of those returns.

If the subsidiary uses accounting policies or accounting periods different from those of the company, necessary adjustments shall be made to the subsidiary's financial statements in the preparation of the consolidated financial statements to align with the accounting policies and accounting periods. 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 business combinations not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the date the group obtains control until the group's control over them ends. While preparing the consolidated financial statements, the Company shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the purchase date.

For subsidiaries obtained through business combinations under common control, the operating results and cash flows of the acquired party shall be included in the consolidated financial statements from the beginning of the period of the combination. When preparing comparative consolidated financial statements, adjustments to related items in prior period financial statements are made as if the reporting entity formed after consolidation had existed continuously since the final controlling party began exercising 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 methods for joint operations**

Applicable   Not Applicable

**9. Criteria for determining cash and cash equivalents**

Cash equivalent refers to short-term (usually due within three months from the acquisition date) and highly liquid investments held that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**10. Translation of foreign currency transactions and foreign currency 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. On the balance sheet date, the foreign currency monetary items are translated at the spot exchange rate prevailing on that date. The resulting settlement and translation differences of monetary items, except for those arising from foreign currency-specific borrowings related to the acquisition and construction of assets that meet capitalization criteria, which are accounted for in accordance with the principle of capitalizing borrowing costs, are recognized in the current profit or loss. Foreign currency non-monetary items measured at historical cost shall continue to be translated using the exchange rate at the date of initial recognition, without changing their carrying amount in the bookkeeping currency. Non-monetary items in foreign currencies measured as per fair value shall be converted as per spot exchange rate at the date of determination of fair value. Difference incurred thereby shall be included into the current profit and loss or other comprehensive income in accordance with nature of non-monetary items.

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 impact of exchange rate changes on cash is treated as a reconciliation item and is presented separately in the cash flow statement.

**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.

If the responsibilities of financial liabilities have been fulfilled, cancelled or expired, the financial liabilities will be derecognized. 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.

The financial assets that are purchased and sold in the conventional manner are recognized and derecognized by the trading day for the purpose of accounting. The regular way of buying and selling financial assets refers to purchasing or selling financial assets in accordance with the terms of a contract, where the contract specifies that the delivery of the financial assets is to occur according to the timing typically determined by regulations or market conventions. Trading day is the date that 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

The Company classifies a financial asset as a financial asset at amortized cost if the following conditions are met: the Company's business model for managing the financial asset is based on the collection of contractual cash flows; the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of principal and interest based on the amount of the principal outstanding. Interest income of such financial assets is recognized by the effective interest rate method, and the gains or losses arising from derecognition, modification or impairment are included in the current 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. The Company recognizes the interest income of such financial assets using the effective interest method. Except that interest income, impairment loss and exchange difference are recognized as the current profit or loss, the other changes in fair value are included in other comprehensive income. At the time of derecognition of financial assets, the cumulative gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in the current 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. When such financial assets are derecognized, accumulated gains or losses that are previously recognized in other comprehensive income are carried over from other comprehensive income, and are recognized in the retained earnings.

#### Financial assets at FVTPL

Except for financial assets at amortized cost and financial assets at FVTOCI, the Company classifies financial assets as financial assets at FVTPL. Such financial assets are subsequently measured at fair value, and all changes in fair value are included in the current 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, relevant transaction costs are directly included into the current profit or loss; for financial liabilities measured at amortized cost, relevant transaction costs are included into the initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

#### 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 Note XII.1.

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 methodology for recognizing credit risk feature portfolios based on aging

The Group determines the aging based on the revenue recognition 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

Financial guarantee contracts refer to the contracts based on which the issuer shall indemnify the contract holders suffering from losses the specific amounts when the specific debtor is unable to repay the due debts on the terms of the 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 involvement continues by providing financial guarantee for transfer of financial assets, the assets arising from the continuous involvement shall be recognized based on the book value of financial asset or the financial guarantee amount, whichever is lower. Financial guarantee amount refers to the highest amount of repayment required among all considerations received.

#### 12. Notes receivable

Applicable Not Applicable

**The types of portfolios and the basis for determining the bad debt provision based on the combination of 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 methodology for recognizing credit risk feature portfolios 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.

**Judgmental criteria for individual bad debt provision according to individual items**

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

**The types of portfolios and the basis for determining the bad debt provision based on the combination of 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 methodology for recognizing credit risk feature portfolios 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.

**Judging standards for determining individual accrual for bad debt provision on an individual basis**

Applicable Not Applicable

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

**14. Accounts receivable financing**

Applicable Not Applicable

**The types of portfolios and the basis for determining the bad debt provision based on the combination of 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 methodology for recognizing credit risk feature portfolios 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.

**Judgmental criteria for individual bad debt provision according to individual items**

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

**The types of portfolios and the basis for determining the bad debt provision based on the combination of 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 methodology for recognizing credit risk feature portfolios 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.

**Judgmental criteria for individual bad debt provision according to individual items**

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, delivery pricing method, inventory system, and 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. Inventory costs comprise purchase costs, processing costs, 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.

**Recognition criteria and calculation method for inventory write-down**

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 refers, in the daily activities, to the estimated selling price of inventory net of the costs that are expected to be incurred till completion, estimated selling expenses and relevant 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. For inventories related to product series produced and sold in the same region, with the same or similar ultimate use

or purpose, and which are difficult to measure separately from other items, the provision for inventory falling price reserve is made on a combined basis.

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

**The basis for determining inventory write-down by portfolio, portfolio categories, determination basis, and the net realizable value of various inventories are as follows:**

Applicable Not Applicable

**The calculation methods and basis for determining the net realizable value of each aging portfolio based on aging**

Applicable Not Applicable

#### 17. Contract assets

Applicable Not Applicable

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

Applicable Not Applicable

**Criteria and accounting policy for classifying non-current assets or disposal groups as held for sale**

Applicable Not Applicable

**Criteria for recognition and presentation of 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 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 in investee companies over which the company has control are accounted for using the cost method in the company's individual 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 valued at their initial investment cost. The cost of long-term equity investments is adjusted for any additional investments or withdrawals. The dividends or profits declared to distribute by the investee will be recognized as investment income for the period.

Long-term equity investments where the Group has significant influence over the investee are accounted for using the equity method. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee, but without the ability to control or jointly control the formulation of these policies with others.

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.

When applying the equity method, after acquiring long-term equity investments, the investor recognizes investment gains or losses and other comprehensive income based on their share of the investee's realized net profit or loss and other comprehensive income, and adjusts the carrying amount of the long-term equity investment 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 entitled based on the profits or cash dividends declared and distributed by the investee shall be calculated, and the carrying amount of the long-term equity investment shall be correspondingly reduced. The Group recognizes its share of the investee's net losses to the extent that the book value of the long-term equity investment and other long-term interests that, in substance, constitute a net investment in the investee are reduced to zero, unless the Group has an obligation to absorb further 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 property

### (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.

## 21. Fixed assets

### (1). Conditions for recognition

Applicable Not Applicable

Fixed assets will be recognized only when the related economic benefits are likely to flow into the Group and the costs can be measured reliably. Subsequent expenditures related to fixed assets that meet the recognition criteria shall be capitalized as part of the cost of the fixed assets, and the carrying amount of the replaced component shall be derecognized; otherwise, such expenditures shall be recognized as an expense in the current period or included in the cost of the related asset, based on the beneficiary.

Fixed assets are initially measured at cost. The cost of acquiring fixed assets includes the purchase price, related taxes and fees, and other expenses directly attributable to the asset incurred before the fixed asset is ready for its intended use. 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 years	5%	19%
Electronic and office equipment	Straight-line method	5 years	5%	19%

**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 basis for determination, estimation, amortization method or review procedures**

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 collection of research and development costs 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. The research stage expenditures are included in the current profit or loss when occurred. 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.

When the corresponding projects of the Group meet the above conditions, the work in the research stage has been completed, and it is expected that the intangible assets formed by the development of the projects have proven internal usefulness, the technical scheme has been determined, and can bring economic benefits to the enterprise, etc., the projects will enter the development stage after approval by the Group upon review, and the expenditures incurred in the development stage will be capitalized after the above capitalization conditions are met. The intangible assets will be carried forward when the projects are completed and accepted to have reached the expected usable state.

## 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 of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The Group estimates the recoverable amount based on individual assets; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount is determined based on the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the 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 the impairment test of goodwill, the carrying amount of goodwill shall be allocated to the relevant asset group or groups of asset groups from the acquisition date using a reasonable method. The relevant cash-generating unit or combination of cash-generating units is one that can benefit from the synergy effects of the business combination and is no larger than the operating segment identified 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 the item of long-term deferred expenses cannot benefit the Group in the subsequent accounting period, the remaining value that has not been amortized shall be totally transferred into the current profit or loss.

**29. Contract liabilities**

Applicable Not Applicable

The Group lists contract assets or contract liabilities in the balance sheet according to the relationships between performance of contractual obligations and customer payment. The Group will offset the contract assets and contract liabilities under the same contract and present them in net amount.

**(1) Contract liabilities**

An obligation to transfer goods or services to a customer for whom 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 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 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 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 method for other long-term employee benefits**

Applicable Not Applicable

**31. Provisions**

Applicable Not Applicable

**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.

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

Applicable Not Applicable

### 34. Revenue

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

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.

The amount of consideration to which the Group expects to be entitled for transferring goods to customers is considered as the transaction price, which is determined in accordance with the contract terms, taking into account past business practices. Some contracts of the Group stipulate that when customers purchase more than a certain quantity of goods, they can enjoy certain discounts, which are directly offset against the amount payable by customers when purchasing goods in the current period. The Group makes the best estimate of the discount based on the expected value or the most likely amount, to the extent that the estimated transaction price after discount does not exceed the amount to which it is highly probable that there will be no significant reversal of the accumulated recognized revenue when the related uncertainty is eliminated, and is re-estimated at each balance sheet date.

## (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 and measurement approaches for similar businesses adopting different business models

Applicable Not Applicable

## 35. Contract costs

Applicable Not Applicable

**36. Government grants**

Applicable Not Applicable

Government grants are recognized when the conditions attached to them can be met and the grants can be received. Government grants in the form of monetary assets are measured at the amount received or receivable. If the government grants are non-monetary assets, such grants shall be measured at fair value; if the fair value cannot be obtained reliably, such government grants shall be measured at the 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.

As of the balance sheet date, the Group reviews the carrying amount of deferred tax assets. If it is probable that sufficient taxable profit will not be available in future periods to utilize the benefits of the deferred tax assets, the carrying amount of the deferred tax assets is written down. As of the balance sheet date, the Group reassesses unrecognized deferred tax assets and recognizes deferred tax assets to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets 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

#### **Basis for simplified accounting treatment by the lessee for short-term leases and leases of low-value assets**

Applicable Not Applicable

The Group recognizes right-of-use assets and lease liabilities for leases.

On the lease commencement date, the Group recognizes its right to use the leased asset during the lease term as a right-of-use asset and initially measures it 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. When the Group remeasures lease liabilities due to changes in lease payments, it correspondingly adjusts the carrying amount of the right-of-use assets. The Group subsequently applies the straight-line method to depreciate right-of-use assets over their useful lives. If it can be reasonably determined that ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the asset over its remaining useful life. If it is not reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the leased 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.

#### **Classification criteria and accounting treatment methods for leases 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, as well as their disclosures, including the disclosure of contingent liabilities at the balance sheet date. The uncertainties arising from these assumptions and estimates may result in significant adjustments to the carrying amounts of affected assets or liabilities 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 those assets. In assessing the business model, the Group considers factors such as how the entity evaluates the performance of financial assets and reports it to key management personnel, the risks that affect the performance of financial assets and how those risks are managed, and the manner in which relevant business managers are compensated. When assessing that the objective is to collect contractual cash flows, the Group needs to analyze and evaluate the reasons for, timing, frequency, and amounts of sales of financial assets before their maturity date.

### 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 adopts ECL model to evaluate the impairment of financial instruments; the application of the ECL model requires significant judgment and estimation, and all reasonable and based information, including forward-looking information, should be considered. At the time of making such judgment and estimation, the Group judges the expected changes in the debtor's credit risks according to historical repayment data and by combination with economic policies, macroeconomic indexes and industrial risks, etc. Different estimates may impact the provision for impairment and the impairment reserve accrued may not equal to the future actual impairment loss amount.

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

The Group will judge whether there exists indication showing that the impairment might incur on non-current assets rather than financial assets at the balance sheet date. In addition to the annual impairment test, intangible assets with uncertain useful life shall also be subject to impairment test in case of any sign of impairment. Other non-current assets other than financial assets are tested for impairment when there are indications that their book value may not be recoverable. Where the book value of an asset or asset group is higher than the recoverable amount, namely the net amount of the fair value minus the disposal expenses, or the present value of the estimated future cash flow, whichever is higher, it indicates that impairment occurs. The net amount of fair value minus disposal expenses shall be determined by referring to the sales agreement price or observable market price of similar assets in fair transactions minus the incremental cost directly attributable to the disposal of such assets. When expecting present value of future cash flow, the Management must estimate the estimated future cash flow of such asset or asset portfolio, and select suitable discount rate to confirm the present value of future cash flow.

### Goodwill impairment

The Group tests if the goodwill suffers from impairment at least once a year. 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.

#### V.16

#### 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. Depreciation and amortization expenses are adjusted in future periods if there are material changes from previous estimates.

#### 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 income tax assets

Deferred tax assets should be recognized for all unused deductible losses to the extent that it is probable there will be sufficient taxable profit against which these deductible losses can be utilized. This requires the management to exercise significant judgment in estimating the timing and amount of future taxable income, in conjunction with tax planning strategies, to determine the amount of deferred tax assets to be recognized.

### Lessee's incremental borrowing rate

For leases where the implicit interest rate cannot be 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 under the prevailing economic environment as a reference. Based on this, the Group adjusts the reference rate by considering its own circumstances, the characteristics of the underlying assets, the lease term, the amount of lease liabilities, and other specific factors related to the lease arrangement to determine the applicable incremental borrowing rate.

#### 40. Changes in Significant Accounting Policies and Accounting Estimates

See the Company's Explanation and Analysis on the Reasons and Influences of Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors in "Important Notes"

#### 41. First-time adoption of new accounting standards or interpretations, etc., in 2025 involving adjustment of the financial statements at the beginning of the first year of adoption

Applicable Not Applicable

#### 42. Others

Applicable Not Applicable

### VI. Taxes

#### 1. Main tax types and rates

Main tax categories and tax rates

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)	Simplified collection projects 3%; Family planning supplies tax-exempt; Chinese herbal medicine pieces 9%, other goods 13%
	- Companies and stores assessed as small-scale taxpayers: taxable sales	0% or 1% or 3%
	-- Consulting services	6%
	-- Leasing business	5% or 9%
Educational surcharge	Actual VAT paid	3%

Urban maintenance and construction tax	Actual VAT paid	5% or 7%
Local educational surcharge	Actual VAT paid	2%
-		
Enterprise income tax	Taxable income	25%, 15%, 5%, 3%

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.

If there are taxpayers applying different enterprise income tax rates, please make disclosure as appropriate

Applicable  Not Applicable

## 2. Tax concessions

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"), LBX Pharmacy Chain (Gansu) Co., Ltd. (hereinafter referred to as

"Lanzhou Huirentang"), Lanzhou Huiren 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"), and LBX Health Pharmacy Chain (Ningxia) 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 FY 2025 (15% for the FY 2024).20252024

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 89 other companies meeting the conditions for small profitable enterprises enjoy the above income tax preferential policies.

2025According 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 FY 2025 (9% for FY 2024); Guangxi LBX Pharmacy Health Technology Co., Ltd., Guangxi Longxing Qianyi Health Management 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 FY 2025.20242025

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 Lekang Maternal and Infant Products Co., Ltd. and Tongliao Zeqiang Meilejia Supermarket Co., Ltd., Tongliao Zeqiang Lekang

Maternal and Infant Products Co., Ltd., Tongliao No. 2 Meilejia Supermarket Co., Ltd. meet the above preferential conditions, applying a 3% enterprise income tax rate for FY 2025.2025

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 FY 2025.2025

### 3. Others

Applicable Not Applicable

## VII. Notes to the Consolidated Financial Statements

### 1. Cash and bank balances

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	8,144,364	7,404,677
Bank deposits	1,116,687,782	931,407,077
Other cash and bank balances	1,233,597,139	1,441,053,565
Amounts deposited in finance company		
Total	2,358,429,285	2,379,865,319
Of which: Total amount deposited overseas		

Other explanations:

Other cash and cash equivalents mainly consist of margins for bank acceptance bill. The Group's restricted cash amounted to RMB 1,214,587,907 (RMB 1,393,129,666 on December 31, 2024). For details, see Note VII. 31.

### 2. Trading financial assets

Applicable Not Applicable

**3. Derivative financial assets**

Applicable Not Applicable

**4. Notes receivable**

**(1). Classified presentation of notes receivable**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	58,033,940	76,074,821
Total	58,033,940	76,074,821

**(2). Pledged notes receivable of the Company at the end of the period**

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: RMB Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		57,042,154
Total		57,042,154

**(4). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

Bad debt provision based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of notes receivable with changes in loss provision during the current period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Notes receivable actually written off during the current period**

Applicable Not Applicable

Among them, the write-off of important 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: RMB Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	2,051,568,112	2,299,856,094
Within 1 year	2,051,568,112	2,299,856,094
1-2 year(s)	67,589,965	54,328,176
2-3 years	21,269,351	10,773,852
Over 3 years	11,720,677	6,112,830
3-4 years		
4-5 years		
Over 5 years		
Total	2,152,148,105	2,371,070,952

**(2). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Unit: RMB Currency: RMB

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Accrual ratio (%)	
Bad debt provision made individually										
Including:										
Bad debt provision made by portfolio	2,152,148,105	100	44,423,455	2.06	2,107,724,650	2,371,070,952	100	30,581,027	1.29	2,340,489,925
Including:										
Portfolio of credit risk characteristic	2,152,148,105	100	44,423,455	2.06	2,107,724,650	2,371,070,952	100	30,581,027	1.29	2,340,489,925
Total	2,152,148,105	/	44,423,455	/	2,107,724,650	2,371,070,952	/	30,581,027	/	2,340,489,925

Bad debt provision accrued individually:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

Portfolio provision item: Credit risk characteristic portfolio

Unit: RMB Currency: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Medical insurance receivables	1,419,889,658	15,759,922	1.11
Enterprise trade receivables	317,352,325	18,148,605	5.72
Hospital and health center trade receivables	246,557,406	7,179,583	2.91
Others	168,348,716	3,335,345	1.98
Total	2,152,148,105	44,423,455	2.93

Explanation of accrual of bad debt provision by portfolio:

Applicable Not Applicable

Bad debt provision based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio  
None

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: RMB Currency: RMB

Category	Opening balance	Change amount during the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Accounts receivable	30,581,027	16,070,397		-2,227,969		44,423,455
Total	30,581,027	16,070,397		-2,227,969		44,423,455

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:  
None

**(4). Actual write-off of accounts receivable during the current period**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Written-off amount
Accounts receivable actually written off	2,227,969

Write-off of significant accounts receivable

Applicable Not Applicable

Explanations about written-off accounts receivable:

Applicable Not Applicable

**(5). Situation of accounts receivable and contract assets for the top five debtors by closing balance**

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Changsha Medical Insurance Management Service Bureau	345,296,472		345,296,472	16.04	3,047,586
Shaanxi Medical Insurance Fund Management Center	156,640,258		156,640,258	7.28	626,561
Women & Children's Hospital of Hunan Co., Ltd.	84,112,574		84,112,574	3.91	1,028,059
Wuhan Medical Insurance Center	60,854,072		60,854,072	2.83	4,564,904
Lanzhou Medical Security Bureau	49,160,736		49,160,736	2.28	196,643
Total	696,064,112		696,064,112	32.34	9,463,753

Other explanations:

None

Other explanations:

Applicable Not Applicable

## 6. Contract assets

### (1). Contract assets

Applicable Not Applicable

### (2). Significant changes in book value and reasons during the reporting period

Applicable Not Applicable

**(3). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

Bad debt provision based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of contract assets with changes in loss provision during the current period:

Applicable Not Applicable

**(4). Bad debt provision for contract assets in the current period**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(5). Write-off of contract assets during the current period**

Applicable Not Applicable

Details of significant contract asset write-off

Applicable Not Applicable

Explanation for contract asset write-off:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**7. Accounts receivable financing**

**(1). Classification and presentation of receivables financing**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	5,612,871	15,269,288
Total	5,612,871	15,269,288

**(2). The pledged amount of accounts receivable financing at the end of the period**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: RMB Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	340,693,018	
Total	340,693,018	

**(4). Disclosure by accrual method for bad debt provision**Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

Bad debt provision based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of receivables financing with changes in loss provision during the current period:

Applicable Not Applicable**(5). Bad debt provision**Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Financing of receivables actually written off for the current period**

Applicable Not Applicable

Wherein, financing and write-off of significant accounts receivable

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: RMB Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	115,076,611	87.35	156,162,500	91.60
1-2 year(s)	8,446,209	6.41	4,936,304	2.90
Over 2 years	8,216,933	6.24	9,378,208	5.50
Impairment provision for prepayments	-3,988,938		-85,694	
Total	127,750,815	100	170,391,318	100

The reasons of untimely settlement of advanced payment whose aging is over 1 year and whose amount is significant:

None

**(2). Situation of prepayments for the top five counterparties by closing balance**

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Closing balance	Proportion of total prepayments at the end of the period (%)
Total prepayments for the top five counterparties	20,804,033	16.28
Total	20,804,033	16.28

Other explanations:

None

Other explanations:

Applicable Not Applicable

## 9. Other receivables

### Presentation by item

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	215,188,071	265,281,348
Total	215,188,071	265,281,348

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 accrual method for bad debt provision

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

#### (4). Bad debt provision based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of interest receivable with changes in loss provision during the current period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Interest receivable actually written off for the current period**

Applicable Not Applicable

Wherein, write-off of significant interests receivable

Applicable Not Applicable

Write-off explanation:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**Dividends receivable**

**(1). Dividends receivable**

Applicable Not Applicable

**(2). Important dividends receivable with the aging of more than 1 year**

Applicable Not Applicable

**(3). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

**(4). Bad debt provision based on the general model of ECL**

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio:

None

Explanation of significant changes in the book balance of dividends receivable with changes in loss provision during the current period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Dividends receivable actually written off for the current period**

Applicable Not Applicable

Wherein, write-off of significant 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: RMB Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	197,125,936	179,742,532
Within 1 year	197,125,936	179,742,532
1-2 year(s)	11,784,993	64,261,281
2-3 years	4,092,159	14,549,506
Over 3 years	19,671,927	23,220,747
3-4 years		
4-5 years		
Over 5 years		
Less: Bad debt provision for other receivables	-17,486,944	-16,492,718
Total	215,188,071	265,281,348

**(2). Classification by nature of funds**√Applicable Not Applicable

Unit: RMB Currency: RMB

Nature of funds	Closing book balance	Opening book balance
Receivables from third parties	37,462,663	89,277,703
Electronic wallet	132,433,555	95,221,972
Deposits	10,639,464	12,011,421
Advances	22,348,789	22,114,711
Store petty cash	11,341,773	24,350,523
Employee advances	9,030,979	17,288,714
Others	9,417,792	21,509,022
Total	232,675,015	281,774,066

**(3). Bad debt provision**√Applicable Not Applicable

Unit: RMB 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 01, 2025	4,858,931		11,633,787	16,492,718
Balance at January 01, 2025	4,858,931		11,633,787	16,492,718
- Transferred to Stage 2				
- Transferred to Stage 3				
- Reversed to Stage 2				
- Reversed to Stage 1				
Accrual in the current period	2,325,718			2,325,718
Reversal in the current period	-488,766		-70,000	-558,766
Charge-off in the current period				
Write-off in the current period	-772,726			-772,726
Other changes				
Balance as of December 31, 2025	5,923,157		11,563,787	17,486,944

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of other receivables with changes in loss provision during the current period:

Applicable Not Applicable

The amount of bad debt provision for the current period and the basis for assessing whether credit risks of financial instruments have increased significantly:

Applicable Not Applicable

**(4). Bad debt provision**

Applicable Not Applicable

Unit: RMB Currency: RMB

Category	Opening balance	Change amount during the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
2025	16,492,718	2,325,718	-558,766	-772,726		17,486,944
Total	16,492,718	2,325,718	-558,766	-772,726		17,486,944

Wherein: the amount of bad debt provision reversed or recovered during the current period is significant:

Applicable Not Applicable

Other explanations:

None

**(5). Actual write-off of other receivables during the period**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Written-off amount
Other receivables actually written off	772,726

Wherein, write-off of other significant accounts receivable:

Applicable Not Applicable

Explanation about write-off of other receivables

Applicable Not Applicable

**(6). Situation of other receivables for the top five debtors by closing balance**

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Closing balance	Proportion of total closing balance to other receivables (%)	Nature	Aging	Bad debt provision Closing balance
Gaoji Zaikang (Jiangsu) Pharmaceutical Chain Co., Ltd.	7,362,626	3.16	Receivables from third parties	2-3 years	97,187

Beijing Qiandaibao Payment Technology Co., Ltd.	7,217,557	3.10	Electronic wallet	Within year	1	36,088
Shanghai Xunmeng Information Technology Co., Ltd.	6,740,545	2.90	Electronic wallet	Within year	1	33,703
Health Plus Technology (Beijing) Co., Ltd.	5,207,988	2.24	Electronic wallet	Within year	1	26,040
Guangxi Jingdong Tuohang E-commerce Co., Ltd.	4,700,867	2.02	Electronic wallet	Within year	1	23,504
Total	31,229,583	13.42	/	/		216,522

## (7). Presented in 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: RMB Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory impairment provision/impairment provision for contract performance costs	Book value	Book balance	Inventory impairment provision/impairment provision for contract performance costs	Book value
Goods in stock	3,606,678,494	17,189,183	3,589,489,311	3,549,914,801	24,340,300	3,525,574,501
Finished goods	20,684,495		20,684,495	19,019,017		19,019,017
Raw materials	26,917,230		26,917,230	17,142,236		17,142,236

Low-value consumables	8,324,667		8,324,667	7,372,862		7,372,862
Work in progress	6,836,766		6,836,766	4,429,891		4,429,891
Total	3,669,441,652	17,189,183	3,652,252,469	3,597,878,807	24,340,300	3,573,538,507

**(2). Data resources recognized as inventories**

Applicable Not Applicable

**(3). Inventory impairment provision and impairment provision for contract performance cost**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Goods in stock	24,340,300	12,654,032		- 19,805,149		17,189,183
Total	24,340,300	12,654,032		- 19,805,149		17,189,183

**Reasons for the reversal or write-down of inventory write-down in the current 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 write-down accrued by combination**

Applicable Not Applicable

**Criteria for accruing the inventory write-down by portfolios**

Applicable Not Applicable

**(4). Closing balance of inventories includes the amount of capitalized borrowing costs, standards, and basis for calculation**

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. Assets held for sale**

Applicable Not Applicable

**12. Non-current assets due within one year**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	41,225,587	37,528,487
Total	41,225,587	37,528,487

**Long-term debt investment due within one year**

Applicable Not Applicable

**Long-term debt investment 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: RMB Currency: RMB

Item	Closing balance	Opening balance
Input VAT to be deducted	264,435,192	215,072,326
Total	264,435,192	215,072,326

Other explanations:

None

**14. Debt investments****(1). Debt investments**

Applicable Not Applicable

Changes in impairment provisions for debt investments in the current period

Applicable Not Applicable

**(2). Significant debt investments at the end of the period**

Applicable Not Applicable

**(3). Accrual of impairment provision**

Applicable Not Applicable

Basis for stage classification and impairment provision ratio:

None

Explanation of significant changes in the book balance of debt investments with changes in loss provision during the current period:

Applicable Not Applicable

The amount of impairment provision for the current period and the basis for assessing whether credit risks of financial instruments have increased significantly

Applicable Not Applicable

**(4). Actual write-off of debt investments in the current period**

Applicable Not Applicable

Wherein: write-off of significant 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 investments**

Applicable Not Applicable

Change in credit impairment provision for other equity investments in the current period

Applicable Not Applicable

**(2). Other material debt investments at the end of the period**

Applicable Not Applicable

**(3). Accrual of impairment provision**

Applicable Not Applicable

Basis for stage classification and impairment provision ratio:

None

Explanation of significant changes in the book balance of other debt investments with changes in loss provision during the current period:

Applicable Not Applicable

The amount of impairment provision for the current period and the basis for assessing whether credit risks of financial instruments have increased significantly

Applicable Not Applicable

**(4). Other debt investments actually written off for the current period**

Applicable Not Applicable

Wherein, write-off of other significant debt investments

Applicable Not Applicable

Explanation about write-off of other debt investments:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**16. Long-term receivables**

**(1). Long-term receivables**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
House lease deposits	107,386,923		107,386,923	116,917,898		116,917,898	4.35%-4.75%
Less: House lease deposits due within one year	41,225,587		41,225,587	37,528,487		37,528,487	
Total	66,161,336		66,161,336	79,389,411		79,389,411	/

**(2). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

**(3). Bad debt provision based on the general model of ECL**

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of long-term receivables with changes in loss provision during the current period:

Applicable Not Applicable

The amount of bad debt provision for the current period and the basis for assessing whether credit risks of financial instruments have increased significantly

Applicable Not Applicable

**(4). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(5). Actual write-off of long-term receivables during the period**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Written-off amount
Actual write-off of long-term receivables	678,285

Wherein: write-off of significant 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 investments**

Applicable Not Applicable

Unit: RMB Currency: RMB

Investee	Open ing Bala nce (boo	Increase/decrease during the current period							Closi ng Bala nce (boo	Closi ng balan ce of impa
		Addi tiona l inves	Red ucti on in	Profit or loss recog	Adju stme nt to othe	Othe r equit y	Decla ration of cash	Impa irme nt provi		

	Value	Change	Investment	Impairment	Comprehensive Income	Changes	Dividends or Profits	Dividends or Profits	Dividends or Profits	Value	Impairment Provision
<b>I. Joint ventures</b>											
Subtotal											
<b>II. Associates</b>											
Hunan Pharmaceutical Group Co., Ltd.	72,140,491			-4,679,115						67,461,376	
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	13,212,226			609,668						13,821,894	
Subtotal	85,352,717			-4,069,447						81,283,270	
Total	85,352,717			-4,069,447						81,283,270	

**(2). Impairment test of 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.

As of December 31, 2025, the Company had held 7.46% 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. The Group can appoint two directors and exercise significant influence over it, accounting for it as an associate.

## 18. Other equity instrument investments

## (1). Investments in other equity instruments

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Opening Balance	Increase/decrease during the current period					Closing Balance	Dividend income recognized during the current period	Cumulative gains recognized in other comprehensive income	Cumulative losses recognized in other comprehensive income	Reason for designation as measured at FVOCI
		Additional investment	Reduction in investment	Gains recognized in other comprehensive income during the current period	Losses recognized in other comprehensive income during the current period	Others					
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 Likan	460,000						460,000				Long-term holding for

g Phar mace utical Infor matio n Consu lting Cente r (herei nafter referr ed to as "Boy un Likan g")											non- tradi ng purp oses
Chife ng Yuan baosh an Rural Com merci al Bank Co., Ltd. (herei nafter referr ed to as "Yuan baosh an Rural Com merci al Bank" )	109,6 00						-				Long -term holdi ng for non- tradi ng purp oses
Total	35,87 7,723						35,7 68,1 23		20,30 8,123		/

**(2). Explanation of derecognition situation during the current period**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**19. Other non-current financial assets**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Financial assets at FVTPL	6,963,496	12,093,150
Total	6,963,496	12,093,150

Other explanations:

Applicable Not Applicable

In 2025, the Company transferred its entire equity interest of 4.1556% in Hunan Huairan Health Industry Development Co., Ltd. to Huaihua Renxin Health Consulting Center (L.P.).

**20. Investment property**

Measurement model for investment property

**(1). Investment property using the cost measurement model**

Unit: RMB Currency: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
<b>I. Original book value</b>				
1. Opening balance	37,315,751	5,896,566	309,921,887	353,134,204
2. Increase for the current period				
(1) Outsourcing				
(2) Transfer-in of inventory/fixed assets/construction in progress				
(3) Increase from business combination				
3. Decrease for the current period				
(1) Disposal				
(2) other transfer-out				
4. Closing balance	37,315,751	5,896,566	309,921,887	353,134,204
<b>II. Accumulated depreciation and accumulated amortization</b>				
1. Opening balance	7,506,625	1,491,397	27,606,327	36,604,349
2. Increase for the current period	710,425	130,821	8,303,662	9,144,908

(1) Provision or amortization	710,425	130,821	8,303,662	9,144,908
3. Decrease for the current period				
(1) Disposal				
(2) other transfer-out				
4. Closing balance	8,217,050	1,622,218	35,909,989	45,749,257
III. Impairment provision				
1. Opening balance				
2. Increase for the current period			64,503,967	64,503,967
(1) Accrual			64,503,967	64,503,967
3. Decrease for the current period				
(1) Disposal				
(2) other transfer-out				
4. Closing balance			64,503,967	64,503,967
IV. Book value				
1. Closing book value	29,098,701	4,274,348	209,507,931	242,880,980
2. Opening book value	29,809,126	4,405,169	282,315,560	316,529,855

**(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

**Recoverable amount determined based on fair value less costs to sell**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Book value	Recoverable amount	Impairment amount	Method of determining fair value and costs to sell	Key parameters	Basis for determining key parameters
Faxiangdi	274,011,898	209,507,931	64,503,967	The fair value is determined by an independent valuer based on the market price of identical or similar assets in	Comparable Cases	Comparable cases: Select a transaction case with similar location, the same purpose, the same rights nature, the

				the open market and other relevant information; Disposal costs are legal fees, related taxes and direct costs incurred to make the assets ready for sale (including value-added tax, surtax, other appraisal fees, intermediary fees, transaction costs, etc.) in relation to the disposal of assets		same grade, the same scale, and the latest closing date and date of value in respect of the object under test
Total	274,011,898	209,507,931	64,503,967	/	/	/

**The recoverable amount is determined by the present value of expected future cash flows**

Applicable Not Applicable

**Reasons for differences between the above information and the information or external information used in the previous years' impairment tests**

Applicable Not Applicable

**Reasons for differences between the information used in previous years' impairment tests and the actual situation of the current year**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

On December 31, 2025, the ownership of investment properties with a book amount of RMB 4,274,348 (December 31, 2024: RMB 4,405,169) was restricted. See Note VII.31 for details.

"Hunan (2019) Changsha City Real Estate Ownership Certificate No. 0040100" was obtained by the Group's subsidiary Hunan Faxiangdi Industrial Co., Ltd. on August 13, 2018. As of December 31, 2025, the book amount of investment properties was RMB 209,507,931, and the book amount of intangible assets was RMB 65,906,183. 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.

## 21. Fixed assets

### Presentation by item

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	1,348,308,487	1,365,648,334
Disposal of fixed assets		
Total	1,348,308,487	1,365,648,334

Other explanations:

Applicable Not Applicable

As of December 31, 2025, the Group had no temporarily idle fixed assets.

As of December 31, 2025, the Group had no fixed assets leased out under operating leases.

As of December 31, 2025, the Group had no building and construction with title certificates not yet obtained.

As of December 31, 2025, the ownership of buildings with a book value of RMB 511,244,382 (RMB 548,238,569 on December 31, 2024) was restricted. See Note VII.31 for details.

### Fixed assets

#### (1). Details of fixed assets

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Building and construction	Machinery and equipment	Transportation vehicles	Electronic and office equipment	Total
I. Original book value:					
1. Opening balance	985,881,005	124,637,209	30,525,969	921,958,131	2,063,002,314

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2. Increase for the current period	107,741,738	926,342	1,499,060	59,505,435	169,672,575
(1) Acquisition	2,766,209	926,342	1,499,060	59,505,435	64,697,046
(2) Transfer from construction in progress	104,975,529				104,975,529
(3) Increase from business combination					
3. Decrease for the current period		-42,010	-5,432,890	-89,684,811	-95,159,711
(1) Disposal or retirement		-42,010	-5,432,890	-89,684,811	-95,159,711
4. Closing balance	1,093,622,743	125,521,541	26,592,139	891,778,755	2,137,515,178
<b>II. Accumulated depreciation</b>					
1. Opening balance	117,333,681	25,488,552	18,632,632	535,899,115	697,353,980
2. Increase for the current period	25,969,216	8,488,661	2,697,643	120,921,397	158,076,917
(1) Accrual	25,969,216	8,488,661	2,697,643	120,921,397	158,076,917
3. Decrease for the current period		-16,916	-4,274,446	-61,932,844	-66,224,206
(1) Disposal or retirement		-16,916	-4,274,446	-61,932,844	-66,224,206
4. Closing balance	143,302,897	33,960,297	17,055,829	594,887,668	789,206,691
<b>III. Impairment provision</b>					
1. Opening balance					
2. Increase for the current period					
(1) Accrual					
3. Decrease for the current period					
(1) Disposal or retirement					
4. Closing balance					
<b>IV. Book value</b>					
1. Closing book value	950,319,846	91,561,244	9,536,310	296,891,087	1,348,308,487
2. Opening book value	868,547,324	99,148,657	11,893,337	386,059,016	1,365,648,334

**(2). Details of temporarily idle fixed assets**

Applicable Not Applicable

**(3). Fixed assets leased through operating leases**

Applicable Not Applicable

**(4). Details of fixed assets without a property ownership certificate**

Applicable Not Applicable

**(5). Details of impairment test of 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: RMB Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
LBX Pharmacy Changsha NDC Expansion Project (Phase I) (formerly known as LBX Logistics Hub and E-commerce Base Phase II Project)	1,705,998		1,705,998	49,445,587		49,445,587

Enterprise Digital Platform and New Retail Construction Project				50,107,825		50,107,825
Miscellaneous and petty construction projects	3,392,814	3,364,512	28,302	8,242,512		8,242,512
Total	5,098,812	3,364,512	1,734,300	107,795,924		107,795,924

## (2). Changes in significant construction in progress projects during the current period

Applicable Not Applicable

## (3). Impairment provision for construction in progress in the current period

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance	Reason for provision
Miscellaneous and petty construction projects		3,364,512		3,364,512	Recoverable amount was lower than the book value
Total		3,364,512		3,364,512	/

## (4). Impairment test for construction in progress

Applicable Not Applicable

## Recoverable amount determined based on fair value less costs to sell

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Book value	Recoverable amount	Impairment amount	Method of determining fair value and costs to sell	Key parameters	Basis for determining key parameters
Faxiangdi	3,364,512		3,364,512	The fair value is determined by an independent valuer	Comparable Cases	Comparable cases: Select a transaction case with similar

				based on the market price of identical or similar assets in the open market and other relevant information; Disposal costs are legal fees, related taxes and direct costs incurred to make the assets ready for sale (including value-added tax, surtax, other appraisal fees, intermediary fees, transaction costs, etc.) in relation to the disposal of assets		location, the same purpose, the same rights nature, the same grade, the same scale, and the latest closing date and date of value in respect of the object under test
Total	3,364,512		3,364,512	/	/	/

**The recoverable amount is determined by the present value of expected future cash flows**

Applicable Not Applicable

**Reasons for differences between the above information and the information or external information used in the previous years' impairment tests**

Applicable Not Applicable

**Reasons for differences between the information used in previous years' impairment tests and the actual situation of the current year**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

### Engineering materials

#### (1). Engineering materials

Applicable Not Applicable

### 23. Productive biological assets

#### (1). Productive biological assets measured at cost

Applicable Not Applicable

#### (2). Impairment test of productive biological asset where cost measurement mode is adopted

Applicable Not Applicable

#### (3). Productive biological asset where fair value measurement mode is adopted

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

### 24. Oil-and-gas assets

#### (1). Oil and gas assets

Applicable Not Applicable

#### (2). Impairment test of fixed assets

Applicable Not Applicable

Other explanations:

None

### 25. Right-of-use assets

#### (1). Right-of-use assets

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Building and construction	Total
I. Original book value		
1. Opening balance	7,399,235,092	7,399,235,092
2. Increase for the current period	759,919,115	759,919,115
New additions	759,919,115	759,919,115

3. Decrease for the current period	-374,196,449	-374,196,449
Lease modification	-21,653,770	-21,653,770
Disposal	-352,542,679	-352,542,679
4. Closing balance	7,784,957,758	7,784,957,758
II. Accumulated depreciation		
1. Opening balance	4,896,427,929	4,896,427,929
2. Increase for the current period	1,171,550,506	1,171,550,506
(1) Accrual	1,171,550,506	1,171,550,506
3. Decrease for the current period	-332,387,659	-332,387,659
(1) Disposal	-332,387,659	-332,387,659
4. Closing balance	5,735,590,776	5,735,590,776
III. Impairment provision		
1. Opening balance		
2. Increase for the current period		
(1) Accrual		
3. Decrease for the current period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing book value	2,049,366,982	2,049,366,982
2. Opening book value	2,502,807,163	2,502,807,163

**(2). Impairment test for right-of-use assets**

Applicable Not Applicable

Other explanations:

None

**26. Intangible assets****(1). Intangible assets**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Land use rights	Software and patent rights	Trademark rights	Others	Total
I. Original book value					
1. Opening balance	277,092,776	620,728,863	139,051,061	3,913,064	1,040,785,764
2. Increase for the current period		81,249,925			81,249,925

(1) Acquisition		6,959,690			6,959,690
(2) Transfer from construction in progress		74,290,235			74,290,235
(3) Increase from business combination					
3. Decrease for the current period		-2,274,311			-2,274,311
(1) Disposal		-2,274,311			-2,274,311
4. Closing balance	277,092,776	699,704,477	139,051,061	3,913,064	1,119,761,378
<b>II. Accumulated amortization</b>					
1. Opening balance	24,497,881	171,259,487		3,215,990	198,973,358
2. Increase for the current period	4,071,314	94,963,673		697,074	99,732,061
(1) Accrual	4,071,314	94,963,673		697,074	99,732,061
3. Decrease for the current period		-1,900,883			-1,900,883
(1) Disposal		-1,900,883			-1,900,883
4. Closing balance	28,569,195	264,322,277		3,913,064	296,804,536
<b>III. Impairment provision</b>					
1. Opening balance					
2. Increase for the current period	20,390,112				20,390,112
(1) Accrual	20,390,112				20,390,112
3. Decrease for the current period					
(1) Disposal					
4. Closing balance	20,390,112				20,390,112
<b>IV. Book value</b>					
1. Closing book value	228,133,469	435,382,200	139,051,061		802,566,730
2. Opening book value	252,594,895	449,469,376	139,051,061	697,074	841,812,406

The proportion of intangible assets formed through internal R&D to the balance of intangible assets at the end of the period is 9.26%

**(2). Data resources recognized as intangible assets**

Applicable Not Applicable

**(3). Status of land use rights without property ownership certificates**

Applicable Not Applicable

**(4). Impairment test for intangible assets**

Applicable Not Applicable

**Recoverable amount determined based on fair value less costs to sell**

Applicable Not Applicable

Item	Book value	Recoverable amount	Impairment amount	Method of determining fair value and costs to sell	Key parameters	Basis for determining key parameters
Faxiangdi	86,296,295	65,906,183	20,390,112	The fair value is determined by an independent valuer based on the market price of identical or similar assets in the open market and other relevant information; Disposal costs are legal fees, related taxes and direct costs incurred to make the assets ready for sale (including value-added tax, surtax, other appraisal fees, intermediary fees, transaction costs, etc.) in relation to the disposal of assets	Comparable Cases	Comparable cases: Select a transaction case with similar location, the same purpose, the same rights nature, the same grade, the same scale, and the latest closing date and date of value in respect of the object under test
Total	86,296,295	65,906,183	20,390,112	/	/	/

**The recoverable amount is determined by the present value of expected future cash flows**

Applicable Not Applicable

**Reasons for differences between the above information and the information or external information used in the previous years' impairment tests**

Applicable Not Applicable

**Reasons for differences between the information used in previous years' impairment tests and the actual situation of the current year**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

As of December 31, 2025, the Group had no intangible assets with title certificates not yet obtained.

As of December 31, 2025, the ownership of intangible assets with a book value of RMB 92,961,234 (December 31, 2024: RMB 93,712,413) was restricted. See Note VII. 31 for details.

"Hunan (2019) Changsha City Real Estate Ownership Certificate No. 0040100" was obtained by the Group's subsidiary Hunan Faxiangdi Industrial Co., Ltd. on August 13, 2018. The project was suspended and signs of impairment were found, the Group has carried out an impairment test on the asset group of the project, and determined the recoverable amount of the project as the fair value net of the disposal costs, i.e. RMB 27,5414,114, and recognized asset impairment provision of RMB 88,258,591, of which the book value of intangible assets was RMB 65,906,183, recognizing asset impairment provision of RMB 20,390,112, asset impairment provision of investment properties with book value of RMB 209,507,931, asset impairment provision of RMB 64,503,967, with book value of RMB 0 at the end of the period for construction in progress.

**27. Goodwill****(1). Original book value of goodwill**

Applicable Not Applicable

Unit: RMB Currency: RMB

Name of investee or event forming goodwill	Opening balance	Increase during the current period		Decrease during the current period		Closing balance
		Generated from business combinations		Disposal		
Anhui Baixingyuan Pharmacy Chain Co., Ltd. ("Anhui Baixingyuan")	194,274,936					194,274,936
39 stores of Changde	93,850,314					93,850,314

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Qinghetang Pharmacy Chain Co., Ltd. ("Qinghetang 39 stores")						
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 Pharmaceutical Supermarket")	34,206,934					34,206,934
46 stores of Tianjin Jingyitang Pharmacy Co., Ltd. ("Jingyitang 46 stores")	25,581,196					25,581,196
12 stores of Ma'anshan Baiyuan	20,566,038					20,566,038

Pharmacy Chain Co., Ltd. ("Baiyuan 12 stores")						
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

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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. ("Wuhan Nanfang")	55,519,338					55,519,338
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

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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 stores")	11,893,907					11,893,907
Anhui Zhengtong Pharmacy Chain Co., Ltd. ("Zhengtong Pharmacy 15 stores")	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

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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	16,176,078					16,176,078

Pharmacy, Changsha Kaifu District Maifei Renkangtai Pharmacy, etc. 11 stores						
21 stores of Guangxi Guangpu Pharmaceutical Co., Ltd.	34,866,13 2					34,866,1 32
17 stores of Xi'an Jinxu Huatuo Pharmaceutical Co., Ltd., etc.	15,705,33 1					15,705,3 31
8 stores of Anhui Xingtianxia Pharmacy Chain Co., Ltd.	11,838,15 7					11,838,1 57
14 stores of Hengyang Renxintang Pharmacy Chain Co., Ltd.	4,630,000					4,630,00 0
10 stores of Huixian Ren'ai LBX Pharmacy, Gangu County Jiankang LBX Pharmaceutical Co., Ltd., etc.	15,335,87 2					15,335,8 72
19 stores of Anhui Anning Pharmacy Chain Co., Ltd.	44,339,62 3					44,339,6 23
Nantong Chengxin Pharmacy Chain Co., Ltd.	36,009,60 0					36,009,6 00
21 Jiangyin Haipeng stores	34,922,10 2					34,922,1 02
16 stores of Xi'an Dexiang Pharmaceutical Co., Ltd.	33,443,39 6					33,443,3 96
12 stores of Yixing Baixin Pharmacy Co., Ltd., etc.	32,000,00 0					32,000,0 00

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 Kangzhiyuan Pharmacy Co., Ltd.	14,505,248					14,505,248
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))	1,000,000					1,000,000

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Co., Ltd." after acquisition)						
Tianjin LBX Tonghui Pharmacy Co., Ltd.	116,096					116,096
111 stores of Huairan 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 Fukang	26,237,624					26,237,624
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	12,362,264					12,362,264

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Co., Ltd., etc. 39 stores						
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 Huairen 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.	106,392,000					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

10 stores of Wuxi Wanfeng		7,173,100				7,173,100
Total	5,873,132,876	7,173,100				5,880,305,976

## (2). Goodwill impairment provision

√Applicable Not Applicable

Unit: RMB Currency: RMB

Name of investee or event forming goodwill	Opening balance	Increase during the current period		Decrease during the current period		Closing balance
		Provision		Disposal		
Tianjin Area	25,508,808					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
Changzhou Area, Jiangsu Province		44,987,262				44,987,262
Chifeng Area, Inner Mongolia		57,384,484				57,384,484
Taizhou Area, Jiangsu Province		47,969,299				47,969,299
Total	116,974,148	150,341,045				267,315,193

## (3). Information related to the CGU or group of CGUs where goodwill resides

√Applicable Not Applicable

Name	Composition and basis of the asset group or portfolio	Business segment involved and basis	Consistency 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.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	Therefore, goodwill is allocated to the CGU group.		
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 Province other areas 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
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	Based on internal management purposes, this CGU group belongs to	Yes

	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.	the retail business segment.	
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	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	<p>pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.</p>		
Nantong Area, Jiangsu Province	<p>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.</p>	<p>Based on internal management purposes, this CGU group belongs to the retail business segment.</p>	Yes
Yuncheng Area, Shanxi Province	<p>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 Province Yuncheng pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is</p>	<p>Based on internal management purposes, this CGU group belongs to the retail business segment.</p>	Yes

	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	Based on internal management purposes, this CGU group belongs to the retail business	Yes

	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.	segment.	
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	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.		
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 Province Chaohu 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
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	Based on internal management purposes, this CGU group belongs to	Yes

	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.	the retail business segment.	
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	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

	<p>Taizhou pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.</p>		
Guangxi Zhuang Autonomous Region Area	<p>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.</p>	<p>Based on internal management purposes, this CGU group belongs to the retail business segment.</p>	Yes
Tianjin Area	<p>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.</p>	<p>Based on internal management purposes, this CGU group belongs to the retail business segment.</p>	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 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.	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes
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	Based on internal management purposes, this CGU group belongs to the retail business segment.	Yes

		Shanxi Health pharmacy CGU group, and it is difficult to allocate to individual CGUs. Therefore, goodwill is allocated to the CGU group.		
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 asset group or asset group portfolio

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: RMB Currency: RMB

Item	Book value	Recoverable amount	Impairment amount	Method of determining fair value and costs to sell	Key parameters	Basis for determining key parameters
Hunan Province Area	1,435,915,106	1,772,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 35%-35%, Discount rate 11.98 %	Revenue growth rate 1.8%, Gross profit margin 35%, Discount rate 11.98%
Other Areas in Anhui Province	1,204,863,573	1,266,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%-10%, Gross profit margin 35%-37%, Discount rate 10.86%	Revenue growth rate 1.8%, Gross profit margin 37%, Discount rate 10.86%
Gansu and Ningxia Province Area	777,933,155	943,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 33%-34%, Discount rate 10.58%	Revenue growth rate 1.8%, Gross profit margin 34%, Discount rate 10.57%
Inner Mongolia Autonomous Region Area	575,128,454	753,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 27%-27%, Discount rate 10.64%	Revenue growth rate 1.8%, Gross profit margin 27%, Discount rate 10.64%
Shaanxi Province Area	605,268,620	1,077,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross	Revenue growth rate 1.8%, Gross

					profit margin 30%-30%, Discount rate 10.61%	profit margin 30%, Discount rate 10.61%
Changzhou Area, Jiangsu Province	310,652,100	264,000,000	44,987,262	2026-2030, 2031 to perpetuity	Revenue growth rate 0%-2%, Gross profit margin 41%-42%, Discount rate 11.34%	Revenue growth rate 1.8%, Gross profit margin 42%, Discount rate 11.38%
Nantong Area, Jiangsu Province	425,761,963	465,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 25%-27%, Discount rate 11.41%	Revenue growth rate 1.8%, Gross profit margin 27%, Discount rate 11.41%
Yuncheng Area, Shanxi Province	319,346,652	394,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 33%-33%, Discount rate 11.50%	Revenue growth rate 1.8%, Gross profit margin 33%, Discount rate 11.50%
Yangzhou Area, Jiangsu Province	298,275,992	369,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 0%-2%, Gross profit margin 31%-32%, Discount rate 11.50%	Revenue growth rate 1.8%, Gross profit margin 32%, Discount rate 11.50%
Jiangyin Area, Jiangsu Province	222,502,268	241,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%-3%, Gross profit	Revenue growth rate 1.8%, Gross profit

					margin 42%-44%, Discount rate 11.31%	margin 35%, Discount rate 11.28%
Henan Province Area	137,359,1 58	145,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 34%-35%, Discount rate 11.28%	Revenue growth rate 1.8%, Gross profit margin 35%, Discount rate 11.28%
Hubei Province Area	124,845,5 52	252,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 30%-30%, Discount rate 11.56%	Revenue growth rate 1.8%, Gross profit margin 30%, Discount rate 11.56%
Zhenjiang Area, Jiangsu Province	69,376,04 9	75,000,00 0		2026- 2030, 2031 to perpetuity	Revenue growth rate 1%- 2%, Gross profit margin 44%-45%, Discount rate 11.36%	Revenue growth rate 1.8%, Gross profit margin 45%, Discount rate 11.36%
Chaohu Area, Anhui Province	155,135,8 37	164,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 42%-42%, Discount rate 11.35%	Revenue growth rate 1.8%, Gross profit margin 42%, Discount rate 11.35%
Wuxi Area, Jiangsu Province	153,280,6 89	161,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%- 6%, Gross profit margin	Revenue growth rate 1.8%, Gross profit margin

					42%-45%, Discount rate 11.32%	45%, Discount rate 11.32%
Linyi Area, Shandong Province	327,309,6 07	346,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%- 2%, Gross profit margin 37%-40%, Discount rate 11.19%	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 11.19%
Kunshan Area, Jiangsu Province	112,687,5 34	124,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 1%- 2%, Gross profit margin 39%-40%, Discount rate 11.35%	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 11.35%
Taizhou Area, Jiangsu Province	216,849,4 37	147,000,0 00	- 47,969 ,299	2026- 2030, 2031 to perpetuity	Revenue growth rate 0%- 2%, Gross profit margin 41%-42%, Discount rate 11.41%	Revenue growth rate 1.8%, Gross profit margin 42%, Discount rate 11.41%
Guangxi Zhuang Autonomo us Region Area	266,570,3 83	323,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%, Gross profit margin 34%-34%, Discount rate 10.78%	Revenue growth rate 1.8%, Gross profit margin 34%, Discount rate 10.78%
Tianjin Area	133,234,1 99	146,000,0 00		2026- 2030, 2031 to perpetuity	Revenue growth rate 2%- 5%, Gross profit margin 30%-30%,	Revenue growth rate 1.8%, Gross profit margin 30%,

					Discount rate 12.00%	Discount rate 12.01%
Chifeng Area, Inner Mongolia	651,384,484	594,000,000	57,384,484	2026-2030, 2031 to perpetuity	Revenue growth rate 2%-7%, Gross profit margin 39%-40%, Discount rate 10.50%	Revenue growth rate 1.8%, Gross profit margin 40%, Discount rate 10.50%
Ningxia Health Area	41,001,175	133,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%-2%, Gross profit margin 20%-20%, Discount rate 10.55%	Revenue growth rate 1.8%, Gross profit margin 20%, Discount rate 10.55%
Shanxi Health Area	17,741,614	21,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 3%-3%, Gross profit margin 18%-18%, Discount rate 11.50%	Revenue growth rate 1.8%, Gross profit margin 18%, Discount rate 11.50%
Huaihua Area, Hunan	2,233,180,840	2,320,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 3%-3%, Gross profit margin 36%-37%, Discount rate 10.46%	Revenue growth rate 1.8%, Gross profit margin 37%, Discount rate 10.48%
Easy Drug	14,616,796	260,000,000		2026-2030, 2031 to perpetuity	Revenue growth rate 2%-9%, Gross profit margin 62%-62%, Discount	Revenue growth rate 1.8%, Gross profit margin 62%, Discount

					rate 10.38%	rate 10.38%
Total	10,830,221,237	12,755,000,000	-150,341,045	/	/	/

The recoverable amount is determined by the present value of expected future cash flows

Applicable Not Applicable

Reasons for differences between the above information and the information or external information used in the previous years' impairment tests

Applicable Not Applicable

Reasons for differences between the information used in previous years' impairment tests and the actual situation of the current year

Applicable Not Applicable

#### (5). Performance commitments 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

#### 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. If the actual net profit is lower than the promised net profit, the difference shall be made up by the transferor.

Nantong Puze fulfilled performance commitments related to net profit in 2025.

There was no goodwill impairment for this area for the years 2025 and 2024.

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 kept unchanged or 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:

	2025	2024
Other Areas in Anhui Province	813,551,203	813,551,203
Changzhou Area, Jiangsu Province	160,871,604	205,858,866
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	729,565
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	44,385,287
Inner Mongolia Autonomous Region Area	274,462,516	274,462,516
Zhenjiang Area, Jiangsu Province	37,512,216	37,512,216
Taizhou Area, Jiangsu Province	63,405,269	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	68,190,644	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	537,415,345	594,799,829
Ningxia Health Area	34,627,634	34,627,634
Huaihua Area, Hunan	1,442,312,473	1,442,312,473
Shanxi Health Area	14,150,943	14,150,943
Easy Drug	7,987,199	7,987,199
Total	5,612,990,783	5,756,158,728

Note: The carrying amount of goodwill includes the amount of goodwill impairment

**28. Long-term deferred expenses**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase for the current period	Amortization in this period	Other decrease	Closing balance
Improvements to leased fixed assets under operating lease	579,140,055	94,693,472	145,799,008	38,807,611	489,226,908
Transfer service fee	152,589,574	3,005,384	33,258,602	3,694,346	118,642,010
Others	2,392,132	480,405	894,296	398,559	1,579,682
Total	734,121,761	98,179,261	179,951,906	42,900,516	609,448,600

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	11,691,541	320,051	1,060,038	10,951,554
Transfer service fee	1,065,140			1,065,140
Total	12,756,681	320,051	1,060,038	12,016,694

**29. Deferred tax assets/deferred tax liabilities****(1). Deferred tax assets before offset**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Equity incentive expenses	11,092,369	2,773,092		
Deductible loss	271,678,754	66,597,093	153,077,439	37,113,686
New lease standard	2,171,822,684	483,622,704	2,674,750,286	598,168,062

Unrealized profits from internal transactions	54,452,632	13,613,158	47,128,203	11,782,051
Asset impairment provision	71,025,386	15,185,725	92,709,439	20,592,241
Points reward plan	18,175,930	3,990,493	11,675,294	2,714,337
Government special subsidies included in deferred income	8,144,745	2,036,186	9,848,863	2,462,216
Others	857,954	214,520	1,233,539	308,197
Total	2,607,250,454	588,032,971	2,990,423,063	673,140,790

**(2). Deferred tax liabilities having not been offset**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance		Opening 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	129,577,459	32,394,365	131,216,486	32,804,122
Changes in the fair value 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
New lease standard	2,049,366,982	451,281,229	2,502,807,163	553,757,449
Others	206,343	51,586	206,342	51,585
Total	2,199,458,907	488,804,211	2,660,312,223	593,133,714

**(3). Deferred tax assets or liabilities listed at net amount after offset**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance		Opening balance	
	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting

Deferred income tax assets	454,059,668	133,973,303	556,437,180	116,703,610
Deferred tax liabilities	454,059,668	34,744,543	556,437,180	36,696,534

**(4). Details of unrecognized deferred income tax assets**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	26,615,087	35,435,284
Deductible loss	289,122,860	168,703,659
Total	315,737,947	204,138,943

**(5). Deductible losses of the unrecognized deferred tax assets will become due in the following years**√Applicable Not Applicable

Unit: RMB Currency: RMB

Year	Closing amount	Opening amount	Remarks
2025		3,375,755	
2026	8,046,412	8,156,652	
2027	14,345,099	19,161,781	
2028	41,508,112	44,013,765	
2029	69,138,106	83,868,453	
2030 and later	156,085,131	10,127,253	
Total	289,122,860	168,703,659	/

Other explanations:

√Applicable Not Applicable

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: RMB Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid engineering costs	4,554,691		4,554,691	5,913,932		5,913,932
Prepaid equity and store business acquisition costs				5,720,000		5,720,000

Prepaid equipment costs	2,044,211		2,044,211	504,500		504,500
Prepaid software purchase costs	612,500		612,500	3,541,000		3,541,000
Others	1,319,225		1,319,225	1,372,126		1,372,126
Total	8,530,627		8,530,627	17,051,558		17,051,558

Other explanations:  
None

### 31. Assets with restricted ownership or use rights

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Closing				Opening			
	Book balance	Book value	Restriction type	Restriction	Book balance	Book value	Restriction type	Restriction
Cash and bank balances	1,214,587,907	1,214,587,907	Others	Acceptance deposit, judicial freezing, and stored-value card, UnionPay and other businesses deposit	1,393,129,666	1,393,129,666	Others	Margin for acceptance bill
Investment property	5,896,566	4,274,348	Mortgage	Bank loans obtained through mortgage	5,896,566	4,405,169	Mortgage	Bank loans obtained through mortgage
Fixed assets	723,635,988	511,244,382	Mortgage	Bank loans obtained through	723,635,988	548,238,569	Mortgage	Bank loans obtained through

				mortgage				mortgage
Intangible assets	108,933,140	92,961,234	Mortgage	Bank loans obtained through mortgage	108,933,140	93,712,413	Mortgage	Bank loans obtained through mortgage
Subsidiary equity	1,591,006,885	1,591,006,885	Pledged	Bank loans obtained through pledge	1,136,006,439	1,136,006,439	Pledged	Bank loans obtained through pledge
Total	3,644,060,486	3,414,074,756	/	/	3,367,601,799	3,175,492,256	/	/

Other explanations:

None

### 32. Short-term loans

#### (1). Classification of short-term borrowing

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Credit loans	-	279,806,357
Letter of credit borrowing	300,000,000	100,000,000
Bill discounting borrowing	397,299,622	1,277,077,733
Total	697,299,622	1,656,884,090

Explanation of classification of short-term loans:

\_\_\_\_\_ Bills discounting borrowings are the transactions of subsidiaries within the Group settled by bank acceptance bills, and the subsidiaries that receive the bills apply to the banks for discounting the bank acceptance bills. The balance is the discounted amount of bills that have not yet expired as at December 31, 2025.

#### (2). Overdue short-term loans

Applicable Not Applicable

Among them, the important short-term borrowings that are overdue and outstanding are as follows:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

As at December 31, 2025, the Group had no overdue loans.

**33. Trading financial liabilities**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**34. Derivative financial liabilities**

Applicable Not Applicable

**35. Notes payable****(1). Presentation of notes payable**

Applicable Not Applicable

Unit: RMB Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	5,008,269,907	4,546,258,111
Total	5,008,269,907	4,546,258,111

As at December 31, 2025, the Group had no outstanding bills payable.

**36. Accounts payable****(1). Presentation of accounts payable**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Payables for goods	1,746,997,615	2,008,964,593
Total	1,746,997,615	2,008,964,593

**(2). Significant accounts payable outstanding for more than one year or overdue**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

None

**37. Advances from customers****(1). Presentation of advances from customers**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Rent received in advance	16,853,246	18,293,769
Total	16,853,246	18,293,769

**(2). Important accounts collected in advance with an age of more than 1 year**

Applicable Not Applicable

**(3). Significant changes in book value and reasons during the reporting period**

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

No significant changes in the book amounts of advances from customers.

**38. Contract liabilities****(1). Contract liabilities**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Advances received for goods	81,597,214	76,783,937
Franchise fees received in advance	26,117,820	30,764,866
Advances received for store purchases	86,733,202	72,833,355
Points plan	18,934,285	10,612,473
Others	4,193,052	4,199,164
Total	217,575,573	195,193,795

**(2). Significant contract liabilities with an age of more than 1 year**

Applicable Not Applicable

Contract liabilities mainly represent advances received from customers before the Group satisfies its performance obligations. Revenue related to the contracts will be recognized when the Group satisfies its performance obligations. Advances received from customers are generally recognized as a result of satisfying the performance obligation within 1 year and revenue is recognized.

**(3). Significant changes in book value and reasons 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: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
I. Short-term compensation	428,550,677	3,189,357,339	3,165,312,996	452,595,020
II. Post-employment benefits-defined contribution plan	1,353,714	312,494,413	312,768,907	1,079,220
III. Termination benefits	520,365	5,537,557	4,523,018	1,534,904
IV. Other welfare due within one year				
Total	430,424,756	3,507,389,309	3,482,604,921	455,209,144

**(2). Presentation of short-term compensation**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
I. Wages, bonuses, allowances, and subsidies	379,161,661	2,878,312,626	2,859,308,843	398,165,444
II. Employee welfare expenses	312,799	48,972,686	48,779,160	506,325
III. Social insurance contributions	243,549	168,030,113	168,258,571	15,091
Of which: Medical insurance contributions	233,000	155,398,192	155,617,747	13,445
Work-related injury insurance contributions	9,612	11,102,572	11,111,475	709
Maternity insurance contributions	937	1,529,349	1,529,349	937
IV. Housing provident fund	2,960,717	51,159,931	52,643,321	1,477,327
V. Trade union funds and employee education funds	45,871,951	42,881,983	36,323,101	52,430,833
VI. Short-term paid absences				
VII. Short-term profit-sharing plans				
Total	428,550,677	3,189,357,339	3,165,312,996	452,595,020

**(3). Presentation of defined contribution plan**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
1. Basic pension insurance	1,344,222	300,885,885	301,153,199	1,076,908
2. Unemployment insurance contributions	9,492	11,608,528	11,615,708	2,312
3. Enterprise annuity contributions				
Total	1,353,714	312,494,413	312,768,907	1,079,220

Other explanations:

Applicable Not Applicable**40. Taxes and dues payable**Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Value added tax (VAT)	61,019,783	71,019,842
Enterprise income tax	65,284,865	84,147,117
Individual income tax	6,937,706	17,121,218
Urban maintenance and construction tax	4,283,780	4,288,626
Educational surcharge and local educational surcharge	2,882,302	2,956,213
Others	12,276,069	11,651,491
Total	152,684,505	191,184,507

Other explanations:

None

**41. Other payables****(1). Presentation by item**Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	15,203,873	208,088
Other payables	611,707,128	653,327,326
Total	626,911,001	653,535,414

Other explanations:

Applicable Not Applicable**(2). Interest payable**

Presentation by classification

Applicable Not Applicable

Significant overdue interest payables:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

### (3). Dividends payable

Presentation by classification

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Dividends payable on ordinary shares		
Dividends of preferred stocks\ perpetual bonds classified as equity instruments		
Subsidiaries' minority shareholders	15,203,873	208,088
Total	15,203,873	208,088

Other explanations, including significant dividends payable outstanding for more than 1 year, should disclose the reason for non-payment:

None

### (4). Other payables

Other payables presented by nature of funds

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Payables for acquisitions	64,926,391	54,142,110
Payables for pledge deposits and rent deposits	115,501,870	125,284,327
Restricted stock repurchase obligation	-	15,350,449
Payables for professional services	97,204,914	73,332,714
Payables for freight and miscellaneous charges	48,691,362	40,316,621
Payables for store decoration	3,996,379	27,420,810
Payables for engineering costs	28,466,661	49,557,900
Payables for business promotion fees	29,030,864	35,016,972
Payables for utilities	17,586,803	980,995

Payables to subsidiaries' minority shareholders	42,398,775	42,398,775
Others	163,903,109	189,525,653
Total	611,707,128	653,327,326

Significant other payables with an aging of over 1 year or overdue

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Reason for unsettled or carried forward
Payables to subsidiaries' minority shareholders	42,398,775	
Total	42,398,775	/

Other explanations:

Applicable Not Applicable

#### 42. Liabilities held for sale

Applicable Not Applicable

#### 43. Non-current liabilities due within one year

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Long-term loans due within one year	349,722,500	222,960,000
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within 1 year	877,491,669	981,396,466
Total	1,227,214,169	1,204,356,466

Other explanations:

None

#### 44. Other current liabilities

Other current liabilities

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Payable refund for goods		
Output tax to be transferred	15,196,091	14,443,599
Total	15,196,091	14,443,599

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: RMB Currency: RMB

Item	Closing balance	Opening balance
Pledged loans	691,340,000	578,000,000
Mortgaged loans	546,350,818	643,186,137
Guaranteed loans		
Credit loans	547,000,000	399,000,000
Less: Long-term borrowings due within one year (Note VII. 43)	-349,722,500	-222,960,000
Total	1,434,968,318	1,397,226,137

Explanation of long-term borrowing classification:

As of December 31, 2025, the annual interest rates for the above borrowings ranged from 2.34% to 3.44% (December 31, 2024: 2.49%-3.44%). As of December 31, 2025, 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. See Note VII. 31 for details.

Mortgage borrowings were provided by the International Finance Corporation (IFC), World Bank Group, including RMB borrowings and USD borrowings. The balance of the RMB borrowings was RMB 546,350,818, and loan term is from April 2021 to December 2027.

Pledged borrowings are acquisition loans used for the equity acquisition of LBX Huairen in 2022. Among them, the closing balance of the loan from China Construction Bank is RMB 196,000,000, with a loan term from July 2022 to July 2027, secured by a pledge of 20.5612% equity of LBX Huairen; The closing balance of the loan from Ping An Bank is RMB 280,000,000, with a loan term from October 2022 to October 2027, secured by a pledge of 29.3731% equity of LBX Huairen; The closing balance of the loan from China Merchants Bank's loan is RMB 21,1750,000, with a loan term from July 2025 to July 2028, secured by a pledge of 20% equity of LBX Huairen; The closing balance of the loan from Chang' an Bank's is RMB 3,590,000, with a loan term from January 2025 to January 2028.

The closing balance of the credit loan from China Construction Bank in 2024 is RMB 198,000,000, with a loan term from February 2024 to February 2027; The closing balance of the credit loan from China Construction Bank in 2025 is RMB 100,000,000, with a loan term from September 2025 to September 2028; The closing balance of the credit loan from China Merchants Bank was RMB 149,000,000, with a loan term from December 2024 to December 2027; The closing balance of the credit loan from the Bank of China was RMB100,000,000, with a loan term from September 2025 to September 2028.

Other explanations:

Applicable Not Applicable

**46. Bonds payable**

**(1). Bonds payable**

Applicable  Not Applicable

**(2). Details of bonds payable: (excluding other financial instruments classified as financial liabilities such as preference stocks and perpetual debts)**

Applicable Not Applicable

**(3). Explanation of convertible corporate bonds**

Applicable Not Applicable

Accounting treatment and basis for conversion of equity

Applicable Not Applicable

**(4). Explanation about other financial instruments classified as financial liabilities**

Basic information on preferred shares issued externally at the closing date, perpetual bonds and other financial instruments

Applicable Not Applicable

Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

Applicable Not Applicable

Explanation for classifying other financial instruments as financial liabilities

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**47. Lease liabilities**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	2,082,322,669	2,503,912,510
Less: lease liabilities due within one year (Note VII. 43)	877,491,669	981,396,466
Total	1,204,831,000	1,522,516,044

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**Applicable Not Applicable**Special payables****(1). Special payables by nature**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: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance	Reason for formation
Government grants	12,925,575	-	2,369,301	10,556,274	
Total	12,925,575	-	2,369,301	10,556,274	/

Other explanations:

Applicable Not Applicable

## 52. Other non-current liabilities

Applicable Not Applicable

## 53. Share capital

Applicable Not Applicable

Unit: RMB Currency: RMB

	Opening balance	Increase or decrease in the current period (+, -)					Closing balance
		Issued New shares	Donated shares	Capital reserves Share transfer	Others	Subtotal	
Shares subject to restrictions on sale							
Shares held by domestic natural persons	2,314,441					- 2,314,441	
Shares not subject to restrictions on sale:							
RMB ordinary shares	757,916,733					973,503	758,890,236
Total number of shares	760,231,174					- 1,340,938	758,890,236

Other explanations:

Note 1: In 2025, 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 135,561 (Note XV).

Note 2: The first lock-up period of the reserved grant portion of the Company's 2022 Restricted Stock Incentive Plan expired on July 20, 2024, and the second lock-up period of the first grant portion of the Company's 2022 Restricted Stock Incentive Plan expired on September 28, 2024. The conditions for unlocking and releasing the restrictions on sale have been fulfilled. Handle matters on releasing the restrictions on sale for incentive recipients of 973,503 shares satisfying such conditions.

Note 3: According to the provisions of the 2022 Restricted Stock Incentive Plan of the Company on "releasing the restrictions on sale for restricted stocks" and "handling of changes in personal situations of incentive recipients", 32 incentive recipients under the 2022 Restricted Stock Incentive Plan have resigned; The performance at the company level was not up to standard during the third unlocking period of the first grant and the second unlocking period of the reserved grant. The Company will repurchase and cancel a total of 1,205,377 restricted stocks that have been granted to the above incentive recipients but have not yet been unlocked.

#### 54. Other equity instruments

##### (1). Basic information on preferred shares issued externally at the closing date, perpetual bonds and other financial instruments

Applicable Not Applicable

##### (2). Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

Applicable Not Applicable

Changes in other equity instruments during the current period, explanation of reasons for change, and basis for related accounting treatment:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

#### 55. Capital reserve

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing 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	-426,605,754			-426,605,754
Conversion of convertible bonds to shares	323,009,972			323,009,972
Equity incentive plan	126,634,471		15,133,368	111,501,103
Others	1,910,628			1,910,628
Other capital reserves				
Equity incentive plan		11,092,368		11,092,368
Changes in minority interests	-1,594,515,252		271,813,014	-1,866,328,266
Total	1,970,466,686	11,092,368	286,946,382	1,694,612,672

Other explanations, including changes in the current period and reasons for changes:

This year, the Company's equity incentive plan led to changes in capital reserves. For details, see Note XV.

For changes occurred in the Group's minority interests this year, see Note X. 2.

#### 56. Treasury stock

√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
2025				
Equity incentive repurchase	16,935,356	-	16,935,356	-
Total	16,935,356	-	16,935,356	

Other explanations, including changes in the current period and reasons for changes:  
 Note 1: Due to the repurchase of restricted shares, treasury shares were reduced by 16,935,356 in total.

**57. Other comprehensive income**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Opening Balance	Amount for the current period					Closing Balance
		Amount incurred before income tax during the current period	Less: amount recognized in other comprehensive income during the previous period and transferred into the current profit or loss	Less: amount recognized in other comprehensive income during the previous period and carried over to retained earnings of the current period	Less: income tax expenses	Attributable to parent company after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss							
Including: changes from re-measurement of							

defined benefit plan								
Other comprehensive income that cannot be carried over to profit or loss under the equity method								
Changes in the fair value of other equity instrument investments								
Changes in the fair value of the enterprise's own credit risks								
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								
Changes in the fair value of other debt investment								
Amounts of the financial assets that are reclassified into other comprehensive income								
Credit impairment provisions of other debt investment								
Cash flow								

hedging reserves								
Foreign currency translation differences								
III. Cumulative balance of other comprehensive income attributable to the owner of the parent company in the consolidated balance sheet:								
2025								
Changes in the fair value of other equity instrument investments	15,231,092							15,231,092
2024								
Changes in the fair value of other	15,231,092							15,231,092

equity instrument investments								
Total other comprehensive income	15,231,092							15,231,092

Other explanations, including the adjustment of the effective portion of cash flow hedging gains or losses to the initial recognition amount of the hedged item:

None

#### 58. Special reserve

Applicable Not Applicable

#### 59. Surplus reserve

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Statutory surplus reserve	301,549,640	49,239,396	-	350,789,036
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Others				
Total	301,549,640	49,239,396	-	350,789,036

Explanation of surplus reserves, including changes in the current period and reasons for changes:

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: RMB Currency: RMB

Item	Current period	Previous period
Undistributed profit at end of previous period before adjustment	3,550,314,034	3,687,106,079
Total adjustment of the opening balance of undistributed profits (increase +, decrease -)		
Opening undistributed profit after adjustment	3,550,314,034	3,687,106,079
Add: Net profit attributable to owners of the parent company during the current period	381,846,593	519,063,405
Less: Appropriation of statutory surplus reserve	49,239,396	18,483,481
Appropriation of discretionary surplus reserve		
Appropriation to general risk reserve		
Dividends payable on ordinary shares	167,052,282	637,371,969
Dividends on ordinary shares transferred to share capital		
Closing undistributed profit	3,715,868,949	3,550,314,034

Adjustment of the opening undistributed profit:

1. The opening and closing undistributed profit affected by retroactive adjustment as per the Accounting Standards for Business Enterprises and its relevant new rules was RMB 0.
2. Due to changes in accounting policies, there was no influence on the opening undistributed profits, which remained at RMB 0.
3. The opening and closing undistributed profit affected by change of correction of major accounting error was RMB 0.
4. The opening and closing undistributed profit affected by change of combination scope due to common control was RMB 0.
5. The other adjustments led to opening undistributed profit of RMB 0.

Note 1: As considered at the ninth meeting of the fifth Board of Directors held on April 29, 2025, the Company distributed cash dividends at RMB 0.08 (tax-inclusive) per share to all shareholders. As of March 31, 2025, the total share capital of the Company was 760,095,613 shares, based on which, total cash dividends of RMB 60,807,649 (tax-inclusive) were distributed.

Note 2: As considered at the eleventh meeting of the fifth Board of Directors, and the 2024 general shareholders' meeting held on June 30, 2025, the Company intends to distribute cash dividends at RMB 0.14 (tax-inclusive) per share to all shareholders. As of October 28, 2025, the total share capital of the Company was 758,890,236 shares, based on which, total cash dividends of RMB 106,244,633 (tax-inclusive) were distributed.

**61. Operating income and operating cost****(1). Details of operating income and operating cost**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	22,120,045,614	14,983,008,860	22,213,132,767	14,850,489,230
Other business	116,569,733	71,725,875	144,477,428	91,843,225
Total	22,236,615,347	15,054,734,735	22,357,610,195	14,942,332,455

**(2). Breakdown information of operating income and operating costs**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Contract classification	Retail segment		Wholesale segment		Other segment		Total	
	Operating income	Operating costs	Operating income	Operating costs	Operating income	Operating costs	Operating income	Operating costs
Product type								
Sale of goods	18,600,846,472	12,346,947,773	3,003,707,956	2,630,021,787	49,398,665	16,626,784	21,653,953,093	14,993,596,344
Rending of services	513,997,830	3,722,354					513,997,830	3,722,354
Leasing services					68,664,424	57,416,037	68,664,424	57,416,037
Classification by operating region								
China	19,114,844,302	12,350,670,127	3,003,707,956	2,630,021,787	118,063,089	74,042,821	22,236,615,347	15,054,734,735
Classification by timing of product transfer								
Transferred at a point in time	18,600,846,472	12,346,947,773	3,003,707,956	2,630,021,787	49,398,665	16,626,784	21,653,953,093	14,993,596,344
Transferred over time	513,997,830	3,722,354			68,664,424	57,416,037	582,662,254	61,138,391
Total	19,114,844,302	12,350,670,127	3,003,707,956	2,630,021,787	118,063,089	74,042,821	22,236,615,347	15,054,734,735

Other explanations:

Applicable Not Applicable

**(3). Description of performance obligation**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Time of performance obligation fulfillment	Significant payment terms	Nature of goods to be transferred as committed by the Company	Whether principal obligor	Expected amounts to be refunded to customers	Types of quality assurance and related obligations offered by the Company
Sale of goods	Upon delivery	Payment upon arrival	Mainly sales of pharmaceutical products	Yes	None	None
Rendering of services	During service period	Consulting fees	Mainly providing information consulting, promotional services, etc.	Yes	None	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

As of the end of the reporting period, the revenue corresponding to performance obligations for contracts already signed but not yet performed or fully performed had been RMB 217,575,573, including:

(5). Significant contract changes or adjustments to transaction prices

Applicable Not Applicable

Other explanations:

None

62. Taxes and surcharges

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Urban maintenance and construction tax	29,496,662	31,271,321
Educational surcharge	21,580,004	22,830,957
Property tax	8,581,767	8,036,619
Stamp duty	16,790,734	17,426,936
Others	1,438,863	1,337,156
Total	77,888,030	80,902,989

Other explanations:

None

63. Selling expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Wages, bonuses, social security, and employee benefits	2,659,555,685	2,819,881,888
Amortization of right-of-use assets	1,154,086,508	1,222,169,498
Depreciation and amortization	259,449,862	260,942,278
Business promotion fees	101,474,331	115,570,844
Utilities	118,144,964	116,382,565
Payment platform service fees	80,800,569	76,551,080
Freight and miscellaneous charges	110,559,089	105,162,132
Office and network expenses	49,056,176	54,360,851
Property management and repair fees	74,804,299	85,964,562
Labor outsourcing fees	38,236,800	35,999,268
Others	53,054,285	54,450,919
Total	4,699,222,568	4,947,435,885

Other explanations:

None

#### 64. Administrative expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Wages, bonuses, social security, and employee benefits	722,035,396	750,001,484
Depreciation and amortization	191,086,176	149,210,202
Professional service fees	97,382,388	81,831,930
Office and utilities	63,330,024	59,097,198
Business entertainment expenses	44,830,047	43,786,301
Inventory retirement or gains/losses	78,436,139	63,542,785
Travel expenses	22,618,274	37,521,636
Planning fees	23,968,421	34,254,111
Equity incentive expenses	11,092,369	-1,901,800
Others	33,321,697	40,321,255
Total	1,288,100,931	1,257,665,102

Other explanations:

None

#### 65. R&D expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
R&D personnel remuneration	47,551,543	1,340,075
Outsourced R&D expenditures	1,011,519	
Depreciation and amortization expenses	2,122,503	158,934
Others	385,984	514,588
Total	51,071,549	2,013,597

Other explanations:

None

#### 66. Financial expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Interest expense	130,270,754	178,247,831
Less: Interest income	13,369,752	20,103,612
Handling fees	13,290,866	13,257,306
Exchange gains/losses		1,254,199
Others	232,565	370,220
Total	130,424,433	173,025,944

Other explanations:

None

**67. Other income**√Applicable Not Applicable

Unit: RMB Currency: RMB

Classification by nature	Amount incurred during the current period	Amount incurred in the previous period
Government grants related to daily activities	77,530,387	77,685,603
Handling fee refund for withholding individual income tax	1,676,323	679,746
Total	79,206,710	78,365,349

Other explanations:

None

**68. Investment income**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	-4,069,447	2,831,526
Investment income from disposal of long-term equity investments		
Investment income from trading financial assets during holding period	3,010,350	1,206,496
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investments during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of trading financial assets	1,955,891	-
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
Total	896,794	2,728,107

Other explanations:

None

**69. Net exposure hedging income**

Applicable Not Applicable

**70. Income from changes in fair value**

Applicable Not Applicable

**71. Credit impairment losses**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Bad debt losses on notes receivable		
Bad debt losses on accounts receivable	16,070,397	212,178
Bad debt losses on other receivables	1,766,952	4,935,712
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt losses on long-term receivables	678,285	874,134
Impairment losses related to financial guarantees		
Total	18,515,634	6,022,024

Other explanations:

None

**72. Asset impairment loss**

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
I. Impairment losses of contract assets		

II. Loss of decline in value of inventory and loss on impairment of contract performance cost	8,539,760	2,881,743
III. Impairment losses on long-term equity investments		
IV. Impairment losses on investment properties	64,503,967	-
V. Impairment losses on fixed assets		
VI. Impairment losses on engineering materials		
VII. Impairment losses on construction in progress	3,364,512	-
VIII. Impairment losses on productive biological assets		
IX. Impairment losses on oil and gas assets		
X. Impairment losses on intangible assets	20,390,112	-
XI. Impairment losses on goodwill	150,341,045	107,544,480
XII. Impairment losses on long-term deferred expenses	320,051	754,617
XIII. Others		
XIV. Impairment losses on prepayments	3,903,244	21,694
Total	251,362,691	111,202,534

Other explanations:

None

### 73. Gains on disposal of assets

Applicable  Not Applicable

Item	Unit: RMB Currency: RMB	
	Amount incurred during the current period	Amount incurred in the previous period
Gains or losses on disposal of fixed assets	-6,160,879	-6,427,167
Gains or losses on disposal of right-of-use assets	2,618,553	1,896,909
Total	-3,542,326	-4,530,258

Other explanations:

None

### 74. Non-operating income

Details of non-operating income

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Amounts no longer required to be paid	7,518,538	5,572,459	7,518,538
Compensation or deposits received	16,464,224	5,713,484	16,464,224
Extended cashier payments	687,133	1,160,813	687,133
Others	2,645,370	1,580,631	2,645,370
Total	27,315,265	14,027,387	27,315,265

Other explanations:

Applicable Not Applicable

#### 75. Non-operating expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
External donations	5,025,644	2,405,459	5,025,644
Fines or compensation payments	5,740,612	7,112,793	5,740,612
Losses on clearing intercompany balances	842,225	1,002,260	842,225
Others	1,393,848	1,108,254	1,393,848
Total	13,002,329	11,628,766	13,002,329

Other explanations:

None

#### 76. Income tax expenses

##### (1). Statement of income tax expenses

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Current income tax expenses	234,941,075	262,598,298
Deferred tax expenses	-19,221,684	-31,744,968
Total	215,719,391	230,853,330

**(2). Adjustment process of accounting profits and income tax expenses**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period
Total profit	756,168,890
Income tax expense calculated at the statutory/applicable tax rate	189,042,223
Impacts of application of different tax rates to subsidiaries	-69,932,628
Impacts of adjustment to income tax in the previous period	5,938,459
Impacts of non-taxable income	-882,834
Effect of non-deductible costs, expenses and losses	63,744,183
Impacts of use of the deductible loss of deferred tax assets not recognized in the previous period	-3,438,901
Impacts of deductible temporary difference or deductible loss of unrecognized deferred tax assets during the current period	31,248,889
Income tax expenses	215,719,391

Other explanations:

√Applicable Not Applicable

Note 1: The income taxes of the Group shall be provided as per the estimated taxable incomes obtained in China and applicable tax rate. 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

See the notes for details

**78. Items of cash flow statement****(1). Cash relating to operating activities**

Other cash received from operating related activities

√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Government grants	76,837,409	75,382,001
Interest income	13,369,752	20,103,612
Compensation received	16,464,224	5,713,484
Others	3,332,503	2,741,444
Total	110,003,888	103,940,541

Explanation of other cash received from operating activities:

None

Other cash paid related to operating activities

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Office expenses and miscellaneous expenses	196,256,992	202,326,001
Business promotion fees	131,428,860	135,927,400
Professional service fees	85,953,235	86,318,492
Utilities	129,654,476	130,166,160
Payment platform handling fees	80,800,569	76,551,080
Business entertainment expenses	51,916,942	37,521,636
Travel expenses	26,780,265	59,340,729
Bank card handling fees	13,523,431	12,421,030
Donation expenditure	4,917,457	2,405,459
Store opening expenses	163,599	7,148,120
Others	49,936,753	120,625,338
Total	771,332,579	870,751,445

Explanation of other cash paid related to operating activities:

None

**(2). Cash related to investing activities**

Cash received from significant investing activities

Applicable Not Applicable

Cash paid for significant 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: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Cash paid for purchasing minority interests in subsidiaries	367,250,000	96,736,267
Repurchase of restricted stocks	16,474,307	3,862,887
Lease payments made	1,200,932,789	1,279,336,205
Total	1,584,657,096	1,379,935,359

Explanation of other cash paid related to financing activities:

None

Changes in liabilities arising from financing activities

√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening balance	Increase during the current period		Decrease during the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans	1,656,884,090	1,486,757,357	-	2,446,341,825	-	697,299,622
Other payables	101,042,219	-	769,759,345	753,487,867	461,049	116,852,648
Long-term borrowings (including non-current liabilities due within one year)	1,620,186,137	417,340,000	-	252,835,319	-	1,784,690,818
Lease liabilities (including non-current liabilities due within one year)	2,503,912,510	-	788,195,638	1,209,785,479	-	2,082,322,669
Total	5,882,024,956	1,904,097,357	1,557,954,983	4,662,450,490	461,049	4,681,165,757

(4). Explanation of cash flows reported on a net basis

Applicable Not Applicable

(5). Significant activities that do not involve cash inflow or outflow for the period but might affect the financial position of the Company or might affect the cash flow of the Company in the future and the financial impact

√Applicable Not Applicable

	2025	2024
Endorsement transfer of bank acceptance bills received from selling goods and providing services	<u>397,735,172</u>	<u>210,574,555</u>

#### 79. Supplementary information to the cash flow statement

##### (1). Supplementary information to the cash flow statement

√Applicable    □Not Applicable

Unit: RMB 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	540,449,499	685,118,154
Add: Asset impairment provisions	251,362,691	111,202,534
Credit impairment losses	18,515,634	6,022,024
Depreciation of fixed assets, oil & gas assets, and capitalized biological assets	158,076,917	166,066,043
Amortization of right-of-use assets	1,171,550,506	1,234,580,552
Amortization of intangible assets	99,732,061	63,214,890
Depreciation of investment property	9,144,908	9,144,907
Amortization of long-term deferred expenses	179,951,906	183,902,367
Loss from disposal of fixed assets, intangible assets and other long-term assets (income indicated with "-")	3,542,326	4,530,258
Loss on disposal of fixed assets (income indicated with "-")		
Loss from changes in fair value (income indicated with "-")		
Financial expenses (income indicated with "-")	130,270,754	180,708,526
Investment loss (income indicated with "-")	-896,794	-2,728,107
Decrease in deferred tax assets (increase indicated with "-")	-17,269,693	-47,202,541
Increase in deferred tax liabilities (decrease indicated with "-")	-1,951,991	15,457,573
Decrease in inventories (increase indicated with "-")	-87,253,722	576,064,717
Decrease in operating receivables (increase indicated with "-")	469,254,997	-633,155,554

Increase in operating payables (decrease indicated with "-")	218,153,750	-526,467,546
Others		
Net cash flows from operating activities	3,142,633,749	2,026,458,797
<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>		
Closing balance of cash	1,143,841,378	986,735,653
Less: opening balance of cash	986,735,653	936,501,157
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	157,105,725	50,234,496

**(2). Net cash paid for the acquisition of subsidiaries during the current period**√Applicable Not Applicable

Unit: RMB Currency: RMB

	Amount
Cash or cash equivalents paid during the period for business combinations occurred in the current period	
Less: Cash and cash equivalents held by subsidiaries on the acquisition date	
Add: Cash or cash equivalents paid during the current period for business combinations occurred in prior periods	3,200,000
Net cash paid for acquiring subsidiaries	3,200,000

Other explanations:

None

**(3). Net cash received from disposing of subsidiaries during the period**Applicable Not Applicable**(4). Composition of cash and cash equivalents**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
I. Cash	1,143,841,378	986,735,653
Including: cash on hand	8,144,364	7,404,677
Bank deposits available for payment at any time	1,104,812,748	931,407,077
Other cash and bank balances available for payment at any time	30,884,266	47,923,899
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. Closing balance of cash and cash equivalents	1,143,841,378	986,735,653
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 bank balances that do not belong to cash and cash equivalents**Applicable Not Applicable

Other explanations:

Applicable Not Applicable**Note to the Items in the Statement of Changes in Owners' Equity**

Explain the name and adjustment amount of the "other" item that adjusts the balance at the end of the previous year:

Applicable Not Applicable**80. Foreign currency monetary items****(1). Foreign currency monetary items**Applicable Not Applicable

**(2). Explanation of overseas operating entities, including the main overseas operating locations, functional currency and selection basis of important overseas operating entities, and reasons for changes in functional currency**

Applicable Not Applicable

**81. Leases**

**(1). The Company as a lessee**

适用 不适用

Variable lease payments not included in the lease liability

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 1,209,785,479 (Unit: Yuan Currency: RMB)

	2025Year	2024Year
Interest expense on lease liabilities	72,703,866	101,615,298
Income from subleasing right-of-use assets	65,947,211	72,267,940
Total cash outflow related to leases	1,209,785,479	1,279,085,103

The leased assets rented by the Group include houses and buildings used during operations. The lease term is typically 1 to 20 years.

**(2). As a lessor**

Operating leases as lessor

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Lease income	Including: the income related to the variable lease payment not included in the lease payment
Lease income	68,664,424	
Total	68,664,424	

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. In 2025, the Group's income from the lease of houses and buildings was RMB 68,664,424 (see Note VII. 61). Leased Houses and Buildings. Presented in investment real estate. See Notes VII.20.

Finance leases as a lessor

Applicable Not Applicable

Reconciliation table of undiscounted lease receivables and net investment in leases

Applicable Not Applicable

Undiscounted lease receivables in the next five years

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Annual undiscounted lease receivables	
	Closing amount	Opening amount
First year	37,679,195	49,968,727
2nd year	22,197,579	22,975,027
3rd year	13,692,585	14,977,810
Fourth year	10,005,288	18,252,442
Fifth year		
Total undiscounted lease payments receivable due after five years	83,574,647	106,174,006

(3). Recognition of profit or loss on finance lease sales as a manufacturer or distributor

Applicable Not Applicable

Other explanations:

None

82. Data resources

Applicable Not Applicable

83. Others

Applicable Not Applicable

VIII. R&D expenditures

1. Presented by nature of expense

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
R&D personnel remuneration	82,346,317	130,104,680
Outsourced R&D expenditures	4,671,555	4,447,043
Depreciation and amortization expenses	2,586,852	158,934
Others	595,083	1,301,274
Total	90,199,807	136,011,931
Including: expensed R&D expenditures	51,071,549	2,013,597
Capitalized R&D expenditures	39,128,258	133,998,334

Other explanations:

None

**2、 Development costs of R&D projects eligible for capitalization**√Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Opening Balance	Increase for the current period		Decrease for the current period		Closing Balance
		Internal development expenditures	Others	Recognized as intangible assets	Carried over to the current profit or loss	
Enterprise Digital Platform and New Retail Construction Project Phase I	49,935,584	24,354,651		74,290,235		-
Enterprise Digital Platform and New Retail Construction Project Phase II		14,773,607				14,773,607
Total	49,935,584	39,128,258		74,290,235		14,773,607

Significant capitalized R&amp;D projects

Applicable Not Applicable

Impairment provision for development costs

Applicable Not Applicable

Other explanations:

None

**3、 Significant purchased 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

**(1). Business combinations under uncommon control during the current period**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Name of acquiree	Equity acquisition time	Equity acquisition cost	Proportion of acquired equity (%)	Equity acquisition method	Acquisition date	Determination basis of acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profits of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
10 stores of Wuxi Wanfeng	2025	7,173,100	Not applicable	Acquisition	2025	Actually obtain control over the merged party or the acquiree	10,092,978	571,643	Not applicable

Other explanations:

On March 18, 2024, the Company's subsidiary Wuxi Sanpintan Pharmaceutical Chain Co., Ltd. entered into the Business and Asset Acquisition Agreement with Wuxi Wanfeng Pharmacy Co., Ltd., Wuxi Wanjia Laikang Pharmacy Co., Ltd., etc., acquiring the relevant assets and business of 10 stores controlled by them at RMB 7,173,100. Goodwill of RMB 7,173,100 was recognized, and the transaction was formally closed in 2025.

**(2). Cost of combination and goodwill**

□Applicable √Not Applicable

**(3). Identifiable assets and liabilities of the acquiree at the acquisition date**

□Applicable √Not Applicable

**(4). Gain or loss arising from the re-measurement of equity held prior to the acquisition date at fair value**

Whether there were transactions achieving control through multiple transactions in a step-by-step manner and acquiring control during the reporting period

□Applicable √Not Applicable

**(5). Explanations regarding the inability to reasonably determine the merger consideration or the fair value of identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the combination period**

Applicable Not Applicable

**(6). Other Explanations**

Applicable Not Applicable

**2、 Business combinations involving enterprises under common control**

Applicable Not Applicable

**3、 Reverse purchase**

Applicable Not Applicable

**4、 Disposal of subsidiaries**

Whether there were transactions or events in the current period that resulted in the loss of control over subsidiaries

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

Whether there is a situation of disposing of investment in a subsidiary step-by-step through multiple transactions leading to loss of control in the current period

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**5、 Changes in the scope of consolidation for other reasons**

Explain the changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries) and relevant circumstances:

Applicable Not Applicable

Newly established subsidiaries of the Group in 2025 include Tianjin LBX Qiyuan Pharmacy Co., Ltd., Yangzhong Baqiao TCM Comprehensive Clinic Co., Ltd., LBX Pharmacy (Feixi) Co., Ltd., Laobaixing Baixin (Luoyang) Health Management Consulting Co., Ltd., Changsha Easy Drug Technology Co., Ltd., Hangzhou Easy Drug Technology Co., Ltd., and Guangzhou Easy Drug Technology Co., Ltd.

	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
Ningxia Huiyuantang Pharmaceutical Chain Co., Ltd.	Wuzhong City	Pharmaceutical Retail	100	100	Deregistration
Shenzhen Baixinji Information Technology Co., Ltd.	Shenzhen Municipality	Information technology consulting	100	100	Deregistration

Anhui Baixingyuan Pharmacy Luyang Co., Ltd.	Hefei City	Pharmaceutical Retail	100	100	Deregistration
Baiyin Xiangjitang Chain Pharmaceutical Co., Ltd.	Baiyin City	Pharmaceutical Retail	100	100	Deregistration
Hefei Baizhikang Internal Medicine Clinic Co., Ltd.	Hefei City	Clinic	100	100	Deregistration

## 6、Others

Applicable Not Applicable

**X. Equity in other entities****1. Equity in subsidiaries****(1). Components of the enterprise group**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Subsidiary Name	Principal place of business	Registered capital	Place of registration	Business nature	Shareholding ratio (%)		Acquisition Method
					Direct	Indirect	
Hunan LBX Huairan Pharmacy Chain Co., Ltd.	Huaihua	RMB 127 million	Huaihua	Pharmaceutical Retail	100%		
Forworld Medicine Technology (Jiangsu) Co., Ltd.	Yangzhou	RMB 100 million	Yangzhou	Pharmaceutical Wholesale	100%		
Changsha Faxiangdi Industrial Co., Ltd.	Changsha	RMB 90 million	Changsha	Business services	100%		
Forworld Medicine Logistics (Hunan) Co., Ltd.	Changsha	RMB 87 million	Changsha	Pharmaceutical Wholesale	100%		
Jinan Xincheng Enterprise Management	Jinan	RMB 85 million	Jinan	Business services	100%		

Co., Ltd.							
LBX Pharmacy Chain (Anhui) Co., Ltd.	Hefei	RMB 75 million	Hefei	Pharmaceutical Retail	100%		
Xi'an Longsheng Pharmaceutical Co., Ltd.	Xi'an	RMB 66.60 million	Xi'an	Pharmaceutical Retail		100%	
Chifeng LBX Pharmacy Chain Co., Ltd.	Chifeng	RMB 60 million	Chifeng	Pharmaceutical Wholesale		100%	
Hunan Baibi Technology Co., Ltd.	Changsha	RMB 60 million	Changsha	Information technology consulting	100%		
Chifeng Renchuan Pharmaceutical Co., Ltd.	Chifeng	RMB 58 million	Chifeng	Pharmaceutical Wholesale		100%	
Hunan Yaoshengtang Chinese Medicine Technology Co., Ltd.	Changsha	RMB 55 million	Changsha	Chinese medicine R&D	100%		
LBX Pharmacy Chain	Wuhan	RMB 50 million	Wuhan	Pharmaceutical Retail	100%		

(Hubei) Co., Ltd.							
LBX Pharmacy Chain Guangdong Co., Ltd.	Guangzhou	RMB 50 million	Guangzhou	Pharmaceutical Retail	100%		
Forword Medicine (Tianjin) Co., Ltd.	Tianjin	RMB 40 million	Tianjin	Pharmaceutical Wholesale		100%	
Forword Medicine Logistics (Anhui) Co., Ltd.	Hefei	RMB 30.10 million	Hefei	Pharmaceutical Wholesale		100%	
LBX Pharmacy Chain (Gansu) Co., Ltd.	Lanzhou	RMB 30 million	Lanzhou	Pharmaceutical Retail	100%		
LBX Pharmacy Chain (Zhejiang) Co., Ltd.	Hangzhou	RMB 30 million	Hangzhou	Pharmaceutical Retail	100%		
Ningxia LBX Huirentang Pharmaceutical Co., Ltd.	Yinchuan	RMB 23.80 million	Yinchuan	Pharmaceutical Retail		100%	

Hunan LBX Huai ren Pharmaceutical Co., Ltd.	Huaihua	RMB 20 million	Huaihua	Pharmaceutical Wholesale		100%	
LBX Pharmacy (Jiangsu) Co., Ltd.	Nanjing	RMB 17 million	Nanjing	Pharmaceutical Retail		100%	
Beijing LBX E-commerce Co., Ltd.	Beijing	RMB 12 million	Beijing	E-commerce	100%		
Shaanxi LBX Sanqin Jishengtang Pharmaceutical Chain Co., Ltd.	Weinan	RMB 10.7694 million	Weinan	Pharmaceutical Retail		100%	
Wuhu Yuanchu Pharmacy Chain Co., Ltd.	Wuhu	RMB 10 million	Wuhu	Pharmaceutical Retail		100%	
Forworld Medicine Logistics (Hangzhou) Co., Ltd.	Hangzhou	RMB 10 million	Hangzhou	Pharmaceutical Wholesale		100%	
Hainan LBX Medical Health	Hainan	RMB 10 million	Hainan	Pharmaceutical consulting	100%		

Co., Ltd.							
Hunan Baixin Information Technology Co., Ltd.	Changsha	RMB 10 million	Changsha	Information technology consulting	100%		
Forworld Medicine (Guangxi) Co., Ltd.	Nanning	RMB 10 million	Nanning	Pharmaceutical Wholesale		100%	
Wuhu LBX Yijiaren Pharmacy Chain Co., Ltd.	Wuhu	RMB 10 million	Wuhu	Pharmaceutical Retail		100%	
Henan Provincial Pharmaceutical Supermarket Co., Ltd.	Zhengzhou	RMB 10 million	Zhengzhou	Pharmaceutical Retail		100%	
Forworld Medicine (Henan) Co., Ltd.	Zhengzhou	RMB 10 million	Zhengzhou	Pharmaceutical Wholesale		100%	
Hunan LBX Huaiaren Maternal and Infant Life Pavilion	Huaihua	RMB 10 million	Huaihua	Retail of maternal and infant products		100%	

Co., Ltd.							
LBX Pharmacy Chain (Changde) Co., Ltd.	Changde	RMB 10 million	Changde	Pharmaceutical Retail	100%		
Zhejiang LBX Food Co., Ltd.	Hangzhou	RMB 10 million	Hangzhou	Food and department store retail		100%	
Yinchuan Xincheng Internet Hospital Co., Ltd.	Yinchuan	RMB 10 million	Yinchuan	Information technology consulting	100%		
LBX Pharmacy Chain (Shanghai) Co., Ltd.	Shanghai	RMB 10 million	Shanghai	Pharmaceutical Retail	100%		
Hunan LBX Huaixinren Pharmacy Chain Co., Ltd.	Huaihua	RMB 10 million	Huaihua	Pharmaceutical Retail		100%	
Forword Biotechnology (Hangzhou) Co., Ltd.	Hangzhou	RMB 10 million	Hangzhou	Technical services		100%	
LBX Pharmacy Chain	Taizhou	RMB 8 million	Taizhou	Pharmaceutical Retail	100%		

(Taizhou) Co., Ltd.							
LBX Pharmacy Chain (Shaanxi) Co., Ltd.	Xi'an	RMB 6 million	Xi'an	Pharmaceutical Retail	100%		
LBX Pharmacy Chain (Zhenjiang) Co., Ltd.	Zhenjiang	RMB 5 million	Zhenjiang	Pharmaceutical Retail	100%		
Jiangsu Baijiahu i Suhe Pharmacy Chain Co., Ltd.	Suzhou	RMB 5 million	Suzhou	Pharmaceutical Retail	100%		
LBX Pharmacy Chain (Yangzhou) Co., Ltd.	Yangzhou	RMB 5 million	Yangzhou	Pharmaceutical Retail	100%		
Anhui Baixingyuan Pharmacy Gaoxin Co., Ltd.	Hefei	RMB 5 million	Hefei	Pharmaceutical Retail		100%	
Lanzhou Huiren Changqing Pharmaceutical Co., Ltd.	Lanzhou	RMB 5 million	Lanzhou	Pharmaceutical Retail		100%	

LBX Pharmacy Chain (Guangxi) Co., Ltd.	Nanning	RMB 5 million	Nanning	Pharmaceutical Retail	100%		
LBX Pharmacy Chain (Tianjin) Co., Ltd.	Tianjin	RMB 5 million	Tianjin	Pharmaceutical Retail	100%		
Zhenjiang LBX Kaitai Pharmacy Co., Ltd.	Zhenjiang	RMB 5 million	Zhenjiang	Pharmaceutical Retail		100%	
LBX Health Management Consulting (Shanghai) Co., Ltd.	Shanghai	RMB 5 million	Shanghai	Pharmaceutical consulting		100%	
LBX Pharmacy Chain Henan Co., Ltd.	Zhengzhou	RMB 5 million	Zhengzhou	Pharmaceutical Retail	100%		
Xuancheng LBX Pharmacy Chain Co., Ltd.	Xuancheng	RMB 4.5 million	Xuancheng	Pharmaceutical Retail		100%	
Yangzhou Baixingtang Guoyig	Yangzhou	RMB 4.28 million	Yangzhou	TCM clinic		100%	

uan Traditio nal Chinese Medicin e Outpatie nt Depart ment Co., Ltd.							
LBX Health Pharma cy (Shando ng) Co., Ltd.	Jinan	RMB 3 million	Jinan	Pharmac eutical Retail		100%	
Xi'an Baixingt ang Zhang Shiwu Tang Traditio nal Chinese Medicin e Clinic Co., Ltd.	Xi'an	RMB 3 million	Xi'an	TCM clinic		100%	
Guangxi LBX Pharma cy Health Technol ogy Co., Ltd.	Nanning	RMB 2 million	Nanning	Pharmac eutical Retail		100%	
Hunan Linggan Yaodian Cultural Creativi ty Co., Ltd.	Changsh a	RMB 2 million	Changsh a	Business services	100%		
LBX Pharma cy	Pingxian g	RMB 2 million	Pingxian g	Pharmac eutical Retail	100%		

(Jiangxi) Co., Ltd.							
LBX Pharma cy Chain (Shando ng) Co., Ltd.	Jinan	RMB 2 million	Jinan	Pharmac eutical Retail	100%		
Huaihua LBX Huairen Medical Enterpri se Manage ment Co., Ltd.	Huaihua	RMB 2 million	Huaihua	Clinic		100%	
Changz hou Wanren Pharma cy Co., Ltd.	Changzh ou	RMB 1 million	Changzh ou	Pharmac eutical Retail	100%		
Tianjin LBX Qiyuan Pharma cy Co., Ltd.	Tianjin	RMB 1 million	Tianjin	Pharmac eutical Retail		100%	
Tianjin Hebei District Baixingt ang Pharma ceutical Technol ogy Co., Ltd.	Tianjin	RMB 1 million	Tianjin	Pharmac eutical Retail		100%	
Tianjin Binhai Baixingt ang Clinic Co., Ltd.	Tianjin	RMB 1 million	Tianjin	Clinic		100%	

Hefei Shushan Baixing yuan Outpatient Department Co., Ltd.	Hefei	RMB 600,000	Hefei	Clinic		100%	
Changsha Kaifu District Baiyi Health Comprehensive Outpatient Department Co., Ltd.	Changsha	RMB 500,000	Changsha	Clinic	100%		
LBX Pharmacy Chain (Baiyin) Co., Ltd.	Baiyin	RMB 500,000	Baiyin	Pharmaceutical Retail		100%	
LBX Pharmacy Chain (Zhangye) Co., Ltd.	Zhangye	RMB 500,000	Zhangye	Pharmaceutical Retail		100%	
LBX Pharmacy Chain (Hanzhong) Co., Ltd.	Hanzhong	RMB 500,000	Hanzhong	Pharmaceutical Retail		100%	
LBX Pharmacy Chain (Lintao)	Dingxi	RMB 500,000	Dingxi	Pharmaceutical Wholesale		100%	

Co., Ltd.							
Qianxi LBX Pharmacy Co., Ltd.	Bijie	RMB 500,000	Bijie	Pharmaceutical Retail		100%	
Xi'an Baixin Health Comprehensive Outpatient Department Co., Ltd.	Xi'an	RMB 500,000	Xi'an	Clinic		100%	
Tianjin Hedong District LBX Traditional Chinese Medicine Outpatient Department Co., Ltd.	Tianjin	RMB 350,000	Tianjin	Clinic		100%	
Lanzhou Baixing Huirentang Pharmaceutical Co., Ltd.	Lanzhou	RMB 300,000	Lanzhou	Pharmaceutical Retail		100%	
Tianjin LBX Jinqilin Pharmaceutical Sales Co., Ltd.	Tianjin	RMB 300,000	Tianjin	Pharmaceutical Retail		100%	

Kunshan Duhao Convenience Chain Co., Ltd.	Suzhou	RMB 200,000	Suzhou	Food and department store retail		100%	
Yangzhong Baqiao TCM Comprehensive Clinic Co., Ltd.	Zhenjiang	RMB 100,000	Zhenjiang	Clinic		100%	
Yangzhong Xinba LBX TCM Clinic Co., Ltd.	Zhenjiang	RMB 100,000	Zhenjiang	Clinic		100%	
Yangzhong LBX TCM Comprehensive Clinic Co., Ltd.	Zhenjiang	RMB 100,000	Zhenjiang	Clinic		100%	
LBX Comprehensive Outpatient Department (Tianjin) Co., Ltd.	Tianjin	RMB 100,000	Tianjin	Clinic		100%	
Hangzhou Zhongbei Qiao Clinic Co., Ltd.	Hangzhou	RMB 100,000	Hangzhou	Clinic		100%	

LBX Jianning Pharmaceutical (Yangzhong) Co., Ltd.	Zhenjiang	RMB 100,000	Zhenjiang	Pharmaceutical Retail		100%	
Xi'an Changjia Pharmaceutical Co., Ltd.	Xi'an	RMB 100,000	Xi'an	Pharmaceutical wholesale		100%	
Tianjin Hedong District Ren'ai Baixing Comprehensive Outpatient Department Co., Ltd.	Tianjin	RMB 100,000	Tianjin	Clinic		100%	
Wugong County Longsheng Pharmaceutical Co., Ltd.	Xianyang	RMB 100,000	Xianyang	Pharmaceutical Retail		100%	
Kunshan Baijiahu i Suhe Ningkan g Pharmacy Co., Ltd.	Suzhou	RMB 100,000	Suzhou	Pharmaceutical Retail		100%	
LBX Pharmacy (Feixi)	Hefei	RMB 100,000	Hefei	Pharmaceutical Retail		100%	

Co., Ltd.							
LBX Kangren Pharmaceutical (Yangzhong) Co., Ltd.	Zhenjiang	RMB 100,000	Zhenjiang	Pharmaceutical Retail		100%	
Kunshan Baijiahu i Suhe Chunqiu Pharmacy Co., Ltd.	Suzhou	RMB 80,000	Suzhou	Pharmaceutical Retail		100%	
Chenzhou Forworld Pharmacy Co., Ltd.	Chenzhou	RMB 50,000	Chenzhou	Pharmaceutical Retail		100%	
Chenzhou Linyi Chronic Disease Professional Pharmacy Co., Ltd.	Chenzhou	RMB 50,000	Chenzhou	Pharmaceutical Retail		100%	
Tianjin LBX Tonghui Pharmacy Co., Ltd.	Tianjin	RMB 10,000	Tianjin	Pharmaceutical Retail		100%	
Wuhu Baixingyuan Pharmacy Chain Co., Ltd.	Wuhu	RMB 15 million	Wuhu	Pharmaceutical Retail		85%	

LBX Health Pharmacy Group Chain Co., Ltd.	Changsha	RMB 50 million	Changsha	Pharmaceutical consulting		81%	
LBX Health Pharmacy (Jiangsu) Co., Ltd.	Nanjing	RMB 10 million	Nanjing	Pharmaceutical consulting		81%	
LBX Health Pharmacy (Zhejiang) Co., Ltd.	Hangzhou	RMB 10 million	Hangzhou	Pharmaceutical consulting		81%	
Hunan Longxing Tianxia Health Management Co., Ltd.	Changsha	RMB 5 million	Changsha	Pharmaceutical consulting		81%	
Shangyouzhixuan (Hunan) Commercial Co., Ltd.	Changsha	RMB 5 million	Changsha	Commodity wholesale		81%	
LBX Health Pharmacy (Shaanxi) Co., Ltd.	Xi'an	RMB 5 million	Xi'an	Pharmaceutical consulting		81%	
LBX Health Pharmacy	Wuhan	RMB 5 million	Wuhan	Pharmaceutical		81%	

cy (Hubei) Co., Ltd.				consultin g			
LBX Health Pharma cy Chain (Guang xi) Co., Ltd.	Nanning	RMB 5 million	Nanning	Pharmac eutical consultin g		81%	
LBX Health Pharma cy Manage ment (Anhui) Co., Ltd.	Hefei	RMB 5 million	Hefei	Pharmac eutical consultin g		81%	
LBX Health Pharma cy (Tianjin ) Co., Ltd.	Tianjin	RMB 5 million	Tianjin	Pharmac eutical consultin g		81%	
LBX Health Pharma cy (Henan) Co., Ltd.	Zhengzh ou	RMB 5 million	Zhengzh ou	Pharmac eutical consultin g		81%	
LBX Health Pharma cy (Guang dong) Co., Ltd.	Guangzh ou	RMB 5 million	Guangzh ou	Pharmac eutical consultin g		81%	
Lanzho u Huirent ang Health Pharma	Lanzhou	RMB 3 million	Lanzhou	Pharmac eutical consultin g		81%	

cy Co., Ltd.							
Loudi Longxing Century Health Management Co., Ltd.	Loudi	RMB 2 million	Loudi	Pharmaceutical consulting		81%	
Guangxi Longxing Century Health Management Co., Ltd.	Hechi	RMB 2 million	Hechi	Business services		81%	
Guangxi Longxing Qianyi Health Management Co., Ltd.	Nanning	RMB 2 million	Nanning	Pharmaceutical consulting		81%	
Shaanxi Longxing Century Health Management Co., Ltd.	Xi'an	RMB 2 million	Xi'an	Pharmaceutical consulting		81%	
Xiangtan Longxing Century Health Management Co., Ltd.	Xiangtan	RMB 2 million	Xiangtan	Pharmaceutical consulting		81%	
Tianjin Longxing	Hedong	RMB 2 million	Hedong	Pharmaceutical		81%	

g Century Health Management Co., Ltd.				consulting			
Hunan Longxing Century Health Management Co., Ltd.	Changsha	RMB 2 million	Changsha	Pharmaceutical consulting		81%	
Hunan Longxing Qianyi Health Management Co., Ltd.	Changsha	RMB 2 million	Changsha	Pharmaceutical consulting		81%	
Shaoyang Longxing Century Health Management Co., Ltd.	Shaoyang	RMB 2 million	Shaoyang	Pharmaceutical consulting		81%	
Changde Longxing Century Health Management Co., Ltd.	Changde	RMB 2 million	Changde	Pharmaceutical consulting		81%	
Hefei Longxing Century Health Management	Hefei	RMB 1 million	Hefei	Pharmaceutical consulting		81%	

ment Consulting Co., Ltd.							
Lanzhou Longxing Century Health Management Co., Ltd.	Lanzhou	RMB 1 million	Lanzhou	Pharmaceutical consulting		81%	
Hubei Longxing Century Health Management Co., Ltd.	Wuhan	RMB 1 million	Wuhan	Pharmaceutical consulting		81%	
Lanzhou Longxing Qianyi Health Management Co., Ltd.	Lanzhou	RMB 1 million	Lanzhou	Pharmaceutical consulting		81%	
Changsha High-tech Industrial Development Zone Longxing Qianyi Technology Co., Ltd.	Changsha	RMB 500,000	Changsha	Pharmaceutical consulting		81%	
Hangzhou Longxing	Hangzhou	RMB 500,000	Hangzhou	Pharmaceutical consulting		81%	

Century Health Management Co., Ltd.							
Hangzhou Longxing Qianyi Health Management Co., Ltd.	Hangzhou	RMB 500,000	Hangzhou	Pharmaceutical consulting		81%	
Hengyang Longxing Century Health Management Co., Ltd.	Hengyang	RMB 500,000	Hengyang	Pharmaceutical consulting		81%	
Nanjing Longxing Century Health Management Co., Ltd.	Nanjing	RMB 500,000	Nanjing	Pharmaceutical consulting		81%	
Anqing LBX Pharmacy Chain Co., Ltd.	Anqing	RMB 18.60 million	Anqing	Pharmaceutical Retail		80%	
LBX Health Pharmacy Chain (Guizhou) Co., Ltd.	Guiyang	RMB 5 million	Guiyang	Pharmaceutical consulting		73%	

Guizhou Longxing Century Health Management Co., Ltd.	Guiyang	RMB 500,000	Guiyang	Pharmaceutical consulting		73%	
LBX Pharmacy Chain (Hengyang) Co., Ltd.	Hengyang	RMB 26 million	Hengyang	Pharmaceutical Retail	66%		
Wuxi Sanpintan Pharmaceutical Chain Co., Ltd.	Wuxi	RMB 7.2 million	Wuxi	Pharmaceutical Retail	65%		
Changzhou Jintan Xinqianqiu Pharmacy Co., Ltd.	Changzhou	RMB 3.24 million	Changzhou	Pharmaceutical Retail		65%	
LBX Pharmacy (Yixing) Co., Ltd.	Wuxi	RMB 500,000	Wuxi	Pharmaceutical Retail		65%	
Yixing Sanpintan Traditional Chinese Medicine Clinic Co., Ltd.	Wuxi	RMB 300,000	Wuxi	Clinic		65%	

LBX Health Pharmacy (Inner Mongolia) Co., Ltd.	Hohhot	RMB 10 million	Hohhot	Pharmaceutical consulting		59%	
Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Management Co., Ltd.	Changsha	RMB 10 million	Changsha	Medical services	58%		
Chengdu Baixingtang Hospital Management Co., Ltd.	Chengdu	RMB 10 million	Chengdu	TCM clinic		58%	
Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changsha	RMB 8 million	Changsha	TCM clinic		58%	

Hunan Baixingtang Health Management Co., Ltd.	Changsha	RMB 2 million	Changsha	Business services		58%	
Changzhou Baixingtang Heping Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changzhou	RMB 2 million	Changzhou	TCM clinic		58%	
Changzhou Baixingtang Renmin Traditional Chinese Medicine Outpatient Department Co., Ltd.	Changzhou	RMB 2 million	Changzhou	TCM clinic		58%	
Laobaixing Baixin (Luoyang) Health Management Consulting	Luoyang	RMB 2 million	Luoyang	Pharmaceutical consulting		57%	

ng Co., Ltd.							
Jiangsu Haipeng Pharmaceutical Chain Co., Ltd.	Wuxi	RMB 8.3 million	Wuxi	Pharmaceutical Retail	55%		
Inner Mongolia Zeqiang Pharmaceutical Co., Ltd.	Tongliao	RMB 51 million	Tongliao	Pharmaceutical Wholesale		51%	
Tongliao Zeqiang Pharmacy Chain Co., Ltd.	Tongliao	RMB 50 million	Tongliao	Pharmaceutical Retail	51%		
Hunan Mingyu Longxing Pharmaceutical Sales Co., Ltd.	Changsha	RMB 30 million	Changsha	Pharmaceutical wholesale	51%		
Nantong Puze Pharmacy Chain Co., Ltd.	Nantong	RMB 27.60 million	Nantong	Pharmaceutical Retail	51%		
Linyi Rende Pharmacy Chain Co., Ltd.	Linyi	RMB 14.74 million	Linyi	Pharmaceutical Retail	51%		

LBX Pharmacy (Tianjin Binhai New Area) Co., Ltd.	Tianjin	RMB 14 million	Tianjin	Pharmaceutical Retail		51%	
Shanxi Baihui Pharmaceutical Chain Co., Ltd.	Yuncheng	RMB 10.0728 million	Yuncheng	Pharmaceutical Retail	51%		
Shanxi Baihui Pharmaceutical Co., Ltd.	Yuncheng	RMB 10 million	Yuncheng	Pharmaceutical wholesale		51%	
Jilin LBX Tongtai Pharmacy Chain Co., Ltd.	Baicheng	RMB 10 million	Baicheng	Pharmaceutical Retail		51%	
Inner Mongolia Zeqiang Pharmacy Chain Co., Ltd.	Hohhot	RMB 10 million	Hohhot	Pharmaceutical Wholesale		51%	
Anhui Linjiayi Kangfu Pharmacy Chain Co., Ltd.	Hefei	RMB 5.38 million	Hefei	Pharmaceutical Retail	51%		
Hunan LBX	Changsha	RMB 5 million	Changsha	Pharmaceutical	51%		

Easy Drug Technology Co., Ltd.				promotion			
Baicheng Mintai Medical Device Co., Ltd.	Baicheng	RMB 1 million	Baicheng	Pharmaceutical Wholesale		51%	
Tongliao Zeqiang Binhe Leyou Maternal and Infant Products Co., Ltd.	Tongliao	RMB 1 million	Tongliao	Retail of maternal and infant products		51%	
Tongliao Zeqiang Leyou Maternal and Infant Products Co., Ltd.	Tongliao	RMB 1 million	Tongliao	Retail of maternal and infant products		51%	
Tongliao Zeqiang Meilejia Supermarket Co., Ltd.	Tongliao	RMB 1 million	Tongliao	Food and department store retail		51%	
Nantong Renyuan Clinic Co., Ltd.	Nantong	RMB 500,000	Nantong	Clinic		51%	
Yuncheng Economic and	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	

Technological Development Zone Baihui Pharmaceutical Konggany Pharmacy Co., Ltd.							
Yuncheng Yanhu District Baihui Zhonglou Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Jishan County Baihui Pharmaceutical Jifengdong Street Pharmacy Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Xinjian County Baihui Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Hai'an Tianshoutang Traditional Chinese Medicine Clinic	Nantong	RMB 100,000	Nantong	Clinic		51%	

Co., Ltd.							
Jishan County Baihui Pharma ceutical Kangfu Road Pharma cy Co., Ltd.	Yunchen g	RMB 100,000	Yunchen g	Pharmac eutical Retail		51%	
Yunche ng Econom ic and Technol ogical Develop ment Zone Baihui Pharma ceutical Huangji nshui an Pharma cy Co., Ltd.	Yunchen g	RMB 100,000	Yunchen g	Pharmac eutical Retail		51%	
Yunche ng Yanhu District Baihui Zhongyi n Pharma ceutical Co., Ltd.	Yunchen g	RMB 100,000	Yunchen g	Pharmac eutical Retail		51%	
Yunche ng Econom ic and Technol ogical Develop ment Zone Baihui	Yunchen g	RMB 100,000	Yunchen g	Pharmac eutical Retail		51%	

Pharmaceutical Yudyi Pharmacy Co., Ltd.							
Ruicheng County Baihui Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Yuncheng Yanhu District Baihui Nanhua Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Yuncheng Yanhu District Baihui Laodong Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Yuncheng Yanhu District Baihui Shenghuinan Pharmaceutical Co., Ltd.	Yuncheng	RMB 100,000	Yuncheng	Pharmaceutical Retail		51%	
Shandong LBX Chuntia	Linyi	RMB 18.68 million	Linyi	Pharmaceutical Retail	45%		

n Pharma cy Chain Co., Ltd.							
Liaoning Easy Drug Technology Co., Ltd.	Shenyang	RMB 3 million	Shenyang	Pharmaceutical promotion		44%	
LBX Health Pharmacy Chain (Shanxi) Co., Ltd.	Taiyuan	RMB 20 million	Taiyuan	Pharmaceutical consulting		41%	
LBX Health Pharmacy Chain (Ningxia) Co., Ltd.	Yinchuan	RMB 10 million	Yinchuan	Pharmaceutical Retail		41%	
LBX Health Pharmacy (Jiangxi) Chain Co., Ltd.	Yichun	RMB 5 million	Yichun	Pharmaceutical Retail		41%	
Nantong Puze Chengxin Chain Pharmacy Co., Ltd.	Nantong	RMB 5 million	Nantong	Pharmaceutical Retail		41%	
Hebei Easy Drug Enterprise Manage	Shijiazhuang	RMB 3 million	Shijiazhuang	Pharmaceutical promotion		34%	

ment Consulting Co., Ltd.							
Henan Easy Drug Pharmaceutical Technology Co., Ltd.	Zhengzhou	RMB 2 million	Zhengzhou	Pharmaceutical promotion		34%	
Chongqing Easy Drug Technology Co., Ltd.	Chongqing	RMB 2 million	Chongqing	Pharmaceutical promotion		34%	
Shaanxi Easy Drug Technology Co., Ltd.	Xi'an	RMB 2 million	Xi'an	Pharmaceutical promotion		34%	
Hubei Easy Drug Yixin Technology Co., Ltd.	Wuhan	RMB 2 million	Wuhan	Pharmaceutical promotion		34%	
Hejin Renguo Baihui Pharmaceutical Co., Ltd.	Yuncheng	RMB 2.20 million	Yuncheng	Pharmaceutical Retail		34%	
Jilin Easy Drug Technology Co., Ltd.	Changchun	RMB 2 million	Changchun	Pharmaceutical promotion		26%	
Yuanqu County Baihui Pharmaceutical	Yuncheng	RMB 1.51 million	Yuncheng	Pharmaceutical Retail		26%	

Co., Ltd.							
LBX Pharmacy (HK) Company Limited	Hong Kong, China	HKD 10,000	Hong Kong, China	Pharmaceutical Retail	100%		
Hong Kong Health Pharmaceutical Co., Limited	Hong Kong, China	HKD 10,000	Hong Kong, China -	Pharmaceutical Retail -		100%	
Changsha Kaifu District Baixin Health Comprehensive Outpatient Department Co., Ltd.	Changsha	RMB 500,000	Changsha	Clinic	100%		
Linxiang Huirentang Chain Pharmaceutical Co., Ltd.	Linxiang	RMB 500,000	Linxiang	Pharmaceutical Retail		100%	
Suzhou Baijiahu Si Suhe Rongshoutang Pharmacy Co., Ltd.	Suzhou	RMB 30,000	Suzhou	Pharmaceutical Retail		100%	
Kunshan Baijia Huisuhe Baijiakang	Suzhou	RMB 1.08 million	Suzhou	Pharmaceutical Retail		51%	

Pharmacy Co., Ltd.							
Kunshan Baijiahu i Suhe Yangcheng Pharmacy Co., Ltd.	Suzhou	RMB 200,000	Suzhou	Pharmaceutical Retail		51%	
Changsha Easy Drug Technology Co., Ltd.	Changsha	RMB 100,000	Changsha	Pharmaceutical promotion		51%	
Kunshan Baijiahu i Suhe Hongxin Pharmacy Co., Ltd.	Suzhou	RMB 100,000	Suzhou	Pharmaceutical Retail		51%	
Kunshan Baijiahu i Suhe Yongan Pharmacy Co., Ltd.	Suzhou	RMB 100,000	Suzhou	Pharmaceutical Retail		51%	
Kunshan Baijiahu i Suhe Dianhu Pharmacy Co., Ltd.	Suzhou	RMB 50,000	Suzhou	Pharmaceutical Retail		51%	
Hangzhou Easy Drug Pharmaceutical Technol	Hangzhou	RMB 2 million	Hangzhou	Pharmaceutical promotion		67%	

ogy Co., Ltd.							
Guangzhou Easy Drug Technology Co., Ltd.	Guangzhou	RMB 2 million	Guangzhou	Pharmaceutical promotion		67%	

Explanation of the difference between the shareholding ratio and voting rights ratio in subsidiaries:

None

Basis for controlling investees with half or less voting rights, or not controlling investees with more than half voting rights:

None

Basis for control of important structured entities included in the scope of consolidation:

None

Basis for determining whether the Company is an agent or principal:

None

Other explanations:

19% shares of Shandong LBX Chuntian Pharmacy Chain Co., Ltd. were directly held by the Company, and 51% of its shares were indirectly held through subsidiaries.

The shareholding ratios of Hangzhou Easy Drug Pharmaceutical Technology Co., Ltd. and Guangzhou Easy Drug Pharmaceutical Technology Co., Ltd. were those held through the subsidiaries.

## (2). Significant non-wholly-owned subsidiaries

Applicable Not Applicable

Unit: RMB Currency: RMB

Subsidiary Name	Minority interest shareholding Ratio	Profit or loss attributable to minority interests during the current period	Dividends declared and distributed to minority shareholders during the current period	Balance of minority interest at the end of the period
Tongliao Zeqiang	49%	42,225,236	47,682,600	117,636,546

Explanation on difference between shareholding ratio and voting rights of the minority shareholders in subsidiaries:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**(3). Main financial information of significant non-wholly-owned subsidiaries**

Applicable Not Applicable

Unit: RMB Currency: RMB

Subsidiary Name	Closing balance						Opening 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	487,636,733	106,032,692	593,669,425	339,936,976	13,216,455	353,153,431	441,178,219	134,283,045	575,461,264	290,358,700	33,449,067	323,807,767

Subsidiary Name	Amount incurred during the current 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	1,234,871,638	86,173,950	86,173,950	122,233,643	1,189,583,407	82,131,957	82,131,957	191,855,586

Other explanations:

None

**(4). Significant restrictions on the use of the group's assets and the settlement of the group's debts**

Applicable Not Applicable

**(5). Financial support 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 January 2025, the investment in LBX Huairen (accounting for 20% of LBX Huairen) was acquired. The closing date was June 2025, and the consideration paid for the acquisition of equity was RMB 385,000,000. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 112,854,263 and a decrease in capital reserves by RMB 272,145,737. As of December 31, 2025, the outstanding equity acquisition payment of the Company amounted to RMB 19,250,000.

In February 2025, the partial investment in Liaoning Easy Drug Technology Co., Ltd. (accounting for 20% of Liaoning Easy Drug Technology Co., Ltd.) was acquired. The consideration paid for the acquisition of equity was RMB 300,000. This transaction resulted in a decrease in minority interests in the consolidated financial statements by RMB 632,723 and an increase in capital reserves by RMB 332,723.

**(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: RMB Currency: RMB

	Closing balance / amount incurred during the current period	Opening balance/amount of this 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	81,283,270	85,352,717
Total calculated based on shareholding ratio for the following items		
-- Net profit	-4,069,447	2,831,526
-- Other comprehensive income		
-- Total comprehensive income	-4,069,447	2,831,526

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 the structured entities not included in the scope of the consolidated financial statements**

Related information of structured entities not included in the consolidated financial statements:

Applicable Not Applicable

**6. Others**

Applicable Not Applicable

**XI. Government grants****1、 Government grants recognized by receivable amount at the end of the reporting period**

Applicable Not Applicable

Reasons for not receiving the expected amount of government grants at the expected time

Applicable Not Applicable

**2、 Liability items involving government grants**

Applicable Not Applicable

Unit: RMB Currency: RMB

Financial statement item	Opening balance	Amount of new subsidies during the current period	Amount included in non-operating income during the current period	Transferred to other income during the current period	Other changes during the current period	Closing balance	Asset/income-related
Deferred income	12,925,575			2,369,301		10,556,274	Related to assets
Total	12,925,575			2,369,301		10,556,274	/

**3、 Government grants included in current profit or loss**

Applicable Not Applicable

Unit: RMB Currency: RMB

Type	Amount incurred during the current period	Amount incurred in the previous period
Related to assets	2,369,301	3,217,348
Related to income	75,161,086	74,468,255
Total	77,530,387	77,685,603

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 regarding this is outlined as follows.

## (1) Credit risk

The Group only deals with the third parties that are recognized with good reputation. 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, 2025, 22% (December 31, 2024: 23%) 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 the relevant financial instruments has significantly increased since their 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 V. 11.

2025	Book balance (unsecured)		Book balance (secured)	
	ECL for the next 12 months	ECL in the whole duration	ECL for the next 12 months	ECL in the whole duration
Cash and bank balances	2,355,319,285			
Notes receivable	58,134,440			
Accounts receivable		2,107,724,650		
Accounts receivable financing	5,612,871			
Other receivables	235,365,685	17,486,944		
Non-current assets due within one year	41,225,587			
Debt investments				
Long-term receivables	66,161,336			
Total	2,761,819,204	2,125,211,594		

2024	Book balance (unsecured)		Book balance (secured)	
	ECL for the next 12 months	ECL in the whole duration	ECL for the next 12 months	ECL in the whole duration
Cash and bank balances	2,379,865,319			
Notes receivable	76,074,821			
Accounts receivable		2,309,123,229		
Accounts receivable financing	15,269,288			
Other receivables	270,140,279	11,633,787		
Non-current assets due within one year	37,528,487			
Debt investments				
Long-term	79,389,411			

receivables				
Total	2,858,267,605	2,320,757,016		

## (2) 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:

2025	Within 1 year	1-5 years	Over 5 years	Total
Short-term loans	699,350,208			699,350,208
Notes payable	5,008,269,907			5,008,269,907
Accounts payable	1,746,997,615			1,746,997,615
Other payables	626,911,001			626,911,001
Non-current liabilities due within one year	1,246,526,602			1,246,526,602
Long-term loans		1,495,920,249		1,495,920,249
Lease liabilities		1,241,531,031	14,723,466	1,256,254,497
Total	9,328,055,333	2,737,451,280	14,723,466	12,080,230,079

2024	Within 1 year	1-5 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	1,204,356,466			1,204,356,466
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	10,072,920,942	3,208,660,590	35,059,937	13,316,641,469

## (3) 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.

2025		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)
	RM B	1%	-18,614,928		-18,614,928
	RM B	-1%	18,614,928		18,614,928

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)
	RM B	1%	-24,578,027		-24,578,027
	RM B	-1%	24,578,027		24,578,027

The exchange rate risk imposes no significant impact.

### **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, 2025, 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.

2025	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				
Shenzhen - Equity instrument investments measured at FVOCI				
Investments in unlisted equity instruments measured at fair value				
- Equity investments measured at FVTPL	6,963,496	253,538/(253,538)		253,538/(253,538)
- Equity instrument investments measured at FVOCI	35,768,123		1,341,403.61/(1,341,304.61)	1,341,403.61/(1,341,304.61)

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				
Shenzhen - Equity instrument investments measured at FVOCI				
Investments in unlisted equity instruments				

measured at fair value				
- Equity investments measured at FVTPL	-	453,493/(453,493)	-	453,493/(453,493)
- Equity instrument investments measured at FVOCI	35,877,723	-	1,345,415/(1,345,415)	1,345,415/(1,345,415)

## 2. Capital management

	2025	2024
Total assets	19,845,403,504	21,044,853,679
Total liabilities	12,849,311,008	13,888,903,390
Asset-liability ratio	65%	66%

## 2、 Hedging

### (1). The Company conducts hedging transactions 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: RMB Currency: RMB

Transfer method	Nature of transferred financial asset	Amount of transferred financial asset	Derecognition	Judgment basis for derecognition
Notes endorsement	Notes receivable	57,042,154	Not derecognized	Retained substantially all risks and rewards, including related default risk
Notes endorsement	Accounts receivable financing	340,693,018	Derecognized	Transferred substantially all risks and rewards
Total	/	397,735,172	/	/

**(2). Financial assets derecognized due to transfer**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Method of financial asset transfer	Amount of derecognized financial asset	Gains or losses related to derecognition
Accounts receivable financing	Notes endorsement	340,693,018	
Total	/	340,693,018	

**(3). Transferred financial assets with continuing involvement**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Asset transfer method	Amount of asset formed from continuing involvement	Amount of liability formed from continuing involvement
Notes receivable	Notes endorsement	57,042,154	57,042,154
Total	/	57,042,154	57,042,154

Other explanations:

√Applicable □Not Applicable

None

**XIII. Disclosure of fair value****1. Closing fair value of assets and liabilities measured at fair value**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Item	Closing 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			35,768,123	35,768,123
(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		5,612,871		5,612,871
(VII) Other non-current financial assets			6,963,496	6,963,496
<b>Total assets constantly measured at fair value</b>		5,612,871	42,731,619	48,344,490

(VI) Trading financial liabilities				
1. Financial liabilities at FVTPL				
Of which: Issued trading bonds				
Derivative financial liabilities				
Others				
2. Financial liabilities designated as measured at FVTPL				
(IX) Other payables				
<b>Total liabilities constantly measured at fair value</b>				
<b>II. Non-recurring fair value measurements</b>				
<b>Total amount of non-continuing assets measured at fair value</b>				
<b>Total amount of non-continuing liabilities measured at fair value</b>				

	Input values used in fair value measurement			
	Active market quotes (Level 1)	Important & observable input (Level 2)	Important & unobservable input (Level 3)	Total
Accounts receivable financing		15,269,288		15,269,288
Other non-current financial assets			12,093,150	12,093,150
Other equity instrument investments			35,877,723	35,877,723
<b>Total</b>		<b>15,269,288</b>	<b>47,970,873</b>	<b>63,240,161</b>

**2、 Basis for determining market prices of Level 1 fair value measurements (recurring and non-recurring)**

√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 II fair value measurement items, both recurring and non-recurring**

√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 the valuation techniques and important parameters adopted for continuous and non-continuous Level III 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 non-current financial assets	6,963,496			
Other equity instrument investments	35,768,123	Market approach	Liquidity discount	2025: 25%
			Price-to-sales ratio	2025: 3.99

**5、 Reconciliation information between the opening and closing book balances of Level 3 fair value measurement items and sensitivity analysis of unobservable parameters**

√Applicable Not Applicable

2025	Beginning balance	Transferred out	Total gain or loss during the period		Newly added	Ending balance
		Level 3	Recognized in profit or loss	Recognized in other comprehensive income	Level 3	
Trading financial assets						
Other non-	12,093,15	-5,774,109	455,891		644,45	6,963,496

current financial assets	0				5	
Other equity instrument investments	35,877,723	-109,600				35,768,123
Total	47,970,873	-5,883,709	455,891		644,455	42,731,619

2024	Beginning balance	Transferred out	Total gain or loss during the period		Newly added	Ending balance
			Recognized in profit or loss	Recognized in other comprehensive income		
		Level 3			Level 3	
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

**6、 For continuous fair value measurement items with transfers between levels during the current period, the reasons for the transfer and the policy for determining the transfer time**

Applicable Not Applicable

**7、 Changes in valuation techniques and reasons for changes during the current period**

Applicable Not Applicable

**8、 Fair value situation of financial assets and financial liabilities not measured at fair value**

Applicable Not Applicable

**9、 Others**

Applicable Not Applicable

**XIV. Related parties and related-party transactions****1. Information about the parent company of the enterprise**√Applicable Not Applicable

Unit: RMB'0000 Currency: RMB

Parent company name	Place of registration	Business nature	Registered capital	Shareholding ratio of parent company in the Company (%)	Voting ratio of parent company in the Company (%)
Pharmaceutical Group	Hunan, China	Investment management	RMB 104.2626 million	23.78%	25.57%

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 1.79% in the Company. Therefore, Pharmaceutical Group and Chen Xiulan jointly hold a total equity ratio and voting rights ratio of 25.57% in the Company.

**2. Subsidiaries of the Company**

For details of the Company's subsidiaries, refer to the notes.

√Applicable Not Applicable

Subsidiaries details can be found in Note X (1).

**3. Joint ventures and associates of the Company**

For details of the Company's significant joint ventures or associates, refer to the notes.

Applicable Not Applicable

Other joint ventures or associates that had related party transactions with the Company during the current 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 between related party and the Company
-----------------------------	--

Hunan Mingyuan Bee Industry Co., Ltd.	Controlled by the Company's Chairman
Women & Children's Hospital of Hunan Co., Ltd.	Controlled by the Company's Chairman
Innovation Partner Program	Controlled by the Company's directors, supervisors, and senior executives
Hunan Xie Zilong Photography Museum Co., Ltd.	Controlled by the Company's Chairman
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Other enterprises where close family members of the chairman of the Company serve as directors, supervisors and officers
Hunan Wholesale Pharmaceutical Technology Co., Ltd.	Other enterprises where close family members of the chairman of the Company serve as directors, supervisors and officers
Hunan Influence Foundation	Controlled by close family members of the Company's Chairman
Hunan Pharmaceutical Group Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Zhejiang Wecome Pharmaceutical Company Limited	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.	Enterprise where family members of the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Yabao Pharmaceutical Group Co., Ltd.	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.	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.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Zhejiang Jingdi Pharmaceutical Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Diabetic Kitchen (Hangzhou) Health Food Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises

Guangzhou Xincheng Information Technology Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Dezhan Great Health Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises
Qingdao BAHEAL Pharmaceutical Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises (removed on November 10, 2023, and no longer a related party in the current year)
Realcan Pharmaceutical Group Co., Ltd.	Enterprise where the Company's directors, supervisors, or senior executives serve as directors, supervisors, or senior executives of other enterprises (removed on October 13, 2023, and no longer a related party in the current year)

Other explanations:

None

## 5. Related party transaction

### (1). Related-party transactions on sales of commodities, rendering and acceptance of services

Table of purchasing goods / receiving services

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Related party	Content of related party transaction	Amount incurred during the current 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/services	60,146,196			102,100,435
Hunan Mingyuan Bee Industry Co., Ltd.	Purchase of goods/services	11,363,279			15,576,184
Hunan Wholesale Pharmaceutical Technology Co., Ltd.	Purchase of goods/services	11,971,639			7,638,453

Zhejiang Wecome Pharmaceutical Company Limited	Purchase of goods/services	796,598			-
Hunan Jiusen Ritong Trading Co., Ltd.	Purchase of goods/services	9,596,373			4,462,686
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Purchase of goods/services	55,368,125			19,045,985
Yabao Pharmaceutical Group Co., Ltd.	Purchase of goods/services	36,276,756			30,381,888
Hunan Xie Zilong Photography Museum Co., Ltd.	Purchase of goods/services	1,236,317			1,395,482
Shanxi Zhendong Pharmaceutical Co., Ltd.	Purchase of goods/services	15,102,494			7,894,350
Shandong Keyuan Pharmaceutical Co., Ltd.	Purchase of goods/services	583,812			2,285,186
Women & Children's Hospital of Hunan Co., Ltd.	Purchase of goods/services	510,881			
Zhejiang Jingdi Pharmaceutical Co., Ltd.	Purchase of goods/services	11,174,697			
Guangzhou Xincheng Information Technology Co., Ltd.	Purchase of goods/services	5,859,037			

Diabetic Kitchen (Hangzhou) Health Food Co., Ltd.	Purchase of goods/services	452,777			
Qingdao BAHEAL Pharmaceutical Co., Ltd.	Purchase of goods/services				60,166
Realcan Pharmaceutical Group Co., Ltd.	Purchase of goods/services				6,011,279

Table of selling goods / providing services  
Applicable Not Applicable

Unit: RMB Currency: RMB

Related party	Content of related party transaction	Amount incurred during the current period	Amount incurred in the previous period
Women & Children's Hospital of Hunan Co., Ltd.	Sale of goods	52,069,173	57,682,217
Hunan Wholesale Pharmaceutical Technology Co., Ltd.	Sale of goods	16,534,342	16,425,998
Hunan Pharmaceutical Group Co., Ltd.	Sale of goods	17,900,929	19,070,575
Hunan Mingyuan Bee Industry Co., Ltd.	Sale of goods	-	5,565
Zhejiang Wecome Pharmaceutical Company Limited	Sale of goods	-	3,919,816
Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	Sale of goods	19,688,202	35,290,037
Yabao Pharmaceutical Group Co., Ltd.	Sale of goods	132,345	202,195
Guangzhou Xincheng Information Technology Co., Ltd.	Sale of goods -	37,341	-

Explanation of related-party transactions for the purchase and sale of goods, provision and acceptance of labor services

Applicable Not Applicable

During the year, the Group conducted transactions of goods and services with related parties at agreed prices.

**(2). Related entrusted management/contracting and consignment management/subcontracting situations**

Statement of entrusted management/contracting by the Company:

Applicable Not Applicable

Explanation of related custody/contracting

Applicable Not Applicable

Details of entrusted management/contracting by the Company

Applicable Not Applicable

Explanation of related management/contracting

Applicable Not Applicable**(3). Details of related leases**

The Company as lessor:

Applicable Not Applicable

Unit: RMB Currency: RMB

Lessee name	Category of leasehold assets	Lease income recognized in the current period	Rental income recognized in the previous period
Hunan Wholesale Pharmaceutical Technology Co., Ltd.	House leasing	8,679,889	8,697,496

The Company as lessee:  
Applicable Not Applicable

Unit: RMB Currency: RMB

Lessor Name	Category of leasehold assets	Amount incurred during the current period					Amount incurred in the previous period				
		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	Born interest expense of lease liabilities	Added right-of-use assets	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	Born interest expense of lease liabilities	Added right-of-use assets
Women & Children's Hospital of Hunan Co., Ltd. (Note 1)	House leasing			204,797					192,723		

Explanation of related leasing  
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 1, 2025	87,960	48,002
Newly added	1,049,983	1,049,983
Depreciation expense	175,939	
Interest expense		13,789
Payment		204,797
December 31, 2025	962,004	906,977

**(4). Guarantees for or from related parties**

The Company as guarantor

Applicable Not Applicable

The Company as guaranteed party

Applicable Not Applicable

Explanation of related guarantees

Applicable Not Applicable**(5). Loans and loans to and from related parties**Applicable Not Applicable**(6). Asset transfer and debt restructuring of related parties**Applicable Not Applicable**(7). Remuneration of key management personnel**Applicable Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Remuneration of key management personnel	1,985	1,410

**(8). Other related-party transactions**Applicable Not Applicable

Item	Content of related party transaction	Amount incurred during the current period	Amount incurred in the previous period
Hunan Influence Foundation	Donation expenditure	871,800	700,000

**6. Unsettled items receivable from and payable to related parties, etc.****(1). Receivables items**Applicable Not Applicable

Unit: RMB Currency: RMB

Name of project	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Women & Children's Hospital of	84,112,574	1,028,059	90,913,397	90,913

	Hunan Co., Ltd.				
Accounts receivable	Hunan Wholesale Pharmaceutical Technology Co., Ltd.	1,469,790	11,758	752,522	6,020
Accounts receivable	Zhejiang Wecome Pharmaceutical Company Limited	16,098		34,435	
Accounts receivable	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	457,393	3,659	2,999,440	23,996
Accounts receivable	Hunan Pharmaceutical Group Co., Ltd.	494,204	3,954		
Accounts receivable	Guangzhou Xincheng Information Technology Co., Ltd.	858			
Accounts receivable financing	Hunan Pharmaceutical Group Co., Ltd.	147,884		11,875	
Prepayments	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.			2,062,444	
Prepayments	Yabao Pharmaceutical	10,800		28,800	

## (2). Payables items

√Applicable    □Not Applicable

Unit: RMB Currency: RMB

Name of project	Related party	Closing book balance	Opening book balance
Accounts payable	Hunan Pharmaceutical Group Co., Ltd.	4,473,959	17,305,517
Accounts payable	Hunan Mingyuan Bee Industry Co., Ltd.	5,617,059	7,640,914
Accounts payable	Hunan Wholesale Pharmaceutical Technology Co., Ltd.	2,353,777	1,216,487
Accounts payable	Zhejiang Wecome Pharmaceutical Company Limited	576,445	717,374
Accounts payable	Hunan Jusen Ritong Trading Co., Ltd.	1,280,870	335,635
Accounts payable	Shanxi Zhendong Pharmaceutical Co., Ltd.	6,787,053	7,323,684
Accounts payable	Yabao Pharmaceutical Group Co., Ltd.	2,341,520	560,136
Accounts payable	Shandong Keyuan Pharmaceutical Co., Ltd.	520,001	1,462,165
Accounts payable	Diabetic Kitchen (Hangzhou) Health Food Co., Ltd.	294,557	
Accounts payable	Zhejiang Jingdi Pharmaceutical Co., Ltd.	6,368,335	
Accounts payable	Realcan Pharmaceutical Group Co., Ltd.		794,847
Accounts payable	Beijing Tong Ren Tang Hunan Pharmaceutical Co., Ltd.	1,182,754	
Advances from customers	Hunan Wholesale Pharmaceutical Technology Co., Ltd.	1,446,648	880,381
Contract liabilities	Hunan Pharmaceutical Group Co., Ltd.	14,583	

Contract liabilities	Zhejiang Wecome Pharmaceutical Company Limited	2,620	
Contract liabilities	Hunan Jiuse Ritong Trading Co., Ltd.		11,016
Contract liabilities	Women & Children's Hospital of Hunan Co., Ltd.	3,217	3,219
Other payables	Innovation Partner Program	42,398,775	42,398,775
Other payables	Hunan Wholesale Pharmaceutical Technology Co., Ltd.	770,400	770,400
Other payables	Zhejiang Wecome Pharmaceutical Company Limited		30,000
Other payables	Hunan Mingyuan Bee Industry Co., Ltd.	1,000	
Other payables	Guangzhou Xincheng Information Technology Co., Ltd.	19,728	
Non-current liabilities due within one year	Women's and Children's Hospital	48,761	48,002
Lease liabilities	Women's and Children's Hospital	858,216	

**(3). Other items**

Applicable  Not Applicable

**7. Related-party commitments**

Applicable  Not Applicable

**8. Others**

Applicable  Not Applicable

**XV. Share-based payment****1. Equity instruments****(1). Details**

Applicable  Not Applicable

Quantity unit: share Amount unit: RMB Currency: RMB

Category of grantee	Grants made in the current period		Exercises during the current period		Unlocks during the current period		Expirations during the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management Personnel	10,170,000	11,092,368						
Total	10,170,000	11,092,368						

## (2). Stock options or other equity instruments outstanding at the end of the period

√Applicable □Not Applicable

Category of grantee	Stock options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise prices	Remaining contractual term	Range of exercise prices	Remaining contractual term
Management Personnel			Equity price on the grant date	From the sixth year after the partnership acquired the equity interest in the target company, i.e. August 15, 2027

## Other Explanations

Innovation partner program refers to the establishment of a limited partnership (hereinafter referred to as "partnership") jointly funded by qualified core managers with their own funds. The partners hold the shares of the innovation companies (hereinafter referred to as "target companies").

Target companies of the innovation partner program: LBX Health Pharmacy Group Chain Co., Ltd., Hunan Easy Drug Technology Co., Ltd. and Hunan Baixingtang Famous Doctors' Clinic Traditional Chinese Medicine Management Co., Ltd..

The limited partnerships established for the purpose of implementing the innovation partner program in the current period: Hainan Xinzhili Enterprise Management Partnership (Limited Partnership) and Hainan Jianlixing Enterprise Management Partnership (Limited Partnership).

The innovation partner program was considered at the third meeting of the fourth Board of Directors of the Company held on April 27, 2021, and approved at the 2020 annual general shareholders' meeting of the Company held on 18 May 2021 upon deliberation. The innovation partners plan to have the Company's core management personnel jointly build a partnership platform, and acquire minority interests in existing innovation subsidiaries from LBX or their holding subsidiaries. In order to achieve the medium and long-term incentive results, unless the partnership might transfer the equity of the target companies to the

Company due to the situation that the partner must withdraw, the partnership shall not transfer its equity of the target companies within five years from the date of obtaining the equity of the target companies (hereinafter referred to as "equity lock-up period"). After the expiration of the equity lock-up period, that is, from the sixth year after the partnership acquires the equity of the target companies, the partnership may transfer its equity of the target companies. If the partnership transfers the equity of the target companies, the Company shall have the right of first refusal under the same conditions.

## 2、 Situation of equity-settled share-based payments

Applicable Not Applicable

Unit: RMB Currency: RMB

Recipients of equity-settled share-based payments	
Method for determining the fair value of equity instruments granted	Equity transaction price in the past 6 months on the date of grant/
Important parameters of the fair value of equity instruments on the grant date	/
Basis for determining the number of exercisable equity instruments	Quota base of restricted stock
Reasons for significant differences between current and prior period estimates	None
Accumulated amount recorded in capital surplus for equity-settled share-based payment	11,092,368

Other explanations:

None

## 3、 Cash-settled share-based payments

Applicable Not Applicable

## 4、 Share-based payment expense during the period

Applicable Not Applicable

Unit: RMB Currency: RMB

Category of grantee	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management Personnel	11,092,368	
Total	11,092,368	

Other Explanations

None

## 5、 Modification or termination of share-based payments

Applicable Not Applicable

**6、 Others**

Applicable Not Applicable

**XVI. Commitments and contingencies****1、 Significant commitments**

Applicable Not Applicable

**2、 Contingencies****(1). Significant contingencies existing on the balance sheet date**

Applicable Not Applicable

		2025	2024
Capital commitments		-	1,584,735
Investment commitments		1,792,404	5,052,820
Total		1,792,404	6,637,555

**(2). If the Company has no significant contingent liabilities to disclose, it shall also be stated.**

Applicable Not Applicable

**3、 Others**

Applicable Not Applicable

**XVII. Events after the Balance Sheet Date****1. Important non-adjustment matters**

Applicable Not Applicable

**2. Details of profit distribution**

Applicable Not Applicable

Unit: RMB Currency: RMB

Profit or dividend to be distributed	204,900,364
Profit or dividend declared to be distributed after deliberation and approval	

**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**

See the Company's Explanation and Analysis on the Reasons and Influences of Changes in Accounting Policies and Accounting Estimates or Correction of Major Accounting Errors in "Important Notes"

**2. Significant debt restructuring**

Applicable Not Applicable

**3. Asset replacement****(1). Swap of non-monetary assets**

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 determining reportable segments and accounting policies**

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.

The evaluation on the performance of divisions is based on the reported profits of each division. 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: RMB Currency: RMB

Item	Retail segment	Wholesale segment	Other segment	Unallocated amounts	Inter-segment eliminations	Total
Operating income	19,114,844,302	12,311,264,033	442,023,039		-9,631,516,027	22,236,615,347
Of which: External transaction revenue	19,114,844,302	3,003,707,956	118,063,089			22,236,615,347
Inter-segment transaction revenue		9,307,556,077	323,959,950		-9,631,516,027	
Operating costs	-12,894,980,355	-11,061,157,008	-399,714,633		9,301,117,261	-15,054,734,735
Taxes and surcharges	-48,283,535	-26,918,211	-2,686,284			-77,888,030
Selling expenses	-4,464,021,189	-228,982,156	-6,219,223			-4,699,222,568
Administrative expenses				-1,288,100,931		-1,288,100,931
R&D expenses				-51,071,549		-51,071,549

Financial expenses				-		-
				130,424,433		130,424,433
Other income				79,206,710		79,206,710
Investment income				896,794		896,794
Credit impairment losses				-		-
				18,515,634		18,515,634
Asset impairment loss				-		-
				251,362,691		251,362,691
Gains or losses on disposal of assets				-3,542,326		-
						3,542,326
Total profit	1,707,559,223	994,206,658	33,402,899	-	-	756,168,890
				1,648,601,124	330,398,766	
Income tax expenses				-		-
				215,719,391		215,719,391
Net profit				540,449,499		540,449,499

(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

	2025	2024
Sale of goods	21,653,953,093	21,795,041,563
Rendering of services	513,997,830	486,543,209
Total	22,167,950,923	22,281,584,772

7. Other material transactions and matters which impacts on decision-making of investors

Applicable  Not Applicable

8. Others

Applicable  Not Applicable

**XIX. Notes to main items of financial statements of the parent company****1、Accounts receivable****(1). Disclosure by aging**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	528,410,319	517,557,251
Within 1 year	528,410,319	517,557,251
1-2 year(s)	20,568,529	2,850,183
2-3 years	1,499,467	147,401
Over 3 years	262,513	144,059
Total	550,740,828	520,698,894

**(2). Disclosure by accrual method for bad debt provision**

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Accrual ratio (%)	
Bad debt provision made individually										
Including:										
Bad debt provision made by portfolio	550,740,828	100	10,794,570	0.98	539,946,258	520,698,894	100	4,972,207	0.95	515,726,687
Including:										
Bad debt provision accrued by portfolio of credit risk characteristics	550,740,828	100	10,794,570	0.98	539,946,258	520,698,894	100	4,972,207	0.95	515,726,687
Total	550,740,828	/	10,794,570	/	539,946,258	520,698,894	/	4,972,207	/	515,726,687

Bad debt provision accrued individually:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

Items for portfolio provision: bad debt provision accrued by portfolio of credit risk characteristics

Unit: RMB Currency: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Medical insurance receivables portfolio	513,837,161	10,319,455	2.01
Enterprise trade receivables	483,516	9,453	1.96
Others	36,420,151	465,662	1.28
Total	550,740,828	10,794,570	/

Explanation of accrual of bad debt provision 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 based on the general model of ECL

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

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: RMB Currency: RMB

Category	Opening balance	Change amount during the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Accounts receivable	4,972,207	5,822,363	-	-	-	10,794,570
Total	4,972,207	5,822,363	-	-	-	10,794,570

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(4). Actual write-off of accounts receivable during the current period**

Applicable Not Applicable

Write-off of significant accounts receivable

Applicable Not Applicable

Explanations about written-off accounts receivable:

Applicable Not Applicable

**(5). Situation of accounts receivable and contract assets for the top five debtors by closing balance**

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Changsha Medical Insurance Management Service Bureau	341,592,621	-	341,592,621	62.02	3,032,771
Shanghai Pukang Health Management Consulting Co., Ltd.	23,198,296	-	23,198,296	4.21	139,190
Xiangtan Medical Maternity Insurance Management Service Bureau	18,671,825	-	18,671,825	3.39	74,687

Chenzhou Medical Insurance Office	17,221,251	-	17,221,251	3.13	68,885
Xiangxiang Medical Maternity Insurance Management Service Bureau	13,604,140	-	13,604,140	2.47	129,683
Total	414,288,133	-	414,288,133		3,445,216

Other explanations:

None

Other explanations:

Applicable  Not Applicable

## 2、 Other receivables

**Presentation by item**

Applicable  Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	27,708,652	8,198,830
Other receivables	4,709,057,910	5,001,500,047
Total	4,736,766,562	5,009,698,877

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 accrual method for bad debt provision

Applicable  Not Applicable

Bad debt provision accrued individually:

Applicable  Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

**(4). Bad debt provision based on the general model of ECL**

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of interest receivable with changes in loss provision during the current period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Interest receivable actually written off for the current period**

Applicable Not Applicable

Wherein, write-off of significant interests receivable

Applicable Not Applicable

Write-off explanation:

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

**Dividends receivable**

**(1). Dividends receivable**

Applicable Not Applicable

**(2). Important dividends receivable with the aging of more than 1 year**

Applicable Not Applicable

**(3). Disclosure by accrual method for bad debt provision**

Applicable Not Applicable

Bad debt provision accrued individually:

Applicable Not Applicable

Explanation of individually accrued bad debt provision:

Applicable Not Applicable

Bad debt provision made on a portfolio basis:

Applicable Not Applicable

**(4). Bad debt provision based on the general model of ECL**

Applicable Not Applicable

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of dividends receivable with changes in loss provision during the current period:

Applicable Not Applicable

**(5). Bad debt provision**

Applicable Not Applicable

Including recovered or reversed amount for the bad debt provisions in the current period:

Applicable Not Applicable

Other explanations:

None

**(6). Dividends receivable actually written off for the current period**

Applicable Not Applicable

Wherein, write-off of significant 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: RMB Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	1,566,908,256	1,656,894,293
Within 1 year	1,566,908,256	1,656,894,293
1-2 year(s)	980,957,105	1,032,486,174
2-3 years	829,753,476	1,777,707,890
Over 3 years	1,335,406,736	537,395,067
Total	4,713,025,573	5,004,483,424

## (2). Classification by nature of funds

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Nature of funds	Closing book balance	Opening book balance
Receivables from subsidiaries	4,642,950,369	4,930,294,806
Receivables from third parties	11,377,292	13,361,136
Electronic wallet	32,739,363	20,246,097
Deposits	1,603,685	1,804,676
Advances	10,797,989	9,321,954
Store petty cash	2,612,890	9,434,740
Employee advances	5,628,612	9,809,632
Others	5,315,373	10,210,383
Total	4,713,025,573	5,004,483,424

## (3). Bad debt provision

√Applicable □Not Applicable

Unit: RMB 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 01, 2025	2,288,127		695,250	2,983,377
Balance at January 01, 2025	2,288,127		695,250	2,983,377
Accrual in the current period	1,037,286			1,037,286
Reversal in the current period	-30,000			-30,000
Charge-off in the current period				
Write-off in the current period	-23,000			-23,000
Other changes				
Balance as of December 31, 2025	3,272,413		695,250	3,967,663

Basis for stage classification and bad debt provision ratio

None

Explanation of significant changes in the book balance of other receivables with changes in loss provision during the current period:

Applicable Not Applicable

The amount of bad debt provision for the current period and the basis for assessing whether credit risks of financial instruments have increased significantly:

Applicable Not Applicable

**(4). Bad debt provision**

Applicable Not Applicable

Unit: RMB Currency: RMB

Category	Opening balance	Change amount during the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Other receivables	2,983,377	1,037,286	30,000	-30,000	-	3,967,663
Total	2,983,377	1,037,286	30,000	-30,000	-	3,967,663

Wherein: the amount of bad debt provision reversed or recovered during the current period is significant:

Applicable Not Applicable

Other explanations:

None

**(5). Actual write-off of other receivables during the period**

Applicable Not Applicable

Wherein, write-off of other significant accounts receivable:

Applicable Not Applicable

Explanation about write-off of other receivables

Applicable Not Applicable

**(6). Situation of other receivables for the top five debtors by closing balance**

Applicable Not Applicable

Unit: RMB Currency: RMB

Company name	Closing balance	Proportion of total closing balance to other receivables (%)	Nature	Aging	Bad debt provision Closing balance
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Forworld Medicine Logistics (Hunan) Co., Ltd.	1,759,404,477	37.33	Holding Subsidiaries	Within three years and over three years	
LBX Pharmacy Chain Henan Co., Ltd.	365,757,590	7.76	Holding Subsidiaries	Within three years and over three years	
Changsha Faxiangdi Industrial Co., Ltd.	322,329,893	6.84	Holding Subsidiaries	Within three years and over three years	
Hunan Baixin Information Technology Co., Ltd.	316,741,900	6.72	Holding Subsidiaries	Within three years and over three years	
Hunan LBX Huairen Pharmaceutical Co., Ltd.	158,503,438	3.36	Holding Subsidiaries	Within three years	
Total	2,922,737,298	62.01	/	/	

## (7). Presented in other receivables due to centralized fund management

Applicable Not Applicable

Other explanations:

Applicable Not Applicable

## 3、 Long-term equity investments

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	6,644,948,099	1,995,854	6,642,952,245	6,238,948,099	1,995,854	6,236,952,245
Investment in associates and joint ventures	67,461,376		67,461,376	72,140,491		72,140,491
Total	6,712,409,475	1,995,854	6,710,413,621	6,311,088,590	1,995,854	6,309,092,736

## (1). Investment in subsidiaries

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Increase/decrease during the current period				Closing balance (book value)	Closing balance of impairment provision
			Additional investment	Reduction in investment	Impairment provision made	Others		
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 Logistics (Hunan) Co., Ltd.	90,000,000						90,000,000	
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.	48,197,000						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	4,881,000						4,881,000	
Chifeng LBX	680,000,000						680,000,000	
Hainan LBX	2,000,000						2,000,000	

Medical Health Co., Ltd.									
LBX Huairan	1,820,001,784		385,000,000					2,205,001,784	
Hunan Linggan Yaodian Cultural Creativity Co., Ltd.	100,000							100,000	
Shandong LBX Chuntian Pharmacy Chain Co., Ltd.	29,583,000							29,583,000	
Others	321,681,603	-1,995,854	21,000,000					342,681,603	-1,995,854
Total	6,236,952,245	-1,995,854	406,000,000					6,642,952,245	-1,995,854

## (2). Investment in associates and joint ventures

√Applicable □Not Applicable

Unit: RMB Currency: RMB

Investment Unit	Opening Balance (book value)	Increase/decrease during the current period							Closing Balance (book value)	Closing balance of impairment provision
		Additional investment	Reduction in investment	Profit or loss recognized on investments under the equity method	Adjustment to other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Impairment provision made		
I. Joint ventures										

Subtotal											
II. Associates											
Hunan Pharmaceutical Group Co., Ltd.	72,140,491			-4,679,115						67,461,376	67,461,376
Subtotal	72,140,491			-4,679,115						67,461,376	67,461,376
Total	72,140,491			-4,679,115						67,461,376	67,461,376

**(3). Impairment test of 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: RMB Currency: RMB

Item	Amount incurred during the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	4,389,269,574	2,924,199,065	4,422,432,720	2,949,335,505
Other business	41,954,536	12,908,574	56,035,930	14,430,797
Total	4,431,224,110	2,937,107,639	4,478,468,650	2,963,766,302

**(2). Breakdown information of operating income and operating costs**

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 changes or adjustments to transaction prices

Applicable Not Applicable

Other explanations:

None

## 5. Investment income

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount incurred during the current period	Amount incurred in the previous period
Long-term equity investment income accounted for using cost method	567,094,830	220,585,426
Income from long-term equity investments accounted for using the equity method	-4,679,115	4,319,300
Investment income from disposal of long-term equity investments		1,095,882
Investment income from trading financial assets during holding period	1,288,466	1,206,496
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investments during the holding period		
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	2,425,378	3,240,383

Investment income from disposal of other non-current financial assets	1,955,891	
Total	568,085,450	230,447,487

Other explanations:

None

## 6、Others

Applicable Not Applicable

## XX. Supplementary information

### 1. Details of non-recurring gains and losses during the period

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount	Explanation
Gains or losses from the disposal of non-current assets, including the reversal of any previously provided for asset impairment	-3,542,326	
Government grants recognized in the current profit or loss, except for government grants that are closely related to the Company's normal business operations, comply with national policy provisions, are enjoyed according to established standards, and have continuous impacts on the Company's profit or loss	26,407,173	
Except for effective hedging transactions related to the Company's normal business operations, the gains or losses from changes in the fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from the disposal of financial assets and liabilities	4,966,241	
Fund possession costs that are recorded in current profit or loss and are charged from the non-financial enterprises		
Profit or loss from entrusting others to make investment or management of assets		
Profit or loss from obtaining of entrusted loans		
Various asset losses caused by force majeure factors, such as natural disasters		
Reversal of impairment provision for accounts receivable subject to individual impairment test	70,000	
Profits from deficiency of the investment costs for acquisition of the subsidiaries, associates and joint ventures below the fair value of the net identifiable assets received from the investee at the time of investment		
Current net profit or loss of subsidiaries generated from business combinations involving enterprises under common control from the beginning of the period to the date of consolidation		
Profit or loss from exchange of non-monetary assets		
Profit or loss from debt restructuring		
One-time expenses incurred by the enterprise due to the discontinuation of related business activities such as expenditures for the resettlement of employees		

One-time impact on the current profit or loss due to adjustments in tax, accounting, and other laws and regulations		
One-time share-based payment expenses recognized due to the cancellation or modification of equity incentive plans		
For cash-settled share-based payments, the gains or losses generated by changes in the fair value of employee compensation payable after the exercise date		
Profit or loss from change in fair value of investment property that is subsequently measured at fair value		
Profits generated from transactions that are obviously unfair in terms of transaction price		
Profit or loss from contingencies that are irrelevant to the normal operation business of the Company		
Trustee fee income from entrusted operation		
Other non-operating income and expenses other than the items listed above	14,312,936	
Other profit or loss items that conform to the definition of non-recurring profit or loss		
Less: impact of income tax	-3,461,353	
Influence of minority equity (after-tax)	-3,536,561	
Total	35,216,110	

The non-presented items defined as non-recurring profit or loss items at significant amount by the Company according to the Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss, as well as the non-recurring profit or loss items listed in Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss shall be accounted for.

Applicable Not Applicable

Unit: RMB Currency: RMB

Item	Amount involved	Reason
VAT reduction/exemption for small-scale taxpayers	51,123,215	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 return on equity (%)	Earnings per share (EPS)	
		Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders of the Company	5.66	0.50	0.50
Net profits attributable to shareholders of the Company, net of non-recurring profit or loss	5.61	0.46	0.46

**3. Differences in Accounting Data under Domestic and Overseas Accounting Standards**

Applicable Not Applicable

**4. Others**

Applicable Not Applicable

Chairman: Xie Zilong

Date of approval for submission by the Board of Directors: April 22, 2026

**Revision information**

Applicable Not Applicable