Huadong Medicine Co., Ltd.

2024 Annual Report

April 2025

A Letter to the Shareholders

Distinguished shareholders,

Time tempers our original aspiration, and transformation propels us forward. As the tides of era surge, we persevere like determined climbers, moving with deliberate persistence and rising with steadfast strides. The year 2024 marked a year of formidable challenges and steady yet significant progress for Huadong Medicine Co., Ltd. ("Huadong Medicine", "we" or "the Company"). We successfully completed our 7th three-year plan, marked significant strides in innovation and transformation, and advanced our R&D pipelines to the acceptance phase. Moreover, all four of our core business segments achieved accelerated growth, a direct testament to the dedication and perseverance behind these results. The Company is now operating on a high-quality development trajectory, with revenue and net profit attributable to shareholders having grown by 21.24% and 52.59% respectively since 2021, continually setting new historical records. Our team maintains strategic focus while strengthening foundational capabilities, renewing the Company's vibrant image and driving continuous transformation.

As we look back on our journey, each step has been illuminated by innovation, leading to a thriving ecosystem of novel products and solutions. Since 2024, we have achieved successive historic breakthroughs in innovative product approvals, marked by pioneering industry-first milestones: Elahere®, China's first FRα-targeting ADC for platinum-resistant ovarian cancer, was successfully approved;SAILEXIN emerged as China's first biosimilar of Ustekinumab Injection; and the world's first bedside renal function assessment device, having secured approval overseas, is on the verge of full approval in China. In the meantime, Rilonacept for Injection (ARCALYST®), a globally innovative product used for the treatment of Recurrent Pericarditis (RP) and Cryopyrin-Associated Periodic Syndromes (CAPS), secured approval in China, thereby addressing critical unmet needs in the treatment of relevant rare diseases. Our

CAR-T debut product zevorcabtagene autoleucel injection has demonstrated remarkable commercial performance, while the ovarian cancer PARP inhibitor Senaparib Capsules successfully completed its debut on the Chinese market. Huadong Medicine is now actively embedding its innovation capabilities and therapeutic advantages into the Chinese and global innovative medicine landscape.

Through relentless innovation, we have strengthened our endogenous R&D capabilities, expanding our proprietary pipelines to over 80 innovative medicines. Key advancements include accelerated clinical development of GLP-1 receptor agonists (HDM1002 tablets and HDM1005 injection), FDA Orphan Drug designation for our proprietary ADC HDM2005, and consistent presentation of breakthrough research at premier global scientific forums. Our open innovation ecosystem continues to flourish through strategic collaborations. In 2024, the Company acquired all stake of Hengba Pharma and established strategic cooperation with renowned bio-pharmaceutical enterprises such as Imunopharm, Huisheng Pharma, Qyuns Therapeutics, Auzone, and IMBiologics Corp. from the Republic of Korea on CD19-targeting autologous CAR-T IM19 injection, Ganagliflozin Proline Tablets, Shangkeling, QX005N, and Edaravone Tablets (TTYP01). These endeavors have continuously enhanced our presence and layout across innovative medicine pipelines in all therapeutic fields.

Through collaborative synergy, we are driving integrated development across all business segments. The pharmaceutical industry segment maintains steady growth momentum, while the global aesthetic medicine business continues its expansion. The optical RF therapy system Renotion® (V20) and premium hyaluronic acid filler MaiLi® Extreme have successfully approved in China. Key products, including MaiLi®, Ellansé®, and KIO015, have initiated clinical registration processes in the U.S. and EU, demonstrating the growing potential of our injections and aesthetic device portfolio in the aesthetic medicine field. The pharmaceutical business segment is diversifying its business models through retail network optimization and CSO service upgrades, further enhancing its professional service capabilities. In the industrial microbiology segment, we have transitioned from exploration to implementation, focusing on four

strategic pillars: xRNA, APIs&Intermediates, Health&Biomaterials, and Animal Health. We have witnessed a doubled increase in our international customer base and significant potential for rapid growth.

Amidst the competitive tides of the industry, we navigate with both humility and determination. Rolling out its 8th three-year plan in 2025, the Company ushers in its crucial mid-stream rapids, where the waters run deepest and the course demands our utmost skill. This journey follows no easy path, but rather requires sustained and measured progress. Our R&D innovations must still prove their mettle in the marketplace, for this is not yet the season of harvest. With a renewed beginner's mindset, every member of Huadong Medicine reignites our pioneering spark, embracing the entrepreneurial spirit of our founding as we climb new peaks and write new chapters in the Company's next evolution.

Moving forward, the innovative medicine industry remains our anchor strategic focus. Our R&D efforts will concentrate on three key words: "Acceleration, Enhancement, and Globalization". Specifically, we will speed up project R&D progress and new product launches, enhance competitive advantage through differentiated layout of innovative medicines focusing on "targets + indications", and transition from in-licensing to out-licensing of innovative products. Across our four core segments of the pharmaceutical industry, pharmaceutical business, aesthetic medicine, and industrial microbiology, we will steadfastly execute established strategies while pioneering operational innovations on business ends. By adopting an offensive posture to unlock market potential and promoting integrated resource sharing and mutual support, we will forge Huadong Medicine's unshakable competitive edge. We will also endeavor to build an integrated empowerment system that synergizes intelligent operations with cutting-edge R&D innovation by capitalizing on new opportunities brought by AI advancement.

The world changes with boundless possibilities as our journey shines with vibrant promise. Despite unpredictable external challenges, our commitment to innovation, globalization, and achieving our Vision 2030 remains unwavering. The core values of

“Caring, Integrity, Persistence and Pragmatism”, along with our enduring spirit of resilience, continue to define who we are.

Having weathered challenges together, we extend heartfelt gratitude to all investors and partners who have journeyed with us. Moving forward, we will reward shareholders through proactive dividend policies while further honing our core competencies, translating your steadfast trust into exceptional operational results.

The spirit that defines Zhejiang entrepreneurs—trekking countless mountains and rivers, exhausting every word and phrase, exploring all means and methods, enduring untold hardships and toils—flows through Huadong Medicine’s gene. Guided by this unwavering resolve, we will pioneer the path toward evolving into an innovation-driven pharmaceutical enterprise with global impact.

Let us advance together with this shared conviction.

Lv Liang, Chairman

Huadong Medicine Co., Ltd.

April 2025

2024 Annual Report

Section I. Important Declaration, Contents and Definitions

The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Huadong Medicine Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the information presented in this annual report is authentic, accurate and complete and free of any false records, misleading statements or material omissions, and shall undertake individual and joint legal liabilities.

Lv Liang, the Company's legal representative and the officer in charge of accounting, and Qiu Renbo, head of accounting department (accounting manager) hereby declare and guarantee that the financial statements in this annual report are authentic, accurate and complete.

All directors have attended the Board of Directors meeting to review this annual report.

The future plans, development strategies and other forward-looking statements in this annual report shall not be considered as a substantial commitment of the Company to investors. Investors and related parties should be fully aware of the risks, and understand the differences between plans, forecasts and commitments.

The risks the Company faces in operation including industry policy and product price reduction risk, new drug R&D risk, investment and M&A risk and exchange rate fluctuation risk. For details, please refer to "v. Potential risks and

responses" under "XI. Prospect of the Company's future development" in "Section III. Management Discussion and Analysis". Therefore, investors are kindly reminded to pay attention to possible investment risks.

The dividend distribution scheme approved at the meeting of the Board of Directors is as follows: On the basis of 1,754,077,048 shares of the total share capital of the Company, RMB 5.80 (before tax) of cash dividends per ten common shares will be distributed to all shareholders; a total of 0 bonus share (before tax) will be issued; and no capital reserve will be converted to increase the capital stock.

According to "Stock Listing Rules of the Shenzhen Stock Exchange", if listed companies have both Chinese and other language version of public notice, they should ensure the content of both versions are the same. In the case of discrepancy, the original version in Chinese shall prevail.

CONTENTS

Contents of Reference File

(I) Financial statements signed and stamped by the legal representative, the officer in charge of accounting and the head of accounting department (accounting manager).

(II) Original audit report stamped by the accounting firm, and signed and stamped by certified public accountants.

(III) The original of all Company's documents publicly disclosed in the press designated by CSRC during the reporting period and the original of announcements.

Definitions

Term	refers to	Definition
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shenzhen Stock Exchange
Huadong Medicine/the Company/our Company	refers to	Huadong Medicine Co., Ltd.
China Grand Enterprises	refers to	China Grand Enterprises
Huadong Medicine Group	refers to	Hangzhou Huadong Medicine Group Co., Ltd.
Zhongmei Huadong	refers to	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.
Jiangdong Company	refers to	Hangzhou Zhongmei Huadong Pharmaceutical Jiangdong Co., Ltd.
Jiangsu Joyang	refers to	Joyang Laboratories
Jiuyuan Gene	refers to	Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.
Doer Biologics	refers to	Zhejiang Doer Biologics Co., Ltd.
Chongqing Peg-Bio	refers to	Chongqing Peg-Bio Biopharm Co., Ltd.
Qyuns Therapeutics	refers to	Qyuns Therapeutics Co., Ltd.
Nuoling Bio	refers to	Nuoling Biomedical technology (Beijing) Co., Ltd.
Meihua Hi-Tech/ Anhui Meihua	refers to	Anhui Meihua Hi-Tech Pharmaceutical Co., Ltd.
Wuhu Huaren	refers to	Wuhu Huaren Science and Technology Co., Ltd.
Huida Biotech	refers to	Zhejiang Huida Biotech Co., Ltd.
Hizyme Biotech	refers to	Hangzhou Hizyme Biotech Co., Ltd.
Perfect mRNA	refers to	Hangzhou Perfect mRNA Biotechnology Co., Ltd.
Magic Health	refers to	Hubei Magic Health Technology Co., Ltd.
CARsgen Therapeutics	refers to	CARsgen Therapeutics Holdings Limited
Nanjing Nongda Animal Pharmaceutical	refers to	Jiangsu Nanjing Nongda Animal Pharmaceutical Co., Ltd.
Shengji Material	refers to	Zhejiang Shengji Material Technology Co., Ltd.
IMPACT Therapeutics	refers to	Nanjing IMPACT Therapeutics Co., Ltd.
GLP-1	refers to	Glucagon-like Peptide 1
Sinclair	refers to	Sinclair Pharma Limited
R2	refers to	R2 Technologies, Inc.
MediBeacon	refers to	MediBeacon Inc.
ImmunoGen	refers to	ImmunoGen, Inc.
RAPT	refers to	RAPT Therapeutics, Inc.
Kylane	refers to	Kylane Laboratoires SA
High Tech	refers to	High Technology Products, S.L.U.
Viora	refers to	Viora Ltd.
Heidelberg Pharma	refers to	Heidelberg Pharma AG
Kiniksa	refers to	Kiniksa Pharmaceuticals (UK), Ltd.
Arcutis	refers to	Arcutis Biotherapeutics, Inc.
ATGC	refers to	ATGC Co., Ltd.
GMP	refers to	Good Manufacturing Practices

cGMP	refers to	Current Good Manufacturing Practices
GSP	refers to	Good Supply Practice
BE	refers to	Bioequivalence
CDE	refers to	Center for Drug Evaluation of National Medical Products Administration
MAH	refers to	Marketing Authorization Holder
FDA	refers to	U.S. Food and Drug Administration
NMPA	refers to	National Medical Products Administration
IPO	refers to	Initial Public Offering
API	refers to	Active Pharmaceutical Ingredient
DMF	refers to	Drug Master File, a confidential technical dossier prepared by the holder on a precautionary basis, which contains comprehensive details about facilities, manufacturing processes, and critical materials involved in the preparation, processing, packaging, and storage of one or more human drug products. Pursuant to FDA regulations, the technical contents of a DMF may only be referenced by the FDA during its review of IND applications, NDAs, and ANDAs upon receipt of a valid Letter of Authorization from either the DMF holder or their legally authorized representative.
NHSA	refers to	National Healthcare Security Administration
KOL	refers to	Key Opinion Leader, individuals who possess extensive and more accurate information about products. They are recognized and trusted by a relevant community and have significant influence over the purchasing decisions of that group.
NDA	refers to	New Drug Application
BLA	refers to	Biologic License Application
ANDA	refers to	Abbreviated New Drug Application (or Generic Drug Application)
CE certification	refers to	The EU's certification for products, which indicates that the products meet the requirements of relevant EU directives. It also serves as evidence that the products have undergone the corresponding conformity assessment procedures and that the manufacturer has made a declaration of conformity. This certification shows that the products can be sold in the EU market.
MDR	refers to	Medical Devices Regulation (EU) 2017/745
ICH	refers to	International Council for Harmonisation (of Technical Requirements for Pharmaceuticals for Human Use)
IND	refers to	Investigational New Drug

PK/PD	refers to	Pharmacokinetics/ pharmacodynamics
CMC	refers to	Chemistry, Manufacturing and Control, mainly such pharmaceutical researches as manufacturing technology, impurity research, quality research, and stability research during drug research and development.
CMO	refers to	Contract Manufacturing Organization, i.e. Providing such services as customized manufacturing of medical intermediates, APIs and pharmaceutical preparations entrusted by pharmaceutical companies.
CDMO	refers to	Contract Development and Manufacturing Organization, mainly including providing customized R&D and production services for multinational pharmaceutical companies and biotechnology companies, such as process R&D and preparation, process optimization, scale-up manufacturing, registration and verification batches manufacturing, and commercial manufacturing of medicines, especially innovative medicines.
QA	refers to	Quality Assurance (department)
ADC	refers to	Antibody-Drug Conjugates
EBD	refers to	Energy Based Devices
license-in	refers to	Product license introduction
license-out	refers to	Product External License Authorization
BD	refers to	Business Development
EBITDA	refers to	Earnings Before Interest, Taxes, Depreciation and Amortization
EHS	refers to	Environment, Health and Safety Management Systems
MRCT	refers to	Multi-regional Clinical Trials
ESG	refers to	Environmental, Social and Governance
OTC	refers to	Over the Counter, i.e. medicines published by the medical products administration under the State Council and purchased and used by consumers at their discretion without the prescription of practicing doctors or assistant practicing doctors.
PFS	refers to	Progression-free survival
DTP	refers to	Direct to Patient
CADD	refers to	Computer-Aided Drug Design, a drug design method based on computer technology.
AIDD	refers to	Artificial Intelligence-Driven Drug Design, a method that applies Artificial Intelligence (AI) technology for drug development. In AIDD, AI algorithms are utilized to analyze large-scale molecular structure data, helping to predict intermolecular interactions and

		their therapeutic effects on diseases.
GLP-1	refers to	Glucagon-like Peptide 1
Prescription Drugs	refers to	Drugs that require medical prescriptions issued by physicians to be bought and used
RWR/RWS	refers to	Real World Research/Study, RWR/RWS, refers to collect data related to patients in the real-world environment (Real World Data), through analysis, acquiring the use value of medical products and clinical evidence of potential benefits or risks (Real World Evidence).
2024 Medicine Catalog	refers to	Catalogue of Medicines Covered by National Basic Medical Insurance/Work-related Injury Insurance/Maternity Insurance (2024)
Reporting Period	refers to	From January 1, 2024, to December 31, 2024

Section II. Company Profile and Key Financial Indicators

I. Company information

Stock name (abbreviation)	Huadong Medicine	Stock code	000963
Stock listed on	Shenzhen Stock Exchange		
Company name in Chinese	华东医药股份有限公司		
Company name in Chinese (abbreviation)	华东医药		
Company name in English (if any)	Huadong Medicine Co., Ltd.		
Company name in English (abbreviation, if any)	Huadong Medicine		
Legal representative	Lv Liang		
Registered address	Floor 4/7, No. 439, Zhongshan North Road, Gongshu District, Hangzhou City, Zhejiang Province		
Zip code of the registered address	310006		
Changes of registered address	From the date of listing to July 2012, the registered address was “No. 439, Zhongshan North Road, Xiacheng District, Hangzhou”. From July 2012, the registered address was changed to “Floor 9/10, Gate No. 1, Building No. 1, 468 Yan’an Road, Hangzhou”. From July 2019, the registered address was changed to “Floor 7/9/10, Gate No. 1, Building No. 1, 468 Yan’an Road, Hangzhou”. From July 2022, the registered address was changed to “Floor 9/10, Gate No. 1, Building No. 1, 468 Yan’an Road, Hangzhou”. From June 2023, the registered address was changed to “Floor 4/7, No. 439, Zhongshan North Road, Gongshu District, Hangzhou City, Zhejiang Province”.		
Office address	No. 866, Moganshan Road, Hangzhou		
Zip code of the office address	310011		
Official website	www.eastchinapharm.com		
Email address	hz000963@126.com		

II. Contact persons and contact information

	Secretary of the Board of Directors	Securities affairs representative
Name	Chen Bo	Hu Shufen
Contact address	No. 866, Moganshan Road, Hangzhou	No. 866, Moganshan Road, Hangzhou
Tel.	0571-89903300	0571-89903300
Fax	0571-89903300	0571-89903300
Email address	hz000963@126.com	hz000963@126.com

III. Channels of disclosure and location of preparation

Website of the stock exchange for publishing the annual report	Shenzhen Stock Exchange - www.szse.cn
Media and website for publishing the annual report	China Securities Journal, Securities Times, Shanghai Securities News, and Cninfo (www.cninfo.com.cn)
Location of preparation of the Company’s annual report	Office of the Company’s Board of Directors

IV. Registration changes

Unified Social Credit Code	91330000143083157E
Changes of the Company's main business since its listing (if any)	None
Previous changes of controlling shareholder (if any)	None

V. Other information

Accounting firm

Name	Pan-China Certified Public Accounts LLP
Office address	Office Building T2, Run'ao Business Center, Yinfeng Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province
Signing accountants	Hu Yanhua and Chen Xiaodong

Sponsors for continuous supervision and guidance during the reporting period

□ Applicable ☑ N/A

Financial consultant for continuous supervision and guidance during the reporting period

□ Applicable ☑ N/A

VI. Key accounting data and financial indicators

Whether the Company needs to perform a retroactive adjustment or restatement of previous accounting data

□Yes ☑ No

	2024	2023	Percentage increase/decrease from last year to this year	2022
Operating revenue (yuan)	41,905,707,385.91	40,623,782,520.43	3.16%	37,714,587,458.01
Net profit attributable to shareholders of listed companies (yuan)	3,512,104,678.06	2,838,860,542.80	23.72%	2,499,214,359.57
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses (yuan)	3,351,680,026.72	2,736,571,736.98	22.48%	2,409,954,557.05
Net cash flow from operating activities (yuan)	3,748,928,882.35	3,929,216,706.70	-4.59%	2,381,852,668.60
Basic earnings per share (yuan/share)	2.0046	1.6219	23.60%	1.4283
Diluted earnings per share (yuan/share)	2.0034	1.6207	23.61%	1.4283
Weighted average return on equity (ROE)	15.93%	13.96%	1.97%	14.21%
	End of 2024	End of 2023	Percentage increase/decrease from last year to this year	End of 2022

Total assets (yuan)	37,879,046,367.15	33,509,361,816.98	13.04%	31,192,203,406.84
Net assets attributable to shareholders of listed companies (yuan)	23,060,051,397.36	21,047,609,756.66	9.56%	18,577,919,237.39

The Company's net profit before or after deducting non-recurring gains and losses, whichever is lower, in the last three fiscal years are all negative, and the audit report of last year shows doubt about the Company's ability to continue as a going concern.

□Yes ☑ No

The Company's net profit before and after deducting non-recurring gains/losses, whichever is lower, is negative.

□Yes ☑ No

The Company's total share capital as of the trading day prior to disclosure:

The Company's total share capital as of the trading day prior to disclosure (share)	1,754,077,048.00

Fully diluted earnings per share based on the latest share capital:

Paid preference dividends	0.00
Paid perpetual bond interest (yuan)	0.00
Fully diluted earnings per share based on the latest share capital (yuan/share)	2.0023

VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences in net profit and net assets disclosed in financial statements under international and Chinese accounting standards

□ Applicable ☑ N/A

There are no differences in net profit and net assets disclosed in financial statements under international and Chinese accounting standards during the reporting period.

2. Differences in net profit and net assets disclosed in financial statements under overseas and Chinese accounting standards

□ Applicable ☑ N/A

There are no differences in net profit and net assets disclosed in financial statements under overseas and Chinese accounting standards during the reporting period.

VIII. Key financial indicators by quarter

Unit: yuan

	Q1	Q2	Q3	Q4
Operating revenue	10,410,809,128.72	10,554,256,476.95	10,512,589,144.83	10,428,052,635.41
Net profit attributable to shareholders of listed companies	862,411,560.96	833,609,028.24	866,306,099.25	949,777,989.61
Net profit attributable to shareholders of	838,303,551.41	786,896,692.68	856,621,563.99	869,858,218.64

listed companies after deducting non-recurring gains/losses				
Net cash flow from operating activities	-484,522,666.13	2,759,779,147.57	231,146,327.47	1,242,526,073.44

Whether the above financial indicators or their totals are significantly different from relevant financial indicators in previous quarterly and semiannual reports by the Company

□Yes ☑ No

IX. Items and amounts of non-recurring gains/losses

☑ Applicable □ N/A

Unit: yuan

Item	2024	2023	2022	Note
Gains/losses on disposal of non-current assets (including the written-off part of the accrued assets impairment reserve)	-7,497,064.66	-823,262.36	2,390,031.00	
Government grants included in current gains/losses (excluding those closely related to daily business operation, distributed constantly in accordance with defined standards in line with national policies and regulations, and constantly affecting the Company's gains/losses)	163,972,203.37	143,315,700.34	89,767,756.38	See VII (67) of the Notes to Financial Statements for details of government grants.
Gains/losses caused by fair value changes in financial assets and financial liabilities held by non-financial enterprises, and gains/losses incurred by disposal of financial assets and financial liabilities, excluding hedging business related to operating activities	-16,466,668.21	-13,756,372.80	28,469,286.61	
Return of receivables impairment reserves that are individually tested for impairment	759,760.70	5,566,940.29	953,089.60	
One-time impact on current gains/losses		136,860.05		

caused by adjustment of tax, accounting and other laws and regulations				
Other non-operating income and expenditures except the aforesaid items	-20,783,317.88	18,554,535.07	-24,166,799.87	See VII (74, 75) of the Notes to Financial Statements for details of non-operating expenses.
Other profit and loss items that satisfy the definition of non-recurring profit and loss	57,557,709.09	-11,588,239.52	13,980,545.50	See VII (70) of the Notes to Financial Statements for details.
Minus: Amount affected by income tax	9,728,855.81	28,072,652.93	20,305,520.86	
Impact on minority interests (post-tax)	7,389,115.26	11,044,702.32	1,828,585.84	
Total	160,424,651.34	102,288,805.82	89,259,802.52	--

Details of other items of gains/losses meeting the definition of non-recurring gains/losses:

□ Applicable ☑ N/A

There are no other items of gains/losses that meet the definition of non-recurring gains/losses.

Explanation for recognizing an item listed as a non-recurring gain/loss in the *Interpretative Announcement No. 1 on Information Disclosure Criteria for Public Companies - Non-Recurring Gains/Losses* as a recurring gain/loss

□ Applicable ☑ N/A

No item listed as a non-recurring gain/loss in the *Interpretative Announcement No. 1 on Information Disclosure Criteria for Public Companies - Non-Recurring Gains/Losses* is recognized as a recurring gain/loss.

Section III Management's Discussion and Analysis

I. Industry Situation during the Reporting Period

In 2024, the global economy has exhibited dynamic and complex fluctuations against the backdrop of intensifying geopolitical tensions, supply chain realignment, and fragmentation of international trade landscape. It is also a pivotal year for the implementation of China's 14th Five-Year Plan. Amid these complex circumstances, the Chinese government has rolled out a comprehensive suite of growth-oriented policy measures to maintain fundamental stability in the national economy.

The pharmaceutical industry embraced both challenges and opportunities. Enterprises are facing sustained operational pressures against the backdrop of decelerating industry-wide growth, narrowing profit margins, and intensified competition. However, the sustained expansion of demands in the pharmaceutical industry—driven by population aging and health consumption upgrades—has amplified the market needs, particularly for innovative drugs and high-end medical devices, fueled by rising prevalence of chronic diseases and oncology. Technological innovation and global market expansion further presented new growth opportunities. Statistics show that the pharmaceutical R&D investment in China remained elevated in 2024, albeit with slower growth momentum, while the quality and efficiency of innovation improved significantly. The volume of drug applications stayed high, with record approvals for new drugs. By leveraging its advantages of high value, high efficiency, and affordable cost, China is accelerating the integration of its innovative medicines into global supply chains. It has emerged as a critical contributor to the international pharmaceutical development ecosystem. China now sees highly active license-out transactions and continuously increasing international recognition.

In 2024, the Third Plenary Session of the 20th CPC Central Committee ratified the *Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization*, outlining critical healthcare reform initiatives to guide the pharmaceutical industry's high-quality development. Subsequently, a State Council executive meeting approved the *Implementation Plan for Holistic Support of Innovative Drug Development*, establishing a full-chain policy framework to accelerate breakthrough advancements in innovative drugs. In 2024, China's healthcare reform agenda continued to advance systematically. The Chinese government issued a series of policy documents aimed at reforming payment mechanisms, expanding volume-based procurement coverage, encouraging pharmaceutical

innovation, improving medical services, and strengthening anti-corruption compliance. These initiatives have collectively accelerated the structural transformation of the pharmaceutical industry.

In 2024, China's pharmaceutical industry demonstrated continued recovery across key economic indicators. According to statistics, in 2024, the added value of the pharmaceutical industry above designated size increased by 3.4% year on year. Enterprises above designated size achieved 2.97627 trillion yuan of operating revenue and 405.09 billion yuan of profits, remaining flat (0.0%) and down by 0.9% year on year, respectively, with a significantly narrowed contraction compared to 2023. Key factors influencing the industry's performance in 2024 included: (I) accelerated growth in new drivers. In recent years, the number of new products included in the catalogue of medicines covered by medical insurance has been steadily increasing. The sales growth of innovative products, such as innovative medicines and biosimilars, has been particularly notable, reflecting the significant achievements of innovation-driven transformation. The number of license-out projects has also seen a substantial rise, which has in turn enhanced the operating revenue and profit levels of some innovative medicine companies. (II) Recovery in pharmaceutical exports; and (III) strong performance in specific segments such as influenza medicines and bulk antibiotic active pharmaceutical ingredients (APIs).

II. Main Businesses of the Company during the Reporting Period

Founded in 1993 and headquartered in Hangzhou, Zhejiang Province, Huadong Medicine Co., Ltd. (stock code: 000963) was listed on Shenzhen Stock Exchange in December 1999. With its businesses covering the entire pharmaceutical industry chain thanks to over 30 years of vigorous development, the Company has now fostered four major business segments of pharmaceutical industry, pharmaceutical business, aesthetic medicine and industrial microbiology, and has been a large comprehensive listed pharmaceutical enterprise specialized in pharmaceutical R&D, production, and marketing.

Specialized in the R&D, production and marketing of specialized medicines, medicines for chronic diseases, as well as special medicines for years, the Company has established complete international pharmaceutical production systems, and fostered core product lines focusing on chronic nephrosis, autoimmunity, oncology, internal secretion, digestive system, cardiovascular system, and other fields. With multiple first-line clinical medicines with market advantages in China, the Company has won international certifications for multiple varieties of its products. The Company has strategically focused its R&D efforts on innovative medicines within three core therapeutic fields of endocrinology, autoimmunity, and oncology through a combination of in-house development,

external partnerships, and collaborative projects, fostering a differentiated innovative medicine pipeline that spans the entire R&D life cycle and a robust product portfolio. Moreover, the Company has established strategic partnership with numerous multinational innovative medicine R&D companies and pharmaceutical companies on products in Chinese market.

The Company's pharmaceutical business segment strategically focused on three core businesses of medicines, medical devices, and ginseng & antler pieces, and further enhanced its core competitiveness through innovative operations such as pharmaceutical logistics (notably cold chain logistics, vaccines, and special medicines) and proprietary e-commerce platforms. It has maintained leading market share and business scale in Zhejiang Province for consecutive years, consistently ranking among China's Top 10 Pharmaceutical Wholesale Enterprises. The Company operates three self-owned logistics hubs in Hangzhou (northern Zhejiang), Jinhua (central Zhejiang), and Wenzhou (southern Zhejiang), supported by 13 logistics warehouses with a total storage space exceeding 190,000 square meters. As for medicines, the Company has fostered comprehensive strengths in full-product and full-channel coverage, integrated hospital and out-of-hospital services, and coordinated distribution and agency operations. With regard to medical devices, the Company has actively expanded its presence in professional agency backed by its large-scale distribution capability. Its ginseng & antler pieces' business spans the entire industrial chain from planting, piece preparation and automated decoction to marketing of proprietary functional products. Driven by its tenet of innovation in services, the Company has established a novel collaborative model for suppliers and hospital clients through integrated partnerships with suppliers, CSO services, SPD systems, and industry-university-institute projects. Such approach helps the Company accurately adapt to upstream and downstream needs, solidifying its reputation as a premier "integrated pharmaceutical service provider."

In terms of aesthetic medicine, the Company has created a comprehensive and differentiated product matrix by following the strategy of "global operation layout and dual-circulation operation & development" with an international vision through forward-looking layout, and now ranks at the forefront of the industry in terms of product quantity and coverage. Specifically, over 20 products have been launched in China and abroad, and more than a dozen innovative global products are in development. Fostering differentiated product lines that cover three major categories of regeneration products, hyaluronic acids and botulinum toxin, the Company is committed to becoming a global leading aesthetic medicine comprehensive solution provider by offering patients with more professional, efficient, comprehensive and safer integrated solutions through diversified combined therapy techniques that combine "noninvasive and micro-invasive", "facial and body filling", "products + technologies", and "injection + energy-based device". Sinclair, its wholly-owned

subsidiary, is the Company's global aesthetic medicine platform. Sinclair is headquartered in U.K. and operates multiple R&D centers and production bases globally. Promoting and marketing PCL microspheres for injection, hyaluronic acid, facial thread lifting and other products in global markets, Sinclair researches, develops, and expands its businesses of energy-based devices through its wholly-owned subsidiaries High Tech and Viora. As for the aesthetic medicine segment, the Company also has Sinclair (Shanghai), a wholly-owned subsidiary and its market operation platform in China, as well as R2 in the U.S. and Kylane in Switzerland, two overseas technical development-type joint-stock companies.

The Company's industrial microbiology segment is strategically focused on two key directions of synthetic biotechnology innovation and bio-pharmaceutical industry advancement, prioritizing the development of four core business segments: xRNA raw materials, featured APIs & intermediates, massive health & biomaterials, and animal health. Leveraging four decades of expertise, the Company has established a centralized R&D ecosystem anchored by Industrial Microbiology of Zhongmei Huadong, synergized with HIT Institute of Synthetic Biology, Huida Biotech, Hizyme Biotech, Perfect mRNA and Shengji Material. This framework integrates full-chain technological capabilities in microbial engineering, maintaining an R&D and production system that spans the entire life cycle of microbial-derived medicines, alongside interdisciplinary R&D platforms and industrial resource networks. As for its industrial layout, the Company operates seven coordinated industrial bases in Hangzhou Xiangfuqiao, Qiantang New Area, Jiangsu Joyang Laboratories, Magic Health, Anhui Meihua, Wuhu Huaren, and Nanjing Nongda Animal Pharmaceutical. Moreover, the Company has set up the largest fermentation monomer plants in Zhejiang Province and formed the industry-leading intelligent production system that covers all stages from strain screening and process development to scale production. With a complete manufacturing ecological chain that encompasses technological R&D, pilot-scale amplification, engineering conversion, and quality control, the Company sustains its industry leadership in fermentation capacity and process sophistication.

III. Core Competitiveness

1. Open innovative medicine R&D system and continuously improved innovation ability

The Company has always attached great importance to innovative R&D and set up a global new medicine R&D center that is responsible for formulating strategies for independent innovation product development, pipeline layout, clinical research, and development. Being "Scientific Research-based and Patient-centered", the Company has fostered a sound independent innovation system for R&D of medicines that covers the whole process from medicine discovery, pharmaceutical

research, pre-clinical research and clinical research to industrial production after years of vigorous development, with “clinical value, pharmacoeconomic value and commercial value” as the starting point.

Focusing on the three core therapeutic fields of oncology, endocrinology and autoimmunity, the Company keeps developing and has fostered differentiated innovative product lines that cover the full R&D cycle via independent R&D, external cooperation, license-in, etc. All these merits effectively empower the continuous initiation and launching of innovative products, offering impetuses for the medium- and long-term development. The Company has continuously leveled up its independent R&D and innovation capabilities with its innovative medicine pipelines now covering over 80 items, positioning it within the top tier of the pharmaceutical industry in China.

2. Diverse product lines for specialized and chronic diseases, and featured layout in three core therapeutic fields

Focusing on specialized and chronic diseases, as well as special medicines for years, the Company has fostered good brand effect and laid strong market foundation in such fields as chronic nephrosis, autoimmunity, endocrinology, oncology, digestive system and cardiovascular diseases, continuously keeping in the forefront of similar products in China in terms of market share. Having launched the world’s first-in-class medicines in the three core therapeutic fields of oncology, endocrinology and autoimmunity, the Company has fostered three featured product matrices of ADC, GLP-1 and external preparations, with differentiated advantages formed.

Specializing in medicines for diabetes for over two decades, the Company has comprehensively laid out product lines of innovative and differentiated generic medicines for clinical mainstream therapeutic targets of diabetes, with over 20 types of products under development or put in commercial production. Now, the Company has fostered good brand effect and laid strong market foundation. The existing and subsequently-upgraded products cover multiple clinical mainstream targets, including α-glucosidase inhibitor, DPP-4 inhibitor, SGLT-2 inhibitor, GLP-1 receptor single-target and long-acting multi-target agonists, insulin, and its analogues. The Company has fostered all-round and differentiated product lines that combine the long-acting and multi-target global innovative and biosimilar medicines including oral tablets and injections revolving around GLP-1 target.

In the field of oncology, the Company kept enriching its pipelines around the key layout of ADC products. In the meantime, the Company has successively invested in, controlled and incubated numerous biotechnology companies with leading technologies in China. Moreover, the Company established cooperation with Heidelberg Pharma (Germany) on equity investment and products as its second largest shareholder and introduced its advanced proprietary ATAC (Antibody-Amanita Conjugate) technology platform, fostering a unique global ADC R&D ecology of Huadong Medicine

and gradually creating a world-leading independent ADC R&D platform that is unique to Huadong Medicine. The Company will keep developing ADC innovative medicines via a differentiated manner and bringing tumor patients better and more advanced solutions.

华东医药肿瘤产品管线布局（截至2025年4月）

领域	适应症	在研产品	已获批产品
实体瘤	卵巢癌		爱拉赫®、派舒宁®
	非小细胞肺癌	迈华替尼片**（NDA/BLA）	
	肝细胞癌		淫羊藿素软胶囊*、注射用奥沙利铂
	乳腺癌		阿那曲唑片、来曲唑片
	结直肠癌		注射用奥沙利铂
	前列腺癌	HDM2031（临床前）	
	实体瘤	HDM2005***（Ⅰ期） HDM2006（Ⅰ期） DR30206（Ⅰ期） DR30303（Ⅰ期） HDM2020（IND研发） HDM2012（IND研发） HDM2017（IND研发）	
血液瘤	复发/难治性多发性骨髓瘤	HDM2027***（IND）	赛恺泽®*
	复发/难治性B细胞淋巴瘤	HDM2005***（Ⅰ期）	
	弥漫大B细胞淋巴瘤	HDM2005***（IND）	
	非霍奇金淋巴瘤	IM19*（NDA/BLA）	
	骨髓增生异常综合征		注射用地西他滨

注：该列表为不完全列表，研发进度指截至报告发布的国内最高研发进展。

*商业化/市场推广权益

**迈华替尼片被中国NMPA纳入突破性治疗药物程序，用于EGFR罕见突变的非小细胞肺癌。

***HDM2005获美国FDA 孤儿药资格认定，用于治疗套细胞淋巴瘤；
HDM2027（HDP-101）获美国FDA 孤儿药资格认定，用于治疗多发性骨髓瘤。

In the field of autoimmunity, the indications of the Company's existing and under-development products include transplant immunity, psoriasis, atopic dermatitis, seborrheic dermatitis, recurrent pericarditis, Cryopyrin-Associated Periodic Syndromes, etc., covering multiple types of diseases related to skin, rheumatism, cardiovascular system, respiratory system, and transplantation. The Company has become one of the pharmaceutical companies with comprehensive coverage in the field of autoimmunity in China. To date, the Company has had over 20 varieties of biomedicines and small-molecule innovative products in the field of autoimmunity. In the meantime, the Company's innovative medicine R&D center has been focusing on new targets and biological mechanisms, developing multiple early-stage projects for immune diseases, all of which are progressing smoothly.

With regard to autoimmunity, the Company stretched its coverage to external preparations, built external preparation R&D platforms, and steadily advanced the R&D and innovation of external and complicated preparations. To date, its wholly-owned subsidiary Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. has fostered three production lines for external preparations. The Company now has as many as ten products of external preparations either under development or in commercial production.

3. China's leading professional pharmaceutical service team and complete commercial format

In the pharmaceutical industry segment, the Company has fostered a professional pharmaceutical service and market development team. Coring at the clinical values and academic promotion, the team vigorously promotes the marketing mode that features the online integration of comprehensive hospitals, primary level medical institutions, retailing, third-party terminals and Internet, with its sales network covering over 30 provinces (autonomous regions and municipalities) throughout China. To date, the Company has gradually achieved extensive coverage and formed

strong competitive advantages.

As for the pharmaceutical business, the Company has made its presence in Zhejiang for years and boasts a complete business ecosystem with diverse categories of commercial forms, products and services, maintaining a leading position in market access and coverage. To date, the Company has established business partnership with over 90% of mainstream pharmaceutical enterprises in and out of China, with its sales network covering all cities, districts and counties (county-level cities) in Zhejiang. All public medical institutions in Zhejiang have been covered. With regard to the out-of-hospital market, the Company kept developing high-value clients such as retail pharmacies and private medical institutions, with a leading market share in Zhejiang Province. In the meantime, the Company has continuously improved its core competence and formed significant competitive advantages in terms of service innovation, policy affairs, organization and operation, in addition to its cooperation with leading hospitals. Actively implementing medical reform policies and further deepening its partnership with major clients, the Company has continuously maintained a leading position in the industry in Zhejiang Province in terms of pharmaceutical service innovation, cold chain third-party logistics, automated decoction, etc.

4. High-end international aesthetic medicine product lines that cover noninvasive and micro-invasive mainstream non-operative fields

The Company is strategically focusing on the global high-end aesthetic medicine market, with its wholly-owned subsidiary Sinclair (the U.K.) serving as the global operational platform for its aesthetic medicine business. In recent years, the Company has successively introduced multiple premium products including the Préime DermaFacial multi-functional facial skin management platform, the KiOmed series of chitosan-based aesthetic medicine products, and the recombinant botulinum toxin type A YY001 through acquisitions of High Tech and Viora, international enterprises of energy-based devices in aesthetic medicine. Thanks to these efforts, the Company has continuously enhanced and enriched the layout in the high-end aesthetic medicine industry. With an international aesthetic medicine operation and BD team, the Company has covered all middle- and high-end markets of non-operative aesthetic medicine injections and energy-based devices. Its injection portfolio spans three major categories of regenerative therapies, hyaluronic acid fillers, and botulinum toxins. The Company has established a comprehensive multi-dimensional facial aesthetic product system that provides one-stop holistic facial aesthetic solutions for patients. Moreover, the Company has now held global rights of multiple patented products in such fields as facial and body filling, facial cleansing, body shaping, thread lifting, and energy-based devices. To date, the Company has developed 40 types of international high-end “noninvasive and micro-invasive” aesthetic medicine products that cover frown lines improvement, facial and body filling, thread lifting, skin management,

body shaping, depilation, private repair and other non-operative mainstream aesthetic medicine fields. Specifically, 26 types of these products have been launched in and out of China. With comprehensive product clusters formed, the Company now ranks at the forefront of the industry in terms of product quantity and coverage, and witnesses continuously increasing international influence. The Company's aesthetic medicine marketing network spans over 80 countries and regions worldwide, supported by a professional aesthetic medicine sales team of over 600 members across markets in and out of China.

5. Building R&D industrial cluster and comprehensively improving the international competitiveness of the industrial microbiology segment

With the establishment of the Industrial Microbiology Division, the Company has led the overall business development in the field of industrial microbiology, and formed a complete and independent management system in marketing, operation, R&D, human resources, and finance. The Company has also established R&D clusters with Industrial Microbiology of Zhongmei Huadong, HIT Institute of Synthetic Biology, Huida Biotech, Hizyme Biotech, Perfect mRNA and Shengji Material as the core, and seven industrial bases in Hangzhou Xiangfuqiao, Qiantang New Area, Jiangsu Joyang Laboratories, Magic Health, Anhui Meihua, Wuhu Huaren, and Nanjing Nongda Animal Pharmaceutical. Moreover, the Company has set up the largest fermentation monomer plants in Zhejiang Province, formed the industry-leading microbiological medicine production ability and high-level R&D capacity that covers all stages of microbiological engineering technologies from strain construction, metabolic regulation, enzymatic catalysis, synthetic modification to separation and purification, and built a complete manufacturing system for R&D, pilot test, commercial production, engineering and public system guarantee of microbiological projects. On this basis, the Company has further advanced the integrated development of "production, research and marketing" of the Industrial Microbiology Division, making it an innovative international team with high synergy and high efficiency.

The Company's industrial microbiology team has established a multi-tiered talent structure centered on experienced industry experts and supported by emerging-generation research professionals, creating a specialized operational system that integrates profound technical expertise with innovative dynamism. In terms of R&D, the Company's industrial microbiology segment has been committed to forming an efficient R&D team with high-quality talents as the core. To date, 27% of its R&D personnel have obtained their master and/or doctoral degrees. In the industrial microbiology sector, the Company has initiated over 393 R&D projects, including 70 projects for xRNA (including 237 subprojects), 88 projects for featured APIs and pharmaceutical intermediates, 38 projects for massive health and biomaterials, and 30 projects for animal health.

6. Prudent and pragmatic operation style, and stable returns to shareholders

Valuing innovation in management, the Company has always endeavored to satisfy the demands for market competition by improving the quality of its operations. As a result, the Company has achieved long-term steady development thanks to its high-quality products, excellent commercialization capability, compliant yet efficient marketing services, differentiated market positioning, innovative R&D layout, and complete talent planning. Since it was listed, the Company has distributed dividends for 23 times with the cumulative amount of 7.242 billion yuan, which is 28.97 times the fund that was raised during IPO (250 million yuan). The Company brings shareholders consistent and steady returns on investment.

IV. Main Businesses

1. Overview

The year 2024 marked the conclusion of the Company's seventh three-year plan period. The pharmaceutical market competition in China continued to escalate against the backdrop of China's intensified efforts in anti-corruption in the pharmaceutical industry, deepened reforms in medicine pricing governance, strengthened supervision over medical insurance funds, and normalized advancement of volume-based procurement and medical insurance negotiations, presenting new challenges to the operations, R&D strategies, and market approaches of pharmaceutical enterprises. During the reporting period, the Company continuously followed its operation philosophy of "high quality and efficiency" and "struggling forward for development and putting management first", adapting dynamically to evolving conditions and achieving breakthroughs amidst uncertainty. It actively explored and implemented a high-quality, innovation-driven development strategy that is unique to Huadong Medicine, marked by sustained enhancements in R&D capabilities, multiple "milestone" achievements in new drug registrations, and the transition of its self-developed innovative product lines into validation stages alongside the gradual commercialization of BD-introduced products. Accelerated resource synergy and integration across its four major business segments of pharmaceutical industry, pharmaceutical business, aesthetic medicine and industrial microbiology enabled stable operational progress with robust resilience. The Company has achieved its best annual performance ever since inception, fully accomplished its annual operational targets, delivered a high-quality development report demonstrating breakthrough growth under adversity, and entered a new phase of sustained upward momentum.

In 2024, the Company achieved an operating revenue of 41.906 billion yuan, up 3.16% year on year. The net profit attributable to shareholders of listed companies was 3.512 billion yuan, up 23.72%

year on year. The net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses was 3.352 billion yuan, up 22.48% year on year. After deducting the equity incentive expenses and the profits and losses of participating and holding R&D institutions, the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses in 2024 was 3.709 billion yuan, up 35.52% compared with the Company's net profit attributable to shareholders of the parent company after deducting non-recurring gains/losses in 2023. This growth demonstrates the increasingly robust profitability of its core businesses.

During the reporting period, the Company kept leveling up its operations, and achieved the consolidated gross margin of 33.21%, increased by 0.81% year on year. The net cash flow from operating activities of the Company was 3.749 billion yuan. As of the end of 2024, the Company's total assets, net assets attributable to shareholders of listed companies, asset-liability ratio, and return on equity (ROE) were 37.879 billion yuan, 23.060 billion yuan, 37.79% and 15.93% respectively.

According to the audited 2024 financial report, the Company achieved a 53.12% increase in the net profit attributable to shareholders of the parent company after deducting non-recurring gains/losses compared to that in 2021. After further excluding the impact of share-based payment expenses related to the equity incentive plan, the Company successfully met its overall performance targets in 2024 set under the *Restricted Share Incentive Scheme in 2022*. As for the implementation of the equity incentive plan, in 2024, the Company completed series of work specified in *Restricted Share Incentive Scheme in 2022*, including the second restriction release for the initially granted restricted shares and the first restriction release for the reserved restricted shares.

I. Operation and Development of the Four Business Segments of the Company during the Reporting Period

(I) Pharmaceutical Industry

In 2024, the Company's pharmaceutical industry segment focused on its seventh three-year plan and Vision 2030. Guided by the integrated requirements of R&D, production and sales, the Company adhered to a development path emphasizing "high quality and high efficiency" that is characterized by strengthening collaboration, controlling risks, and accelerating execution. Through organizational structure optimization, continuous enhancement of capability building, and accelerated market access and expansion for new products, the Company's overall operational performance reached a new historic high building upon the steady growth achieved in 2023.

During the reporting period, Zhongmei Huadong, one of the Company's core subsidiaries, witnessed steady and positive growth as a whole and achieved an operating revenue (including CSO business) of 13.811 billion yuan, up 13.05% year on year, and a net profit attributable to shareholders of the parent company after deducting non-recurring gains/losses of 2.876 billion yuan, up 29.04%

year on year. The net return on equity was 25.33%. The segment has become the core impetus for the Company's performance growth.

During the reporting period, Zhongmei Huadong continued to strengthen foundational management, optimize internal resource allocation, and enhance comprehensive operational efficiency with production supply assurance as the core. Thanks to its management improvement and technological advancement, Zhongmei Huadong persistently advanced its second-phase production transformation centered on "standardization and high efficiency" in line with the principle of cost-effectiveness, establishing a high-efficiency, low-cost, and agile production and operation system. In the meantime, the Company actively promoted factory standardization initiatives, optimized procurement management and supplier management systems, streamlined engineering construction processes, and elevated factory management standards, significantly improving inventory turnover rates, production efficiency, and cost control capabilities. By coordinating, balancing, and rationally allocating existing internal resources, it maximized the utilization of existing assets. During the reporting period, the Company promoted the construction of Huadong Medicine Bio-innovation Intelligence Center and the Production Base of Synthetic APIs as planned. In quality management, the Company continued to enhance "compliance" practices, deepened "group-wide" quality control, and expanded its efforts to align with diversified business demands based on existing quality management endeavors. It explored new breakthroughs across the entire industry chain, collaborating with other departments and business segments to establish and refine production and R&D quality management systems. These initiatives were designed to support the Company's evolving needs in production, R&D, new businesses, emerging fields, and commercial opportunities.

In 2024, Hangzhou Zhongmei Huadong Pharmaceutical Service Corporation continuously deepened its transformation in pharmaceutical services by implementing professional and compliant promotion models while actively aligning with industry trends and closely following the Company's strategic objectives. It continued to strengthen its presence in three core therapeutic fields of endocrinology, autoimmunity and oncology, while cultivating a specialized pharmaceutical service team grounded in medical expertise. The Company further refined its three major systems: KA access, academic promotion, and personnel/organizational development. While reinforcing in-hospital academic-driven initiatives, it expanded out-of-hospital service systems through multi-product coverage, optimized staffing, enhanced professional capabilities, refined management practices, and digital marketing, thereby increasing coverage and penetration in out-of-hospital and primary-level markets. The Company accelerated the development of retail product strategies aligned with its strategies by expanding its network and channels in online markets, OTC markets, and DTP pharmacies. The Company prioritized its efforts in policy affairs advancement, out-of-

hospital/primary-level market development, strategic product collaborations, academic platform establishment, system optimization, and compliance reinforcement to drive comprehensive improvements in pharmaceutical service capabilities.

During the reporting period, Zhongmei Huadong's core products maintained stable sales growth with steadily increasing market share. The Bailing product series successfully renewed its volume-based procurement agreement under the National Traditional Chinese Medicine Patent Medicines and Simple Preparations Joint Procurement Alliance, and accelerated growth is expected in the future considering the expanded indications of Bailing Capsule suitable for reimbursement under the updated *Catalogue of Medicines Covered by National Basic Medical Insurance*. Liluping®, the first Liraglutide Injection approved for dual indications of diabetes and weight management in China, sustained rapid growth by capitalizing on its first-mover advantages and established distribution channels after it was approved in 2023, laying a solid market foundation for the Company's subsequent commercialization of GLP-1 products. The exclusively commercialized CAR-T Zevorcabtagene Autoleucel Injection (Saikaize®) achieved successful market entry in its launch year. Since it was approved in March 2024, over 200 Chinese medical institutions completed certification and filing procedures. As of December 31, 2024, the Company had placed 154 valid orders with its partner CARsgen Therapeutics, exceeding its annual targets and demonstrating the pharmaceutical service team's exceptional promotional capabilities and execution efficiency in the emerging hematologic oncology sector. Saikaize® is poised to maintain high-speed growth considering the continuous market expansion and increased coverage under regional Huiminbao programs and commercial insurance plans. Sailexin®, co-developed by the Company with Qyuns Therapeutics and commercialized by the Company independently, emerged as China's first biosimilar of Ustekinumab Injection in this category and marked the Company's inaugural commercialization achievement in autoimmune biosimilars. As for the product, the Company has actively progressed its efforts in online tendering and hospital access processes, achieved bulk supply, and obtained approval for its supplemental application for the treatment of pediatric plaque psoriasis. This advancement has enabled the Company to establish a "golden product portfolio" in psoriasis treatment that integrates monoclonal antibodies, oral agents, and external preparations, providing comprehensive treatment options for adult and pediatric psoriasis patients across all disease stages.

(II) Pharmaceutical Business

In 2024, the Company's pharmaceutical business segment actively addressed the dual challenges of payment-side cost control and weak consumer demand, adopting a balanced strategy between in-hospital and out-of-hospital markets. By emphasizing both business expansion and operational efficiency improvement, the segment achieved stable development through proactive internal

adjustments to counter external market pressures and competition. The segment reported revenues of 27.092 billion yuan, up 0.41% year on year, and achieved the net profit of 456 million yuan, up 5.58% year on year.

During the reporting period, the segment adhered to the operational philosophy of "preserving existing business, driving incremental growth, and enhancing quality", continuously refining its integrated business service capabilities. The segment diversified its business portfolio across medicines, medical devices, TCM herbal pieces, and non-pharmaceutical products, while accelerating retail upgrades and CSO service enhancements, and enhancing its supply chain upgrade and digital transformation. In terms of medicines, the segment continuously strengthened group-based collaborations with tertiary hospitals, consolidated market share, increased penetration in secondary medical markets, and expanded retail terminals and non-pharmaceutical businesses outside Zhejiang Province. As for medical devices, the segment leveraged volume-based procurement opportunities for medical consumables to scale up operations and boost market share through concentrated distribution networks. With regard to TCM herbal pieces, the segment established "half-day" delivery-standard herbal decoction centers across Zhejiang Province, expanded production capacity, secured contracts with cultivation bases, optimized product tiers, and took diverse measures to improve bid success rates, get more orders, and increase market shares. In terms of innovative business, the segment coordinated its agency layouts for chemical medicines, biological products, and high-value consumables for synergistic distribution, thus achieving two-way enhancement. As for retail upgrade, the segment enhanced "integrated pharmaceutical services" and expanded "pharmacy+" models. To upgrade its CSO services, the segment empowered its traditional business to increase the in-hospital business, focused on specialized areas like blood products, and explored aesthetic medicine markets in public healthcare institutions through product iteration and physician training. The segment prioritized two core drivers: as for hardware, the segment continued to place its focus on supply chains for cold chains, special medicines, and nuclear medicines, and further refined third-party logistics services. With regard to software, the segment upgraded its information system for digital business operations, logistics, retail, and overall management.

During the reporting period, the segment continued to explore innovative service models, excavate demands from upstream and downstream clients, and enhance service quality to strengthen brand recognition. Upholding the philosophy of "stabilizing scale and optimizing structure", the segment consolidated its traditional delivery business, maintained reasonable operational scale, and ensured dual growth in both market share and volume at leading hospitals. It further extended its medicinal materials and medical device businesses to low-tier markets, increasing its market shares in various cities throughout Zhejiang Province. With the objective of "addressing weaknesses and

increasing profitability", the segment vigorously expanded its out-of-hospital markets, further developed the Company's pharmaceuticals retail business, and improved the terminal services and profitability of in-hospital pharmacies and DTP pharmacies. In terms of product portfolio, the segment focused on high-margin chemical medicines and blood product agency, extended the medical device product lines, and leveraged regional subsidiaries to directly reach end consumers. Innovative marketing models were implemented to diversify its categories. OTC, distribution and other departments co-established business groups for businesses out of Zhejiang Province. The segment actively fueled its distribution and delivery businesses through agency business and undertook scale-up projects for branded partners. Huadong Medicine Supply Chain Management (Hangzhou) Co., Ltd. optimized multi-scenario logistics coordination, completed phase IV cold storage expansion, and prioritized the enhancement of distribution capabilities for high-value pharmaceuticals such as vaccines and biological products, thereby solidifying its leadership in the pharmaceutical cold chain logistics sector.

(III) Aesthetic Medicine Business

During the reporting period, the Company's aesthetic medicine segment performed steadily amid slowing macroeconomic growth and declining consumer demands in domestic and international markets, achieving the total operating revenue of 2.326 billion yuan (excluding internal offsetting factors), down 4.94% year on year. With gradual recovery in global consumption and successive regulatory approval of multiple differentiated new products, the segment is expected to stabilize and rebound, unleashing long-term growth potential and securing broader mid-to-long-term development opportunities.

Sinclair, one of Huadong Medicine's wholly-owned subsidiaries and the global operating platform of the Company's aesthetic medicine business based in the UK, proactively expanded sales of its aesthetic medicine injection, filling and EBD products globally. Affected by sluggish global economic growth, internal adjustments of EBD business and fluctuations in demands, Sinclair achieved the operating revenue of approximately 967 million yuan (down 25.81% year on year), and the EBITDA of -12.61 million pounds during the reporting period.

Sinclair (Shanghai), the Company's wholly-owned subsidiary in China for its aesthetic medicine business, achieved the operating revenue of 1.139 billion yuan during the reporting period, up 8.32% year on year, marking its continuously improved profitability and making important contribution to the growth of the Company's overall performance.

During the reporting period, the Company has continued to plan and promote the overseas registration of its cosmetic medicine products. The MaiLi® series products received approval for launch in Singapore in June 2024. KIO015, a new-generation dermal filler for injection, is currently

undergoing technical review for MDR-CE certification in the EU and is expected to receive the certification in 2025. The Company has registered and launched all its injection products, including regenerative materials (Ellansé® and Lanluma®), hyaluronic acid fillers (MaiLi® and Perfectha®), and thread lifting products (Silhouette Soft® and Silhouette Instalift®), in over ten major markets in the Middle East. Additionally, the registrations of EBD core products like Cooltech, Elysion, and the Primelase series are being actively promoted in the Middle East, with more than half of the registration procedures completed. Ellansé®S has been approved to initiate clinical trials in the U.S. Its project initiation and investigator injection training have been completed, and the trial has now progressed to the subject enrollment phase. In the meantime, the Company has started the registration of MaiLi® in the U.S., and is actively preparing for the registration and clinical trials of other injection products such as KIO015.

During the reporting period, the Company kept advancing the registration and launching of its core products in China. The optical RF therapy system Renotion® (V20) was approved by the NMPA in September 2024. V30, a high-end integrated multi-functional platform combining radio frequency, intense pulsed light, and Nd:YAG laser technologies, received a registration acceptance notice from the NMPA in March 2025. MaiLi® Precise, a novel premium hyaluronic acid dermal filler with lidocaine (indication: infraorbital pouch), completed main end-point follow-ups for all subjects in its Chinese clinical trial in September 2024 and is currently undergoing safety follow-ups. MaiLi® Extreme, another filler in the same series (indication: enhancement of jawline contour), was approved by the NMPA in January 2025. For the Ellansé®S, the enrollment of all subjects for the new indication (enhancement of forehead contour) in its Chinese clinical trial was completed in November 2024, and follow-ups are now in progress. Ellansé®M, a long-acting collagen-stimulating variant (indication: correction of temporal depression), received the registration acceptance notice from the NMPA in January 2025. For the Poly-L-lactic acid (PLLA) collagen stimulant Lanluma®, the enrollment of all subjects in its Chinese clinical trial was completed in November 2024, and follow-ups are now in progress. The chitosan-based dermal filler KIO021 that utilizes innovative biomaterials secured ethical approval for principal investigator of clinical trial in December 2024 and is poised to initiate formal clinical trials. Additionally, the marketing authorization application for the exclusively distributed product YY001 (recombinant botulinum toxin type A for injection) was accepted by the NMPA in December 2024. Please see “(8) Progress of registration and launching of aesthetic medicine products in China” in “4. R&D investment” below in this section for the progress of registration of the Company’s other key aesthetic medicine products in China.

Figure: Key Aesthetic Medicine Products of Huadong Medicine

During the reporting period, Sinclair (Shanghai) drove collaborative development of its multiple subsidiary brands with the Company's brand as the main body, constantly launched high-quality products, gradually improved its product matrix, linked global R&D and medical resources, improved its reputation on B and C ends, and created a "professional", "aesthetic" and "high-end" brand image.

As for products, the Company launched the second-generation new products of Ellansé® in Shanghai in June 2024: three high-end regenerative facial fillers, namely Ellansé® Zhenyan™, Ellansé® Jinyan™ and Ellansé® Zhizhen™. By stratifying the core PCL microspheres into distinct particle sizes, these products deliver highly refined and personalized anti-aging solutions to patients. This innovation pioneers the concept of precision anti-aging in China, driving demand while further consolidating the Company' leading role in the high-end anti-aging market in China and strengthening its product matrix. Winning great concern and recognition after being launched, these products have been introduced and applied by approximately 300 high-end aesthetic medicine institutions so far.

Additionally, the Company further enhanced its industry influence through active participation in major international aesthetic medicine exhibitions and the establishment of global academic exchange platforms. In October 2024, Sinclair (Shanghai) successfully organized the World Expert Meeting (WEM) in Barcelona, Spain, providing clinical case study sharing and cutting-edge materials science knowledge to global aesthetic experts, thereby delivering optimized anti-aging solutions for worldwide patients. The meeting unveiled the Ellansé® Asia-Pacific Consensus, offering physicians scientific methodologies for refined clinical applications of the Ellansé® second-generation new products tailored to diverse aesthetic needs. The meeting also showcased clinical case achievements of these products. In 2024, Sinclair (Shanghai) reached academic cooperation with Massachusetts General Hospital under Harvard Medical School on Asian Virtual Magic Wand, which was successfully implemented in March 2025 with academic exchange activities held at Harvard University. With this initiative as a tie, Sinclair (Shanghai) will pool together top-notch scholars, clinicians, researchers and industry leaders across the globe to promote international academic exchanges, enhance the influence of Chinese physicians in the field of aesthetic medicine globally, expand more safe and effective treatment means, and actively advance the vigorous development of the global aesthetic medicine industry.

The segment has always put medical science first. In 2024, Sinclair (Shanghai) conducted hundreds of on-site medical training sessions and educational programs, training over 5,000 physicians. Concurrently, it recorded over 120,000 physician visits to its online education platform and published 13 papers in academic journals, including eight on SCI-indexed journals (English). By the end of 2024, Sinclair (Shanghai) has signed cooperation contracts with over 1,000 hospitals and trained over 1,000 certified physicians on Ellansé®. As for Ellansé®, Sinclair (Shanghai) constantly

strengthened its brand building and consolidated the high-end orientation through diverse trans-discipline activities, being well-received by C-end markets and witnessing improved industry influence and competitiveness.

During the reporting period, Sinclair (Shanghai) also achieved positive results in the expansion of biological and aesthetic medicine equipment market. In March 2024, the Company officially launched the Xinshurui® Cordyceps Series Kit under the Glacial Spa® brand. In May 2024, the launch meeting of Reaction® body program was kicked off during the MEVOS Congress in Hangzhou. Keeping the philosophy of "medicine-based aesthetics" in mind, Sinclair (Shanghai) successfully released the *Expert Consensus on Strengthened Treatment of Ligament through Multi-channel Radio Frequency*. Two clinical trials with Peking University First Hospital and Shanghai Ninth People's Hospital are about to end. The Company's energy-based products have been well-received by many institutions and patients since their launch. To date, more than 200 institutions have introduced Glacial Spa® or Reaction®. The number of terminal treatments increased by more than 300% year on year. In addition, the Company actively advanced its efforts for the registration of Préime DermaFacial, its cosmetic device, in China and kept offering patients excellent experience and services from all aspects through constantly enriched product matrix.

(IV) Industrial Microbiology

During the reporting period, the Company kept implementing the industrial microbiology development strategy and further strengthened its product R&D and market expansion capabilities by continuously advancing four major fields of xRNA, featured APIs & intermediates, massive health & biomaterials, and animal health. With current strategic priorities established on accelerating global market expansion and deeper integration into the global pharmaceutical supply chain, the Company has achieved positive progress in developing major customer partnerships across domestic and international markets. Through years of exploration and practice, the Company has forged a challenging yet rewarding path for growth. During the reporting period, all business departments maintained a robust growth momentum, demonstrating a sustained upward trend in overall sales and achieving a total sales revenue of 711 million yuan, up 43.12% year on year. Four major fields of featured APIs & intermediates, xRNA, massive health & biomaterials, and animal health witnessed growth of 38%, 20%, 142% and 33%, respectively. Major accomplishments across all business segments are as follows:

Global market expansion remains a core mission for the industrial microbiology segment. In the featured APIs & intermediates field that integrates traditional and innovative operations, the product portfolio for ADC toxin innovation business has now been established, with all core toxin variants having completed U.S. DMF registrations. Moreover, the segment has secured multiple ADC small-

molecule CDMO projects, offering global customers end-to-end services spanning from early-stage R&D to clinical-phase product development and regulatory registration submissions. The polypeptide business has completed an overall deployment and kept actively expanding into the international market, with anticipated gradual release of overseas order potential. Additionally, the deployment of high-potency API products of microbial origin (including anti-tumor, anti-parasite compounds) has been substantially completed.

xRNA: Perfect mRNA has established full capabilities to undertake mRNA-related CDMO businesses. It has successfully developed dozens of enzymatic and chemical raw materials for mRNA vaccine synthesis, and built an integrated platform that encompasses self-developed fermentation, plasmid preparation, mRNA substance production, and LNP formulations, providing customers with end-to-end solutions that span R&D, production, and quality control. Meanwhile, Wuhu Huaren has enhanced its full-chain development and production capabilities for upstream raw materials for oligonucleotide medicines and in vitro diagnosis (IVD), delivering differentiated services and rapid responses to serve globally renowned pharmaceutical enterprises, CDMOs, and IVD companies. Through sustained investments in innovation, Wuhu Huaren has endeavored to continuously enhance its R&D capabilities around raw materials for nucleic acid medicines, delivery systems, and customized business. To date, with ISO9001 certification and strict adherence to the ICH international guidelines and GMP standards, Wuhu Huaren has secured four U.S. DMF registrations. These capabilities have enabled its partnerships with multiple multinational pharmaceutical enterprises, thus driving robust business growth.

Massive health & biomaterials: For this segment, focus has been placed on three core business lines of functional food ingredients, personal care raw materials, and biomaterials. Magic Health completed the fundamental construction of its Yichang Industrial Base, obtained the production license and shifted to normalized operation. It also obtained the following certifications: ISO9001, ISO22000, ISO14001, ISO45001, HACCP, FSSC22000, Halal, Kosher (OU) and cGMP, and accelerated the development of key domestic and international customer partnerships. Shengji Material fostered an advanced medical-grade functional materials matrix with its self-developed biodegradable materials products together with exclusively agent varieties introduced from overseas. Leveraging on its unique platform for preparation technologies innovation, it proactively developed biological medicine and aesthetic medicine CMC R&D businesses closely associated with its core materials expertise that boast global competitiveness. This model facilitates co-development of innovative products with global partners.

Animal health: in 2024, Nanjing Nongda Animal Pharmaceutical, the Company’s holding subsidiary, has been actively building a professional brand system for the pet healthcare industry,

developing innovative solutions across three specialized segments in animal health: perioperative care, geriatric disease management, and nutritional health services. Leveraging Butorphanol Tartrate Injection (branded as Baoshining®), its exclusively commercialized central analgesic medicine for pets, Nanjing Nongda Animal Pharmaceutical has implemented a three-pronged commercialization strategy focusing on enhanced hospital coverage, collaborations with KOLs at chain hospitals, and the establishment of flagship hospitals in major cities. By the end of 2024, these efforts had secured coverage across over 5,000 pet hospitals throughout China, effectively driving the promotion and sales of complementary professional products while fostering and strengthening its field professional teams for pet care. Concurrently, Nanjing Nongda Animal Pharmaceutical has vigorously strengthened its innovative pet product lines through internal R&D and external partnerships, fostering robust product portfolios in perioperative care and dermatology treatments that are scheduled to start commercial rollout progressively from 2025. Additionally, Nanjing Nongda Animal Pharmaceutical has also prioritized digital channel development by launching the pet e-commerce brand "Mengdi" on Tmall, TikTok, and other mainstream e-commerce platforms. This initiative directly addressed the evolving consumer needs while contributing to the entire industry development. Strategically advancing aquaculture health as a high-potential sector, it has been committed to improving water environments and enhancing aquatic nutrition through team restructuring, product innovation, regional expansion, and direct sales model trials. All these efforts have contributed to its delivery of comprehensive support and services to aquaculture operators, including animal health products, pathogen detection services, and water quality testing.

II. BD Cooperation during the Reporting Period

On March 11, 2024, Huadong Medicine Investment Holding (Hong Kong) Limited ("Huadong Medicine Investment"), a wholly-owned subsidiary of the Company, subscribed IPO shares of Qyuns Therapeutics Co., Ltd. at the Stock Exchange of Hong Kong Limited as a cornerstone investor with the consideration of 5 million US dollars equivalent in Hong Kong dollar from its own funds (excluding brokerage commission, related transaction fees and levies). For details, please refer to the *Announcement on Subscribing IPO Shares of Qyuns Therapeutics Co., Ltd. in Hong Kong as Cornerstone Investor* (Announcement No.: 2024-013) disclosed by the Company on Cninfo (http://www.cninfo.com.cn). On March 20, 2024, Qyuns Therapeutics was successfully listed on the main board of the Stock Exchange of Hong Kong with the stock code of 2509.HK. As of the date of the Report, the Company holds a total of 37,876,800 shares of Qyuns Therapeutics through its wholly-owned subsidiaries Zhongmei Huadong and Huadong Medicine Investment Holding (Hong Kong) Limited, accounting for about 17.06% of the total issued shares of Qyuns Therapeutics, including 35,900,000 shares held by Zhongmei Huadong and 1,976,800 shares held by Huadong Medicine

Investment.

On July 12, 2024, Zhongmei Huadong, a wholly-owned subsidiary of the Company, signed the Exclusive Product Licensing Agreement with Suzhou Auzone Biological Technology Co., Ltd. According to the agreement, Zhongmei Huadong obtained the exclusive rights to develop, register, manufacture and commercialize the globally innovative product TTYP01 Tablets (Edaravone Tablets) for all indications within the Chinese mainland, Hong Kong, Macao and Taiwan. For details, please refer to the *Announcement on Signing the Exclusive Agreement for Products by Wholly-owned Subsidiary with Auzone* (Announcement No.: 2024-060) disclosed by the Company on Cninfo (http://www.cninfo.com.cn).

On July 19, 2024, Zhongmei Huadong, a wholly-owned subsidiary of the Company, signed the Cooperative Development and Market Promotion Service Agreement on QX005N with its holding company Qyuns Therapeutics Co., Ltd. listed on the Stock Exchange of Hong Kong (stock code 2509.HK). According to the agreement, Zhongmei Huadong obtained the exclusive cooperative development rights, exclusive market promotion option and preferential cooperation right transferred by listing license holder of QX005N of Qyuns Therapeutics within the Chinese mainland, Hong Kong, Macao and Taiwan. For details, please refer to the *Announcement on Signing the Cooperative Development and Market Promotion Service Agreement for Products by Wholly-owned Subsidiary* (Announcement No.: 2024-061) disclosed by the Company on Cninfo (http://www.cninfo.com.cn).

On July 19, 2024, to further enhance the Company's core competitiveness in the field of traditional Chinese medicine and enrich its product lines of topical formulation, the Company and its wholly-owned subsidiary Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. signed the Agreement on Acquiring the Equity of Guizhou HengBa Pharmaceutical Limited Liability Company with Guizhou HengBa Pharmaceutical Limited Liability Company and its original shareholders. According to the agreement, Bohua Pharmaceutical acquired 100% equity of HengBa Pharmaceutical for a base price of 528.47 million yuan, with contingent consideration payment as stipulated in the agreement. For details, please refer to the *Announcement on Acquisition of 100% Equity of Guizhou HengBa Pharmaceutical Limited Liability Company* (Announcement No.: 2024-064) disclosed by the Company on Cninfo (http://www.cninfo.com.cn). HengBa Pharmaceutical was renamed Huadong Medicine (Guizhou) Pharmaceutical Co., Ltd. on January 2, 2025.

On August 2, 2024, Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company, signed an Exclusive Commercialization Cooperation Agreement with Beijing Imunopharm Technology Co., Ltd. According to the agreement, Huadong Medicine Hangzhou obtained the exclusive commercialization rights of CD19-targeting autologous CAR-T candidate product IM19 chimeric antigen receptor T cell injection within the Chinese mainland ("Licensed

Territory"). For details, please refer to the *Announcement on Signing the Exclusive Commercialization Cooperation Agreement for Products by Wholly-owned Subsidiary* (Announcement No.: 2024-065) disclosed by the Company on Cninfo (http://www.cninfo.com.cn).

On August 14, 2024, Zhongmei Huadong, a wholly-owned subsidiary of the Company, signed an Exclusive Product License Agreement with IMBiologics Corp. ("IMB") of the Republic of Korea. According to the agreement, Zhongmei Huadong obtained the exclusive rights to develop, register, manufacture and commercialize IMB-101 and IMB-102, two globally innovative autoimmunity products, in 37 Asian countries including China (excluding Japan, the Republic of Korea and the DPRK). For details, please refer to the *Announcement on Signing the Exclusive License Agreement for Products by Wholly-owned Subsidiary with IMBiologics* (Announcement No.: 2024-071) disclosed by the Company on Cninfo (http://www.cninfo.com.cn).

On September 20, 2024, Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company, reached an exclusive strategic cooperation with Huisheng Biopharmaceutical Co., Ltd. ("Huisheng Biopharmaceutical"). Huisheng Biopharmaceutical is a non-wholly-owned subsidiary of Hainan Sihuan Pharmaceutical Co., Ltd. ("Sihuan Pharmaceutical", Stock Code: 00460.HK). The cooperation concerns the commercial rights of their listed innovative product, Huiyoujing® (Ganagliflozin Proline Tablets), within the Chinese mainland. Huiyoujing is an SGLT-2 inhibitor for type 2 diabetes approved by Huisheng Biopharmaceutical in China. On November 28, 2024, the National Healthcare Security Administration officially released the results of the 2024 medical insurance negotiations. Huiyoujing® (Ganagliflozin Proline Tablets) was formally included in the *Catalogue of Medicines Covered by National Basic Medical Insurance/Work-related Injury Insurance/Maternity Insurance (2024 Edition)* for the improvement of glycemic control in adult patients with type 2 diabetes (T2DM), providing a new therapeutic option for clinical populations prescribed SGLT-2 inhibitor. The updated Catalogue of Medicines Covered by National Basic Medical Insurance became effective on January 1, 2025.

On December 27, 2024, Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. ("Zhongmei Huadong"), a wholly-owned subsidiary of the Company, entered into a strategic collaboration with Synerk Pharmaceutical Technology (Suzhou) Co., Ltd. ("Synerk") to jointly develop SNK-2726, a small interfering RNA (siRNA) candidate targeting angiotensinogen (AGT) for hypertension treatment. According to the agreement, Zhongmei Huadong obtained the exclusive option for development, registration, manufacturing and commercialization rights of this product in Greater China.

III. ESG of the Company during the Reporting Period

With regard to ESG, the Company maintained an unwavering commitment to sustainable

development. Overseen by a dedicated Board-level ESG Committee, the Company integrates the core ESG principles into corporate development strategy and daily operations management. Guided by a scientific approach to social responsibility, it promoted innovation across all business segments. It upholds the idea of green manufacturing, actively supports China's "carbon neutrality and carbon peaking" goals, operates with integrity in strict accordance with laws, and actively fulfills its social responsibilities. By virtue of its excellent ESG governance, the Company has been recognized through multiple prestigious ratings and awards, including the Rating A for ESG by MSCI, Rating AA for ESG by CNI Index of Shenzhen Stock Exchange, and Rating A for ESG of WIND. Additionally, the Company has also been honored with the "2024 Excellent Practice Cases for Sustainable Development among Listed Companies" by the China Association for Public Companies, and the "ESG Best Practice Award 2024" by the *New Fortune*.

For more information about ESG, please refer to *Huadong Medicine: Environmental, Social and Governance (ESG) Report in 2024* issued by the Company.

IV. Awards during the Reporting Period

During the reporting period, the Company's comprehensive competitive strength, efficient operation and governance, and value creation capabilities gained significant market recognition, as evidenced by a number of prestigious awards and honors. The Company was listed in Fortune China 500 for the 15th time, rated as "2024 China Top 500 Private Enterprises" and "2024 China Top 500 Private Manufacturing Enterprises" by the All-China Federation of Industry and Commerce, and the "Best Listed Companies 2024" by the *New Fortune*. It was selected into the Top 10 among "2023 Top 100 Enterprises in the Pharmaceutical Industry in China" and "2023 Top 10 BigPharma Enterprises in Innovation Power" by MENET. It was granted the "Top 100 Valuable Mainboard Listed Companies" at the 18th China Listed Companies Value Evaluation by *Securities Times*, as well as the "Top 20 Most Competitive Chinese Pharmaceutical Listed Companies in 2024" and the "Top 100 Innovative Pharmaceutical Enterprises in 2024" by E-medicine Agent. In terms of investor relations management, the Company won the "2024 Outstanding Board Practice Case of Listed Companies", the "Excellent Practice in 2023 Annual Report Briefings of Listed Companies" and the "2024 Best Practice of Board Secretariat Operations of Listed Companies" by China Association for Public Companies.

2. Income and cost

(1) Composition of operating revenue

Unit: yuan

	2024		2023		Year-on-year increase/decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	41,905,707,385.91	100%	40,623,782,520.43	100%	3.16%
By sectors					
Commerce	28,470,546,280.59	67.94%	27,641,104,822.67	68.04%	3.00%
Manufacturing	15,778,029,869.34	37.65%	14,834,472,398.22	36.52%	6.36%
Including: Industry	13,752,704,745.06	32.82%	12,663,534,159.13	31.17%	8.60%
Aesthetic medicine	2,326,195,010.66	5.55%	2,447,076,357.48	6.02%	-4.94%
Including: International aesthetic medicine	967,371,493.22	2.31%	1,303,938,229.47	3.21%	-25.81%
Aesthetic medicine in China [Note]	1,481,177,976.86	3.53%	1,328,453,681.15	3.27%	11.50%
Offset (inter-sectoral offset)	-2,342,868,764.02		-1,851,794,700.46		
By products					
By regions					
Sales in China	40,811,001,140.88	97.39%	39,196,619,466.20	96.49%	4.12%
Overseas sales	1,094,706,245.03	2.61%	1,427,163,054.23	3.51%	-23.29%
By sales modes					

[Note] The aesthetic medicine in China comprises the income from the self-operated aesthetic medicine products, the income from the aesthetic medicine products of the Company's pharmaceutical commercial agency and the income from the OTC weight-loss products of the Company.

(2) The operating revenue or profit that accounts for more than 10% of the total by industries, products, regions and sales modes

☑ Applicable □ N/A

Unit: yuan

	Operating revenue	Operating cost	Gross profit rate	Year-on-year increase/decrease in operating revenue	Year-on-year increase/decrease in operating cost	Year-on-year increase/decrease in gross profit rate
By sectors						
Commerce	28,470,546,280.59	26,391,902,389.84	7.30%	3.00%	2.64%	0.33%
Manufacturing	15,778,029,869.34	3,960,294,879.25	74.90%	6.36%	20.54%	-2.95%
By products						
By regions						
Sales in China	40,811,001,140.88	27,528,121,461.12	32.55%	4.12%	2.02%	1.39%
Overseas sales	1,094,706,245.03	460,425,724.70	57.94%	-23.29%	-3.99%	-8.46%
By sales modes						

If the statistical methodology of the Company's main business data has been adjusted during the reporting period, the Company's main business data of the most recent year should be adjusted according to the methodology at the end of the reporting period.

□ Applicable ☑ N/A

(3) Whether the Company's income from in-kind sales exceeds that from labor services

☑□Yes □No

Reasons for over 30% year-on-year increase/decrease in related data

□ Applicable ☑ N/A

(4) Fulfillment of major sales contracts and major procurement contracts signed by the Company as of the reporting period

□ Applicable ☑ N/A

(5) Composition of operating cost

Sector

Unit: yuan

Sector	Item	2024		2023		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Commerce	Operating cost	26,391,902,389.84	94.30%	25,712,981,178.42	93.63%	2.64%
Manufacturing	Operating cost	3,960,294,879.25	14.15%	3,285,586,681.98	11.96%	20.54%

Note

N/A

(6) Whether the scope of consolidation has changed during the reporting period

☑ Yes □No

For details, please refer to "IX. Change of consolidation scope" in "Section X. Financial Report".

(7) Significant changes or adjustments to the Company's business, products or services during the reporting period

□ Applicable ☑ N/A

(8) Major customers and major suppliers

Information of the Company's major customers

Total sales amount of the top five customers (yuan)	9,706,497,755.50
Proportion of the total sales amount of the top five customers in the total annual sales amount	23.16%
Proportion of related parties' sales amount of the top five customers' sales amount in the total annual sales amount	0.00%

Information of the Company's top five customers

No.	Customer name	Sales amount (yuan)	Proportion in total annual sales amount
1	Customer A1	3,632,628,729.12	8.67%
2	Customer A4	2,495,601,389.16	5.96%
3	Customer A3	1,571,238,379.31	3.75%
4	Customer A10	1,199,422,337.01	2.86%
5	Customer A2	807,606,920.90	1.93%
Total	--	9,706,497,755.50	23.16%

Other information of major customers

□ Applicable ☑ N/A

Information of the Company's major suppliers

Total purchase amount of the top five suppliers (yuan)	4,404,058,660.36
Proportion of the total purchase amount of the top five suppliers in the total annual purchase amount	15.74%
Proportion of related parties' purchase amount of the top five customers' purchase amount in the total annual purchase amount	0.00%

Information of the Company's top five suppliers

No.	Supplier name	Purchase amount (yuan)	Proportion in the total annual purchase amount
1	Supplier B6	1,171,559,451.57	4.19%
2	Supplier B7	903,057,527.53	3.23%
3	Supplier B8	878,967,438.34	3.14%
4	Supplier B9	812,574,960.12	2.90%
5	Supplier B10	637,899,282.80	2.28%
Total	--	4,404,058,660.36	15.74%

Other information of major suppliers

□ Applicable ☑ N/A

3. Expenses

Unit: yuan

	2024	2023	Year-on-year increase/decrease	Description of major changes
Sales expenses	6,408,522,136.28	6,645,411,414.21	-3.56%	
Administrative expenses	1,397,388,188.96	1,420,188,961.59	-1.61%	
Financial expenses	22,264,685.91	51,189,784.17	-56.51%	Primarily attributable to decreased interest expenses and increased interest revenue
R&D expenses	1,425,659,218.47	1,270,803,119.96	12.19%	

4. R&D input

☑ Applicable □ N/A

(1) R&D overview

During the reporting period, following the "Scientific Research-based and Patient-centered" corporate philosophy, the Company has deepened its expertise in the fields of endocrinology, autoimmunity and oncology. Through sustained increase in the R&D investment and expansion of innovative medicine R&D pipelines, it has strengthened the innovative R&D ecosystem and technological platforms, while accelerating clinical trials, with multiple significant milestone achievements made. As of the date of the Report, the Company has a total of 133 pharmaceutical projects under development, including 94 innovative and biosimilar medicine programs. During the reporting period, the Company's R&D investment in the pharmaceutical industry (excluding equity investment) reached 2.678 billion yuan, up 16.77% year on year. This includes 1.770 billion yuan in direct R&D expenditure, up 10.63% year on year, accounting for 12.91% of the operating revenue of the pharmaceutical industry.

(2) Innovative R&D pipelines

The Company has strategically focused its innovative R&D efforts on three core therapeutic areas: endocrinology, autoimmunity and oncology. To date, over 80 innovative medicine pipelines have been rolled out. With continuous expansion of product lines, the Company has diversified its innovative medicine portfolio to include small-molecule medicines, targeted protein degraders, polypeptides, ADCs, bispecific or multi-specific antibody medicines, and small nucleic acid medicines. Additionally, the Company is also actively exploring innovative therapies for endocrinology, autoimmunity and oncology diseases.

(3) R&D Progress of innovative medicines, medical devices and biosimilar medicines

Oncology

The Company endeavored to build a world's leading innovative oncology medicines R&D platform. Through discovery, screening and validation of novel targets in early-stage R&D of medicines, it has established a robust pipeline of more than 30 innovative antineoplastic medicines covering targeted small-molecule medicines, ADCs, antibodies, PROTAC, etc.

In November 2024, Elahere® (R&D code: IMGN853, HDM2002), the world's first-in-class Mirvetuximab Soravtansine Injection introduced by the Company, obtained conditional approval from the NMPA for the treatment of adult patients with FRα positive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. The Company's supplemental application to convert the conditional approval of

Elahere® into regular approval was accepted in March 2025. Additionally, in April 2024, the Company gained approval to join the international multi-center phase III clinical study of PSOC (platinum-sensitive ovarian cancer), for the maintenance treatment for adult patients with FRα-positive recurrent platinum-sensitive epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer, who have not experienced disease progression after second-line platinum-based chemotherapy in combination with bevacizumab. The first subject enrollment in China for the trial was completed in September 2024. In addition, the product was approved in Macao, China in April 2024. In August 2024, through the ground-breaking policy of "Hong Kong & Macao Registered Medicine and Device Access to GBA Program", the product was approved in the Guangdong-Hong Kong-Macao Greater Bay Area to benefit more patients.

The NDA application of Mefatinib Tablet, the Company's first-class new medicine, for the first-line treatment of Locally Advanced or Metastatic Non-small Cell Lung Cancer (NSCLC) patients with an exon L858R mutation in EGFR 21 was accepted in May 2024. The clinical and pharmaceutical inspections were completed in September and October 2024, respectively, and the application is now under regulatory review.

HDM2005, an ADC product independently developed by the Company and receptor tyrosine kinase-like orphan receptor 1 (ROR1), is used for the treatment of advanced malignant neoplasm. In August 2024, the Company completed the enrollment of the first subject and the first three dose-escalation cohorts in its phase I clinical trial in China, without observing dose-limiting toxicities (DLT). The Company is currently advancing to the fourth dose-escalation cohort while initiating expansion cohorts at the third dose level. In February 2025, the Company submitted an IND application to the NMPA for HDM2005 combined with R-CHP in previously untreated diffuse large B-cell lymphoma (DLBCL), which has been accepted for review. Simultaneously, The Company's HDM2005 also received the Orphan Drug Designation (ODD) from the U.S. FDA for mantle cell lymphoma (MCL).

The IND application of HPK-1 PROTAC (hematopoietic progenitor kinase1 proteolysis targeting chimera), the Company's first self-developed small-molecule anti-tumor medicine, HDM2006, was approved in China by the NMPA in October 2024. The product is used for the treatment of advanced solid tumors. In January 2025, the IND application of HDM2006 Tablet in the U.S. was approved by FDA. The product is used for the treatment of advanced malignant neoplasm. In December 2024, the enrollment and administration of the first subject for phase I clinical research evaluating the safety, tolerability, efficacy, and pharmacokinetics of HDM2006 Tablet in patients with advanced solid tumor were completed at the Fudan University Shanghai Cancer Center. The research is currently progressing as planned.

The IND application of HDM2027 (HDP-101), an innovative medicine introduced by the Company, was approved in October 2024. The product is used for the treatment of clonal hematological diseases with positive B cell maturation antigen (BCMA), such as recurrent/refractory multiple myeloma.

IND applications of HDM2020, HDM2012 and HDM2017, three ADC candidates with novel targets developed independently by the Company, are scheduled to be submitted in both China and the U.S. in Q2/Q3 2025.

For DR30206, a proprietary PD-L1/VEGF/TGF-β tri-specific antibody fusion protein wholly owned and developed by the Company's subsidiary Doer Biologics with global intellectual property rights, has completed seven dose-escalation cohorts in its phase Ia clinical trial in March 2025 and the first subject administration was completed in April 2025 for its phase Ib clinical trial in the treatment of non-small cell lung cancer. Available clinical data demonstrate that DR30206 exhibits favorable human tolerability and preliminary efficacy across multiple solid tumor types. In January 2025, the clinical trial application submitted by Doer Biologics to the NMPA for DR30206 in combination with standard chemotherapy for the treatment of patients with advanced or metastatic gastrointestinal tumors was accepted, and the company received approval for the trials in April 2025. The phase Ib clinical study on the DR30206 in combination with standard chemotherapy is expected to begin in H1 2025.

Endocrinology

The Company has established a robust portfolio of nearly 20 innovative small-molecule and biological medicines targeting endocrine and metabolic diseases.

The Company's proprietary oral small-molecule GLP-1 receptor agonist HDM1002 (conveglipron) achieved positive top-line results in its phase II clinical trials for weight management in October 2024. The data demonstrated statistically significant weight reduction versus placebo after 12 weeks of continuous administration, with the 200mg BID and 400mg QD cohorts showing clinically meaningful efficacy while maintaining favorable safety and tolerability profiles. The enrollment of the first subject for phase III clinical research for weight management indication is scheduled to be completed in April 2025. Concurrently, the ongoing phase II clinical research for diabetes is progressing smoothly, with interim blinded data showing a linear reduction in HbA1c and favorable safety as a whole. The top-line results are anticipated in Q3 2025, with phase III clinical research anticipated in H2 2025.

HDM1005 (poterepatide) injection, a GLP-1R/GIPR long-acting polypeptide dual-target agonist of the Company, has secured IND approvals in China for multiple indications including type 2 diabetes, weight management in overweight/obese groups, metabolic-associated fatty liver disease

(MAFLD)/metabolic-associated steatohepatitis (MASH), as well as the treatment of obstructive sleep apnea (OSA) in adult patients with obesity or overweight and heart failure with preserved ejection fraction (HFpEF) in adult patients with obesity or overweight. HDM1005 has also secured IND approvals in the U.S. from FDA for four indications, including weight management, metabolic-associated fatty liver disease (MAFLD), as well as the treatment of obstructive sleep apnea (OSA) in adult patients with obesity or overweight and heart failure with preserved ejection fraction (HFpEF) in adult patients with obesity or overweight. The product has demonstrated positive outcomes in the ongoing phase Ia/Ib clinical trials in China, with both the phase Ia clinical research in healthy subjects and the phase Ib clinical research in overweight/obese cohorts demonstrating favorable post-administration tolerability and controllable safety profiles. Common adverse reactions included decreased appetite and gastrointestinal events (nausea, vomiting and bloating). No unanticipated adverse events were reported. Results of both cases revealed robust weight loss efficacy and clinically meaningful glycemic control signals. The Phase Ib clinical research results were selected for oral presentation at 2025 ADA. Meanwhile, the Phase II clinical research for the indication of weight management is in progress and the enrollment of all subjects for Phase II was completed as of April 2025, with Phase III clinical research anticipated in Q4 2025. Additionally, the enrollment of the first subject for phase II clinical trial for the indication of diabetes was completed in April 2025.

DR10624 Injection, a FGF21R/GCGR/GLP-1R tri-specific agonist being developed by the Company's holding company Zhejiang Doer Biologics Co., Ltd., is currently undergoing phase II clinical trials for metabolic dysfunction-associated steatotic liver disease with a high risk of hepatic fibrosis. Concurrently, a previously initiated phase II clinical research of DR10624 for the treatment of severe hypertriglyceridemia has completed the enrollment of all subjects, with unblinded top-line results anticipated in Q3 2025 to support upcoming phase III discussions with the Center for Drug Evaluation (CDE). The Company's phase Ib/IIa clinical trials evaluating DR10624 in obesity with comorbid hypertriglyceridemia in New Zealand has concluded, with findings selected for presentation as a Late Breaker at the 2025 European Association for the Study of the Liver Congress (EASL Congress 2025).

In March 2025, the marketing authorization application of Semaglutide Injection for diabetes indication was submitted and accepted for review. In February 2025, full patient enrollment for weight management indication was completed in phase III clinical trial of Semaglutide Injection.

In February 2025, the marketing authorization application of Insulin Degludec Injection was submitted and accepted for review.

In December 2024, insulin Degludec and Insulin Aspart Injection completed the enrollment of all subjects during phase III clinical trial, with the top-line results anticipated in Q4 2025.

Autoimmunity

The Company has established a diversified portfolio of over 20 innovative biomedicines and small-molecule products targeting autoimmunity diseases.

Rilonacept for Injection (ARCALYST®), a globally innovative product from Kiniksa in the U.S., is used for the treatment of Cryo-Pyrin-Associated Periodic Syndromes (CAPS) and recurrent pericarditis (RP). The marketing authorization applications for the treatment of CAPS and RP in China were approved in November 2024 and December 2024, respectively.

The marketing authorization application of HDM3001 (QX001S), a biosimilar of Ustekinumab developed in collaboration between the company and Qyuns Therapeutics for the treatment of adult plaque psoriasis, was approved in China in November 2024. In the meantime, the supplemental application for the new pediatric plaque psoriasis indication was approved in March 2025. Additionally, the marketing authorization application and supplemental application for Crohn's disease were accepted for review in February 2025.

For the innovative medicine HDM3016 (QX005N) developed in collaboration between the company andQyuns Therapeutics, the enrollment of the first subject for phase III clinical trials in China for two indications of prurigo nodularis in adults (≥18 years) and moderate-to-severe atopic dermatitis in adolescents/adults was completed in May 2024. The enrollment of all subjects for phase III clinical research for prurigo nodularis was completed in March 2025.

In September 2024, the IND applications for Roflumilast Cream, developed in collaboration between the company and Arcutis, targeting two indications—atopic dermatitis and seborrheic dermatitis in patients aged 6 or above, were approved in China. Both Phase III clinical trials subsequently completed the first patient enrollment in China in November 2024.

In March 2025, the IND application of HDM3019 (IMB-101) developed by the Company in partnership with IMBiologics (Republic of Korea) was approved for the treatment of rheumatoid arthritis in China.

Additionally, the Company's proprietary product HDM3010 is undergoing the phase III clinical trial for vitiligo alongside the ongoing phase I/II clinical research for prurigo nodularis.

Other segments

The Transdermal Glomerular Filtration Rate System , a Class III innovative medical device, was approved by the NMPA in February 2025. The marketing authorization application for Relmapirazin Injection (MB-102) used cooperatively with the device was accepted by the NMPA in January 2024. Additionally, MediBeacon®TGFR (including the Transdermal Glomerular Filtration Rate System and Relmapirazin Injection) was approved for launching by the U.S. FDA in January 2025.

The pre-BLA consultations on applying the Ranibizumab Injection for wet age-related macular degeneration (wAMD) indication was submitted in January 2025, with market authorization application scheduled to be submitted in Q2 2025.

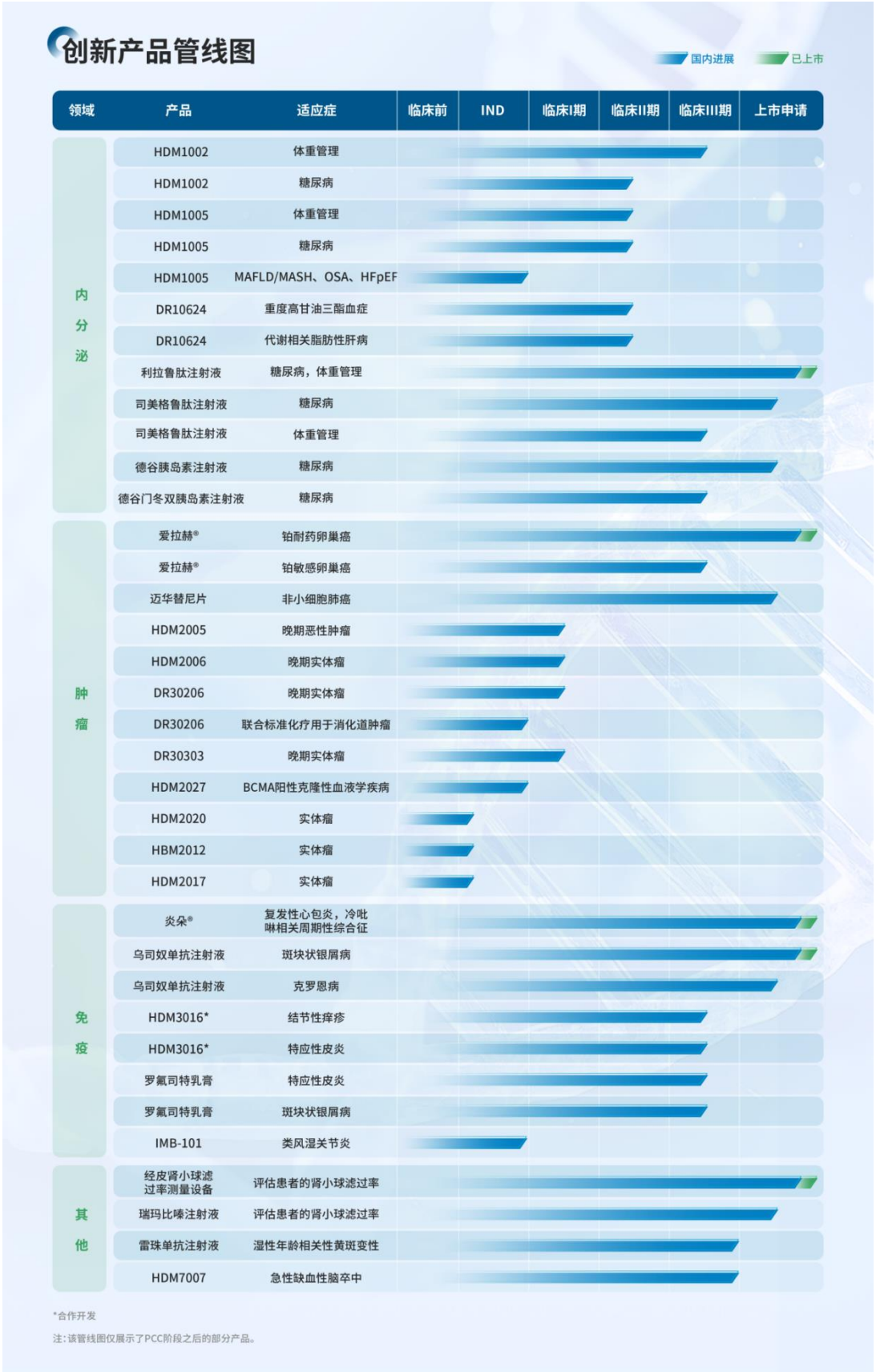


Figure: Pipeline Diagram of Main Innovative Medicines as of the Date of the Report

(4) Others tasks regarding innovation R&D

Building innovation ecosystems and unlocking source-driven impetus for innovation

The Company launched its new innovative medicine R&D mechanism revolving around two strategies of innovative transformation and internationalization, showcasing huge potential in independent R&D. Focusing on such fields as endocrinology, autoimmunity and oncology, the Company continued to accelerate its differentiated innovation by identifying pilot frontier targets through target discovery platform in combination with AI-driven drug design (AIDD). Since 2023, the Company has launched over 20 early exploratory and prospective projects, and has successively incubated the first-in-class or best-in-class innovative medicines of the same type. During the same period, the Company has been granted 14 patents for innovative medicines.

Facilitating innovation transformation and advancing clinical development

Guided by the core philosophy of "Efficiency First, Quality Foremost", the clinical R&D team has established a full-cycle innovation system covering clinical research design, operational management, biostatistical analysis, regulatory registration, and pharmaco-vigilance. By addressing bottlenecks in differentiated innovation, the team has been endeavoring to achieve diversified and innovative advancements in clinical R&D. To date, the R&D team has charged and supported exceeding 40 clinical projects from such dimensions as clinical research, operation, biometrics, registration, and pharmaco-vigilance.

Applying AI technologies in medicine R&D

Since the establishment of its AIDD team under the innovative medicine global R&D center in 2021, the Company has achieved a significant transformation in AI technology advancement, shifting from reliance on external partnerships to a core focus on in-house development supplemented by external collaborations. The Company continuously increased its input in AI and positioned AIDD as its strategic priority in response to the rapid advancements in large-scale AI models (e.g. DeepSeek) and Group-wide digital transformation strategies, making a series of critical breakthroughs. Keeping pace with the cutting-edge trends of the industry, the AIDD team constantly enhanced its computing and algorithmic systems, and successfully established an AI-driven drug design platform. With a deeply-coupled computational-experimental design cycle formed, the platform enables the ongoing optimization of drug-likeness prediction models that support critical predication of molecular affinity, hERG, and membrane permeability. Additionally, the team successfully deployed a variety of biomacromolecule prediction models such as AlphaFold3, Boltz and Chai-1, as well as AI-driven molecular generation software. These technological breakthroughs have been extensively applied in R&D lines. The deep integration of AIDD and CADD methodologies has significantly enhanced the

efficiency of medicine development, accelerated the advancement of multiple innovative medicine projects, and fully demonstrated the enormous potential of AI in medicine R&D.

The AI team categorized application scenarios into five major domains of data integration, large language model application, AI-driven drug design, AI-assisted experimentation, and intelligent office solutions that cover more than 50 specific applications. To date, all these innovative applications have been integrated into the roadmap for the platform's future development. Moving forward, the team will continue to explore cutting-edge technologies and expand the application of AI across various therapeutic fields, including small-molecule medicines, PROTACs, ADCs, protein/antibody-based medicines, peptide medicines, and small nucleic acid medicines, thus empowering the Company's continuous breakthroughs in intelligent R&D of innovative medicines.

Postdoctoral research workstation

In February 2021, Zhongmei Huadong, a wholly-owned subsidiary of the Company, was approved to set up a postdoctoral research workstation in Zhejiang Province, which was registered as a national postdoctoral research workstation in September 2022. To date, the workstation has recruited 20 postdoctoral researchers. Among them, twelve are currently active and eight have completed their programs. Under joint cultivation projects with moving stations at Zhejiang University, Shanghai Institute of Materia Medica of Chinese Academy of Sciences, Zhejiang University of Technology, and other universities, postdoctors at the Company's postdoctoral research workstation are devoted to frontier and translational studies on R&D of innovative medicines, in combination with the Company's development strategies and product lines under research.

Other innovation results

1) Patent applications

The Company's innovative medicine global R&D center has always attached great importance to the protection of intellectual property rights, valued the management of intellectual property rights in the whole life cycle of medicines and the formulation of patent strategies, and set up an intellectual property BP for the early warning, declaration and retention of patents in and out of China, thus improving the comprehensive competitiveness of its products. The center has filed over 100 patents across various innovation domains over the past five years since its inception. In 2024, ten patents were granted, including five in China and five in overseas jurisdictions. Additionally, the center advanced its patent portfolio with seven PCT national patent applications and four Chinese patent applications filed in 2024. Among them, multiple key international patents are now under protection in over 50 countries and regions.

2) Academic publications

From 2024 to date, the Company's innovation teams have successively published 22 papers in journals and/or at conferences in oncology, endocrinology/metabolism, and autoimmunity segments. Specifically: research results of HDM1002 and HDM2006 published in *Journal of Medicinal Chemistry*, an international top journal; results of pre-clinical research of GLP-1/GIP dual-target long-acting agonist HDM1005 selected for oral presentation at 2024 EASD and results of its phase I clinical research selected for oral presentation at 2025 ADA; results of phase III clinical research of Semaglutide Injection and phase Ib clinical research of HDM1002 selected for POSTER sharing at 2025 ADA; research results of STING-targeting small-molecule inhibitor selected as the POSTER of 2024 ECI; research on HPK1-targeting PROTAC selected as the POSTER of 2024 AACR; research on the oral HPK1 small-molecule inhibitor HDM2004 selected as the POSTER of 2024 CIMT; positive results from the phase III pivotal clinical trial of Mefatinib (HDHY-MHTN-III-1907) selected as the POSTER of 2024 ASCO; research on the oral PTPN2 small-molecule inhibitor HDM2010 selected in the summary of 2024 ASCO; pre-clinical research of the ROR1-targeting antibody-drug conjugate HDM2005 selected as the POSTER of 2024 World ADC Asia; pre-clinical research of HMD2020 and HMD2012 selected as the POSTER of 2024 World ADC SD; results of pre-clinical research of HDM2006, HDM2022, HDM2012, HDM2017 and HDM2020 all selected as the POSTER of 2025 AACR; results of pre-clinical research of the pan-KRAS antitumor degrader HDM2025 selected as the POSTER of 2025 ASCO; results of clinical research of DR10624, a first-in-class Fc-fusion protein medicine with triple agonist activity targeting GLP-1, GCG, and FGFRIc/KlothoB (FGF21R) receptors developed by the Company's wholly-owned subsidiary Doer Biologics, selected as the Late-Breaker at 2025 EASL, and its non-clinical research results selected as the POSTER of 2025 EASL.

The Company has successively garnered recognition within the global academic community for its independent R&D achievements. Since 2022, a total of 31 groundbreaking innovative research achievements have been published in authoritative journals and/or at academic conferences, vividly validating the sustained enhancement of its independent innovation capabilities and marking a systemic breakthrough in its innovation-driven transformation strategy.

3) Governmental subsidies

To date, the Company's innovative medicine global R&D center has obtained approvals from the government for 19 projects, with the certified subsidies of over 55.50 million yuan. In 2024, the Company was recognized as a "Pioneering Innovative Youth Team in Hangzhou City" and received funding support for the pre-clinical research of HDM1002 from the "High-Quality Development Special Program in the Bio-pharmaceutical Industry in Hangzhou City". Additionally, the Company was approved to establish the "Zhejiang Provincial Key Laboratory for Intelligent Innovation of New

Medicines for Metabolic Diseases" in 2024, with laboratory operations scheduled to commence this year.

(5) Progress of development of major generic medicines

The Company further clarified the focused and prioritized varieties of existing generic medicines under development by regularly organizing dynamic evaluation and analysis. As of the date of the Report, key varieties are as follows:

No.	Field	Item	Specification	Latest Progress
1	Immunity	Tacrolimus Granules	1mg	Approved by the NMPA in May 2024
2	Immunity	Tacrolimus Sustained-release Capsules	5mg, 1mg, 0.5mg	5mg version approved by the NMPA in February 2024 1mg and 0.5mg versions approved by the NMPA in June 2024
3	Immunity	Sirolimus Tablets	1mg	Marketing Authorization Application accepted in February 2024
4	Immunity	Sirolimus Gel	0.2%	Marketing Authorization Application accepted in January 2024
5	Immunity	Mycophenolate Mofetil for Suspension	34.98g	Approved by the NMPA in February 2025
6	Immunity	Mesalazine Enteric-coated Tablets	0.5g	Application accepted in June 2024
7	Oncology	Olaparib Tablets	100mg, 150mg	Approved by the NMPA in June 2024
8	Oncology	Ibrutinib Capsules	140mg	Marketing Authorization Application accepted in January 2024
9	Oncology	Carfilzomib for Injection	60mg	Marketing Authorization Application accepted in February 2024
10	Angiocarpy	Icosapent Ethyl Soft Capsules	1g	Marketing Authorization Application accepted in June 2024
11	Anti-infection	Fusidic Acid Cream	15g:0.3g	Approved by the NMPA in November 2024
12	Anti-infection	Isavuconazonium Sulfate for Injection	200mg	Marketing Authorization Application accepted in August 2024
13	Easing pain	Lornoxicam for Injection	8mg	Approved by the NMPA in October 2024
14	Easing pain	Ketorolac Tromethamine Injection	1ml:30mg	Marketing Authorization Application accepted in August 2024
15	Gastroenterology	Vonoprazan Fumarate Tablets	10mg, 20mg	Marketing Authorization Application accepted in January 2024
16	Others	Adapalene Gel	0.1%; 30g/tube	Marketing Authorization Application accepted in November 2024

(6) Progress of international registration

The Company has actively conducted its international registration tasks. As of the date of the Report, main progress is as follows:

No.	Field	Item	Remarks	Latest Progress
1	Endocrine	Acarbose	APIs	Renewed certificate by CEP obtained in June 2024
2	Endocrine	Liraglutide Injection	3mL:18mg	Reply to the question of clinical implied licensing of IND in the U.S. Submitted in July 2024 Application for registration in Pakistan submitted in November 2024
3	Endocrine	Semaglutide (Oral)	APIs	DMFs submitted in India in October 2024
4	Endocrine	Boc-His(Trt)-Aib-OH	Intermediate	DMFs submitted in the U.S. in October 2024
5	Immunity	Ciclosporin	APIs	Renewed CEP obtained in June 2024
6	Immunity	Tacrolimus Capsules	1mg	Application for registration in the Philippines submitted in December 2024
7	Anti-infection	Caspofungin Acetate for Injection	50mg, 70mg	Supplementary materials for ANDA application submitted in the U.S. in January 2024; on-site verification of APIs suppliers by FDA completed in June 2024
8	Anti-infection	Mupirocin	APIs	CEP Variation submitted in December 2024
9	Anti-infection	Mupirocin Calcium	APIs	CEP Variation submitted in December 2024
10	Anti-infection	Polymyxin B Sulfate	APIs	Supplementary reply to DMF in the U.S. completed in October 2024 CEP Submission made in December 2024
11	Anticoagulant	Fondaparinux Sodium	APIs	Supplementary reply to DMF in the U.S. submitted in May 2024
12	Anticoagulant	Fondaparinux Sodium Injection	2.5mg/0.5mL, 5mg/0.4mL, 7.5mg/0.6mL, 10mg/0.8 mL	Approval from ANDA in the U.S. obtained in August 2024
13	Oncology	VcMMAE	Intermediate	DMFs submitted in the U.S. in May 2024
14	Oncology	Olaparib	APIs	DMFs submitted in the U.S. in August 2024
15	Nucleic acid medicines	C00	Intermediate	DMFs submitted in the U.S. in January 2024
16	Antibiotics	Daptomycin Injection	500mg	ANDA and PAS in the U.S. submitted in April 2024; supplementary replies to PAS submitted in May, June and July, and approval obtained in August
17	Digestive system medicines	Pantoprazole Sodium for Injection	40mg	CBE-30 and CBE-0 Variations submitted in September and November 2024
18	Nucleotide medicines	2'-OMe-A(Bz) Phosphoramidite	Intermediate	DMFs submitted in the U.S. in August 2024
19	Anti-epileptic	Topiramate	APIs	DMFs submitted in the U.S. in December 2024

(7) Progress of consistency evaluation

As of the date of the Report, the progress of consistency evaluation on quality and efficacy of the Company's generic medicines is as follows:

No.	Field	Item	Specification	Latest Progress
1	Immunity	Tacrolimus Capsules	1mg, 0.5mg	The notification of approval for supplementary application of consistency evaluation for 0.5mg version obtained in January 2024
2	Angiocarpy	Adenosine Injection	20ml:60mg, 30ml:90mg, 2ml:6mg	The notification of approval for supplementary application of consistency evaluation for 2ml:6mg version obtained in April 2024
3	Analgesic	Paracetamol and Dihydrocodeine Tartrate Tablets	500mg-10mg	Application for consistency evaluation submitted and accepted in July 2024

(8) Progress of registration and launching of aesthetic medicine products in China

No.	Type	Product Designation	Purpose	Latest Progress
1	Injections	Lidocaine-containing cross-linked sodium hyaluronate gel for injection MaiLi® Extreme (trade name: MaiLi® Shuoying®)	Enhancement of jawline contour	Approval for registration obtained from the NMPA in January 2025
2	Injections	MaiLi®Precise Hyaluronic acid	Improvement of infraorbital pouch	Follow-ups of main end-point of clinical trials completed in September 2024; safety follow-up in progress.
3	Injections	Lanluma®V Poly-l-lactic Acid	Enhancement of mandibular margin	Enrollment of all subjects completed in November 2024; safety follow-up in progress.
4	Injections	KIO021 Chitosan	Facial skin improvement	Ethical approval for principal investigator obtained in December 2024; pre-trial work in progress.
5	Injections	Ellansé-S Polycaprolactone	Enhancement of frontal contour	Enrollment of all subjects in clinical trials for new indications completed in November 2024; safety follow-up in progress.
6	Injections	Ellansé-M Polycaprolactone	Improvement of temporal depression	Registration acceptance notice obtained from the NMPA in January 2025
7	Botulinum toxin	YY001 Recombinant botulinum toxin type A	Improvement of frown lines	BLA application submitted in December 2024
8	Energy-based device	Renotion®V20	Improvement of body and facial wrinkles, benign skin lesions, benign vascular lesions, inflammatory acne, depilation, etc.	Approved in September 2024
9	Energy-based device	V30	Improvement of body and facial wrinkles, benign skin lesions, benign vascular lesions, benign pigmented lesions, inflammatory acne, depilation, etc.	Registration acceptance notice obtained from the NMPA in March 2025

10	Cosmetic device	Préime DermaFacial	Facial skin management	To be launched in China as cosmetic device

(9) Progress of patents

In recent years, the Company has attached great importance to the protection of intellectual property, as well as the commercialization and application of achievements. The number of patent applications and authorizations has been steadily increasing. Over the years, the Company has applied for more than 1,600 patents in and out of China, including over 530 authorized invention patents. Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd., one of the Company's wholly-controlled subsidiaries, is a national intellectual property demonstration enterprise. In November 2014, it passed the external audit by Zhongzhi (Beijing) Certification Co., Ltd., becoming one of the first 147 companies that passed the standards implementation certification and successfully passed the supervision and examination of the enterprise intellectual property management system in October 2024.

During the reporting period, the Company's patent applications and renewals progressed smoothly. A total of 187 patent applications were submitted, including 143 for inventions. Additionally, 90 patents were granted.

Patent type	Increase during the reporting period		Total quantity	
	Number of patents applied for (unit)	Number of patents received (unit)	Number of patents applied for (unit)	Number of patents received (unit)
Invention patent	143	64	1279	537
Utility patent	40	19	293	246
Appearance design patent	4	7	43	42
Total	187	90	1615	825

Note: The data in the above table represent the statistical patent information of main subsidiaries engaged in the pharmaceutical industry, industrial microbiology and aesthetic medicine within the Company's consolidated statements.

R&D personnel of the Company

	2024	2023	Percentage change
Number of R&D personnel (person)	1,864	1,777	4.90%
Proportion of R&D personnel	12.44%	12.81%	-0.37%
R&D personnel structure by education			
Diploma below the bachelor level	291	421	-30.88%
Bachelor	898	733	22.51%
Master's degree	569	527	7.97%
Doctoral degree	106	96	10.42%

R&D personnel structure by age			
< 30	540	537	0.56%
30-40	1,023	932	9.76%
> 40	301	308	-2.27%

R&D investment of the Company

	2024	2023	Percentage change
R&D investment amount (yuan)	1,770,011,691.48	1,599,987,406.05	10.63%
Proportion of R&D investment in operating revenue	12.91%	13.10%	-0.19%
Capitalized R&D investment amount (yuan)	357,162,671.46	368,631,977.43	-3.11%
Proportion of capitalized R&D investment in R&D investment	20.18%	23.04%	-2.86%

Note: The above R&D investment is from the direct R&D expenditure of the Company's main industrial controlled subsidiary, which is mainly used for clinical research of products under research, the upgrade of existing product process, expenses for commissioned technological development, consistency evaluation and international registration certification. During the reporting period, the Company's R&D investment in the pharmaceutical industry (excluding equity investment) was 2.678 billion yuan, up 16.77% year on year. Among them, the direct R&D expenditure was 1.770 billion yuan, up 10.63% year on year, which accounts for 12.91% of the operating revenue of the pharmaceutical industry. R&D personnel of the Company in 2024 means the number of employees in the Company's subsidiaries mainly engaged in R&D and manufacturing of the pharmaceutical industry and industrial microbiology. The proportion of R&D personnel means the proportion of the number of employees in the Company's subsidiaries mainly engaging in R&D and manufacturing of the pharmaceutical industry and industrial microbiology. The proportion of R&D investment in operating revenue means the proportion of the direct R&D expenditure of Company's pharmaceutical industry segment in the operating revenue of the Company's pharmaceutical industry segment.

Reasons and impacts of major changes in the composition of R&D personnel.

□ Applicable ☑ N/A

Reasons for the year-on-year significant change in the proportion of total R&D investment in operating revenue.

□ Applicable ☑ N/A

Reasons for the significant change in the capitalization rate of R&D investment and its rationality

□ Applicable ☑ N/A

5. Cash flows

Unit: yuan

Item	2024	2023	Year-on-year percentage increase/decrease
Subtotal of cash inflows from operating activities	44,970,182,586.26	44,170,157,818.41	1.81%
Subtotal of cash outflows for operating activities	41,221,253,703.91	40,240,941,111.71	2.44%
Net cash flows from operating activities	3,748,928,882.35	3,929,216,706.70	-4.59%
Subtotal of cash inflows from investing activities	327,006,060.47	243,482,795.78	34.30%
Subtotal of cash outflows for investing activities	2,497,277,729.47	1,994,034,738.29	25.24%
Net cash flows from investing	-2,170,271,669.00	-1,750,551,942.51	-23.98%

activities			
Subtotal of cash inflows from financing activities	5,250,514,515.60	5,099,369,770.65	2.96%
Subtotal of cash outflows for financing activities	6,000,178,834.72	6,492,731,116.63	-7.59%
Net cash flows from financing activities	-749,664,319.12	-1,393,361,345.98	46.20%
Net increase of cash and cash equivalents	781,991,175.77	791,249,308.58	-1.17%

Main influencing factors of significant changes in relevant data year on year

☑ Applicable □ N/A

The cash inflows from investing activities in the current period are 327 million yuan, up 34.30% compared with that in the same period last year (243 million yuan). The increase is mainly due to the collection of large-value bank deposit certificates due in this period.

Reasons for the significant difference between the Company's net cash flow from operating activities and the current year's net profit during the reporting period

□ Applicable ☑ N/A

V. Analysis of non-main business

☑ Applicable □ N/A

Unit: yuan

	Amount	Proportion in total profit	Note on reasons	Sustainable or not
Total return	-129,190,728.94	-3.00%	Mainly due to long term equity investment gains measured at equity method	
Gains and losses from changes in fair value	0.00	0.00%		No
Assets Impairment	-41,006,057.96	-0.95%		
Non-operating revenue	88,009,280.04	2.05%		No
Non-operating expenses	111,232,726.47	2.59%		No
Other income	199,889,752.54	4.65%	Mainly due to the confirmation of government grants in the current period	No

VI. Assets and liabilities

1. Major changes in asset composition

Unit: yuan

	End of 2024		Beginning of 2024		Change of proportion	Note on major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	5,276,440,245.36	13.93%	4,663,378,011.64	13.92%	0.01%	

Accounts receivable	8,425,358,862.23	22.24%	7,455,250,690.83	22.25%	-0.01%	
Inventories	4,776,397,278.01	12.61%	4,290,214,266.03	12.80%	-0.19%	
Investment real estate	11,842,042.67	0.03%	12,746,181.87	0.04%	-0.01%	
Long-term equity investment	1,543,646,404.76	4.08%	1,535,907,809.85	4.58%	-0.50%	
Fixed assets	4,422,300,775.01	11.67%	4,140,144,817.51	12.36%	-0.69%	
Construction in progress	836,739,481.60	2.21%	913,147,212.17	2.73%	-0.52%	
Right-of-use Assets	149,504,562.99	0.39%	151,175,007.16	0.45%	-0.06%	
Short-term borrowings	2,312,339,143.21	6.10%	822,380,292.37	2.45%	3.65%	Mainly due to increase in borrowings from banks
Contract liabilities	173,609,109.58	0.46%	135,459,275.17	0.40%	0.06%	
Long-term borrowings	14,262,841.05	0.04%	520,759,460.07	1.55%	-1.51%	Mainly due to the repayment in the current period and transfer to non-current liabilities due within one year
Lease liabilities	71,857,938.46	0.19%	56,695,158.59	0.17%	0.02%	

Foreign assets account for a relatively high proportion.

□ Applicable ☑ N/A

2. Assets and liabilities measured at fair value

☑ Applicable □ N/A

Unit: yuan

Item	Amount at the beginning of the period	Gain/loss from fair value changes in the current period	Accumulated fair value changes recognized in equity	Depreciation reserves withdrawn during the period	Purchase amount in the current period	Selling amount in the current period	Other changes	Amount at the end of the period
Financial assets								
2. Derivative financial assets	16,434,493.97					16,434,493.97		0.00
4. Other equity instrument investments	565,223,872.68	-6,719,404.72	-3,671,921.04		33,239,542.34		11,488,755.92	603,232,766.22
Subtotal of	581,658,3	-	-	0.00	33,239,542.	16,434,493.	11,488,755.	603,232,76

financial assets	66.65	6,719,404.72	3,671,921.04		34	97	92	6.22
Receivables financing	1,434,366,300.69				9,636,795,662.26	9,393,525,542.86		1,677,636,420.09
Total	2,016,024,667.34	-6,719,404.72	-3,671,921.04	0.00	9,670,035,204.60	9,409,960,036.83	11,488,755.92	2,280,869,186.31
Financial liabilities	0.00							0.00

Other changes

Exchange rate changes and the increase in other equity instrument investments due to the inclusion of Huadong Medicine (Guizhou) Pharmaceutical Co., Ltd. in the scope of the Company's consolidated financial statements.

Whether there are significant changes in the main asset measurement attribute of the Company during the reporting period.

□Yes ☑ No

3. Limitation of asset rights at the end of the reporting period

Unit: yuan

Item	Book balance at the end of the period	Book value at the end of the period	Type of limitation	Reasons for limitation
Monetary funds	125,188,372.23	125,188,372.23	Deposit	The deposit is used for issuing bills, letters of credit, etc.
Monetary funds	159,771,682.75	159,771,682.75	Pledge	Certificate of deposit pledge is used for issuing bills
Monetary funds	1,000,000.00	1,000,000.00	Freezing	Judicially frozen payment
Monetary funds	329,003.70	329,003.70	Freezing	Special funds for reserve materials
Fixed assets	97,916,901.66	97,916,901.66	Mortgage	The house is used as the mortgage for borrowings
Intangible assets	56,297,988.87	53,303,757.37	Mortgage	The land is used as the mortgage for borrowings
Total	440,503,949.21	437,509,717.71		

VII. Investment

1. Overview

☑ Applicable □ N/A

Investment amount in the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Percentage change
3,101,859,421.91	2,386,619,197.31	29.97%

2. Significant equity investments acquired during the reporting period

☑ Applicable □ N/A

Unit: yuan

Name of invested company	Main business	Way of investment	Investment amount	Shareholding ratio	Fund source	Partner	Term of investment	Product type	Progress as of the balance sheet date	Projected income	Profit or loss of investment in the current period	Involved in litigation or not	Disclosure date (if any)	Disclosure index (if any)
Guizhou Hengba Pharmaceutical Limited Liability Company	Production and sales of traditional Chinese medicines and Miao medicines	Acquisition	528,470,000.00	100.00%	Equity or self-raised funds	None	Long term	Equity	1. Equity change completed on August 8, 2024; transfer of management control completed on August 15, 2024. 2. The corresponding equity transfer payments made in accordance with the contract terms.	/	8,205,431.03	Yes	July 22, 2024	Cninfo (http://www.cninfo.com.cn)

									3. Guizhou Hengba Pharmaceutical Limited Liability Company was renamed Huadong Medicine (Guizhou) Pharmaceutical Co. Ltd. on January 2, 2025.					
Total	--	--	528,470,000.00	--	--	--	--	--	--	/	8,205,431.03	--	--	--

3. Significant non-equity investments in progress during the reporting period

☑ Applicable □ N/A

Unit: yuan

Project name	Way of investment	Investment in fixed assets or not	Industry involved in the investment project	Investment amount during the reporting period	Cumulative actual investment amount by the end of the reporting period	Fund source	Project progress	Projected income	Cumulative income realized by the end of the reporting period	Reasons for not meeting the planned schedule and projected income	Disclosure date (if any)	Disclosure index (if any)
Huadong	Self-built	Yes	Pharmaceutic	1,235,869.78	1,802,403,85	Equity funds	99.50%	/	/	N/A	March 9,	Cninfo (http://

Medicine Biomedical Science and Technology Park Project Phase II	project		al manufacturing		5.69						2017	www.cninfo.com.cn)
Huadong Medicine Life Science Industrial Park (Xiangfu south plot) project	Self-built project	Yes	Pharmaceutical R&D	4,644,312.40	380,089,305.11	Equity funds	96.00%	/	/	N/A	April 21, 2021	Cninfo (http://www.cninfo.com.cn)
Huadong Medicine Bio-innovation Intelligence Center Project	Self-built project	Yes	Pharmaceutical manufacturing	172,441,282.32	172,441,282.32	Equity funds	35.00%	/		N/A	February 8, 2024	Cninfo (http://www.cninfo.com.cn)
Total	--	--	--	178,321,464.50	2,354,934,443.12	--	--	/	/	--	--	--

4. Investment in financial assets

(1) Securities investment

☑ Applicable □ N/A

Unit: yuan

Type of stock	Stock code	Stock abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Gain/loss from fair value changes in the curren	Accumulated fair value changes recognized in	Purchase amount in the current period	Selling amount in the current period	Gain/loss during the reporting period	Book value at the end of the period	Accounting item	Fund source

						t period	equity						
Domestic and overseas stock	RAPT	RAPT	20,207,400.00	Measured at the fair value	7,122,858.91	-6,719,404.72	-3,671,921.04	0.00	0.00	56,531.55	459,985.74	Other equity instrument investments	Equity funds
Total			20,207,400.00	--	7,122,858.91	-6,719,404.72	-3,671,921.04	0.00	0.00	56,531.55	459,985.74	--	--

Note: (1) Huadong Medicine Investment Holding (Hong Kong) Limited, a wholly-owned subsidiary of the Company, purchased 218,102 Series C-2 preferred shares of RAPT Therapeutics, Inc. in a total of 3 million US dollars in 2018. RAPT Therapeutics, Inc. was listed on NASDAQ Exchange on October 30, 2019 (stock code: RAPT). As of the end of the reporting period, Huadong Medicine Investment Holding (Hong Kong) Limited holds 39,500 shares in RAPT, accounting for approximately 0.0299% of the total shares of RAPT Therapeutics, Inc.

(2) On March 11, 2024, Huadong Medicine Investment Holding (Hong Kong) Limited, one of the Company's wholly-owned subsidiaries, subscribed IPO shares of Qyuns Therapeutics Co., Ltd. at the Stock Exchange of Hong Kong Limited as cornerstone investor with the consideration of equivalent 5 million US dollars from its own funds in Hong Kong dollar (excluding brokerage commission, related transaction fees and levies). For details, please refer to the *Announcement on Subscribing IPO Shares of Qyuns Therapeutics Co., Ltd. in Hong Kong as Cornerstone Investor* (Announcement No.: 2024-013) disclosed by the Company on Cninfo (http://www.cninfo.com.cn). On March 20, 2024, Qyuns Therapeutics was successfully listed on the main board of the Stock Exchange of Hong Kong with the stock code of 2509.HK. As of the date of the Report, the Company holds a total of 37,876,800 shares of Qyuns Therapeutics through its wholly-owned subsidiaries Zhongmei Huadong and Huadong Medicine Investment Holding (Hong Kong) Limited, accounting for approximately 17.06% of the total shares of Qyuns Therapeutics. Among them, Zhongmei Huadong holds 35,900,000 shares and Huadong Medicine Investment holds 1,976,800 shares. The Company calculated the shares held by Zhongmei Huadong and Huadong Medicine Investment in a consolidated manner, which was reflected in the long-term equity investment in the financial statements.

(3) On November 28, 2024, Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd., one of the Company's shareholding enterprises, was successfully listed on the main board of the Stock Exchange of Hong Kong with the stock name (abbreviation) of Jiuyuan Gene and the stock code of 2566.HK. As of the date of the Report, the Company holds a total of 42,120,453 shares of Jiuyuan Gene through its wholly-owned subsidiary Zhongmei Huadong, accounting for approximately 17.16% of the total shares of Jiuyuan Gene. The Company's shareholding in Jiuyuan Gene was reflected in the long-term equity investment in the financial statements.

(2) Derivatives investment

☑ Applicable □ N/A

1) Derivatives investment for hedging during the reporting period

☑ Applicable □ N/A

Unit: ten thousand yuan

Type of derivatives investment	Initial investment amount	Amount at the beginning of the period	Gain/loss from fair value changes in the current period	Accumulated fair value changes recognized in equity	Purchase amount during the reporting period	Selling amount during the reporting period	Amount at the end of the period	Proportion of the investment amount at the end of the period in the net assets of the Company at the end of the reporting period
Currency swap derivatives	2,990.75	1,643.45	0	0	0	1,643.45	0	0.00%
Total	2,990.75	1,643.45	0	0	0	1,643.45	0	0.00%
Note on accounting policies and specific principles of accounting concerning hedging business during the reporting period, and whether they change significantly when compared with that in the previous reporting period	N/A							
Note on the actual gains and losses during the reporting period	N/A							
Note on the effect of hedging	The Company carries out foreign currency hedging business based on specific situations, which is based on normal production and operations and can effectively reduce risks on the foreign currency market. The risks faced by the Company are controlled within an acceptable range.							
Capital	Equity or self-raised funds							

source of derivatives investment	
Note on the risk analysis and control measures for derivatives holding during the reporting period (including but not limited to market risks, liquidity risks, credit risks, operational risks and legal risks)	Risks: 1. Market risks: The interest rate, exchange rate and other prices on the market may fluctuate due to changed domestic and overseas economic policies and situations, thus changing the price of financial derivative instruments and causing losses. 2. Liquidity risks: Transactions fail to be completed due to the market lacking liquidity and counterparties. 3.Operational risks: Trading financial derivative instruments requires experts who can deal with complexity, which may cause operational risks due to traders' or managers' fault or system failure and out of control. 4. Contractual risks: Contracts on financial derivative business expire, some of which cannot be performed on time, and thus they are breached. 5. Legal risks: Relevant legal changes lead to a contract that is not in conformity with local laws, so that the contract cannot be performed, or contractual terms are omitted and unclear; or losses are caused to the Company due to the counter-party violating relevant laws and regulations, and thus the contract cannot be performed as required. Measures: The Company and its wholly-controlled subsidiaries avoid speculation and arbitrage when trading financial derivatives, so that strict risk control will be employed during the execution of contracts concerning financial derivatives trading. 1. The Company strictly abides by prudent investment principles, selects prudent investment types, and makes investments within the amount approved by the Board of Directors. 2. The Company carefully selects counter-parties for trading, and only trades derivatives with financial institutions featuring robust operations, sound reputation and business license for financial derivative trading. The Company may resort to external professional investment and legal service institutions if it is necessary to provide consulting services for the Company's financial derivative trading, as well as scientific and precise investment strategies and suggestions. 3. The Company has formulated the Management Rules for Securities Investment and Derivative Trading, setting detailed rules on the management, supervision and information closure related to the Company's derivative trading principles, scope, decision-making authority and capital use, which can effectively prevent investment risks. Besides, the Company will strictly implement related management rules, assign special personnel to follow up on the progress of financial derivative trading. For instance, relevant measures shall be taken in time to control investment risks if there are risks that may affect the Company's capital safety. 4. The Company's audit department is in charge of monitoring and checking the execution of financial derivative trading and reporting to the Audit Committee of the Board of Directors.
In case of changing market prices or fair values of invested derivatives during the reporting period, the analysis of the derivatives' fair values shall disclose the specific methods adopted, relevant assumptions and parameter settings.	Measured at the market fair value
Litigation (if applicable)	N/A
Date of announcem	August 16, 2024

ent of the Board of Directors on derivatives investment approval (if any)	

2) Derivatives investment for speculation during the reporting period

□ Applicable ☑ N/A

No such case during the reporting period.

5. Use of raised funds

□ Applicable ☑ N/A

No such case during the reporting period.

VIII. Major assets and equity sales

1. Major assets sales

□ Applicable ☑ N/A

No such case during the reporting period.

2. Major equity sales

□ Applicable ☑ N/A

IX. Analysis of controlling and shareholding companies

☑ Applicable □ N/A

Main subsidiaries and shareholding companies that have an impact on the Company's net profit of more than 10%

Unit: yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Subsidiary	Production of Traditional Chinese and Western medicines, APIs and formulations, and health care products	872,308,130	19,851,009,800.35	12,887,826,974.85	13,711,038,029.80	3,437,711,237.27	2,874,529,684.78

Acquisition and disposal of subsidiaries during the reporting period

☑ Applicable □ N/A

Company name	Methods of acquisition and disposal of subsidiaries during the reporting period	Impact on the overall production, operation and performance
Shaanxi Bohua (Weinan) Pharmaceutical Co., Ltd.	Incorporation	Pharmaceutical industry business expansion
Sinclair (Hangzhou) Supply Chain Management Co., Ltd.	Incorporation	Business expansion for aesthetic medicine products
Gongwei Lianchuang (Shanghai) Biotechnology Co., Ltd.	Incorporation	Industrial microbiology business expansion
Huadong Medicine (Jiaxing) Co., Ltd.	Incorporation	Pharmaceutical business expansion
Huadong Medicine (Guizhou) Pharmaceutical Co. Ltd.	Equity acquisition	Pharmaceutical industry business expansion

Information of major shareholding companies

X. Structured entities controlled by the Company

□ Applicable ☑ N/A

XI. Prospect of future development

(I) Prospect of macro-economy and trend of the pharmaceutical industry

In 2024, the global economy remained in its deep restructuring phase, with persistent impacts from geopolitical conflicts, inflationary pressures, and slowing growth in major economies. Amid multiple challenges, China's economy has maintained a high-quality development trajectory, achieving overall stability and steady progress. According to the National Bureau of Statistics, China's annual GDP reached 134.9084 trillion yuan in 2024, representing a 5.0% increase from the previous year.

From the perspective of demands in the pharmaceutical industry, the global pharmaceutical market showed a sustained growth trend driven by global economic development, population aging, escalating chronic disease burdens, breakthroughs in innovative therapies, heightened health management awareness, and upgraded medical security systems.

According to IQVIA's forecast, impacted by public health events from 2020 to 2023, global pharmaceutical expenditures (calculated at list prices) are projected to reach 2.3 trillion US dollars by 2028, with an annual growth rate of 5%-8% (including increased expenditures for COVID-19 vaccines and treatments). Factors influencing growth projections during the forecast period include momentum from the launch of new medicines, impacts of patent expirations, and the rising prominence of biosimilar medicines. Over the next five years, China, India and the broader Asia-Pacific region are projected to experience the most rapid growth in pharmaceutical consumption, with each market expected to achieve a CAGR exceeding 3%. The key growth area in the next five years

is biomedicine that accounts for 39% of the global expenditures. Although the growth rate slowed down to 9.5-12.5%, the global biomedicine expenditure is expected to exceed 890 billion US dollars by 2028. By 2028, the CAGRs of the world's top two therapeutic fields — anti-tumor medicines and immune system medicines — will increase by 14-17% and 2-5% respectively. It is expected that approximately 100 new therapies will emerge in the anti-tumor field within five years and the market size of anti-tumor medicines is expected to be 440 billion US dollars by 2028. Affected by the steady increase in the number of patients and the launch of new medicines, the market size of autoimmune medicines is expected to reach 192 billion US dollars by 2028 as competitions brought by the launch of biosimilar medicines are continuously offset. The treatment days for a range of endocrine hormone regulation therapies, including diabetes, are growing at twice the global average rate. GLP-1 agonist has been extensively applied in the fields of diabetes and obesity.

According to IQVIA's forecast, China's expenditures in medicines have increased from 103 billion US dollars in 2014 to 163 billion US dollars in 2023. Over the past five years, the increase in expenditure has been primarily driven by RLDs, with their market share increasing from 20% in 2014 to 29% in 2023. In the next five years, it is expected that the update of the catalogue of medicines covered by medical insurance will promote more newly launched RLDs to be included in the medical insurance, promoting higher expenditure scale. More and more RLDs are developed by local enterprises in China rather than multinational pharmaceutical companies. Such a mode reshapes the Chinese market and has influenced China and other countries. Over the past five years, the CAGR of RLDs in China was up to 8.5%. It is estimated that the CAGR of RLDs will exceed 7.5% in the next five years, while the CAGR of other medicines will be 6% or lower, slowing down the total growth rate to 2-5%. Non-RLD medicines are the second largest part of medicine expenditures in China. It is estimated that these medicine expenditures will increase by less than 1% each year due to cost control of hospitals. In the coming five years, China's medicine expenditure is expected to increase by approximately 30 billion US dollars, and will exceed 197 billion US dollars by 2028.

(II) Industrial development trend

1. Pharmaceutical industry in China

The pharmaceutical industry is a strategic sector that is closely related to national policies, people's livelihood, economic development, and national security. It also serves as a vital foundation for the implementation of the Healthy China 2030 initiative. The pharmaceutical industry is entering a phase of high-quality growth propelled by the in-depth advancement of the Healthy China 2030 initiative and the comprehensive implementation of the 14th Five-Year Plan for the development of the pharmaceutical industry. Medical demands continue to rise with rapid socioeconomic development, accelerated population aging, increasing prevalence of chronic diseases, enhanced

awareness of health management, and improved accessibility to healthcare services. Generally speaking, the future development of the pharmaceutical industry shows a favorable trend, and the industry enjoys broad space for development.

Policy initiatives focus on coordinated development among medical care, medical insurance, and pharmaceuticals, promoting industry transformation toward innovation-driven models through measures such as control of medical insurance cost, volume-based procurement expansion, and optimized regulatory reviews. Market potential will be further unleashed through the expansion of medical insurance systems, coordination of outpatient mutual aid, prescription circulation mechanisms, dual-channel policies, Internet-based healthcare, and direct settlements between medical insurance funds and enterprises. The state and local authorities are also increasing their substantial support for innovative medicines through the continued implementation of major new medicine development projects and the establishment of Category C reimbursement lists, which facilitate commercial insurance coverage for innovative medicines. All these efforts will further drive the development of innovative medicines. Concurrently, ongoing compliance enforcement continues to purify industry ecology while enhancing professional standards and normative practices. The aforesaid policies have driven the overall upgrade of the industry and provided guidance for the high-quality and high-standard overall development of the pharmaceutical industry in China.

The trend of innovative R&D shows that emerging bio-pharmaceutical companies in China have constantly advanced the development of clinical trials and Chinese pharmaceutical companies have witnessed vigorous improvement in the level of innovative R&D. According to the statistics of IQVIA, the participation of China-headquartered pharmaceutical companies in clinical trials continues to increase, with their pipeline shares increased from 1% in 2008 and 3% in 2013 to 28% in 2023. In recent five years, the number of new active substances (NAS) launched in China has seen a significant increase, second only to the U.S. According to incomplete statistics, in 2024, China's pharmaceutical industry completed approximately 150 cross-border transactions, including approximately 110 license-out deals. The total value of these transactions exceeded 50 billion US dollars, with upfront payments surpassing 4 billion US dollars. Data reveals that, in 2024, approximately 30% of the innovative medicine candidates introduced by multinational pharmaceutical companies originated from China. China’s innovative medicines have emerged as a critical contributor to the international pharmaceutical development ecosystem and are increasingly recognized in the international market.

From the perspective of breakthroughs in the field of diseases and new technology platforms, there are ceaseless breakthroughs in the field of diseases represented by GLP-1 and new technology platforms represented by ADC. Chinese enterprises enjoy comparative advantages in competition. The underlying logic driven by innovation in the field of innovative medicines will not change and

breakthroughs have been made successively in the field of disease treatment. In addition to tumors, more indications are expected to be covered. Successive breakthroughs have also been made in innovation of technology platforms, represented by ADC, CAR-T, nuclear medicines, gene editing, etc.

2. Aesthetic medicine

Currently, the growth rate of the aesthetic medicine market in China has gradually slowed down and the market competition has become increasingly fierce as more and more enterprises entered the market. However, the aesthetic medicine market in China continues to enjoy huge growth potential in the long run. According to the statistics of the National Bureau of Statistics, China's per capita disposable income was 41,314 yuan in 2024, an increase of 5.3% over the previous year and an actual increase of 5.1% after adjusting for price factors. The *China Medical Aesthetic Industry Outlook 2024* jointly released by the Chinese Association of Plastic and Aesthetics and Deloitte China reveals that the aesthetic medicine market in China was projected to grow by around 10% in 2024. Driven by the continuous improvement in aesthetic medicine penetration rates and the increasing demand for high-quality and diversified services, the market is expected to maintain an annual growth rate of 10%-15% over the next four years. As education and training on the aesthetic medicine market in China keep deepening, an increasing number of emerging aesthetic medicines enter the market to satisfy patients' diverse demands. Moreover, consumers raise their demands for anti-wrinkle and anti-aging, and depend more on brand effect, which are expected to steadily expand the size of the aesthetic medicine market in China.

In recent years, the proportion of non-surgical projects continues to increase and its market scale expands gradually. According to the *China Medical Aesthetic Industry Outlook 2024*, non-surgical projects were projected to account for 55% of the total aesthetic medicine market share in 2024. The non-surgical projects mainly include two categories of injectable treatments and energy-based treatments. Each category constitutes approximately 45% of the market, with a CAGR of 20%-30% and 15%-20% in the next five years, respectively.

(III) Innovative development strategies of various business segments of the Company

1. Development plan of the pharmaceutical industry

Upholding the main theme of development of innovative R&D, the Company takes innovative medicines as the foundation and orientation for building core competitiveness in the future, closely track the technological development and R&D dynamics of such frontier fields as biomedicine, gene therapy, cell therapy and ADC medicines in and out of China. It focuses on and gives priority to the development of innovative medicines and high-technical barrier generic medicines with outstanding clinical values for oncology, endocrinology, autoimmunity, and other major diseases and chronic

diseases, with differentiated and pioneering innovative medicine pipelines formed. In terms of R&D philosophy, the Company will deepen all-round foreign cooperation and product introduction, inject new connotations into the long-term strategic plan of "digestion and absorption", and follow the innovative R&D idea of "self-research + introduction". The Company will continuously enrich its product lines, improve the medium- and long-term layout of innovative products, keep maintaining the dual-wheel driving and coordinated development engines of power and innovation for the Company, build a global R&D strategic cooperation ecosystem centered on Zhongmei Huadong. Moreover, the Company will continue to improve the ability in international operation of products, and do well in external authorization of superior products, advanced technologies and patents. During the scientific and technological innovation in the future, the Company will benchmark with innovation and differentiation and grasp its basic orientation of clinical values, focusing on the project promotion speed, as well as middle- and long-term pipeline layout. The Company will continue to increase its investment in R&D, continuously enrich and optimize lines of core innovative products, and form enriched product lines and a robust product portfolio.

More efforts will be made to introduce top-notch talents to create high-level scientific research teams. The Company will also create an innovative cultural atmosphere that encourages innovation and success and bears failure, and enhance the development of internal R&D system and technological platforms. Another action is to build a scientific team with outstanding ability, open mind, great passion and sense of responsibility that cherishes innovation to facilitate the implementation of the Company's international innovation strategy. The Company will establish a dynamic evaluation mechanism for R&D projects to assist the Company in decision-making and management of R&D and product introduction, thus ensuring scientific, advanced and feasible scientific innovation.

2. Development plan of the pharmaceutical business

The Company has positioned the core mission of its pharmaceutical business segment for 2025 and the eighth three-year plan period as "innovation-driven breakthroughs". Specifically, the Company aims to expand its market beyond Zhejiang Province through innovations in business models, product offerings, and operational modes, while also strengthening traditional operations to ensure stable performance. Additionally, it will pursue new development through three focal points: preserving existing business, driving incremental growth, and enhancing labor efficiency. For traditional operations, the Company will prioritize enhancing innovative service quality to stabilize and increase its market share in in-hospital distribution services, ensuring concurrent growth in both market share and operational scale. It will also accelerate the layout and expansion of out-of-hospital markets, transitioning from a traditional medicine distributor to a comprehensive pharmaceutical

service provider. Operational efficiency improvements will extend beyond monitoring critical turnover metrics such as operating cycles, accounts receivable, and inventory, with particular emphasis placed on optimizing per-capita productivity and departmental efficiency indicators. Regarding innovative businesses, the Company will differentiate operational models from traditional approaches. The Company will integrate resources across business departments in addition to expanding existing innovative operations including product agencies and third-party logistics focusing on cold chains, special medicines, and nuclear medicines. Starting with logistics and distribution services supporting aesthetic medicine and industrial microbiology operations, the Company aims to enter new fields including aesthetic medicine and animal health products. This expansion will involve establishing new business frameworks and models while enhancing channel distribution capabilities and terminal promotion effectiveness. Through these strategic initiatives in both fields, the Company plans to extend its footprint beyond Zhejiang Province and increase the proportion of non-pharmaceutical businesses.

3. Development plan of the aesthetic medicine

In the field of aesthetic medicine, adhering to the strategy of "global operation layout and dual-circulation operation & development", the Company continues to focus on the global high-end aesthetic medicine market with its core subsidiary Sinclair as the global operating platform. It integrates and leverages global technological innovation resources, and constantly improves its academic influence from clinical micro-technologies to industrial development. Additionally, the Company keeps refining its product lines to achieve a global layout in aesthetic medicine and positions itself as an international aesthetic medicine enterprise with significant development potential in the future. The Company successively introduces superior international "aesthetic medicine + biomedicine" products with great scientific connotation and huge market potential into China, a special market of the Company's aesthetic medicine businesses, thus expanding its presence in China relying on its great registration and marketing abilities in China. The Company empowers the rapid launching and commercialization of its superior international products, fostering a new pattern features dual-circulation coordinated development and mutual promotion of domestic and international businesses.

In the future, the Company will continue to focus on the high-end market of global aesthetic medicine to form an international aesthetic medicine business integrating R&D, manufacturing and marketing. Leveraging Sinclair's global network of R&D centers and production bases, the Company is accelerating the integration of R&D resources and capabilities while actively optimizing its product portfolio. Through these efforts, it continues to enhance its global industrial footprint, thereby ensuring robust production capacity assurance for the internationalization of its aesthetic medicine

products. This strategic consolidation better positions the Company to address future development needs and market demands. In the meantime, the Company will continue to foster robust brand strength based on cutting-edge innovative technologies, strive to bring comprehensive solutions and extraordinary aesthetic experience to patients by upholding the professional and rigorous attitude as a pharmaceutical enterprise, and bring long-term values to patients, aesthetic medicine institutions, and physicians around the world.

4. Development plan of the industrial microbiology

Aiming at international development, the industrial microbiology segment will keep up with the development trend of global industrial microbiology and synthetic biology industry and technologies, and endeavors to become an industry leader in the field of industrial microorganism by building an "industrialized, large-scale and international" industrial cluster. The Company will keep practicing the industrial microbiology development strategy and continue to enhance its product R&D and market expansion by clarifying and continuously advancing the layout cored at four major fields of xRNA, featured APIs & intermediates, massive health & biomaterials, and animal health. The Company will also actively develop major customers in and out of China and constantly improve its overall sales.

(IV) Business plan in 2025

In 2025, the Company will implement a new round of reforms aimed at strengthening system and capability development, accelerating the progress of R&D and the launch of new products, and deepening the expansion of its business models. On the R&D front, the Company will continuously refine its R&D decision-making mechanisms, expand therapeutic fields for innovative products through differentiated positioning, and accelerate R&D progress. Regarding business operations, the Company will focus on four core business segments of pharmaceutical industry, pharmaceutical business, aesthetic medicines, and industrial microbiology, while innovating business development models and exploring new markets. The Company will fully leverage existing resources across these operations to create synergistic empowerment, thereby forging a solid foundation for sustainable development.

1. Pharmaceutical industry

Being "Scientific Research-based and Patient-centered", the Company will continuously increase the R&D input and keep enriching the layout of innovative medicine R&D. In 2025, the R&D team will focus on the theme of "speed and quality", leveraging existing product and research lines while maintaining the dual-driven strategy of "self-development + introduction". This approach will accelerate the development of innovative projects, rapidly expand market-ready product portfolios, and continuously empower the Company's sustainable development.

With regard to innovative projects, the Innovation R&D Center focuses on the layout of three core therapeutic fields of oncology, endocrinology and autoimmunity oriented at the unmet clinical demands of global patients, while caring about the development of disruptive technologies and other major unmet clinical demands. The Company will further strengthen its independent R&D capabilities, enhance the development of its innovative medicine R&D platforms, and foster rational and agile R&D management systems and project decision-making mechanisms to accelerate the progress of its product R&D.

In terms of generic medicines, the CMC R&D Center continues to build an integrated "API + formulation" industrial chain advantage that combines generic and innovative approaches. While advancing high-technological-barrier generic drugs, the Company will deepen formulation technology improvements and innovations.

2. Pharmaceutical business

Aligning with the Vision 2030, the Company will ensure a strong start for the first year of its eighth three-year plan by focusing on three key priorities of existing business, incremental growth, and workforce efficiency, while deepening three primary profit models of distribution, agency, and third-party logistics. The Company aims not only to achieve its annual targets but also to make strategic investments with an eye on future trends. It will drive organizational restructuring to implement corporate strategies, address operational gaps, advance unified management, and continuously enhance its core competencies. The Company is committed to dual growth in market share and scale through its distribution model, and continues to expand its presence in out-of-hospital markets. Within Zhejiang Province's hospital systems, the market share of its medical devices and ginseng & antler pieces is also continuously increasing. The product agency and third-party logistics models will not only improve profitability but also leverage innovative service features to empower distribution operations.

3. Aesthetic medicine business

In 2025, the Company's aesthetic medicine segment will actively promote the R&D and registration of high-end aesthetic medicine products worldwide, endeavor to ensure the normal progress of relevant projects, and further enrich product lines vertically and horizontally, thus benefiting more patients. As for the aesthetic medicine business in China, in 2025, the Company will always target high-end markets, put patients at the center, improve service quality, strengthen market promotion for Sinclair and the Company's brands, and increase market share through multiple channels. Moreover, training for physicians is further enhanced and the brand image is promoted to reach more customers.

4. Industrial microbiology

In 2025, the industrial microbiology segment will establish and strengthen its core operational capabilities, driven by synergistic product and marketing strengths. It will also implement core management competencies in cost reduction, expense control, and efficiency enhancement. The subsidiaries under the four segments of xRNA, featured APIs & intermediates, massive health & biomaterials, and animal health will develop clear short-, medium-, and long-term product lines, with a priority on cultivating high-potential products. For marketing strategies, the segment will execute action plans centered on "cost, quality, responsiveness, and customer satisfaction" to achieve market objectives. International market expansion and key account development will be intensified to effectively improve market coverage, while accelerated product certifications and registrations will facilitate broader market access. The Company remains committed to its "customer-first" principle, dedicating all efforts to serve customers and aligning development directions with market and customer demands. Internally, product cost reduction targets will be achieved through technological advancements, procurement optimization, and manufacturing cost controls. These measures will collectively enhance its product competitiveness and overall operational effectiveness.

5. Production and quality management

In 2025, the production system will oversee centralized management of domestic formulation operations and related businesses across industrial subsidiaries. It will ensure capacity expansion for existing products and the launch of new products at designated facilities. In the meantime, the Company will continue to strengthen foundational management, optimize internal resource allocation, and enhance operational efficiency. Thanks to its management improvement and technological advancement, the Company will advance its transformation centered on "standardization and high efficiency" in line with the principle of cost-effectiveness. As for the quality system, the Company's will remain steadfast in upholding its core values, enhance cross-functional collaboration and communication, and ensure zero tolerance for quality and safety risks.

(V) Possible risks and countermeasures

1. Change of industry policy and risk of product price reduction

The pharmaceutical industry is a strategic industry supported and developed in China, which is closely related to people's health and life safety. Being highly competitive and innovative, it needs to constantly adapt to market changes and policy adjustment. In recent years, the pharmaceutical industry has been gradually standardized, normalized and systematized as policies such as volume-based procurement and medical insurance negotiation continue to advance. In the meantime, such external factors as geopolitics and macroeconomic policies also disturb enterprise management and market conditions, posing new challenges to the production cost and profitability of the pharmaceutical industry. Besides, there is a risk of price reduction of new medicines.

Countermeasures: The Company has always paid great attention to national policies and industrial development, with corresponding adjustment made when necessary. In terms of R&D, the Company continues to increase its R&D input and improves its competitiveness and potential for future development by enriching product lines in core therapeutic fields. In the meantime, the Company actively expands the aesthetic medicine and industrial microbiology fields to create new growth points. In addition, the Company also reduces its production and operation risks through cost reduction, efficiency improvement, lean management, or by other means.

2. Risk in new medicine R&D

Generally, it takes a long time for a new product to be launched from R&D to pre-clinical research, clinical trials, application for registration, production approval, commercialization and etc. The R&D progress is affected by such factors as national policies, market factors, and regulatory approval. In addition, the R&D of innovative medicines needs excellent R&D personnel with high education level. The investment of manpower and early R&D expenses will put some pressure on the Company to achieve its current business objectives. Meanwhile, new medicines will be tested by the market demands after launching and may face such risks as price reduction, which may result in return on R&D investment that is less than expected.

Countermeasures: The Company focuses on its core therapeutic fields, continuously improves its capacity in independent R&D, keeps enriching and optimizing its product lines through independent R&D + introduction, and fosters the R&D ecology unique to Huadong Medicine, with featured R&D matrices formed in the fields of oncology, endocrinology and autoimmunity. The Company will continue to optimize its innovation mechanism, constantly improve scientific research, evaluation and decision-making system for new medicines, and strengthen close partnership with well-known R&D institutions in and out of China. In the meantime, the Company inputs more to introduce high-level scientific research talents, enhances training and incentive for internal core technical staff, and endeavors to foster a high-level innovative R&D team that supports the complete cycle of innovative medicine R&D.

3. Risk in investment and merger

Foreign investment is one of important ways of enterprise development. In recent years, the Company has continued to invest and do mergers and acquisitions in such fields as innovative medicines, aesthetic medicine and industrial microbiology, so as to form goodwill and realize the innovation and transformation development strategy. If the company acquired in the future faces the risk of performance fluctuation, there may be a risk of goodwill impairment, adversely affecting the Company’s current operation performance. At the same time, the post-investment management and business integration of the target company also put forward higher requirements for the management

of the Company.

Countermeasures: The Company exercises oversight over acquired subsidiaries by controlling board decisions and appointing management and financial personnel to participate in major decision-making and daily operations. Subsidiaries are required to comply with the listed company's internal control systems, establish and implement comprehensive management frameworks. The management teams of acquired subsidiaries maintain efficient communication with the Company, ensuring that the corresponding decision-making procedures for both daily operations and significant decisions are strictly exercised in accordance with applicable laws, regulations, articles of association, internal policies, and the rules of procedure of the Board of Directors/Shareholder Meeting. In terms of acquisition risk control, the Company conducts business, financial, and tax due diligence via third-party intermediaries and performs regular specialized management audits on its subsidiaries. Additionally, the Company is committed to enhancing its capabilities in operation planning, organizational structure, and financial governance, fostering resource sharing and synergistic collaboration with subsidiaries to strengthen integrated operational and governance capabilities. Regular impairment testing for goodwill is conducted, while post-investment management is continuously improved in terms of comprehensiveness, scientific rigor, and timeliness.

4. Risk in exchange rate fluctuation

The Company has always been devoted to advancing its international development. In recent years, the Company increasingly develops international cooperation and exchanges, expands the sales network of aesthetic medicine in the world, and accelerates the development of its industrial microbiology segment, rising the proportion of foreign currency settlement business. The fluctuation in exchange rate will affect the price of the Company's export products, cause exchange gains and losses to the Company, and increase the operating costs, thus affecting the Company's assets, liabilities and income, further its operation ability, debt repayment ability and profitability.

Countermeasures: the Company will pay close attention to the fluctuation in exchange rate, adjust our business countermeasures in time according to its own situation, and resolve the adverse effects; develop the exchange risk awareness, and improve the foreign exchange risk management system; strengthen the training of financial personnel's professional skills and risk awareness, enhance the awareness of risk avoidance, and make good use of financial means to avoid exchange rate risks.

XII. Registration form of receptions, including research, communication and interview, undertaken during the reporting period

☑ Applicable □ N/A

Reception date	Reception address	Reception method	Type of visitor	Visitors	Main content of discussion and information provided	Index of basic information of the research
January 9 to 10, 2024	Conference Room of the Company	On-site survey and online meeting	Institution	NCAM, Citic Securities, Guotai Junan Securities, etc.	Investor communication	For details, please refer to the *Record of Investor Relations Activities on January 9 to 10, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
January 16 to 17, 2024	Conference Room of the Company	On-site survey	Institution	Haitong Securities, Origin Asset Management, SWS MU Fund Management, etc.	Investor communication	For details, please refer to the *Record of Investor Relations Activities on January 16 to 17, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
March 4, 2024	Conference Room of the Company	Online meeting	Institution and individual	Soochow Securities, Zhong Ou AMC, Perseverance Asset Management, etc.	Exchange Meeting for Launching of Saikaize® between Huadong Medicine and CARsgen Therapeutics	For details, please refer to the *Record of Investor Relations Activities on March 4, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
April 18, 2024	Conference Room of the Company	Online meeting	Institution and individual	CICC, China Securities Cooperation, TF Securities, etc.	2023 Annual Performance Exchange Meeting of Huadong Medicine	For details, please refer to the *Record of Investor Relations Activities on April 18, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
April 26, 2024	Conference Room of the Company	Online meeting	Institution and individual	Citic Securities, China Galaxy Securities, CICC, etc.	2024 Q1 Performance Exchange Meeting of Huadong Medicine	For details, please refer to the *Record of Investor Relations Activities on April 26, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
April 30, 2024	Conference Room of the Company	Online meeting	Individual	Individual investors	2023 Annual and 2024 Q1 Online Performance	For details, please refer to the *Record of Investor Relations Activities on April 30,*

					Meeting of Huadong Medicine	*2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
May 8, 2024	Conference Room of the Company	On-site survey	Institution and individual	Citic Securities, CICC, Harvest Fund, etc.	Activities of Investors' Reception Day of Huadong Medicine	For details, please refer to the *Record of Investor Relations Activities on May 8, 2024 (Activities of Investors' Reception Day)* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
August 16, 2024	Conference Room of the Company	Online meeting	Institution and individual	Hua Chuang Securities, CSC Financial, Citic Securities, etc.	2024 Interim Performance Exchange Meeting of Huadong Medicine	For details, please refer to the *Record of Investor Relations Activities on August 16, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.
October 25, 2024	Conference Room of the Company	Online meeting	Institution and individual	Guolian Minsheng Securities, CICC, Citic Securities, etc.	2024 Q3 Performance Exchange Meeting of Huadong Medicine	For details, please refer to the *Record of Investor Relations Activities on October 25, 2024* presented on the websites of irm.cninfo.com.cn and cninfo.com.cn.

XIII. Formulation and implementation of market value management system and valuation enhancement plan

Whether the Company formulates its market value management system.

☑ Yes □No

Whether the Company discloses its valuation enhancement plan.

□Yes ☑ No

To strengthen its market value management, further standardize its market value management practices, and practically safeguard the legitimate rights and interests of the Company, its investors, and other stakeholders, the Company has formulated its market value management system in compliance with relevant laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Several Opinions of the State Council on Strengthening Regulation, Guarding against Risks, and Promoting High-Quality Development of the Capital Market*, the *Administrative Measures for the Disclosure of Information of Listed Companies*, the *Guidance No. 10 on Market Value Management for Listed Companies*, as well as the Articles of Association and the Company's operational realities. The system was approved at the 32nd session of the 10th Board of Directors. Detailed information and the full text of the system

are available in the relevant announcement disclosed by the Company on Cninfo (http://www.cninfo.com) on April 18, 2025.

XIV. Implementation of the Action Plan of "Improvement of Quality and Return"

Whether the Company discloses its Action Plan of "Improvement of Quality and Return"

☑ Yes □No

The Company has formulated the Action Plan of "Improvement of Quality and Return" in a bid to implement the guiding principles of "Activating the capital market and boosting investors' confidence" put forward by the Political Bureau of the CPC Central Committee and "Vigorously improving the quality and investment value of listed companies, taking more powerful and effective measures to stabilize the market and confidence" pointed out at the executive meeting of the State Council, safeguard the interests of all shareholders of the Company, continuously enhance the Company's core competitiveness and investment values, and realize high-quality, high-efficiency and sustainable development. For details, please refer to the *Announcement on Advancing the Implementation of the Action Plan of "Improvement of Quality and Return"* (Announcement No.: 2024-011) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) on March 9, 2024.

The Company implements the Action Plan of "Improvement of Quality and Return", focuses on four business segments of pharmaceutical industry, pharmaceutical business, aesthetic medicine and industrial microbiology, and continues to advance the innovation and transformation strategy, fully stimulates the innovation vitality, improves the operating quality and efficiency, and promotes the sustainable and high-quality development.

The Company continuously increases its R&D input. During the reporting period, the Company's R&D investment in the pharmaceutical industry (excluding equity investment) was 2.678 billion yuan, up 16.77% year on year. Among them, the direct R&D expenditure was 1.770 billion yuan, up 10.63% year on year, which accounts for 12.91% of the operating revenue of the pharmaceutical industry. Over the years, the Company has applied for more than 1,600 patents in and out of China, including over 530 authorized invention patents. During the reporting period, the Company's patent applications and renewals progressed smoothly. A total of 187 patent applications were submitted, including 143 for inventions. Additionally, 90 patents were granted.

The Company conducted information disclosure and investor exchange activities based on the needs of investors, enhanced its transparency, listened to and drawn opinions and suggestions of investors, continuously improved corporate governance, strengthened internal control and risk prevention, and improved the level of standardized operation. The Company further standardized the operation of the mechanism comprised of shareholders' meeting, board of directors, and board of

supervisors, gave full play to the roles of special committees, independent directors and professional organizations of the Board of Directors, continuously improved the decision-making level, and safeguarded the interests of the Company and its stakeholders.

The Company has always kept the philosophy of returning investors in mind and operated stably. In 2024, the Company achieved the total operating revenue of 41.906 billion yuan, up 3.16% year on year, the net profit attributable to shareholders of listed companies of 3.512 billion yuan, up 23.72% year on year, and the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses of 3.352 billion yuan, up 22.48% year on year.

In May and September 2024, the Company implemented profit distributions for 2023 and H1 2024, with a total cash dividend of 1.632 billion yuan. Since it was listed, the Company has distributed dividends for 23 times with the cumulative amount of 7.242 billion yuan, which is 28.97 times the fund that was raised during IPO (250 million yuan). The Company brings shareholders consistent and steady returns on investment.

Section IV. Corporate Governance

I. Overview of corporate governance

During the reporting period, the Company strictly complied with the relevant laws, regulations, and normative documents such as the *Company Law of the People's Republic of China* ("the Company Law"), the *Securities Law of the People's Republic of China* ("the Securities Law"), the *Governance Guidelines for Listed Companies*, the *Rules for Stock Listing of Shenzhen Stock Exchange*, and the *Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No.1 - Standardized Operation of Listed Companies on the Main Board*. Aligning with its strategic development goals and with a view to safeguarding the interests of all shareholders, the Company implemented comprehensive internal control and standardized management initiatives, formulated and optimized internal control systems, strengthened internal management, standardized information disclosure, and improved the corporate governance structure. According to the normative documents on the governance of listed companies issued by the CSRC, the Company has formed a system that is legally compliant and in line with the actual operation of the Company.

(I) About shareholders and the Shareholders' Meeting

The Company strictly complies with the provisions and requirements of the *Company Law* and the *Rules of Procedure for the Shareholders' Meeting* to standardize the convening, holding, and voting procedures of shareholders' meetings, thereby fully safeguarding the rights to information access and equal participation for all shareholders, particularly middle and minority shareholders. Additionally, the Company engages legal counsels for on-site witnessing and issuing legal opinions, thereby ensuring the legitimacy of the procedures for convening, holding, and voting at shareholders' meetings. During the reporting period, the Company held three shareholders' meetings, all of which were convened by the Board of Directors. There were no instances where shareholders, individually or collectively holding more than 10% of the Company's shares, requested to convene a shareholders' meeting. There were also no instances where independent directors or the Board of Supervisors proposed to convene a shareholders' meeting. Additionally, no material matters were implemented prior to formal review and approval.

(II) About directors and the Board of Directors

The 10th Board of Directors of the Company comprises nine members, including three independent directors (one of whom is an accounting professional). The number of directors, board composition, and qualifications of directors comply with applicable laws and regulations, as well as the requirements of the *Articles of Association*. During the reporting period, directors demonstrated integrity and diligence, actively participated in relevant training programs to enhance their understanding of laws and regulations, and leveraged their professional expertise in corporate management, technological R&D, accounting, and audit to safeguard the overall interests of the Company. The Board of Directors strictly adhered to the *Articles of Association* and the *Rules of Procedure of the Board of Directors* in convening and holding meetings. All voting procedures aligned with relevant laws and regulations.

(III) About supervisors and the Board of Supervisors

All supervisors of the Company perform their duties in accordance with laws, regulations, and institutional requirements, including the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Board of Supervisors*. The Board of Supervisors of the Company comprises six members, including two employee supervisors. During the reporting period, the Board of Supervisors strictly adhered to the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors* in convening and holding meetings. All voting procedures aligned with relevant laws and regulations. Supervisors diligently performed their supervisory duties, actively attended meetings, and inspected and monitored the lawfulness and compliance of significant corporate matters, financial status, and the performance of duties by the Company's directors and senior management, thereby safeguarding the legitimate rights and interests of shareholders of the Company.

(IV) About independent directors and the operation of special committees of the Board of Directors

During the reporting period, the Company's independent directors fulfilled their duties with integrity, diligence, and independence in strict compliance with the *Company Law*, other departmental regulations, normative documents, and institutional guidelines. They proactively safeguarded the legitimate rights and interests of middle and minority shareholders and submitted independent opinions on relevant matters in accordance with the *Working System for Independent Directors*, effectively safeguarding the interests of the Company and shareholders, particularly middle and minority stakeholders, while reinforcing their supervisory role. The Board of Directors

governs five special committees: the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Approval Committee, and the ESG Committee. During the reporting period, these committees provided strategic counsel and actionable recommendations to the Board of Directors in key areas including investment decision-making, financial management, operational execution, internal governance, and human capital development, ensuring informed and well-rounded governance outcomes.

(V) About information disclosure and transparency

The Company places great emphasis on information disclosure and strictly adheres to relevant laws and regulations as well as its own *Information Disclosure Management Regulations*. It discloses information through designated media platforms, including the *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn), in a truthful, accurate, complete, and timely manner. This practice effectively ensures investors' right to information and guaranteed equitable access to corporate updates for all shareholders. For material non-public information, the Company implements rigorous confidentiality protocols by limiting the circle of personnel with access and maintaining strict control over the information flow.

(VI) About investor relations management

Prioritizing and actively advancing the investor relations management, the Company has established an *Investor Relations Management System*, with the Chairman as the primary responsible person for investor relations affairs and the Secretary of the Board of Directors overseeing the organization and coordination of these efforts. The Office of the Board of Directors is a functional department tasked with investor relations management, which is empowered to plan, organize, and execute initiatives related to investor relations management. During the reporting period, the Company strengthened communication with securities regulatory authorities and the Shenzhen Stock Exchange, enhanced engagement with investors through on-site meetings, phone calls, email, interactive platforms, and other channels, addressed investor inquiries thoroughly, and fostered constructive relationships to ensure effective interaction with investors.

(VII) About stakeholders

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, including investors, financial institutions, other creditors, employees, clients, and suppliers, and

actively cooperates with them to jointly promote the sustained, stable, and healthy development of the Company.

As of the end of the reporting period, the actual state of the Company's corporate governance has been generally in compliance with the regulatory documents on listed company governance issued by the CSRC. Moving forward, the Company will continue to consistently strengthen corporate governance, establish a long-term governance mechanism, further improve its internal control systems, and intensify enforcement efforts to consolidate the foundation for sustained, healthy, and steady growth.

Whether the actual corporate governance of the Company is significantly different from laws, administrative regulations, and the normative documents on corporate governance issued by the CSRC

□Yes ☑ No

No such case during the reporting period.

II. The Company's independence in corporate assets, personnel, finance, institutions and business from controlling shareholders and de facto controller

During the reporting period, the Company continuously strengthened the corporate governance structure and implemented standardized operation in accordance with the requirements of regulatory authorities. The Company and its controlling shareholders realized the separation of management and independent operation in terms of personnel, assets, finance, institutions and business.

Category	Independent or not	Note
Independence in business	Yes	The Company has independent production and sales systems. The Company's business activities are completely independent from its controlling shareholders. Although the subsidiaries of the Company and its controlling shareholders are engaged in pharmaceutical business, they focus on different medical fields and client groups. Therefore, there is no competition between the Company and related parties.
Independence in personnel	Yes	The Company is completely independent in the management of labor, personnel and salaries, and has an independent Human Resources Department and a sound personnel management system.
Independence in assets	Yes	The Company has independent production systems, auxiliary production systems and supporting facilities; independent purchasing and sales systems; independent industrial property rights, trademarks, non-patented technologies and other intangible assets.
Independence in institutions	Yes	The Company has established a Board of Directors, management and other internal organizations with comprehensive functionalities. Each functional department is independent from controlling shareholders and functions based on the decisions of the Company's management. There is no superior-subordinate relation between functional departments of controlling shareholders and those of the Company, which would have an impact on the Company.
Independence in finance	Yes	The Financial Management Head Office is responsible for the financial accounting and budget management of the Company, and has established independent and sound financial, accounting and budget management systems according to relevant laws and regulations.

Note: The Company is independent in businesses, management, assets, institutions, finance, and personnel from its main shareholders. The Company does not face horizontal competition or engage in related transactions caused by partial restructuring, industry characteristics, national policies or mergers and acquisitions.

III. Horizontal competition

□ Applicable ☑ N/A

IV. Annual and extraordinary shareholders' meetings held during the reporting period

1. Shareholders' meetings during the reporting period

Sessions	Meeting type	Proportion of investors present	Convening date	Disclosure date	Meeting resolution
2023 Annual Shareholders' Meeting	Annual shareholders' meeting	62.86%	May 8, 2024	May 9, 2024	*Announcement of the Resolutions of 2023 Annual Shareholders' Meeting* (Announcement No.: 2024-043) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News,* and Cninfo (www.cninfo.com.cn)
2024 First Extraordinary Shareholders' Meeting	Extraordinary shareholders' meeting	63.36%	June 18, 2024	June 19, 2024	*Announcement of the Resolutions of 2024 First Extraordinary Shareholders' Meeting* (Announcement No.: 2024-056) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
2024 Second Extraordinary Shareholders' Meeting	Extraordinary shareholders' meeting	64.17%	December 20, 2024	December 21, 2024	*Announcement of the Resolutions of 2024 Second Extraordinary Shareholders' Meeting* (Announcement No.: 2024-111) on *China Securities Journal*, *Securities Times*, *Shanghai*

					Securities News, and Cninfo (www.cninfo.com.cn)

2. Extraordinary shareholders' meetings convened at the request of preference shareholders with resumed voting rights

□ Applicable ☑ N/A

V. Directors, supervisors and senior management

1. Brief information

Name	Gender	Age	Position	Holding of position	Commencement of the term	Termination of the term	Shares held at the beginning of the period (shares)	Shares increased during the period (shares)	Shares decreased during the period (shares)	Other changes (shares)	Shares held at the end of the period (shares)	Reasons of changes in shareholding
Lv Liang	Male	50	Director	Incumbent	April 26, 2010	June 1, 2025	200,000	0	0	0	200,000	N/A
			Chairman	Incumbent	June 6, 2019	June 1, 2025						N/A
			General Manager	Incumbent	October 26, 2021	June 1, 2025						N/A
Kang Wei	Female	56	Director	Incumbent	December 5, 2016	June 1, 2025	0	0	0	0	0	N/A
Zhu Feipeng	Male	58	Director	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Ye Bo	Male	36	Director	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Zhu Liang	Male	47	Director	Incumbent	June 6, 2019	June 1, 2025	30,000	0	0	0	30,000	N/A
Wang Yang	Male	49	Director	Incumbent	July 19, 2023	June 1, 2025	0	0	0	0	0	N/A
Wang Ruwei	Male	57	Independent Director	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Gao Xiangdong	Female	61	Independent Director	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Huang Jian	Female	56	Independent Direct	Incumbent	May 8, 2023	June 1, 2025	0	0	0	0	0	N/A

			or									
Bai Xinhua	Female	58	Supervisor	Incumbent	January 20, 1998	June 1, 2025	0	0	0	0	0	N/A
Zhou Yanwu	Male	55	Supervisor	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Qin Yun	Female	55	Supervisor	Resigned	May 19, 2006	December 3, 2024	0	0	0	0	0	N/A
Wang Fang	Female	46	Supervisor	Incumbent	December 20, 2024	June 1, 2025	0	0	0	0	0	N/A
Dong Jiqin	Female	40	Supervisor	Incumbent	June 1, 2022	June 1, 2025	0	0	0	0	0	N/A
Xu Zhifeng	Male	49	Employee Supervisor	Incumbent	June 6, 2019	June 1, 2025	0	0	0	0	0	N/A
Zhu Yinhua	Female	50	Employee Supervisor	Resigned	June 1, 2022	May 16, 2024	0	0	0	0	0	N/A
Xia Jing	Female	50	Employee Supervisor	Incumbent	May 16, 2024	June 1, 2025	0	0	0	0	0	N/A
Wu Hui	Male	55	Deputy General Manager	Incumbent	June 6, 2019	June 1, 2025	150,000	0	0	0	150,000	N/A
Zhu Li	Female	49	Deputy General Manager	Incumbent	October 12, 2020	June 1, 2025	180,000	0	0	0	180,000	N/A
Zhang Jianfei	Male	49	Deputy General Manager	Incumbent	June 1, 2022	June 1, 2025	230,000	0	0	0	230,000	N/A
Chen Bo	Male	52	Secretary of the Board of Directors	Incumbent	June 30, 2009	June 1, 2025	100,000	0	0	0	100,000	N/A
Qiu Renbo	Male	42	Officer in Charge of Finance	Incumbent	November 28, 2019	June 1, 2025	100,000	0	0	0	100,000	N/A

Total	--	--	--	--	--	--	990,000	0.00	0.00	0.00	990,000	--

Note: The ages of directors, supervisors, and senior executives are calculated in full years based on their respective dates of birth as of the disclosure date of the Report.

Whether directors and supervisors left office or senior management were dismissed during their terms of office during the reporting period

☑ Yes □ No

On May 16, 2024, the Board of Supervisors of the Company received a resignation report from Ms. Zhu Yinhua, an employee supervisor of the 10th Board of Supervisors of the Company. Ms. Zhu Yinhua resigned from her position as employee supervisor for personal reasons. Following her resignation, Ms. Zhu will continue to work in a subsidiary of the Company.

On December 3, 2024, the Board of Supervisors of the Company received a written resignation report from Ms. Qin Yun, a supervisor of the 10th Board of Supervisors of the Company. Ms. Qin Yun resigned from her position as supervisor for personal reasons. Ms. Qin Yun, whose term was originally scheduled to expire upon the conclusion of the 10th Board of Supervisors of the Company, will cease to hold any position within the Company following her resignation.

Change of directors, supervisors and senior management of the Company

☑ Applicable □ N/A

Name	Position	Type	Date	Reasons
Zhu Yinhua	Employee Supervisor	Resigned	May 16, 2024	Personal reasons
Xia Jing	Employee Supervisor	Elected	May 16, 2024	Elected
Qin Yun	Supervisor	Resigned	December 3, 2024	Personal reasons
Wang Fang	Supervisor	Elected	December 20, 2024	Elected

2. Positions and incumbency

Professional background, main working experiences and main responsibilities of the Company's incumbent directors, supervisors and senior management

(1) Profile of directors

Chairman: Mr. Lv Liang: Born in 1974, holds a master's degree. He was Project Manager of Grand Asset Management Co., Ltd. from July 1997 to July 2001; Deputy General Manager and General Manager of Changshu Leiyunshang Pharmaceutical Co., Ltd. from July 2001 to March 2010; Director and Deputy General Manager of the Company from April 2010 to January 2016; Director and General Manager of the Company from January 6, 2016 to June 5, 2019. He has been Chairman of the Board of the Company since June 6, 2019, and General Manager of the Company since October 26, 2021.

Director: Ms. Kang Wei: Born in 1968, holds a master's degree. She served as Manager of the Trade Division, Manager of the Capital Division and Manager of Financial Management of the Financial Management Department of China Grand Enterprises, Inc.; Chief Financial Officer and Deputy General Manager of Heilongjiang Grand Shopping Center. She is now Chief Financial Officer of China Grand Enterprises, Inc. She has been Director of the Company since December 2016.

Director: Mr. Zhu Feipeng: Born in 1966, Doctor of Cytopharmacology. He served as a reviewer, Director of the Third Review Office and Chief Reviewer of respiratory and tumor indications of the Center for Drug Evaluation of National Medical Products Administration. He was Vice President of Pharmaceutical Management Head Office of China Grand Enterprises, Inc. from March 2021 to June 2023. He has served as General Manager of Pharmaceutical Strategy Management Head Office of China Grand Enterprises, Inc. since July 2023, and Director of the Company since June 2022.

Director: Mr. Ye Bo: Born in 1988, holds a master's degree. He served as Customer Manager of Zhejiang Branch, China Development Bank; Manager of Bonds Investment Bank Headquarters, Zheshang Securities Co., Ltd.; Deputy Head of the Department of Investment and Operation, and Deputy Head of the Assets Management Department, Hangzhou State-owned Capital Investment and Operation Co., Ltd.; Executive Deputy General Manager of Hangzhou Guoyou Asset Operation Co., Ltd. He has been Deputy Head of the Investment and Development Department of Hangzhou State-owned Capital Investment and Operation Co., Ltd. since June 2024, and Director of the Company since June 2022.

Director: Mr. Zhu Liang: Born in 1977, holds a bachelor's degree. He served as Director, Vice Chairman and Chairman of the Labor Union of Hangzhou Huadong Medicine Group Co., Ltd., and is now a member of the Party committee and Chairman of the Labor Union of the Company. He served as Supervisor of the Company from April 2017 to June 2019, and has been Director of the Company since June 2019.

Director: Mr. Wang Yang: Born in October 1975, Doctor of Pharmaceutical Chemistry. He commenced his career in September 2003. He was a postdoctor at Southampton University, Boston College, and Texas A&M University. He was the R&D Director of Shanghai ChemPartner Chemical Research Co., Ltd.; Assistant Director of BioDuro Beijing Co., Ltd.; Senior Reviewer at the Center for Drug Evaluation, NMPA; and Senior Director of Beijing Innocare Pharmaceutical Technology Co., Ltd. He has served as Assistant President and R&D Head of the Pharmaceutical Management Head Office of China Grand Enterprises, Inc. since September 2022, and Director of the Company since July 2023.

Independent Director: Ms. Gao Xiangdong: Born in July 1963, PhD. She served as teaching assistant, lecturer, associate professor at the Biopharmaceutical Teaching and Research Department, and professor, Vice President, President and Party Secretary of the School of Life Science and Technology, China Pharmaceutical University. She has served as professor at the School of Life Science and Technology, China Pharmaceutical University since April 2021, and Independent Director of the Company since June 2022.

Independent Director: Ms. Huang Jian: Born in October 1968, master, certified public accountant and senior accountant. She was Senior Partner of RSM China Certified Public Accountants; Member of the third, fourth and fifth Issuance Examination Committees of the Growth Enterprise Market of China Securities Regulatory Commission; Partner of Ruihua Certified Public Accountants (Special General Partnership); Partner of ShineWing Certified Public Accountants (Special General Partnership). She is now Non-executive Director of Concord New Energy Group Limited and Independent Director of Hygon Information Technology Co., Ltd. She has been Independent Director of the Company since May 8, 2023.

Independent Director: Mr. Wang Ruwei: Born in 1967, Doctor of Medicine of Shimane University in Japan, a professor-level senior engineer and a supervisor of PhD candidates (Zhejiang University, Shenyang Pharmaceutical University, Zhejiang Chinese Medical University). He served as Business Vice President of No. 6 Hospital affiliated to Wenzhou Medical University, Deputy Chairman and President of Zhejiang Conba Pharmaceutical Co., Ltd. and Genor Biopharma Co. Ltd, and Executive Vice President of Hangzhou Tigermed Consulting Co., Ltd., and Founding Partner and Managing Director of Hangzhou Tailong Venture Capital Partnership (Limited Partnership). He has been member of Chinese Pharmacopoeia Commission since 2010, and is now Specially-appointed Researcher of the Chinese Academy of Sciences, Independent Director of Zhejiang Longevity Valley Botanical Co., Ltd. and Special Assistant of the Chairman of Yangtze River Pharmaceutical Group. He has been Independent Director of the Company since June 2022.

(2) Profile of supervisors

Chairman of the Board of Supervisors: Ms. Bai Xinhua: Born in 1966, holds a master's degree. She served as Assistant Auditor of Beijing Municipal Bureau of Audit; Accounting Manager of the Financial Management Head Office and Audit Manager of the Supervision and Audit Department of China Grand Enterprises, Inc. She is now Deputy General Manager of the Financial Management Head Office of China Grand Enterprises, Inc. She has been Supervisor of the Company since 1998.

Supervisor: Mr. Zhou Yanwu: Born in 1969, holds a master's degree. He served as Assistant Accountant of the Office of Financial Management, China International Trust Investment Corporation, Assistant of General Manager of Beijing Guoqiang Technology Co., Ltd., and Assistant of Financial Director of Electrolux (China) Home Appliance Co., Ltd. He worked for China Grand Enterprises, Inc. in 2000, served as Accountant Manager and Financial Manager of Financial Management Head Office, Deputy General Manager of the Supervision and Audit Department, and Financial Director of China Grand Enterprises (HK) Limited. He has been General Manager of the Supervision and Audit Department, China Grand Enterprises, Inc. since January 2012, and Supervisor of the Company since June 2022.

Supervisor: Ms. Wang Fang: Born in November 1978, holds a master's degree. She served as Secretary of Maxcourt Hotel in Changchun and Manager of Orion Management Consulting Co., Ltd. She served as Secretary of the President of China Grand Enterprises, Inc. after she joined the company in May 2006. She is now Senior Secretary of the President of China Grand Enterprises, Inc.

Supervisor: Ms. Dong Jiqin: Born in 1984, holds a master's degree. She served as member of the Department of Finance, Zhejiang Ocean University (Xiaoshan College), and member of the Foreign Trade Department, Xiaoshan Foreign Trade and Economic Cooperation Bureau, Deputy Chief and Chief of the Financial Audit Department, Xiaoshan Commerce Bureau, Hangzhou. She has been Head of the Risk Control and Legal Department of Hangzhou State-owned Capital Investment and Operation Co., Ltd. since October 2019, and Supervisor of the Company since June 2022.

Employee Supervisor: Mr. Xu Zhifeng: Born in 1975, bachelor and economist. He served as Commissioner of the Business Administration Office and Director Assistant of the General Manager Office of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. from August 1997 to July 2011; Manager of the Risk Management and Audit Department of the Company from August 2011 to January 2018. He has been Director of the Risk Management and Audit Department of the Company since February 2018, and Employee Supervisor of the Company since June 2019.

Employee Supervisor: Ms. Xia Jing: Born in 1974, holds a master's degree. She joined the Company in July 1996 and held successive positions at Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd., including Sales Representative, Marketing Office Staff, Director, and Deputy Office Director. She has been Director of the General Manager's Office of Hangzhou Zhongmei Huadong Pharmaceutical Service Corporation since April 2009.

(3) Profile of senior management

Deputy General Manager: Mr. Wu Hui: Born in April 1969, master and professor-level senior engineer. He joined the Company in July 1991, and served as technician, Workshop Director and Chief Engineer of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. He has been Deputy General Manager of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. since 2015, Deputy General Manager of the Company since June 2019, and General Manager of the Industrial Microbiology Division of the Company since August 2021.

Deputy General Manager: Ms. Zhu Li: Born in 1975, master, accountant and senior economist. She has joined Huadong Pharmaceutical Distribution Company since August 1997. She took multiple positions successively, including accountant, Deputy General Manager and General Manager of the Chinese Patent Medicine Branch, and Deputy Director and Director of the Procurement and Management Department for Chinese and Western Medicine. From September 2019 to September 2020, she served as Deputy General Manager of Huadong Pharmaceutical Distribution Company (responsible for the overall work). She has served as Deputy General Manager (responsible for the commercial matters) of the Company and concurrently General Manager of Huadong Pharmaceutical Distribution Company since October 2020.

Deputy General Manager: Mr. Zhang Jianfei: Born in April 1975, holds a bachelor's degree. He served as a salesman/ director, Manager of Wuhan region, Director of the Second Sales and Management Department of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd., and General Manager and Director of the Second Pharmaceutical Service Management Department of Hubei Pharmaceutical Service Co., Ltd. He has been Deputy General Manager of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. since December 2020, and Deputy General Manager of the Company since June 2022.

Secretary of the Board of Directors: Mr. Chen Bo: Born in 1972, master and economist. He joined the Company in 2002 and served as investment commissioner and Deputy Manager of the Financing Department and Manager of the Investment Department. He has been Secretary of the Board of Directors of the Company since June 2009.

Officer in Charge of Financial Affairs: Mr. Qiu Renbo: Born in 1982, holds a master's degree. He served as commissioner of the Financial Management Head Office and Chief of the Finance Section of the Manufacturing Branch of the Company from August 2004 to July 2010; Manager of the Financial Department of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. from August 2010 to April 2015. He has served as Chief Financial Officer of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. since May 2015, and Officer in Charge of Financial Affairs of the Company since December 2019.

Positions in shareholders' entities

☑ Applicable □ N/A

Name	Shareholders' entity	Position in shareholders' entities	Commencement of the term	Termination of the term	Compensation and allowance from the shareholders' entity
Kang Wei	China Grand Enterprises, Inc.	CFO	February 1, 2010	To date	Yes
Wang Yang	China Grand Enterprises, Inc.	Assistant President and R&D Head of the Pharmaceutical Management Head Office	September 1, 2022	To date	Yes
Bai Xinhua	China Grand Enterprises, Inc.	Deputy General Manager of the Financial Management Head Office	September 1, 2003	To date	Yes
Qin Yun	China Grand Enterprises, Inc.	Business Director of the Bidding and Procurement Management Center	May 1, 2021	February 28, 2025	Yes
Zhu Feipeng	China Grand Enterprises, Inc.	President of the Pharmaceutical Strategy Management Head Office	March 1, 2021	To date	Yes
Zhou Yanwu	China Grand Enterprises, Inc.	General Manager of the Supervision and Audit Department	January 1, 2012	To date	Yes
Wang Fang	China Grand Enterprises, Inc.	Senior Secretary of President	January 4, 2012	To date	Yes
Wang Fang	China Grand Enterprises, Inc.	Chairman of Board of Supervisors	July 30, 2021	To date	Yes
Note on positions	None				

in shareholders' entities	

Position in other entities

☑ Applicable □ N/A

Name	Name of other entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the shareholders' entity
Zhu Feipeng	Leiyunshang Pharmaceutical Co., Ltd.	Director	May 1, 2022	To date	No
Kang Wei	Western Securities Co., Ltd.	Supervisor	November 1, 2010	To date	Yes
Kang Wei	Leiyunshang Pharmaceutical Co., Ltd. and other wholly/partially owned subsidiaries of China Grand Enterprises, Inc.	Director	/	To date	No
Bai Xinhua	Grand Industrial Holding Co., Ltd. and other wholly/partially owned subsidiaries of China Grand Enterprises, Inc.	Director and Supervisor	/	To date	Yes
Qin Yun	Yunnan Leiyunshang Pharmaceutical Co., Ltd.	Director	September 1, 2011	February 28, 2025	No
Zhou Yanwu	Sichuan Yuanda Shuyang Pharmaceutical Co., Ltd. and other wholly/partially owned subsidiaries of China Grand Enterprises, Inc.	Director and Supervisor	/	To date	No
Ye Bo	Hangzhou Guoyou Asset Operation Co., Ltd.	Director	March 27, 2020	To date	No
Ye Bo	Hangzhou State-owned Capital Investment and Operation Co., Ltd.	Deputy Head of the Investment and Development Department	June 1, 2024	To date	Yes
Ye Bo	Hangzhou Yingde Technology Co., Ltd.	Executive Director	July 31, 2023	To date	No
Dong Jiqin	Hangzhou State-owned Capital Investment and Operation Co., Ltd.	Head of the Risk Control and Legal Department	October 1, 2019	To date	Yes
Dong Jiqin	Hangzhou State-	Supervisor	September 2, 2020	To date	No

	owned Capital Investment and Operation Co., Ltd.				
Dong Jiqin	Hangzhou Oxygen Plant Group Co., Ltd.	Chairman of Board of Supervisors	April 21, 2023	To date	No
Huang Jian	Concord New Energy Group Limited	Non-executive Director	December 1, 2012	To date	Yes
Huang Jian	Hygon Information Technology Co., Ltd.	Independent Director	September 1, 2020	To date	Yes
Gao Xiangdong	China Pharmaceutical University	Teacher and Professor	August 1, 1983	To date	Yes
Wang Ruwei	Hangzhou Institute of Medicine Chinese Academy of Sciences	Specially-appointed Researcher	February 1, 2023	To date	No
Wang Ruwei	Zhejiang Longevity Valley Botanical Co., Ltd.	Independent Director	May 1, 2021	To date	Yes
Wang Ruwei	Yangtze River Pharmaceutical Group	Special Assistant of the Chairman	April 15, 2024	To date	Yes
Wang Fang	Beijing Yanhuang Property Co., Ltd.	Director and Manager	September 24, 2021	To date	No
Wang Fang	Beijing Yuanda Huachuang Investments Co., Ltd.	Director	September 1, 2021	To date	No
Note on position in other entities	None				

Incumbent and off-office directors, supervisors and senior management during the reporting period that have been imposed administrative penalties by the SCRC during the last three years.

□ Applicable ☑ N/A

3. Remuneration of directors, supervisors and senior management

The decision-making procedure, determination basis and actual remuneration for directors, supervisors and senior management

The allowance plan of directors of the 10th Board of Directors and that of supervisors of the 10th Board of Supervisors of the Company have become effective since June 1, 2022 after review and approval by the Company's shareholder's meeting: Non-independent directors who hold management positions or are in charge of business in the Company shall be paid according to the business they are in charge of or position they hold, and such persons shall not receive allowance for non-independent directors separately; the annual allowance for independent directors of the Company was 100,000 yuan (before tax); that for non-independent directors not in charge of the Company's management or business was 30,000 yuan (before tax); that for non-employee supervisors of the

Company was 30,000 yuan (before tax); employee supervisors shall receive performance-related remuneration according to their positions in the Company, and shall not receive allowance for supervisors separately.

Plan for assessment of remuneration of the Company's senior management shall be implemented upon the resolution of the 22nd session of the 10th Board of Directors of the Company.

The Company has paid remunerations for the 10th Board of Directors, the 10th Board of Supervisors, and senior management.

Remuneration of directors, supervisors and senior management of the Company during the reporting period

Unit: ten thousand yuan

Name	Gender	Age	Position	Holding of positions	Total pretax remuneration received from the Company	Receive remuneration from related parties of the Company or not
Lv Liang	Male	50	Chairman and General Manager	Incumbent	240	No
Kang Wei	Female	56	Director	Incumbent	3	Yes
Zhu Feipeng	Male	58	Director	Incumbent	3	Yes
Ye Bo	Male	36	Director	Incumbent	3	No
Zhu Liang	Male	47	Director	Incumbent	65	No
Wang Yang	Male	49	Director	Incumbent	3	Yes
Wang Ruwei	Male	57	Independent Director	Incumbent	10	No
Gao Xiangdong	Female	61	Independent Director	Incumbent	10	No
Huang Jian	Female	56	Independent Director	Incumbent	10	No
Bai Xinhua	Female	58	Supervisor	Incumbent	3	Yes
Zhou Yanwu	Male	55	Supervisor	Incumbent	3	Yes
Qin Yun	Female	55	Supervisor	Resigned	2.77	Yes
Wang Fang	Female	46	Supervisor	Incumbent	0	Yes
Dong Jiqin	Female	40	Supervisor	Incumbent	3	No
Xu Zhifeng	Male	49	Employee Supervisor	Incumbent	65	No
Zhu Yinhua	Female	50	Employee Supervisor	Resigned	13.83	No
Xia Jing	Female	50	Employee Supervisor	Incumbent	30	No
Wu Hui	Male	55	Deputy General Manager	Incumbent	140	No
Zhu Li	Female	49	Deputy General Manager	Incumbent	140	No
Zhang Jianfei	Male	49	Deputy General Manager	Incumbent	140	No
Chen Bo	Male	52	Secretary of the Board of Directors	Incumbent	130	No
Qiu Renbo	Male	42	Officer in Charge of	Incumbent	130	No

			Finance			
Total	--	--	--	--	1,147.6	--

Note on other situations

□ Applicable ☑ N/A

VI. Performance of duties of directors during the reporting period

1. Board meetings during the reporting period

Sessions	Convening date	Disclosure date	Meeting resolution
The 20th session of the 10th Board of Directors	February 7, 2024	February 8, 2024	*Announcement of the Resolutions of the 20th Session of the 10th Board of Directors* (Announcement No.: 2024-005) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 21st session of the 10th Board of Directors	April 8, 2024	April 10, 2024	*Announcement of the Resolutions of the 21st Session of the 10th Board of Directors* (Announcement No.: 2024-018) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 22nd session of the 10th Board of Directors	April 16, 2024	April 18, 2024	*Announcement of the Resolutions of the 22nd Session of the 10th Board of Directors* (Announcement No.: 2024-024) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 23rd session of the 10th Board of Directors	April 25, 2024	April 26, 2024	*Announcement of the Resolutions of the 23rd Session of the 10th Board of Directors* (Announcement No.: 2024-039) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 24th session of the 10th Board of Directors	May 30, 2024	May 31, 2024	*Announcement of the Resolutions of the 24th Session of the 10th Board of Directors* (Announcement No.: 2024-047) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)

The 25th session of the 10th Board of Directors	July 12, 2024	July 15, 2024	*Announcement of the Resolutions of the 25th Session of the 10th Board of Directors* (Announcement No.: 2024-059) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 26th session of the 10th Board of Directors	July 19, 2024	July 22, 2024	*Announcement of the Resolutions of the 26th Session of the 10th Board of Directors* (Announcement No.: 2024-062) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 27th session of the 10th Board of Directors	August 15, 2024	August 16, 2024	*Announcement of the Resolutions of the 27th Session of the 10th Board of Directors* (Announcement No.: 2024-066) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 28th session of the 10th Board of Directors	October 10, 2024	October 11, 2024	*Announcement of the Resolutions of the 28th Session of the 10th Board of Directors* (Announcement No.: 2024-079) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 29th session of the 10th Board of Directors	October 24, 2024	October 25, 2024	*Announcement of the Resolutions of the 29th Session of the 10th Board of Directors* (Announcement No.: 2024-085) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 30th session of the 10th Board of Directors	November 25, 2024	November 27, 2024	*Announcement of the Resolutions of the 30th Session of the 10th Board of Directors* (Announcement No.: 2024-091) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)
The 31st session of the 10th Board of Directors	December 4, 2024	December 5, 2024	*Announcement of the Resolutions of the 31st Session of the 10th Board of Directors* (Announcement

			No.: 2024-103) on *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, and Cninfo (www.cninfo.com.cn)

2. Attendance of directors at Board meetings and shareholders' meetings

Attendance of directors at Board meetings and shareholders' meetings							
Name of directors	Number of Board meetings to be attended during the reporting period	Number of Board meetings attended on site	Number of Board meetings attended virtually	Number of Board meetings attended by proxy	Number of absences from Board meetings	Has the director failed to attend Board meetings in person for two consecutive times	Times of attendance of shareholders' meetings
Lv Liang	12	12	0	0	0	No	3
Kang Wei	12	1	11	0	0	No	3
Zhu Feipeng	12	1	11	0	0	No	3
Wang Yang	12	1	11	0	0	No	3
Ye Bo	12	1	11	0	0	No	3
Zhu Liang	12	12	0	0	0	No	3
Gao Xiangdong	12	0	12	0	0	No	3
Wang Ruwei	12	1	11	0	0	No	3
Huang Jian	12	1	11	0	0	No	3

Note on non-attendance of Board meetings in person for two consecutive times

N/A

3. Objections from directors on relevant issues of the Company

Whether directors have raised any objection to relevant issues of the Company

□Yes ☑ No

No such case during the reporting period.

4. Other details about the performance of duties by directors

Whether directors' suggestions were adopted or not

☑ Yes □ No

Note on the adoption or non-adoption of directors' suggestions

During the reporting period, all directors of the Company preformed duties and exercise their functions and power earnestly, strictly implemented the resolution of the shareholders' meetings, and actively carried out all works of the Board of Directors in strict accordance with the relevant laws and regulations, normative documents, the *Articles of Association*, *Rules of Procedure of the Board of Directors*, and other relevant provisions. They also conscientiously reviewed and approved various

proposals of the Board of Directors, exercised right to vote according to law, actively participated in corporate governance and decision-making activities, and constantly standardized corporate governance. With a responsible attitude towards the Company and all shareholders, independent directors performed their duties and obligations diligently and faithfully, and carefully deliberated various proposals of the Board of Directors. In addition, they expressed objective opinions on relevant matters under deliberation based on independent position, actively promoted the standardized operation of the Board of Directors and improved corporate governance, safeguarding the interests of the Company and all investors. All suggestions above have been adopted by the Company.

VII. Performance of special committees under the Board of Directors during the reporting period

Committee name	Members	Number of meetings	Convening date	Meeting content	Important comments and suggestions	Other performance of duties	Details of objection (if any)
The 1st session of the Audit Committee of the 10th Board of Directors in 2024 (the Audit Committee's communication and exchange meeting on the 2023 Annual Report)	Lv Liang, Huang Jian, Wang Ruwei	9	January 16, 2024	The Audit Committee and some senior management of the Company communicated with the certified public accountants and project managers responsible for the Company's audit work regarding the planning phase of the audit. They also discussed key matters identified during the pre-audit review of the Company's financial statements for the period from January	The annual audit was carried out as planned and no major problems were found.	None	None

				to September 2023.			
The 2nd session of the Audit Committee of the 10th Board of Directors in 2024 (the Audit Committee's communication and exchange meeting on the 2023 Annual Report)	Lv Liang, Huang Jian, Wang Ruwei	9	April 3, 2024	The Audit Committee and some senior management of the Company communicated with the certified public accountants and project managers responsible for the Company's audit work regarding the execution phase of the audit. They also discussed key matters identified during the audit of the Company's 2023 annual report.	The annual audit was carried out as planned and no major problems were found.	None	None
The 3rd session of the Audit Committee of the 10th Board of Directors in 2024	Lv Liang, Huang Jian, Wang Ruwei	9	April 8, 2024	1. *Proposal on the Addition and Revision of Some Polices of the Company*; 2. *Proposal on the Adjustment of Members of the Audit Committee of the 10th Board of Directors*	All proposals were approved after review	None	None
The 4th session of the Audit Committee of the 10th Board of Directors in 2024 (the Audit	Huang Jian, Wang Ruwei, Kang Wei	9	April 15, 2024	The Audit Committee and some senior management of the Company communicated with the	The annual audit was carried out as planned and no major problems were found.	None	None

Committee's communication and exchange meeting on the 2023 Annual Report)				certified public accountants and project managers responsible for the Company's audit work regarding the completion phase of the audit. They also discussed the completion status of the audit of the Company's 2023 annual report.			
The 5th session of the Audit Committee of the 10th Board of Directors (regular meeting) in 2024	Huang Jian, Wang Ruwei, Kang Wei	9	April 16, 2024	1. *Proposal on the Company's 2023 Financial Settlement Report;* 2. *Proposal on the Company's 2024 Financial Budget Report;* 3. *Proposal on the Company's 2023 Annual Report and its Abstract;* 4. *Proposal on the Company's 2023 Internal Control Self-assessment Report*; 5. *Proposal on the Company's 2023 Profit Distribution Plan;* 6. *Proposal on Reappointing the*	The work of the Company's Internal Audit Department was carried out as planned and no major problems were found; all proposals were approved after review.	None	None

				Accounting Firm; 7. *Proposal on Providing Guarantees to Subsidiaries in 2024;* 8. *Proposal on the Estimated Related-party Transactions in 2024;* 9. *Proposal on the Company's Performance Evaluation Report of the Accounting Firm in 2023;* 10. *Proposal on the Report on the Performance of Supervisory Duties by the Audit Committee of the Board of Directors on Accounting Firms in 2023* 11. *Proposal on the 2023 Work Report of the Company's Internal Audit Department*; 12. *Proposal on the 2024 Work Plan of the Company's Internal Audit Department*;			
The 6th session of the Audit	Huang Jian, Wang Ruwei, Kang Wei	9	April 25, 2024	1. *Proposal on the Company*'s	The work of the Company's	None	None

Committee of the 10th Board of Directors (regular meeting) in 2024				*First Quarterly Report 2024;* 2. *Proposal on the Work Report of the Company's Internal Audit Department in Q1 2024;*	Internal Audit Department was carried out as planned and no major problems were found; all proposals were approved after review.		
The 7th session of the Audit Committee of the 10th Board of Directors (regular meeting) in 2024	Huang Jian, Wang Ruwei, Kang Wei	9	August 15, 2024	1. *Proposal on the Work Report of the Company's Internal Audit Department in H1 2024*; 2. *Proposal on the Work Plan of the Company's Internal Audit Department in H2 2024*; 3. *Proposal on the Company's 2024 Semi-Annual Report and its Abstract;* 4. *Proposal on the Company's 2024 Semi-Annual Profit Distribution Plan;* 5. *Proposal on Engaging in Hedging-Related Financial Derivatives Transactions.*	The work of the Company's Internal Audit Department was carried out as planned and no major problems were found; all proposals were approved after review.	None	None
The 8th session of the Audit Committee of the 10th Board of Directors (regular	Huang Jian, Wang Ruwei, Kang Wei	9	October 24, 2024	1. *Proposal on the Work Report of the Company's Internal Audit Department in Q3 2024;*	The work of the Company's Internal Audit Department was carried out as	None	None

meeting) in 2024				2. *Proposal on the Work Plan of the Company's Internal Audit Department in Q4 2024*; 3. *Proposal on the Company*'s *Third Quarterly Report 2024;*	planned and no major problems were found; all proposals were approved after review.		
The 9th session of the Audit Committee of the 10th Board of Directors in 2024 (the Audit Committee's communication and exchange meeting on the 2024 Annual Report)	Huang Jian, Wang Ruwei, Kang Wei	9	December 17, 2024	The Audit Committee and some senior management of the Company communicated with the certified public accountants and project managers responsible for the Company's audit work regarding the planning phase of the audit. They also discussed key matters identified during the pre-audit review of the Company's financial statements for the period from January to September 2024.	The annual audit was carried out as planned and no major problems were found.	None	None
The 1st session of the Nomination Committee of the 10th Board of Directors in 2024	Kang Wei, Gao Xiangdong, Huang Jian	1	April 8, 2024	*Proposal on Amending the Rules of Procedure of the Nomination Committee of the Board of*	All proposals were approved after review	None	None

				Directors			
The 1st session of the Remuneration and Approval Committee of the 10th Board of Directors in 2024	Wang Ruwei, Lv Liang, Gao Xiangdong	4	April 8, 2024	*Proposal on Amending the Rules of Procedure of the Remuneration and Approval Committee of the Board of Directors*	All proposals were approved after review	None	None
The 2nd session of the Remuneration and Approval Committee of the 10th Board of Directors in 2024	Wang Ruwei, Lv Liang, Gao Xiangdong	4	April 16, 2024	*Proposal on Confirmation of the 2023 Remuneration for the Company's Senior Management and the Formulation of the 2024 Remuneration Assessment Plan*	All proposals were approved after review	None	None
The 3rd session of the Remuneration and Approval Committee of the 10th Board of Directors in 2024	Wang Ruwei, Lv Liang, Gao Xiangdong	4	October 10, 2024	*Proposal on the Fulfillment of Conditions for the First Restriction Release Period of Reserved Restricted Shares Granted from the Restricted Share Incentive Scheme in 2022*	All proposals were approved after review	None	None
The 4th session of the Remuneration and Approval Committee of the 10th Board of Directors in 2024	Wang Ruwei, Lv Liang, Gao Xiangdong	4	November 25, 2024	1. *Proposal on the Fulfillment of Conditions for the Second Restriction Release Period of Restricted Shares Granted for the First Time from*	All proposals were approved after review	None	None

				the Restricted Share Incentive Scheme in 2022 2. *Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022* 3. *Proposal on the Repurchase and Cancellation of Certain Restricted Shares*			
The 1st session of the Strategy Committee of the 10th Board of Directors in 2024	Lv Liang, Wang Yang, Wang Ruwei	1	April 8, 2024	*Proposal on Amending the Rules of Procedure of the Strategy Committee of the Board of Directors*	All proposals were approved after review	None	None
The 1st session of the ESG Committee of the 10th Board of Directors in 2024	Zhu Feipeng, Ye Bo, Gao Xiangdong	2	April 8, 2024	*Proposal on Amending the Rules of Procedure of the ESG Committee of the Board of Directors*	All proposals were approved after review	None	None
The 2nd session of the ESG Committee of the 10th Board of Directors in 2024	Zhu Feipeng, Ye Bo, Gao Xiangdong	2	April 16, 2024	*Proposal on the Company's Environmental, Social and Governance (ESG) Report in 2023.*	All proposals were approved after review	None	None

VIII. Work of the Board of Supervisors

The Board of Supervisors of the Company fulfilled its due responsibilities and obligations in strict compliance with the *Company Law*, the *Securities Law*, the *Articles of Association*, and the *Rules of Procedure of the Board of Supervisors*. By attending and participating in Board of Directors meetings and shareholders' meetings, the Board of Supervisors gained insight into the Company's operational and financial status. Through regular and hoc special inspections, it has rigorously overseen the lawful operations of the company and the compliance of senior executives in fulfilling their duties, thereby effectively safeguarding the legitimate rights and interests of the Company and all shareholders.

(I) Performance of the Board of Supervisors in 2024

During the reporting period, the Board of Supervisors convened a total of nine meetings, including one on-site voting meeting and eight hybrid meetings combining on-site and telecommunication-based voting. Members of the Board of Supervisors attended all shareholders' meetings and selected Board of Directors meetings.

No.	Sessions	Convening time	Proposal reviewed
1	The 13th session of the 10th Board of Supervisors	April 8, 2024	*Proposal on Revising the Articles of Association and Its Annexes*
			Proposal on the Addition and Revision of Some Polices of the Company;
2	The 14th session of the 10th Board of Supervisors	April 16, 2024	*Proposal on the Company's Work Report of the Board of Supervisors in 2023*
			Proposal on the Company's 2023 Financial Settlement Report;
			Proposal on the Company's 2024 Financial Budget Report;
			Proposal on the Company's 2023 Annual Report and its Abstract;
			Proposal on the Company's 2023 Internal Control Self-assessment Report;
			Proposal on the Company's 2023 Profit Distribution Plan;
			Proposal on Reappointing the Accounting Firm;
			Proposal on the Company's Environmental, Social and Governance (ESG) Report in 2023
			Proposal on Providing Guarantees to Subsidiaries in 2024;
			Proposal on the Estimated Related-party Transactions in 2024;
3	The 15th session of the 10th Board of Supervisors	April 25, 2024	*Proposal on the Company*'s *First Quarterly Report 2024;*

4	The 16th session of the 10th Board of Supervisors	May 30, 2024	*Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022*
			Proposal on the Repurchase and Cancellation of Some Restricted Shares
5	The 17th session of the 10th Board of Supervisors	August 15, 2024	*Proposal on the Company's 2024 Semi-Annual Report and its Abstract;*
			Proposal on the Company's 2024 Semi-Annual Profit Distribution Plan;
6	The 18th session of the 10th Board of Supervisors	October 10, 2024	*Proposal on the Fulfillment of Conditions for the First Restriction Release Period of Reserved Restricted Shares Granted under the Restricted Share Incentive Scheme in 2022*
7	The 19th session of the 10th Board of Supervisors	October 24, 2024	*Proposal on the Company*'s *Third Quarterly Report 2024;*
8	The 20th session of the 10th Board of Supervisors	November 25, 2024	*Proposal on the Fulfillment of Conditions for the Second Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*
			Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022
			Proposal on the Repurchase and Cancellation of Some Restricted Shares
9	The 21st session of the 10th Board of Supervisors	December 4, 2024	*Proposal on the on the Resignation of a Supervisor and the Election of a New Supervisor*

(II) Performance of the Board of Supervisors

1. The Board of Supervisors gained timely insights into the Company's production, operational, and financial activities, as well as the operational activities of the Board of Directors and management team by regularly convening supervisory board meetings, attending the Board of Directors meetings and shareholders' meetings, and reviewing specialized reports from the management.

2. The Board of Supervisors rigorously examined all regular reports of the Company, as well as the audit reports submitted by the accounting firm, and fully exercised its responsibilities of financial oversight.

3. The Board of Supervisors exercised statutory oversight over the official conduct of board directors and senior executives and implementation of resolutions from shareholders' meetings, while urging the management to comply with laws and regulations and to fulfill their duties diligently to ensure standardized operations within the Company.

4. The Board of Supervisors maintained ongoing oversight of the Company's information disclosure practices, effectively monitoring and verifying the timeliness and accuracy of mandatory disclosures. This ensured the company's strict compliance with the *Rules for Stock Listing of Shenzhen Stock Exchange*, the *Articles of Association*, and its *Information Disclosure Management*

Regulations, as well as relevant laws and regulations in achieving truthful, accurate, timely, and complete information disclosure.

(III) Review opinions of the Board of Supervisors on relevant matters of the Company in 2024

1. Legal compliance of corporate operations

During the reporting period, the Board of Supervisors independently conducted regular and hoc special inspections of the Company's decision-making procedures and the performance of directors and senior executives in fulfilling their duties in accordance with the *Company Law*, the *Articles of Association*, and other applicable laws, regulations and normative documents. The Board of Supervisors concluded that, during the reporting period, the Company operated in strict compliance with relevant laws, regulations, and the *Articles of Association,* with all decision-making procedures fully aligned with relevant regulations and the Company's internal policies. The Company had established a sound internal control system, which continues to be improved and refined in practice. No illegal or non-compliant business activities have been identified. The Board of Directors operated under standardized procedures, made reasonable decisions in accordance with legal processes, and diligently implemented resolutions of the shareholders' meetings within authorized mandates. The Company's directors and senior executives have faithfully implemented the resolutions of the Board of Directors. The Board of Supervisors has identified no instances where directors or senior executives, in the performance of their duties, violated laws, regulations, the Company's *Articles of Association*, or acted in ways detrimental to the Company's interests or infringing upon shareholders' rights.

2. Internal control assessment

During the reporting period, the Board of Supervisors reviewed the *2023 Internal Control Self-assessment Report*, as well as the formulation and implementation of the Company's internal control policies. The Board of Supervisors concluded that the Company had established and effectively improved its internal control mechanisms in consideration of its operational realities in line with the basic principles for internal control and relevant regulations of the CSRC and the Shenzhen Stock Exchange. These policies and mechanism had effectively ensured the orderly conduct of business activities and safeguarded asset security and integrity. The Company maintained integrated internal control structure, effectively ensuring the full and effective implementation and oversight of key internal control activities. The *2023 Internal Control Self-assessment Report* comprehensively, truthfully, accurately and objectively reflects the actual status of the Company's internal control system, and the Board of Supervisors raised no objections to the said Report.

3. Financial oversight

During the reporting period, the Board of Supervisors conducted comprehensive oversight of the Company's financial operations and business activities, with rigorous review of all periodic reports prepared by the Board of Directors. The Board of Supervisors concluded that the Company maintained sound financial systems and standardized financial practices that are fully compliant with relevant laws, regulations, and the *Articles of Association*, and no violations of laws or regulations were identified. The Company's periodic reports objectively, truthfully, accurately and completely reflect the Company's financial and operational status, containing no false records, misleading statements, or material omissions.

4. Related-party transactions

During the reporting period, all routine related-party transactions of the Company were conducted around normal business operations in line with the principles of openness, fairness, and impartiality. The Board of Directors followed lawful approval procedures for such transactions, with pricing rationally determined through market-based negotiations. These transactions did not harm the interests of the Company and all shareholders.

5. External guarantees

The Company strictly implemented its *External Guarantee Management Regulations* to effectively control risks associated with external guarantees and fund occupation by related parties. During the reporting period, all guarantee decisions complied with applicable laws, regulations, and the *External Guarantee Management Regulations*.

6. Establishment and implementation of Regulations for Management of Insiders with Access to Material Non-public Information

During the reporting period, the Board of Supervisors inspected the implementation of the *Regulations for Management of Insiders with Access to Material Non-public Information*, concluding that the Company has rigorously enforced the regulations by establishing complete insider registries, implementing strict access authorization to material non-public information, promptly maintaining real-time insider registration, and reporting information about insiders. The practice effectively maintained its open and fair information disclosure principles, strictly prevented abuse of insider knowledge, and safeguarded the legitimate rights and interests of investors. No instances of insider trading involving the Company's shares were identified during the reporting period.

7. Restricted Share Incentive Scheme

During the reporting period, the Company completed the repurchase and cancellation of some restricted shares granted under the *Restricted Share Incentive Scheme in 2022,* adjusted the repurchase price, released the restriction in the first restriction release period of reserved restricted shares, and released the restriction in the second restriction release period of restricted shares granted for the first

time. The Board of Supervisors reviewed matters during the implementation of the *Equity Incentive Scheme*, concluding that: the aforementioned actions of the Company complied with relevant laws and regulations such as the *Administrative Measures for Equity Incentives of Listed Companies*, as well as the Company's *Restricted Share Incentive Scheme in 2022* and the *Articles of Association,* aligning with the authorization granted by the first Extraordinary General Meeting of Shareholders in 2022. Procedures followed by the Board of Directors in reviewing relevant matters complied with relevant regulations, without any damage to the interests of the Company and its shareholders.

(V) Work outlook of the Board of Supervisors in 2025

In 2025, the Board of Supervisors will continue to strictly comply with the *Company Law*, the *Articles of Association,* the *Rules of Procedure of the Board of Supervisors*, and other relevant regulations. It will constantly strengthen its professional development, diligently perform its duties, actively exercise its oversight functions, further promote standardized operations, enhance the corporate governance framework, and steadfastly safeguard the interests of the Company and its shareholders.

(1) The Board of Supervisors will convene meetings in a timely manner, attend shareholders' meetings and board meetings as required by law, supervise and inspect daily operations, continuously elevate corporate governance standards, and oversee the performance of directors and senior executives in fulfilling their duties in strict accordance with the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Board of Supervisors*.

(2) The Board of Supervisors will intensify oversight effectiveness by strengthening capital control and supervision, regularly reviewing financial reports, prioritizing risk management and internal control system development, and maintaining proactive communication with the management and the Board of Directors. It will ensure full compliance with operational and regulatory requirements, promptly identify anomalies, provide guidance to mitigate risks, and protect the Company's interests and shareholders' lawful rights, thus empowering its sustainable and healthy development.

(3) The Board of Supervisors will advance its institutional capacity-building, actively participate in regulatory and internal training programs, expand professional expertise, strengthen capital market competencies and oversight capabilities, refine corporate governance practices, and optimize its oversight role to better safeguard the rights and interests of the Company and its shareholders.

Whether the Board of Supervisors identified any risks of the Company in the oversight activities during the reporting period

□Yes ☑ No

No such case during the reporting period.

IX. Employees of the Company

1. Number of employees, expertise structure and educational background

Number of incumbent employees in the parent company at the end of the reporting period (person)	997
Number of incumbent employees in major subsidiaries at the end of the reporting period (person)	17,268
Total number of incumbent employees at the end of the reporting period (person)	18,265
Total number of employees receiving remuneration in the current period (person)	18,265
Number of retired employees requiring the parent company and its subsidiaries to bear costs (person)	0
Expertise structure	
Category	Number (person)
Production staff	1,592
Sales staff	11,571
Technical staff	2,906
Financial staff	329
Administrative staff	1,471
Storage and transportation staff	396
Total	18,265
Educational background	
Category	Number (person)
Master's degree or above	1,535
Bachelor's degree	8,054
Junior college and technical secondary school	7,151
Below technical secondary school	816
Others not disclosed	709
Total	18,265

Note: "Others not disclosed" refer to the employees of overseas subsidiaries whose information has not been disclosed due to privacy protection policies and other factors.

2. Staff remuneration policy

Aligned with the Company's strategic development planning and talent strategy, the Company builds a market- oriented and differentiated remuneration system, establishes a flexible and diversified incentive mechanism, and foster a talent team with younger, more professional and globally competitive personnel. By upgrading and optimizing the employee structure, it drives continuous innovation and value creation, enabling both the employees themselves and the Company to achieve sustainable development and strategic goals.

3. Training programs

Self-cultivation of talents is a cornerstone for the Company's sustainable development. In recent years, the Company has always been committed to fostering a diversified and multi-layer talent training system, and prioritizing talents as a key driver to empower its transformation. In 2024, the Company further advanced its pilot program, new employees onboarding, sailing program, high-potential talents cultivation and professional skills training to support the Company's talent development.

The Company provided new employees with professional onboarding programs and full-process probation management to facilitate smooth integration into our corporate environment.

As fresh graduates represent the vibrant new blood of the Company, the Company launched its Sailing Program to help them accelerate their role transition, develop professional competencies and understand the Company's culture. Moreover, the Company quickly cultivated young talents through collective training, selection, job rotation opportunities, performance assessment, practices, etc.

In enhancing management capabilities, the Company adopted a tiered approach to focus on building talent teams, with emphasis on cultivating core and backbone management talents, to strengthen its internal talents cultivation and development mechanism.

In enhancing business capabilities, the Company conducted regular talents reviews and development programs in R&D, quality, production and sales to ensure alignment with the Company's sustainable development and international strategic development.

In enhancing professional competencies, the Company improves employees' skills quickly by strengthening post standardization, solidifying onboarding and retraining system, combines assessment and training, replaces training with practice to quickly improve employees' skills, thus optimizing business processes and efficiency.

In developing the digital training platform, the Company gradually enriched the curriculum system regarding each business, endeavored to build a systematic and comprehensive learning platform, and helped employees participate in training through personalized courses on the digital platform, thus ultimately enhancing their job competencies.

4. Labor outsourcing

□ Applicable ☑ N/A

X. The Company's profit distribution and increase of capital stock by capital reserve conversion

Formulation, implementation or adjustment of the profit distribution policy, especially the cash dividend policy, during the reporting period

☑ Applicable □ N/A

During the reporting period, the Company reviewed relevant distribution policy and implemented the profit distribution plan in strict compliance with the *Articles of Association*. The criteria and proportion of dividends were clearly defined, supported by sound decision-making process and mechanism. The approved profit distribution plan was implemented within stipulated timelines, safeguarding the interests of all shareholders. During the reporting period, the Company did not make changes to the profit distribution policy.

1. On May 8, 2024, the Company convened the 2023 Annual Shareholders' Meeting, on which the *Proposal on the Company's 2023 Semi-Annual Profit Distribution Plan* was reviewed and approved. Specific plan: based on the Company's existing total share capital of 1,754,327,548 shares, the Company allocated 5.8 yuan (including tax) in cash for every 10 shares held by shareholders. No bonus shares would be distributed, and no reserved funds can be converted as the share capital. The total cash dividend will be 1,017,509,977.84 yuan (including tax). On May 21, 2024, the Company disclosed the *Announcement on Implementation of 2023 Annual Equity Distribution*, announcing that the annual equity distribution in 2023 had been completed.

2. On August 15, 2024, the Company convened the 27th Meeting of the 10th Board of Directors, reviewed and approved the *2024 Semi-Annual Profit Distribution Plan*. Specific plan: Based on the 1,754,262,548 shares obtained after removing 65,000 restricted shares that have not been repurchased and canceled from the total share capital of 1,754,327,548 shares of the Company, the Company allocated 3.5 yuan (including tax) in cash for every 10 shares held by shareholders. No bonus shares would be distributed, and no reserved funds can be converted as the share capital. The total cash dividend will be 613,991,891.80 yuan (including tax). The *2024 Semi-Annual Profit Distribution Plan* falls within the scope authorized by the resolution of the Company's Shareholders' Meeting to the Board of Directors in 2023, and will not be submitted to the Shareholders' Meeting for review and approval. On September 12, 2024, the Company disclosed the *Announcement on Implementation of 2024 Semi-Annual Equity Distribution*, announcing that the semi-annual equity distribution in 2024 had been completed.

The criteria and proportion of dividends were clearly defined in the Company's profit distribution plan with well-established decision-making process, which complied with the *Articles of Association* and resolutions of the Shareholders' Meeting.

Specific note on the cash dividend policy	
Whether it complied with the Articles of Association and resolutions of the Shareholders' Meeting:	Yes
Whether the criteria and proportion of dividends were clearly defined:	Yes
Whether the decision-making process and mechanism was	Yes

well-established:	
Whether independent directors performed their duties and roles:	Yes
Specific reasons and measures to be taken in the next step to increase investor returns if the Company does not pay cash dividends:	N/A
Whether minority shareholders could express their opinions and requirements, and whether their legal rights and interests were fully protected:	Yes
Whether conditions and process were conforming and transparent if the cash dividend policy was adjusted or changed:	N/A

During the reporting period, the Company made profits and the profit available to shareholders of the parent company was positive, but no cash dividend plan for common shares was proposed.

□ Applicable ☑ N/A

Profit distribution and share capital increase by capital reserve conversion during the current reporting period

☑ Applicable □ N/A

Number of bonus shares every 10 shares (share)	0
Dividends paid every 10 shares (yuan) (tax included)	5.80
Share capital base of the distribution plan (share)	1,754,077,048
Cash dividends (yuan) (tax included)	1,017,364,687.84
Cash dividends by other means (such as share repurchase) (yuan)	0.00
Total cash dividends (including those by other means) (yuan)	1,017,364,687.84
Distributable profit (yuan)	6,058,410,535.83
Proportion of total cash dividends (including those by other means) in the total profit distributed	100%
Current cash dividends	
For companies at a mature stage of development with significant capital expenditure plans, the cash dividends payout ratio shall account for no less than 40% in the current profit distribution .	
Details of the profit distribution plan or the plan for capital stock increase by capital reserve conversion	
The Company's profit distribution plan for 2024 is as follows: based on the Company's existing total share capital of 1,754,077,048 shares, the Company allocated 5.8 yuan (including tax) in cash for every 10 shares held by shareholders. No bonus shares would be distributed, and no reserved funds can be converted as the share capital. The total cash dividend will be 1,017,364,687.84 yuan (including tax), and the remaining undistributed profits will be carried forward to future annual distribution. If the total share capital of the Company changes before the implementation of this profit distribution plan, the distribution ratio per share will be adjusted on the principle of maintaining the total distribution amount unchanged.	

XI. Implementation of the Company's equity incentive scheme, employee stock ownership plan or other employee incentive measures

☑ Applicable □ N/A

1. Equity incentive

(1) On August 8, 2022, the Company convened the 2nd Meeting of the 10th Board of Directors and the 2nd Meeting of the 10th Board of Supervisors, which reviewed and approved the *Proposal on the Company's Restricted Share Incentive Scheme in 2022 (Draft) and Its Abstract*, the *Proposal on Management Rules for the Implementation and Assessment of the Company's Restricted Share*

Incentive Scheme in 2022, the *Proposal on the Management Rules of the Company's Restricted Share Incentive Scheme in 2022*, and the *Proposal on Applying to the Shareholders' Meeting for Authorizing the Board of Directors to Handle Equity Incentive-related Matters*. Independent directors expressed their independent opinions on whether this incentive scheme is conducive to the sustainable development of the Company and whether it may harm the interests of the Company and all shareholders. For details, see relevant announcement of the Company published on Cninfo (http://www.cninfo.com.cn) on August 10, 2022.

(2) On August 10, the Company disclosed the *Announcement on Independent Directors Publicly Soliciting Proxy Voting Rights* on Cninfo (www.cninfo.com.cn). Mr. Wang Ruwei, Independent Director of the Company, commissioned by other independent directors publicly solicited proxy voting rights from all shareholders of the Company on proposals related to the Restricted Share Incentive Scheme in 2022 reviewed on the 1st Extraordinary General Meeting of Shareholders in 2022 that was set to be convened on August 31, 2022.

(3) The Company announced publicly the list of the first batch of employees receiving the incentive under the restricted share incentive scheme on the Company's intra-net from August 15 to 25, 2022, which lasted for 10 days in total. As of the end of the announcement on August 25, 2022, the Board of Supervisors did not receive any objection against these employees. On August 25, 2022, the Company convened a meeting of the Board of Supervisors, during which the *Verification Opinions and Announcement Note on the List of the First Batch of Employees Receiving the Incentive under the Company's Restricted Share Incentive Scheme in 2022* was reviewed and approved. On the same day, the Company disclosed the *Board of Supervisors' Verification Opinions and Announcement Note on the List of the First Batch of Employees Receiving the Incentive from the Company's Restricted Share Incentive Scheme in 2022* and a related announcement on Cninfo (www.cninfo.com.cn).

(4) On August 31, 2022, the Company convened the first Extraordinary General Meeting of Shareholders in 2022. During the meeting, the *Proposal on the Company's Restricted Share Incentive Scheme in 2022 (Draft) and Its Abstract*, the *Proposal on Management Rules for the Implementation and Assessment of the Company's Restricted Share Incentive Scheme in 2022*, the *Proposal on the Management Rules of the Company's Restricted Share Incentive Scheme in 2022*, and the *Proposal on Applying to the Shareholders' Meeting for Authorizing the Board of Directors to Handle Equity Incentive-related Matters* were reviewed and approved. On the same day, the Company disclosed on www.cninfo.com.cn the *Self-Inspection Report on Insiders and Incentive Receivers of the Restricted Share Incentive Scheme in 2022 Purchasing and Selling the Company's Shares* and a related announcement. The incentive scheme was approved in the Company's first Extraordinary General

Meeting of Shareholders in 2022, and the Board of Directors was authorized to implement the restricted share incentive scheme in 2022 and handle relevant matters according to laws and regulations.

(5) On October 27, 2022, the Company convened the 4th Meeting of the 10th Board of Directors and the 5th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on Adjustments of the Company's Restricted Share Incentive Scheme in 2022*, and the *Proposal on Granting Restricted Shares to the First Batch of Employees Receiving Incentive under the Restricted Share Incentive Scheme in 2022* were reviewed and approved. The Company's Board of Directors confirmed that conditions of the incentive scheme for granting restricted shares were fulfilled, and the Board of Supervisors re-verified the list of incentive receivers on the first grant date, and expressed opinions on the grant. The Company's independent directors agreed on the above proposals, with related reports prepared by the lawyers and independent financial advisers. On October 28, 2022, the Company disclosed a related announcement on www.cninfo.com.cn.

(6) On November 9, 2022, the Company disclosed the *Announcement on Completion of Registration of the First Grant of the Restricted Share Incentive Scheme in 2022.* The Company completed the registration of the first grant of the restricted share incentive scheme in 2022, and the listing date of the granted restricted shares was November 15, 2022.

(7) On July 12, 2023, the Company convened the 12th Meeting of the 10th Board of Directors and the 8th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on Adjustments of the Granted Price of the Company's Restricted Share Incentive Scheme in 2022*, and the *Proposal on Granting Reserved Restricted Shares to the First Batch of Employees Receiving Incentive under the Restricted Share Incentive Scheme in 2022* were reviewed and approved. The Company's Board of Directors confirmed that reserved conditions of the incentive scheme for granting restricted shares were fulfilled, and the Board of Supervisors re-verified the list of incentive receivers on the date of granting reserved shares, and expressed opinions on the grant. The Company's independent directors agreed on the above proposals, with related reports prepared by the lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(8) The Company announced publicly the list of this batch of employees receiving the incentive from the restricted share incentive scheme on the Company's OA system from July 13 to 23, 2023, which lasted for 10 days in total. As of the end of the announcement on July 23, 2023, the Board of Supervisors did not receive any objection against these employees. On July 26, 2023, the Company convened a meeting of the Board of Supervisors, during which the *Verification Opinions and Announcement Note on the List of Employees Receiving the Reserved Restricted Share Incentive from*

the Company's Restricted Share Incentive Scheme in 2022 was reviewed and approved. On the same day, the Company disclosed the *Board of Supervisors' Verification Opinions and Announcement Note on the List of Employees Receiving the Reserved Restricted Share Incentive under the Company's Restricted Share Incentive Scheme in 2022* and a related announcement on www.cninfo.com.cn.

(9) On September 27, 2023, the Company disclosed the *Announcement on Completion of Registration of the Reserved Grant of Restricted Share Incentive Scheme in 2022.* The Company completed the registration of the reserved grant of the restricted share incentive scheme in 2022, and the listing date of the granted restricted shares was September 28, 2023.

(10) On November 21, 2023, the Company convened the 18th Meeting of the 10th Board of Directors and the 12th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on Achievement of the Release of Restriction Conditions during the First Restriction Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*, the *Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022,* and the *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors confirmed that the Company attained conditions for the release of restriction conditions during the first restriction period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022.* According to the authorization of the Company's first Extraordinary General Meeting of Shareholders in 2022, the Board of Directors agreed that the Company can handle the procedures for releasing restricted sales of 1,220,940 restricted shares with the restricted sales period for 108 incentive subjects. The Board of Directors also agreed to repurchase and cancel 97,800 shares of restricted shares that have been granted but have not been released for four incentive subjects who are no longer eligible for incentives due to resignation and two incentive subjects who are not eligible due to under performance during the first restricted sales releasing period. The Company's independent directors issued independent opinions on related matters, and the Company's Board of Supervisors issued verification opinions on related matters, with related reports prepared by the lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(11) On December 1, 2023, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the First Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares released during the first restriction release period of restricted shares granted for the first time under the Restricted Share Incentive Scheme in 2022 is December 5, 2023.

(12) On December 8, 2023, the Company convened the second Extraordinary General Meeting of Shareholders in 2023, during which the *Proposal on Repurchase and Cancellation of Some*

Restricted Shares and the *Proposal on Altering the Registered Capital and Amending the Articles of Association* were reviewed and approved. On the same day, the Company disclosed the *Announcement on Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notify the Creditors*. As of January 24, 2024, the benchmark date for capital verification, i.e. within forty-five days from the date when the Company announced the reduction of capital, no creditor requested the Company to pay off its debts or provide corresponding guarantees.

(13) On March 28, 2024, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On March 26, 2024, the Company completed the procedures for repurchase and cancellation of 97,800 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(14) On May 30, 2024, the Company convened the 24th Meeting of the 10th Board of Directors and the 16th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on Adjusting the Repurchase Price in Restricted Share Incentive Scheme in 2022* and *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors agreed to repurchase and cancel 65,000 restricted shares that have been granted but have not been released for five incentive subjects of firstly-granted or reserved shares who are no longer eligible for incentives due to resignation. The Company's Board of Supervisors issued verification opinions on related matters, with related reports prepared by lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(15) On June 18, 2024, the Company convened the first Extraordinary General Meeting of Shareholders in 2024, during which the *Proposal on Repurchase and Cancellation of Some Restricted Shares* and the *Proposal on Increasing the Business Scope, Changing Registered Capital and Amending the Articles of Association* were reviewed and approved. On the same day, the Company disclosed the *Announcement on Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notify the Creditors*. As of August 5, 2024, the benchmark date for capital verification, i.e. within forty-five days from the date when the Company announced the reduction of capital, no creditor requested the Company to pay off its debts or provide corresponding guarantees.

(16) On August 29, 2024, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On August 27, 2024, the Company completed the procedures for repurchase and cancellation of 65,000 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(17) On October 10, 2024, the Company convened the 28th Meeting of the 10th Board of Directors and the 18th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on the Fulfillment of Conditions for the First Restriction Release Period of Reserved*

Restricted Shares Granted under the Restricted Share Incentive Scheme in 2022 was reviewed and approved. The Board of Directors confirmed that the Company attained the conditions for the release of restriction conditions during the first restriction period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022.* Authorized by the Company's first Extraordinary General Meeting of Shareholders in 2022, the Board of Directors agreed that the Company can handle the procedures for releasing restricted sales of 192,500 restricted shares with the restricted sales period for 18 incentive subjects. The Company's Board of Supervisors issued verification opinions on related matters, with related reports prepared by the lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(18) On October 24, 2024, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the First Restriction Release Period of Reserved Restricted Shares Granted under the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares released during the first restriction release period of reserved restricted shares granted under the Restricted Share Incentive Scheme in 2022 is October 28, 2024.

(19) On November 25, 2024, the Company convened the 30th Meeting of the 10th Board of Directors and the 20th Meeting of the 10th Board of Supervisors. During these two meetings, the *Proposal on the Fulfillment of Conditions for the Second Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*, the *Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022*, and the *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors confirmed that the Company attained the conditions for the release of restriction conditions during the second restriction period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022.* Authorized by the Company's first extraordinary shareholders' meeting in 2022, the Board of Directors agreed that the Company can handle the procedures for releasing restricted sales of 1,063,740 restricted shares in the second restricted sales period for 90 incentive subjects. The Board of Directors also agreed to repurchase and cancel 185,500 restricted shares that have been granted but have not been released for one incentive subject who are no longer eligible for incentives due to resignation, 16 incentive subjects who are not eligible due to under-performance during the second restricted sales releasing period, and one incentive subject of reserved restricted shares who is not eligible due to under-performance during the first restricted sales releasing period. The Company's Board of Supervisors issued verification opinions on related matters, with related reports prepared by the lawyers and independent financial

advisers. On November 27, 2024, the Company disclosed a related announcement on Cninfo (www.cninfo.com.cn).

(20) On December 13, 2024, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the Second Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares released during the second restriction release period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022* is December 16, 2024.

(21) On December 20, 2024, the Company convened the second Extraordinary General Meeting of Shareholders in 2024, during which the *Proposal on Repurchase and Cancellation of Some Restricted Shares* and the *Proposal on Increasing the Business Scope, Changing Registered Capital and Amending the Articles of Association* were reviewed and approved. On the same day, the Company disclosed the *Announcement on Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notify the Creditors*. As of February 5, 2025, the benchmark date for capital verification, within forty-five days from the date when the Company announced the reduction of capital, no creditor requested the Company to pay off its debts or provide corresponding guarantees.

(22) On March 28, 2025, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On March 26, 2025, the Company completed the procedures for repurchase and cancellation of 185,500 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

Equity Incentive Received by the Company's Directors and Senior Executives

☑ Applicable □ N/A

Unit: share

Name	Position	Number of share options held at the beginning of the year	Number of newly granted share options during the reporting period	Number of exercisable shares during the reporting period	Number of exercised shares during the reporting period	Exercise price of exercised shares during the reporting period (yuan/share)	Number of share options held at the beginning of the period	Market price at the end of the reporting period (yuan/share)	Number of restricted shares held at the beginning of the period	Number of shares released during the current period	Number of restricted shares newly granted during the reporting period	Grant price of restricted shares (yuan/share)	Number of restricted shares held at the end of the period
Lv Liang	Chairman and Gener	0	0	0	0	0	0	34.60	140,000	60,000	0	25.00	80,000

	al Manager												
Wu Hui	Deputy General Manager	0	0	0	0	0	0	34.60	105,000	0	0	25.00	105,000
Zhu Li	Deputy General Manager	0	0	0	0	0	0	34.60	105,000	45,000	0	25.00	60,000
Zhang Jianfei	Deputy General Manager	0	0	0	0	0	0	34.60	105,000	45,000	0	25.00	60,000
Zhu Liang	Director	0	0	0	0	0	0	34.60	21,000	9,000	0	25.00	12,000
Chen Bo	Secretary of the Board of Directors	0	0	0	0	0	0	34.60	70,000	30,000	0	25.00	40,000
Qiu Renbo	Officer in Charge of Finance	0	0	0	0	0	0	34.60	70,000	30,000	0	25.00	40,000
Total	--	0	0	0	0	--	0	--	616,000	219,000	0	--	397,000
Note (if any)		In the Company's *Restricted Share Incentive Scheme in 2022*, Chairman and General Manager Lyu Liang, Deputy General Manager Wu Hui, Deputy General Manager Zhang Jianfei, Deputy General Manager Zhu Li, Director Zhu Liang, Secretary of the Board of Directors Chen Bo, and Officer in Charge of Finance Qiu Renbo were granted 200,000, 150,000, 150,000, 150,000, 30,000, 100,000 and 100,000 restricted shares respectively. For them, 60,000, 0, 45,000, 45,000, 9,000, 30,000 and 30,000 restricted shares were released during the reporting period. As a result, a total of 120,000, 45,000, 90,000, 90,000, 18,000, 60,000 and 60,000 restricted shares were released for them respectively. The accumulated repurchased restricted shares: 45,000 restricted shares were repurchased from Wu Hui. The repurchase and cancellation date was March 26, 2025. As of the date of the Report, the above-mentioned persons held 80,000, 60,000, 60,000, 60,000, 12,000, 4,000 and 40,000 unreleased restricted shares respectively.											

Assessment mechanism and incentive for senior executives

(1) In order to ensure that the Company's senior executives can better perform their duties with clear rights and obligations, the Company has established a sound performance assessment management system combining the senior executives' remuneration and performance. During the reporting period, the Company's senior executives diligently performed their duties in strict compliance with the *Company Law*, the *Articles of Association*, and relevant laws and regulations,

actively implemented resolutions of the Shareholders' Meetings and Board of Directors of the Company, and adhered to prudent operations under the guidance of the Board of Directors and continuously strengthened internal management.

(2) During the reporting period, , in order to further establish and improve a long-term incentive mechanism for the Company, attract and retain outstanding experts, fully motivate the Company's senior executives, management personnel and core technicians (business specialists), the Company launched the *Restricted Share Incentive Scheme in 2022. This Scheme* effectively aligns the interests of shareholders, the Company, and the core teams, fostering shared commitment to the Company's long-term growth. Under the principle of matching rewards with contributions and with full consideration given to protecting shareholder interests, the Scheme is designed to drive long-term value creation. For the implementation of the Restricted Share Incentive Scheme in 2022, please refer to "1. Equity incentive" above.

2. Implementation of the employee stock ownership plan

□ Applicable ☑ N/A

3. Other employee incentives

□ Applicable ☑ N/A

XII. Establishment and implementation of an internal control system during the reporting period

1. Establishment and implementation of internal control

During the reporting period, the Company constantly promoted the establishment of an internal control system, improved the corporate governance structure and internal control regulations, normalized the implementation of such regulations, and strengthened the oversight and inspection of internal control, to ensure that the Company's operation and management level was constantly improved, in accordance with the *Basic Norms for Enterprise Internal Control*, *Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No.1 - Standardized Operation of Listed Companies on the Main Board*, and other relevant laws, regulations and normative documents. During the reporting period, the Company's internal control system design remained sound and reasonable. It maintained effective internal control in all major aspects in accordance with the requirements of internal control standard system and relevant regulations, with no major omission identified. For details, please refer to the *Self-assessment Report on Internal Control* published by the Company on Cninfo (http://www.cninfo.com.cn) on April 18, 2025.

2. Details of major internal control deficiencies identified during the reporting period

□Yes ☑ No

XIII. The Company's management control over subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Issues encountered during the integration	Solutions adopted	Solution progress	Subsequent solutions
Sinclair (Hangzhou) Supply Chain Management Co., Ltd.	Incorporation of a new subsidiary, no integration involved.	/	/	/	/	/
Shaanxi Bohua (Weinan) Pharmaceutical Co., Ltd.	Incorporation of a new subsidiary, no integration involved.	/	/	/	/	/
Gongwei Lianchuang (Shanghai) Biotechnology Co., Ltd.	Incorporation of a new subsidiary, no integration involved.	/	/	/	/	/
Huadong Medicine (Jiaxing) Co., Ltd.	Incorporation of a new subsidiary, no integration involved.	/	/	/	/	/
Huadong Medicine (Guizhou) Pharmaceutical Co., Ltd.	In July 2024, the Company acquired 100% equity of Guizhou HengBa Pharmaceutical Limited Liability Company. For details, please refer to the *Announcement on Acquisition of 100% Equity of Guizhou HengBa Pharmaceutical Limited Liability Company* disclosed by the Company on Cninfo (http://www.cninfo.com.cn) on	1. Equity change completed on August 8, 2024; transfer of management control completed on August 15, 2024. 2. The corresponding equity transfer payments made in accordance with the contract terms. 3. Guizhou HengBa Pharmaceutical Limited Liability Company was renamed Huadong Medicine	N/A	N/A	N/A	N/A

	July 22, 2024.	(Guizhou) Pharmaceutical Co. Ltd. on January 2, 2025.				

XIV. Assessment report on internal control or audit report on internal control

1. Assessment report on internal control

Disclosure date of the full text of assessment report on internal control	April 18, 2025	
Disclosure index of the full text of assessment report on internal control	Cninfo (www.cninfo.com.cn)	
Proportion of assets evaluated in total assets per consolidated financial statement	95.00%	
Proportion of operating revenue evaluated in total operating revenue per consolidated financial statement	90.00%	
Recognition standard of deficiencies		
Category	Financial report	Non-financial report
Qualitative criteria	The Company stipulates that internal control deficiencies involving the following fields shall be identified as at least “important deficiencies”: anti-fraud procedure and control; internal control over unconventional or unsystematic transactions; internal control over the selection and application of accounting policies in relation to Generally Accepted Accounting Principles (GAAP); internal control over the end-of-period financial reporting process. The Company stipulates that internal control deficiencies involving the following fields shall be identified as at least “important deficiencies”, and has strong indications of “material deficiencies”: restatement of previously published financial statements to reflect correction of misstatements resulting from errors or fraud; the auditor found material misstatement in the Company’s financial statements for the current period that was not initially detected by the Company’s internal control over financial reports; the Audit Committee’s failure to overseeing the Company’s financial reports and internal control over financial reports; compliance oversight function is invalid, and the violation of laws and regulations may have a significant impact on the reliability of financial reports; any level of	The qualitative criteria for the assessment of internal control deficiencies in non-financial report determined by the Company are as follows: The Company stipulates that internal control deficiencies involving the following fields shall be considered as “material deficiencies”: serious violation of laws and regulation; in addition to policy reasons, the Company has been losing money for years, and its continuous operation has been challenged; lack of system control or systematic failure in important business; frequent exposure of negative news in the media that causes material adverse effect; internal control assessment results, especially major or significant deficiencies have not been corrected. The Company stipulates that internal control deficiencies involving the following fields shall be considered as “important deficiencies”: there is much negative news in the major media at provincial level and above, which results in relatively large adverse effect; exodus of middle management or operating personnel; general defects identified last year have not been rectified without any reasonable explanation.

<table>
<tr><td></td><td>malpractice involving senior executives is founded; Management failed to correct important defects in a reasonable period of time after such reporting to the Management.</td><td></td></tr>
<tr><td>Quantitative criteria</td><td>(1) Internal control deficiencies satisfying one of the following conditions can be considered as “material deficiencies”:
<table><tr><th>Item</th><th>Impact of deficiency</th></tr><tr><td>Potential misstatement of total profit</td><td>Misstated amount ≥ 10% of total profit</td></tr><tr><td>Potential misstatement of total assets</td><td>Misstated amount ≥ 3% of total assets</td></tr></table>(2) Internal control deficiencies satisfying one of the following conditions can be considered as “important deficiencies”:
<table><tr><th>Item</th><th>Impact of deficiency</th></tr><tr><td>Potential misstatement of total profit</td><td>5% of total profit ≤ misstated amount < 10% of total profit</td></tr><tr><td>Potential misstatement of total assets</td><td>1.5% of total assets ≤ misstated amount < 3% of total assets</td></tr></table>(3) Internal control deficiencies satisfying one of the following conditions can be considered as “general deficiencies”:
<table><tr><th>Item</th><th>Impact of deficiency</th></tr><tr><td>Potential misstatement of total profit</td><td>Misstated amount < 5% of total profit</td></tr><tr><td>Potential misstatement of total assets</td><td>Misstated amount < 1.5% of total assets</td></tr></table></td><td><table><tr><th>Type of deficiencies</th><th>Impact on total assets</th></tr><tr><td>General deficiencies</td><td>Impact on total assets < 1.5%</td></tr><tr><td>Important deficiencies</td><td>1.5% of total assets ≤ impact on total assets < 3% of total assets</td></tr><tr><td>Material deficiencies</td><td>Impact on total assets ≥ 3%</td></tr></table></td></tr>
<tr><td>Number of material deficiencies in financial reports</td><td colspan="2">0</td></tr>
<tr><td>Number of material deficiencies in non-financial reports</td><td colspan="2">0</td></tr>
</table>

Number of important deficiencies in financial reports	0
Number of important deficiencies in non-financial reports	0

2. Audit report on internal control

☑ Applicable □ N/A

Opinions of Internal Control Audit Report	
On December 31, 2024, Huadong Medicine maintained effective internal control over financial reports in all major respects in accordance with the *Basic Norms for Enterprise Internal Control* and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of the full text of audit report on internal control	April 18, 2025
Disclosure index of the full text of audit report on internal control	Cninfo (www.cninfo.com.cn)
Type of opinions in the internal control audit report	Unmodified unqualified opinions
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm has issued the audit report on internal control with non-standard opinions

□Yes ☑ No

Whether the audit report on internal control issued by the accounting firm is consistent with the self-assessment report of the Board of Directors

☑ Yes □No

XV. Rectification of self-detected problems through the special campaign to improve governance of listed companies

N/A

Section V Environmental and Social Responsibilities

I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries are designated as the key pollutant discharge units by the environmental protection authorities

☑ Yes □No

Relevant policies and industry standards for environmental protection

Environmental Protection Law of the People's Republic of China; Law of the People's Republic of China on Water Pollution Prevention and Control; Law of the People's Republic of China on Atmospheric Pollution Prevention and Control; Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste; Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution; Law of the People's Republic of China on the Prevention and Control of Soil Pollution; Emission Standard of Air Pollutants for Pharmaceutical Industry (GB 37823-2019); Discharge Standard of Pollutants for Bio-pharmaceutical Industry; Regulations on the Administration of Pollutant Discharges Permits; Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019); Emission Standards for Odor Pollutants (GB 14554-93); Wastewater Quality Standards for Discharge to Municipal Sewers; Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008); Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill (GB 18599-2020); Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023); Technical Specification for Setting Identification Signs of Hazardous Waste (HJ 1276-2022); Integrated Emission Standard of Air Pollutants (GB 16297-1996); Emission Standard of Volatile Organic Compounds (DB 61/T 1061-2017); National Catalogue of Hazardous Wastes; Integrated Wastewater Discharge Standard (GB 8978-1996); Discharge Standard of Water Pollutants for Pharmaceutical Industry - Chemical Synthesis Products Category (GB 21904-2008); Detailed Annotation of Integrated Emission Standard of Air Pollutants (GB 16297-1996); Technical Guidelines for Environmental Impact Assessment - Atmospheric Environment; Environmental Quality Standard for Surface Water; Environmental Quality Standards for Noise; Technical Methods for Making Local Emission Standards of Air Pollutants; Technical Specification for Application and Issuance of Pollutant Permit - General Programme; Technical Specification for Application and Issuance of Pollutant Permit - Active Pharmaceutical Ingredient; General Specifications of Engineering and Technology for Hazardous Waste Disposal; Standard for Groundwater Quality; Soil Environmental Quality - Risk Control Standard for Soil Contamination of Development Land (Trial); Water Quality Standard for Sewage Treatment Plant in South of Wuhu City; Emission Standards for Pollutants in the Bio-pharmaceutical Industry in Anhui Province; Integrated Wastewater Discharge Standard of Yellow River Basin in Shaanxi Province (DB 61/ 224-2018); Discharge Standard of Pollutants for Bio-pharmaceutical Industry of Zhejiang Province; Emission Standard of Air Pollutants for Pharmaceutical Industry.

Information on environmental protection-related administrative licensing

Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. re-applied for the Pollutant Emission Permit on April 25, 2024, which is valid until April 24, 2029.

Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd. re-applied for the Pollutant Emission Permit on November 15, 2024, which is valid until November 14, 2029.

The Pollutant Emission Permit of Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. is valid from March 29, 2024 to March 28, 2029.

Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. completed the environment acceptance upon completion of 50t/a Indobufen Product Technological Improvement Project in March 2024. Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. completed the environment acceptance upon completion of its Emulsifiable Paste Production Line Technological Improvement Project in March 2024. Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. completed the environment acceptance upon completion of the Transformation Project of Storage Tank Area of the Second Workshop of APIs in March 2024.

Jiangsu Joyang Laboratories obtained the Pollutant Emission Permit according to the environmental protection requirements on February 28, 2022, which is valid until February 27, 2027.

Wuhu Huaren Science and Technology Co., Ltd. obtained the Pollutant Emission Permit on February 26, 2024, which is valid until February 25, 2029. In addition, the Series Innovative Medicine and Biological Reagent API R&D Center Project of Wuhu Huaren Science and Technology Co., Ltd. obtained the EIA approval on July 16, 2024.

Industrial emission standards and specific situation of pollutant emissions involved in production and business activities

Name of Company or subsidiary	Category of main and particular pollutants	Name of main and particular pollutants	Discharge pattern	Quantity of discharge outlet	Distribution of discharge outlet	Discharge concentration/intensity	Executive pollutant discharge standard	Total discharges	Approved total discharges	Excessive discharge
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Water pollutant	pH value	Intermittent discharge	1	Main Entrance Moganshan Road, No.866	7.2	6-9	/	/	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Water pollutant	COD	Intermittent discharge	1	Main Entrance Moganshan Road, No.866	51.5mg/L	500mg/L	9.52 tons	47.55 t/a	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Water pollutant	Ammonia-nitrogen	Intermittent discharge	1	Main Entrance Moganshan Road, No.866	3.10mg/L	35mg/L	0.158 tons	4.755 t/a	None

Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Solid pollutant	Hazardous solid waste	Compliant disposal by entrusted qualified units	3	Within the factory at Mogans han Road, No.866	/	/	1210.712 tons	/	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Solid pollutant	General solid waste	Compliant disposal by entrusted qualified units	2	Within the factory at Mogans han Road, No.866	/	/	848.39 tons	/	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Air pollutant	Nitric oxide	Organized discharge	1	Roof of Boiler Room at Building 25	20mg/m^3	50mg/m^3	1.653 tons	17.7 t/a	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Air pollutant	Sulfur dioxide	Organized discharge	1	Roof of Boiler Room at Building 25	4.5mg/m^3	20mg/m^3	0.35 tons	5.663 t/a	None
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	Air pollutant	Dust and fume	Organized discharge	1	Roof of Boiler Room at Building 25	1.15mg/m^3	10mg/m^3	0.092 tons	/	None
Hangzhou Zhongmei Huadong Pharmaceutical Jiangdong Co., Ltd.	Wastewater	COD	Continuous discharge	1	Phase II Factory Area	100-350mg/L	500mg/L	226.0592 tons (Nanotube discharge)	64.742 t/a (discharged to environment)	None
Hangzhou Zhongmei Huadong Pharmaceutical Jiangdon	Wastewater	Ammonia-nitrogen	Continuous discharge	1	Phase II Factory Area	0-25mg/L	35mg/L	4.1291 tons (Nanotube discharge)	6.474 t/a (discharged to environment)	None

g Co., Ltd.										
Hangzhou Zhongmei Huadong Pharmaceutical Jiangdong Co., Ltd.	Wastewater	Total phosphorus	Continuous discharge	1	Phase II Factory Area	0-6mg/L	8mg/L	2.1125 tons (Nanotube discharge)	0.6474 t/a (discharged to environment)	None
Hangzhou Zhongmei Huadong Pharmaceutical Jiangdong Co., Ltd.	Exhaust gas	Non-methane hydrocarbon	Organized discharge	1	Phase II Factory Area	0-30mg/L	60mg/L	1.2539 tons	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Water pollutant	pH value	Intermittent discharge	1	Beside National Highway 310, Liuye River, Huayin City	7.4	6-9	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Water pollutant	COD	Intermittent discharge	1	Beside National Highway 310, Liuye River, Huayin City	18.4mg/L	50mg/L	0.717440 tons	3 t/a	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Water pollutant	Ammonia-nitrogen	Intermittent discharge	1	Beside National Highway 310, Liuye River, Huayin City	0.65mg/L	8mg/L	0.0336198 tons	0.48 t/a	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Water pollutant	Total nitrogen	Intermittent discharge	1	Beside National Highway 310, Liuye River, Huayin City	10.44mg/L	9.9mg/L	0.363820 tons	/	None
Huadong Medicine (Xi'an)	Solid pollutant	Hazardous wastes	Compliant disposal	3	Within the Compan	/	/	975.3733 tons	/	None

Bohua Pharmaceutical Co., Ltd.			by entrusted qualified units		y					
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Volatile organic compound	Organized discharge	1	APIs Plant 1	/	60mg/m^3	/	0.388 t/a	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Hydrogen chloride	Organized discharge	1	APIs Plant 1	/	30mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Ammonia (ammonia gas)	Organized discharge	1	APIs Plant 1	/	20mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Sulfuric acid mist	Organized discharge	1	APIs Plant 1	/	45mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Hydrogen chloride	Organized discharge	1	APIs Plant 2	/	30mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Non-methane hydrocarbon	Organized discharge	1	APIs Plant 2	/	60mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Ammonia (ammonia gas)	Organized discharge	1	APIs Plant 2	/	20mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua	Air pollutant	PM	Organized discharge	1	APIs Plant 2	/	20mg/m^3	/	/	None

Pharmaceutical Co., Ltd.										
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Ammonia (ammonia gas)	Organized discharge	1	Sewage treatment station	/	20mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Hydrogen sulfide	Organized discharge	1	Sewage treatment station	/	5mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Non-methane hydrocarbon	Organized discharge	1	Sewage treatment station	/	60mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Odor concentration	Organized discharge	1	Sewage treatment station	/	2000	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	PM	Organized discharge	6	Solid preparation plant	/	20mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Hydrogen chloride	Organized discharge	1	Pilot plant	/	30mg/m^3	/	/	None
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	Air pollutant	Non-methane hydrocarbon	Organized discharge	1	Pilot plant	/	60mg/m^3	/	/	None
Joyang Laboratories	Water pollutant	pH value	Intermittent discharge	1	No. 9, Haidu North Road	8.3	6-9	/	/	None
Joyang	Water	COD	Intermitt	1	No. 9,	240mg/L	500mg/L	18.2 tons	22.401	None

Laboratories	pollutant		ent discharge		Haidu North Road				t/a	
Joyang Laboratories	Water pollutant	Ammonia-nitrogen	Intermittent discharge	1	No. 9, Haidu North Road	7.26mg/L	35mg/L	0.4 tons	1.156 t/a	None
Joyang Laboratories	Water pollutant	Total nitrogen	Intermittent discharge	1	No. 9, Haidu North Road	12.4mg/L	45mg/L	1.12 tons	1.486 t/a	None
Joyang Laboratories	Water pollutant	Total phosphorus	Intermittent discharge	1	No. 9, Haidu North Road	1.54mg/L	8mg/L	0.14 tons	0.164 t/a	None
Joyang Laboratories	Solid pollutant	Hazardous wastes	Compliant disposal by entrusted qualified units	/	No. 9, Haidu North Road	/	/	2222.109 tons	3148.7 t/a	None
Joyang Laboratories	Air pollutant	Non-methane hydrocarbon	Organized discharge	1	No. 9, Haidu North Road	9.78mg/m^3	60mg/m^3	6.3 t/a	42.7409 t/a	None
Wuhu Huaren Science and Technology Co., Ltd.	Air pollutant	NMHC	Organized discharge	1	Roof of Building A	18.975mg/m^3	60mg/m^3	0.613552 tons	5.4 t/a	None
Wuhu Huaren Science and Technology Co., Ltd.	Air pollutant	Methyl alcohol	Organized discharge	1	Roof of Building A	2mg/m^3	50mg/m^3	0.10095 tons	None	None
Wuhu Huaren Science and Technology Co., Ltd.	Air pollutant	Dichloromethane	Organized discharge	1	Roof of Building A	11mg/m^3	40mg/m^3	0.499 tons	None	None
Wuhu Huaren Science and Technology Co., Ltd.	Air pollutant	Ethyl acetate	Organized discharge	1	Roof of Building A	0.0155mg/m^3	40mg/m^3	0.000744 tons	None	None
Wuhu Huaren Science	Wastewater pollutant	PH	Main outlet	1	Sewage main outlet	7.81	6-9	0	0	None

and Technology Co., Ltd.										
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	COD	Main outlet	1	Sewage main outlet	44.744mg/L	360mg/L	0.13799 tons	0.2272 t/a	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	BOD5	Main outlet	1	Sewage main outlet	11.05mg/L	170mg/L	0.0104 tons	0	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	SS	Main outlet	1	Sewage main outlet	19.5mg/L	230mg/L	0.012 tons	0	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	Ammonia-nitrogen	Main outlet	1	Sewage main outlet	4.48mg/L	30mg/L	0.0114 tons	0.04735 t/a	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	Total nitrogen	Main outlet	1	Sewage main outlet	14.835mg/L	35mg/L	0.012 tons	0	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	Total phosphorus	Main outlet	1	Sewage main outlet	0.515mg/L	5mg/L	0.00041 tons	0	None
Wuhu Huaren Science and Technology Co., Ltd.	Wastewater pollutant	Dichloromethane	Main outlet	1	Sewage main outlet	0.0218mg/L	0.3mg/L	0.0000192 tons	0	None

Pollutant treatment

1. Pollutant treatment of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.

(1) Wastewater

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Wastewater treatment system of new sewage treatment station	Facultative + CASS + steam flotation	2,200 t/d	December 2001 Technical improvement in 2014 (adding IC and steam flotation) IC tower outage for demolition in 2022	Normal operation

(2) Exhaust gas

Name of pollution prevention and control facility	Treatment process	Treatment capacity (CMH)	Time when put into operation	Operation condition
DA002 (16#-1)	Water Spraying + activated carbon	40000	2023	Normal operation
DA010 (35#-1)	Secondary water spraying + dry filter + activated carbon adsorption and desorption	30000	/	Under construction
DA013 (32#-1)	Secondary water spraying + dry filter + activated carbon adsorption and desorption	35000	2023	Normal operation
DA016 (18#-1)	Two-level water spraying + activated carbon + primary spraying	30000	2022	Normal operation
DA019 (3#-1)	Primary water spraying + photo-oxidation	20000+52000	2019	Normal operation
DA020 (36#-2)	Two-level water spraying + condensation + photo-oxidation + activated carbon + inorganic nano-catalysis + water spraying	10000	2019	Normal operation
DA023 (27#-1)	Condensation + alkaline spraying + all-in-one machine + alkaline spraying	15000	2009	Outage
DA024 (33#-1)	Secondary water spraying + dry filter + activated carbon adsorption and desorption	1000	2023	Normal operation
DA026 (34#-1)	Secondary water spraying + dry filter + activated carbon adsorption and desorption	40000	2023	Normal operation
DA027 (7#-1)	Secondary alkaline water spraying (activated carbon)	26000	2015	Normal operation
DA028 (6#-1)	Primary clean water spraying	12200	2016	Normal operation
DA030 (18#-3)	Primary clean water spraying + primary alkaline water spraying	5000	2017	Normal operation
DA031 (25#-1)	Low nitrogen combustion + high altitude emission	16000	2009 Low nitrogen transformation completed in December 2019 Online monitoring installed for integrated emptying in 2023	Normal operation
DA034 (27#-2)	Two-level water spraying + activated carbon adsorption and desorption	15000	2011	Outage
DA035 (27#-3)	Photo-oxidation + primary alkaline water spraying	22300	2016	Outage
DA036 (8/13#-1)	Secondary water spraying/ two-level spraying + activated carbon adsorption and desorption	25000	2017	Normal operation
DA042 (10#-1)	Primary clean water spraying	20000	2016	Normal operation
DA043 (15#-1)	Primary alkaline water spraying + photo oxidation	25000	2018	Normal operation
DA044 (43#-1)	Primary alkaline water spraying + primary water spraying	45000	2014	Normal operation
DA045 (46#-1)	Primary clean water spraying	3000	2015	Normal operation
DA046 (46#-2)	Primary clean water spraying	25000	2015	Normal operation
DA047 (46#-3)	Primary clean water spraying	30000	2015	Normal operation

DA048 (23#-1)	Two-level water spraying	7000	2019	Normal operation
DA049 (36#-3)	Secondary water spraying + dry filter + activated carbon adsorption and desorption	10000	/	Under construction
DA050 (3#-2)	Secondary water spraying + activated carbon	45000	/	Under construction

(3) Solid wastes

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Hazardous waste warehouse	Normative storage	180 tons	March 2012	Normative storage, compliant disposal by entrusted qualified units
	Normative storage	107 tons	October 2023	
	Normative storage	85 tons	December 2022	
General solid waste storage yard	Normative storage	7 tons	March 2010	Normative storage, compliant disposal by entrusted qualified units
	Normative storage	30 tons	June 2004	

2. Pollutant treatment of Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd.

(1) Wastewater

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Phase I sewage treatment station	Primary sedimentation + EGSB + facultative + aerobic + advanced treatment	1500 t/d	March 2016	Normal operation
Phase II sewage treatment station	EGSB + facultative + aerobic + advanced treatment	8500 t/d	July 2019	Normal operation

(2) Exhaust gas

Name of pollution prevention and control facility		Treatment process	Treatment capacity (CMH)	Time when put into operation	Operation condition
DA001	Exhaust gas from fermenting east section	Two-level alkaline spraying + photo-catalytic oxidation	45000	May 2016	Normal operation
DA002	Exhaust gas from fermenting west section	Two-level alkaline spraying + photo-catalytic oxidation	40000	May 2016	Normal operation
DA003	Exhaust gas from drying north section	Two-level alkaline spraying	80000	May 2016	Normal operation
DA004	Exhaust gas from sewage treatment station	Two-level alkaline spraying	50000	May 2016	Normal operation
DA006	Exhaust gas from batching section	Primary alkaline spraying	10000	May 2016	Normal operation
DA007	Exhaust gas from quality testing and R&D	Primary alkaline spraying + photo-catalytic oxidation	20000	May 2016	Normal operation
DA008	Exhaust gas from drying south section	Two-level alkaline spraying	80000	May 2016	Normal operation
DA010	Exhaust gas from plate-and-frame filter	Two-level alkaline spraying + photo-catalytic oxidation	40000	May 2017	Normal operation
DA011	Exhaust gas from drying cooling bin	Two-level alkaline spraying	20000	May 2017	Normal operation
DA012	Exhaust gas from drying 7m	Primary alkaline spraying	20000	May 2016	Normal operation
DA013	Exhaust gas from drying 18m	Primary alkaline spraying	20000	May 2016	Normal operation
DA014	Exhaust gas from tank area	Activated carbon + alkaline spraying	Few	June 2019	Waste gas containing solvent is

					separately connected to RTO system Normal operation
DA015	RTO exhaust gas	Water spraying + RTO + alkaline spraying	100000	June 2019	Normal operation
DA016	Exhaust gas I from Vogely preparation	Bag dust removal	Few	June 2019	Normal operation
DA033	MP exhaust gas	Photo-catalytic oxidation	44000	June 2019	Normal operation
DA018	Exhaust gas from super-resistant fermentation	Alkaline spraying + photo-catalytic oxidation + water spraying	20000	June 2019	Normal operation
DA019	X8 exhaust gas	Acid spraying + water spraying	6000	June 2019	Normal operation
DA021	Exhaust gas from quality testing	Alkaline spraying + photo-catalytic oxidation + water spraying	30000	June 2019	Normal operation
DA022	Exhaust gas from AK refining hydrochloric acid	Alkaline spraying + water spraying	10000	June 2019	Normal operation
DA023	Exhaust gas I from spray drying	Bag dust removal + water spraying	Few	June 2019	Normal operation
DA024	Exhaust gas from AK fermenting north section	Alkaline spraying + photo-catalytic oxidation + water spraying	90000	June 2019	Normal operation
DA025	Exhaust gas from AK fermenting south section	Alkaline spraying + photo-catalytic oxidation + water spraying	90000	June 2019	Normal operation
DA026	Exhaust gas from phase II sewage treatment station	Alkaline spraying + water spraying	58000	June 2019	Normal operation
DA027	Exhaust gas from center control	Alkaline spraying + photo-catalytic oxidation + water spraying	8000	June 2019	Normal operation
/	YT exhaust gas	Alkaline spraying + water spraying	4000	June 2019	Connected to RTO system after being pre-treated in this system; this outlet canceled
DA029	Exhaust gas II from spray drying	Bag dust removal + water spraying	Few	June 2019	Normal operation
DA030	Exhaust gas from AK refining ethyl alcohol	Alkaline spraying + water spraying	1000	June 2019	Normal operation
/	Exhaust gas from Bailing Tablets preparation	Condensation + two-level water spraying	20000	July 2022	Connected to RTO system after being pre-treated in this system; this outlet canceled
/	HDG solvent-containing exhaust gas	Oxidation spraying + two-level alkaline spraying	2000	September 2022	Connected to RTO system after being pre-treated in this system; this outlet canceled
FQ217	HDG odor exhaust gas	Oxidation spraying + alkaline spraying	20000	September 2022	Normal operation
FQ 219	Waste gas from benzpyrole preparation	Water spraying + water spraying	30000	April 2024	Not operate

(3) Solid wastes

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Hazardous waste warehouse	Normative storage	10 tons	March 2017	Normative storage, compliant disposal by entrusted qualified units
	Normative storage	200 tons	May 2021	
General solid waste storage yard	Normative storage	20 tons	March 2016	Normative storage, compliant disposal by entrusted qualified units
	Normative storage	15 tons	March 2016	
	Normative storage	40 tons	July 2019	
	Normative storage	30 tons	July 2019	
	Normative storage	30 tons	May 2024	

3. Pollutant treatment of Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.

(1) Wastewater

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Wastewater treatment system of sewage treatment station	Pretreatment + Fenton system + facultative + aerobic + MBR + carbon filtration	250 t/d	July 2012	Normal operation

(2) Exhaust gas

Name of pollution prevention and control facility	Treatment process	Time when put into operation	Operation condition
Exhaust gas treatment equipment for APIs Plant 1	Alkaline solution spraying + dry filter (filter cotton) + UV photolysis + activated carbon adsorption	October 2020	Normal operation
Exhaust gas treatment equipment for APIs Plant 2	Tertiary alkaline solution spraying + steam-water separator + dry filter + two-level activated carbon adsorption	November 2019	Normal operation
Exhaust gas treatment equipment for solid preparation	Bag dust removal	2018	Normal operation
Exhaust gas treatment equipment for pilot plant	Two-level alkaline solution spraying + dry filter + two-level activated carbon adsorption	2023	Normal operation

(3) Solid wastes

Name of pollution prevention and control facility	Treatment process	Storage capacity	Time when put into operation	Operation condition
Hazardous waste repository	Normative storage	133 tons	January 2012	Normative storage, compliant transfer and disposal by entrusted qualified units

4. Pollutant treatment of Jiangsu Joyang Laboratories

(1) Wastewater

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Wastewater treatment system of sewage treatment station	Steam flotation tank + hydrolytic acidification + IC tower + UASB tank + A/O tank + O tank + secondary sedimentation tank	1,000 t/d	December 2014	Normal operation

(2) Exhaust gas

Name of pollution prevention and control facility	Treatment process	Treatment capacity (CMH)	Time when put into operation	Operation condition
Exhaust gas treatment equipment for extracting section in Plant 101	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	10000	2014	Normal operation
Exhaust gas treatment equipment for fermentation section in Plant 101	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	20000	2019	Normal operation
Exhaust gas treatment equipment for drying section in Plant 101	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	22000	2017	Normal operation
Exhaust gas treatment equipment for batching section in Plant 101	Cyclone separator + primary water spray + 15m exhaust pipe high altitude emission	5000	2014	Normal operation
Exhaust gas treatment equipment for fermentation sections in Plants 104/107/108	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	75000	2021	Normal operation
Exhaust gas treatment equipment for extracting section in Plant 104	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	10000	2015	Normal operation
Exhaust gas treatment equipment for drying sections in Plants 104/107/108	Primary water spraying + water-steam separator + secondary activated carbon adsorption	20000	2015	Normal operation
Exhaust gas treatment equipment for pretreatment tank and hazardous waste repository in Plant 303	Primary water spraying + water-steam separator + photo-catalytic oxidation + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	40000	2019	Normal operation
Exhaust gas treatment equipment on F1 in Plant 106	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	10000	2015	Normal operation
Exhaust gas treatment equipment for extracting section in Plant 107	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	20000	2019	Normal operation
Exhaust gas treatment equipment for chromatography section in Plant 107	Primary alkaline spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	25000	2022	Normal operation
Exhaust gas treatment equipment for extracting section in Plant 108	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	40000	2019	Normal operation
Exhaust gas treatment equipment on F3 in Plant 106	Primary water spraying + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	20000	2019	Normal operation
Exhaust gas treatment equipment for sewage treatment station 303	Primary alkaline spraying+ secondary sodium hypochlorite spraying + water-steam separator + 25m exhaust pipe high altitude emission	20000	2023	Normal operation
Exhaust gas treatment equipment for Plant 103	Primary water spraying + water-steam separator + secondary activated carbon adsorption + 25m exhaust pipe high altitude emission	45000	2022	Normal operation
Exhaust gas treatment equipment in laboratories	Spraying + activated carbon adsorption	25000	2023	Normal operation

(3) Solid wastes

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Hazardous waste warehouse	Normative storage	3148.7 t/a	October 2020	Normative storage, compliant disposal by entrusted qualified units
Household garbage dumping site	Normative storage	1,000 t/a	March 2015	Garbage disposal site in the east of the city

5. Pollutant treatment by Wuhu Huaren Science and Technology Co., Ltd.

(1) Wastewater:

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Sewage treatment station	pH regulation + coagulation and sedimentation + aerobic bioremediation	30 t/d	August 2023	Normal operation

(2) Exhaust gas:

Name of pollution prevention and control facility	Treatment process	Treatment capacity (CMH)	Time when put into operation	Operation condition
DA001	Collected by pipeline and adsorbed by secondary activated carbon	40000	May 2024	Normal operation
DA002	Secondary water spraying + secondary activated carbon adsorption after being collected by pipeline	8000	/	Construction completed, application for the Pollutant Emission Permit in progress
DA003	Low-nitrogen combustion in boiler and 15-meter high altitude stack emission	1000	/	

(3) Solid wastes

Name of pollution prevention and control facility	Treatment process	Treatment capacity	Time when put into operation	Operation condition
Hazardous waste warehouse	Temporary storage	20 tons	August 2022	Normative storage, compliant disposal by entrusted qualified units

Environmental self-monitoring program

Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. did not make any revision.

Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd. has formulated the entrusted monitoring plan according to the self-monitoring requirements specified in the Pollutant Emission Permit, and carried out daily, monthly, quarterly or annual entrusted monitoring according to the monitoring plan.

Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. has formulated the monitoring plan according to the self-monitoring requirements specified in the Pollutant Emission Permit and carried out daily, monthly, quarterly, semi-annual or annual monitoring according to the monitoring plan.

Jiangsu Joyang Laboratories has formulated the *Pollution Source Self-monitoring Plan* according to the requirements stipulated in the Pollutant Emission Permit, and reported the monitoring data daily as required.

Wuhu Huaren Science and Technology Co., Ltd. has formulated the *Self-monitoring Program* on February 2, 2024 and conducted monitoring as per the program.

Emergency response plan for environmental incidents

Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. did not make any revision.

Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd. has modified the *Emergency Plan for Sudden Environmental Events* in 2022, with the record No. of 330114-2022-069-M. In May 2024, it conducted an emergency drill of "super-anti-sewage regulating tank overflowing".

Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. has modified and improved the *Emergency Plan for Sudden Environmental Events* as required in 2024, and recorded the Plan in Huayin Sub-bureau of Weinan Ecological Environment Bureau, with the record No. of 610582-2024-152-M.

Jiangsu Joyang Laboratories has modified the *Emergency Plan for Sudden Environmental Events* in H1 2024, which has been approved and recorded. In June 2024, it conducted an emergency response plan drill for sudden fire environmental incident. In December 2024, it conducted a comprehensive emergency response plan drill.

Wuhu Huaren Science and Technology Co., Ltd. has formulated the *Emergency Plan for Sudden Environmental Events* in July 2022, with the record No. of 340203-2022-018-L. Revised in October 2024, the emergency response plan successfully passed the review by the regulatory review committee on December 25, 2024, and is scheduled for final compliance filing by January 31, 2025.

Investment in environmental governance and protection, and relevant information on paying environmental protection tax

In 2024, Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. invested 11,881,400 yuan in environmental governance and protection, and paid the environmental protection tax of 2,813.02 yuan.

In 2024, Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd. invested 59,200,000 yuan in environmental governance and protection, and was exempt from environmental protection tax pursuant to relevant regulations.

In 2024, Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd. invested 3,041,460 yuan in environmental governance and protection, and paid the environmental protection tax of 1,232.14 yuan.

In 2024, Jiangsu Joyang Laboratories invested 8,370,000 yuan in environmental governance and protection, and paid the environmental protection tax of 142,400 yuan.

In 2024, Wuhu Huaren Science and Technology Co., Ltd. invested a total of 1,055,000 yuan in environmental governance and protection, and paid the environmental protection tax of 498.13 yuan.

Measures taken to reduce carbon emissions during the reporting period and corresponding effects

☑ Applicable □ N/A

Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd. continued to use biogas to generate electricity, reducing the emissions of methane, hydrogen sulfide, and other pollutants. It launched a new project to replace natural gas with biogas. The project was put into use in May 2024, and since then the natural gas consumption has been reduced by more than 190,000 m^3. It continuously took lean measures such as saving water and reducing consumption in the plants to reduce pollutant emissions,.

Administrative penalties for environmental issues during the reporting period

During the reporting period, no administrative penalties for environmental issues were imposed on the Company's subsidiaries which were designated as key pollutant-discharging entities by the environmental protection authority.

Other environmental information to be disclosed

Wuhu Huaren Science and Technology Co., Ltd. completed its environment information disclosure in 2024 on the Enterprise Environmental Information Legally Disclosure Platform of Anhui Province.

Other environmental protection related information

N/A.

II. Social Responsibilities

In the process of its strategic transformation, the Company strictly fulfills its corporate social responsibilities, addressing the needs of all stakeholders, including shareholders, governments and regulatory agencies, employees, customers and patients, suppliers, communities, the public, as well as partners: Through sound governance, we solidify our foundation for growth; Anchored in sustainable development, we focus on long-term value; Mindful of our responsibilities, we uphold business ethics; Committed to quality we contribute to a healthy China; Valuing our employees, we build a thriving home together; Protecting the earth, we prioritize energy efficiency and green development; Actively engaging in public welfare, we give back to society with tangible actions.

For details of the Company's social responsibility performance in 2024, please refer to the Environmental, Social and Governance (ESG) of Huadong Medicine in 2024.

III. Consolidating and Expanding Achievements of Poverty Alleviation and Rural Revitalization

During the reporting period, the Company actively carried out targeted poverty alleviation and rural revitalization initiatives. For details, please refer to the Environmental, Social and Governance (ESG) of Huadong Medicine in 2024.

Section VI. Important Matters

I. Fulfillment of commitments

1. Commitments made by interested parties such as the Company's de facto controller, shareholders, related parties, acquirer(s), and the Company that are fulfilled during the reporting period or unfulfilled by the end of the reporting period

☑ Applicable □ N/A

Cause of Commitment	Committing Party	Type of Commitment	Contents of Commitment	Time of Commitment	Duration of Commitment	Degree of Fulfillment
Other Commitments	Grand Enterprises, Inc.; Hangzhou Huadong Medicine Group Co., Ltd.	Commitment on dividend distribution	"The shareholder hereby proposes to raise the distribution ratio of your cash dividends in 2023 and interim cash dividends in 2024 based on our confidence in your long-term development, good financial position, return to shareholders and other factors to ensure that all shareholders can share the Company's business development achievements and effectively protect the interests of investors. Specific suggestions are as follows: Proposed profits distribution plan for 2023: A total of 1 billion yuan cash dividends	February 18, 2024	December 31, 2024	Fulfilled

			(including tax); no bonus shares will be distributed, and no reserved funds can be converted into the additional share capital. It is further proposed that, based on the Company's actual operation in H1 2024, if the Company's net profits maintains steady growth, the Company's interim cash dividend for 2024 should be no less than 500 million yuan (including tax). Specific profit distribution plan will be determined by the Company based on its actual operation performance, which will be submitted to the Board of Directors and Shareholders' Meeting for deliberation and approval. The shareholder hereby undertakes to vote in favor of the above distribution plan at the Shareholders' Meeting deliberating on and approving such plan."			
Whether the commitment is	Yes					

fulfilled on time	

2. If the Company's assets or projects are subject to profit forecasts and the reporting period remains within the profit forecast period, the Company shall provide explanations regarding whether such assets or projects have achieved the original profit forecast, along with the reasons thereof

□ Applicable ☑ N/A

II. Occupancy of non-operating funds of the listed companies by controlling shareholders and related parties

□ Applicable ☑ N/A

No such case during the reporting period.

III. External guarantees in violation of provisions

□ Applicable ☑ N/A

No such case during the reporting period.

IV. Explanation by the Board of Directors on the latest "Non-Standard Audit Report"

□ Applicable ☑ N/A

V. Explanation by the Board of Directors, the Board of Supervisors and the independent directors (if any) on the "Non-Standard Audit Report" of the accounting firm during the current reporting period

□ Applicable ☑ N/A

VI. Explanation of changes in accounting policies, accounting estimates, or the corrections of significant accounting errors as compared with the previous annual financial report

☑ Applicable □ N/A

1. The Company has implemented the provision on the "Classification of Current Liabilities and Non-current Liabilities" stipulated in the *Accounting Standards for Business Enterprises No. 17* issued by the Ministry of Finance since January 1, 2024. This change in accounting policy has no impact on the Company's financial statements.

2. The Company has implemented the provision on the "Disclosure of Financing Arrangements of Suppliers" stipulated in the *Accounting Standards for Business Enterprises No. 17* issued by the Ministry of Finance since January 1, 2024.

3. The Company has implemented the provision on the "Accounting Treatment for Sale and Leaseback Transactions" stipulated in the *Accounting Standards for Business Enterprises No. 17* issued by the Ministry of Finance since January 1, 2024. This change in accounting policy has no impact on the Company's financial statements.

4. The Company has implemented the provision on the "Accounting Treatment for Guarantee-type Quality Assurance Not Constituting Separate Performance Obligation" stipulated in the *Accounting Standards for Business Enterprises No. 18* issued by the Ministry of Finance since January 1, 2024. This change in accounting policy has no impact on the Company's financial statements.

VII. Changes in the scope of consolidated statements as compared with the previous annual financial report

☑ Applicable □ N/A

For details, please refer to "IX. Change of consolidation scope" in "Section X. Financial Report".

VIII. Employment and dismissal of accounting firms

The Company's currently engaged accounting firm

Name of the domestic accounting firm	Pan-China Certified Public Accountants LLP
Remuneration of the domestic accounting firm (ten thousand yuan)	170
Consecutive years of audit services provided by the domestic accounting firm	27
Certified public accountants of the domestic accounting firm	Hu Yanhua and Chen Xiaodong
Consecutive years of audit services provided by certified public accountants of the domestic accounting firm	Hu Yanhua: 2 years; Chen Xiaodong: 3 years
Name of the overseas accounting firm (if any)	None
Remuneration of the overseas accounting firm (ten thousand yuan) (if any)	0
Consecutive years of audit services provided by the overseas accounting firm (if any)	None
Certified public accountants of the overseas accounting firm (if any)	None
Consecutive years of audit services provided by certified public accountants of the overseas accounting firm (if any)	None

Whether there was a change in the appointed accounting firm during the current period

□Yes ☑ No

Information about the engagement of internal control audit accounting firm, financial consultant or sponsor by the Company

☑ Applicable □ N/A

In the current fiscal year, the Company engaged Pan-China Certified Public Accountants LLP as the auditing firm for both its annual financial report and internal control audit report; the total audit fees for the 2024 annual financial report and internal control audit report amount to 1.7 million yuan (including tax).

IX. Delisting after annual report disclosure

□ Applicable ☑ N/A

X. Bankruptcy reorganization

□ Applicable ☑ N/A

The Company did not undergo any bankruptcy reorganization proceedings or related events during the reporting period.

XI. Major litigation and arbitration matters

☑ Applicable □ N/A

Basic of litigations (arbitrations)	Amount involved (ten thousand yuan)	Whether an estimated liability is formed	Litigation (arbitration) progress	Litigation (arbitration) adjudication result and impact	Execution of litigation (arbitration) judgments	Disclosure date	Disclosure index (if any)
Summary of the litigation matters that did not meet the thresholds for disclosure of major litigations (arbitrations) (China)	14,566.75	No	Some cases are under trials and some adjudications have come into force (with adjudicated amount reaching 90.9555 million yuan and unenforced balance amounting to 18.3168 million yuan).	The summary of the litigation matters has no significant impact on the Company	Some cases have been enforced; some adjudicated cases are under enforcement. Some cases are not adjudicated.		/
Summary of the litigation matters that did not meet the thresholds for disclosure of major litigations (arbitrations) (overseas)	256.7	No	Some cases are under trials and some adjudications have come into force (with adjudicated amount reaching 297,000 yuan)	The summary of the litigation matters has no significant impact on the Company	Some cases have been enforced. Some cases are not adjudicated.		/
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd., the Company's wholly-owned	11,137.58	No	As of the date of the Report, the litigation has undergone two court hearings at the first instance	Temporarily no	Temporarily no	January 3, 2024	For details, please refer to the *Announcement on the Wholly-owned Subsidiary Receiving the*

subsidiary, demanded that Qinghai Everest Cordyceps Sinensis Raw Materials Co., Ltd. (Defendant 1) and Qinghai Everest Cordyceps Sinensis Pharmaceutical Co., Ltd. (Defendant 2) immediately cease all acts of infringement of relevant invention patents of Zhongmei Huadong and compensate for damages.			before the Zhejiang Provincial High People's Court, with no judgment yet rendered in the first instance.				*Notice of Case Acceptance from Zhejiang Provincial Higher People's Court* (Announcement No.: 2024-001) disclosed by the Company on Cninfo (http://www.cninfo.com.cn) on January 3, 2024.

Note: During the reporting period, the Company initiated administrative rulings and litigation against 15 enterprises for infringing the invention patent "Indobufen Crystal form D and Its Preparation Method" (Patent No.: ZL202211596913.5) of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. ("Zhongmei Huadong"), one of its wholly-owned subsidiaries, with positive progress made. The Company also actively defended against the patent invalidation request filed by the accused infringing enterprises. As of the date of the Report, relevant progresses are as follows:

1. Administrative rulings: Zhongmei Huadong has filed administrative ruling applications with the Hangzhou Intellectual Property Office, Huzhou Intellectual Property Office, Chengdu Intellectual Property Office, and Nanjing Intellectual Property Office against 15 infringing enterprises, demanding the immediate cessation of the patent infringement acts. As of the date of the Report, the Hangzhou Intellectual Property Office has issued two administrative rulings, confirming the existence of patent infringement acts and ordering the involved enterprises to cease infringement acts immediately. The infringing enterprises have filed administrative lawsuits with the Hangzhou Intermediate People's Court to challenge these rulings, with the Company as a third party. No court judgment has been rendered yet. Other administrative ruling requests have been accepted by the respective local intellectual property offices but remain pending.

2. Judicial litigation: In addition to the administrative ruling applications, Zhongmei Huadong has filed a patent infringement lawsuit with the Hangzhou Intermediate People's Court, demanding immediate cessation of the infringing acts and compensation for damages. The case has been formally accepted by the court and is pending adjudication.

3. Patent invalidation proceedings: As of the date of the Report, the Company has received invalidation requests filed by 10 petitioners with the China National Intellectual Property Administration (CNIPA) against the aforementioned patent. On January 7, 2025, CNIPA issued a Case Closure Notice for one request, confirming the withdrawal of one petitioner's request. On March 12, 2025, CNIPA rendered *Invalidation Decision Notice for* five petitioners, upholding the full validity of the patent. The remaining cases are still under review.

XII. Punishment and rectification

□ Applicable ☑ N/A

No such case during the reporting period.

XIII. Integrity status of the Company, its controlling shareholders, and de facto controller

☑ Applicable □ N/A

During the reporting period, neither the Company, its controlling shareholders, nor its de facto controller has failed to comply with any effective court judgment, or defaulted on any material debt obligations .

XIV. Major related-party transactions

1. Transactions related to daily operations

☑ Applicable □ N/A

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principles for related transaction	Price of related transaction	Related transaction amount (ten thousand yuan)	Proportion in the amount of similar transactions	Approved transaction amount (ten thousand yuan)	Whether it exceeds the approved amount	Settlement method of related transaction	Available market prices of similar transactions	Disclosure date	Disclosure index (if any)
Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.	Joint venture of the Company	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	5,148.49	0.14%	6,000	No	Cash, banker’s acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Beijing Grand Joham u Pharmaceutical Co., Ltd.	Subordinate company of the Company’s controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	5,462.81	0.15%	13,200	Yes	Cash, banker’s acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand	Subsi	Drug	Drug	Marke	Marke	5,123.	0.14%	13,20	Yes	Cash,	Marke	April	Cninf

pharma (China) Co., Ltd.	diary of the Company's controlling shareholder	purchase	purchase	t price determined by the Company's related transaction decision-making process	t price	59		0		banker's acceptance bill	t price	18, 2024	o (http://www.cninfo.com.cn)
Wuhan Grand Pharmaceutical Group Sales Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	3,069.62	0.08%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Xi'an Yuanda Changan Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	263.93	0.01%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Wuhan Grand Hoyo Co., Ltd.	Subordinate company of the Company's contro	Drug purchase	Drug purchase	Market price determined by the Company's relate	Market price	120.16	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

	lling shareholder			d transaction decision-making process									
Hubei Yuanda Tianti anming Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	69.75	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Cangzhou Huachen Biotechnology Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	59.31	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hubei Provincial Bafeng Pharmaceuticals & Chemicals Share Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making	Market price	33.1	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

				process									
Grandpharma Huangshi Feiyun Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	12.95	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Beijing Huajin Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	0.85	0.00%	13,200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Grand Biologic Pharmaceutical Inc.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	4,741.44	0.13%	2,890	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Qingdao Norson Biotec	Subordinate company of the	Drug purchase	Drug purchase	Market price determined by the	Market price	330.57	0.01%	2,890	Yes	Cash, banker's acceptance	Market price	April 18, 2024	Cninf

hnology Co., Ltd.	Company's controlling shareholder			Company's related transaction decision-making process						bill			o.com.cn)
Grand Life Science (Chongqing) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	123.07	0.00%	2,890	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Penglai Nuokang Pharmaceutical Co. Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	3,194.74	0.09%	1,900	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Shuyang Life Sciences (Chengdu) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decisi	Market price	2,884.43	0.08%	2,220	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

				on-making process									
Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	2,664.86	0.07%	3,090	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Anhui Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	182.91	0.00%	3,090	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Changshu Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	127.76	0.00%	3,090	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Medic	Subordinate	Drug purch	Drug purch	Market price	Market price	2,072.53	0.06%	1,800	Yes	Cash, banke	Market price	April 18,	Cninfo

al Nutrition Science (Wuhan) Co., Ltd.	company of the Company's controlling shareholder	ase	ase	determined by the Company's related transaction decision-making process						r's acceptance bill		2024	(http://www.cninfo.com.cn)
Yunnan Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	1,975.84	0.05%	2,895	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Life Science (Liaoning) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	884.96	0.02%	545	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Xi'an Yuanda Detian Pharmaceutical Co.,	Subordinate company of the Company's controlling	Drug purchase	Drug purchase	Market price determined by the Company's related	Market price	301.87	0.01%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

Ltd.	shareholder			transaction decision-making process									
Chongqing Peg-Bio Biopharm Co., Ltd.	Joint venture of the subsidiary of the Company	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	473.72	0.01%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Shenyang Yaoda Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	413.12	0.01%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Guangdong Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making proces	Market price	164.07	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

				s									
Grand Life Science (Anshan) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	135.44	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Changchun Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Drug purchase	Drug purchase	Market price determined by the Company's related transaction decision-making process	Market price	67.21	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.	Joint venture of the Company, and affiliated company of senior executives	Entrusted processing and other services	Entrusted processing and other services	Market price determined by the Company's related transaction decision-making process	Market price	6,990.95	0.19%	10,030	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Jiuyuan Genetic	Joint venture of the Company,	Technical services	Technical services	Market price determined by the Comp	Market price	9.85	0.00%	10,030	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com

Biopharmaceutical Co., Ltd.	and affiliated company of senior executives			any's related transaction decision-making process									.cn)
Penglai Nuokang Pharmaceutical Co. Ltd.	Subordinate company of the Company's controlling shareholder	Entrusted processing and other services	Entrusted processing and other services	Market price determined by the Company's related transaction decision-making process	Market price	1,672.4	0.04%	580.24	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Penglai Nuokang Pharmaceutical Co. Ltd.	Subordinate company of the Company's controlling shareholder	Technical services	Technical services	Market price determined by the Company's related transaction decision-making process	Market price	16.63	0.00%	580.24	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Chongqing Peg-Bio Biopharm Co., Ltd.	Joint venture of the subsidiary of the Company, and affiliated comp	Inspection fees	Inspection fees	Market price determined by the Company's related transaction decision-	Market price	178.77	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

	any of senior executives			making process									
Beijing Grand Innovation Property Management Co., Ltd.	Subordinate company of the Company's controlling shareholder	Property management fee	Property management fee	Market price determined by the Company's related transaction decision-making process	Market price	75.58	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Shanghai Grand Industrial and Financial Investment Management Co., Ltd.	Subordinate company of the Company's de facto controller	Investment consulting service fees	Investment consulting service fees	Market price determined by the Company's related transaction decision-making process	Market price	66.04	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Xi'an Yuanda Detian Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Entrusted processing services	Entrusted processing services	Market price determined by the Company's related transaction decision-making process	Market price	30.1	0.00%	638.4	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Bay View	Subordinate comp	Conference expen	Conference expen	Market price deter	Market price	14.93	0.00%	0	Yes	Cash, banker's	Market price	April 18, 2024	Cninfo (http:/

Hotel Zhuhai	any of the Company's controlling shareholder	ses	ses	mined by the Company's related transaction decision-making process						acceptance bill			/www.cninfo.com.cn)
Grand Bay View Hotel Zhuhai	Subordinate company of the Company's controlling shareholder	Service fees	Service fees	Market price determined by the Company's related transaction decision-making process	Market price	32.44	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Beijing Grand Bay Hill Hotel Management Co., Ltd.	Subordinate company of the Company's controlling shareholder	Conference expenses	Conference expenses	Market price determined by the Company's related transaction decision-making process	Market price	10.32	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Jiuyuan Genetic Biopharmaceutical Co.,	Joint venture of the Company	Medicine sales	Medicine sales	Market price determined by the Company's related transa	Market price	552.22	0.01%	800	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

Ltd.				ction decisi on-makin g proces s									
Suzhou Leiyunshang Guoyao Chain Headquarters Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	359.48	0.01%	100	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	73.94	0.00%	100	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Anhui Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	25.4	0.00%	100	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

Grand Life Science (Hangzhou) Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	120.99	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Grand Biologic Pharmaceutical Inc.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	95.99	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 19, 2024	Cninfo (http://www.cninfo.com.cn)
Nanjing Auro RNA Biotechnology Company Limited	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	45.84	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Wuhan Wuyao Pharmaceutical	Subordinate company of the Company's	Medicine sales	Medicine sales	Market price determined by the Company's	Market price	9.91	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

(Yangxin) International Trade Co., Ltd.	controlling shareholder			related transaction decision-making process									
Hubei Yuanda Tianti anming Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	3.5	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Shuyang Life Sciences (Chengdu) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	40.86	0.00%	2,700	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Pingnan Shuyang Single Plasma Collection Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-makin	Market price	6.88	0.00%	2,700	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

				g process									
Santai Shuyang Single Plasma Collection Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	6.19	0.00%	2,700	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Guiping Shuyang Single Plasma Collection Co., Ltd	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	6.19	0.00%	2,700	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Danling Shuyang Single Plasma Collection Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	1.38	0.00%	2,700	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Xi'an Yuanda Scien	Subordinate company of	Medicine sales	Medicine sales	Market price determined	Market price	8.85	0.00%	0	Yes	Cash, banker's accept	Market price	April 18, 2024	Cninfo (http://www

ce and Technology Innovation Pharmaceutical Technology Co., Ltd.	the Company's controlling shareholder			by the Company's related transaction decision-making process						ance bill			.cninfo.com.cn)
Yunnan Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	7.08	0.00%	421.7	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Shanxi Yuanda Real Estate Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction decision-making process	Market price	0.17	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Guangdong Leiyunshang Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Medicine sales	Medicine sales	Market price determined by the Company's related transaction	Market price	279.3	0.01%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

				decision-making process									
Xi'an Yuanda Detian Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Agency services	Agency services	Market price determined by the Company's related transaction decision-making process	Market price	2,189.5	0.05%	2,781	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Grand Biologic Pharmaceutical Inc.	Subordinate company of the Company's controlling shareholder	Technical services	Technical services	Market price determined by the Company's related transaction decision-making process	Market price	205.52	0.00%	200	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Chongqing Peg-Bio Biopharm Co., Ltd.	Joint venture of the subsidiary of the Company, and affiliated company of senior executives	Preparation filling services	Preparation filling services	Market price determined by the Company's related transaction decision-making process	Market price	139.97	0.00%	100	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Fujian	Subor	Techn	Techn	Marke	Marke	60	0.00%	0	Yes	Cash,	Marke	April	Cninf

KLBIOs Biological Products Co., Ltd.	dinate company of the Company's controlling shareholder	ical services	ical services	t price determined by the Company's related transaction decision-making process	t price					banker's acceptance bill	t price	18, 2024	o (http://www.cninfo.com.cn)
Beijing Grand Johamu Pharmaceutical Co., Ltd.	Subordinate company of the Company's controlling shareholder	Technical services	Technical services	Market price determined by the Company's related transaction decision-making process	Market price	45.89	0.00%	430	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Grand Shuyang Life Sciences (Chengdu) Co., Ltd.	Subordinate company of the Company's controlling shareholder	Transportation and warehousing services	Transportation and warehousing services	Market price determined by the Company's related transaction decision-making process	Market price	12.86	0.00%	430	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Hangzhou Sihan Biotechnology Co., Ltd.	Subordinate company of the Company's contro	Technical services	Technical services	Market price determined by the Company's relate	Market price	0.94	0.00%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)

	lling shareholder			d transaction decision-making process									
Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.	Joint venture of the Company, and affiliated company of senior executives	Rent	Rent	Market price determined by the Company's related transaction decision-making process	Market price	6.42	0.00%	6.42	No	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Beijing Yanhuang Property Co., Ltd.	Subordinate company of the Company's controlling shareholder	Houses and buildings	Houses and buildings	Market price determined by the Company's related transaction decision-making process	Market price	247.49	0.01%	0	Yes	Cash, banker's acceptance bill	Market price	April 18, 2024	Cninfo (http://www.cninfo.com.cn)
Total				--	--	53,753.88	--	53,327.76	--	--	--	--	--
Details of large-scale sales return				N/A									
The actual performance during the reporting period if the total amount of the recurring related-party transactions that will occur in the current period is estimated by category, if any				In 2024, the Company and its subsidiaries estimated that the total amount of recurring related-party transactions would be 533.2776 million yuan, including 363.9134 million yuan with entities affiliated with China Grand Enterprises, Inc. and 169.3642 million yuan with other related parties (for details, please refer to the *Announcement on Estimated Recurring Related-Party Transactions in 2024* disclosed by the Company on Cninfo (http://www.cninfo.com.cn) on April 18, 2024). In 2024, the actual total amount of recurring related-party transactions between the Company, its subsidiaries and related parties reached 537.5388 million yuan, comprising 402.5348 million yuan with entities affiliated with China Grand Enterprises, Inc. and 135.0040 million yuan with other related parties. The total actual amount of recurring related-party transactions deviated from the estimated amount by 0.80%, indicating no material discrepancy and high alignment with the Company's projections. Any excess amount									

	beyond the estimated amount was duly approved by the General Manager and the senior management in strict compliance with the *Related-Party Transactions Management Policy* and the *General Manager Working Procedures*.
Reasons for material deviations between the transaction prices and market reference value, if applicable	N/A

2. Related-party transactions involving the acquisition or selling assets and equity

□ Applicable ☑ N/A

No such case during the reporting period.

3. Related-party transactions of joint external investment

□ Applicable ☑ N/A

No such case during the reporting period.

4. Related-party receivables and payables

□ Applicable ☑ N/A

No such case during the reporting period.

5. Transactions with related-party financial companies

□ Applicable ☑ N/A

The Company has no deposits, loans, credit or other financial business with related financial companies or related parties

6. Transactions between the Company's controlled financial subsidiaries and related parties

□ Applicable ☑ N/A

The Company's controlled financial subsidiaries have no deposits, loans, credit or other financial transactions with related parties.

7. Other major related-party transactions

□ Applicable ☑ N/A

No such case during the reporting period.

XV. Major contracts and their fulfillment

1. Entrustment, contracting and leasing

(1) Entrustment

□ Applicable ☑ N/A

No such case during the reporting period.

(2) Contracting

□ Applicable ☑ N/A

No such case during the reporting period.

(3) Leasing

☑ Applicable □ N/A

Note on leasing

Refer to “8. Others - Leasing - Other material matters in Section X. Financial Report” for details.

Projects contributing over 10% of the Company’s total profits during the reporting period

□ Applicable ☑ N/A

No such case during the reporting period.

2. Important guarantees

☑ Applicable □ N/A

Unit: ten thousand yuan

External guarantees provided by the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Guaranteed party	Disclosure date of the announcement related to the guarantee quota	Guarantee quota	Actual date of occurrence	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter guaranty (if any)	Period of guarantee	Fulfilled or not	Guarantee for a related party or not
/	/	/	/	/	/	/	/	/	/	/
Total external guarantees quota approved during the reporting period (A1)		/		Total external guarantee amount actually occurred during the reporting period (A2)		/				
Total approved external guarantee quota at the end of the reporting period (A3)		/		Total actual external guarantee balance at the end of the reporting period (A4)		/				
Guarantee for subsidiaries										
Guaranteed party	Disclosure date of the announcement	Guarantee quota	Actual date of occurrence	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter guaranty (if any)	Period of guarantee	Fulfilled or not	Guarantee for a related party or not

	related to the guarantee cap									
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 14, 2023	85,000	March 20, 2024	8,292	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	June 26, 2024	195	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	July 4, 2024	164	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	August 6, 2024	248	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	August 26, 2024	500	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	September 13, 2024	20,699	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	October 23, 2024	8,863	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	November 14, 2024	17,003	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	July 12, 2024	21,425	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	April 18, 2024	155,000	October 21, 2024	12,281	Joint and several liability guarantee			One year	No	No
Huadong Medicine	April 19,	20,000			Joint and several			Ten years	No	No

Supply Chain Management (Jinhua) Co., Ltd.	2019				liability guarantee					
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	April 18, 2024	5,000			Joint and several liability guarantee			One year	No	No
Huadong Medicine (Xi'an) Bohua Pharmaceutical Co., Ltd.	July 22, 2024	5,285	July 19, 2024	5,285	Joint and several liability guarantee			Two years	No	No
Huadong Medicine Ningbo Sales Co., Ltd.	April 18, 2024	16,000	September 25, 2024	5,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Ningbo Sales Co., Ltd.	April 18, 2024	16,000	October 18, 2024	1,900	Joint and several liability guarantee			One year	No	No
Huadong Medicine Jinhua Co., Ltd.	April 18, 2024	15,000	November 15, 2024	6,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Jinhua Co., Ltd.	April 18, 2024	15,000	December 10, 2024	3,800	Joint and several liability guarantee			One year	No	No
Huadong Medicine Huzhou Co., Ltd.	April 18, 2024	19,300	October 10, 2024	4,500	Joint and several liability guarantee			One year	No	No
Huadong Medicine Huzhou Co., Ltd.	April 18, 2024	19,300	December 6, 2024	3,800	Joint and several liability guarantee			One year	No	No
Huadong Medicine Shaoxing Co., Ltd.	April 14, 2023	19,000	March 20, 2024	3,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Shaoxing Co., Ltd.	April 18, 2024	20,000	October 24, 2024	5,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	October 11, 2024	14	Joint and several liability guarantee			One year	No	No

Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	October 17, 2024	660	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	November 11, 2024	20	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	November 29, 2024	330	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	December 19, 2024	264	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	December 20, 2024	360	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	December 23, 2024	51	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	December 27, 2024	300	Joint and several liability guarantee			One year	No	No
Huadong Medicine (Hangzhou) Biological Products Co., Ltd.	April 18, 2024	5,000	December 27, 2024	105	Joint and several liability guarantee			One year	No	No
Joyang Laboratories	April 18, 2024	5,000			Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 2, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong	April	24,000	July 3,	1,000	Joint and			One year	No	No

Medicine Wenzhou Co., Ltd.	18, 2024		2024		several liability guarantee					
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 5, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 8, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 10, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 17, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	July 26, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	August 6, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	August 8, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	September 4, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	September 10, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	September 13, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	October 9, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Wenzhou Co., Ltd.	April 18, 2024	24,000	October 16, 2024	1,000	Joint and several liability guarantee			One year	No	No
Huadong Medicine Lishui Co., Ltd.	April 18, 2024	15,000	April 26, 2024	5,250	Joint and several liability guarantee			One year	No	No
Huadong Medicine	April 18,	15,000	September 4,	3,600	Joint and several			One year	No	No

Lishui Co., Ltd.	2024		2024		liability guarantee					
Huadong Medicine Daishan Co., Ltd.	April 18, 2024	2,500	October 18, 2024	475	Joint and several liability guarantee			One year	No	No
Huadong Medicine Cunde (Zhoushan) Co., Ltd.	April 18, 2024	9,000	October 18, 2024	950	Joint and several liability guarantee			One year	No	No
Huadong Medicine Cunde (Zhoushan) Co., Ltd.	April 18, 2024	9,000	December 9, 2024	1,900	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd.	April 14, 2023	40,000	March 21, 2024	3,414	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd.	April 18, 2024	60,000	September 13, 2024	196	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd.	April 18, 2024	60,000	September 24, 2024	222	Joint and several liability guarantee			One year	No	No
Hangzhou Zhongmei Huadong Pharmaceutical (Jiangdong) Co., Ltd.	April 18, 2024	60,000	November 22, 2024	8,258	Joint and several liability guarantee			One year	No	No
Hangzhou Huadong Pharmacy Chain Co., Ltd.	April 18, 2024	10,000	December 11, 2024	3,800	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 14, 2023	5,400	March 21, 2024	703	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 14, 2023	5,400	April 12, 2024	62	Joint and several liability guarantee			One year	No	No

Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	April 29, 2024	146	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	May 17, 2024	41	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	May 28, 2024	204	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	June 25, 2024	784	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	June 28, 2024	17	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	July 26, 2024	372	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	August 5, 2024	231	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	September 27, 2024	30	Joint and several liability guarantee			One year	No	No
Hubei Magic Health Technology Co., Ltd.	April 18, 2024	9,000	October 25, 2024	66	Joint and several liability guarantee			One year	No	No
Jiangsu Nanjing Nongda Animal Pharmaceutical Co., Ltd.	April 18, 2024	4,000			Joint and several liability guarantee			One year	No	No
Huadong Medicine Investment Holding (Hong Kong) Limited	April 18, 2024	50,400			Joint and several liability guarantee			One year	No	No
Sinclair Pharma Limited	November 23, 2018	52,591	April 1, 2022	18,153	Joint and several liability guarantee			Three years	No	No
Total guarantee quota for subsidiaries approved during the reporting period (B1)		429,485		Total guarantee amount for subsidiaries actually occurred during the reporting						174,778

			period (B2)							
Total approved guarantee quota for subsidiaries at the end of the reporting period (B3)		651,476	Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)							192,931
Subsidiaries guarantee for subsidiaries										
Guaranteed party	Disclosure date of the announcement related to the guarantee quota	Guarantee quota	Actual date of occurrence	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter guaranty (if any)	Period of guarantee	Fulfilled or not	Guarantee for a related party or not
Chongqing Peg-Bio Biopharm Co., Ltd.	April 18, 2024	1,396	May 7, 2024	122.66	Joint and several liability guarantee			Three years	No	Yes
Chongqing Peg-Bio Biopharm Co., Ltd.	April 18, 2024	1,396	July 26, 2024	65.26	Joint and several liability guarantee			Three years	No	Yes
Chongqing Peg-Bio Biopharm Co., Ltd.	April 18, 2024	1,396	August 21, 2024	34.98	Joint and several liability guarantee			Three years	No	Yes
Chongqing Peg-Bio Biopharm Co., Ltd.	April 18, 2024	1,396	August 23, 2024	51.69	Joint and several liability guarantee			Three years	No	Yes
Chongqing Peg-Bio Biopharm Co., Ltd.	April 18, 2024	1,396	September 2, 2024	54.8	Joint and several liability guarantee			Three years	No	Yes
Total guarantee quota for subsidiaries approved during the reporting period (C1)		1,396	Total guarantee amount for subsidiaries actually occurred during the reporting period (C2)							329
Total approved guarantee quota for subsidiaries at the end of the reporting period (C3)		1,396	Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)							329
Total amount of the Company's guarantees (i.e. the sum of the above-mentioned 3 types of guarantees)										
Total guarantees quota approved during the reporting period (A1+B1+C1)		430,881	Total actual guarantee amount during the reporting period (A2+B2+C2)							175,107
Total approved		652,872	Total actual guarantee							193,260

guarantee quota at the end of the reporting period (A3+B3+C3)		balance at the end of the reporting period (A4+B4+C4)	
Proportion of the actual guarantee amount (i.e. A4+B4+C4) in the Company's net assets			8.38%
Among them:			
Balance of guarantees for shareholders, de facto controllers and their related parties (D)			0
Amount of debt guarantees provided directly or indirectly for the entities with a liability to asset ratio over 70% (E)			64,828
The total amount of guarantees exceeds 50% of the net assets (F)			0
Total guarantee amount of the above-mentioned three types of guarantees (D+E+F)			64,828
Note on the circumstance that guarantee liability has occurred or there is potential joint liability for settlement during the reporting period in terms of undue guarantee contracts (if any)			N/A
Note of external guarantees in violation of prescribed procedures (if any)			

Note: The difference between the sum of the above totals and addends in mantissa is due to rounding.

Note on the specific circumstance if multiple methods are adopted for guarantees

3. Entrusted management of cash assets

(1) Entrusted wealth management

□ Applicable ☑ N/A

No such case during the reporting period.

(2) Entrusted loans

□ Applicable ☑ N/A

No such case during the reporting period.

4. Other significant contracts

□ Applicable ☑ N/A

No other significant contract during the reporting period.

XVI. Other major events

□ Applicable ☑ N/A

No such case during the reporting period.

XVII. Major events of subsidiaries

☑ Applicable □ N/A

(I) Major medicines (products) newly included into and withdrawn from the catalogue of medicines covered by medical insurance:

In November 2024, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the People's Republic of China launched the *Catalogue of Medicines Covered by National Basic Medical Insurance/Work-related Injury Insurance/Maternity Insurance* (2024) (hereinafter referred to as the 2024 Medicine Catalog), which has been effective since January 1, 2025.

As of the date of the Report, the Company had a total of 46 core products (12 Category A and 35 Category B) approved for launching and 16 strategic cooperation products (1 Category A and 15 Category B) included into the 2024 Medicine Catalog. Among them, the launched Ustekinumab Injection, as well as the strategic cooperation products Etanercept Injection, mulberry twig total alkaloids, Icaritin soft capsule, and Ganagliflozin Proline Tablets of the Company have been included into the "Negotiated Medicines During the Agreement Period" of the 2024 Medicine Catalog. The Tacrolimus Granules has been included into "Competitive Price Medicines" of the 2024 Medicine Catalog. For more details about the Company's new products included into the 2024 Medicine Catalog, please refers to relevant announcement (Announcement No.: 2024-101) disclosed by the Company on Cninfo (http://www.cninfo.com.cn).

(II) As of the date of the Report, the liquidation of Huadong Ningbo Medicine Co., Ltd. has been substantially completed under court supervision, with the disposal of core assets finalized, while the collection of remaining receivables is ongoing. The Company will actively advance the subsequent liquidation process. The Company confirmed the investment income of 57,557,709.09 yuan in the reporting period by applying the equity accounting method.

(III) During the reporting period, Zhongmei Huadong, a wholly-owned subsidiary of the Company, participated in the bidding of the National Chinese Patent Medicine Procurement Alliance Volume-based Procurement ("VBP") organized by the National Chinese Patent Medicine Joint Procurement Office ("Joint Procurement Office") for its Bailing Tablet and Bailing Capsule. According to the *Notice on Announcing the Winning Results of the National Chinese Patent Medicine Procurement Alliance Volume-based Procurement* and *Notice on the Preliminary Winning Results of Revived and Non-Quoted Representative Products in the National Chinese Patent Medicine Procurement Alliance Volume-based Procurement*, released by the Joint Procurement Office, the Bailing Tablet was successfully selected as a quoted representative product, while the Bailing Capsule was selected as a non-quoted representative product in this VBP.

Section VII. Share Changes and Shareholders Information

I. Changes in shares

1. Table of changes in shares

Unit: share

	Before the change		Change in the period (+/-)					After the change	
	Quantity	Ratio	New shares	Bonus shares	Shares converted from capital reserve	Others	Sub-total	Quantity	Ratio
I. Shares subject to conditional restriction	3,521,360	0.20%	0	0	0	-1,200,040	-1,200,040	2,321,320	0.13%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	3,372,360	0.19%	0	0	0	-1,119,040	-1,119,040	2,253,320	0.13%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	3,372,360	0.19%	0	0	0	-1,119,040	-1,119,040	2,253,320	0.13%
4. Shares held by overseas	149,000	0.01%	0	0	0	-81,000	-81,000	68,000	0.00%

investors									
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	149,000	0.01%	0	0	0	-81,000	-81,000	68,000	0.00%
II. Shares without restriction	1,750,903,988	99.80%	0	0	0	1,037,240	1,037,240	1,751,941,228	99.87%
1. Common shares in yuan	1,750,903,988	99.80%	0	0	0	1,037,240	1,037,240	1,751,941,228	99.87%
2. Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed overseas	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	1,754,425,348	100.00%	0	0	0	-162,800	-162,800	1,754,262,548	100.00%

Reasons for the changes in share capital

☑ Applicable □ N/A

During the reporting period, the Company completed two separate repurchases and cancellations of restricted shares under the *Restricted Share Incentive Scheme in 2022*, involving 97,800 shares and 65,000 shares respectively. This resulted in the repurchase and cancellation of a total of 162,800 restricted shares, thereby reducing the Company's total shares by 162,800 shares.

During the reporting period, as the conditions were met for the first restriction release period of the reserved restricted shares granted under the *Restricted Share Incentive Scheme in 2022*, the Company completed the restriction release procedures for 192,500 restricted shares. Upon attainment of the conditions for the second restriction release period of the restricted shares granted under the *Restricted Share Incentive Scheme in 2022* for the first time, the Company completed the restriction release procedures for 1,063,740 restricted shares. Therefore, the Company's restricted shares under

the equity incentive scheme decreased by 1,256,240 shares due to the release of sales restrictions. During the reporting period, due to the repurchase and cancellation of restricted shares under the equity incentive scheme, the Company's restricted shares under the equity incentive scheme decreased by 1,419,040 shares in total. During the reporting period, the Company's locked-up shares for senior management increased by 219,000 shares. During the reporting period, due to the decrease of restricted shares under the equity incentive scheme and the increase of locked-up shares for senior management, the Company's shares with restricted sales conditions decreased by 1,200,040 shares.

During the reporting period, due to the repurchase and cancellation of restricted shares under the equity incentive scheme, the Company's total shares without sales restrictions increased by 1,037,240 shares in total.

Approval for changes in share capital

☑ Applicable □ N/A

(1) On November 21, 2023, the Company convened the 18th Meeting of the 10th Board of Directors and the 12th Meeting of the 10th Board of Supervisors, during which the *Proposal on Achievement of the Release of Restriction Conditions during the First Restriction Period of Restricted Shares Granted for the First Time from the Restricted Share Incentive Scheme in 2022*, the *Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022*, and the *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors determined that the Company has attained the conditions for lifting the first restriction period of the initially granted restricted shares under the *Restricted Share Incentive Scheme in 2022.* According to the authorization granted at the Company's first Extraordinary General Meeting of Shareholders' meeting in 2022, the Board of Directors approved the release of 1,220,940 restricted shares for 108 incentive subjects under the first restricted sales period. The Board of Directors also approved to repurchase and cancel 97,800 shares of restricted shares that have been granted but have not been released for four incentive subjects who are no longer eligible for incentives due to resignation and two incentive subjects due to under performance during the first restricted sales releasing period. The Company's independent directors issued their opinions on related matters, with the verification opinions on related matters issued by the Board of Supervisors, the related reports prepared by lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(2) On December 1, 2023, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the Second Restriction Release Period of Restricted Shares Granted for the First Time from the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares

released during the first restriction release period of restricted shares granted for the first time under the Restricted Share Incentive Scheme in 2022 is December 5, 2023.

(3) On December 8, 2023, the Company convened the second Extraordinary General Meeting of Shareholders in 2023, reviewed and approved the *Proposal on Repurchase and Cancellation of Some Restricted Shares* and the *Proposal on Altering the Registered Capital and Amending the Articles of Association*. On the same day, the Company disclosed the *Announcement on Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notify the Creditors*. As of January 24, 2024, the benchmark date for capital verification, i.e. within forty-five days from the date when the Company announced the reduction of capital, no creditor requested the Company to pay off its debts or provide corresponding guarantees.

(4) On March 28, 2024, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On March 26, 2024, the Company completed the procedures for repurchase and cancellation of 97,800 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(5) On May 30, 2024, the Company convened the twenty-fourth Meeting of the tenth Board of Directors and the sixteenth Meeting of the tenth Board of Supervisors, during which the *Proposal on Adjusting the Repurchase Price in 2022 Restricted Share Incentive Scheme* and *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors approved to repurchase and cancel 65,000 restricted shares that have been granted but have not been released for five incentive subjects of firstly-granted or reserved shares who are no longer eligible for incentives due to resignation. The Company's Board of Supervisors issued verification opinions on related matters, with related reports prepared by lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(6) On June 18, 2024, the Company convened the first Extraordinary General Meeting of Shareholders in 2024, reviewed and approved the *Proposal on Repurchase and Cancellation of Some Restricted Shares* and the *Proposal on Increasing the Business Scope, Changing Registered Capital and Amending the Articles of Association*. On the same day, the Company disclosed the *Announcement on Repurchase and Cancellation of Some Restricted Shares to Reduce Registered Capital and Notify the Creditors*. As of August 5, 2024, the benchmark date for capital verification, i.e. within forty-five days from the date when the Company announced the reduction of capital, no creditor requested the Company to pay off its debts or provide corresponding guarantees.

(7) On August 29, 2024, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On August 27, 2024, the Company

completed the procedures for repurchase and cancellation of 65,000 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(8) On October 10, 2024, the Company convened the 28th Meeting of the 10th Board of Directors and the 18th Meeting of the tenth Board of Supervisors, during which the *Proposal on the Fulfillment of Conditions for the First Restriction Release Period of Reserved Restricted Shares Granted under the Restricted Share Incentive Scheme in 2022* was reviewed and approved. The Board of Directors determined that the Company has attained the conditions for lifting the first restriction period of the initially granted restricted shares under the *Restricted Share Incentive Scheme in 2022.* According to the authorization of the Company's first Extraordinary General Meeting of Shareholders in 2022, the Board of Directors approved to release of 192,500 restricted shares for 18 incentive subjects under the first restricted sales period. The Company's Board of Supervisors issued the verification opinions on related matters, with related reports prepared by lawyers and independent financial advisers. On the same day, the Company disclosed a related announcement on www.cninfo.com.cn.

(9) On October 24, 2024, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the First Restriction Release Period of Reserved Restricted Shares Granted under the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares released during the first restriction release period of reserved restricted shares granted from the Restricted Share Incentive Scheme in 2022 is October 28, 2024.

(10) On November 25, 2024, the Company convened the 30th Meeting of the 10th Board of Directors and the 20th Meeting of the 10th Board of Supervisors, during which the *Proposal on the Fulfillment of Conditions for the Second Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*, the *Proposal on Adjusting the Repurchase Price of Shares under the Restricted Share Incentive Scheme in 2022*, and the *Proposal on Repurchase and Cancellation of Some Restricted Shares* were reviewed and approved. The Board of Directors determined that the Company has attained the conditions for lifting the second restriction period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022.* According to the authorization of the Company's first Extraordinary General Meeting of Shareholders in 2022, the Board of Directors approved the release of 1,063,740 restricted shares for 90 incentive subjects under the second restricted sales period. The Board of Directors also approved to repurchase and cancel 185,500 restricted shares that have been granted but have not been released for one incentive subject who are no longer eligible for incentives due to resignation, 16 incentive subjects who are not eligible due to under performance during the second restricted sales releasing period, and one incentive subject of reserved restricted shares who is not eligible due to under

performance during the first restricted sales releasing period. The Company's Board of Supervisors issued the verification opinions on related matters, with related reports prepared by lawyers and independent financial advisers. On November 27, 2024, the Company disclosed a related announcement on Cninfo (www.cninfo.com.cn).

(11) On December 13, 2024, the Company disclosed the *Hint on Circulation of Restricted Shares Released during the Second Restriction Release Period of Restricted Shares Granted for the First Time under the Restricted Share Incentive Scheme in 2022*. The date of circulation of restricted shares released during the second restriction release period of restricted shares granted for the first time under the *Restricted Share Incentive Scheme in 2022* is December 16, 2024.

Transfer of shares

☑ Applicable □ N/A

In March 2024, the Company submitted the relevant registration materials to Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. for 97,800 shares repurchased and canceled under the equity incentive scheme. In the same month, Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. issued the *Confirmation of Securities Transfer Registration* to the Company, and the total share capital of the Company was reduced from 1,754,425,348.00 shares to 1,754,327,548.00 shares.

In August 2024, the Company submitted the relevant registration materials to Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. for 65,000 shares repurchased and canceled under the equity incentive scheme. In the same month, Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. issued the *Confirmation of Securities Transfer Registration* to the Company, and the total share capital of the Company was reduced from 1,754,327,548.00 shares to 1,754,262,548.00 shares.

Impact of changes in share capital on the basic earnings per share, diluted earnings per share for the most recent year and the most recent period, the net assets per share attributable to the Company's common shareholders and other financial indicators

☑ Applicable □ N/A

If we calculate based on the total number of shares before changes in share capital of 1,754,425,348 shares, the Company's basic earnings per share, diluted earnings per share and net assets per share attributable to common shareholders of the Company in 2024 were 2.0036 yuan/share, 2.0035 yuan/share and 12.57 yuan/share respectively. If we calculate based on the total number of shares after changes in share capital of 1,754,262,548 shares, the Company's basic earnings per share, diluted earnings per share and net assets per share attributable to common shareholders of the Company in 2024 were 2.0046 yuan/share, 2.0034 yuan/share and 12.59 yuan/share respectively.

Generally speaking, the aforesaid changes in share capital did not impose material impacts on the basic earnings per share, diluted earnings per share, and the net assets per share attributable to the Company's common shareholders and other financial indicators in 2024.

Other disclosures the Company deems necessary or required by securities regulatory authorities

□ Applicable ☑ N/A

2. Changes in restricted shares

☑ Applicable □ N/A

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of newly increased restricted shares during the current period	Number of restricted shares released during the current period	Number of restricted shares at the end of the period	Reasons for restriction	Release date
Zhang Jianfei	60,000.00	0	0	60,000.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Zhang Jianfei	105,000.00	0	45,000.00	60,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Zhang Jianfei	7,500.00	45,000.00	0	52,500.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Lv Liang	140,000.00	0	60,000.00	80,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted*

						Share Incentive Scheme in 2022
Lv Liang	10,000.00	60,000.00	0	70,000.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Zhu Li	105,000.00	0	45,000.00	60,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Zhu Li	22,500.00	0	0	22,500.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Zhu Li	7,500.00	45,000.00	0	52,500.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Wu Hui	105,000.00	0	0	105,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Wu Hui	7,500.00	0	0	7,500.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by

						senior management
Xu Junfang	105,000.00	0	45,000.00	60,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
LIU DONGZHOU JEFFERY	105,000.00	0	45,000.00	60,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Chen Bo	70,000.00	0	30,000.00	40,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Chen Bo	5,000.00	30,000.00	0	35,000.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management
Qiu Renbo	70,000.00	0	30,000.00	40,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Qiu Renbo	5,000.00	30,000.00	0	35,000.00	Locked-up shares for senior management	Release of restrictions according to relevant regulations on the management of shares held by senior management

Zhou Zhaohua	71,000.00	0	34,000.00	37,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Huang Yanshan	71,000.00	0	34,000.00	37,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Qin Xiangtian	71,000.00	0	34,000.00	37,000.00	Equity incentive and restricted shares	Release of restrictions according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*
Other directors, mid-level management and core technicians (business specialists) of the Company	2,378,360.00	9,000.00	854,240.00	1,370,320.00	Equity incentive, restricted shares, and locked-up shares for senior management	Release according to relevant rules of the Company's *Restricted Share Incentive Scheme in 2022*, and release of restrictions according to relevant regulations on the management of shares held by senior management
Total	3,521,360.00	219,000.00	1,256,240.00	2,321,320.00	--	--

II. Issuance and listing of securities

1. Securities (excluding preferred shares) issued during the reporting period

□ Applicable ☑ N/A

2. Explanation on changes in the total number of shares, the structure of shareholders and the structure of assets and liabilities

☑ Applicable □ N/A

During the reporting period, the Company completed two separate repurchases and cancellations of restricted shares under the *Restricted Share Incentive Scheme in 2022*, involving 97,800 shares and 65,000 shares respectively. This resulted in the repurchase and cancellation of a total of 162,800 restricted shares, thereby reducing the Company's total shares by 162,800 shares. Such repurchase and cancellation will not bring substantial impact on the Company's financial position and operating results, will not result in failure of the Company's equity distribution in meeting the listing conditions, nor will it lead to changes in the control rights of the Company's controlling shareholders and de facto controllers.

3. Existent shares held by internal employees of the Company

□ Applicable ☑ N/A

III. Particulars about shareholders and the de facto controller

1. Number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the end of the reporting period	83,384	Total number of common shareholders at the end of the previous month before the disclosure of the annual report	75,847	Total number of preference shareholders with restored voting rights at the end of the reporting period (if any) (see Note 8)	0	Total number of preference shareholders with restored voting rights at the end of the previous month before the disclosure of the annual report (if any) (see Note 8)		0
Particulars about shareholders with a shareholding ratio of over 5% or the top 10 shareholders (excluding shares lent through conversions)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Total shares held at the end of the reporting period	Changes in the reporting period	Number of shares with trading restrictions held	Number of shares held without trading restriction	Pledged, marked or locked-up status	
							Status of shares	Quantity
China Grand Enterprises, Inc.	Domestic non-state-owned corporation	41.67%	730,938,157	0	0	730,938,157	Pledge	147,070,000
Hangzhou	State-	16.42%	288,000,00	0	0	288,000,00	N/A	0

Huadong Medicine Group Co., Ltd.	owned corporation		0			0		
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	2.66%	46,638,628	-1,316,304	0	46,638,628	N/A	0
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	1.26%	22,186,818	0	0	22,186,818	N/A	0
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	Others	1.09%	19,149,643	-11,930,872	0	19,149,643	N/A	0
China Construction Bank Corporation - E Fund CSI 300 Medicine and Health Exchange Open Index Securities Investment Fund	Others	0.92%	16,203,132	3,306,200	0	16,203,132	N/A	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Open Index Securities Investment Fund	Others	0.86%	15,055,845	8,416,700	0	15,055,845	N/A	0
China Construction Bank Co., Ltd.-ICBC	Others	0.83%	14,500,000	-4,500,000	0	14,500,000	N/A	0

Credit Suisse Frontier Medical Equity Securities Investment Fund								
National Social Security Fund - Profile 0	Others	0.63%	10,983,604	-2,636,200	0	10,983,604	N/A	0
China Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund	Others	0.59%	10,433,985	7,971,453	0	10,433,985	N/A	0
Strategic investors or general corporations become the top 10 shareholders due to the placement of new shares (if any) (see Note 3)	N/A							
Explanation on associated relationships or concerted actions among the above-mentioned shareholders	The Company is unaware of whether the above-mentioned shareholders are related parties or whether they are acting-in-concert parties with one another.							
Description about the above-mentioned shareholders' entrusting/being entrusted with and waiving voting rights	N/A							
Explanation of special account for repurchase among the top 10 shareholders (if any) (see Note 10)	N/A							

Information about the top 10 shareholders without trading restrictions (excluding shares lent through conversions and locked-up shares for senior management)			
Name of shareholders	Number of shares without restriction held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
China Grand Enterprises, Inc.	730,938,157	Common shares in yuan	730,938,157
Hangzhou Huadong Medicine Group Co., Ltd.	288,000,000	Common shares in	288,000,000

		yuan	
Hong Kong Securities Clearing Company Ltd.	46,638,628	Common shares in yuan	46,638,628
China Securities Finance Co., Ltd.	22,186,818	Common shares in yuan	22,186,818
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	19,149,643	Common shares in yuan	19,149,643
China Construction Bank Corporation - E Fund CSI 300 Medicine and Health Exchange Open Index Securities Investment Fund	16,203,132	Common shares in yuan	16,203,132
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Open Index Securities Investment Fund	15,055,845	Common shares in yuan	15,055,845
China Construction Bank Co., Ltd.-ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	14,500,000	Common shares in yuan	14,500,000
National Social Security Fund - Profile 0	10,983,604	Common shares in yuan	10,983,604
China Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund	10,433,985	Common shares in yuan	10,433,985
Description for affiliated relationship or concerted action among the top 10 shareholders with unrestricted circulating shares and between the top 10 shareholders with unrestricted circulating shares and the top 10 shareholders	The Company is not aware of whether the above-mentioned shareholders are related parties or whether they are acting-in-concert parties with one another.		
Description of the top 10 common shareholders' participation in margin trading business (if any) (see Note 4)	At the end of the reporting period, none of the Company's top 10 common shareholders held shares through margin trading and securities lending accounts.		

Share lending through conversion by shareholders holding over 5% shares, the top 10 shareholders, and the top 10 shareholders with unrestricted circulating shares

☑ Applicable □ N/A

Unit: share

Share lending through conversion by shareholders holding over 5% shares, the top 10 shareholders, and the top 10 shareholders with unrestricted circulating shares								
Name of shareholders (full name)	Shareholding in common accounts and credit accounts at the beginning of the period		Shares lent and not returned at the beginning of the period		Shareholding in common accounts and credit accounts at the end of the period		Shares lent and not returned at the end of the period	
	Total quantity	Proportion in total share capital	Total quantity	Proportion in total share capital	Total quantity	Proportion in total share capital	Total quantity	Proportion in total share capital
China Grand Enterprises, Inc.	730,938,157	41.66%	0	0.00%	730,938,157	41.67%	0	0.00%
Hangzhou Huadong Medicine Group Co., Ltd.	288,000,000	16.42%	0	0.00%	288,000,000	16.42%	0	0.00%
Hong Kong Securities Clearing Company Ltd.	47,954,932	2.73%	0	0.00%	46,638,628	2.66%	0	0.00%
China Securities Finance Co., Ltd.	22,186,818	1.26%	0	0.00%	22,186,818	1.26%	0	0.00%
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	31,080,515	1.77%	0	0.00%	19,149,643	1.09%	0	0.00%
China Construction Bank Corporation - E Fund CSI 300 Medicine and Health Exchange Open Index Securities Investment Fund	12,896,932	0.74%	328,500	0.02%	16,203,132	0.92%	0	0.00%

Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Open Index Securities Investment Fund	6,639,145	0.38%	17,500	0.00%	15,055,845	0.86%	0	0.00%
China Construction Bank Co., Ltd.-ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	19,000,000	1.08%	0	0.00%	14,500,000	0.83%	0	0.00%
National Social Security Fund - Profile 0	13,619,804	0.78%	0	0.00%	10,983,604	0.63%	0	0.00%
China Construction Bank Corporation - E Fund CSI 300 Trading Open Index Initiated Securities Investment Fund	2,462,532	0.14%	12,800	0.00%	10,433,985	0.59%	0	0.00%

Change in the top 10 shareholders or the top 10 common shareholders without trading restrictions compared with the end of the previous period due to shares lent/returned through conversions

□ Applicable ☑ N/A

Whether the Company's top 10 common shareholders or the top 10 common shareholders without trading restrictions have conducted any agreed repurchase transaction during the reporting period

□Yes ☑ No

The Company's top 10 common shareholders or the top 10 common shareholders without trading restrictions have not conducted any agreed repurchase transaction during the reporting period.

2. Information about the Company's controlling shareholder

Nature of controlling shareholder: Natural person holding

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Main business
China Grand Enterprises, Inc.	Hu Kaijun	October 27, 1993	91110000101690952K	Investment management
Shares held by the controlling shareholder in other listed companies through controlling or holding during the reporting period	The other two listed companies controlled by China Grand Enterprises, Inc. are Grand Industrial Holding Co., Ltd. and Grand Pharmaceutical Group Limited.			

Change of the controlling shareholder during the reporting period

□ Applicable ☑ N/A

No such case during the reporting period.

3. Information about the Company's de facto controller & concerted parties

Nature of de facto controller: Domestic natural person holding

Type of de facto controller: Natural person

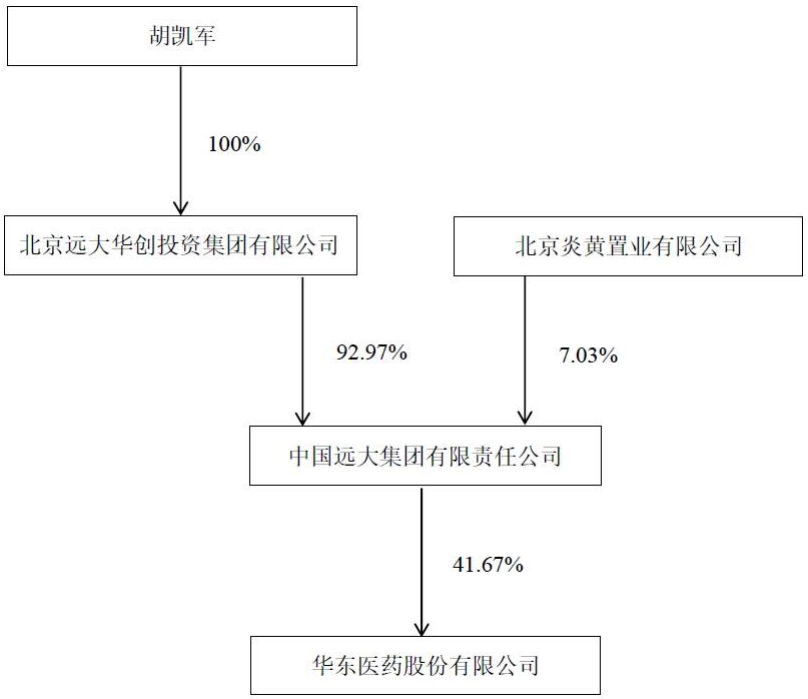
Name of de facto controller	Relationship with the de facto controller	Nationality	Whether the de facto controller has obtained the right of abode in another country or region
Hu Kaijun	Hu Kaijun	China	Yes
Main occupation and position	Chairman of the Board and General Manager of China Grand Enterprises, Inc.; Chairman of the Board and General Manager of Beijing Yuanda Huachuang Investments Co., Ltd.		
Share held by the de facto controlling shareholder in domestic or overseas listed companies in the past ten years	The three listed companies controlled by de facto controller are Huadong Medicine Co., Ltd., Grand Industrial Holding Co., Ltd., and China Grand Pharmaceutical and Grand Pharmaceutical Group Limited.		

Change of the de facto controller during the reporting period

□ Applicable ☑ N/A

No such case during the reporting period.

Block diagram of the property right and control relationship between the Company and the de facto controller



The de facto controller controls the Company through a trust or other way of assets management

□ Applicable ☑ N/A

4. The amount of shares pledged by the Company's controlling shareholder or the largest shareholder and its parties acting in concert accounts for 80% of the total shares of the Company held by them

□ Applicable ☑ N/A

5. Other corporate shareholders with a shareholding ratio over 10%

☑ Applicable □ N/A

Name of legal representative	Legal representative/person in charge	Date of establishment	Registered capital	Main business or management activities
Hangzhou Huadong Medicine Group Co., Ltd.	Dong Jiabo	December 21, 1992	60,000,000 yuan	The production and processing of compound wine, bagged tea, and donkey-hide glue products (the branches operate only with licenses), and the state-owned asset operation within the authorized scope of the municipal government; industrial investment; wholesale and retail: chemical raw materials and products (except dangerous chemicals and precursor

				chemicals), package materials, medical intermediates (except dangerous chemicals and precursor chemicals); other legal items that submission for approval is not required.

6. Reduction of restricted shares held by controlling shareholder, de facto controller, restructuring parties and other commitment subjects

□ Applicable ☑ N/A

IV. Progress of share repurchase during the reporting period

Progress of share repurchase

☑ Applicable □ N/A

Scheme disclosure date	Number of shares to be repurchased (share)	Proportion in total share capital	Proposed repurchase amount (ten thousand yuan)	Proposed repurchase duration	Purpose of repurchase	Number of shares repurchased (share)	Proportion of repurchased shares to the total shares covered by the Equity Incentive Plan (if any)
June 15, 2024	65000	0.004%	159.931344	45 days after the Company's Board of Directors disclosed the creditors notification announcement	Repurchase and cancellation of restricted shares under equity incentive scheme	65,000	1.41%
November 27, 2024	185500	0.01%	462.198534	45 days after the Company's Board of Directors disclosed the creditors notification announcement	Repurchase and cancellation of restricted shares under equity incentive scheme	0	0.00%

Note: On March 28, 2025, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares.* On March 26, 2025, the Company completed the procedures for repurchase and cancellation of 185,500 restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

Progress of reducing repurchased shares through centralized bidding

□ Applicable ☑ N/A

Section VIII. Information on Preferred Shares

□ Applicable ☑ N/A

No such case during the reporting period.

Section IX. Information on Bonds

□ Applicable ☑ N/A

Section X. Financial Report

I. Audit report

Audit Opinion	Unmodified unqualified audit opinion
Audit Report sign-off Date	April 16, 2025
Audit Institution Name	Pan-China Certified Public Accountants LLP
Audit Report Number	T. J. S. (2025) No. 5206
Name of Certified Public Accountants	Hu Yanhua and Chen Xiaodong

Text of the Audit Report

Audit Report

T. J. S. (2025) No. 5206

Shareholders of Huadong Medicine Co., Ltd.:

I. Audit Opinion

We audited the financial statements of Huadong Medicine Co., Ltd. (hereinafter referred to as "Huadong Medicine"), including the consolidated and the parent company's balance sheets as at December 31, 2024, the consolidated and the parent company's income statements for the year 2024, the consolidated and the parent company's cash flow statements, the consolidated and the parent company's statements of changes in owners' equity, and the notes to relevant financial statements.

In our opinion, the attached financial statements are prepared in accordance with the accounting standards for business enterprises in all material aspects and fairly reflect the consolidated and the parent company's financial condition of Huadong Medicine as at December 31, 2024, as well as the consolidated and the parent company's operating results and cash flows in 2024.

II. Basis for Formation of the Audit Opinion

We conducted our audit in accordance with the *China Registered Accountants Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. In accordance with the code of

professional ethics for certified public accountants in China, we are independent of Huadong Medicine and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, providing a basis for auditor's opinion.

III. Key audit matters

The key audit matters are those we consider most important to the audit of the financial statements for the current period in our professional judgment. The response to these items is based on an audit of the financial statements as a whole and the formation of auditor's opinion. We do not comment on these items separately.

(I) Revenue recognition

1. Description

For details of relevant information, please refer to Notes V (37), VII (61) and XVIII (6) to the Financial Statements.

The operating revenue of Huadong Medicine mainly comes from the production and sales of medicines. The operating revenue of Huadong Medicine in 2024 was 41.906 billion yuan.

As the operating revenue is one of the key performance indicators of Huadong Medicine, there may be inherent risks for the management of Huadong Medicine (hereinafter referred to as the "Management") to achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we identified revenue recognition as a key audit matter.

2. Audit response

For revenue recognition, the audit procedures we implemented mainly include:

(1) Understanding the key internal controls related to revenue recognition, evaluating the design of these controls, determining whether they are implemented, and testing the operating effectiveness of relevant internal controls;

(2) Reviewing the sales contract, understanding the main contract terms or conditions, and evaluating whether the revenue recognition method is appropriate;

(3) Analyzing the operating revenue and gross profit rate by month, product, region, etc., identifying whether there are significant or abnormal fluctuations, and ascertaining the reasons for the fluctuations;

(4) For domestic sales revenue, choosing supporting documents for checked items, including sales contracts, orders, sales invoices, accompanying documents and receipt forms, shipping documents, and payment receipts. For overseas revenue, obtaining e-port information and checking with the accounting records, and checking the sales contracts, export declaration forms, bills of lading, sales invoices and other supporting documents by sampling;

(5) In combination with accounts receivable confirmation, confirming the current sales of sampled items;

(6) Carrying out a cut-off test and evaluating whether the operating revenue is recognized within an appropriate period;

(7) Acquiring the sales return records after the balance sheet date and checking whether there is any incompliance of revenue recognition conditions on balance sheet date; and

(8) Checking whether the information relating to operating revenue has been properly presented in the financial statements.

(II) Impairment of accounts receivable

1. Description

For details of relevant information, please refer to Notes V (11), V (13) and VII (5) to the Financial Statements.

As of December 31, 2024, the book balance of accounts receivable of Huadong Medicine was 8.906 billion yuan, the bad debt reserve was 481 million yuan, and the book value was 8.425 billion yuan. Based on the credit risk characteristics of various accounts receivable and the individual account receivable or the combination of accounts receivable, the Management measured its loss reserve according to the expected credit loss equivalent to the entire duration. Due to the significant amount of accounts receivable and significant judgment of the Management involved in the impairment of accounts receivable, we determined the impairment of accounts receivable as a key audit matter.

2. Audit response

For the impairment of accounts receivable, the audit procedures we implemented mainly include:

(1) Understanding the key internal controls related to the impairment of accounts receivable, evaluating the design of these controls, determining whether they are implemented, and testing the operating effectiveness of relevant internal controls;

(2) With regard to the Management’s forecast on bad debt reserve in previous years, reviewing the results or follow-up forecasts made by the Management;

(3) Reviewing the relevant considerations and objective evidence of the Management's credit risk assessment of accounts receivable, and evaluating whether the Management has properly identified the credit risk characteristics of various accounts receivable;

(4) For the accounts receivable with expected credit loss measured on an individual basis, reviewing the Management’s forecast of the expected cash flow received, evaluating the rationality, relevance and reliability of the key assumptions used in the forecast, and checking with the external evidence obtained;

(5) For the accounts receivable with expected credit loss measured based on a portfolio basis, evaluating the rationality of the Management’s division of portfolios by credit risk characteristics; evaluating the rationality of the expected credit loss rate of accounts receivable determined by the Management, including the rationality of major assumptions used and the rationality, relevance and reliability of data; checking the accuracy of the Management’s calculation of bad debt reserve;

(6) Evaluating the rationality of the Management’s bad debt reserve in combination with the accounts receivable confirmation results and repayment after the period; and

(7) Checking whether the information relating to the impairment of accounts receivable has been properly presented in the financial statements.

(III) Goodwill impairment

1. Description

For details of relevant information, please refer to Notes V (6), V (30) and VII (27) to the Financial Statements.

As of December 31, 2024, the original book value of goodwill of Huadong Medicine was 2.918 billion yuan, the impairment reserve was 5 million yuan, and the book value was 2.913 billion yuan.

The Management conducted the goodwill impairment test in combination with the relevant asset group or asset portfolio, and the recoverable amount of the relevant asset group or asset portfolio was determined by the present value of the expected future cash flow or the net amount of fair value minus the disposal expenses. Due to the significant amount of goodwill and the significant judgment of the

Management involved in the goodwill impairment test, we determined the goodwill impairment as a key audit matter.

2. Audit response

For the goodwill impairment, the audit procedures we implemented mainly include:

(1) Understanding the key internal controls related to goodwill, evaluating the design of these controls, determining whether they are implemented, and testing the operating effectiveness of relevant internal controls;

(2) With regard to the Management's forecast on present value of the expected future cash flow in previous years, reviewing the results or follow-up forecasts made by the Management;

(3) Understanding and evaluating the competence, professional quality and objectivity of external valuation experts employed by the Management;

(4) Evaluating the rationality and consistency of the Management's methods in the impairment test;

(5) Evaluating the rationality of the key assumptions adopted by the Management in the impairment test, and verifying whether the relevant assumptions are consistent with the overall economic environment, industry conditions, operating conditions, historical experience, operating plans, approved budgets, meeting minutes, and other assumptions used by the Management in relation to the financial statements;

(6) Testing the accuracy, completeness and relevance of the data used by the Management in the impairment test, and rechecking the internal consistency of the relevant information in the impairment test;

(7) Testing whether the Management's calculation of the present value of expected future cash flows is accurate;

(8) Checking whether the information relating to the goodwill impairment has been properly presented in the financial statements.

IV. Other information

The Management is responsible for other information, including information covered in the annual report, but not the financial statements and the auditor report.

The auditor's opinion on the financial statements does not cover other information, and we do not publish any form of corroborating conclusions on other information.

In conjunction with our audit of the financial statements, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or what we learned during the audit or appears to be materially misrepresented. Based on the work we have performed, if we determine that other information is materially misrepresented, we should report that fact. In this regard, we have nothing to report.

V. Responsibility of the Management and governance for the financial statements

The Management is responsible for preparing the financial statements in accordance with the accounting standards for business enterprises to achieve fair presentation and for designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Huadong Medicine's competence for continuing operations, disclosing matters relating to continuing operations (if applicable) and applying the going concern assumption, unless liquidation and termination are planned or there is no other realistic alternative.

Those charged with governance of Huadong Medicine is responsible for overseeing the Company's financial reporting process.

VI. Responsibility of certified public accountants on the audit of the financial statements

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

As part of the audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the process. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of not detecting one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(II) Understand the internal control associated with the audit to design appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies used and the rationality of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of using the going concern assumption by the Management, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Huadong Medicine's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Huadong Medicine to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, including whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities of Huadong Medicine to express auditor’s opinions on the financial statements. We are responsible for the guidance, supervision and implementation of group audits and take full responsibility for the auditor’s opinions.

We communicated 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 provided those charged with governance with a statement that we have complied with the professional ethical requirements associated with our independence, and communicated to those charged with governance all relationships and other matters that may reasonably be deemed to affect our independence, as well as relevant precautions (if applicable).

From the matters communicated to those charged with governance, we determine which matters are most important to the current financial statement audit and thus constitute key audit matters. We describe these matters in our auditor report, unless laws and regulations prohibit their public disclosure or, in rare cases, if it is reasonably expected that the negative consequences of communicating a matter in the audit report outweigh the benefits in the public interest, we determine that the matter should not be communicated in the audit report.

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountant: Hu Yanhua (Project partner)

Hangzhou, China Chinese Certified Public Accountant: Chen Xiaodong

April 16, 2025

II. Financial statements

The unit of statements in the financial notes is: RMB yuan.

1. Consolidated balance sheet

Prepared by: Huadong Medicine Co., Ltd.

December 31, 2024

Unit: yuan

Item	Ending balance	Opening balance
Current assets:		
Monetary funds	5,276,440,245.36	4,663,378,011.64
Settlement reserve		
Lending funds		
Trading financial assets		
Derivative financial assets		16,434,493.97
Notes receivable	10,696,341.24	6,812,089.97
Accounts receivable	8,425,358,862.23	7,455,250,690.83
Receivables financing	1,677,636,420.09	1,434,366,300.69
Prepayments	400,291,510.71	279,207,655.40
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		

Other receivables	402,870,356.31	291,135,104.33
Including: Interests receivable		
Dividends receivable	223,608.84	2,623,608.84
Financial assets purchased for resale		
Inventories	4,776,397,278.01	4,290,214,266.03
Including: Data resource		
Contract assets		
Assets held for sale		
Other non-current assets due within one year		
Other non-current assets	82,099,747.34	59,881,757.08
Total current assets	21,051,790,761.29	18,496,680,369.94
Non-current assets:		
Loans and prepayments issuance		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	1,543,646,404.76	1,535,907,809.85
Other equity instrument investments	603,232,766.22	565,223,872.68
Other non-current financial assets		
Investment real estate	11,842,042.67	12,746,181.87
Fixed assets	4,422,300,775.01	4,140,144,817.51
Construction in progress	836,739,481.60	913,147,212.17
Productive biological assets		
Oil and gas assets		
Right-of-use Assets	149,504,562.99	151,175,007.16
Intangible Assets	3,644,956,428.71	2,333,787,357.62
Including: Data resource		
Development expenditure	1,033,392,377.69	992,532,091.86
Including: Data resource		
Goodwill	2,913,334,523.63	2,598,696,062.31
Long-term Deferred Expenses	22,601,572.13	20,053,854.34
Deferred income tax assets	221,848,889.06	187,808,574.44
Other non-current assets	1,423,855,781.39	1,561,458,605.23
Total non-current assets	16,827,255,605.86	15,012,681,447.04
Total assets	37,879,046,367.15	33,509,361,816.98
Current liabilities:		
Short-term borrowings	2,312,339,143.21	822,380,292.37
Borrowing from the central bank		
Borrowing from other banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		

Notes payable	2,576,685,923.31	1,727,420,960.30
Accounts payable	4,467,770,810.96	4,374,832,979.95
Advances from customers	1,115,173.00	1,393,551.48
Contract liabilities	173,609,109.58	135,459,275.17
Financial assets sold for repurchase		
Deposits from customers and due from banks		
Receipts for buying and selling securities as proxy		
Receipts for underwriting securities as proxy		
Employee benefit payable	417,133,101.11	359,148,474.25
Taxes payable	645,950,867.22	489,385,055.57
Other payables	2,849,833,595.48	2,518,621,382.87
Including: Interests payable		
Dividends payable	125,024,219.60	143,024,219.60
Handling fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	330,528,920.89	359,342,623.38
Other current liabilities	19,268,728.25	14,621,494.85
Total current liabilities	13,794,235,373.01	10,802,606,090.19
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	14,262,841.05	520,759,460.07
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities	71,857,938.46	56,695,158.59
Long-term payables	24,715,073.51	107,251,248.59
Long-term employee benefits payable		
Estimated liabilities	28,985,982.19	37,184,074.06
Deferred income	183,855,718.48	171,056,435.34
Deferred income tax liabilities	197,378,528.33	184,373,974.04
Other non-current liabilities		47,170,650.00
Total non-current liabilities	521,056,082.02	1,124,491,000.69
Total liabilities	14,315,291,455.03	11,927,097,090.88
Owners' equity:		
Share capital	1,754,262,548.00	1,754,425,348.00
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserves	2,550,780,602.69	2,446,313,774.82
Minus: treasury stock	46,804,116.67	84,519,369.07

Other comprehensive income	-50,598,204.17	-40,341,544.18
Special reserves		
Surplus reserves	1,395,568,477.98	1,277,779,972.18
General risk reserve		
Undistributed profit	17,456,842,089.53	15,693,951,574.91
Total owners' equity attributable to owners of the parent company	23,060,051,397.36	21,047,609,756.66
Minority interests	503,703,514.76	534,654,969.44
Total owner's equity	23,563,754,912.12	21,582,264,726.10
Total liabilities & owners' equity	37,879,046,367.15	33,509,361,816.98

Legal representative: Lv Liang Officer in charge of accounting: Lv Liang Officer in charge of the Accounting Department: Qiu Renbo

2. Balance sheet of the parent company

Unit: yuan

Item	Ending balance	Opening balance
Current assets:		
Monetary funds	3,983,448,123.02	3,202,969,593.32
Trading financial assets		
Derivative financial assets		
Notes receivable	10,696,341.24	6,812,089.97
Accounts receivable	4,662,202,972.85	4,232,306,149.56
Receivables financing	541,117,016.27	257,987,672.16
Prepayments	188,207,568.34	104,299,584.06
Other receivables	3,038,802,968.09	1,826,331,443.42
Including: Interests receivable		
Dividends receivable	83,200,000.00	95,200,000.00
Inventories	2,503,932,187.23	2,064,496,012.45
Including: Data resource		
Contract assets		
Assets held for sale		
Other non-current assets due within one year		
Other non-current assets		
Total current assets	14,928,407,177.04	11,695,202,544.94
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	6,006,736,952.86	5,961,344,825.40
Other equity instrument investments	10,080,000.00	10,080,000.00
Other non-current financial assets		
Investment real estate	6,260,645.98	6,734,389.40
Fixed assets	145,702,063.07	131,994,767.68
Construction in progress	1,191,031.68	423,088.16

Productive biological assets		
Oil and gas assets		
Right-of-use Assets	5,766,631.35	9,101,653.07
Intangible Assets	133,847,061.52	160,438,646.19
Including: Data resource		
Development expenditure		
Including: Data resource		
Goodwill		
Long-term Deferred Expenses	3,873,974.93	
Deferred income tax assets	57,148,901.05	53,563,924.40
Other non-current assets	309,896,009.87	250,146,911.16
Total non-current assets	6,680,503,272.31	6,583,828,205.46
Total assets	21,608,910,449.35	18,279,030,750.40
Current liabilities:		
Short-term borrowings	1,281,604,281.83	425,185,172.23
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,017,985,699.91	500,551,829.47
Accounts payable	2,957,801,912.13	3,128,538,765.74
Advances from customers		
Contract liabilities	74,839,113.94	56,745,329.30
Employee benefit payable	13,536,480.77	13,664,428.10
Taxes payable	84,182,562.88	67,429,440.31
Other payables	4,502,104,700.45	1,970,918,606.32
Including: Interests payable		
Dividends payable	224,219.60	224,219.60
Liabilities held for sale		
Non-current liabilities due within one year	51,064,784.14	41,336,796.82
Other current liabilities	9,618,803.23	6,234,741.10
Total current liabilities	9,992,738,339.28	6,210,605,109.39
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities		3,610,383.31
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	30,435,411.27	33,001,286.19
Deferred income tax liabilities		
Other non-current liabilities		47,170,650.00

Total non-current liabilities	30,435,411.27	83,782,319.50
Total liabilities	10,023,173,750.55	6,294,387,428.89
Owners' equity:		
Share capital	1,754,262,548.00	1,754,425,348.00
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserves	2,346,443,494.22	2,329,361,969.66
Minus: treasury stock	46,804,116.67	84,519,369.07
Other comprehensive income		
Special reserves		
Surplus reserves	1,473,424,237.42	1,355,635,731.62
Undistributed profit	6,058,410,535.83	6,629,739,641.30
Total owner's equity	11,585,736,698.80	11,984,643,321.51
Total liabilities & owners' equity	21,608,910,449.35	18,279,030,750.40

3. Consolidated income statement

Unit: yuan

Item	2024	2023
I. Total operating revenue	41,905,707,385.91	40,623,782,520.43
Including: Operating revenue	41,905,707,385.91	40,623,782,520.43
Interests income		
Premiums earned		
Handling fees and commissions received		
II. Total operating cost	37,493,020,210.87	37,081,915,122.91
Including: Operating cost	27,988,547,185.82	27,461,731,573.59
Interest expenses		
Handling fees and commissions paid		
Surrender value		
Net payment of insurance claims		
Net appropriation of policy reserve		
Policy dividends paid		
Reinsurance expenses		
Taxes and surcharges	250,638,795.43	232,590,269.39
Sales expenses	6,408,522,136.28	6,645,411,414.21
Administrative expenses	1,397,388,188.96	1,420,188,961.59
R&D expenses	1,425,659,218.47	1,270,803,119.96
Financial expenses	22,264,685.91	51,189,784.17
Including: Interest expenses	101,203,829.32	119,514,554.96
Interests income	103,997,474.21	94,045,345.71
Add: Other income	199,889,752.54	172,492,861.66
Investment income (Losses are indicated by "-")	-129,190,728.94	-219,713,034.52
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise	-68,453,149.32	-188,390,620.91

Gains on the derecognition of financial assets measured at amortized cost		
Gains on exchange (Losses are indicated by “-”)		
Gains on net exposure hedging (Losses are indicated by “-”)		
Gains from changes in fair values (Losses are indicated by “-”)		-13,756,372.80
Credit impairment losses (Losses are indicated by “-”)	-112,179,415.60	-25,763,586.64
Assets impairment losses (Losses are indicated by “-”)	-41,006,057.96	-6,519,844.03
Asset disposal income (Losses are indicated by “-”)	-5,463,399.18	4,319,797.54
III. Operating profit (Losses are indicated by “-”)	4,324,737,325.90	3,452,927,218.73
Add: Non-operating revenue	88,009,280.04	50,548,825.60
Minus: Non-operating expenses	111,232,726.47	37,490,279.21
IV. Total profit (Total losses are indicated by “-”)	4,301,513,879.47	3,465,985,765.12
Minus: Income tax expense	807,328,247.71	619,588,815.15
V. Net profit (Net losses are indicated by “”)	3,494,185,631.76	2,846,396,949.97
(I) Classification by business continuity		
1. Net profit from continuing operations (Net losses are indicated by “-”)	3,494,185,631.76	2,846,396,949.97
2. Net profit at terminational operation (Net losses are indicated by “-”)		
(II) Classification by attribution of ownership		
1. Net profit attributable to shareholders of the parent company	3,512,104,678.06	2,838,860,542.80
2. Profit or loss attributable to minority shareholders	-17,919,046.30	7,536,407.17
VI. Other comprehensive income (net of income tax)	-10,256,659.99	50,506,468.03
Other comprehensive income attributable to owners of the parent company (net of tax)	-10,256,659.99	50,506,468.03
(I) Other comprehensive income that cannot be reclassified into gains/losses	-6,719,404.72	3,419,879.00
1. Changes in remeasurement on the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into gains/losses under equity method		
3. Changes in fair value of other equity instrument investments	-6,719,404.72	3,419,879.00
4. Changes in fair value of credit risk of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into gains/losses	-3,537,255.27	47,086,589.03

1. Other comprehensive income that can be reclassified into gains/losses under equity method		5,371,371.90
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences from translation of foreign currency financial statements	-3,576,433.56	26,873,320.16
7. Others	39,178.29	14,841,896.97
Net amount after tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	3,483,928,971.77	2,896,903,418.00
Total comprehensive income attributable to owners of the parent company	3,501,848,018.07	2,889,367,010.83
Total comprehensive income attributable to minority shareholders	-17,919,046.30	7,536,407.17
VIII. Earnings per share (EPS)		
(I) Basic EPS	2.0046	1.6219
(II) Diluted EPS	2.0034	1.6207

As for business merger under the same control in the current period, the net profit generated by the merged party before the was yuan, and that generated during the previous period was yuan.

Legal representative: Lv Liang Officer in charge of accounting: Lv Liang Officer in charge of the Accounting Department: Qiu Renbo

4. Income statement of the parent company

Unit: yuan

Item	2024	2023
I. Total operating revenue	22,701,692,653.34	22,045,386,635.53
Less: Total operating cost	21,468,483,836.91	20,820,391,664.50
Taxes and surcharges	34,372,824.18	34,048,780.98
Sales expenses	563,448,468.46	650,742,977.03
Administrative expenses	201,553,978.00	225,726,564.80
R&D expenses		
Financial expenses	6,960,607.59	-48,770,456.27
Including: Interest expenses	79,164,895.14	46,882,329.40
Interests income	85,371,844.79	75,742,432.47
Add: Other income	12,712,621.78	18,760,191.87
Investment income (Losses are indicated by "-")	1,137,666,059.92	1,152,151,267.18
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise	57,997,379.26	-12,860,749.73
Gains on the derecognition of financial assets measured at amortized cost (Losses are indicated by "-")		

Gains on net exposure hedging (Losses are indicated by “-”)		
Gains from changes in fair values (Losses are indicated by “-”)		
Credit impairment losses (Losses are indicated by “-”)	-244,452,303.69	-146,582,684.69
Assets impairment losses (Losses are indicated by “-”)		
Asset disposal income (Losses are indicated by “-”)	2,112,197.50	3,563,127.07
II. Operating profit (Losses are indicated by “-”)	1,334,911,513.71	1,391,139,005.92
Add: Non-operating revenue	170,142.55	50,286.42
Minus: Non-operating expenses	29,837,635.14	6,496,080.94
III. Total profit (Total losses are indicated by “-”)	1,305,244,021.12	1,384,693,211.40
Minus: Income tax expense	127,358,963.15	119,023,884.42
IV. Net profit (Net losses are indicated by “”)	1,177,885,057.97	1,265,669,326.98
(I) Net profit from continuous operations (Net losses are indicated by “-”)	1,177,885,057.97	1,265,669,326.98
(II) Net profit from discontinued operations (Net losses are indicated by “”)		
V. Other comprehensive income, net of income tax		43.94
(I) Other comprehensive income that cannot be reclassified into gains/losses		43.94
1. Changes in remeasurement on the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into gains/losses under equity method		43.94
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into gains/losses		
1. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,177,885,057.97	1,265,669,370.92

VII. Earnings per share (EPS)		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated cash flow statement

Unit: yuan

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from the sale of goods and the rendering of services	43,401,956,267.80	43,564,701,238.84
Net increase in customer deposits and due from banks		
Net increase in borrowing from the central bank		
Net increase in borrowing from other financial institutions		
Cash from the premium of the original insurance policy		
Net cash from reinsurance		
Net increase in deposits and investment of the insured		
Cash from interests, handling fees and commissions		
Net increase in borrowing from other banks and other financial institutions		
Net increase in funds for repurchase		
Net cash received for buying and selling securities as proxy		
Receipts of tax refund	11,647,283.25	60,827,371.05
Other cash receipts in relation to operating activities	1,556,579,035.21	544,629,208.52
Subtotal of cash inflows from operating activities	44,970,182,586.26	44,170,157,818.41
Cash payments for goods purchased and services received	28,195,403,709.51	27,689,294,593.31
Net increase in customer loans and prepayments		
Net increase in deposits of central bank and due from banks		
Cash payments for original insurance claims		
Net increase in lending funds to other banks and other financial institutions		
Cash payments for interests, handling fees and commissions		
Cash payments for policy dividends		
Cash payments to and on behalf of employees	4,755,191,780.74	3,912,660,863.10
Payments of various types of taxes	2,574,487,192.25	2,612,807,407.43
Other cash payments in relation to operating activities	5,696,171,021.41	6,026,178,247.87

Subtotal of cash outflows for operating activities	41,221,253,703.91	40,240,941,111.71
Net cash flows from operating activities	3,748,928,882.35	3,929,216,706.70
II. Cash flows from investing activities		
Cash receipts from recovery of investments	1,000,000.00	2,085,916.63
Cash receipts from investment income	45,230,192.98	94,516,496.70
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	19,759,145.85	10,850,236.05
Net cash from disposal of subsidiaries and other business units		
Other cash receipts in relation to investing activities	261,016,721.64	136,030,146.40
Subtotal of cash inflows from investing activities	327,006,060.47	243,482,795.78
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets	1,727,864,860.12	1,606,618,467.79
Cash payments for investment	69,176,613.40	221,474,250.00
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units	461,958,981.61	162,367,804.50
Other cash payments in relation to investing activities	238,277,274.34	3,574,216.00
Subtotal of cash outflows for investing activities	2,497,277,729.47	1,994,034,738.29
Net cash flows from investing activities	-2,170,271,669.00	-1,750,551,942.51
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		35,625,300.00
Including: Cash receipts from capital contributions from minority owners of subsidiaries		25,000,000.00
Cash receipts from borrowing	4,559,775,187.36	4,662,018,278.15
Other cash receipts in relation to financing activities	690,739,328.24	401,726,192.50
Subtotal of cash inflows from financing activities	5,250,514,515.60	5,099,369,770.65
Cash repayments of borrowings	3,571,431,254.37	5,353,842,747.11
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,733,453,239.02	613,814,534.49
Including: Dividends and profits paid by subsidiaries to minority shareholders	31,275,554.96	19,599,647.35
Other cash payments in relation to financing activities	695,294,341.33	525,073,835.03
Subtotal of cash outflows for financing activities	6,000,178,834.72	6,492,731,116.63
Net cash flows from financing activities	-749,664,319.12	-1,393,361,345.98
IV. Impact of foreign exchange rate changes on cash and cash equivalents	-47,001,718.46	5,945,890.37
V. Net increase in cash and cash equivalents	781,991,175.77	791,249,308.58
Add: Opening balance of cash and cash equivalents	4,208,160,010.91	3,416,910,702.33

VI. Closing balance of cash and cash equivalents	4,990,151,186.68	4,208,160,010.91

6. Cash flow statement of the parent company

Unit: yuan

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from the sale of goods and the rendering of services	23,867,991,537.64	23,572,571,460.53
Receipts of tax refund		3,178,131.15
Other cash receipts in relation to operating activities	1,137,241,351.43	96,137,098.06
Subtotal of cash inflows from operating activities	25,005,232,889.07	23,671,886,689.74
Cash payments for goods purchased and services received	23,459,850,561.05	22,245,449,767.50
Cash payments to and on behalf of employees	337,972,950.15	313,589,350.89
Payments of various types of taxes	330,934,993.91	393,222,221.95
Other cash payments in relation to operating activities	1,385,309,995.99	529,329,348.56
Subtotal of cash outflows for operating activities	25,514,068,501.10	23,481,590,688.90
Net cash flows from operating activities	-508,835,612.03	190,296,000.84
II. Cash flows from investing activities		
Cash receipts from recovery of investments		20,914.50
Cash receipts from investment income	1,064,716,374.04	1,096,472,035.41
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	2,722,222.40	4,173,691.06
Net cash from disposal of subsidiaries and other business units		
Other cash receipts in relation to investing activities	1,433,678,028.27	2,176,393,914.80
Subtotal of cash inflows from investing activities	2,501,116,624.71	3,277,060,555.77
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets	110,849,881.62	24,448,648.76
Cash payments for investment	35,000,000.00	468,375,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments in relation to investing activities	2,546,728,071.36	2,793,998,540.00
Subtotal of cash outflows for investing activities	2,692,577,952.98	3,286,822,188.76
Net cash flows from investing activities	-191,461,328.27	-9,761,632.99
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		10,625,300.00
Cash receipts from borrowing	2,962,976,876.04	3,846,416,549.97
Other cash receipts in relation to financing activities	12,757,177,851.58	4,365,496,086.39
Subtotal of cash inflows from financing	15,720,154,727.62	8,222,537,936.36

activities		
Cash repayments of borrowings	2,217,976,876.04	3,852,457,799.76
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,661,513,723.84	531,097,864.52
Other cash payments in relation to financing activities	10,147,300,140.31	3,102,315,256.45
Subtotal of cash outflows for financing activities	14,026,790,740.19	7,485,870,920.73
Net cash flows from financing activities	1,693,363,987.43	736,667,015.63
IV. Impact of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	993,067,047.13	917,201,383.48
Add: Opening balance of cash and cash equivalents	2,946,999,653.10	2,029,798,269.62
VI. Closing balance of cash and cash equivalents	3,940,066,700.23	2,946,999,653.10

7. Consolidated statement of changes in owners' equity

Amount in the current period

Unit: yuan

Item	2024														
	Owners' equity attributable to the parent company													Minority interests	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Sub-total		
		Minority interest	Perpetual bond	Others											
I. Balance at the end of the period of the prior year	1,754,425,348.00				2,446,313,774.82	84,519,369.07	-40,341,544.18		1,277,779,972.18		15,693,951,574.91		21,047,609,756.66	534,654,969.44	21,582,264,726.10
Add: Changes in accounting polic															

ies															
Error correction in the prior periods															
Others															
II. Balance at the beginning of the period of the current year	1,754,425,348.00				2,446,313,774.82	84,519,369.07	-40,341,544.18		1,277,779,972.18		15,693,951,574.91		21,047,609,756.66	534,654,969.44	21,582,264,726.10
III. Amount of change in the current period (Decreases are indicated by "-")	-162,800.00				104,466,827.87	-37,715,252.40	-10,256,659.99		117,788,505.80		1,762,890,514.62		2,012,441,640.70	-30,951,454.68	1,981,490,186.02
(I) Total comprehensive income							-10,256,659.99				3,512,104,678.06		3,501,848,018.07	-17,919,046.30	3,483,928,971.77
Capital contribute	-162,800.00				16,838,377.99	-37,715,252.4							54,390,830.39	243,146.58	54,633,976.97

d by owners and capital decreases						0									
1. Common shares invested by owners	-162,800.00												-162,800.00		-162,800.00
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payment included in owners' equity					20,736,877.99								20,736,877.99	243,146.58	20,980,024.57
4. Others					-3,898,500.00	-37,715,252.40							33,816,752.40		33,816,752.40
Profi									117,		-		-	-	-

t distribution									788,505.80		1,749,214,163.44		1,631,425,657.64	13,275,549.96	1,644,701,212.60
1. Withdrawal of surplus reserve									117,788,505.80		-117,788,505.80				
2. Provision of general risk reserve															
3. Distribution to owners (or shareholders)											-1,631,425,657.64		-1,631,425,657.64	-13,275,549.96	-1,644,701,212.60
4. Others															
Internal conversion of owners' equity															
1. Capital (or share capital) increase from capital reser															

ve conversion															
2. Capital (or share capital) increase from surplus reserve conversion															
3. Recovery of losses by surplus reserve															
4. Retained earnings from transfer of changes in the defined benefit plan															
5. Retained earnings from trans															

fer of other com preh ensiv e inco me															
6. Othe rs															
Spec ial reser ve															
1. With draw al in the curre nt perio d															
2. Use in the curre nt perio d															
(VI) Othe rs					87,6 28,4 49.8 8								87,6 28,4 49.8 8		87,6 28,4 49.8 8
IV. Bala nce at the end of the curre nt perio d	1,75 4,26 2,54 8.00				2,55 0,78 0,60 2.69	46,8 04,1 16.6 7	- 50,5 98,2 04.1 7		1,39 5,56 8,47 7.98		17,4 56,8 42,0 89.5 3		23,0 60,0 51,3 97.3 6	503, 703, 514. 76	23,5 63,7 54,9 12.1 2

Amount in previous period

Unit: yuan

Item	2023												
	Owners' equity attributable to the parent company											Min ority	Total own
	Shar	Other equity	Capi	Min	Othe	Spec	Surp	Gene	Undi	Othe	Sub-		

	e capital	instruments			tal reserves	us: treasury stock	r comprehensive income	ial reserves	lus reserves	ral risk reserve	stributed profit	rs	total	interests	er's equity
		Minority interest	Perpetual bond	Others											
I. Balance at the end of the period of the prior year	1,753,995,348.00				2,377,887,246.39	104,645,000.00	-88,552,636.42		1,151,213,039.48		13,488,021,239.94		18,577,919,237.39	598,522,145.76	19,176,441,383.15
Add: Changes in accounting policies															
Error correction in the prior periods															
Others															
II. Balance at the beginning of the period of the current year	1,753,995,348.00				2,377,887,246.39	104,645,000.00	-88,552,636.42		1,151,213,039.48		13,488,021,239.94		18,577,919,237.39	598,522,145.76	19,176,441,383.15
III. Amo	430,000.				68,426,5	-20,1	48,211,0		126,566,		2,205,93		2,469,69	-63,8	2,405,82

unt of change in the current period (Decreases are indicated by "-")	00				28.43	25,630.93	92.24		932.70		0,334.97		0,519.27	67,176.32	3,342.95
(I) Total comprehensive income							50,506,468.03				2,838,860,542.80		2,889,367,010.83	7,536,407.17	2,896,903,418.00
(II) Capital contributed by owners and capital decreases	430,000.00				52,846,924.39	-20,125,630.93							73,402,555.32	28,420,557.81	101,823,113.13
1. Common shares invested by owners	430,000.00				10,195,300.00								10,625,300.00	28,060,000.00	38,685,300.00
2. Capital invested by holders of															

other equity instruments															
3. Amount of share-based payment included in owners' equity					42,651,624.39								42,651,624.39	360,557.81	43,012,182.20
4. Others						-20,125,630.93							20,125,630.93		20,125,630.93
(III) Profit distribution									126,566,932.70		-635,225,583.62		-508,658,650.92	-147,689,847.13	-656,348,498.05
1. Withdrawal of surplus reserve									126,566,932.70		-126,566,932.70				
2. Provision of general risk reserve															
3. Distribution to own											-508,658,650.92		-508,658,650.92	-147,680,000.00	-656,338,650.92

ers (or shareholders)															
4. Others														-9,847.13	-9,847.13
(IV) Internal conversion of owners' equity							-2,295,375.79				2,295,375.79		0.00		0.00
1. Capital (or share capital) increase from capital reserve conversion															
2. Capital (or share capital) increase from surplus reserve conversion															
3. Recovery of															

losses by surplus reserve															
4. Retained earnings from transfer of changes in the defined benefit plan															
5. Retained earnings from transfer of other comprehensive income							-2,295,375.79				2,295,375.79		0.00		0.00
6. Others															
(V) Special reserve															
1. Withdrawal in the current perio															

d															
2. Use in the current period															
(VI) Others					15,579,604.04								15,579,604.04	47,865,705.83	63,445,309.87
IV. Balance at the end of the current period	1,754,425,348.00				2,446,313,774.82	84,519,369.07	-40,341,544.18		1,277,779,972.18		15,693,951,574.91		21,047,609,756.66	534,654,969.44	21,582,264,726.10

8. Statement of changes in owners' equity of the parent company

Amount in the current period

Unit: yuan

Item	2024											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total owner's equity
		Minority interest	Perpetual bond	Others								
I. Balance at the end of the period of the prior year	1,754,425,348.00				2,329,361,969.66	84,519,369.07			1,355,635,731.62	6,629,739,641.30		11,984,643,321.51
Add: Changes in accounting policies												

Error correction in the prior periods												
Others												
II. Balance at the beginning of the period of the current year	1,754,425,348.00				2,329,361,969.66	84,519,369.07			1,355,635,731.62	6,629,739,641.30		11,984,643,321.51
III. Amount of change in the current period (Decreases are indicated by "-")	-162,800.00				17,081,524.56	-37,715,252.40			117,788,505.80	-571,329,105.47		-398,906,622.71
(I) Total comprehensive income										1,177,885,057.97		1,177,885,057.97
(II) Capital contributed by owners and capital decreases	-162,800.00				17,081,524.56	-37,715,252.40						54,633,976.96
1. Common shares invested by owners	-162,800.00											-162,800.00

2. Capital invested by holders of other equity instruments												
3. Amount of share-based payment included in owners' equity					20,980,024.56							20,980,024.56
4. Others					-3,898,500.00	-37,715,252.40						33,816,752.40
(III) Profit distribution									117,788,505.80	-1,749,214,163.44		-1,631,425,657.64
1. Withdrawal of surplus reserve									117,788,505.80	-117,788,505.80		
2. Distribution to owners (or shareholders)										-1,631,425,657.64		-1,631,425,657.64
3. Others												
(IV) Internal conversion of owners' equity												
1.												

Capital (or share capital) increase from capital reserve conversion												
2. Capital (or share capital) increase from surplus reserve conversion												
3. Recovery of losses by surplus reserve												
4. Retained earnings from transfer of changes in the defined benefit plan												
5. Retained earnings from transfer of other comprehensive												

income												
6. Others												
(V) Special reserve												
1. Withdrawal in the current period												
2. Use in the current period												
(VI) Others												
IV. Balance at the end of the current period	1,754,262,548.00				2,346,443,494.22	46,804,116.67			1,473,424,237.42	6,058,410,535.83		11,585,736,698.80

Amount in previous period

Unit: yuan

Item	2023											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total owner's equity
		Minority interest	Perpetual bond	Others								
I. Balance at the end of the period of the prior year	1,753,995,348.00				2,276,383,543.02	104,645,000.00	-129,129.44		1,229,068,798.92	5,999,424,983.44		11,154,098,543.94
Add: Changes in accounting policies												
Error												

correction in the prior periods												
Others												
II. Balance at the beginning of the period of the current year	1,753,995,348.00				2,276,383,543.02	104,645,000.00	-129,129.44		1,229,068,798.92	5,999,424,983.44		11,154,098,543.94
III. Amount of change in the current period (Decreases are indicated by "-")	430,000.00				52,978,426.64	-20,125,630.93	129,129.44		126,566,932.70	630,314,657.86		830,544,777.57
(I) Total comprehensive income							43.94			1,265,669,326.98		1,265,669,370.92
(II) Capital contributed by owners and capital decreases	430,000.00				53,207,482.20	-20,125,630.93						73,763,113.13
1. Common shares invested by owners	430,000.00				10,195,300.00							10,625,300.00
2.												

Capital invested by holders of other equity instruments												
3. Amount of share-based payment included in owners' equity					43,012,182.20							43,012,182.20
4. Others						-20,125,630.93						20,125,630.93
(III) Profit distribution									126,566,932.70	-635,225,583.62		-508,658,650.92
1. Withdrawal of surplus reserve									126,566,932.70	-126,566,932.70		
2. Distribution to owners (or shareholders)										-508,658,650.92		-508,658,650.92
3. Others												
(IV) Internal conversion of owners' equity							129,085.50			-129,085.50		
1. Capital												

(or share capital) increase from capital reserve conversion												
2. Capital (or share capital) increase from surplus reserve conversion												
3. Recovery of losses by surplus reserve												
4. Retained earnings from transfer of changes in the defined benefit plan												
5. Retained earnings from transfer of other comprehensive incom							129,085.50			-129,085.50		

e												
6. Others												
(V) Special reserve												
1. Withdrawal in the current period												
2. Use in the current period												
(VI) Others					-229,055.56							-229,055.56
IV. Balance at the end of the current period	1,754,425,348.00				2,329,361,969.66	84,519,369.07			1,355,635,731.62	6,629,739,641.30		11,984,643,321.51