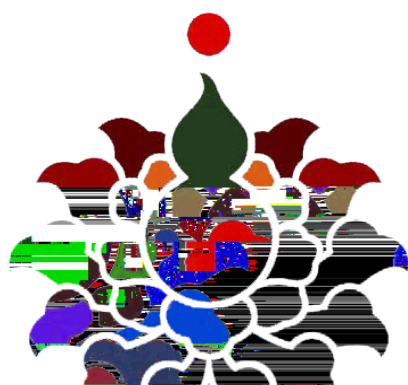




Yunnan Baiyao Group Co., Ltd.

Annual Report 2024

March 2025

Section I Important Notes, Contents, and Definitions

The Board of Directors (the “Board”), the Supervisory Committee and the directors, supervisors and senior management of the Company confirm the truthfulness, accuracy and completeness of the contents of this Annual Report and there are no misrepresentations, misleading statements or material omissions from this Annual Report, and they accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

Mr. Dong Ming, the person in charge of the Company, Mr. Ma Jia, the accounting officer, and Ms. Xu Jing, the head of accounting center (accounting supervisor), hereby declare that they warrant the truthfulness, accuracy, and completeness of the financial statements in this Annual Report.

All directors of the Company attended the Board meeting in respect of considering and approving this Annual Report.

The Company kindly requests investors to read through this Annual Report and pay special attention to “XI. Outlook of the Company” in the “Section III Management Discussion and Analysis.” This part does not constitute our substantial commitments to investors. Investors are advised to pay attention to investment risks.

The profit distribution plan considered and approved by the Board of Directors is as follows: Based on the total share capital of the Company of 1,784,262,603 shares at the end of 2024, a cash dividend of RMB 11.85 (tax inclusive) for every 10 shares will be paid to all shareholders, with no bonus shares issued (tax inclusive), and no capital reserve to increase the share capital. At the same time, the Company

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Documents Available for Inspection

(I) Financial statements affixed with the signatures and stamps of the person in charge of the Company, the accounting officer, and the general manager of Financial Management Department;

(II) Originals of the audit report containing the stamps of the external accounting firm and the signatures and stamps of the registered accountants;

(III) Originals of all the Company's documents and announcements publicly disclosed on the , , , and <http://www.cninfo.com.cn> during the reporting period;

(IV) Other related materials.

Definitions

Term	Definitions
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SASAC of Yunnan Province	State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government
The Company or Yunnan Baiyao	Yunnan Baiyao Group Co., Ltd.
New Huadu	New Huadu Industrial Group Co., Ltd.
State-owned Equity Management Company	Yunnan State-owned Equity Operation Management Co., Ltd.
Yunnan Hehe	Yunnan Hehe (Group) Co., Ltd.
Jiangsu Yuyue	Jiangsu Yuyue Science & Technology Development Co., Ltd.
Baiyao Holdings	Yunnan Baiyao Holdings Co., Ltd.
YNBY International or Ban Loong Holdings	YNBY International Limited (Formerly Ban Loong Holdings Limited)
Shanghai Pharma	Shanghai Pharmaceuticals Holding Co., Ltd.
Mixed ownership reform	Baiyao Holdings, former controlling shareholder of Yunnan Baiyao, introduced strategic investors New Huadu and Jiangsu Yuyue by capital increase
Merger and overall listing	A transaction that Yunan Baiyao merged with Baiyao Holdings by issuing shares to all shareholders of Baiyao Holdings, including SASAC of Yunnan Province, New Huadu and Jiangsu Yuyue
Health Products Company	Yunnan Baiyao Group Health Products Co., Ltd.
Yunnan Pharma	Yunnan Pharmaceutical Co., Ltd.
CEO	Chief Executive Officer
IP	Intellectual Property
ESG	Environmental, Social and Governance
NMPA	National Medical Products Administration
AI	Artificial Intelligence
OTC	Over-the-counter drug
Reporting period	The period from January 1, 2024 to December 31, 2024
RMB, RMB'0,000, RMB'00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi

Section II Company Profile and Key Financial Indicators

I. Company Profile

Stock Abbreviation	Yunnan Baiyao	Stock Code	000538
Stock Abbreviation before Change (if any)		None	
Stock Exchange		Shenzhen Stock Exchange	
Company Name in Chinese			

Location where the Company prepares and places its Annual Report	Company Archives Room
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IV. Changes in Registration

Unified Social Credit Code	9153000021652214XX
Changes in the principal businesses of the Company since it was listed (if any)	None
Changes in the Company's controlling shareholders (if any)	1997: Yunnan Pharmaceutical Corporation 1999: Yunnan Pharmaceutical Group Co., Ltd. 2003: Yunnan Yunyao Co., Ltd. 2010: Yunnan Baiyao Holdings Co., Ltd ("Baiyao Holdings") In 2017, Baiyao Holdings was the controlling shareholder but the Company had no de facto controller. In 2019, after the cancellation of the Company's shares held by Baiyao Holdings, the Company had no controlling shareholders and no de facto controller.

V. Other Information

The accounting firm engaged by the Company

Name of the accounting firm	Mazars Certified Public Accountants (SGP)
Office address of the accounting firm	2-9/F, No. 169, Donghu Road, Wuchang District, Wuhan, Hubei Province
Name of signing accountants	Fang Ziwei, Yang Yanling

The sponsor engaged by the Company to perform continuous supervision duties during the reporting period

☐ Applicable ☒ Not applicable

The financial advisor engaged by the Company to perform continuous supervision duties during the reporting period

☐ Applicable ☒ Not applicable

VI. Key Accounting Data and Financial Indicators

Whether the Company needs retroactive adjustment or restatement of accounting data in prior years or not

☐ Yes ☒ No

	2024	2023	Increase/decrease compared to the previous year	2022
Operating revenue (RMB)	40,033,300,814.72	39,111,292,156.00	2.36%	36,488,372,649.73
Net profit attributable to shareholders of the listed company (RMB)	4,749,415,499.55	4,093,782,074.02	16.02%	3,001,125,887.45
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (RMB)	4,523,057,538.23	3,763,605,361.07	20.18%	3,232,024,514.64
Net cash flows from operating activities (RMB)	4,297,003,142.27	3,502,742,348.02	22.68%	3,209,410,032.57
Basic earnings per share (RMB/share)	2.66	2.29	16.16%	1.90

Diluted earnings per share (RMB/share)	2.66	2.29	16.16%	1.90
Weighted average ROE	11.99%	10.51%	Up 1.48 percentage points	7.87%
	End of 2024	End of 2023	Increase/decrease compared to the end of the previous year	End of 2022
Total assets (RMB)	52,914,181,333.05	53,784,293,183.93	-1.62%	53,320,943,868.74
Net assets attributable to shareholders of the listed company (RMB)	38,831,946,424.51	39,879,122,031.51	-2.63%	38,503,673,731.86

The lower of the Company's net profits before and after deducting non-recurring profits and losses in the latest three accounting years are all negative, and the Company's audit report for the previous year shows uncertainties in the Company's ability to continue as a going concern

☐ Yes ☒ No

The lower of the Company's net profits before and after deducting non-recurring profits and losses is negative

☐ Yes ☒ No

Total share capital of the Company as at the trading day prior to the disclosure:

Total share capital of the Company as at the trading day prior to the disclosure (shares)	1,784,262,603.00
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Fully diluted earnings per share calculated based on the latest share capital:

Preferred share dividend paid	0.00
Perpetual bond interest paid (RMB)	0.00
Fully diluted earnings per share calculated based on the latest share capital (RMB/share)	2.6618

VII. Differences in Accounting Data under Chinese Accounting Standards (CAS) and Overseas Accounting Standards

1. Differences in the net profits and net assets in financial statements disclosed respectively under International Financial Reporting Standards (IFRS) and CAS

☐ Applicable ☒ Not applicable

During the reporting period, there was no difference in net profits and net assets in financial statements disclosed respectively under IFRS and CAS.

2. Differences in the net profit and net assets in financial statements disclosed respectively under overseas accounting standards and CAS

☐ Applicable ☒ Not applicable

During the reporting period, there was no difference in the net profits and assets in financial statements disclosed respectively under overseas accounting standards and CAS.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	10,774,290,921.49	9,680,995,366.03	9,459,868,782.32	10,118,145,744.88
Net profit attributable to shareholders of the listed company	1,701,931,446.00	1,486,898,457.10	1,137,898,164.95	422,687,431.50
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	1,690,411,601.12	1,444,603,739.81	1,129,859,005.45	258,183,191.85
Net cash flows from operating activities	527,059,804.98	2,734,557,587.01	811,521,353.35	223,864,396.93

Whether there is any significant difference between any of the above-mentioned financial indicator or their total number and those disclosed in the Company's any quarterly statements or interim statements

☐ Yes ☒ No

IX. Non-recurring Profits and Losses and their Amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount in 2024	Amount in 2023	Amount in 2022	Remarks
Profits and losses from disposal of non-current assets (including the write-offs for the accrued impairment of assets)	2,527,905.42	110,477,911.97	-62,684,387.81	
Government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company in line with national policies and received by a determined standard, with a continuous impact on the Company's profits and losses)	84,203,749.10	75,375,220.16	99,898,358.75	
Profits and losses from changes in fair value of financial assets and liabilities held for trading by non-financial enterprises, and from disposal of such financial assets and liabilities, except for effective hedging operations related to regular businesses of the Company	150,994,732.81	199,779,795.08	-403,800,800.93	
Profits and losses arising from entrusted investment or asset management	6,589,832.78	3,146,335.87		
Reversal of impairment provision of accounts receivable subject to individual impairment test	1,738,612.00			
Profits and losses arising from contingencies unrelated to regular businesses of the Company			4,190,474.35	
Non-operating revenue and expenses other than the above	-28,939,412.06	-1,919,286.26	3,035,335.64	
Other profits and losses satisfying the definition of non-recurring profits and losses	47,186,324.01	41,588,740.24	80,566,869.79	
Less: Amount affected by the income tax	37,938,914.49	69,955,013.92	-48,913,488.78	
Amount affected by minority interests (after tax)	4,868.25	28,316,990.19	1,017,965.76	
Total	226,357,961.32	330,176,712.95	-230,898,627.19	--

Other profits and losses satisfying the definition of non-recurring profits and losses:

☒ Applicable ☐ Not applicable

Other non-recurring profits and losses that meet the definition of non-recurring profits and losses mainly include other non-recurring profits and losses such as interest on fixed deposits and value added tax credit.

Note for the definition of non-recurring profits and losses set out in the

, as recurring profits and losses

☐Applicable ☒Not applicable

The Company does not define any non-recurring profits and losses set out in the
as recurring profits and losses.

Section III Management Discussion and Analysis

I. Industry Landscape of the Company during the Reporting Period

(I) Industry landscape and development trends

In 2024, as the reform of the pharmaceutical and healthcare system deepens and the industry undergoes transformation and upgrading, China's pharmaceutical and healthcare sector has entered a critical period of change and adjustment. Due to the combined impact of many factors, the pharmaceutical and healthcare sector is experiencing slow growth. According to the China Pharmaceutical Enterprises Association, pharmaceutical industrial enterprises above designated size achieved flat year-on-year revenue in 2024, while profits decreased by 0.9% year on year. Driven by policy support, technological innovation and market demand, the pharmaceutical industry faces both opportunities and challenges. In terms of demand, on one hand, the accelerating aging of the population has led to an increased need for the diagnosis and treatment of chronic diseases, driving the expansion of both the medical services and pharmaceutical markets. At the same time, public recognition of traditional Chinese medicine (TCM) continues to rise, with TCM consumption scenarios extending into daily healthcare, driving continuous market growth. On the other hand, with the rising health consciousness, people are placing higher demands on the accessibility, safety, cost-effectiveness, and personalization of medical resources. In terms of supply, scientific and technological innovation continues to empower medicine and health. The application of artificial intelligence (AI), information technology, and other fields in TCM is continuously expanding, providing new opportunities for the innovative development of TCM. With the continued implementation of policies such as healthcare insurance and centralized procurement, pharmaceutical products need to further focus on clinical value to better meet the demands of modern society. Pharmaceutical companies are facing more challenges in quality management, innovation and R&D, and cost control. In terms of channels, there have been structural changes in the online and offline sales channels for pharmaceutical and healthcare products. Online channels continue to expand, with the exploration of "patient-centered" multi-models and scenarios emerging as a new trend. As the trend of offline retail chain and centralization is becoming more evident, retail channels differentiate themselves through more professional and meticulous services. With the regionally balanced deployment of high-quality medical resources, pharmaceutical products and services are extending further into grassroots areas, benefiting a wider range of patients.

China attaches great importance to the development of TCM, continuously improving the mechanism for both the inheritance and innovation of TCM, and promoting the high-quality development of the TCM industry. In 2024,

several national ministries and commissions jointly issued the

, stating that it is necessary to adhere to the inheritance and innovation, and promote the integration of TCM into production and life. The General Office of the State Council issued the

, proposing to promote the development of TCM inheritance and innovation, and support the entire industrial chain deployment of the leading enterprises in the TCM industry. The National Administration of Traditional Chinese Medicine issued the

to provide strong support for promoting the modernization and industrialization of TCM and the high-quality development of TCM. The

was issued with the aim of utilizing digital technology to empower the high-quality development of TCM. With the introduction of various policies, the TCM industry continues to move toward greater standardization. The leading enterprises in the TCM industry have accelerated the deployment across the industrial chain, further integrating the industry resources and accelerating the pace of industrial upgrading.

In the “Big Health (holistic wellness)” industry, affected by macroeconomic fluctuations, ongoing economic structural adjustments, and other factors, consumer decision-making has become more cautious, and the consumer sector is facing increasing pressure. In 2024, the total retail sales of consumer goods for the year grew by 3.5% compared to the previous year, a slowdown from the 7.2% growth in 2023 (Source: National Bureau of Statistics). The overall performance of the consumer market has led to numerous challenges for the development of the “Big Health” industry. In addition to the demand for traditional medical services and medicines, there has been a diversified growth in the demand for health management, rehabilitation, physiotherapy, and healthcare services. The relevance of TCM to health management has been further reinforced, and consumers are increasingly seeking better ingredients, quality, and efficacy in “Big Health” products. In terms of channels, there is a clear trend toward the integration of online and offline platforms. Emerging channels such as social e-commerce and interest-based e-commerce have become crucial avenues for sales conversion, while offline chain channels are shifting focus toward disease prevention, health education, and health management. The penetration of health consumption demand into sub-county areas has created new growth opportunities for the industry.

Based on the development trends in TCM and the “Big Health” industry across such aspects as demand, supply, and segmentation, pharmaceutical and “Big Health” enterprises must align with these trends and enhance their competitiveness through strategies such as R&D and innovation, product upgrading, management optimization, market expansion, thus achieving high-quality development.

(II) Industry position

The Central Committee of the Communist Party of China and the State Council attach great importance to the development of TCM, positioning the inheritance and innovation of TCM as an important aspect of the socialist cause with Chinese characteristics in the new era. The report to the 20th National Congress of the Communist Party of China has explicitly stated that we should “promote the inheritance and innovation of TCM.” The Yunnan Provincial Committee of the Communist Party of China and the provincial government place great emphasis on the development of the TCM industry, positioning the TCM industry as the key focus for developing agriculture of Yunnan plateau characteristics and an important part of the growth of “resource-driven economy.” The

outlines the goal of building industrial clusters with Yunnan Baiyao Group serving as the “chain leader” to expand and strengthen the TCM industry.

Yunnan Baiyao has always been committed to the inheritance and innovation of TCM, continuously exploring the intrinsic potential of traditional medicinal products, and promoting the integration of TCM into modern life. The Company continuously injects new vitality into its brand and products, forming a product portfolio with 40 categories and 416 varieties. In the pharmaceutical products domain, Yunnan Baiyao holds 567 drug approval numbers and 316 product varieties, including 222 types of Chinese patent medicines, 43 of which are exclusive varieties. The Company started with the century-old Yunnan Baiyao powder as its foundation and has gradually created a series of core pharmaceutical products in the field of musculoskeletal and minor wound care, covering all kinds of product forms such as aerosols, plasters, tinctures and woundplaster, and has formed a competitive matrix of branded TCM in the areas of cold and anti-inflammatory, gastrointestinal digestion, cardiovascular medicines, and gynecological and pediatric medicines. In the field of health products, combining traditional Yunnan Baiyao products with oral care products, we have successfully created a group of oral care products, with the flagship product of Yunnan Baiyao Toothpaste, which has become a classic case of cross-sector innovation and reshaping of consumption by TCM enterprises. Based on the pharmaceutical science and technology, and drawing on the essence of natural plants, we have successfully created the scalp health care brand “Yangyuanqing.” Leveraging its successful development in pharmaceutical and health product sectors, the Company has expanded its business footprint into various domains, including natural medicine, TCM decoction pieces, special medicines, medical devices, personal care products, and healthcare food. This move enables the Company’s evolution from a TCM manufacturing enterprise to a modern, Big Health-oriented entity. In 2024, Yunnan Baiyao continued to maintain its market leadership in multiple business sectors. The Company’s core product, Yunnan Baiyao Aerosol, holds a 91.8% market share in the retail market for topical aerosols of Chinese patent medicine used for joint and muscle pain in the musculoskeletal system, ranking first in the market. Yunnan Baiyao Woundplaster account for 72.4% of the retail market share in the external hemostatic (including medicated) woundplaster

segment, also ranking first in the market. Yunnan Baiyao (Powder) holds a 14.9% retail market share in the full-body Chinese patent medicine for bone injuries in the musculoskeletal system, ranking first in the market (Source: Sinohealth CHIS). Yunnan Baiyao Toothpaste continues to maintain the No.1 market share in the Chinese full-channel market in 2024 (Source: Nielsen Retail Data IQ 202412).

In 2024, Yunnan Baiyao was selected as one of the top 25 companies in the

published by

Brand Finance, an international authoritative brand value consulting company, and once again ranked No.5 in the

. Yunnan Baiyao was also listed on the

published by Fortune China for the 15th consecutive year, ranking 385th; and was ranked 33rd in the

by

in US.

TCM production, research and marketing integrated digital intelligence platform + 1 new specialized market for TCM materials at the origin + multi-dimensional synergies,” so as to support “excellent TCM products” by “excellent Yunnan TCM resources.”

Yunnan Pharma remains steadfast in pursuit of maintaining its leading market share among pharmaceutical distribution companies in Yunnan Province. It has achieved full coverage in all 16 prefectures and cities of Yunnan Province, with its channels radiating across major retail chain pharmacies. It also assists governments and medical institutions in building better management and service systems, providing high-quality and modern pharmaceutical supply chain service solutions for upstream and downstream customers.

(II) Business model

1. Transformation from a Chinese leading TCM enterprise to a “Chinese leading, world-class” modern pharmaceutical industry group

As a “chain leader,” the Company is committed to promoting coordinated development across the industrial chain, refining its focus on core areas, expanding the leadership of advantageous products, and accelerating the construction of the industrial system. Centered on the principles of “strengthening principal businesses, stabilizing growth, and ensuring sustainability,” we aim to create a comprehensive industrial chain for Yunnan-branded TCM materials. We will focus on expanding the long-term potential of pharmaceuticals, health products, TCM resources, and commercial logistics, thus achieving self-driven leapfrog development. In addition, based on the development strategy, the Company will scientifically validate and rapidly promote the Group’s internationalization strategy, and fully leverage the synergistic and promotional effects of “two markets” and “two resources” at home and abroad, focusing on expanding the reach of TCM products abroad, creating new growth opportunities for health products, and integrating international resources for the development of innovative medicines, so as to drive our sustained high-quality development through internationalization, and support the transformation of Yunnan Baiyao from a Chinese leading TCM enterprise to a “Chinese leading, world-class” modern pharmaceutical industry group.

2. Transformation of the development model from “endogenous growth” to “intensive and extensive growth”

The Company adopts a two-pronged growth strategy as the main growth model that combines internal efficiency improvement (“intensive growth”) with external market expansion (“extensive growth”). “Intensive growth” focuses on tapping potential and increasing efficiency to stabilize the fundamental base. It concentrates on the development foundations of the pharmaceutical, health, and distribution industries. Following the approach of maximizing overall benefits, it aims for systematic improvement and optimization across the industrial chain, value chain, and production factors, continuously promoting the high-quality development of the Company’s principal businesses. “Extensive

growth” emphasizes foresight and insight. Based on the overall strategic requirements and orientation, we actively explore strategic mergers and acquisitions, strategic cooperation and other models to complement and strengthen the existing industrial segments, and quickly break through the existing growth bottlenecks. This dual approach enables the Company to build a healthy and sustainable industrial portfolio system, and achieve high-quality and sustainable development.

3. Transformation from training internal talents to the model of “training internal talents + introducing external talents”

The Company believes in the pivotal role of talent in driving its development. It has established a systematic and scientific training system that offers diverse career development pathways, fostering both specialized knowledge and comprehensive skills, with the mutual development of talents and the Company as the objective. The Company concentrates its superior resources and actively introduces high-level professionals from multiple fields, including drug R&D, digital construction, and strategic investment. It continues to enhance its business capabilities in multiple dimensions, such as innovative R&D, lean operations, and investment and mergers & acquisitions. By nurturing internal talents, actively recruiting external experts, and fully utilizing its organizational environment for talent development and market resources, the Company strives to build a high-quality talent pool aligned with its future growth requirements.

4. Transformation from a traditional manufacturing enterprise to a smart enterprise based on digital operations

The Company is committed to building a digital driving force and actively seeking transformation to digital operations with a strong customer-centric approach to enhance customer value and experience. By leveraging cutting-edge digital technologies such as cloud computing, big data, AI, 5G, and the Internet of Things, the Company drives innovation and development. The Company also seeks for transformation from a function-oriented process to a process that connects customer scenarios to drive the Company’s management change and organizational development. Also, the Company is moving beyond a unified “data base” and governance strategy to build a data-driven intelligent decision-making system “based on facts.”

III. Analysis on Core Competitiveness

(I) Brand strength

Yunnan Baiyao is a well-established Chinese heritage brand with a history of over 123 years. Centered around the Yunnan Baiyao brand, the Company has expanded from a pharmaceutical brand into a multi-brand ecosystem

covering personal healthcare products, crude drugs, and “Big Health” products. We have built a diverse portfolio of brands and continuously expanded our reach to target audiences, enhancing our brand value over the long term. The Company has been consistently listed in the brand value rankings of internationally authoritative organizations. During the reporting period, it was selected as one of the top 25 companies in the

published by Brand

Finance, ranked 33rd in the by in US,

ranked 45th in the published by Interbrand, and ranked 71st in the

list and 1st in the healthcare industry, etc.

(II) Full industrial chain advantage

In terms of TCM resources, we will further uphold our responsibilities as a chain leader, based on the strategic positioning of “the ‘chain leader’ with high-quality development of Yunnan TCM resources.” Relying on the authentic medicinal resources and location advantages of Yunnan Province, we will leverage Yunnan Baiyao’s accumulated expertise in technology, brand, channel, capital and talent, as well as the demonstration, leading and driving role of the leading enterprise in industrial development. We have built a digitalized industrial chain ecosystem for TCM materials with the model of “1+1+N,” which consists of “1 TCM production, research and marketing integrated digital intelligence platform + 1 new specialized market for TCM materials at the origin + multi-dimensional synergies,” to promote the standardization, scaling, branding and digitalization of the TCM industry and transform resource advantages into industrial competitive advantages and long-term sustainable development advantages, so as to support “excellent TCM products” by “excellent Yunnan TCM resources.”

Driven by its long-term and continuous investment in key strategic varieties of TCM materials, the Company has achieved a complete and closed-loop industrial chain from seed selection and cultivation to production and processing. This has established a robust supply system for strategic medicinal materials, effectively ensuring the quality stability of TCM raw materials and controlling the price fluctuations of strategic TCM raw materials. This system has laid the groundwork for the long-term and sustainable development of Yunnan Baiyao.

(III) Continuous innovation capability

Yunnan Baiyao consistently meets the rapidly evolving and upgrading consumer demand through continuous innovation. The Company is committed to integrating TCM into modern life through the consumer-centered “customer-oriented innovation,” “social innovation” based on government-industry-academia-research-medicine collaboration and “digital innovation” powered by advanced technologies such as AI, big data, and cloud computing.” We have evolved from a single hemostatic product to a vast Yunnan Baiyao industrial group, covering various sectors

of the health industry, and created classic examples of innovation and the integration of TCM products into daily life, such as “Yunnan Baiyao Woundplaster” and “Yunnan Baiyao Toothpaste.”

Looking ahead, the Company will continue to enhance its innovation capabilities by continuously improving the level of R&D and promoting digital and intelligent reform. We have set up more than 10 national and provincial scientific research platforms and R&D centers with many research institutions and universities, focusing on the field of medicine, strengthening the introduction of talents, scientific research and cooperation and exchanges, and enhancing collaboration between basic and clinical research to truly achieve the effective transformation of research achievements into cross-disciplinary innovation and development. The Company has positioned “AI+Medicine” as the core direction of its strategic transformation, deeply integrating advanced technologies such as AI, big data and cloud computing into planting, processing, R&D, production, marketing and other aspects, accelerating the transformation of digital intelligence, and focusing on the modernization of TCM and the intelligent upgrading of health products.

(IV) Talent team strengths

The Company has established a long-term mechanism for talent security to deepen the market-oriented selection and employment mechanism, improve the mechanisms for talent introduction, training, and selection, and foster an environment conducive to the growth of its talent pool. By focusing on both internal team development and the continuous external introduction of outstanding talents, we have built management teams with high professionalism and strong market awareness across business areas. The Company is committed to enhancing the specialization, professionalism, and market orientation of its cadre and talent teams, continuously optimizing their professional and knowledge structures to create a supportive environment for talent growth, and enhance the loyalty, contribution and sense of fulfillment among our talents. The Company continually refines its efficient incentive mechanism based on its strategic goals, and gives priority to those who have made significant contributions, as well as key front-line positions in emerging industries, R&D, innovation, reform, and other critical areas when allocating resources, to maximize the enthusiasm and creativity of cadres and employees, promote the Company towards high-quality development, and lay a strong foundation for achieving win-win cooperation among all stakeholders.

(V) Channel advantages

In terms of pharmaceuticals, the Company has built a marketing network covering medical institutions and retail pharmacies across various provinces, regions, counties, and towns in China. In the advantageous over-the-counter (“OTC”) channels, we have nationwide coverage, serving 5,000 top-tier chains and reaching over 400,000 retail stores. Especially in areas with well-developed chain pharmacies such as East China, Hunan Province, Hubei Province, and

Yunnan Province, the Company has achieved the high coverage, the penetration rate, and strong market control capabilities, and implemented the special marketing cooperation under the principle of “One Province, One Strategy” or even “One Chain Store, One Strategy.” The Company also has conducted extensive cooperation with major e-commerce platforms such as Alibaba, JD.com, and Douyin, for expansion of online OTC sales channels, and achieved efficient reach to modern consumers by virtue of customized digital marketing.

Regarding health products, Yunnan Baiyao has established a comprehensive nationwide sales team dedicated to Big Health products, covering all terminals. Yunnan Baiyao Toothpaste continues to maintain a leading market share in China with a high brand penetration in the oral product category. Through ongoing optimization of its full chain channels, the Company has not only strengthened its position in traditional offline channels but also experienced significant growth in emerging business models such as on-demand retail, community group purchases, and interest-based e-commerce. This demonstrates the Company’s willingness to experiment and adapt, taking measured steps forward and learning from any mistakes along the way, all of which enhance its ability to quickly respond to evolving business trends. Such channel advantages have driven significantly enhancement to Yunnan Baiyao’s market competitiveness, laying the foundation for the Company to continuously commercialize new products.

IV. Analysis on Principal Businesses

1. Overview

(I) Overview of business data

In 2024, the Company overcame the challenges posed by significant changes in the external environment and focused on the core pharmaceutical business. Through excellent operation across the industrial chain, value chain, and production factors, the Company maintained strong growth. During the reporting period, the Company achieved an operating revenue of RMB 40.033 billion, a 2.36% increase compared to the same period last year; net profit attributable to the parent company was RMB 4.749 billion, a 16.02% year-on-year increase from RMB 4.094 billion; and net profit attributable to the parent company after deducting non-recurring profits and losses was RMB 4.523 billion, a 20.18% increase compared to RMB 3.764 billion last year, setting a new historical high.

In terms of growth quality, the Company generated net operating cash flow of RMB 4.297 billion, a 22.68% increase compared to the same period last year; the weighted average return on net assets was 11.99%, an increase of 1.48 percentage points from the previous year; and basic earnings per share were RMB 2.66, a 16.16% increase compared to last year. Meanwhile, the Company’s business structure continued to optimize. The proportion of

industrial revenue in total operating revenue has further increased to 36.14%, with the growth rate of industrial revenue reaching 5.30%. The gross margin of the industrial business is 65.93%, which is 1.69 percentage points higher than the same period of the previous year. The Company's efforts to improve quality and efficiency were effective, with sales expenses decreasing by 2.26% and management expenses decreasing by 1.98% compared to the previous year.

The Company continued to maintain a healthy asset structure. At the end of the reporting period, the Company had total assets of RMB 52.914 billion, net assets attributable to the shareholders of the listed Company amounted to RMB 38.832 billion, the asset-liability ratio was 26.55%, and the cash and bank balance stood at RMB 10.888 billion.

(II) Review of the main work and prospects

(1) Breakthroughs in organizational capacity building under the leadership in Party building and strategic orientation

1) Fully leveraging the leadership in Party building to promote high-quality development of the Company

During the reporting period, the Company adhered to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, firmly embracing the concept of "Leadership in Party building driving the convergence of development momentum." The Company emphasized strengthening leadership in Party building, focusing on deepening "integration and inclusion," uniting and leading all employees to raise their positions, strengthen confidence, and take responsibilities, thus promoting stable development. Efforts were made to enhance grassroots organizational strength, optimize organizational structure and personnel allocation, and ensure that grassroots Party organizations have tangible, effective, and comprehensive coverage. The Company also focused on strengthening system support and built a responsibility implementation system, a Party-building institutional guarantee system, a "list-based" target task implementation system, and a "multi-dimensional integration" evaluation and assessment system.

2) Implementing strategic orientation with high standards to ensure efficient execution of the principal businesses

Strategic goals focus on implementation, necessitating both the "attitude and capabilities" to consistently drive progress and foster a strong commitment to the strategy. In March 2024, the Company's Board of Directors considered and approved the . Based on clear strategic positioning, Yunnan Baiyao further concentrated on its core "pharmaceutical" foundation in 2024, focusing on four key business areas: pharmaceuticals, TCM resources, health products, and pharmaceutical distribution. The Company continued to focus on its principal businesses, tap potential and enhance efficiency. While persistently advancing its principal business focus and improvement in quality and efficiency, the Company continuously refined and improved the , taking into account internal development foundation and external industry dynamics. In December 2024, the Board of

Directors considered and approved the _____ as the guiding document for Yunnan Baiyao's work in the next five years. The Company will follow the guidelines set out in the _____, embrace inheritance and innovation, surpass ourselves to embark on a new journey, and drive the century-old Baiyao toward becoming a Chinese leading and world-class modern pharmaceutical industry group, achieving synergistic growth in scale, quality, and structure. Also, the Company continues to strengthen the implementation of its strategy, and responds to external uncertainties with the certainty of its strategic direction and the effectiveness of its execution. The Company has continuously enhanced its strategic leadership capability, and the focus on principal business execution has yielded significant results. On one hand, the Company has solidified its principal business market, and on the other hand, new growth areas have achieved breakthroughs.

3) Enhancing group management efficiency and aligning synergies to energize the workforce

During the reporting period, based on the requirements for strategy implementation, the Company significantly enhanced group management efficiency and operational effectiveness through organizational restructuring, comprehensive budget management, and innovation in incentive mechanisms. First, the Company redefined and repositioned its business segments, and strengthened the development of its central capabilities in areas such as market development, supply chain, branding, marketing, and e-commerce, effectively supporting the business units in market competition. Second, the Company established a more focused, streamlined, and efficient organizational structure, optimized financial management responsibilities and reinforced the vertical leadership capabilities of functional departments such as strategy, investment, supervision, and human resources, further improving the synergy of business operations. Third, the Company standardized the talent management system, and initially built a leadership team with strong aspirations and capabilities, and a well-structured talent pool aligned with strategic plans, industry layout, and development goals, constantly enhancing the standardized management capability across the human resources process. At the same time, the Company effectively leveraged “precise” incentives to achieve greater results in workforce management. Fourth, the Company implemented comprehensive budget management with a closed-loop approach. The budget formulation process was strategically driven, identifying growth drivers for each business segment and ensuring the target achievement supported by comprehensive budget. The cross-departmental collaboration was guided by a positive management approach, achieving the initial goal of resource optimization through budget management. Fifth, the Company strengthened budget execution monitoring and established a performance analysis mechanism. Business analysis was extended from the group level to business units, with regular reviews of market changes, ensuring that timely responses were in place and the budget was both guiding and flexible.

(2) Focusing on the principal businesses, optimizing the structure, and achieving high-quality development

1) Pharmaceutical Business Group

During the reporting period, the Pharmaceutical Business Group achieved a principal business revenue of RMB 6.924 billion, representing a year-on-year growth of 11.8%. Ten products have each achieved sales exceeding RMB 100 million. Among the core products, Yunnan Baiyao Aerosol achieved sales revenue of more than RMB 2.1 billion, with a year-on-year growth of over 26%. The sales revenue of Yunnan Baiyao Plaster, Yunnan Baiyao Capsule, Yunnan Baiyao Woundplast and Yunnan Baiyao (Powder) has significantly increased compared to the previous year. Other branded TCM products showed impressive growth. The sales revenue of Pudilan Anti-inflammatory Tablets reached nearly RMB 200 million, representing a significant year-on-year growth of over 22%, while the revenue of Xuesaitong Capsule, Baotai Kang Granule for Children, and Ginseng and Tuckahoe Spleen and Stomach Strengthening Granule exceeded RMB 100 million respectively. Botanical supplements also maintained a growth trend, with the sales revenue of Qixuekang Oral Liquid growing 14% year-on-year.

In 2024, based on the strategic positioning of being “the ‘leading’ brand of pain management in the field of traumatology,” the Pharmaceutical Business Group, by fully leveraging its product and brand strengths, introduced a new model for injury management, delved deeply into the efficacy mechanism of the core products of Baiyao in the field of pain management. By tapping into the potential of “Baiyao + pain relief + traumatology” products in academic and clinical fields, the Company has strengthened the popularity and leadership of the core products of Baiyao in orthopedics and pain management, and created an expansive product ecosystem. Meanwhile, the Pharmaceutical Business Group further optimized the operation platform of “High-quality TCM,” focusing on high-potential segments such as cardiovascular, respiratory system, and obstetrics and pediatrics, and continued to enrich the product pipeline to build a large ecosystem in the pharmaceutical industry. During the reporting period, the Pharmaceutical Business Group continued to promote key tasks from academic and clinical, marketing, channel segmentation, production efficiency and other aspects. In terms of academic and clinical study, we have made steady progress in clinical research on Yunnan Baiyao (Powder) and Yunnan Baiyao Capsule in the treatment of diabetic foot and bone pain, Gongxuening Capsule in the treatment of abnormal uterine bleeding and the reduction of vaginal bleeding after medication abortion, and Qixuekang Oral Liquid in the improvement of heart and blood vessel health and the prevention and treatment of plateau reaction, expanding the application scenarios for the products. In terms of marketing, the cultivation of our own sports IP “Let’s Play Basketball” was successful, promoting brand rejuvenation and further increasing the penetration rate of single product. The packaging of Qixuekang was refreshed and upgraded, promoting the rapid sales growth of Qixuekang Oral Liquid in the important marketing nodes in autumn and winter nourishment. In terms of channel segmentation, the in-hospital channel was expanded steadily thanks to continuous cultivation, our dominance

was maintained in the offline OTC channel, and new breakthroughs were made in online exploration. In terms of improving production efficiency, we established online business processes, promoted the achievement of precise marketing, ecological channel construction, and user data ownership, and created a large back-office operation system with standardized systems, scientific processes, simplicity and high efficiency, achieving remarkable results in improving quality and efficiency throughout the year.

Moving forward, with the goal of becoming “a model of TCM inheritance and innovation development,” the Pharmaceutical Business Group will inherit, safeguard and develop the superior products of Baiyao, optimize the existing product system and provide a comprehensive operational plan to achieve strategic growth of the products on other high-potential core areas, focusing on major disease treatment fields such as cardiovascular, respiratory system, and obstetrics and pediatrics. On the other hand, the BG will continuously conduct secondary development of existing products around strategic goals and selectively extend external projects to strengthen and expand the pharmaceutical system.

2) Health Products Business Group

During the reporting period, the Health Products Business Group achieved an operating income of RMB 6.526 billion and a profit of RMB 2.191 billion, with a year-on-year growth of 1.6% and 8.36% respectively. In the oral care segment, Yunnan Baiyao Toothpaste maintained the top market share across all channels in China in 2024 (Source: Nielsen Retail Data IQ202412). During the “618” and “Double 11” period in 2024, Yunnan Baiyao has consistently held the top position as the leading oral care brand across all online platforms for many years (Source: shangzhizhen.com). In the hair care and anti-hair loss segment, Yangyuanqing recorded sales revenue of RMB 422 million during the reporting period, up 30.3% year on year. Boasting the special makeup certificate of hair care and the national invention patent certificate of hair care and anti-hair loss and the differentiated technology advantages, we have successfully created the core brand of Yangyuanqing - “To control oil and prevent hair loss, use Yangyuanqing.” Thanks to the increasing penetration rate, Yangyuanqing achieved a growth higher than the industry average of the anti-hair loss category in the fierce market competition, and won the top 1 Chinese anti-hair loss shampoo brand on Tmall during the “618” and “Double 11” period consecutively in 2024 (Source: shangzhizhen.com).

During the reporting period, the Health Products Business Group achieved end-to-end connectivity from suppliers to market launch, from enterprise management to user services, and from product development to user needs by optimizing the R&D management, channel management, production management and supply management processes of the Health Products Business Group. In terms of R&D and innovation, the Health Products Business Group obtained 22 patent authorizations, submitted 6 applications, and published 2 papers in top international SCI journals during the

reporting period. In terms of content marketing, we carried out special programs in key nodes, focusing on the keywords of the brand, such as “gum protection” for Yunnan Baiyao Toothpaste, and “anti-hair loss” for hair care and anti-hair loss series. On World Oral Health Day, we launched the “Healthy Oral 123 Plan.” Upholding the concept of “integrating TCM into modern life,” we enhanced the brand’s influence and empowered the brand’s business growth across the region through the “Amazing Chinese Heritage” project and high-quality cultural content. We co-branded the “National Museum of Chinese Writing,” tracing the lineage of characters and accomplishing brand culture breakthroughs. The series of brand campaigns strengthened the brand’s national popularity and professionalism, precisely reached the audience, and achieved a total exposure of more than 6.43 billion.

In the future, with the goal of becoming “the benchmark for the new concept of Chinese healthy lifestyle,” the Health Products Business Group will build a health ecosystem centered around quality of life. On the one hand, we will leverage our oral business as the foundation and benchmark, maintain and expand our industry leadership, deploy professional market while stabilizing the existing business, develop the hospitality business, expand oral non-toothpaste products, enhance new product R&D and iteration capabilities, and strengthen the ecosystem. On the other hand, we will rapidly increase the scale and volume of the washing and care business, steadily strengthen our focus on scalp ecology, and expand into the field of skin management in an orderly manner, so as to continuously improve the effectiveness of the organization and management, and enhance the efficiency of business development and the growth momentum.

3) TCM Resources Business Group

During the reporting period, the TCM Resources Business Group achieved an operating revenue of RMB 1.751 billion, representing a year-on-year increase of about 3.13%. The TCM Resources Business Group continued to ensure the supply and price stability of the Company’s strategic varieties, with the price increase of the herbal materials for feeding significantly lower than the average price increase of TCM materials in the industry. Through supply chain collaboration, we built an integrated “Big Procurement” management platform, reducing procurement costs of RMB

than 7 million bags of decoction.

During the reporting period, in accordance with the decision-making and deployment of the Yunnan Provincial Committee of the Communist Party of China and the provincial government to cultivate Yunnan's TCM industry into a world-class modernized industry, Yunnan Baiyao firmly shouldered the responsibility of a "chain leader" of the TCM industrial chain in Yunnan Province. The Company has clarified the objectives and detailed measures in the areas of seed industry, planting, processing, marketing and branding, and accelerated the efforts related to the high-quality development of the TCM industry. In terms of seed industry, Yunnan Baiyao Group Seed Industry Technology Co., Ltd, the first company engaged in the TCM seed industry in Yunnan Province, was established to provide germplasm source control and resource support for the industry. In terms of planting, 7 GAP varieties were declared in 2024, with a base area of 4,593 mu. In terms of processing, the Lijiang Wenshan Platform has realized open sharing, and the Jinggu, Ludian and Pingbian primary processing platforms have been initially constructed. Among them, the Qixuekang Oral Liquid from the Wenshan Company was awarded the title of "Single Champion of Manufacturing" in Yunnan Province. The Lijiang platform has promoted the fresh processing of medicinal materials in western Yunnan, with production increasing by 180% during the reporting period, and food and healthcare food production rising by 182%. These measure not only lead high-quality development but also support the deep cultivation of nutritional products. In terms of market development, the industry internet platform for Yunnan TCM - "Digital Intelligence of Yunnan TCM" platform was officially launched. In addition to the basic trading functions, there are also testing, logistics, finance and other industry support services, fully open to the farmers, processing enterprises, buyers, regulatory agencies. The total value of transactions during the reporting period exceeded RMB 100 million. By building a three-tier product system of "Baiyao Preferred," "Baiyao Certified" and "Baiyao Owned," we helped upgrade traditional agricultural products to standardized "industrial products." In terms of brand building, Yunnan Baiyao was selected as one of the "Green Yunnan Products" brand catalogs in Yunnan Province in 2024, "2024 Brand Enterprise for TCM Decoction Pieces" and "2024 Authentic Medicinal Material Brand." In terms of standard formulation, we participated in the revision of the standard of and in the (2025 Edition), and led the 18 standard researches of freshly processed varieties in Yunnan, which accounts for 90% of the total number of freshly processed varieties in Yunnan Province. We made breakthroughs in the R&D of national standard variety formula granule technology, and completed the filing of 158 varieties.

Looking to the future, the TCM Resources Business Group will continue to undertake the strategic positioning and responsibility of Yunnan Baiyao Group as the "chain leader" for the high-quality development of the TCM industry

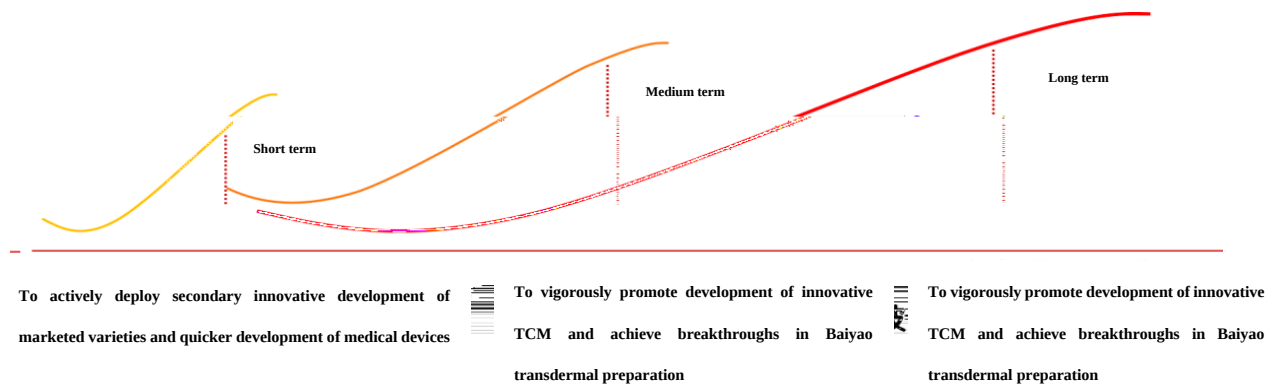
5) Continuously advancing the business deployment optimization and the operational quality enhancement of new business units

Medical Devices BU focused on the three key categories of pain therapy, plasters and eye care and divested from some underperforming businesses, realizing an operating revenue of RMB 425 million, a year-on-year increase of 61%. By focusing on the supply chain, we optimized our production teams and improved efficiency, thus reducing procurement costs and increasing profitability. Tonic Healthcare Products BU continued to optimize brand building and actively promoted online and offline market development, achieving an operating revenue of RMB 99.07 million, a year-on-year increase of 101%, and marking the first profitable year. Among them, the entire series of

(3) Strengthening R&D and innovation management to enhance the driving force by focusing on R&D

The Company focuses on TCM and innovative drugs. On the one hand, we uphold inheritance and innovation, and develop the TCM business. We solidified the development of germplasm resources by establishing a seed industry company. Through a combined model of independent and collaborative R&D, we aim to quickly build a “breeding, propagation, and promotion integration” system for seed source development, focusing on breeding research for local medicinal materials such as and . We strengthened the innovation of TCM and conducted research on ethnic medicine, achieving significant progress in TCM R&D. On the other hand, we strive to

make differentiated deployment in innovative drugs. Based on the criteria of technology frontier, clinical demand and resource endowment, we take the initiative to integrate into the national and local biomedical strategies, and deploy and develop innovative drugs with more competitiveness and market prospects. During the reporting period, upholding the innovation-driven strategy, the Company has promoted the transformation of results, continuously improved the development momentum, and promoted scientific planning of short -, medium - and long-term projects in an orderly manner.



For short-term projects, we will dedicate our efforts to the secondary innovative development of marketed varieties and the development of drugs and medical devices. Eleven large varieties of TCM involving secondary development are currently under research, and 25 projects are in progress. During the reporting period, the progress of several key projects is as follows:

Project Cycle	Project Name	Progress Overview
Short-term	Qixuekang project	The clinical study on Qixuekang Oral Liquid for improving heart and vascular health has completed data collection for 109 patients, statistical analysis, and submission of a summary report.
		The study on Qixuekang Oral Liquid for treating deficiency and blood stasis-type hypertension has completed the project application to the Science and Technology Department of Yunnan Province and internal project initiation.
	Secondary development project of Gongxuening	The multicenter RCT clinical study on the efficacy and safety of Gongxuening Capsule in reducing post-abortion bleeding has been completed.
		The multicenter RCT clinical study on the efficacy and safety of Gongxuening Capsule in reducing vaginal bleeding after medical abortion has successfully enrolled 269 cases.
		Studies on pharmacokinetics, pharmacology and toxicology, and safety evaluations have been completed.
	Yunnan Baiyao Capsule	Multiple studies are steadily advancing, including clinical efficacy observation and mechanism research of Yunnan Baiyao in different stages of diabetes, randomized controlled trials on the efficacy of Yunnan Baiyao in alleviating fracture pain, clinical pharmacological exploratory research on Yunnan Baiyao for fracture healing, and clinical efficacy evaluation of Yunnan Baiyao combined with basic treatment for patients with periodontitis.
	Other projects	Research on sugar-free granules, second development of Qian Cao Nao Mai Tong formulation, and post-marketing re-evaluation clinical pre-trial of Shuliean Capsule are all progressing steadily.

For medium-term projects, we made every effort to promote the development of innovative TCMs and continued

to build star products of Yunnan Baiyao transdermal preparations. During the reporting period, the progress of several key projects is as follows:

(4) Continuously deepening the digital intelligence transformation strategy to help the Company enhance quality and efficiency

During the reporting period, the Company continued to implement the

. By leveraging cutting-edge data and AI technologies, it has empowered all segments of the industry chain, promoting industrial transformation, upgrading, and business innovation. Applications of AI have achieved significant results in various scenarios. Key projects include focusing on the industrial supply chain, unified operations aimed at consumers, the mid-platform establishment based on data insights and marketing capabilities, and digital upgrades for business and functional sectors, all of which comprehensively support the Company's strategic development. In the digitization of TCM, the creation of the "Digital Intelligence of Yunnan TCM" platform has streamlined the entire process from planting to distribution, building a digital ecosystem from cultivation to consumption, and advancing the TCM industry toward intelligence and sustainability. AI-assisted product R&D has improved research efficiency. The Company has also made continuous progress in data governance, financial and operational integration, lighthouse factories, and other special projects, further empowering the business and enhancing management capabilities.

Looking ahead, the Company will continue to empower the effective development of its business and provide competitive advantages through its digital intelligence capabilities, explore the direction of transformation of "AI+Medicine," and accelerate the transformation of digital intelligence by deeply integrating advanced technologies such as AI, big data, and cloud computing into various aspects such as planting, processing, R&D, production, and marketing. We will define "innovation" through digital transformation, integrate data elements with TCM for continuous deep fusion, forge new quality productive forces, revitalize TCM and infuse it with new vitality.

2. Revenue and cost

(1) Operating revenue structure

Unit: RMB

	2024		2023		Year-on-year increase/decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	40,033,300,814.72	100%	39,111,292,156.00	100%	2.36%
By industries					
Industry sales income	14,468,250,214.38	36.14%	13,740,557,061.12	35.13%	5.30%
Commercial sales	25,472,886,013.94	63.63%	25,295,257,277.35	64.68%	0.70%

income					
Technical services	26,297,797.46	0.07%	10,743,024.62	0.03%	144.79%
Hospitality industry	14,108,732.07	0.04%	14,426,628.18	0.04%	-2.20%
Income from plantation sales	2,393,337.40	0.01%	1,436,078.20	0.00%	66.66%
Income from other businesses	49,364,719.47	0.12%	48,872,086.53	0.12%	1.01%
By products					
Industrial products (Self-made)	14,468,250,214.38	36.14%	13,740,557,061.12	35.13%	5.30%
Wholesale and retail	25,472,886,013.94	63.63%	25,295,257,277.35	64.68%	0.70%
Agricultural products	2,393,337.40	0.01%	1,436,078.20	0.00%	66.66%
Other services	40,406,529.53	0.10%	25,169,652.80	0.06%	60.54%
Others	49,364,719.47	0.12%	48,872,086.53	0.12%	1.01%
By region					
Domestic	39,674,627,530.94	99.10%	38,477,107,385.74	98.38%	3.11%
Overseas	358,673,283.78	0.90%	634,184,770.26	1.62%	-43.44%
By sales model					
Industrial model	14,468,250,214.38	36.14%	13,740,557,061.12	35.13%	5.30%
Commercial model	25,472,886,013.94	63.63%	25,295,257,277.35	64.68%	0.70%
Others	92,164,586.40	0.23%	75,477,817.53	0.19%	22.11%

(2) The industries, products, or regions that account for more than 10% of the Company’s operating revenue or operating profit

☒Applicable ☐Not applicable

Unit: RMB

			Increase/Decrease in operating revenue as compared with the same period of the previous year	Increase/Decrease in operating cost as compared with the same period of the previous year	Increase/Decrease in gross margin as compared with the same period of the previous year
Operating revenue	Operating cost	Gross margin			
By industries					

Income from industrial sales 14,468,250,214.38 4,929,3 Tmat accoi

Wholesale and retail	25,472,886,013.94	23,891,275,361.45	6.21%	0.70%	0.51%	0.18%
By region						
Domestic	39,674,627,530.94	28,532,978,958.41	28.08%	3.11%	1.35%	1.25%
By sales model						
Industrial model	14,468,250,214.38	4,929,338,570.84	65.93%	5.30%	0.32%	1.69%
Commercial model	25,472,886,013.94	23,891,275,361.45	6.21%	0.70%	0.51%	0.18%

When the statistical caliber of the Company's principal business data is adjusted in the reporting period, the Company's principal business data should be subject to the one after the statistical caliber at the end of the reporting period is adjusted in the latest year

☐Applicable ☒Not applicable

(3) Whether the Company's revenue from in-kind sales is greater than its revenue from labor services

☒Yes ☐No

Industry Classification	Item	Unit	2024	2023	Year-on-year increase/decrease
Income from industrial sales	Sales	RMB	14,468,250,214.38	13,740,557,061.12	5.30%
Income from commercial sales	Sales	RMB	25,472,886,013.94	25,295,257,277.35	0.70%

Explanations on reasons for year-on-year changes of above 30% in the relevant data

☐Applicable ☒Not applicable

(4) Fulfillment of significant sales contracts and significant purchase contracts entered into by the Company as of the reporting period

☐Applicable ☒Not applicable

(5) Operating cost structure

Industry Classification

Unit: RMB

Industry Classification	Item	2024		2023		Year-on-year increase/decrease
		Amount	Percentage in operating cost	Amount	Percentage in operating cost	
Industry sales	Direct materials	4,173,980,104.81	14.46%	4,225,537,847.00	14.70%	-1.22%
Industry sales	Direct salary	202,255,370.65	0.70%	133,775,797.05	0.47%	51.19%
Industry sales	Other direct expenses	35,793.11	0.00%	7,079,064.15	0.02%	-99.49%
Industry sales	Manufacturing costs	553,067,302.27	1.92%	547,360,010.03	1.90%	1.04%

Commercial sales	Purchase cost	23,891,275,361.45	82.77%	23,769,165,686.54	82.69%	0.51%
Technical services	Technology development	20,496,861.16	0.07%	7,388,761.76	0.03%	177.41%
Planting	Planting cost	1,150,809.47	0.00%	848,028.41	0.00%	35.70%
Others	Others	22,504,602.18	0.08%	53,362,445.35	0.19%	-57.83%

Explanations: None.

(6) Whether there was any change in the scope of consolidation during the reporting period

☒ Yes ☐ No

For details, please refer to “IX. Changes in the Consolidation Scope” under Section X.

(7) Significant change or adjustment of the business, product or service of the Company during the reporting period

☐ Applicable ☒ Not applicable

(8) Major customers and major suppliers

Major customers

Total sales amount of top 5 customers (RMB)	5,966,799,965.94
Percentage of total sales amount of top 5 customers in annual total sales amount	14.90%
Among the sales amount of top 5 customers, percentage of the sales to the related parties in the annual sales amount	0.00%

Information of top 5 customers

No.	Customer name	Sales amount (RMB)	Percentage in annual total sales amount
1	Customer A	1,891,458,483.99	4.72%
2	Customer B	1,805,423,531.43	4.51%
3	Customer C	940,389,559.71	2.35%
4	Customer D	674,723,124.95	1.69%
5	Customer E	654,805,265.86	1.64%
Total	--	5,966,799,965.94	14.90%

Other information of the major customers

☐ Applicable ☒ Not applicable

Major suppliers

Total purchase amount of top 5 Suppliers (RMB)	2,092,612,212.96
Percentage of total purchase amount of top 5 Suppliers in annual total purchase amount	7.30%
Among the purchase amount of top 5 suppliers, percentage of the purchase from the related parties in the annual purchase amount	0.00%

Information of top 5 suppliers

No.	Supplier name	Purchase amount (RMB)	Percentage in annual total purchase amount
1	Supplier A	455,180,923.84	1.59%
2	Supplier B	426,169,743.37	1.49%
3	Supplier C	420,333,708.03	1.47%
4	Supplier D	397,991,203.80	1.39%
5	Supplier E	392,936,633.92	1.37%
Total	--	2,092,612,212.96	7.30%

Other information of major suppliers

☐Applicable ☒Not applicable

3. Expenses

Unit: RMB

	2024	2023	Year-on-year increase/decrease	Explanations on significant changes
Sales expenses	4,879,502,036.91	4,992,157,591.11	-2.26%	The Company continued to promote cost reduction and efficiency improvement during the period, resulting in a decrease in sales expenses.
Administrative expenses	1,037,553,483.87	1,058,503,523.90	-1.98%	The Company continued to promote cost reduction and efficiency improvement during the period, resulting in a decrease in sales expenses.
Financial expenses	-155,555,109.85	-259,243,744.88	-40.00%	Interest income during the period decreased by 29.94% compared to the previous year, while interest expenses increased by 27.37% compared to the previous year.
R&D expenses	337,413,301.03	336,013,434.83	0.42%	No significant changes.

4. R&D investment

☒Applicable ☐Not applicable

R&D project name	Objective of the project	Project progress	Goals to be achieved	Expected impact on the future development of the Company
Fuqi Guben Ointment	To explore and validate the clinical research methodology and marketing registration pathway for the development of a new TCM for warming the kidneys and consolidating the fundamentals, which is designed to treat the symptoms of frequent nocturnal urination in middle-aged and elderly people due to kidney deficiency, and improve the quality of life of middle-aged and elderly people.	The discussion meeting for the Phase III clinical trial protocol has been held, and the ethical approval has been obtained. Communication with the CDE has been completed, and the clinical protocol is currently being revised.	To complete Phase III clinical study on Fuqi Guben Ointment, clarify its clinical therapeutic characteristics, diagnostic criteria for treatment of disease, effective dosage for treatment, drug administration program and course of treatment, and register and market it as new TCM of Category 1.1.	This project is the first new TCM of the

R&D project name	Objective of the project	Project progress	Goals to be achieved	Expected impact on the future development of the Company
				drug segment and improve the Company's deployment in cutting-edge technology.
INR102 Project	To develop innovative radiopharmaceuticals for prostate cancer diagnosis.	In May 2024, the drug clinical trial notification was obtained from the National Medical Products Administration. In November 2024, the Phase I/IIa clinical research report was completed, and an EOP2 communication application was submitted.	To obtain the approval for marketing from NMPA.	This project is the Company's first innovative therapeutic radiopharmaceutical product, indicated for prostate cancer. It will add a new innovative radiopharmaceutical product to the Company's portfolio and help expand into new markets. It will drive the development of the Company's innovative drug segment and improve the Company's deployment in cutting-edge technology.
Development of four plasters	To expand the clinical choice of plaster products. It is planned to develop 2 new improved TCM (Yunnan Baiyao Gel Plaster and Yunnan Baiyao Hot Melt Adhesive Plaster) and 2 generic plasters.	The plaster project includes four varieties under research, with a total of four patents obtained. Flurbiprofen Cataplasms have been approved for clinical trials, the clinical pre-tests have been completed. The Loxoprofen Sodium Cataplasms has completed pilot studies. The Yunnan Baiyao gel plaster has successfully explored a formulation process with excellent adhesion properties. The new rubber plaster from Yunnan Baiyao has completed preliminary pilot research.	To obtain the drug registration certificate.	To expand the clinical choice of plaster products, maintain Yunnan Baiyao's industry advantage in the field of topical preparations through formulation deployment, new product selection and dosage form improvement, and help the Company explore new growth drivers.
Secondary development of large varieties of TCM	To carry out in-depth research on existing large varieties in the areas of pharmacology, non-clinical, clinical and economics to improve the efficacy and safety evaluation system of the products, expand and clarify the indications of the products and the applicable population, guide the clinical medication, and introduce new technologies for the improvement of the existing products.	Currently, there are 11 large TCM varieties involved in secondary development. Key projects include: Gongxuening Capsule for treating abnormal uterine bleeding. As of the end of February, 36 sites have been initiated, with 1,493 cases enrolled. A clinical trial report is expected in 2025. Qixuekang Oral Liquid for improving heart and vascular health. Statistical analysis has been completed, and a clinical trial summary report has been submitted. The results indicate that Qixuekang Oral Liquid can significantly improve endothelial function. The research findings were presented at the 21 st Chinese International Congress of Vascular Medicine and the 19 th Asia Pacific Congress of International Society of Vascular Health, with two papers submitted to SCI journals.	Taking 2 projects as an example: To further indicate the safety and efficacy of Gongxuening Capsule for gynecological hemostasis and collect extensive clinical evidence; To explore the therapeutic effects of Qixuekang Oral Liquid in cardiovascular system diseases.	This will expand or refine the clinical application of the product in a disease area, guide clinical medication, tap into growth potential, and facilitate the product's entry into guidelines, pathways and consensus.
Development of two Chinese medicinal preparations	To develop and market two classic famous prescriptions (PZ-018 and PZ-019) with clinical value and market prospect through regulated and	Two varieties have completed toxicology studies. Currently, commercial-scale production validation and application documentation preparation are underway for two additional varieties.	According to the registration and market approval requirements for new TCMs of Category 3.1.	This will practice the Company's strategy of deep cultivation in the field of TCM, contribute to maintaining integrity and promoting innovation in the field of TCM, enrich the Company's TCM product

R&D project name	Objective of the project	Project progress	Goals to be achieved	Expected impact on the future development of the Company
with classic prescriptions (PZ-018 and PZ-019)	standardized research, with the help of modern science and technology.			echelon, and help the Company explore new growth drivers, and enhance market competitiveness. In addition, it will accumulate technology and project management experience for the development of new TCMs for the Company, and continuously improve the core competitiveness of TCM in Yunnan Province.
Nutritional Formula for Special Medical Purposes	To develop 1 medical nutritional support supplement for people with limited eating, digestive and absorption disorders, and metabolic disorders (over 10 years of age).	The registration application materials have been submitted, and an acceptance notification has been received. In response to the supplementary notice issued by the review department, additional studies have been completed and submitted. Key information regarding the production process and formulation has been clarified and refined through telephone communication.	To complete the registration of a nutritional formula for special medical purposes and obtain the production permit; To construct a knowledge and technology system and industrial platform for R&D and registration of special medical food.	In line with the Company's strategic objectives, this project is an effective complement to the echelon of Big Health products. It can greatly enrich the Company's product groups, and help the Company explore new growth drivers and enhance market competitiveness.
Productivity Improvement Project (Technology Reform Project)	To carry out product power enhancement studies on the Company's marketed varieties to improve the quality and qualification of the existing varieties.	The supplementary application submissions for Xiao Chaihu Granules (sugar-free) and Xiangsha Pingwei Granules (sugar-free) have been completed, and acceptance numbers have been obtained.	To complete the declaration of supplemental registration of drugs and obtain the approval of supplemental application.	1. This will practice the Company's strategy of focusing on the field of TCM, promote inheritance and innovation in the field of TCM development, and further stabilize and enhance our competitiveness in the target product market. 2. It will help to explore the market of sugar-free granules, provide a new direction to solve the medication limitations of diabetes and other patients with prohibited sugar medication, expand the scope of application of the product to meet the health needs of more patient populations, and enhance the quality and competitiveness of the product.
New wound hemostatic	A series of emergency medical device products has been	Product process design, research on technical requirements, registration application and on-site assessment of the quality system	To obtain the medical device registration	Focusing on the innovation of wound hemostatic materials will enrich the

R&D team member profile30.16%

	2024	2023	Change rate
Number of R&D team members (persons)	619	527	17.46%
Percentage of R&D team members in total head counts	6.67%	6.00%	0.67%
Educational background structure of R&D team members			
Bachelor	322	287	12.20%
Master	220	157	40.13%
Below Bachelor	44	71	-38.20%
Above Master	33	12	175.00%
Age structure of R&D team members			
Aged below 30	139	135	2.96%
Aged 30-40	354	300	18.00%
Aged 40 and above	126	92	17.00%

R&D Investment

	2024	2023	Change rate
R&D investment amount (RMB)	348,383,287.59	344,441,461.28	1.14%
Percentage of R&D investment in operating revenue	0.87%	0.88%	-0.01%
Capitalized R&D investment amount (RMB)	10,969,986.56	8,428,026.45	30.16%

Subtotal of cash inflows from investing activities	8,019,213,440.17	4,973,097,122.26	61.25%
Subtotal of cash outflows from investing activities	9,218,214,486.64	4,454,516,459.62	106.94%
Net cash flows from investing activities	-1,199,001,046.47	518,580,662.64	-331.21%
Sub-total of cash inflows from financing activities	1,962,072,461.45	1,378,858,273.49	42.30%
Subtotal of cash outflows from financing activities	8,939,807,625.33	4,296,900,513.08	108.05%
Net cash flow from financing activities	-6,977,735,163.88	-2,918,042,239.59	-139.12%
Net increase in cash and cash equivalents	-3,876,235,893.15	1,105,605,456.02	-450.60%

Explanations on main factors of influence of significant year-on-year changes in related data

☒Applicable ☐Not applicable

1. Net cash flows from operating activities increased by 22.68% year on year, with a net increase of RMB 794 million. The main reason was an increase of RMB 2.616 billion in cash receipts from sales of goods and services compared to the same period last year, and an increase of RMB 1.524 billion in cash payments for the purchase of goods and labor services compared to the same period last year.

2. Net cash flows from investment activities decreased by 331.21% year on year, with a net decrease of RMB 1.718 billion. The main reason was that the amount of fixed-term deposits maturing this period increased by RMB 3.727 billion compared to the previous period, and RMB 3.4 billion was invested in financial products, while the amount from the disposal of stocks and financial investments decreased by RMB 2.005 billion compared to the previous period.

3. Net cash flows from financing activities decreased by 139.12% year on year, with a net decrease of RMB 406 million. The main reason was an increase of RMB 511 million in cash receipts from borrowing compared to the same period last year, an increase of RMB 1.409 billion in cash payments for debt repayment compared to the same period last year, and an increase of RMB 3.184 billion in cash payments for the distribution of dividends, profits, or payment of interest compared to the same period last year.

Explanation on the main factors behind the material difference between the net cash flow from operating activities of the Company during the reporting period and the net profit for the current year

☐Applicable ☒Not applicable

V. Analysis of Non-principal Businesses

☒Applicable ☐Not applicable

Unit: RMB

	Amount	Percentage in total profit	Reasons	Sustainable or not
Investment income	776,937,495.06	13.67%	It consisted mainly of the gains on investment in Shanghai Pharmaceuticals	No

			Holding Co., Ltd (“Shanghai Pharma”).	
Gains (losses) from changes in fair value	136,837,009.94	2.41%	It consisted mainly of changes in the net value of financial assets held for trading and other non-current financial assets held by the Company.	No
Asset impairment	-91,230,709.62	-1.60%	It consisted mainly of provisions for inventory impairment and fixed asset impairment.	No
Non-operating revenue	15,483,338.73	0.27%	It consisted mainly of the income unrelated to the Company’s day-to-day operating activities.	No
Non-operating expenses	42,385,497.02	0.75%	It consisted mainly of the expenses unrelated to the Company’s day-to-day operating activities.	No
Credit impairment losses (loss is indicated with “-”)	-39,925,926.62	-0.70%	It consisted mainly of the provision for bad debt related to accounts receivable in the commercial sector.	No
Other income	102,009,773.65	1.79%	It consisted mainly of government subsidies.	No
Gains from disposal of assets	490,651.65	0.01%	It consisted mainly of gains from the disposal of non-current assets and gains from the disposal of rights to use assets.	No

VI. Analysis on Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of 2024		Beginning of 2024		Increase/decrease in proportion	Explanations on significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash and bank balance	10,887,983,161.30	20.58%	14,218,343,076.67	26.44%	-5.86%	During the reporting period, the Company implemented the 2023 annual dividend and a special dividend for 2024, a total cash dividend of RMB 5.87 billion, which represents an increase compared to previous years.
Accounts receivable	9,923,361,104.39	18.75%	9,966,170,447.21	18.53%	0.22%	No significant changes.
Inventories	6,294,368,316.30	11.90%	6,442,194,823.67	11.98%	-0.08%	An improvement in inventory management efficiency, with turnover days reduced by 11 days compared to the previous period.
Investment property	49,884,012.15	0.09%	44,104,145.97	0.08%	0.01%	New external rental assets added during the reporting period.
Long-term equity investments	12,561,276,081.35	23.74%	11,536,660,992.93	21.45%	2.29%	To optimize the Company’s industrial layout and business portfolio, the Company initiated the establishment of an industry fund. Shanghai Pharma continued to generate investment income.
Fixed assets	3,012,878,828.09	5.69%	2,662,900,014.03	4.95%	0.74%	Some projects in construction were completed and transferred to fixed assets during the reporting period.

Construction in progress	703,439,112.24	1.33%	529,708,553.58	0.98%	0.35%	Increased investment in construction in progress during the reporting period.
Right-of-use assets	291,177,021.52	0.55%	258,319,485.58	0.48%	0.07%	New leases added during the reporting period.
Short-term borrowings	423,380,272.64	0.80%	1,747,303,700.34	3.25%	-2.45%	Decrease in credit borrowings and internal unit note discounts during the reporting period.
Contractual liabilities	1,916,123,387.16	3.62%	1,739,865,228.75	3.23%	0.39%	Increase in advance payments received by the Pharmaceutical Business Group.
Long-term borrowings	2,100,000.00	0.00%	2,100,000.00	0.00%	0.00%	No significant changes.
Lease liabilities	190,656,990.23	0.36%	172,347,309.72	0.32%	0.04%	New leases added during the reporting period.
Financial assets held for trading	2,547,113,523.40	4.81%	149,366,687.56	0.28%	4.53%	Safer, more liquid bank financial products and broker financial products during the period.
Notes receivable	929,651,911.37	1.76%	227,542,572.56	0.42%	1.34%	Increase in domestic letters of credit and banker's acceptance bills held at the end of the period.
Receivable financing	1,887,789,780.16	3.57%	1,590,749,810.74	2.96%	0.61%	Increase in banker's acceptance bills held at the end of the period.
Other current assets	788,108,579.54	1.49%	2,862,076,217.20	5.32%	-3.83%	Decrease in fixed deposits during the period.
Development expenses	25,422,461.13	0.05%	14,452,474.57	0.03%	0.02%	Continuous investment in capitalized projects during the reporting period.
Other non-current assets	116,374,395.93	0.22%	541,475,331.17	1.01%	-0.79%	Decrease in time deposits with maturity dates greater than one year from the balance sheet date.
Payroll payable	1,283,950,828.82	2.43%	1,067,190,665.08	1.98%	0.45%	Increase in outstanding employee compensation payable at the end of the period.
Taxes and duties payable	466,603,767.14	0.88%	339,670,850.02	0.63%	0.25%	Increase in unpaid income taxes due at the end of the period.
Other payables	1,386,632,676.75	2.62%	1,025,085,879.54	1.91%	0.71%	Increase in accrued but unpaid expenses.
Long-term payroll payable	1,296,365.44	0.00%	4,090,687.99	0.01%	-0.01%	Decrease in outstanding employee compensation payable at the end of the period.
Provisions	12,726,280.09	0.02%	0.00	0.00%	0.02%	Reclassification of return payables during the period.
Other non-current liabilities	1,931,554.36	0.00%	17,296,814.41	0.03%	-0.03%	Reclassification of return payables during the period.
Treasury shares	0.00	0.00%	707,428,892.15	1.32%	-1.32%	Canceled treasury stock during the period.

The proportion of overseas assets is relatively high

☐Applicable ☒Not applicable

2. Assets and liabilities at fair value

☒Applicable ☐Not applicable

Unit: RMB

Item	Opening balance	Profits or losses on changes in fair value during the reporting period	Cumulative changes in fair value included in equity	Impairment accrued during the reporting period	Purchase amount during the reporting period	Sales amount during the reporting period	Other changes	Closing balance
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Financial assets								
1. Financial assets held for trading (derivative financial assets excluded)	149,366,687.56	73,822,492.46			2,900,000,000.00	569,800,656.62	-6,275,000.00	2,547,113,523.40
2. Other equity instrument investments	71,745,000.00							71,745,000.00
3. Other non-current financial assets	324,674,379.63	63,014,517.48						387,688,897.11
Subtotal of financial assets	545,786,067.19	136,837,009.94			2,900,000,000.00	569,800,656.62	-6,275,000.00	3,006,547,420.51
Total	545,786,067.19	136,837,009.94			2,900,000,000.00	569,800,656.62	-6,275,000.00	3,006,547,420.51
Financial liabilities	0.00							0.00

Other variations: None

Whether the Company had significant changes in measurement attributes of main assets during the reporting period

☐ Yes ☒ No

3. Restrictions on asset rights as of the end of the reporting period

Item	Closing book value	Reason of restriction
Cash and bank balance	2,648,389.00	Specifically designated for the maintenance of housing related to housing reform
Cash and bank balance	21,699,196.16	Guarantee deposits, banker’s acceptance deposit, performance bond, etc.
Assets of the restructured special account	588,106,000.80	Specifically used to cover the costs of identity conversion for employees of state-owned enterprises
Long-term equity investments	12,061,376,588.76	Shares of Shanghai Pharma cannot be transferred within 36 months from the end of the private placement
Total	12,673,830,174.72	--

VII. Investment Analysis

1. Overview

☒Applicable ☐Not applicable

Investment during the reporting period (RMB)	Investment during the same period of the previous year (RMB)	Percentage of change
9,218,214,486.64	4,454,516,459.62	106.94%

2. Significant equity investments made during the reporting period

☒Applicable ☐Not applicable

Unit: RMB

Investee name	Principal business	Investment method	Investment amount	Shareholding ratio	Source of funds	Partners	Term of investment	Product category	Progress as of the balance sheet date	Estimated income	Investment gain and loss during the reporting period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
Yunnan TCM Big Health Innovation Equity Investment Fund Partnership (Limited Partnership)	General items: Engaging in equity investment, investment management, asset management, and other activities through private equity funds (operations can only commence after registration with the Asset Management Association of China). (Except for projects that require legal approval, businesses may operate independently based on their business licenses.)	Newly established	500,000,000.00	71.43%	Self-funded	BOC International Capital Limited	Long-term	Equity investment fund shares	Established		-110,316.95	No	November 29, 2024	http://www.cninfo.com.cn/new/disclosure/detail?orgId=gsz0000538&announcementId=1221892813&announcementTime=2024-11-30
Total	--	--	500,000,000.00							0.00	-110,316.95	--	--	--

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

☒Applicable ☐Not applicable

Unit: RMB

Project name

4. Financial assets investment

(1) Securities investment

☒Applicable ☐Not applicable

Unit: RMB

Type of securities	Stock code	Stock Abbreviation	Initial investment cost	Accounting measurement model	Opening book value	Profits or losses on changes in fair value during the reporting period	Cumulative changes in fair value included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Profits and losses during the reporting period	Closing book value	Accounting item	Source of funding
Domestic and overseas stocks	HK.02633	Jacobson Pharma	238,699,200.00	Fair value	115,996,160.00	74,768,080.00				86,714,510.00	190,764,240.00	Other non-current financial assets	Self-funded
Domestic and overseas stocks	HK.02161	JBM (Healthcare)	25,039,800.00	Fair value	72,221,202.90	61,323,025.50				67,994,315.20	133,544,228.40	Financial assets held for trading	Self-funded
Domestic and overseas stocks	HK.03681	SinoMab BioScience	354,119,828.19	Fair value	72,545,484.66	-10,709,158.34			16,133,556.62	-23,697,174.56	45,702,769.70	Financial assets held for trading	Self-funded
Total			617,858,828.19	--	260,762,847.56	125,381,947.16	0.00	0.00	16,133,556.62	131,011,650.64	370,011,238.10	--	--

Note: On March 31, 2025, the Company held the first session of its Tenth Board of Directors and considered and approved the . The Company is authorized to sign the and relevant documents. According to the agreement, 200,000,000 shares of Jacobson Pharma Co., Ltd (stock code: 02633.HK, hereinafter referred to as “Jacobson Pharma”) will be sold at HKD 1.30 per share, and 75,900,000 shares of JBM (Healthcare) Co., Ltd (stock code: 02161.HK, hereinafter referred to as “JBM (Healthcare)”) will be sold at HKD 2.10 per share, with a total transaction value of HKD 419.39 million. After this transfer, the Company will no longer hold shares in Jacobson Pharma or JBM (Healthcare).

(2) Investment in derivatives

☐Applicable ☒Not applicable

The Company had no investments in derivatives during the reporting period.

5. Use of proceeds

☐Applicable ☒Not applicable

The Company had no use of proceeds during the reporting period.

VIII. Significant Assets and Equity Sales

1. Significant assets sales

☐Applicable ☒Not applicable

The Company had no significant assets sales during the reporting period.

2. Significant equity sales

☐Applicable ☒Not applicable

The Company had no significant equity sales during the reporting period.

IX. Analysis on the Major Holding Companies and Joint-stock Companies

☒Applicable ☐Not applicable

Major subsidiaries and joint-stock companies with a net profit impact of over 10%

Unit: RMB

Company name	Company type	Principal Business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net Profit
Yunnan Pharmaceutical, Co., Ltd.	Subsidiary	Wholesale and retail of pharmaceuticals	1,000,000,000.00	16,306,782,988.84	6,487,839,805.27	24,607,231,662.23	736,092,757.11	617,293,737.08
Yunnan Baiyao Group Health Products Co., Ltd.	Subsidiary	Production and sales of oral hygiene products	84,500,000.00	8,357,348,360.54	5,886,356,312.16	6,525,835,244.13	1,501,007,701.79	1,249,077,014.31
YNBY International	Subsidiary	Specialized in trade of finished cooking oil, sugar, personal care products, and cosmetics.		340,764,709.45	240,715,280.26	689,091,622.71	21,459,144.17	16,683,866.18

Limited								
Shanghai Pharmaceuticals Holding Co., Ltd.	Joint-stock company	R&D, manufacturing, and sales of API, pharmaceutical products (including but not limited to chemical Active Pharmaceutical Ingredients (APIs), chemical preparations, TCM materials, Chinese patent medicines, TCM decoction pieces, biochemical drugs, biological products, narcotics, psychotropic drugs, and toxic drugs for medical use [Adapted to the scope of business], vaccines) of various dosage forms (including but not limited to tablets, capsules, aerosols, immune preparations, granules, plasters, pills, oral liquids, inhalants, injections, liniments, tinctures, suppositories) health products, medical devices, and related products, manufacturing and sales of pharmaceutical equipment, engineering installation and maintenance, warehousing and logistics, sea, land, and air freight forwarding business, industrial investment, asset management, provision of international economic and trade information and consulting services, self-owned house leasing, import and export business of various self-operated and agent drugs and related goods and technologies.	3,696,414,318.00	221,209,430,148.17	83,742,363,721.07	275,250,934,889.66	8,140,712,946.17	5,870,011,314.88

Acquisition and disposal of subsidiaries during the reporting period

☐Applicable ☒Not applicable

Explanation on companies subject to control or share participation of the Company

According to the Company's relevant policies, the Yunnan Baiyao Group Health Products Co., Ltd ("Health Products Company") confirmed a brand usage fee of RMB 1.108 billion payable to the parent company for the use of the "Yunnan Baiyao main brand trademark." Excluding the brand usage fee, the Health Products Company is projected to achieve a profit of RMB 2.191 billion in 2024.

X. Structured Entities Controlled by the Company

☒Applicable ☐Not applicable

For details, please refer to "X. Interest in Other Entities" under Section X.

XI. Outlook of the Company

The Company will fully and deeply implement the spirit of the Central Committee of the Communist Party of China and conferences held in Yunnan Province, integrating the Company's development into the national and provincial growth. We will identify functional positioning and value contribution points, and consistently uphold the overall tone and measurement standards of "effective value creation" throughout all processes, continuously enhancing management capabilities to elevate the century-old Baiyao from "excellence" to "outstanding."

In terms of objectives, we will collaboratively promote the main themes of "growth," "efficiency," and "value added," focusing on development goals that are beneficial, high-quality, and sustainable. In terms of scale, we will concentrate on products related to our principal businesses that have competitive advantages to achieve high-quality growth. Structurally, we will continue to deepen the "Flagship Product" strategy around core products, focusing on breakthroughs in the secondary development of key varieties, continuously optimizing the industry and product mix, and creating new growth drivers. As for quality, we will drive operational efficiency to new heights through lean operations, cost reduction and efficiency improvement, enhancing the Company's core competitiveness and achieving a new pattern of coordinated development in scale, structure, and quality.

(1) Strengthening leadership in Party building, leveraging political strengths, and fostering collaborative development

The Company will thoroughly implement Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and focus on the study and promotion of General Secretary Xi Jinping's important speeches and directives during his visit to Yunnan. We will consistently uphold the Party's leadership and strengthen Party building, striving to transform the political and organizational advantages of strict Party governance into competitive advantages that drive the development of new quality productive forces. We will continuously integrate Party's leadership into the entire process and all aspects of corporate governance and development. Furthermore, we will earnestly advance the initiatives "Year for Promoting High-Quality Development through Party Building" and "Strengthening Foundations and Improving Quality," with a focus on ensuring that high-quality Party building continuously leads and supports the high-quality development of Yunnan Baiyao.

(2) Strengthening strategic orientation, focusing on implementation, and driving sustainable growth

Strategic management is vital for executing strategic planning. The Company will implement its strategic management by shifting the focus from "strategic planning" to full-chain "strategic management." Key elements

will include systematic decomposition of strategies, efficient execution, regular monitoring, and strategic reviews. Building on the , we will ensure the effective execution and review of strategies to achieve our established goals. Also, we will adapt strategies in response to changes in internal and external environments, shaping our “14th Five-Year Plan.” By solidifying strategic management and implementing strategy breakdown, efficient execution, regular monitoring and strategic reviews, we will create an effective evaluation system and a feedback loop for adjustments. Any shortcomings or deviations during execution will be promptly corrected to ensure thorough and effective implementation of strategies.

(3) Adhering to goal orientation, focusing on major project implementation, and achieving annual targets

In 2025, the Company will take a goal-oriented approach, leveraging key strategic projects to continuously enhance the execution efficiency of critical tasks. First, we will integrate both intensive and extensive growth. We will firmly commit to “intensive” growth, focusing on maximizing potential, improving efficiency and enhancing the awareness of cost reduction and efficiency improvement. Comprehensive efforts will be made to reduce the cost and improve efficiency across the industry and value chains, enhancing supply chain contributions. At the same time, we will pursue “extensive” growth to strengthen our existing business structure. Second, we will identify new growth drivers within existing industries, rapidly advancing projects like “Flagship Product” and “Secondary Development” for tangible results. This will involve defining products, goals, responsible parties, success indicators, and evaluation criteria, alongside regular oversight, specialized management and reporting to ensure effective implementation. Third, we will strive to elevate the TCM industry. As a leading enterprise in this sector, the Company will seize significant development opportunities and guide the entire industry chain toward collaborative growth with an ecological perspective. Finally, we will continually enhance our international business, effectively implementing national and provincial strategies. By leveraging the advantages of the Mohan-Moding port hub and supportive cross-border economic policies, along with Hong Kong’s open economic framework and geographical advantages, we aim to rapidly increase overseas market sales, establishing a new growth driver for the Company.

(4) Implementing innovation management, empowering healthy industry development, and ensuring steady progress

The Company’s R&D efforts will focus on preserving the essence of TCM, enabling industry upgrades, and strengthening innovative drug development, and AI-assisted drug design. We will refine and optimize our R&D system. In line with strategic development requirements, we will promptly establish a scientific, efficient, and practical R&D management system. Specifically, we will set up a scientific R&D management system and a compensation and incentive mechanism to constantly enhance both process and outcome management of R&D projects. This will maximize the contribution of innovation to business growth, competitive capability, and profit enhancement. For major R&D projects, we will concentrate on key areas such as innovative TCM, secondary development of TCM, innovative radiopharmaceuticals, transdermal preparations, and medical devices, accelerating project advancement. As for TCM R&D, we aim to achieve substantial progress on the secondary development of products like Baoyao capsules, Qixuekang, Shuliean, Gongxuening, and Qian Cao Nao Mai Tong, while also expediting clinical trials for products such as Panax notoginseng Tablets and Fuqi Guben Ointment. In the realm of innovative drugs, based on the current circumstance, we will identify strong business leaders,

implement a positive incentive mechanism to foster innovation, create a collaborative atmosphere, establish a robust project reserve library, and track the transformation of innovative projects. For health product R&D, we will ensure timely launches of new products while deepening research on patent formulas for anti-hair loss, continuously enhancing our leading advantage in this field.

(5) Focusing on value management, returning to shareholders and society, and delivering a win-win result

Value management is the foundation of market value management, derived from the certainty, growth potential, and sustainability of our strategy. Management capability reflects the overall governance level, management skills, and development quality of the Company. We actively respond to regulatory requirements for value management in listed companies, maintaining strategic focus, concentrating on principal responsibilities and businesses, and ensuring efficient execution. Our aim is to establish the Company as a benchmark enterprise with strong competitiveness and high returns, continuously creating value for shareholders and giving back to society. Moving forward, we will enhance our investor relations management and continually improve our market value management capabilities, fostering a collaborative ecosystem that benefits all stakeholders.

The year 2025 marks a significant milestone as the concluding year of the “14th Five-Year Plan,” the planning year for the “15th Five-Year Plan,” and the year for achieving the “3815” strategic development goals in Yunnan Province. It is also a critical year for the first phase of the Company’s “2+3” strategy. With unwavering determination and a results-oriented mindset, we will ensure that all major initiatives and reform measures are fully implemented, ushering in a new chapter for the century-old Baiyao to elevate from “excellence” to “outstanding.”

XII. Survey, communication, interviews and other activities received during the reporting period

☒Applicable ☐Not applicable

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
January 11, 2024	Office building at the headquarters	Field research	Institution	7 persons from China Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1218868274&announcementTime=2024-01-12%2018:11
January 16, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from Abu Dhabi Investment Authority	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1218930760&announcementTime=2024-01-17%2015:37
January 24, 2024	Office building at the headquarters	Field research	Institution	3 persons from Huatai Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219001368&announcementTime=2024-01-25%2017:17

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
January 30, 2024	Office building at the headquarters	Telephone communication	Institution	2 persons from Morgan Stanley	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219065071&announcementTime=2024-02-01%2017:01
February 26, 2024	Office building at the headquarters	Telephone communication	Institution	6 persons from Guosheng Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219208504&announcementTime=2024-02-28%2018:03
April 1, 2024	Office building at the headquarters	Telephone communication	Others	226 persons, including those from institutional investors and individual investors	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219516527&announcementTime=2024-04-03%2017:09
April 8, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from Sumitomo Mitsui	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219565147&announcementTime=2024-04-10%2017:23
April 15, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from Pictet Asset Management	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219646856&announcementTime=2024-04-17%2017:01
April 15, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from HSBC Global Asset Management (Uk) Limited	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219646898&announcementTime=2024-04-17%2017:01
April 16, 2024	Office building at the headquarters	Telephone communication	Institution	4 persons from China Life Asset Management	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219665329&announcementTime=2024-04-18%2017:45
April 16, 2024	Office building at the headquarters	Telephone communication	Institution	5 persons from Taiping Asset Management	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219665336&announcementTime=2024-04-18%2017:47
April 16, 2024	Office building at the headquarters	Telephone communication	Institution	5 persons from China Universal Asset Management	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219665339&announcementTime=2024-04-18%2017:47

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
April 18, 2024	Shenzhen Stock Exchange	Others	Others	All the investors attending the second collective performance presentation on “Forging new quality productive forces” of the Shenzhen Stock Exchange	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219737336&announcementTime=2024-04-22%2018:36
April 29, 2024	Office building at the headquarters	Telephone communication	Institution	5 persons from Everbright Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1219983930&announcementTime=2024-05-06%2017:44
May 10, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from Broad Peak	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220042459&announcementTime=2024-05-13%2019:36
May 10, 2024	Office building at the headquarters	Telephone communication	Institution	4 persons from Haitong Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220042462&announcementTime=2024-05-13%2019:36
May 13, 2024	Investor Relations Interactive Platform of Quanjing.com	Online exchange through Internet platform	Others	Investors making inquiry at the Investor Relations Interactive Platform of Quanjing.com	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220051725&announcementTime=2024-05-14%2017:54
May 13, 2024	Office building at the headquarters	Field research	Institution	4 persons from Southwest Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220061177&announcementTime=2024-05-15%2017:20
May 13, 2024	Office building at the headquarters	Field research	Institution	3 persons from Fanhai Capital, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220061303&announcementTime=2024-05-15%2017:24
May 13, 2024	Meeting room on the second floor of the Group's Baiyao Park	Field research	Institution	2 persons from Changjiang Securities	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220061428&announcementTime=2024-05-15%2017:36
May 14, 2024	Office building at the headquarters	Field research	Institution	4 persons from Zheshang Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220073306&announcementTime=2024-05-16%2017:32

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
May 15, 2024	Meeting room on the second floor of the Group's Baiyao Park	Field research	Institution	11 persons from CITIC Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220090611&announcementTime=2024-05-17%202020:06
May 16, 2024	Meeting room on the second floor of the Group's Baiyao Park	Field research	Others	Investors participating in the 2024 Investors Visiting Listed Companies Event of	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220107825&announcementTime=2024-05-20%202017:42
May 17, 2024	Office building at the headquarters	Field research	Institution	7 persons from Guolian Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220120376&announcementTime=2024-05-21%202018:02
May 20, 2024	Office building at the headquarters	Telephone communication	Institution	4 persons from China Merchants Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220133283&announcementTime=2024-05-22%202019:18
May 21, 2024	Office building at the headquarters	Telephone communication	Institution	7 persons from Everbright Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220144230&announcementTime=2024-05-23%202017:40
May 29, 2024	Office building at the headquarters	Telephone communication	Institution	7 persons from Everbright Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220211452&announcementTime=2024-05-30%202017:30
May 30, 2024	Office building at the headquarters	Field research	Institution	1 person from BlackRock	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220245135&announcementTime=2024-06-03%202017:46
May 30, 2024	Office building at the headquarters	Telephone communication	Institution	3 persons from China Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220245152&announcementTime=2024-06-03%202017:46
May 31, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from Hotland Innovation Asset Management	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220256566&announcementTime=2024-06-04%202018:20
June 3, 2024	Office building at the headquarters	Field research	Institution	7 persons from Eastmoney Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220272291&announcementTime=2024-06-05%202018:34

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
June 4, 2024	Office building at the headquarters	Field research	Institution	4 persons from Soochow Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220289334&announcementTime=2024-06-06%2019:14
June 14, 2024	Office building at the headquarters	Telephone communication	Institution	3 persons from Haitong International, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220390832&announcementTime=2024-06-18%2017:46
June 14, 2024	Office building at the headquarters	Telephone communication	Institution	3 persons from Haitong International, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220390834&announcementTime=2024-06-18%2017:48
June 14, 2024	Office building at the headquarters	Telephone communication	Institution	5 persons from Haitong International, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220390837&announcementTime=2024-06-18%2017:50
June 25, 2024	Office building at the headquarters	Telephone communication	Institution	2 persons from TF Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220468045&announcementTime=2024-06-26%2018:58
June 26, 2024	Office building at the headquarters	Field research	Institution	5 persons from Allianz Asia, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220496116&announcementTime=2024-06-28%2017:17
June 28, 2024	Office building at the headquarters	Telephone communication	Institution	1 person from E Fund	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220520219&announcementTime=2024-07-02%2017:58
July 1, 2024	Office building at the headquarters	Telephone communication	Institution	12 persons from Guolian Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220526528&announcementTime=2024-07-03%2017:44
July 1, 2024	Office building at the headquarters	Telephone communication	Institution	4 persons from Guolian Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220526553&announcementTime=2024-07-03%2017:46
July 3, 2024	Office building at the headquarters	Field research	Others	A group of 24 investors who participated in the Visiting Listed Company Event of	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=4076526553&announcementTime=2024-07-03%2017:46

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
July 23, 2024	Office building at the headquarters	Field research	Institution	4 persons from Guosen Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1220719320&announcementTime=2024-07-24%2017:12
August 27, 2024	Office building at the headquarters	Telephone communication	Institution	306 persons from CITIC Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221052237&announcementTime=2024-08-29%2018:12
September 12, 2024	Office building at the headquarters	Field research	Institution	8 persons from China Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221222096&announcementTime=2024-09-13%2017:18
September 12, 2024	Office building at the headquarters	Field research	Institution	3 persons from Bosera Funds	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221222098&announcementTime=2024-09-13%2017:18
September 19, 2024	Office building at the headquarters	Telephone communication	Institution	8 persons from Haitong Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221256903&announcementTime=2024-09-20%2017:10
November 11, 2024	Office building at the headquarters	Telephone communication	Institution	3 persons from Macquarie Capital Securities	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221711579&announcementTime=2024-11-13%2017:22
November 29, 2024	Office building at the headquarters	Field research	Others	A group of 5 investors who participated in the Visiting Listed Company Event of Wanlian Securities Yunnan Branch	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221906513&announcementTime=2024-12-02%2016:58
December 4, 2024	Office building at the headquarters	Field research	Institution	21 persons from Hua Chuang Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1221956024&announcementTime=2024-12-06%2017:10
December 11, 2024	“Baiyao Park” Building at the headquarters of the Company	Field research	Others	A group of 25 investors who participated in the “Visiting Listed Companies Series - Visiting Yunnan Baiyao” organized by Guotai Jun’an and Quanjing.com	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1222015856&announcementTime=2024-12-13%2017:28

Time of reception	Place of reception	Mode of reception	Type of guests	Guests	Discussions and information provided	Basic information index of the survey
December 12, 2024	Office building at the headquarters	Telephone communication	Institution	5 persons from Shenwan Pharmaceutical, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1222016036&announcementTime=2024-12-13%2017:34
December 24, 2024	Office building at the headquarters	Field research	Institution	8 persons from China Securities, etc.	To understand the business situation of the Company and other related issues	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000538&stockCode=000538&announcementId=1222143382&announcementTime=2024-12-25%2017:34

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

Whether the Company has a market value management system in place.

☒ Yes ☐ No

Whether the Company has disclosed plans for valuation enhancement.

☐ Yes ☒ No

In response to the State Council's

, which encourage listed companies to establish a market value management system, we held the first session of the Tenth Board of Directors for 2025 on March 31, 2025 to consider and approve the , in a bid to effectively enhance the Company's investment value, standardize market value management behaviors, ensure the compliance, scientific rigor and effectiveness of the Company's market value management activities, and maximize the Company's value and shareholders' interests. For details, please refer to the system disclosed by the Company at www.cninfo.com.cn on the same day.

XIV. Implementation of the "Enhancement of Quality and Returns" Initiative

Whether the Company disclosed the "Enhancement of Quality and Returns" Initiative

☒ Yes ☐ No

The Company disclosed the on March 9, 2024 (Announcement No.: 2024-12).

With established awareness of returning value to shareholders, focusing on its principal businesses, and ensuring prudent operations, the Company continues to drive high-quality development while enhancing shareholder returns. In alignment with its actual situation, the Company has employed a comprehensive range of measures, including improving the quality of information disclosure, strengthening investor relations management, implementing cash dividends, canceling repurchased shares, and increasing shareholdings by major shareholders to promote that the Company's high-quality development is accurately reflected in its market performance.

(I) Constantly improving the quality and efficiency of production and operation

In 2024, the Company overcame the challenges posed by significant changes in the external environment and

focused on the core pharmaceutical business. Through excellent operation across the industrial chain, value chain, and production factors, the Company maintained strong growth. During the reporting period, the Company achieved an operating revenue of RMB 40.033 billion, a 2.36% increase compared to the same period last year; net profit attributable to the parent company was RMB 4.749 billion, a 16.02% year-on-year increase from RMB 4.094 billion; and net profit attributable to the parent company after deducting non-recurring profits and losses was RMB 4.523 billion, a 20.18% increase compared to RMB 3.764 billion last year, setting a new historical high.

In terms of growth quality, the Company generated net operating cash flow of RMB 4.297 billion, a 22.68% increase compared to the same period last year; the weighted average return on net assets was 11.99%, an increase of 1.48 percentage points from the previous year; and basic earnings per share were RMB 2.66, a 16.16% increase compared to last year. Meanwhile, the Company's business structure continued to optimize. The proportion of industrial revenue in total operating revenue has further increased to 36.14%, with the growth rate of industrial revenue reaching 5.30%. The gross margin of the industrial business is 65.93%, which is 1.69 percentage points higher than the same period of the previous year. The Company's efforts to improve quality and efficiency were effective, with sales expenses decreasing by 2.26% and management expenses decreasing by 1.98% compared to the previous year.

The Company continued to maintain a healthy asset structure. At the end of the reporting period, the Company had total assets of RMB 52.914 billion, net assets attributable to the shareholders of the listed Company amounted to RMB 38.832 billion, the asset-liability ratio was 26.55%, and the cash and bank balance stood at RMB 10.888 billion.

(II) Enhancing shareholder returns through multiple dimensions

The Company has taken multiple measures to enhance shareholders' sense of gain by means of cash dividends, cancellation of repurchased shares and increase in shareholdings by major shareholders.

During the reporting period, the Company's cumulative cash dividends amounted to RMB 4.279 billion, accounting for 90.09% of the annual net profit attributable to the parent company in 2024. A special dividend was implemented in the third quarter of 2024. The dividend program was to distribute a cash dividend of RMB 12.13 per 10 shares, with a total dividend amount of RMB 2.164 billion, accounting for 50.02% of the net income attributable to the parent company in the first three quarters of 2024. The annual dividend program for 2024 was to distribute a cash dividend of RMB 11.85 per 10 shares, with an annual total cash dividend amount of RMB 2.114 billion.

The Company held a shareholders' meeting in February 2024, which considered and approved change of use of the 12,599,946 repurchased shares to "for the cancellation to reduce the registered capital," with the cancelled shares accounting for approximately 0.7015% of the Company's total share capital. The repurchase cost exceeded RMB 700 million. In April 2024, the Company completed the cancellation of the 12,599,946 repurchased shares mentioned above.

In August 2024, Yunnan State-owned Equity Operation Management Co., Ltd ("State-owned Equity Management Company"), our shareholder, planned to increase its shareholding in the Company within six months from the date of the first increase (August 6, 2024), and planned to increase its shareholding in a cumulative amount of not less than RMB 500 million and not more than RMB 1 billion. From August 6, 2024 to February 5, 2025,

State-owned Equity Management Company cumulatively increased its shareholding in the Company by 17,807,463 shares through the trading system of Shenzhen Stock Exchange (SZSE) by means of centralized bidding transactions, accounting for 0.9980% of the total share capital of the Company, and the cumulative amount of the increase in shareholding was RMB 950,379,399.02. As of the February 5, 2025, the term of the Shareholding Increase Plan expired and the Shareholding Increase Plan was completed.

(III) Continuously improving the information disclosure quality

The Company consistently adheres to the principles of truthfulness, accuracy, completeness, timeliness, and fairness in information disclosure, strictly following applicable laws, regulations, and corporate policies. Actively engaging with investors, the Company carefully considers their needs and suggestions regarding periodic reports. The Company discloses annual report data across multiple dimensions, including segments and channels, ensuring compliance while offering a comprehensive view of its operations and development. Meanwhile, the Company practically engages in voluntary information disclosure, proactively sharing information that aids investors in value assessment and decision-making, thereby enhancing the relevance and transparency of disclosures. In addition, the Company employs various methods to present and interpret periodic reports, including graphics, videos, and PowerPoint presentations, to communicate information in a clear, engaging, and easy-to-understand manner. As of the end of the reporting period, Yunnan Baiyao has been awarded the Class A rating in the information disclosure assessment by the Shenzhen Stock Exchange for the 17th consecutive time.

(IV) Fully protecting the rights and interests of investors and ensuring smooth communication channels

The Company has established smooth investor communication channels to effectively safeguard the rights and interests of investors and continuously improves the effectiveness of positive interaction with investors. During the reporting period, the Company held a total of four performance briefings, setting a record high in investor participation. We received investors for a total of 52 times (online and offline), involving 93 organizations and more than 200 investors, and survey records were released in a timely manner in accordance with information disclosure requirements. We responded to 156 inquiries at irm.cninfo.com.cn, with a response ratio of 100%. Specialized personnel were assigned to answer investor relations hotline calls in earnest, ensuring the effective operation of the investor relations hotline. In addition, the Company has scientifically built a professional financial media matrix through text, video and other forms, and actively engages in multi-channel information dissemination, thus building and maintaining the Company's multi-dimensional value in the capital market.

(V) Exploring and practicing the path of high-quality development

The Company has a clear strategic plan. For intensive growth, we will focus on the foundational development of the three key segments, that is pharmaceutical, health and distribution, and systematically explore potential and enhance efficiency across the industrial chain, value chain, and production factors. For extensive growth, we will, in line with the overall strategic requirements and orientation, actively explore ways to complement and strengthen existing industrial segments through strategic mergers and acquisitions, strategic partnerships, and other approaches, enabling us to rapidly overcome current growth bottlenecks and achieve sustained growth. The Company aims to achieve growth in revenue, profit, asset scale, and other key indicators through the two-phase "2+3" strategy, which will drive the century-old Baiyao toward becoming a Chinese leading and world-class modern pharmaceutical industry group, achieving synergistic growth in scale, quality, and structure.

Creating value, managing value, and realizing value are essential steps in the value enhancement journey for listed companies. The Company will strictly remain committed to fulfilling its responsibilities and obligations as a listed company. Through focusing on our principal businesses, continuous innovation, and operational improvements to enhance our intrinsic value, we aim to promote the healthy and sustainable development of the Company by continuously exploring and practicing the methodology of high-quality development. We will adhere to the “investor-oriented” principle, striving to safeguard investors’ rights and interests through various means, enhance investment returns and bolster investors’ sense of achievement. By effectively implementing the “Enhancement of Quality and Returns” initiative, we seek to boost market confidence and contribute to the positive and healthy development of the capital market.

Section IV Corporate Governance

I. Basic Information of Corporate Governance

In strict accordance with the requirements of the _____, the _____, the _____,
_____, the _____, the _____,

, and other laws and regulations, as well as internal rules and regulations, such as the
, the Company keeps improving corporate governance and strengthening the awareness of compliant operation, and optimizing internal control. By constantly strengthening the learning of the relevant laws and regulations of listed companies by all directors, supervisors, senior management, and relevant responsible personnel and continuously improving their ability to perform their duties, we have continuously improved our governance capacity, management efficiency and standardized operation, and promoted the high-quality and sustainable development of the Company. The basic information of the Company's corporate governance during the reporting period is as follows:

1. Shareholders and Shareholders' Meetings

The Company protects the rights of shareholders in accordance with the law, paying special attention to protecting the legitimate rights and interests of minority shareholders, and protects the rights of shareholders to know and participate in decision-making and supervision of significant events of the Company. The Company held its first extraordinary general meeting for 2024 on February 23, 2024, the annual general meeting for 2023 on April 23, 2024, the second extraordinary general meeting for 2024 on June 11, 2024, the third extraordinary general meeting for 2024 on September 11, 2024, and the fourth extraordinary general meeting for 2024 on November 14, 2024, respectively. The convening of the meetings, the convening procedures, the qualifications of the participants, the qualifications of the convenor, the voting procedures and the voting results of the meetings complied with the provisions of laws and regulations and the Articles of Association of the Company, and all the motions were voted on and approved.

2. Directors and Board of Directors

The number and composition of the Board of Directors of the Company are in compliance with the requirements of laws and regulations, the professional structure is reasonable, and the directors are fully equipped with the necessary time and energy, knowledge reserves, professional skills and comprehensive qualities to perform their duties. The directors are fully equipped with the necessary time and energy, knowledge reserves, professional skills and comprehensive qualities to perform their duties.

The supervisors strictly abide by the relevant laws, regulations and norms, independently and effectively perform the supervision function, and urge the Board of Directors and the management to operate in a standardized manner and make scientific decisions, thus effectively safeguarding the interests of the Company, shareholders and employees. During the reporting period, the tenth Supervisory Committee of the Company held a total of 6 sessions, and all the motions were voted on and approved. The Supervisory Committee obtained a full understanding of the Company's production and operation situation, comprehensively inspected the Company's finance, supervised the directors and senior management to perform their duties in a standardized manner, reviewed the Company's periodic reports and put forward written review opinions.

During the reporting period, the tenth Board of Directors appointed Mr. He Tao, Mr. Shen Shi, and Mr. Li Sheng Li as Senior Vice Presidents. The Company appointed senior management in strict accordance with the relevant laws and regulations and the Company's Articles of Association, performed legal procedures and made timely disclosure.

The operation team has clear responsibilities and strictly implements the resolutions of the general meeting of shareholders, resolutions of the Board of Directors and other relevant resolutions. The senior management members abide by the relevant laws and regulations and the Articles of Association of the Company, and perform their duties faithfully, diligently and prudently.

During the reporting period, in accordance with the latest provisions of the

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and other laws

and regulations and normative documents, and based on the actual situations of the Company, the Company systematically revised the _____ and the _____

after consideration and approval by the Board of Directors, to further improve the governance structure of the Board of Directors of the Company. In addition, during the reporting period, the Company also revised such basic management systems as the _____, the _____, and _____.

the , and formulated such basic management systems as the , the , and the .

6. Largest shareholder and listed company

As of the end of the reporting period, State-owned Equity Management Company was the largest shareholder of the Company, and the Company has no de facto controller and no controlling shareholders. The above-mentioned largest shareholder shall exercise its rights as shareholders in accordance with law, fulfill its obligations as shareholders, and earnestly fulfill its commitments. The largest shareholder of the Company is independent from the Company in terms of personnel, assets and finance, and has independent institutions and businesses. There are no cases in which the Company's funds have been appropriated by the largest shareholder and its subsidiaries or through other means, or the Company has provided guarantees for the largest shareholder and its subsidiaries in violation of the law. During the reporting period, the decision-making procedures and information disclosure obligations were strictly fulfilled for the related party transactions between the Company and the related parties in accordance with relevant regulations, and the related party transactions had commercial substance and fair pricing.

7. Information disclosure and transparency

During the reporting period, the Company and other information disclosure obligators disclosed information in a true, accurate, complete, timely and fair manner in strict accordance with laws and regulations, self-regulatory rules and the of the Company, and the disclosures were concise, clear and easy to understand. The Company's designated information disclosure media are , , and <http://www.cninfo.com.cn>, so that users can quickly and conveniently obtain information of the Company. Attaching importance to the management of insider information, the Company strictly controls the scope of persons with knowledge of insider information, registers the information of persons with knowledge of insider information truthfully, accurately and completely, and reports to the Exchange in a timely manner.

8. Internal control and regulation system

The Company has established a sound internal control system. With the form and content in line with the requirements of the , its supplementary guidelines, and other relevant laws, regulations and normative documents, the internal control self-evaluation can truly and accurately reflect the implementation status of the Company's internal controls.

The Company has, according to the actual situation and management needs, established and improved internal control to reasonably ensure the legal compliance of operation and management, asset safety, the truth and integrity of financial reports and related information, improve the operation efficiency and effect, promote the realization of development strategies, and meet the objectives of internal control. The Company has established a series of internal control systems for the business and matters included in the scope of internal control evaluation, which have been implemented in the operation and management activities, effectively preventing and controlling the Company's internal business risks in major aspects, and ensuring the safety and integrity of the Company's assets and the orderly development of operation and management activities. The internal control systems are reasonable, complete and effective, and conducive to achieving the strategic objectives of operation and development of the Company. The Company has introduced a third-party consulting agency to assist in the construction of a comprehensive risk

management system, and promoted the integration of risk management into each business management link through risk identification, risk assessment, clarification of risk early warning indicators, development of risk reporting and response mechanisms, and the construction of a corporate responsibility and assessment system. The Company will constantly improve the internal control system and standardize the implementation of the internal control system according to the changes of internal and external environment and management requirements, and based on the guidelines of comprehensive risk management. Through the operation, analysis and evaluation of the internal control system, we will provide guarantee for the Company's legal and compliant operation and asset safety, effectively prevent risks in operation and management, and promote the steady implementation of the Company's strategy.

9. Stakeholders and social responsibilities

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, with an aim to realize the coordination and balance of the interests of society, shareholders, the Company, employees and other parties. Yunnan Baiyao actively fulfills its social responsibilities in terms of environmental protection, disaster relief and relief assistance, and public welfare, while maintaining the Company's sustainable development, improving its operating results and protecting the interests of its shareholders. In 2024, Yunnan Baiyao was again awarded an A rating in the MSCI-ESG rating for the 4th consecutive year. Based on the corporate attributes of inheritance and innovation, excellent quality, technology empowerment, co-construction and sharing, social responsibility and sustainable development, the Company will continue to optimize the governance system and governance level, constantly upgrade the industrial deployment, adhere to the environmentally friendly development path, and create long-term sustainable value for the society, the environment and various stakeholders.

We firmly believe that good corporate governance is the cornerstone and guarantee for the sustainable and healthy development of enterprises, and standardized operation is the basic requirement for the sustainable and healthy development of the Company. Insisting on standardized operation in accordance with laws and regulations and the requirements of the corporate governance system, the Company has continuously improved its governance capacity and management effectiveness. Thanks to scientific decision-making and sound operation, we effectively safeguard the interests of the Company and the general investors, and achieve the Company's high-quality and sustainable development.

Whether there were any significant differences between the Company's actual governance status and laws, administrative regulations and the rules issued by China Securities Regulatory Commission ("CSRC") on listed company governance?

☐ Yes ☒ No

There was no significant difference between the Company's actual governance status and laws, administrative regulations and the rules issued by CSRC on listed company governance.

II. Details Regarding the Company's Separation from the Controlling Shareholder and De Facto Controller across Assets, Personnel, Finance, Institutions, and Business Operations

State-owned Equity Management Company is the largest shareholder of the Company, and the Company has no de facto controller and no controlling shareholders. In strict accordance with the requirements of the

, the and other laws, regulations and rules, the Company and its foregoing largest shareholder are completely separated in terms of business, personnel, assets, institutions, finance and other aspects. The Company has an independent and complete business system and the ability to operate independently in the market. The Company will continue to ensure the separation between the Company and the aforesaid largest shareholder in terms of personnel, assets, finance, institutions and business operations according to the requirements of the relevant laws and regulations.

1. In terms of personnel: The Company operates completely independently in terms of labor, personnel and wage management system and has developed an independent management system. The directors, supervisors and senior management of the Company are lawfully selected and employed in accordance with the , the and other relevant laws, regulations and provisions. All senior executives of the Company work in the Company and receive remuneration. There is no situation in which senior executives hold dual positions in the Company and the companies of the aforesaid largest shareholder. There is no situation in which finance staff has cross appointments in related organizations.

2. In terms of assets: The Company has a clear division of property rights with its aforesaid largest shareholder, has the ability to operate independently in the market, and has full control over the production system, supporting facilities, land use rights and other assets, and there is no situation where the aforesaid largest shareholder occupies or dominates the assets.

3. In terms of finance: The Company has established an independent, complete and standardized financial accounting system and financial management system, as well as the corresponding internal control system and internal audit system to independently make financial decisions in accordance with the requirements of the .

4. In terms of institutions: The Board of Directors, Supervisory Committee and other internal organs of the Company have sound structure, operate independently, make scientific decisions, and the internal organizations operate independently from the aforesaid largest shareholder. All the institutions of the Company are set according to the requirements of listed companies' norms and the Company's actual business needs and characteristics. The Company and its largest shareholder have independent office addresses, and there is no mixed operation and co-office. The aforesaid largest shareholder exercises its rights and undertakes corresponding obligations according to law.

5. In terms of business: The Company has a completely independent business operation system, business deployment and the ability to operate independently in the market, with independent procurement system, production system and sales system. There is no dependence on majority shareholder to obtain profits, and there is no horizontal competition with aforesaid largest shareholder and its subsidiaries.

III. Horizontal Competition

☐Applicable ☒Not applicable

IV. Annual General Meeting and Extraordinary General Meeting Held during the Reporting Period

1. Shareholders' meetings held during the reporting period

Sessions	Meeting type	Proportion of attendance of the investors	Meeting date	Disclosure date	Resolutions
First Extraordinary General Meeting for 2024	Extraordinary General Meeting	63.39%	February 23, 2024	February 24, 2024	The following proposals had been considered and approved: 1. ; 2.
Annual General Meeting for 2023	Annual General Meeting	62.19%	April 23, 2024	April 24, 2024	The following proposals had been considered and approved: 1. ; 2. ; 3. ; 4. ; 5. ; 6. ; 7.
Second Extraordinary General Meeting for 2024	Extraordinary General Meeting	55.89%	June 11, 2024	June 12, 2024	The following proposals had been considered and approved: 1. ; 2.
Third Extraordinary General Meeting for 2024	Extraordinary General Meeting	61.91%	September 11, 2024	September 12, 2024	The following proposal had been considered and approved: 1.
Fourth Extraordinary General Meeting for 2024	Extraordinary General Meeting	63.09%	November 14, 2024	November 15, 2024	The following Proposal had been considered and approved: 1.

2. Extraordinary general meetings convened at the request of preferred shareholders with resumed voting rights

☐Applicable ☒Not applicable

V. Directors, Supervisors and Senior Management

1. Basic information

Name	Gender	Age	Title	Service status	Date of commencement of service term	Date of end of service term	Number of shares held at the beginning of the period (shares)	Increase in number of shares held in the current period (shares)	Decrease in number of shares held in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for changes in shares
Zhang Wenxue	Male	62	Secretary of the Company's Party Committee, Chairman	Incumbent	February 23, 2024	November 7, 2025	0	0	0	0	0	N/A
Dong Ming	Male	49	Vice Chairman, CEO and President	Incumbent	March 3, 2021	November 7, 2025	13,280	0	0	0	13,280	N/A
Li Hongshen	Male	46	Director	Incumbent	November 7, 2022	November 7, 2025	0	0	0	0	0	N/A
Guo Xin	Male	54	Director	Incumbent	June 11, 2024	November 7, 2025	0	0	0	0	0	N/A
You Guanghui	Male	54	Director	Incumbent	June 11, 2024	November 7, 2025	0	0	0	0	0	N/A
Xie Yunshan	Male	50	Director	Incumbent	November 7, 2022	November 7, 2025	0	0	0	0	0	N/A
Shangguan Changchuan	Male	58	Director	Incumbent	June 11, 2024	November 7, 2025	0	0	0	0	0	N/A
Liu Guo'en	Male	68	Independent Director	Incumbent	May 25, 2021	November 7, 2025	0	0	0	0	0	N/A
Dai Yang	Male	56	Independent Director	Incumbent	August 21, 2019	November 7, 2025	0	0	0	0	0	N/A
Zhang Yongliang	Male	57	Independent Director	Incumbent	August 21, 2019	November 7, 2025	0	0	0	0	0	N/A
He Yong	Male	55	Independent Director	Incumbent	November 7, 2022	November 7, 2025	0	0	0	0	0	N/A
Dai Pujun	Male	45	Vice Chairman of Supervisory Committee	Incumbent	June 11, 2024	November 7, 2025	0	0	0	0	0	N/A
Qu Huaxi	Male	59	Supervisor, Chairman of	Incumbent	August 21, 2019	November 7, 2025	0	0	0	0	0	N/A

			Trade Union									
He Yingxia	Female	53	Supervisor, Vice Chairperson of Trade Union	Incumbent	August 21, 2019	November 7, 2025	0	0	0	0	0	N/A
Zhu Zhaoyun	Female	71	TCM Strategy Scientist	Incumbent	August 21, 2019	November 7, 2025	56,000	0	0	0	56,000	N/A
Zhang Ning	Male	54	Chief Scientist	Incumbent	January 24, 2022	November 7, 2025	0	0	0	0	0	N/A
Li Shengli	Male	52	Senior Vice President	Incumbent	October 11, 2024	November 7, 2025	0	0	0	0	0	N/A
Ma Jia	Male	48	CFO	Incumbent	June 1, 2022	November 7, 2025	0	0	0	0	0	N/A
He Tao	Male	49	Senior Vice President	Incumbent	August 26, 2024	November 7, 2025	0	0	0	0	0	N/A
Shen Shi	Male	44	Senior Vice President	Incumbent	August 26, 2024	November 7, 2025	0	0	0	0	0	N/A
Li Jin	Male	60	Secretary of the Discipline Inspection Commission, Chief Quality and Process Officer	Incumbent	August 21, 2019	November 7, 2025	56,000	0	0	0	56,000	N/A
Qian Yinghui	Male	41	Secretary of Board of Directors	Incumbent	January 17, 2022	November 7, 2025	0	0	0	0	0	N/A
Chen Fashu	Male	65	Former Director	Resigned	August 21, 2019	May 22, 2024	12,527,495	0	0	0	12,527,495	N/A
Lu Hongdong	Male	58	Former Director, Deputy Secretary of the Company's Party Committee	Resigned	November 7, 2022	May 22, 2024	0	0	0	0	0	N/A
Chen Yanhui	Male	39	Former Director	Resigned	August 21, 2019	May 22, 2024	177,345	0	0	0	177,345	N/A
Qin Wanmin	Male	61	Former Chief Innovation Officer, Senior Vice President, President of Health Products BG	Resigned	August 21, 2019	January 26, 2025	504,000	0	0	0	504,000	N/A

Yang Yong	Male	61	Former Chief Compliance Officer, Senior Vice President, Executive Director of Yunnan Pharma	Resigned	August 21, 2019	February 26, 2025	101,024	0	0	0	101,024	N/A
Zhao Yingming	Male	53	Former Chief Commercial Officer, Senior Vice President	Resigned	March 13, 2023	August 26, 2024	0	0	0	0	0	N/A
Zhong Jie	Male	61	Former Vice Chairman of Supervisory Committee	Resigned	August 21, 2019	June 11, 2024	0	0	0	0	0	N/A
You Guanghui	Male	54	Former Chairman of Supervisory Committee	Resigned	August 21, 2019	May 22, 2024	0	0	0	0	0	N/A
Yin Pinyao	Male	56	Former Chief Operation Officer, Senior Vice President, President of TCM Resources BG	Resigned	August 21, 2019	February 7, 2024	336,000	0	84,000	0	252,000	He resigned and undertook to manage his shares held in the Company in accordance with relevant provisions
Yu Juan	Female	53	Former Chief Human Resources Officer	Resigned	August 21, 2019	February 7, 2024	140,000	0	0	0	140,000	N/A
Total	--	--	--	--	--	--	13,911,144	0	84,000	0	13,827,144	--

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(Announcement No.: 2024-44), stating that the Company's Tenth Board of Directors received the resignation application from Mr. Zhao Yingming, the Company's Chief Commercial Officer and Senior Vice President, stating that due to his personal career development plan adjustments, he applied for resignation from the Chief Commercial Officer and Senior Vice President of the Company, as well as all positions in the Company and its controlling subsidiaries. According to the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of the Company, the resignation application of Mr. Zhao Yingming shall take effect from the date of the service to the Board of Directors.

Changes of directors, supervisors and senior management of the Company

☒Applicable ☐Not applicable

Name	Position held	Type	Date	Resigned as Supervisor of Reason
Zhang Wenxue	Chairman	Elected	February 23, 2024	For improving the governance structure of the Company's Board of Directors further, he was elected as Chairman
Yin Pinyao	Former Chief Operation Officer, Senior Vice President	Resigned	February 7, 2024	Resigned as Chief Operation Officer and Senior Vice President due to personal reasons
Yu Juan	Former Chief Human Resources Officer	Resigned	February 7, 2024	Resigned as Chief Human Resources Officer due to personal reasons
Chen Fashu	Former Director	Resigned	May 22, 2024	Resigned as Director of the Company's Tenth Board of Directors, Chairman of the Strategy Committee and Member of the Remuneration and Appraisal Committee of the Board of Directors due to work adjustments
Lu Hongdong	Former Director	Resigned	May 22, 2024	Resigned as Director of the Company's Tenth Board of Directors and Member of the Strategy Committee of the Board of Directors due to work adjustments
Chen Yanhui	Former Director	Resigned	May 22, 2024	Resigned as Director of the Company's Tenth Board of Directors and Member of the Nomination Committee of the Board of Directors due to work adjustments
You Guanghui	Former Chairman of the Supervisory Committee	Resigned	May 22, 2024	Resigned as Supervisor of the Company's Tenth Supervisory Committee and Chairman of Supervisory Committee due to work adjustments
Zhong Jie	Former Vice President of the Supervisory Committee	Resigned	June 11, 2024	Resigned as Supervisor of the Company's Tenth Supervisory Committee

				and Vice Chairman of the Supervisory Committee, as well as all positions in the Company and its controlling subsidiaries, due to reaching the statutory retirement age
Guo Xin	Director	Elected	June 11, 2024	Elected in the Company's Second Extraordinary General Meeting for 2024 after refer by State-owned Equity Management Company, a shareholder of the Company, and nomination by the Company's Board of Directors
You Guanghui	Director	Elected	June 11, 2024	Elected in the Company's Second Extraordinary General Meeting for 2024 after refer by New Huadu Industrial Group Co., Ltd ("New Huadu"), a shareholder of the Company, and nomination by the Company's Board of Directors
Shangguan Changchuan	Director	Elected	June 11, 2024	Elected in the Company's Second Extraordinary General Meeting for 2024 after referral by New Huadu, a shareholder of the Company, and nomination by the Company's Board of Directors.
Dai Pujun	Vice Chairman of the Supervisory Committee	Elected	June 11, 2024	Elected in the Company's Second Extraordinary General Meeting for 2024 after referral by State-owned Equity Management Company, a shareholder of the Company, and nomination by the Company's Supervisory Committee.
He Tao	Senior Vice President	Appointed	August 26, 2024	Appointed by the Company's Board of Directors to be the Company's Senior Vice President for a term from the date when the Board of Directors considered and approved it until the expiration of the Tenth Board of Directors after nomination by the Company's Chief

				Executive Officer and review by the Nomination Committee of the Board of Directors in terms of the nominee's qualification for taking the position
Shen Shi	Senior Vice President	Appointed	August 26, 2024	Appointed by the Company's Board of Directors to be the Company's Senior Vice President for a term from the date when the Board of Directors considered and approved it until the expiration of the Tenth Board of Directors after nomination by the Company's Chief Executive Officer and review by the Nomination Committee of the Board of Directors in terms of the nominee's qualification for taking the position
Zhao Yingming	Chief Commercial Officer, Senior Vice President	Resigned	August 26, 2024	Resigned as Chief Commercial Officer and Senior Vice President of the Company, as well as all positions in the Company and its controlling subsidiaries, due to his personal career development plan adjustments
Li Shengli	Senior Vice President	Appointed	October 11, 2024	Appointed by the Company's Board of Directors to be the Company's Senior Vice President for a term from the date when the Board of Directors considered and approved it until the expiration of the Tenth Board of Directors after nomination by the Company's Chief Executive Officer and review by the Nomination Committee of the Board of Directors in terms of the nominee's qualification for taking the position

2. Appointment

Professional background, main working experience and main duties in the Company of current directors, supervisors, and

senior management of the Company

Resume of Members of the Board of Directors:

Zhang Wenxue, male, Han nationality, born in June 1963, a native of Shiping, Yunnan, a member of the Communist Party of China, holding an on-the-job master's degree, is a Senior Economist. He was a member of the Tenth Yunnan Provincial Committee of the Communist Party of China and then a member of the 12th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference. He has been recognized as a Model Worker of Yunnan Province (19th Session) and an Outstanding Professional and Technical Talent with Significant Contributions in Yunnan Province. He is a recipient of the Second Prize of the State Scientific and Technological Progress Award, and was named one of the "Outstanding Entrepreneurs in China (2021–2022)." In 2024, he was selected for the "Manufacturing Talent Support Program – Innovative Entrepreneur List by the Ministry of Industry and Information Technology." He served as Deputy General Manager of Yunnan Phosphorus Chemical Industry (Group) Corporation, General Manager and Deputy Secretary of the Party Committee of Yunnan Phosphate Chemical Group Co., Ltd, Secretary of the Party Committee and General Manager of Yunnan Phosphate Chemical Group Co., Ltd, Director, Deputy General Manager and Standing Committee Member of Party Committee of Yuntianhua Group Co., Ltd, General Manager, Deputy Secretary of the Party Committee and Vice Chairman of Yuntianhua Group Co., Ltd, Chairman of Chongqing Polycomp International Corporation, Secretary of the Party Committee and Chairman of Yuntianhua Group Co., Ltd. He is currently Secretary of the Party Committee and Chairman of Yunnan Baiyao.

Dong Ming, male, Han nationality, born in October 1976, holding a bachelor's degree, is a doctoral candidate in management. He served as Vice President of the CIS Regional Department, Director of VIP System Department, General Manager of Beijing Branch, Director of Mobile System Department, and Vice President for China of Huawei Technologies Co., Ltd. He is currently Legal Representative, Vice Chairman, President and CEO of Yunnan Baiyao.

Li Hongshen, male, Han nationality, born in August 1978, is a doctor of economics, and an engineer. He served as Vice President (presiding over work) of Chuncheng Road Sub-branch of China Merchants Bank, General Manager of International Business Department of Kunming Branch of China Merchants Bank, Factory Director Assistant, Deputy Factory Director and Factory Director of Qujing Cigarette Factory of Hongyun Honghe Tobacco (Group) Co., Ltd, Factory Director of Kunming Cigarette Factory of Hongyun Honghe Tobacco (Group) Co., Ltd, Vice President and Deputy General Manager of Hongyun Honghe Tobacco (Group) Co., Ltd. He is currently General Manager of Yunnan Hehe (Group) Co., Ltd ("Yunnan Hehe"), and Director of Yunnan Baiyao, Vice Chairman of KPC Pharmaceuticals, Inc, Director of Hongta Securities Co., Ltd, Director of Yunnan Hongta Bank Co., Ltd, and Director of Zhongwei Capital Holdings Co., Ltd.

Guo Xin, male, Han nationality, born in September 1970, is a member of the Communist Party of China, holding a bachelor's degree, and an on-the-job master's degree, and a professional technical position as an associate researcher. He served as Manager of Business Development Department of Kunming Zhenhua Pharmaceutical Factory Co., Ltd, Manager of Human Resources Department of Yunnan Pharmaceutical Industry Co., Ltd, Assistant General Manager, and Manager of Business Development Department of Kunming Zhenhua Pharmaceutical Factory Co., Ltd, Manager of Investment Development Department, Assistant General Manager, Manager of

Investment Operation Department, and Director of Administration Department of Yunnan Pharmaceutical Industry Co., Ltd, Member of Party Committee, Deputy General Manager, Secretary of the Comprehensive Party Branch and Dean of the Research Institute of Yunnan Plant Pharmaceutical Co., Ltd, General Manager of Biomedical Department of Yunnan Industrial Investment Holding Group Co., Ltd, General Manager of Yunnan Gongtong TCM Materials and Decoction Pieces Industry Development Co., Ltd, Secretary of the Party Committee and Chairman of Yunnan Bohao Biotechnology Group Co., Ltd, Secretary of the Party Branch and Chairman of Yunnan Ruibao Biotechnology Co., Ltd. He is currently Full-time Equity Representative of State-owned Equity Management Company and Director of Yunnan Baiyao.

You Guanghui, male, Han nationality, born in December 1971, holding a bachelor's degree, is a Certified Management Accountant (CMA), Senior Corporate Culture Manager, and Senior Corporate Compliance Manager. He was Chief Accountant of Fujian Industrial Bank Wuyishan Sub-branch, Chief Accountant and Head of the Finance Section of New Huadu Engineering Co., Ltd, Supervisor, Deputy Manager and Manager of the Planning and Finance Department of Fujian Wuyishan Travel Development Co., Ltd, Supervisor of Xinjiang Kanas Tourism Development Co., Ltd, Director and Chief Financial Officer of Fujian Wuyishan Travel Development Co., Ltd, Chief Financial Officer of Baiyao Holdings, and Chairman of the Supervisory Committee of Yunnan Baiyao. He is currently Director of Yunnan Baiyao.

Xie Yunshan, male, Han nationality, born in September 1975, is a member of the Communist Party of China, a doctor of economics, postdoctoral and Certified Public Accountant. He once worked at the Southwest Management Headquarters of Xiangcai Securities, the First Secretary of the General Office of the Yunnan Provincial Government, the Investment Research Institute of Yunnan University of Finance and Economics, the Finance Research Institute of the People's Bank of China, Zhonghe Zhengxin Accounting Firm, the Investment Banking Department of Hongta Securities, the Investment Banking Department of Dongguan Securities, and the Investment Banking Headquarters of Pacific Securities. He is currently Full-time Equity Representative of State-owned Equity Management Company and Director of Yunnan Baiyao.

Shangguan Changchuan, male, Han nationality, born in September 1966, holding an EMBA degree. He taught in Xianghua School District, Anxi County and served as HR Manager, Purchasing Manager and General Manager of New Huadu Department Store, General Manager of Quanzhou New Huadu Supercenter Co., Ltd, Director and Executive Deputy General Manager of New Huadu Supercenter Co., Ltd, and Chairman and General Manager of New Huadu Supercenter Co., Ltd. He is currently Vice President of New Huadu and Director of Yunnan Baiyao.

Resume of Independent Directors:

Liu Guo'en, male, Qiang nationality, born in October 1957, a doctor of economics, is a Special Professor of Economics Changjiang Scholar of Ministry of Education. He used to teach at the University of Southern California and the University of North Carolina, and served as President of the "Chinese Economist Society" and President of the "Asia-Pacific Federation of International Society for Pharmacoeconomics and Outcomes Research." He is currently a Distinguished Professor of Liberal Arts of Peking University, Dean of Global Health Development Institute of Peking University, Member of Faculty of Chinese Academy of Medical Sciences, Chinese Convener of , Chairman of Pharmacoeconomics Professional Committee of Chinese

Pharmaceutical Association, Independent Director of MicroPort Scientific Corporation, and Independent Director of Yunnan Baiyao.

Dai Yang, male, Han nationality, born in January 1969, holding a bachelor's degree, served as Deputy Principal Staff, Principal Staff, Deputy Director of General Affairs Department, Deputy Director of General Office (Party Office), Director and Head of Department of Listed Company Supervision of Tibet Bureau of China Securities Regulatory Commission, Deputy Secretary of the Party Committee, General Manager, Secretary of the Party Committee and Chairman of Tibet Mineral Development Co., Ltd, Vice President of Yongtai Group Co., Ltd, Chairman and Vice Chairman of Hainan Haide Industrial Co., Ltd, and Independent Director of Tibet Water Resources Limited. He is currently Independent Director of KSEC Intelligent Technology Co., Ltd, Wondershare, and Yunnan Baiyao.

Zhang Yongliang, male, Han nationality, born in March 1968, holding a master's degree in law and legal studies, is a practicing lawyer. He was a member of the fourth and fifth Review Committees of Listed Company M&A and Restructuring of China Securities Regulatory Commission. He is currently Independent Director of Yunnan Baiyao, and Partner of King & Wood Law Firm. His main practice areas are corporate mergers and acquisitions, securities, debt restructuring, etc.

He Yong, male, Han nationality, born in October 1970, holding a bachelor's degree, is a partner of ShineWing Certified Public Accountants, Deputy Chief Accountant of Chengdu Branch of ShineWing Certified Public Accountants, Chinese Certified Public Accountant (senior member of the Chinese Institute of Certified Public Accountants), Chinese Certified Asset Appraiser, Leading Accounting Talent of the Ministry of Finance, and Member of the First Listing Committee of ChiNext of Shenzhen Stock Exchange. He is currently Independent Director of Yunnan Baiyao.

Resume of Shareholder Supervisors:

Dai Pujun, male, Han nationality, born in September 1979, a member of the Communist Party of China, holding an on-the-job master's degree. He served as Office Senior Business Manager of Yunnan Provincial Investment Holdings Group Co., Ltd ("Yunnan Investment Group"); Assistant General Manager of Yunnan Medical Investment Management Group Co., Ltd; Office Deputy Director of Yunnan Investment Group during which he temporarily served as Deputy Magistrate of Maguan County Wenshan Prefecture; Secretary of the Party Committee and Chairman of Yunnan Medical Investment Management Co., Ltd, during which he temporarily served as Director of Yunnan Kunhua Hospital Investment Management Co., Ltd, Chairman of Yunnan Fuwai Cardiovascular Hospital Investment Management Co., Ltd and Chairman of Hangzhou Yunyi Health Services Co., Ltd; and Comprehensive Management Department Manager and Head of Board Office of Yunnan Investment Group. He is currently Full-time Equity Representative of State-owned Equity Management Company and Vice Chairman of the Supervisory Committee of Yunnan Baiyao.

Resume of Employee Supervisors:

Qu Huaxi, male, Han nationality, born in June 1966, a member of the Communist Party of China, holding a provincial Party School university degree, and a lecturer. He served as a cadre in the Office of Menglian County Party Committee of Simao City, Deputy Secretary of the Party Committee of Lalei Township of Menglian County of Simao City, Principal Staff (Director) of the Comprehensive Division of the Yunnan Provincial Poverty

Alleviation Office, Deputy Researcher of the Micro-credit Division of the Yunnan Provincial Poverty Alleviation Office, Deputy Director of the Project Management Office of the Yunnan Provincial Poverty Alleviation Office, Director of the Program and Financial Affairs Division of the Yunnan Provincial Poverty Alleviation Office (during which he served as Head of the New Rural Development Task Force of Wuding County of Chuxiong Prefecture, and as Deputy Secretary of the County Party Committee), Director of Non-local Poverty Alleviation and Development Division of the Yunnan Provincial Poverty Alleviation Office, Director of the Discipline Inspection Group and Member of the Party Group of the Yunnan Provincial Federation of Supply and Marketing Cooperatives. In August 2016, he was transferred to Baiyao Holdings. He is currently Chairman of the Trade Union and Supervisor of Yunnan Baiyao.

He Yingxia, female, Han nationality, born in March 1972, holding an on-the-job master's degree, is a Party member and a political engineer. She was a workshop worker of Yunnan Baiyao, Deputy Sales Manager of Southwest region of China, Deputy Secretary of the Youth League Committee of the Group, Vice Chairman of the Trade Union, Director of the Party and Mass Work Department, Deputy Secretary of the Discipline Inspection Commission, Chairman of the Trade Union and Secretary of the First Party Branch of the Group Headquarters, Member of the 17th Executive Committee of the All-China Federation of Trade Unions (ACFTU) and Member of the 7th Women Workers' Committee of the ACFTU. She is currently a Member of the Party Committee of Yunnan Baiyao, Vice Chairman of the Trade Union, and Director of the Organization and Publicity Department. She is also a Member of the Standing Committee of the Fourth Session of the People's Congress of Chenggong District, Kunming City, Member of the Twelfth Session of the Provincial Federation of Trade Unions, Executive Committee Member of the Sixth Women's Workers Commission, and Supervisor of Yunnan Baiyao.

Resume of Senior Management:

Zhu Zhaoyun, female, Han nationality, born in March 1954, is a Senior Engineer and Academician of the Chinese Academy of Engineering. She served as Secretary of the Party Committee and Director of Yunnan Institute of Materia Medica, Member of the Party Committee, R&D Director, Director of TCM R&D of Yunnan Baiyao. She is currently Member of the Party Committee and TCM Strategy Scientist of Yunnan Baiyao.

Zhang Ning, male, Han nationality, born in November 1970, is a professor at Peking University and a doctor of biochemistry, Cell and Molecular Biology at School of Medicine, Johns Hopkins University. He served as Deputy Director of Health Science Center of Peking University, Director of the Office of Scientific Research of Peking University, Vice President of Tianjin Medical University, Professor of Affiliated Cancer Hospital of Tianjin Medical University, Deputy Director of Tianjin Cancer Research Institute, and Deputy Director of Department of Chemical Biology of School of Chemistry of Peking University. He is currently Deputy Director of Peking University-Yunnan Baiyao International Medical Research Center, Deputy Director of Peking University International Cancer Institute, Executive Deputy Director of the Center for Translational Tumor Research at Peking University First Hospital, Deputy Director of National Institute of Health Data Science at Peking University, and Chief Scientist of Yunnan Baiyao.

Li Shengli, male, Han nationality, born in 1973, holding a master's degree. He served as District Manager, Regional Manager, Sales Director, General Manager, Vice President, Senior Vice President, and Co-CEO of Fosun Wanbang (Jiangsu) Pharmaceutical Group Co., Ltd (formerly Jiangsu Wanbang Biochemical Pharmaceutical Co.,

Ltd), General Manager of Biochemical Oncology Division, President, CEO, and Chairman of Fosun Wanbang (Jiangsu) Health Development Co., Ltd (formerly Jiangsu Wanbang Pharmaceutical Marketing Co., Ltd), Vice President and General Manager of Chinese Marketing Headquarters, Senior Vice President of Shanghai Fosun Pharmaceutical Industry Development Co., Ltd, Co-President, President and Chairman of Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd (formerly Jiangsu Fosun Pharmaceutical Sales Co., Ltd), Assistant President, Vice President, Senior Vice President, Executive President and Chief Development Officer of Shanghai Fosun Pharmaceutical (Group) Co., Ltd, and President, CEO and Co-Chairman of Shanghai Fosun Health Technology (Group) Co., Ltd. He is currently Senior Vice President of Yunnan Baiyao.

Ma Jia, male, Han nationality, born in March 1977, is a master and Party member. He served as Director of Financial Management Department of Beijing Panasonic Lighting Co., Ltd, Financial Director of CIS Regional subsidiary of Huawei Technologies, IFS Transformation Project Manager (China), CFO of Shandong Representative Office, CFO of China Operator BG, CFO of China Region/Member of China Region Administrative Management Team, responsible for ICT operation management, risk control, sales and financing, taxation, subsidiaries and other financial business of Huawei China (excluding Hong Kong, Macao and Taiwan), as well as financial organization construction. He is currently CFO of Yunnan Baiyao.

He Tao, male, Han nationality, born in December 1975, holding a master's degree and is a Senior Accountant, Certified Management Accountant (CMA), expert awarded Yunnan Provincial Government Special Allowance, Member of Yunnan Provincial Senior (Deputy Senior) Accountant Professional Title Review Committee, expert in Research-Based Audit Think Tank of Yunnan Provincial Audit Office, Executive Director of the 6th Council of China Federation of Logistics and Purchasing, and Member of the Expert Committee of the Modern Supply Chain Research Institute of China Federation of Logistics and Purchasing. He served as Deputy General Manager of Finance Department (presiding over the work) and General Manager of Marketing Department of China Telecom Group Yunnan Branch, Secretary of the Party Committee and General Manager of China Telecom Group Yuxi Branch, Director and Deputy General Manager of Yunnan Yuntianhua Co., Ltd, and Secretary of the Party Committee and General Manager of Yunnan Yuntianhua United Business Co., Ltd. He is currently Senior Vice President of Yunnan Baiyao.

Shen Shi, male, Han nationality, born in December 1980, holding a master's degree. He served as an automation engineer of Liaoyang Spring Factory, a subsidiary of China's FAW Group Co., Ltd, R&D Engineer and Capacity Expansion Project Manager of Midea Group Co., Ltd, Consulting Manager of Guangzhou Kaipule Enterprise Management Consulting Co., Ltd, Consulting Director of Beijing Zhenglv Junce Consulting Group Co., Ltd, Consulting Manager of Mercer, Consulting Director of Aon Hewitt Consulting Co., Ltd, Human Resources Expert of Huawei Technologies Co., Ltd, Head of Organizational Development at Midea Group Co., Ltd, and Director of Management Department at Servotronics Motion Control Company, a subsidiary of Midea Group Co., Ltd. He is currently Senior Vice President of Yunnan Baiyao.

Li Jin, male, Hui nationality, born in August 1965, a master of business administration, licensed pharmacist Hong Kong,

Officer of Yunnan Baiyao.

Qian Yinghui, male, Han nationality, born in September 1983, is a master of law. He served as Project Manager of the Strategy Committee Office of Yunnan Baiyao and Project Director of the Strategy Development Center of Yunnan Baiyao. He is currently Secretary of the Board of Directors of Yunnan Baiyao.

Engagement in shareholding companies

☒Applicable ☐Not applicable

Name of person	Name of shareholding company	Position held in shareholding company	Date of commencement of service term	Date of end of service term	Whether to receive remuneration and allowances from the shareholding company
Guo Xin	Yunnan State-owned Equity Operation Management Co., Ltd.	Full-time Equity Representative			Yes
Xie Yunshan	Yunnan State-owned Equity Operation Management Co., Ltd.	Full-time Equity Representative			Yes
Dai Pujun	Yunnan State-owned Equity Operation Management Co., Ltd.	Full-time Equity Representative			Yes
Shangguan Changchuan	New Huadu Industrial Group Co., Ltd.	Vice President	October 1, 2019		Yes
Li Hongshen	Yunnan Hehe (Group) Co., Ltd.	Deputy Secretary of the Company's Party Committee, General Manager	May 25, 2022		Yes

Dai Yang	Wondershare	Independent Director	May 17, 2021	May 16, 2025	Yes
Liu Guo'en	Peking University	Professor	January 1, 2006		Yes
Liu Guo'en	MicroPort Scientific Corporation	Independent Director	September 3, 2010		Yes
Zhang Yongliang	Beijing King & Wood Mallesons	Partner	October 20, 1997		Yes
He Yong	ShineWing Public Accountants (SGP)	Partner	July 1, 2009		Yes
He Yong	Chengdu Branch of ShineWing Public Accountants (SGP)	Deputy Chief Accountant	July 25, 2024		Yes
Zhang Ning	Peking University	Professor	October 9, 2017		Yes
Zhang Ning	Affiliated Cancer Hospital of Tianjin Medical University Shanghai	Part-time Professor	October 9, 2017		Yes
Ma Jia	Pharmaceuticals Holding Co., Ltd.	Supervisor	June 29, 2023		No
He Tao					

Penalties to the current directors, supervisors and senior management of the Company and those leaving office during the reporting period by securities regulatory agencies in the latest three years

☐Applicable ☒Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures, determination basis and actual payment of remuneration for directors, supervisors, and senior management

Decision-making procedures of remuneration of directors, supervisors, and senior management	The Remuneration Management Committee shall submit the proposal to the board of directors for consideration and approval prior to implementation.
Basis for determination of the remuneration of directors, supervisors, and senior management	Remuneration shall be determined based on operating conditions, industry standard, responsibilities assumed, and other relevant factors.
Actual payment of remuneration of directors, supervisors, and senior management	Allowances for directors and supervisors will be paid monthly, while those for senior management will be paid based on established assessment standards.
Composition of remuneration of directors, supervisors, and senior management	The remuneration received by directors, supervisors, and senior management of the Company in 2023 includes a basic salary, performance bonus, allowances, and other cash income.

Remuneration for directors, supervisors, and senior management during the reporting period

Unit: RMB0'000

Name	Gender	Age	Title	Service status	Total pre-tax remunerations received from the Company	Whether remuneration was received from related parties of the Company
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Zhang Wenxue	Male	62	Secretary of the Company's Party Committee, Chairman	Incumbent	0	No
Dong Ming	Male	49	Vice Chairman, CEO and President	Incumbent	425.37	No
Li Hongshen	Male	46	Director	Incumbent	0	Yes
Guo Xin	Male	54	Director	Incumbent	5.19	Yes
You Guanghui	Male	54	Director	Incumbent	112.28	No
Xie Yunshan	Male	50	Director	Incumbent	98.33	Yes
Shangguan Changchuan	Male	58	Director	Incumbent	66.51	Yes
Liu Guo'en	Male	68	Independent Director	Incumbent	25.71	No
Dai Yang	Male	56	Independent Director	Incumbent	25.71	No
Zhang Yongliang	Male	57	Independent Director	Incumbent	25.71	No
He Yong	Male	55	Independent Director	Incumbent	25.71	No
Dai Pujun	Male	45	Vice Chairman of the Supervisory Committee	Incumbent	4.46	Yes
Qu Huax 0 1						

Yang Yong	Male	61	Former Chief Compliance Officer, Senior Vice President, and Executive Director of Yunnan Pharma	Resigned	363.97	No
Zhao Yingming	Male	53	Former Chief Business Officer & Senior Vice President	Resigned	258.45	No
Zhong Jie	Male	61	Former Vice Chairman of the Supervisory Committee	Resigned	46.16	No
Yin Pinyao	Male	56	Former Chief Operation Officer, Senior Vice President, and President of the TCM Resources Business Group	Resigned	33.96	No
Yu Juan	Female	53	Former Chief Human Resources Officer	Resigned	15.33	No
Total	--	--	--	--	3,377.69	--

Explanation on other matters

☐Applicable ☒Not applicable

VI. Duty Performance of Directors during the Reporting Period

1. Board meetings held during the reporting period

Sessions	Meeting date	Disclosure date	Resolutions
The first session of the Tenth Board of Directors for 2024	February 7, 2024	February 8, 2024	http://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1219122495&createTime=z0000538&announc002cmBT/FAAABETWnq

2. Attendance of directors at the Board meetings and general meetings

Attendance of directors at the Board meetings and general meetings							
Name of directors	Number of attendances required for the reporting period	Number of on-site attendances to Board meetings	Number of attendances to Board meetings through communication	Number of Board meetings attended by directors appointed as the proxy	Number of absences from Board meetings	Non-attendance in person for two consecutive times or not	Number of attendances to general meetings
Zhang Wenxue	11	6	5	0	0	No	5
Dong Ming	12	5	7	0	0	No	5
Li Hongshen	12	3	9	0	0	No	5
Guo Xin	7	4	3	0	0	No	3
You Guanghui	7	4	3	0	0	No	3
Xie Yunshan	12	6	6	0	0	No	5
Shangguan Changchuan	7	4	3	0	0	No	3
Dai Yang	12	3	9	0	0	No	5
Zhang Yongliang	12	4	8	0	0	No	5
Liu Guo'en	12	1	11	0	0	No	5
He Yong	12	2	10	0	0	No	5
Chen Fashu	4	0	4	0	0	No	0
Lu Hongdong	4	2	2	0	0	No	2
Chen Yanhui	4	1	3	0	0	No	1

Explanation on two consecutive absences from Board meetings: Not applicable.

3. Objections raised by directors to relevant matters of the Company

Did directors object to relevant matters of the Company?

☒ Yes ☐ No

Name of the Director	The matter to which the director raised objections	Content of the Objections
Li Hongshen	Proposal on the treatment of the convertible bonds of YNBY International Limited ("YNBY International") at its maturity	Director Li Hongshen voted against it for conversion is not beneficial for the Company's development. The other directors all voted in favor.
Li Hongshen	Proposal on joint investment with professional investment institutions to establish a fund	Director Li Hongshen cast an abstention vote. The reason for abstention is that establishing the fund is beneficial for the long-term development of Yunnan Baiyao, but the control mechanisms for the fund's specific operations still need further improvement. The other directors all voted in favor.
Explanation on objections raised by the director to relevant matters of the Company	Not applicable	

4. Other circumstances in the performance of duties by directors

Was advice to the Company from directors adopted?

☒ Yes ☐ No

Explanation on whether advice to the Company from directors was adopted or not

During the reporting period, in strict accordance with the , the , the , the and other laws, regulations and normative documents, as well as the , the and other relevant requirements, all the members of the Tenth Board of Directors of the Company, honoring the principles of integrity, faithfulness and diligence, and abiding by the code of conduct for the performance of duties as a director, attended the Board meetings and the general meetings of shareholders in earnest, actively understanding the operation of the Company and fully expressing our opinions, and carefully, independently and objectively considering 55 motions, including the revision of the Company's corporate governance documents, organizational structure, related party transactions, misappropriation of funds, and the appointment of senior management personnel. They carefully understood the contents for consideration during the Board meetings and expressed corresponding opinions and suggestions, which have played a positive role in promoting the Board of Directors to make strategic decisions that are more in line with the development of the Company and more scientific and reasonable, and have effectively safeguarded the legitimate rights and interests of the Company and all the shareholders, in particular the minority shareholders.

VII. Performance of Special Committees under the Board of Directors during the Reporting Period

Name of Committee	Members	Number of Meetings	Date of convention	Agenda of meeting	Important opinions and recommendations proposed	Other circumstances in the performance of duties	Particulars of objections (if any)
Strategy Committee	Chen Fashu, Dong Ming, Lu Hongdong, Li Hongshen, Liu Guo'en	6	March 25, 2024	(I) The first meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on the 2024 Organizational Structure Plan of Yunnan Baiyao. 2. Proposal on the Plan of Delegation of Power by the Board of Directors 3. Proposal on 2023 Profit Distribution Plan 4. Proposal on the Strategic Plan Outline for 2024-2028 of Yunnan Baiyao Result: 5 voted in favor, 0 voted against, 0 abstained	None	None	None
Strategy Committee	Chen Fashu, Dong Ming, Lu Hongdong, Li Hongshen, Liu Guo'en	6	April 22, 2024	(II) The second meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on the Company's Declaration of the Budget for the Lighthouse Enterprise Project Result: 5 voted in favor, 0 voted against, 0 abstained	None	None	None
Strategy Committee	Zhang Wenxue, Dong Ming, Guo Xin, You Guanghui, Li Hongshen, Liu Guo'en	6	June 11, 2024	(III) The third meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on the Election of the Chairman of the Committee Result: 6 voted in favor, 0 voted against, 0 abstained	None	None	None
Strategy Committee	Zhang Wenxue, Dong Ming, Guo Xin, You Guanghui, Li Hongshen, Liu Guo'en	6	June 21, 2024	(IV) The fourth meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on the Introduction of Project KA-1641 Result: 6 voted in favor, 0 voted against, 0 abstained	None	None	None
Strategy Committee	Zhang Wenxue, Dong Ming, Guo Xin, You Guanghui, Li Hongshen, Liu Guo'en	6	November 22, 2024	(V) The fifth meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on Proposed Establishment of a Fund Jointly Invested with Professional Investment Institutions Result: 5 voted in favor, 0 voted against, 1 abstained	None	None	Director Li Hongshen cast an abstention vote. The reason for abstention is that establishing the fund is beneficial for the long-term development of Yunnan Baiyao, but the control mechanisms for the fund's specific operations still need further improvement.
Strategy Committee	Zhang Wenxue, Dong Ming, Guo Xin, You Guanghui, Li Hongshen, Liu Guo'en	6	December 20, 2024	(VI) The sixth meeting of Strategy Committee of the Tenth Board of Directors for 2024 1. Proposal on the Strategic Plan for 2024-2028 of Yunnan Baiyao 2. Proposal on the Use of Self-owned Idle Funds for Investment and	None	None	None

				Financial Management in 2025 3. Proposal on Lijiang Company's Relocation Plan of Health Food Production Line Result: 6 voted in favor, 0 voted against, 0 abstained			
Nomination Committee	Dai Yang, Zhang Yongliang, Chen Yanhui	5	February 5, 2024	(I) The first meeting of Nomination Committee of the Tenth Board of Directors for 2024 1. Proposal on Nominating Candidates for the Tenth Board of Directors Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Nomination Committee	Dai Yang, Zhang Yongliang, Chen Yanhui	5	May 24, 2024	(II) The second meeting of Nomination Committee of the Tenth Board of Directors for 2024 1. Proposal on Electing Non-independent Directors for the Tenth Board of Directors Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Nomination Committee	Dai Yang, Zhang Wenxue, Zhang Yongliang	5	July 5, 2024	(III) The third meeting of Nomination Committee of the Tenth Board of Directors for 2024 1. Proposal on Appointment of Senior Management for the Tenth Board of Directors Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Nomination Committee	Dai Yang, Zhang Wenxue, Zhang Yongliang	5	July 30, 2024	(IV) The fourth meeting of Nomination Committee of the Tenth Board of Directors for 2024 1. Proposal on Appointment of Senior Management for the Tenth Board of Directors Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Nomination Committee	Dai Yang, Zhang Wenxue, Zhang Yongliang	5	August 15, 2024	(V) The fifth meeting of Nomination Committee of the Tenth Board of Directors for 2024 1. Proposal on Appointment of Senior Management for the Tenth Board of Directors Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Remuneration and Appraisal Committee	Zhang Yongliang, Dai Yang, Chen Fashu	2	March 18, 2024	(I) The first meeting of Remuneration and Appraisal Committee of the Tenth Board of Directors for 2024 1. Proposals on 2023 Short-term Incentive and Provision for Incentive Fund to be specified in the in 2023 Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Remuneration and Appraisal Committee	Zhang Yongliang, Dai Yang, Shangguan Changchuan	2	February 14, 2024	(II) The second meeting of Remuneration and Appraisal Committee of the Tenth Board of Directors for 2024 1. Proposal on the Implementation of Short-term Incentive Distribution for Directors, Supervisors and Senior Management in 2023 2. Proposal on the Implementation of Short-term Incentive Distribution for Senior Management in 2023 Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None
Audit Committee	He Yong, Xie Yunshan, Zhang Yongliang	8	March 13, 2024	(I) The first meeting of Audit Committee of the Tenth Board of Directors for 2024 1. Proposal on Preliminary Audit Opinion on the 2023 Annual Report Issued by the Certified Public Accountant 2. The Company's Internal Audit Work Summary for 2023 and Internal Audit Work Plan for 2024 Result: 3 voted in favor, 0 voted against, 0 abstained	None	None	None

VIII. Work of the Supervisory Committee

Whether the Supervisory Committee identified any risks to the Company in its supervisory activities during the reporting period

☐Yes ☒No

The Supervisory Committee had no objections to the supervisory matters during the reporting period.

IX. Employees of the Company

1. Number of employees, professional composition, and education

Number of in-service employees of the parent company at the end of the reporting period (person)	4,187
Number of in-service employees of major subsidiaries at the end of the reporting period (person)	5,090
Total number of in-service employees at the end of the reporting period (person)	9,277
Total number of salaried employees in the current period (person)	9,277
Number of retired pensioners whose expenses shall be borne by the parent company and its main subsidiaries (person)	1, 910
Professional Composition	
Category of Professional Composition	Number of Professional Composition (Person)
Production staff	1,760
Sales staff	5,433
Technical staff	1,276
Financial staff	277
Administrative staff	531
Total	9,277
Education	
Category of Education	Number (person)
Doctor	38
Master	585
Undergraduate	4,267
College	3,242
Technical secondary school and below	1,145
Total	9,277

2. Remuneration policy

Driven by strategic goals and a positive incentive philosophy, the Company has cultivated a positive corporate culture that effectively attracts, motivates, and retains core talents, thereby fueling business innovation and sustainable development. The Company has implemented measures to improve quality and efficiency, and enabled employees to deeply participate in the sharing of corporate achievements, thereby stimulating team vitality and supporting the joint development of the Company and its employees. Guided by the labor cost rate,

the Company has standardized its labor cost budgeting and planning, and refined its methods for labor cost control and management, which allows the Company to concentrate its human resources investment on key positions within the value chain, thereby achieving an efficient alignment between investment and performance.

In accordance with relevant laws and regulations, Yunnan Baiyao has fulfilled its social responsibility to keep optimizing employee welfare and caring plans. It has purchased pension, medical, unemployment, work-related injury, maternity, and other insurance for employees, as well as has provided housing provident fund and enterprise annuity to fully ensure that employees enjoy the rights and interests stipulated by law. In addition, the Company has purchased commercial insurance to effectively avoid the risk of accidental injury and comprehensively protect the health and benefits of employees.

3. Training program

Yunnan Baiyao adheres to the concept of “People-first, Talent-integrated,” and mainly keeps training talents internally, and introduces external talents as a supplement. The Company focuses on having talents with diverse knowledge systems and composite talent teams. So, it establishes and improves the talent training system through scientific talent strategy planning and has formulated and implemented a special training plan for management cadres, professional technical talents, and skilled talents, to offer employees diverse avenues for development and comprehensive training support, enabling them to continuously enhance their skills and capabilities to achieve their personal growth, which in turn promotes the development of the Company. The Company has conducted a dynamic talent inventory based on competency models, post competence and talent assessment, focusing on the identification and training of key talents. By implementing effective management mechanisms and talent pool management tools, we cultivate a high-quality composite talent team who align with the Company’s future development needs.

During the reporting period, in response to the needs of strategic planning, business development, and organizational capability building, and guided by the goal of establishing a strategic human resource management system, the Company has focused on building a team of ambitious and capable managers and a well-structured talent pool, thus enhancing organizational capabilities and providing significant support and fundamental assurance for the implementation of strategies. The Company has continuously upgraded its talent cultivation system, focusing on the alignment of “people” and “professional” aspects with the Company’s overall objectives, both vertically and horizontally, and across short-term and long-term goals. It has integrated a series of training programs covering leadership, professional skills, and technical abilities, and provided customized training projects. Specific initiatives organized and implemented include the Successor Development and Assessment Program for Managers, the New Promoted Middle Management Training Program under the “Flower” initiative, the Middle Management “Xuanjia Army” Training Program under the “Flower” initiative, the R&D Project Management Training Program, the Special Training Camp for Supply Chain Operations, and the New Apprenticeship Program.

4. Labor outsourcing

☐Applicable ☒Not applicable

X. Profit Distribution and Conversion of Capital Reserve into Share Capital of the Company

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

☒Applicable ☐Not applicable

The Company's ongoing commitment revolves around creating value and ensuring reasonable returns for investors. The Company extensively gathers and incorporates shareholders' perspectives regarding profit distribution. It follows sustainable, stable, compliant, and transparent distribution policies that prioritize the protection of minority shareholders' legitimate rights and interests. The standards and ratios for dividend distribution are clearly defined. The profit distribution plan of the Company is submitted to the general meeting of shareholders for consideration, and the decision-making and implementation of profit distribution comply with the relevant provisions of the and the requirements of the resolutions of the general meeting of shareholders.

The Company's annual equity distribution plan for 2023 is as follows: Based on the total share capital of the Company of 1,796,862,549 shares as at the end of 2023 less 12,599,946 shares repurchased from the special securities account for share repurchase, i.e., on the basis of 1,784,262,603 shares, a cash dividend of RMB 20.77 (tax inclusive) for every 10 shares would be paid to all shareholders, 0 bonus shares (tax inclusive) would be distributed, and no share capital would be converted from capital reserve. In accordance with the distribution proportion of this plan, the total amount of distribution was finally determined based on the number of shares entitled to profit distribution on the equity registration date when the distribution plan was implemented in the future. The remaining undistributed profits were reserved for distribution in subsequent years. On May 19, 2024, the Company completed the implementation of equity distribution for 2023, with a total cash dividend of RMB 3,705,913,426.431 distributed.

The special dividend distribution plan for 2024 is as follows: Based on the total share capital of the Company of 1,784,262,603 shares as at the end of the third quarter in 2024, a cash dividend of RMB 12.13 (tax inclusive) for every 10 shares would be paid to all shareholders, 0 bonus shares (tax inclusive) would be distributed, and no share capital would be converted from capital reserve. In accordance with the distribution proportion of this plan, the total amount of distribution was finally determined based on the number of shares entitled to profit distribution on the equity registration date when the distribution plan was implemented in the future. The remaining undistributed profits were reserved for distribution in subsequent years. On November 25, 2024, the Company completed the implementation of dividend distribution for 2024, with a total cash dividend of RMB 2,164,310,537.439 distributed.

Special Description of Cash Dividend Policy	
Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of general meeting of shareholders:	Yes
Whether the standards and ratios for dividend distribution are clearly defined:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors perform their duties and play their due role:	Yes

If the Company does not pay cash dividends, it shall disclose the specific reasons and the next steps to be taken to enhance the return of investors:	No
Whether minority shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
Whether the conditions and procedures for adjusting or changing the cash dividend policies are compliant and transparent:	Yes

The Company made profits during the reporting period and the profit available for distribution to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

☐Applicable ☒Not applicable

Distribution of profits and capital reserve converted into share capital during the reporting period

☒Applicable ☐Not applicable

Number of bonus shares for every 10 shares (share)	0
Number of dividends for every 10 shares (RMB) (tax included)	11.85
Base of share capital of the distribution plan (share)	1,784,262,603
Cash dividend amount (RMB) (tax included)	2,114,351,184.56
Cash dividend amount in other ways (such as repurchase of shares) (RMB)	0.00
Total cash dividend (including other methods) (RMB)	2,114,351,184.56
Distributable profits (RMB)	2,287,686,657.27
Proportion of total cash dividends (including other methods) to total profit distribution	100%
This Cash Dividend	
If the Company is in the mature phase and there is no significant capital expenditure arrangement, the cash dividend shall account for at least 80% of the profit distribution when profit distribution is made.	
Details of Plan on Profit Distribution and Conversion of Capital Reserve into Share Capital	
The profit distribution plan of the Company considered and approved by the Board of Directors is as follows: Based on the total share capital of the Company of 1,784,262,603 shares as at the end of 2024, a cash dividend of RMB 11.85 (tax inclusive) for every 10 shares will be paid to all shareholders, 0 bonus shares (tax inclusive) will be distributed, and no share capital would be converted from capital reserve. At the same time, the Company completed the special dividend distribution for 2024 in November 2024, with a cash dividend of RMB 12.13 (tax inclusive) for every 10 shares, totaling RMB 2,164,310,537.44 (tax inclusive). The cash dividend to be implemented this time will be combined with the special dividend already distributed in 2024. Based on the total share capital of 1,784,262,603 shares at the end of 2024, the total cash dividend for 2024 will be RMB 23.98 (tax inclusive) per 10 shares, with a total cash dividend of RMB 4,278,661,722.00 (tax inclusive), accounting for 90.09% of the Company's net profit attributable to shareholders of the listed company for 2024.	

XI. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan (ESOP), or Other Employee Incentive Measures

☐Applicable ☒Not applicable

During the reporting period, the Company implemented no equity incentive plan, employee stock ownership plan or other employee incentive measures.

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

1. Establishment and implementation of internal control

The Company, in accordance with the , the and its related guidelines and other related laws and regulations, and by reference to the industry characteristics and the practice of the Company, has continuously improved its internal control system and promoted risk management of key business areas to improve its overall risk defense capability.

In 2024, the Company had an improved internal control system, which had been effectively implemented and helped the Company disclose information timely and accurately and prepare financial reports truly and reliably, ensuring the legal and compliant operation of the Company and the safety and integrity of assets, achieving the expected objectives of internal control and safeguarding the interests of the Company and all shareholders.

2. Details of significant internal control defects discovered during the reporting period

☐Yes ☒No

XIII. Management Control of Subsidiaries during the Reporting Period

None.

XIV. Internal Control Evaluation Report or Internal Control Audit Report

1. Internal Control Evaluation Report

Full-text disclosure date of Internal Control Evaluation Report		April 1, 2025
Full-text disclosure index of Internal Control Evaluation Report		http://www.cninfo.com.cn/new/index
Total assets of units included in the evaluation scope as a percentage of total assets of the Company's consolidated financial statements		98.84%
Operating income of units included in the scope of evaluation as a percentage of operating income of the Company's consolidated financial statements		99.91%
Defect Identification Criteria		
Category	Financial Report	Non-Financial Report
Qualitative Criteria	1. Major defects: Frauds among directors, supervisors, and senior managers of the Company are discovered; Significant internal control deficiencies identified and reported to management are not corrected after a reasonable time; Control environment is ineffective; The oversight of internal controls by Audit Committee and internal audit bodies is ineffective; There are defects affecting earnings trends; Material misstatements detected by external audit are not first detected by the Company; The Company corrects published financial statements. 2. Important defects: Accounting policies fail to be selected and applied by GAAP; Controls or compensatory measures for non-conventional or special transaction accounting treatment fail to be established or implemented. 3. General defects: Defects other than major defects and important defects are classified as general defects.	1. Major defects: Those defects that have been formally disclosed and have a negative impact on the Company's periodic reporting disclosure; and have violated national laws and regulations, causing heavy losses to the Company. 2. Important defects: Those defects that are punished by national government authorities but have not had a negative impact on the Company's periodic report disclosures. 3. General defects: Those defects are punished by provincial (including provincial) and below government departments but do not have a negative impact on the disclosure of the Company's periodic reports.

Quantitative Criteria

Internal control defects with financial misstatement amount less than 3% of total profit shall be identified as general defects; Internal control defects with an absolute amount greater than or equal to 3% but less than 5% of total profit shall be identified as important amount greater than or equal to 5% of total profit shall be identified as major

By reference to the identification criteria for internal control defects that may directly result in property losses with an absolute amount less than 3% of total profits are identified as general defects; Internal control defects with an absolute amount greater than or equal to

Section V Environmental and Social Responsibilities

I. Significant Environmental Issues

Whether the listed company and its subsidiaries are the key pollutant discharge unit announced by the environmental protection departments

☒Yes ☐No

Environmental protection related policies and industry standards

1. Related laws, regulations and policies

Yunnan Baiyao Group Co., Ltd has strictly complied with laws and regulations such as the

Name of Company or Subsidiary	Types of Main Pollutants and Characteristic Pollutants	Names of Main Pollutants and Characteristic Pollutants	Emission Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Emission Concentration/Intensity	Pollutant Emission Standards Implemented	Total Emissions	Approved Total Emissions	Emissions Exceeding Standards
Yunnan Baiyao Group Co., Ltd.	Exhaust gas	Particulate matter, non-methane total hydrocarbons	Organized emissions	4	Discharge outlet for alcohol extraction exhaust gas	Discharge outlet 1 for alcohol extraction exhaust gas (with an average particulate matter concentration of 3mg/m³); Discharge outlet 2 for alcohol extraction exhaust gas (with an average particulate matter concentration of 2.95mg/m³); Discharge outlet 3 for alcohol extraction exhaust gas (with an average particulate matter concentration of 3.75mg/m³); Discharge outlet 4 for alcohol extraction exhaust gas (with an average particulate matter concentration of 3.15mg/m³); Discharge outlet 1 for alcohol extraction exhaust gas (with an average non-methane total hydrocarbons concentration of 3.13mg/m³); Discharge outlet 2 for alcohol extraction exhaust gas (with an average non-methane total hydrocarbons concentration of 10.13mg/m³); Discharge outlet 3 for alcohol extraction exhaust gas (with an average non-methane total hydrocarbons concentration of 8.86mg/m³); Discharge outlet 4 for alcohol extraction exhaust gas (with an average non-methane total hydrocarbons concentration of 13.36mg/m³);	(GB37823-2019): Particulate matter<30mg/m ³ , and non-methane total hydrocarbons<100mg/m ³	With no total emission indicator available	None	

Yunnan Baiyao Group Co., Ltd.	Exhaust gas	NO _x , particulate matter, SO ₂	Organized emissions	3	Main discharge outlet for boiler exhaust gas	4t/h boiler (with an average NOX concentration of 49.25 mg/m³); 10t/h boiler (with an average NOX concentration of 78.182 mg/m³); 15t/h boiler (with an average NOX concentration of 79.857 mg/m³). 4t/h boiler (with an average particulate matter concentration of 5.6 mg/m³); 10t/h boiler (with an average particulate matter concentration of 2.6 mg/m³); 15t/h boiler (with an average particulate matter concentration of 5.9 mg/m³). 4t/h boiler (with an average SO₂ concentration of <3mg/m³); 10t/h boiler (with an average SO₂ concentration of <3mg/m³); 15t/h boiler (with an average SO₂ concentration of <3mg/m³).	(GB13271-2014): NO _x <400mg/m ³ , Particulate matter<30mg/m ³ , SO ₂ <100mg/m ³	The NO _x emissions in 2024 were 2.961 tons	Annual approved NO _x emissions total 11.0667 tons	None
Yunnan Baiyao Group Co., Ltd.	Waste water	Total nitrogen, ammonia nitrogen, COD, suspended solids, BOD5, total phosphorus	Drainage outlet	1	Main drainage outlet	Total nitrogen 2.425mg/L; ammonia nitrogen 1.94mg/L; COD 38.04mg/L; suspended solids <4mg/L; BOD5 3.45mg/L; total phosphorus 4.37mg/L	(GB/T 31962-2015); (GB8978-1996): Total nitrogen<70mg/L, ammonia nitrogen<45mg/L, COD <500mg/L, suspended solids<400mg/L, BOD5 <350mg/L, and total phosphorus<8mg/L	With no total emission indicator available	None	None
Yunnan Baiyao Group TCM Resources Co., Ltd.	Exhaust gas	Non-methane total hydrocarbons	Organized emissions	1	Combustion exhaust emission outlet	Non-methane total hydrocarbons 5.55mg/m ³	(GB37823-2019): Non-methane total hydrocarbons < 100mg/m ³	With no total emission indicator available	None	None
Yunnan Baiyao Group TCM Resources Co., Ltd.	Exhaust gas	Non-methane total hydrocarbons	Organized emissions	1	Combustion exhaust emission outlet	Non-methane total hydrocarbons 5.55mg/m ³	(GB37823-2019): Non-methane total hydrocarbons<100mg/m ³	With no total emission indicator available	None	None

Yunnan Baiyao Group TCM Resources Co., Ltd.	Exhaust gas	SO ₂ , NO _x , particulate matter, Ringelmann smoke	Organized emissions	3	Boiler main exhaust gas outlet	SO ₂ <2mg/m ³ (1st quarter average concentration), NO _x : 64.89mg/m ³ (1st and 2nd quarters average concentrations), particulate matter: 2.45mg/m ³ (1st quarter average concentration), Ringelmann smoke:<level 1 (1st quarter average concentration)	(GB13271-2014): SO ₂ <50mg/m ³ , NO _x :<200mg/m ³ , particulate matter:<20mg/m ³ , Ringelmann smoke: level 1	The NO _x emissions in 2024 were 2.723 tons (In May 2024, the pollutant discharge permit was subject to simplified management after change, the boiler exhaust gas outlet was deleted, and the boiler-related environmental protection matters were managed by Kunming Tanyue New Energy Co., Ltd)	Annual approved NO _x emissions total 32.18 tons (as set in the original pollutant discharge permit)	None
Yunnan Baiyao Group TCM Resources Co., Ltd.	Waste water	Total nitrogen, ammonia nitrogen, COD,								

concentration of $<3\text{mg}/\text{m}^3$;
Boiler 3 (With an average SO_2
concentration of $<3\text{mg}/\text{m}^3$;
Boiler 2 (With an average NO_x
concentration of $43.5\text{mg}/\text{m}^3$;
Boiler 3 (With an average NO

4. Treatment of pollutants

(1) Treatment of exhaust gas

The Company equips with corresponding environmental protection facilities for all exhaust gas discharge links, installs end-of-pipe treatment facilities, periodically checks the exhaust emission outlet, and entrusts professional third parties to carry out regular tests to ensure a stable standard emission of all kinds of exhaust gas.

(2) Treatment of wastewater

The wastewater is treated in a centralized way in the sewage treatment station. In the sewage treatment station of Yunnan Baiyao Group TCM Resources Co., Ltd, the A²/O process is applied, enabling its sewage treatment system to have a capability of sewage treatment of 1,700m³/day. In the sewage treatment station of Yunnan Baiyao the A²/O process is applied as well, enabling its sewage treatment system to have a capability of sewage treatment of 2,000m³/day. In the sewage treatment station of Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd, the diatomaceous earth + activated sludge process is applied, enabling its sewage treatment system to have a capability of sewage treatment of 150m³/day. In the sewage treatment station of Yunnan Baiyao Group Wenshan Qihua Co., Ltd, the A²/O process is applied, enabling its sewage treatment system to have a capability of sewage treatment of 2,250m³/day. The sewage treatment system of each unit operates stably, with effluent quality up to discharge standard. After treatment, the sewage is discharged into the municipal sewage pipeline network.

(3) Treatment of solid waste

Upholding the principle of “Waste Minimization, Waste Valorization and Environmentally Sound Management,” the Company entrusts professional third parties to treat the sludge and drug residue in the non-hazardous waste generated during production and operations. In this way, fermented sludge will be used for landscape architecture soil improvement, while the fermented drug residue will be used for producing organic fertilizers. Household waste is cleaned, transported and treated by the environmental sanitation station. Hazardous waste is managed by a designated person, with accounts established and appropriate labeling and signage improved. All hazardous waste is stored in a designated area for classified collection before being treated by a qualified third-party company.

(4) Noise

The noise detection results at the factory boundary comply with environmental regulatory requirements.

5. Environmental self-monitoring plan

Each unit itself prepared an environmental self-monitoring plan and carried out self-monitoring in strict accordance with this plan, with all indicators of pollutants meeting the required emission standards.

6. Emergency plans for sudden environmental events

(1) Yunnan Baiyao Group TCM Resources Co., Ltd prepared its emergency plans for sudden environmental events on June 13, 2024 and filed with Yangzonghai Branch of Kunming Municipal Ecology and Environment Bureau.

(2) Yunnan Baiyao Group prepared its emergency plans for sudden environmental events on July 9, 2024 and filed with Chenggong Branch of Kunming Municipal Ecology and Environment Bureau.

(3) Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd prepared its emergency plans for sudden environmental events on December 8, 2023 and filed with Jingkai District Branch of Dali Prefecture Ecology and

Environment Bureau.

(4) Yunnan Baiyao Group Wenshan Qihua Co., Ltd prepared its emergency plans for sudden environmental events on July 15, 2024 and filed with Wenshan Prefecture Branch of Wenshan Prefecture Ecology and Environment Bureau.

7. Investment in environmental governance and protection and payment of environmental protection taxes

Yunnan Baiyao Group TCM Resources Co., Ltd paid an amount of RMB 19,926.56 for environmental protection taxes.

Yunnan Baiyao Group paid an amount of RMB 6,613.50 for environmental protection taxes.

Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd paid an amount of RMB 1,614.55 for environmental protection taxes.

Yunnan Baiyao Group Wenshan Qihua Co., Ltd paid an amount of RMB 36,803.08 for environmental protection taxes.

8. Measures taken to reduce carbon emissions and their effects during the reporting period

☒Applicable Not applicable

(1) “Biomass Gasification Gas and Natural Gas” Dual-Energy Centralized Intelligent Heating Project at Qidian Raw Material Center

Under the overall background that positive measures are taken to respond to climate change globally for achieving the goal of carbon and emission reduction, the Qidian Raw Material Center of the Pharmaceutical Business Group actively advanced Qidian Raw Material Center’s Biomass Gasification Gas Heating Project. This project has received RMB 25 million from a third party, with 200,000 tons of steam produced as expected per year after it is built. From the perspective of carbon emission and energy transformation, this project may efficiently use about 5,3400 tons of agricultural and forestry residues annually. This initiative will not only achieve resource recycling but also significantly reduce the consumption of traditional fossil energy. Specifically, the use of standard coal is expected to reduce by 26,700 tons; CO₂ emissions significantly are expected to reduce by 6,900 tons; SO₂ emissions are expected to reduce by 226 tons; and nitrogen oxide emissions are expected to reduce by 197 tons. All these will guide the Company toward a path of green, low-carbon development. In terms of economic benefits and carbon asset transformation, this project may help save energy expense at an amount of RMB 8 million to RMB 10 million per year. In the future, the reduced emissions may be converted into carbon assets, which can be traded in carbon markets, creating a new source of economic growth and generating additional income for the Company.

Due to its outstanding performance in energy saving and carbon reduction, this project was nominated for the First Prize in Science and Technology by the Science and Technology Department of Yunnan Province and included in China’s national major project library. This not only enhances Yunnan Baiyao’s influence and reputation in the field of ecological civilization construction, but also highlights the Company’s commitment to social responsibility and boosts the “green value” of the Baiyao brand. Furthermore, it establishes a solid foundation for the Company’s future development of zero-carbon factories.

In the future, the project will also explore new ways for treating drug residues, aiming to achieve the green use of industrial solid wastes. Meanwhile, the Company, as a partner, participates in formulating the biomass carbon methodology, and provides industrial standards and norms for biomass energy use and carbon emission management,

annually, and decrease sewage treatment fees by RMB 445,000 annually.

(5) Optimization and Retrofit of Air Compression System Project at Yuhua Preparation Center

and a noise level of about 85 decibels. Yuhua Phase II Sewage Treatment Station used three centrifugal fans, each with a power of 45KW and a noise level around 75 decibels. The high-power consumption of these motors, along with the excessive noise levels, had a significant impact on the surrounding environment. To address this, we replaced the fans at both Phase I and Phase II with variable-frequency air suspension fans to improve fan operating efficiency. This upgrade has led to a reduction in electricity consumption by 180,000 KWh annually, saving approximately RMB 100,000 in annual costs. The noise level has been reduced from 80 decibels to below 60 decibels, achieving the desired effect while also reducing carbon emissions.

(8) Production Line Optimization and Renovation Project at Dali Manufacture Center

The Company has been committed to energy conservation and emission reduction by phasing out outdated, high-energy-consuming equipment, exploring new processes, and minimizing pollutant generation. In 2024, the Company upgraded and transformed three production lines with intelligent manufacturing, phasing out old and outdated equipment, and further implemented its energy conservation and emission reduction initiatives.

(9) Implementation Results of Photovoltaic Project of Yunnan Baiyao Group Wenshan Qihua Co., Ltd.

Yunnan Baiyao Group Wenshan Qihua Co., Ltd's Roof Distributed Photovoltaic Power Generation Project is located at No. 1 Baiyao Road, Denggao Area, Sanqi Industrial Park, Wenshan City, Yunnan Province. The project uses a combination of Building Integrated Photovoltaic (BIPV) and Building Attached Photovoltaic (BAPV) systems to construct a distributed photovoltaic power station. The initial processing workshop adopts the BIPV method, covering a usable roof area of 10,275m² with a 3° slope. Meanwhile, the comprehensive preparation workshop, decoction piece workshop, and power center employ the BAPV method, covering a total roof area of 15,997m² with the same 3° slope. Spanning four buildings, the project has a total usable roof area of 26,272m² and a planned installed capacity of 3.05942MWp. It is equipped with 11 sets of 225kW string inverters connected to a 2500kVA boost box transformer. A new outdoor switch station has been constructed and integrated into the 10kV user line, ensuring that "the electricity generated by the distributed photovoltaic power system is primarily for self-consumption, with surplus energy fed into the power grid."

The photovoltaic station of Yunnan Baiyao Group Wenshan Qihua Co., Ltd has been built and put into operation, with an annual power generation of more than 3.65 million kWh, and an average daily power generation of over 10,000 kWh. Each year, it may help save about 1,460 tons of standard coal combustion, reduce carbon dioxide emissions by about 3,639 tons, and reduce sulfur dioxide emissions by about 109 tons, equivalent to planting about 12.5 hectares of trees, showing its significant energy-saving and emission reduction benefits.

For utilization of renewable energy produced from photovoltaic station, Yunnan Baiyao Group Wenshan Qihua Co., Ltd's photovoltaic station has been built and put into operation, which is a significant step for Yunnan Baiyao, a century-old company, in implementing its "carbon peak and carbon neutrality" strategy. Yunnan Baiyao remains committed to the principle that "lucid waters and lush mountains are invaluable assets" to support its sustainable and healthy development.

9. Administrative punishments for environmental issues during the reporting period: None.

10. Other environmental information that should be disclosed

(1) The Company's related environmental protection information has been disclosed on the System for Enterprise Environmental Information Legally Required to be Disclosed (Yunnan)

(2) Pollutant discharge permit implementation reports (annual reports) have been disclosed on the National Pollutant Discharge Permit Management Information Platform

(3) Self-monitoring data have been disclosed on the National Pollution Source Monitoring Data Management and Sharing System.

11. Other environmental protection related information: None.

II. Social Responsibility

For details, please refer to the www.cninfo.com.cn disclosed by the Company on the same day at

III. Consolidated and Expanded Achievements in Poverty Alleviation and Rural Revitalization

In 2024, under the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, Yunnan Baiyao diligently implemented the rural revitalization policies set forth by the Party Central Committee, the State Council, the Yunnan Provincial Committee of the Communist Party of China, and the provincial government. Leveraging its industrial strengths, the Company adopted a targeted strategy combining "organizational leadership, Party building, technical guidance, leading wealth generation, talent cultivation, and consumer support." With clearly defined objectives, Yunnan Baiyao developed precise plans and refined strategies, focusing on the variety, area, and timing of planting TCM materials using innovative methods. Also, the Company significantly enhanced its support for poverty alleviation in Chazhiluo Village and Xinle Village in Pantiange Township, Weixi Lisu Autonomous Prefecture, successfully completing its annual tasks.

First, overall planning and consolidated efforts for rural revitalization. The Party Committee of Yunnan Baiyao attaches such importance to its targeted poverty alleviation task that had been included into its annual key work scope for overall planning. In 2024, Zhang Wenxue, the Company's secretary of Party Committee and Chairman successively paid 2 visits to Weixi Lisu Autonomous Prefecture, accompanied by his team, to conduct investigations. Through on-site visits, discussions around desks, and other means, they fully understood the local actual situations and then, by combining with the Company's construction across the TCM industrial chain, made overall planning for rural revitalization and the TCM industry development. Zhang Wenxue engaged in several roundtable discussions with local leaders from the county, township, and village levels on topics such as industrial support, project construction, and other related initiatives, so as to solve practical problems in the process of assistance and carefully develop assistance measures for the next steps. In the principle of "Strict management and comprehensive safeguard as needed," Yunnan Baiyao Group revised the

, and in combination of the actual situation, determined reasonably the team member's salary to ensure they work there with peace of mind and give play to their roles. Meanwhile, the Company also established a monthly work reporting system to track their work and the progress of the project in real time.

Second, integration with the Party building for fully leading rural revitalization. To assist grassroots Party organizations and villager self-governance organizations in strengthening grassroots organizational construction, improving and enhancing village appearance, inheriting and protecting intangible cultural heritage and local unique

Fourth, leading figures in wealth creation to rejuvenate rural revitalization. In 2024, based on a deep understanding of the actual situation of the two villages, the resident work teams cultivated a total of 10 leading figures in wealth creation to first innovatively plant TCM. The resident work teams also conducted technique training and guidance in the fields. Under the guidance of the resident work teams, the leading figures in wealth creation, by the innovative method of covering with plastic film mulch and intercropping corn, planted a total of 30 mu of . These innovative farmers received a subsidy of RMB 200 per mu, totaling RMB 6,000, effectively solving the problem of insufficient funds. During the year, this innovative method contributed to a gratifying harvest, with a yield of 500 jin of corn and 800 jin of per mu, compared to an investment cost of RMB 1,500 per mu, and an increase of RMB 3,500 in income per mu. In addition, this innovative method also contributed to shortening the growth cycle of from 2 years to 1 year, and increasing the farmers' income by RMB 50,000. Such large-scale planting in 2024 effectively solved the pain points of farmers' "inability to wait and invest," and was widely recognized by farmers. By 2025, we can promote 100 households to plant on over 200 mu of land by this innovative method, so as to create economies of scale and driving sustained income growth for farmers. In addition to the cultivation of TCM materials, Yunnan Baiyao Group is also committed to nurturing leading figures in wealth creation by guiding farmers to increase their income through breeding. During the year, Yunnan Baiyao provided a total of RMB 16,000 in subsidies for forage to cattle farmers, addressing the practical challenges faced by these leading figures in wealth creation. This support helped alleviate the significant losses suffered by farmers due to the sharp decline in beef cattle prices in Weixi County, enabling them to temporarily overcome these difficulties.

Fifth, Golden Autumn Scholarship to support rural talent revitalization. Yunnan Baiyao Group always firmly believes in the concept of "To revitalize talent, education must come first," actively participates in rural education assistance, and encourages rural students to use the power of knowledge to give back to their hometown and promote the development and revitalization of their hometown. After the completion of the 2024 college entrance examination, Yunnan Baiyao Group conducted a comprehensive survey of college entrance examination admissions in Pantiang Township. After visiting 86 students who were successfully admitted to universities and colleges in the township and understanding their actual situations, the Company awarded a total of RMB 153,000 for scholarships to these students through the "Golden Autumn Scholarship" program, helping them take a solid step forward in their studies. To ensure that targeted assistance combines both long-term and short-term solutions and addresses both symptoms and root causes, while providing industrial support, Yunnan Baiyao Group actively fulfills its corporate social responsibility by continuously carrying out various forms of educational assistance. From 2015 to 2024, Yunnan Baiyao, through its "Golden Autumn Scholarship" program, assisted 436 students from economically disadvantaged families in smoothly transitioning to university, with an investment of about RMB 650,000 for such scholarship. At the same time, before the Children's Day, to care for and help children in need, Yunnan Baiyao Group organized its TCM Resources Business Group to carry out the "Student Scholarship on Children's Day" activity respectively in Xinle Village and Chazhiluo Village, as well as Tai'an Village, Tai'an Township, Yulong County, Lijiang City. In these activities, a total of 67 children were given school bags, markers, painting books and other stationery supplies. These practical actions warmed the children's hearts, and escorted their growth.

Section VI Significant Events

I. Performance of Commitments

1. Commitments of the Company's De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Related Entities Fulfilled during the Reporting Period or Ongoing at the Period-End

☒Applicable ☐Not applicable

Commitments	Commitment Party	Commitment Type	Contents	Commitment Time	Commitment Period	Performance Status
Commitments made in the acquisition report or equity change report	Yunnan Investment Group	Commitments regarding horizontal competition	1. Our company is not engaged in any business or activity that is the same as, similar to, or resembling, and constitutes or may constitute directly or indirectly a competition in any aspect with, the listed company's any existing business, nor will we actively provide, in any way, any assistance in finance, business, management, etc. or any trade secrets such as technical information, business operations, sales channels, to any enterprises, agencies or other economic organizations that compete with the listed company in any of its existing business. 2. As of the date of issuance of this commitment letter, our company will legally take necessary and possible measures to avoid, and urge any other enterprises under our actual control to avoid, any businesses or activities that may in any way substantially or potentially constitute a horizontal competition or a conflict of interest, with the principal businesses of the listed company. If, in the future, a material conflict of interest arising from substantial or potential horizontal competition between our company and any enterprises under our control and the listed company, our company and such enterprises under our actual control will	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			give up that business opportunity that may result in a material horizontal competition and thus lead to a substantial conflict of interest or take appropriate measures permitted by other laws and regulations to eliminate the potential impact of material horizontal competition. 3. Our company will not, by virtue of any information learned or known from the listed company, assist our company itself or any third party in engaging in any business activities that may in any way substantially or potentially constitute a horizontal competition with the principal businesses of the listed company.			
Commitments made in the acquisition report or equity change report	Yunnan Investment Group	Commitments to maintain the independence of the listed company	To protect the legitimate rights and interest of any and all of the shareholders of the listed company, our company undertakes to warrant: 1. The personnel independence of the listed company, that is: (1) The general manager, deputy general manager, CFO, secretary of the Board of Directors, and other senior management personnel of the listed company will work full-time and receive compensation in the listed company, with holding no positions other than directors or supervisors or receiving no compensation in any other enterprises under the control of our company, for continuously maintaining the independence of personnel of the listed company; (2) The listed company has a complete and independent labor, personnel, and salary management system, which is fully independent from our company and any other enterprises under our control; (3) The directors, supervisors, and senior management personnel of the listed company are elected or appointed in accordance with legal procedures, and our company will not interfere with the personnel appointment and removal decisions already made by the Board of Directors and the general meeting of the listed company. 2. The asset independence of the listed company, that is: (1) The listed company has independent and complete assets, all of which are under the control of the listed company and are independently owned and operated by the listed company;	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			(2) Our company and any other enterprises under our control do not and will not in any way occupy the funds, assets, and other resources of the listed company in violation of laws and regulations; (3) Our company and any other enterprises under our control will not use the assets of the listed company as guarantee for our and their debts in violation of regulations. 3. The financial independence of the listed company, that is: (1) The listed company continues to maintain its independent financial department and independent financial accounting system; (2) The listed company opens an independent bank account and does not share a bank account with our company or any other enterprises under our control; (3) The listed company is able to make independent financial decisions, without our company's illegal interference with its asset utilization scheduling; (4) The independence of the listed company's financial personnel who will not work part-time or receive remuneration in any other enterprises under our control; (5) The listed company legally pays taxes independently. 4. The institutional independence of the listed company, that is: (1) The listed company continues to maintain a sound corporate governance structure and has an independent and complete organizational structure; (2) The general meeting, Board of Directors, independent directors, Supervisory Committee, general manager, etc. of the listed company independently exercise their powers in accordance with laws, regulations, and the listed company's articles of association; (3) The listed company has an independent and complete organizational structure, without institutional confusion with any other enterprises under our control. 5. The business independence of the listed company, that is: (1) The listed company has the assets, personnel, qualifications, and capabilities to independently carry out business activities, and also has the capabilities to independently and continuously operate in the market; (2) The listed company has minimized			
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			related party transactions between our company and any other enterprises under our control and the listed company as much as possible, and fairly carry out necessary and inevitable related party transactions at fair prices in accordance with market-oriented principles, with transaction procedures and information disclosure obligations fulfilled in accordance with relevant laws, regulations, and normative documents. 6. The listed company maintains independence from our company and any other enterprises under our control in any other aspects.			
Commitments made in the acquisition report or equity change report	Yunnan Investment Group	Commitments regarding related party transactions	1. After the completion of this equity transfer, our company will consciously safeguard the interest of the listed company and any and all of its shareholders, and minimize and avoid related party transactions with the listed company. We will not, by virtue of our indirect stake in the listed company, seek for improper benefits or harm any interest of the listed company and any and all of its shareholders in related party transactions. 2. Our company does not and will not, by virtue of our indirect stake in the listed company and its own controlling influence, seek from the listed company for better commercial terms for business cooperation than that given to the third parties in the market for itself or for any other enterprises under our control. 3. Our company does not and will not, by virtue of our indirect stake in the listed company and its own controlling influence, seek for privileges for itself or any other enterprises under our control to enter into transactions with the listed company. 4. After completing this equity transfer, our company will strictly adhere to the provisions of the Company Law of the People's Republic of China, the Articles of Association of Yunnan Baiyao Group, the Rules of Procedure for the General Meetings, and the Decision System for Related Party Transactions of the Listed Company when engaging in inevitable related party transactions with the listed company. We are committed to	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			conducting these transactions in a transparent, fair, and equitable manner. This involves adhering to commercial principles such as “fairness, impartiality, and voluntariness.” We will enter into fair and reasonable transaction contracts with the listed company, ensuring that pricing policies are developed based on market fairness, impartiality, and openness. This approach guarantees the fairness of transaction prices. 5. After the completion of this equity transfer, our company and any other enterprises under our control will not illegally occupy the funds and assets of the listed company, and under no circumstances will the listed company be required to provide any form of guarantees to our company or any other enterprises under our control.			
Commitments made in the acquisition report or equity change report	State-owned Assets Supervision and Administration Commission of Yunnan Provincial People’s Government (“SASAC of Yunnan Province”), New Huadu	Commitments regarding horizontal competition	In the future, when the time is ripe, SASAC of Yunnan Province and New Huadu shall urge Baiyao Holdings to gradually inject the high-quality assets related to Yunnan Baiyao’s existing business and future development areas into Yunnan Baiyao Group. Both SASAC of Yunnan Province and New Huadu will also strictly comply with the regulations to avoid horizontal competition.	March 23, 2017	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress
Commitments made in the acquisition report or equity change report	New Huadu	Commitments regarding related party transactions	1. New Huadu and any other enterprises under our control will try the best to avoid related party transactions with Yunnan Baiyao. For inevitable related party transactions or those occurring for reasonable reasons, New Huadu will undertake to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. 2. New Huadu and any other enterprises under our control will strictly comply with the avoidance provisions on related party transactions set out in Yunnan Baiyao’s articles of association and in other relevant regulations. All related party transactions	March 23, 2017	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress

			involved will be carried out in accordance with the decision-making procedures for related party transactions for Yunnan Baiyao, and legal procedures will be followed to ensure not to harm any legitimate rights and interest of Yunnan Baiyao and any other shareholders through related party transactions. 3. If New Huadu and any other enterprises under our control violate any of the above statements and commitments, leading to any damages to any rights and interest of Yunnan Baiyao, New Huadu agrees to bear any and all of the corresponding compensation liabilities for such damages so caused to Yunnan Baiyao.			
Commitments made during asset restructuring	State-owned Equity Management Company, New Huadu and its acting-in-concert parties	Commitments regarding related party transactions	1. State-owned Equity Management Company has undertaken the previous commitments of SASAC of Yunnan Province: After the completion of this significant asset restructuring, SASAC of Yunnan Province will try its best to avoid related party transactions with the listed company. For inevitable related party transactions or those occurring for reasonable reasons, SASAC of Yunnan Province will undertake to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. SASAC of Yunnan Province will strictly comply with the provisions of relevant laws, regulations, normative documents, and the articles of association of the listed company, perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of the listed company and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by SASAC of Yunnan Province. SASAC of Yunnan Province warrants the effective fulfillment of these commitments, and the listed company has the right to supervise its fulfillment of this	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress

			commitment letter. If SASAC of Yunnan Province fails to effectively fulfill this commitment letter, leading to any actual losses to the listed company, SASAC of Yunnan Province will compensate for any and all of such direct or indirect losses so caused to the listed company. 2. New Huadu and its acting-in-concert parties undertake that: after the completion of this merger and overall listing, our company/I and any enterprises under our/my control will try the best to avoid related party transactions with the listed company. For inevitable related party transactions or those occurring for reasonable reasons, our company/I undertake (s) to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. Our company/I and any other enterprises under our/my control will strictly comply with the provisions of relevant laws, regulations, normative documents, and the articles of association of the listed company, perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of the listed company and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company/me. Our company/I warrant(s) the effective fulfillment of these commitments, and the listed company has the right to supervise the fulfillment of this commitment letter. If our company/I fail(s) to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company/I will compensate for any and all of such direct or indirect losses so caused to the listed company.			
Commitments made during	Jiangsu Yuyue Science & Technology	Commitments regarding related	Jiangsu Yuyue undertakes that: after the completion of this merger and overall listing, our company/I and any enterprises	October 31, 2018	Remain effective during	Completed

asset restructuring	Development Co., Ltd ("Jiangsu Yuyue")	party transactions	under our/my control will try the best to avoid related party transactions with the listed company. For inevitable related party transactions or those occurring for reasonable reasons, our company undertakes to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. Our company and any other enterprises under our control will strictly comply with the provisions of relevant laws, regulations, normative documents, and the articles of association of the listed company, perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of the listed company and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company. Our company warrants the effective fulfillment of these commitments, and the listed company has the right to supervise the fulfillment of this commitment letter. If our company fails to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company will compensate for any and all of such direct or indirect losses so caused to the listed company.		the period of holding the shares of Yunnan Baiyao (directly and indirectly)	
Commitments made during asset restructuring	State-owned Equity Management Company, New Huadu	Commitments to maintain the independence of the listed company	After the completion of this merger and overall listing, our company/institution will maintain independence from the listed company in terms of personnel, assets, business, institutions, and finance in accordance with relevant laws, regulations, and normative documents. We will not, by virtue of the identity as a related party of the listed company, engage in the acts that affect the independence of the listed company's personnel, assets, business, institutions, and finances, or harm any rights and interest of the listed company and any other shareholders. Instead, we will effectively ensure the	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress

			independence of the listed company in terms of personnel, assets, business, institutions, finance, etc. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company/institution. Our company/institution warrants the effective fulfillment of these commitments, and the listed company has the right to supervise the fulfillment of this commitment letter. If our company/institution fails to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company/institution will compensate for any and all of such direct or indirect losses so caused to the listed company.			
Commitments made during asset restructuring	Jiangsu Yuyue	Commitments to maintain the independence of the listed company	After the completion of this merger and overall listing, our company/institution will maintain independence from the listed company in terms of personnel, assets, business, institutions, and finance in accordance with relevant laws, regulations, and normative documents. We will not, by virtue of the identity as a related party of the listed company, engage in the acts that affect the independence of the listed company's personnel, assets, business, institutions, and finances, or harm any rights and interest of the listed company and any other shareholders. Instead, we will effectively ensure the independence of the listed company in terms of personnel, assets, business, institutions, finance, etc. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company/institution. Our company/institution warrants the effective fulfillment of these commitments, and the listed company has the right to supervise the fulfillment of this commitment letter. If our company/institution fails to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company/institution will compensate for any and all of such direct or indirect losses so caused to the listed company.	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	Completed
Commitments made during	Baiyao Holdings, State-owned Equity	Commitments regarding real	If Yunnan Baiyao and its subsidiaries within the scope of its consolidated financial statements, and, Baiyao Holdings and	December 11, 2018	Remain effective during	In progress

asset restructuring	Management Company, New Huadu	estate business	its subsidiaries within the scope of its consolidated financial statements engaged in any illegal activities in the domestic real estate development business during the reporting period, such as undisclosed land vacancy, speculation of land, property hoarding, and price gouging, which have caused any losses to Yunnan Baiyao and investors, our company/institution will bear any and all of corresponding compensation liabilities for such losses as required by relevant laws, regulations and securities regulatory authorities.		the period of holding the shares of Yunnan Baiyao (directly and indirectly)	
Commitments made during asset restructuring	Jiangsu Yuyue	Commitments regarding real estate business	If Yunnan Baiyao and its subsidiaries within the scope of its consolidated financial statements, and, Baiyao Holdings and its subsidiaries within the scope of its consolidated financial statements engaged in any illegal activities in the domestic real estate development business during the reporting period, such as undisclosed land vacancy, speculation of land, property hoarding, and price gouging, which have caused any losses to Yunnan Baiyao and investors, our company/institution will bear any and all of corresponding compensation liabilities for such losses as required by relevant laws, regulations and securities regulatory authorities.	December 11, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	Completed
Commitments made during asset restructuring	Directors and senior management of the listed company	Commitments regarding real estate business	If Yunnan Baiyao and its subsidiaries within the scope of its consolidated financial statements, and, Baiyao Holdings and its subsidiaries within the scope of its consolidated financial statements engaged in any illegal activities in the domestic real estate development business during the reporting period, such as undisclosed land vacancy, speculation of land, property hoarding, and price gouging, which have caused any losses to Yunnan Baiyao and investors, I will bear any and all of the corresponding compensation liabilities for such losses as required by relevant laws, regulations and securities regulatory authorities.	December 11, 2018	Remain effective	In progress
Commitments made during asset	Baiyao Holdings, State-owned Equity Management Company,	Commitments regarding compensatory	1. Our company/institution will not interfere with any operation and management activities of the listed company beyond authority, nor will it encroach on any interest of the	December 11, 2018	Remain effective during the period of	In progress

restructuring	New Huadu	measures after dilution of immediate returns	listed company. 2. After the date of issuance of this commitment letter, if the securities regulatory authorities make other regulatory requirements regarding compensatory measures and related commitments, and the above commitments fail to meet such new regulatory regulations of the securities regulatory authorities, our company/institution will undertake to issue supplementary commitments in accordance with their then latest relevant regulations. 3. Our company/institution undertakes to effectively fulfill the relevant compensatory measures formulated by the listed company and the relevant commitments made by our company/institution. If our company/institution violates these commitments and causes any losses to the listed company or investors, our company/institution is willing to legally bear any and all of the corresponding compensation liabilities for such losses.		holding the shares of Yunnan Baiyao (directly and indirectly)	
Commitments made during asset restructuring	Jiangsu Yuyue	Commitments regarding compensatory measures after dilution of immediate returns	1. Our company/institution will not interfere with any operation and management activities of the listed company beyond authority, nor will it encroach on any interest of the listed company. 2. After the date of issuance of this commitment letter, if the securities regulatory authorities make other regulatory requirements regarding compensatory measures and related commitments, and the above commitments fail to meet such new regulatory regulations of the securities regulatory authorities, our company/institution will undertake to issue supplementary commitments in accordance with their then latest relevant regulations. 3. Our company/institution undertakes to effectively fulfill the relevant compensatory measures formulated by the listed company and the relevant commitments made by our company/institution. If our company/institution violates these commitments and causes any losses to the listed company or	December 11, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	Completed

			investors, our company/institution is willing to legally bear any and all of the corresponding compensation liabilities for such losses.			
Commitments made during asset restructuring	Directors, supervisors, and senior management of the listed company	Commitments regarding compensatory measures after dilution of immediate returns	1. I undertake not to transfer benefits to any other units or individuals without compensations or under unfair conditions, nor to harm any interest of the listed company in any other way. 2. I undertake to restrain my official consumption. 3. I undertake not to use the assets of the listed company to engage in investment or consumption activities unrelated to my duties. 4. I undertake that the compensation system to be formulated by the Board of Directors or Remuneration Committee in the future will be linked to the implementation of compensatory measures taken by the listed company. 5. I undertake that the exercise conditions of the listed company's equity incentives to be announced in the future will be linked to the implementation of the compensatory measures taken by the listed company. 6. I undertake to effectively fulfill the relevant compensatory measures formulated by the listed company and any commitments made by myself regarding compensatory measures. If I violate or refuse to fulfill any of the above commitments, leading to any losses to the listed company or any and all of its shareholders, I'm willing to legally bear any and all of the corresponding compensation liabilities. This commitment letter shall come into effect as of the date of my signature and shall constitute a binding legal document on me upon its effectiveness. If I violate this commitment letter, I'm willing to bear any and all of the corresponding legal liabilities.	December 11, 2018	Remain effective	In progress
Commitments made during asset restructuring	State-owned Equity Management Company, New Huadu	Commitments regarding horizontal competition	1. State-owned Equity Management Company has undertaken the previous commitments of SASAC of Yunnan Province: In order to avoid horizontal competition with the listed company and safeguard the legitimate rights and interest of the listed company and other shareholders, State-owned Equity Management Company solemnly makes the following	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao	In progress

			statements and commitments: After the completion of this transaction, State-owned Equity Management Company will not directly engage in any businesses that are the same as or similar to, and constitute a competition with, the principal businesses of the listed company. 2. New Huadu undertakes that: As of the issuance date of this commitment letter, our company and any enterprises under our control have not invested in any company, enterprise or other operating entity engaged in any business the same as, or similar to, the principal businesses of the listed company or co-operating or co-engaged, with others, in business the same as, or similar to, the principal businesses of the listed company. After the completion of this transaction, our company and any enterprises under our control will not directly or indirectly engage in any form (including but not limited to investment, M&A, affiliation, joint ventures, cooperation, partnership, contracting or leasing operations, and equity participation) in businesses that are the same as or similar to, and constitute a competition with, the principal businesses of the listed company, nor will we directly or indirectly own any absolute or relative control over any other companies, enterprises or operating entities that engage in businesses that are the same as or similar to, and constitute a competition with the principal businesses of the listed company. During the commitment period mentioned above, if the listed company actually further expands its existing principal businesses, and our company and any enterprises under our control have not yet engaged in production or operation of such new businesses, our company and any enterprises under our control will not engage in such new businesses that compete with the principal businesses of the listed company unless the listed company notifies us in writing that it would no longer engage in such new businesses. During the aforementioned commitment period, if our		(directly and indirectly)	
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			company and any enterprises under our control obtain from any third party any business opportunity that competes or may compete with the principal businesses of the listed company, we shall immediately notify the listed company. If the listed company provides a positive response that it is willing to take advantage of that business opportunity within the reasonable period specified in the notice, our company and any enterprises under our control will abandon that business opportunity. If our company and any enterprises under our control violate any of the above statements and commitments, leading to any damages to any rights and interest of the listed company, our company agrees to bear any and all of the corresponding compensation liabilities for such damages so caused to the listed company.			
Commitments made during asset restructuring	Directors, supervisors, and senior management of the listed company	Commitments regarding the authenticity, accuracy, and completeness of the information provided	Our company/I has/have provided necessary, authentic, accurate, complete, and effective documents, materials, or oral statements and explanations for this transaction at this stage, without any concealments, false records, or significant omissions. The provided copy materials or photocopies are consistent and aligned with the original materials or originals. The signatures and seals on the provided documents and materials are authentic, with necessary legal procedures for such signatures and seals having been fulfilled, and legal authorizations having been obtained. All statements and explanations of facts are consistent with the facts that occurred. According to the progress of this transaction, our company/I will provide relevant information and documents in a timely manner in accordance with relevant laws, regulations, rules, and relevant provisions of the CSRC and the stock exchange, and ensure that the information and documents to be constantly provided still meet the requirements of authenticity, accuracy, completeness, and effectiveness. Our company/I undertake (s) and warrant (s) the information provided or disclosed in this transaction is authentic, accurate,	June 10, 2021	Remain effective	In progress

			complete, and effective, without false records, misleading statements, or material omissions, and is/am willing to bear any and all of the corresponding individual and joint legal liabilities for that.			
Commitments made during asset restructuring	State-owned Equity Management Company	Commitments regarding the authenticity, accuracy, and completeness of the information provided	As of the date of the issuance of this commitment, our company has provided necessary, authentic, accurate, complete, and effective documents, materials, or oral statements and explanations for this transaction at this stage, without any concealments, false records, or significant omissions. The provided copy materials or photocopies are consistent and aligned with the original materials or originals. The signatures and seals on the provided documents and materials are authentic, with necessary legal procedures for such signatures and seals having been fulfilled, and legal authorizations having been obtained. All statements and explanations of facts are consistent with the facts that occurred. According to the progress of this transaction, our company will provide relevant information and documents in a timely manner in accordance with relevant laws, regulations, rules, and relevant provisions of the CSRC and the stock exchange, and ensure that the information and documents to be constantly provided still meet the requirements of authenticity, accuracy, completeness, and effectiveness. Our company undertakes and warrants the information provided or disclosed in this transaction is authentic, accurate, complete, and effective, without false records, misleading statements, or material omissions, and is willing to bear any and all of the corresponding individual and joint legal liabilities for that.	June 10, 2021	Remain effective	In progress
Commitments made during asset restructuring	New Huadu and its acting-in-concert parties	Commitments regarding the authenticity, accuracy, and completeness of the information	Our company and our acting-in-concert parties have provided necessary, authentic, accurate, complete, and effective documents, materials, or oral statements and explanations for this transaction at this stage, without any concealments, false records, or significant omissions. The provided copy materials or photocopies are consistent and aligned with the original	June 10, 2021	Remain effective	In progress

		provided	materials or originals. The signatures and seals on the provided documents and materials are authentic, with necessary legal procedures for such signatures and seals having been fulfilled, and legal authorizations having been obtained. All statements and explanations of facts are consistent with the facts that occurred. According to the progress of this transaction, our company and our acting-in-concert parties will provide relevant information and documents in a timely manner in accordance with relevant laws, regulations, rules, and relevant provisions of the CSRC and the stock exchange, and ensure that the information and documents to be constantly provided still meet the requirements of authenticity, accuracy, completeness, and effectiveness. Our company and our acting-in-concert parties undertake and warrant the information provided or disclosed in this significant asset restructuring is authentic, accurate, complete, and effective, without false records, misleading statements, or material omissions, and are willing to bear any and all of the corresponding individual and joint legal liabilities for that.			
Commitments made during asset restructuring	Directors, supervisors, and senior management of the listed company	Commitments regarding compensatory measures after diluting immediate returns by this restructuring	1. I undertake not to transfer benefits to any other units or individuals without compensations or under unfair conditions, nor to harm any interest of the listed company in any other way. 2. I undertake to restrain my official consumption. 3. I undertake not to use the assets of the listed company to engage in investment or consumption activities unrelated to my duties. 4. I undertake that the compensation system to be formulated by the Board of Directors or Remuneration Committee in the future will be linked to the implementation of compensatory measures taken by the listed company. 5. If the listed company subsequently introduces equity incentive policies, I undertake that the exercise conditions of the listed company's equity incentives to be announced in the future will be linked to the implementation of the compensatory measures taken by the listed company. 6. If, during the period after the date of	June 10, 2021	Remain effective	In progress

			issuance of this commitment letter and before the completion of this transaction by the listed company, the CSRC makes other regulatory requirements regarding compensatory measures and related commitments, and the above commitments fail to meet such new regulatory regulations of the CSRC, I undertake to issue supplementary commitments in accordance with the then latest CSRC regulations. 7. If I violate any of the above commitments, leading to any losses to the listed company or investors, I'm willing to legally bear any and all of the corresponding compensation liabilities for such losses so caused to the listed company or investors.			
Commitments made during asset restructuring	State-owned Equity Management Company	Commitments to maintain the independence of the listed company, reduce and regulate related party transactions, and avoid horizontal competition	1. On October 31, 2018, SASAC of Yunnan Province, as a shareholder of the listed company, issued the , , and . On April 7, 2020, our company issued the (hereinafter referred to as the “ ”), committing to fully undertake, as of the date of completion of this equity transfer (calculated from the date of registration of the underlying equity in the name of our company), the responsibilities and obligations specified in the commitment documents previously made by SASAC of Yunnan Province and continuously effective at the time of this equity transfer as set out in the following list. The list includes the foregoing three commitment letters issued by SASAC of Yunnan Province. 2. As of the date of signing this commitment letter, our company has always strictly fulfilled the commitments to maintain the independence of the listed	June 10, 2021	Remain effective	In progress

			company, reduce and regulate related party transactions, and avoid horizontal competition in accordance with the requirements of the , and has not violated any of the commitments made. After the completion of this transaction, our company will continue to strictly fulfill the to safeguard the interest of the listed company and any and all of its shareholders.			
Commitments made during asset restructuring	New Huadu and its acting-in-concert parties	Commitments to maintain the independence of the listed company, reduce and regulate related party transactions, and avoid horizontal competition	1. As of the date of signing this commitment letter, our company has always strictly fulfilled the , and all issued on October 31, 2018. Our company's acting-in-concert parties have always strictly fulfilled the issued on October 31, 2018, and have not violated any of the commitments made. After the completion of this transaction, our company and our acting-in-concert parties will continue to strictly fulfill this commitment letter to safeguard the interest of the listed company and any and all of its shareholders. 2. After the completion of this transaction, our company's acting-in-concert parties will maintain independence from the listed company in terms of personnel, assets, business, institutions, and finance in accordance with relevant laws, regulations, and normative documents, and will not, by virtue of the identity as a shareholder and a related party of the listed company, engage in the acts that affect the independence of the listed company's personnel, assets, business, institutions, and finances, or harm any rights and interest of the listed company and other shareholders. Instead, they will effectively ensure the independence of the listed company in terms of personnel, assets, business, institutions, finance, etc.	June 10, 2021	Remain effective	In progress

			3. As of the date of signing this commitment letter, our company's acting-in-concert parties and any other companies or enterprises under their control have not engaged in any business that constitute a horizontal competition with the principal businesses of the listed company and any other companies or enterprises under its control. In order to avoid horizontal competition with the listed company and safeguard the legitimate rights and interest of the listed company and other shareholders, after the completion of this transaction, our company's acting-in-concert parties and any other companies or enterprises under their control will not directly engage in businesses that are the same as, or similar to, and constitute a competition with, the principal businesses of the listed company. 4. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company and our acting-in-concert parties. Our company and our acting-in-concert parties warrant the effective fulfillment of these commitments, and the listed company has the right to supervise their fulfillment of this commitment letter. If our company and our acting-in-concert parties fail to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company and our acting-in-concert parties will compensate for any and all of such direct or indirect losses so caused to the listed company.			
Commitments made during asset restructuring	Listed company	Commitments to reduce and regulate related party transactions	During the period when our company is a related party of Shanghai Pharma, our company and any other companies or enterprises under our control will try the best to avoid and reduce related party transactions with Shanghai Pharma and its subsidiaries. For inevitable related party transactions or those occurring for reasonable reasons, our company undertakes to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based	June 10, 2021	Remain effective	In progress

			on the reasonable prices recognized in the market. Our company will strictly comply with the provisions of relevant laws, regulations, normative documents, and the , perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of Shanghai Pharma and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company. Our company warrants the effective fulfillment of these commitments, and Shanghai Pharma has the right to supervise the fulfillment of this commitment letter. If our company fails to effectively fulfill this commitment letter, leading to any actual losses to Shanghai Pharma, our company will compensate for any and all of such direct or indirect losses so caused to Shanghai Pharma.			
Commitments made during asset restructuring	Listed company	Commitments regarding lock-up shares	Shanghai Pharma's shares subscribed by our company through this transaction shall not be transferred within 36 months from the end of the issuance of these shares. After the expiration of the aforementioned lockup period, the transfer and trading of such shares shall be handled in accordance with the then effective laws and regulations, as well as the regulations and rules of the CSRC, SZSE, and SHSE. After the completion of this transaction, our company will also arrange a lockup period as described above for our any increased stake in Shanghai Pharma after it issues bonus shares or convert public reserve funds into share capital.	May 11, 2021	Thirty-six months from the end of the issuance of new shares by Shanghai Pharma	In progress
Whether the commitments are fulfilled as scheduled	Yes					

2. Statement of the Company that the assets or projects have met the original profit forecast and the reasons for that if there is a profit forecast for the Company's assets or projects and the reporting period is still in the profit forecast period

☐Applicable ☒Not applicable

II. Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

☐Applicable ☒Not applicable

During the reporting period, there was no occupation of the Company's capital by the controlling shareholder or any of its related parties for non-operating purposes.

III. Non-compliant Provision of External Guarantees

☐Applicable ☒Not applicable

There was no non-compliant provision of external guarantees during the reporting period.

IV. Explanation of the Board on the "Modified Audit Report" for the Latest Period

☐Applicable ☒Not applicable

V. Explanations Given by the Board of Directors, the Supervisory Committee and Independent Director (if any) Regarding the Auditor's "Modified Audit Report" on the Financial Statements of the Reporting Period

☐Applicable ☒Not applicable

VI. Explanation on Changes in Accounting Policies and Accounting Estimates or Rectification on Significant Accounting Errors as Compared with the Financial Report for the Previous Year

☐Applicable ☒Not applicable

There was no change in the accounting policies and accounting estimates or rectification on significant accounting errors during the reporting period.

VII. Explanation on the Change in Consolidation Scope as Compared with the Financial Report for the Previous Year

☒Applicable ☐Not applicable

For details, please refer to “IX. Changes in the Consolidation Scope” under Section X.

VIII. Appointment and Removal of Accounting Firm

Currently engaged accounting firm

Name of domestic accounting firm	Mazars Certified Public Accountants (SGP)
Remuneration for domestic accounting firm (RMB0'000)	249.8
Number of consecutive years of audit services of the domestic accounting firm	9
Names of certified public accountants of the domestic accounting firm	Fang Ziwei, Yang Yanling
Number of consecutive years of audit services of certified public accountants of the domestic accounting firm	1

Whether to change the accounting firm in the current period?

☐ Yes ☒No

Engagement of internal control audit accounting firms, financial advisors or sponsors

☒Applicable ☐Not applicable

Thanks to its strong comprehensive strength, Mazars Certified Public Accountants (SGP) has ranked first in the comprehensive industry ranking of Yunnan Institute of Certified Public Accountants and the bidding ranking of Yunnan SASAC for many years, and fully possesses the experience and ability to provide audit services for listed companies. To ensure the smooth progress of the Company's auditing work, the Company appointed Mazars Certified Public Accountants (SGP) as the Company's auditor for 2024 (including internal control audit).

IX. Delisting after Disclosure of Annual Report

☐Applicable ☒Not applicable

X. Bankruptcy and Reorganization

☐Applicable ☒Not applicable

XIII. Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

☐Applicable ☒Not applicable

XIV. Significant Related Party Transactions

1. Connected transactions in relation to daily operations

☐Applicable ☒Not applicable

There were no related party transactions related to daily operations during the reporting period.

2. Related party transactions arising from acquisition or sale of assets or equity

☐Applicable ☒Not applicable

There were no related party transactions arising from acquisition or sale of assets or equity during the reporting period.

3. Related party transactions regarding joint investments in third parties

☐Applicable ☒Not applicable

There were no related party transactions regarding joint investments in third parties during the reporting period.

4. Amounts due to and from related parties

☐Applicable ☒Not applicable

There were no amounts due to and from related parties during the reporting period.

5. Transactions with related finance companies

☐Applicable ☒Not applicable

There were no deposit, loan, credit or other financial business occurring between the Company and its related finance companies/related parties.

6. Transactions with related parties by finance company controlled by the Company

☐Applicable ☒Not applicable

There were no deposit, loan, credit or other financial business occurred between any finance companies under the control of the Company and related parties.

7. Other significant related party transactions

☒Applicable ☐Not applicable

The Company has made reasonable estimates on various other related party transactions, including purchases and sales of goods, related to its daily operations, based on the needs of its daily operations in 2024. It is expected that the aggregate total amount of daily related party transactions between the Company and Shanghai Pharma, Tibet Jiushi Zhihe Marketing Co., Ltd and Yuyue Medical in 2024 will be RMB 2,230,000,000, accounting for 5.59% of the Company's audited net assets of RMB 39,879,122,000 as at the end of 2023, which do not need to be reported to

the 2023 shareholders' meeting for consideration.

The matter has been considered and approved at the third session of the Tenth Board of Directors of the Company in 2024 and the Shareholders' Meeting for 2023, details of which are set out in the

(Announcement No. 2024-18), the

(Announcement No.

2024-15), and the

(Announcement No. 2024-

22).

Enquiries on the online disclosure of interim announcement of significant related party transactions

Name of interim announcement	Date of disclosure of interim announcement	Website on which interim announcement is disclosed
Announcement on the Estimation of Daily Related Party Transactions for 2024	March 29, 2024	http://www.cninfo.com.cn
Announcement on Resolutions of the Third Session of the Tenth Board of Directors of the Company for 2024	March 29, 2024	http://www.cninfo.com.cn
Announcement on Resolutions of the Annual General Meeting for 2023	April 24, 2024	http://www.cninfo.com.cn

XV. Major Contracts and Their Performance

1. Entrustment, contracting and leases

(1) Entrustment

☐Applicable ☒Not applicable

There were no entrustment events of the Company during the reporting period.

(2) Contracting

☐Applicable ☒Not applicable

There were no contracting events of the Company during the reporting period.

(3) Leases

☐Applicable ☒Not applicable

There were no leases of the Company during the reporting period.

2. Major guarantees

☒Applicable ☐Not applicable

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries (excluding the guarantees to subsidiaries)										
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Guarantee for a related party or not

Yunnan Yuncheng Hospital Management Co., Ltd.	November 24, 2017			150,000	Joint and several liability guarantee			12 years	Yes	No
Total approved limit for guarantees for others during the reporting period (A1)		0			Total amount of guarantees for others incurred during the reporting period (A2)		0			
Total approved limit for guarantees for others at the end of the reporting period (A3)		0			Total actual balance of guarantees for others at the end of the reporting period (A4)		0			
The Company's guarantee to its subsidiaries										
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Guarantee for a related party or not
Guarantee between subsidiaries										
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Guarantee for a related party or not
Total amount of guarantees by the Company (i.e., sum of the above 3 items)										
Total approved limit for guarantees at the end of the reporting period (A3+B3+C3)		0			Total actual balance of guarantees at the end of the reporting period (A4+B4+C4)		0			

Note: On April 22, 2024, Yunnan Yuncheng Hospital Management Co., Ltd held a shareholders' meeting, where the shareholders unanimously agreed to terminate the PPP project for the First Affiliated Hospital of Kunming Medical University Chenggong Hospital (Phase I). They also unanimously agreed to terminate the PPP project contract, investment agreement, and the pharmaceutical distribution project agreement. The project company is currently in the liquidation stage.

Explanations on the specific situation of guarantees provided by composite methods: None.

3. Cash entrusted for wealth management

(1) Entrusted wealth management

☒Applicable ☐Not applicable

Overview of entrusted wealth management during the reporting period

(Announcement No. 2024-23) disclosed by the Company at <http://www.cninfo.com.cn> and the .

3. On August 26, 2024, the Company held the eighth session of the Tenth Board of Directors in 2024, considering and approving the , the , and the . For details, please refer to the

(Announcement No. 2024-41) disclosed by the Company on August 27, 2024 at <http://www.cninfo.com.cn>, the , the and the .

4. On October 29, 2024, the Company held the tenth session of the Tenth Board of Directors in 2024, considering and approving the and the . For details, please refer to the

(Announcement No. 2024-49) disclosed by the Company at <http://www.cninfo.com.cn>, the , and the .

(II) Shareholding change

1. Expiration of the shareholding reduction plan

On January 17, 2024, the Company disclosed the

(Announcement No. 2024-01). The Company received the

from Jiangsu Yuyue.

As of January 13, 2024, the shareholding reduction plan of Jiangsu Yuyue expired and Jiangsu Yuyue completed this shareholding reduction plan. During the period from July 17, 2023 to January 13, 2024, Jiangsu Yuyue cumula] TJ(nd)-132.4660ary7 Tm [(Announcement)1()-165(1(nfrom)00 0 -1 -0.3 0 go0(Red)51 a)] TJ /FAc1()-1raliz

(1) On February 28, 2024, the Company disclosed the

(Announcement No. 2024-10). On February 27, 2024, the Company received a notice from the Company's shareholder, State-owned Equity Management Company, that State-owned Equity Management Company lifted the pledge of its 71,400,000 shares of the Company (accounting for 3.97% of the total share capital).

(2) On May 17, 2024, the Company disclosed the

(Announcement No. 2024-29). The Company recently received a notice from the Company's shareholder, New Huadu, that New Huadu pledged its 46,380,000 shares of the Company (accounting for 2.60% of the total share capital).

3. Shareholding increase by shareholders

On August 8, 2024, the Company disclosed the

(Announcement No. 2024-40).

State-owned Equity Management Company increased its shareholding in the Company by 788,660 shares through the trading system of Shenzhen Stock Exchange by way of centralized bidding on August 6, 2024, accounting for approximately 0.0442% of the total share capital of the Company, and the amount of the increase was RMB 40.0168 million. State-owned Equity Management Company planned to continue to increase its holdings of the Company's shares within six months from the date of the first increase (August 6, 2024), and increase its holdings in an aggregate amount (including the amount disclosed herein as having been increased) of not less than RMB 500 million and not more than RMB 1,000 million. State-owned Equity Management Company has undertaken not to reduce its holdings of the Company's shares during the period of increase in holdings and within the statutory period, and it will complete the plan of increase in holdings within the implementation period mentioned above. This increase in shareholding will not result in the Company's shareholding distribution failing to meet the conditions for listing, will not change the situation that the Company has no controlling shareholders or de facto controllers, and will not have a significant impact on the Company's governance structure.

On November 7, 2024, the Company disclosed the

(Announcement No. 2024-54). Yunnan Baiyao recently received the

from State-owned Equity Management Company. As at the date of disclosure of the Announcement, half of the time of the plan to increase the shareholding in Yunnan Baiyao Group passed. State-owned Equity Management Company cumulatively increased its shareholding in the Company by 17,485,863 shares through the trading system of Shenzhen Stock Exchange by way of centralized bidding transactions, accounting for 0.98% of the total share capital of the Company, and the cumulative amount of

the increase in shareholding was RMB 931,745,852.22 (excluding all kinds of fees and handling charges). As of the date of disclosure of the Announcement, State-owned Equity Management Company held 467,110,174 shares of the Company, representing 26.18% of the total issued shares of the Company.

On February 7, 2025, the Company disclosed the

(Announcement No. 2025-07). From August 6, 2024 to February 5, 2025, State-owned Equity Management Company increased its shareholding in the Company by 17,807,463 shares through the trading system of the Shenzhen Stock Exchange by way of centralized bidding transactions, the number of shares increased accounted for 0.9980% of the total share capital of the Company, and the cumulative amount of the increase in shareholding amounted to RMB 950,379,399.02. As of the date of disclosure of the Announcement, the term of the Shareholding Increase Plan expired and the Shareholding Increase Plan was completed.

(III) Change of use and cancellation of repurchased shares

On February 8, 2024, the Company disclosed the

(Announcement No. 2024-04), stating that the Company intends to change the use of the shares that have been repurchased by the Company to safeguard the interests of the general investors. The use of the repurchased shares was changed from “for the implementation of the employee stock ownership plan or the share incentive plan” to “for the cancellation to reduce the registered capital”, i.e., it is proposed to cancel all the 12,599,946 shares in the special securities account for repurchase and reduce the registered capital of the Company accordingly. The aforesaid matters were considered and approved at the first session of the Tenth Board of Directors of the Company for 2024 on February 7, 2024 and at the first extraordinary general meeting of the Company for 2024 on February 23, 2024, respectively. For details, please refer to the

(Announcement No. 2024-03), the

(Announcement No. 2024-04), the

(Announcement No. 2024-07) and the

(Announcement No.

2024-08) disclosed by the Company at <http://www.cninfo.com.cn>. On April 23, 2024, the Company disclosed the

(Announcement

No. 2024-21). The Company completed the cancellation of the aforesaid 12,599,946 repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on April 19, 2024. Upon completion of the cancellation of the shares repurchased, the total number of shares of the Company was 1,784,262,603.00.

(IV) Application for registration and issuance of ultra short-term financing bonds

On February 26, 2024, the Company received the (Zhong Shi Xie Zhu [2024] SCP63) from National Association of Financial Market Institutional Investors (the “NAFMII”), which stated NAFMII’s agreement to accept the registration of the Company’s ultra-short-term financing bonds, and indicated that the Company registered an amount of RMB 3 billion in the ultra-short-term financing bonds, which will be valid for 2 years from the date of the notice, and underwritten by the Industrial and Commercial Bank of China Limited. The Company may issue these ultra-short-term financing bonds in tranches during the registered validity period, and upon completion of the issuance, the issuance results will be disclosed through the channels recognized by the Dealers Association. For details, please refer to the (Announcement No. 2024-11) disclosed by the Company on February 28, 2024 at <http://www.cninfo.com.cn>.

On March 20, 2024, the issuance of the Company’s First Tranche of Ultra Short-Term Financing Bonds for 2024 valued RMB 1 billion (Sci-Tech Innovation Notes/Rural Revitalization) was completed and the proceeds were received in full. For details, please refer to the Announcement on Results of Issuance of the First Tranche of Ultra Short-Term Financing Bonds (Sci-Tech Innovation Notes/Rural Revitalization) (Announcement No. 2024-14) disclosed by the Company on March 21, 2024 at <http://www.cninfo.com.cn>.

The First Tranche of Ultra Short-Term Financing Bonds (Sci-Tech Innovation Notes/Rural Revitalization) of the Company for 2024 expired on December 15, 2024. The Company completed the payment of principal and interest of the First Tranche of Ultra Short-Term Financing Bonds (Sci-Tech Innovation Notes/Rural Revitalization) for 2024 on schedule, and the actual amount of the interest payment was RMB 1,017,013,698.63. The documents in relation to the payment can be found on the website of ChinaMoney (www.chinamoney.com.cn) and the website of Shanghai Clearing House (www.shclearing.com). For details, please refer to the

(Announcement No. 2024-59) disclosed by the Company at <http://www.cninfo.com.cn>.

(V) R&D projects

1. On May 11, 2024, the Company disclosed the

(Announcement No. 2024-26). Yunhe Pharmaceutical (Tianjin) Co., Ltd (“Yunhe Pharmaceutical”), a wholly-owned subsidiary of the Company, recently received the (Notification No. 2024LP01109) issued by the National Medical Products Administration (“NMPA”), which stated that after examination, the clinical trial application of INR101 Injection (“the Product”) of Yunhe Pharmaceutical

complied with the relevant requirements for drug registration, and it was approved for clinical trials in healthy people and patients with prostate cancer. For details, please refer to the Interim Report of Yunnan Baiyao Group for 2024.

2. On May 11, 2024, the Company disclosed the

(Announcement No. 2024-27). Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd, a wholly-owned subsidiary of the Company, recently received the (Notification No. 2024LP00886) issued by the NMPA, which stated that after examination, Flurbiprofen Cataplasms was approved for clinical trials for pain relief.

3. On June 27, 2024, the Company held the seventh session of the Tenth Board of Directors for 2024, which considered and approved the . The Company was approved to license in the relevant patents of the antibody drug KA-1641 (the “Underlying Product”) from KYinno Biotechnology Co., Ltd and carry out the R&D, production and commercialization activities of the Underlying Product worldwide. For details, please refer to the

(Announcement No. 2024-38) and the (Announcement No. 2024-39) disclosed by the Company at <http://www.cninfo.com.cn>.

(VI) Participation in fund establishment

On November 29, 2024, the Company held the eleventh session of the Tenth Board of Directors, which considered and approved the

. Under the premise of not affecting the Company’s daily operations and development, and effectively controlling investment risks, the Company agreed to jointly invest with BOC International Capital Limited (hereinafter referred to as “BOC International Capital”) to establish the Yunnan Provincial TCM Big Health Innovation Fund (provisional name, with the final name subject to approval by the market supervision and administration authority; hereinafter referred to as the “Fund” or the “Partnership”). The total subscribed capital for the Partnership is planned to be RMB 7 billion. The Company, as a limited partner, intends to contribute RMB 5 billion in its own funds, accounting for 71.43% of the total subscribed capital of the partnership. BOC International Capital, as the general partner, intends to contribute RMB 2 billion in its own funds, accounting for 28.57% of the total subscribed capital of the Partnership. For more details, please refer to the

(Announcement No. 2024-57) and the

(Announcement No. 2024-58) disclosed by the Company at <http://www.cninfo.com.cn>.

XVII. Significant Events of the Company's Subsidiaries

☒Applicable ☐Not applicable

On January 30, 2024, YNBY International published announcement according to Listing Rules of Hong Kong Stock Exchange and the provisions of the laws of Hong Kong that as of the date of announcement, YNBY International met the requirements under the resumption guidelines. Trading in its shares had been suspended on the Hong Kong Stock Exchange with effect from 9:00 a.m. on June 21, 2022 at its own request. As the resumption guidelines had been fully met to the satisfaction of the Hong Kong Stock Exchange, YNBY International applied to the Hong Kong Stock Exchange for the resumption of trading in the shares with effect from 9:00 a.m. on January 31, 2024. For details, please refer to the (Announcement No. 2024-02) disclosed by the Company on February 1, 2024 at <http://www.cninfo.com.cn>.

On October 29, 2024, the convertible bonds of YNBY International expired. As considered and approved by the tenth session of the Tenth Board of Directors of Yunnan Baiyao in 2024, it was agreed that the convertible bonds of YNBY International held by the Company would be exercised and converted into shares, in accordance with the provisions of the _____ and other relevant agreements entered between the Company and YNBY International. Pursuant to the relevant agreement arrangement, the Company will exercise the right to convert the shares and the related matters of the trust products involved in accordance with the determined scheme and operational procedures after the amount of public shareholding of YNBY International meets the conversion requirements. For details, please refer to the _____ (Announcement No. 2024-49) disclosed by the Company on October 30, 2024 at <http://www.cninfo.com.cn>.

Section VII Changes in Shareholdings and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

Before this change

listed foreign shares									
3. Overseas-listed foreign shares	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	1,796,862,549	100.00%	0	0	0	-12,599,946	-12,599,946	1,784,262,603	100.00%

Reasons for changes in shareholdings

☒Applicable ☐Not applicable

To safeguard the interests of investors, the Company held a general meeting of shareholders in February 2024 and approved to change the use of the 12,599,946 shares repurchased to “for the cancellation to reduce the registered capital”, with the cancelled shares accounting for approximately 0.7015% of the Company’s total share capital. In

per share were RMB 2.64 per share, and the net assets per share attributable to ordinary shareholders were RMB 21.61 per share. Based on the total share capital after the cancellation, the basic earnings per share were RMB 2.66 per share, diluted earnings per share were RMB 2.66 per share, and the net assets per share attributable to ordinary shareholders were RMB 21.76 per share.

Other disclosures the Company deems necessary or required by securities regulators

☐Applicable ☒Not applicable

2. Changes in shares subject to trading moratorium

☒Applicable ☐Not applicable

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the reporting period	Increase in shares subject to trading moratorium during the reporting period	Number of shares released from trading moratorium during the reporting period	Number of shares subject to trading moratorium at the end of the reporting period	Reason for moratorium	Date of shares released from trading moratorium
Yu Juan	105,000	35,000	35,000	105,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yin Pinyao	252,000	84,000	84,000	252,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yang Yong	75,768	0	0	75,768	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Wang Minghui	756,000	0	0	756,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Wang Jin	378,000	0	0	378,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Qin Wanmin	378,000	0	0	378,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Li Jin	42,000	0	0	42,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Chen Yanhui	133,009	44,336	44,336	133,009	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Chen Fashu	9,395,621	3,131,874	3,131,874	9,395,621	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements

Dong Ming	9,960	0	0	9,960	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Zhu Zhaoyun	42,000	0	0	42,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Total	11,567,358	3,295,210	3,295,210	11,567,358	--	--

II. Issuance and Listing of Securities

1. Issuance of securities (preferred shares excluded) during the reporting period

☐Applicable ☒Not applicable

2. Changes in the Company's total number of shares, structure of shareholders and structure of assets and liabilities

☒Applicable ☐Not applicable

At the first session of the Tenth Board of Directors in 2024 held on February 7, 2024 and the First Extraordinary General Meeting in 2024 held on February 23, 2024, the

was considered and approved, agreeing the Company to change the use of the 12,599,946 shares that had been repurchased as mentioned above in the special securities account for repurchases. The use of the repurchased shares was changed from “for the implementation of the employee stock ownership plan or the share incentive plan” to “for the cancellation to reduce the registered capital.” The Company completed the cancellation of 12,599,946 shares in the special securities account for repurchase at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on April 19, 2024. The total share capital of the Company was changed from 1,796,862,549 shares to 1,784,262,603 shares.

3. Existing staff shares

☐Applicable ☒Not applicable

III. Particulars about shareholders and de facto controller

1. Number of shareholders of the Company and their shareholdings

Unit: share

Total number of ordinary shareholders at the end of the	162,132	The total number of ordinary shareholders at the end of the preceding month prior to the disclosure date of the annual	167,861	Total number of preferred shareholders with resumed voting rights at the end of the reporting period (if	0	The total number of preferred shareholders with resumed voting rights at the end of the preceding month prior to the disclosure date	0
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reporting period		report		any)		of the annual report (if any)		
Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders (excluding share lending via securities financing)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Change during the reporting period	Number of shares subject to trading moratorium	Number of shares not subject to trading moratorium	Pledged, marked or frozen	
							Status	Quantity
Yunnan State-owned Equity Operation Management Co., Ltd.	State-owned legal person	26.18%	467,110,174	17485863	0	467,110,174	Pledged	119,343,840.00
New Huadu Industrial Group Co., Ltd.	Domestic non state-owned legal person	24.42%	435,742,244	0	0	435,742,244	Pledged	336,894,000.00
Yunnan Hehe (Group) Co., Ltd.	State-owned legal person	8.19%	146,185,851	0	0	146,185,851	Not applicable	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	3.65%	65,212,729	-1,648,336	0	65,212,729	Not applicable	0
China Securities Finance Corporation Limited	Domestic non state-owned legal person	2.09%	37,373,108	0	0	37,373,108	Not applicable	0
Central Huijin Asset Management Ltd.	State-owned legal person	0.93%	16,617,440	0	0	16,617,440	Not applicable	0
China Construction Bank - E Fund CSI 300 Health & Medicine Traded Open-ended Index Securities Investment Fund	Others	0.92%	16,478,306	5,178,540	0	16,478,306	Not applicable	0
ICBC - Huatai PineBridge CSI 300 Open-ended Index Securities Investment Fund	Others	0.86%	15,319,784	8,829,000	0	15,319,784	Not applicable	0
UBS Asset Management (Singapore) Ltd. -UBS Lux Investment SICAV	Others	0.73%	13,099,628	-3,169,000	0	13,099,628	Not applicable	0
Chen Fashu	Domestic natural person	0.70%	12,527,495	0	9,395,621	3,131,874	Not applicable	0
Strategic investors or general legal persons who become the top		Not applicable						

10 shareholders due to rights issue (if any)			
Related or acting-in-concert parties among the shareholders above	Chen Fashu is the de facto controller of New Huadu Industrial Group Co., Ltd. It is unclear whether there are any related relationships among other shareholders or whether there is any concerted action as defined by the		
Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights	Not applicable		
Special account for share repurchases (if any) among the top 10 shareholders (if any)	Not applicable		
Shareholdings of the top 10 shareholders not subject to trading moratorium (excluding share lending via securities financing and lock-up shares for senior management)			
Name of shareholder	Number of shares not subject to trading moratorium held at the end of the reporting period	Type of shares	
		Type	Quantity
Yunnan State-owned Equity Operation Management Co., Ltd.	467,110,174.00	RMB-denominated ordinary shares	467,110,174.00
New Huadu Industrial Group Co., Ltd.	435,742,244.00	RMB-denominated ordinary shares	435,742,244.00
Yunnan Hehe (Group) Co., Ltd.	146,185,851.00	RMB-denominated ordinary shares	146,185,851.00
Hong Kong Securities Clearing Company Limited	65,212,729.00	RMB-denominated ordinary shares	65,212,729.00
China Securities Finance Corporation Limited	37,373,108.00	RMB-denominated ordinary shares	37,373,108.00
Central Huijin Asset Management Ltd.	16,617,440.00	RMB-denominated ordinary shares	16,617,440.00
China Construction Bank - E Fund CSI 300 Health & Medicine Traded Open-ended Index Securities Investment Fund	16,478,306.00	RMB-denominated ordinary shares	16,478,306.00
ICBC - Huatai PineBridge CSI 300 Open-ended Index Securities Investment Fund	15,319,784.00	RMB-denominated ordinary shares	15,319,784.00
UBS Asset Management (Singapore) Ltd. -UBS Lux Investment SICAV	13,099,628.00	RMB-denominated ordinary shares	13,099,628.00
National Social Security Fund 110	11,568,514.00	RMB-denominated ordinary shares	11,568,514.00

Related or acting-in-concert parties among the top 10 circulating shareholders not subject to trading moratorium, and between the top 10 circulating shareholders not subject to trading moratorium and the top 10 shareholders	It is unclear whether there are any related relationships among the above-mentioned shareholders or whether there is any concerted action as defined by the
Top 10 ordinary shareholders involved in securities margin trading (if any)	Not applicable

Shareholders holding more than 5% of the shares, top 10 shareholders and top 10 circulating shareholders not subject to trading moratorium involved in lending of shares through refinancing

☒Applicable ☐Not applicable

Unit: share

Shareholders holding more than 5% of the shares, top 10 shareholders and top 10 circulating shareholders not subject to trading moratorium involved in lending of shares through refinancing								
Name of shareholder (full name)	Shareholdings in general and credit accounts at the beginning of the period		Shares lent through refinancing and unreturned at the beginning of the period		Shareholdings in general and credit accounts at the end of the period		Shares lent through refinancing and unreturned at the end of the period	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage of the
		of the total share capital		of the total share capital		of the total share capital		total share capital

ICBC - Huatai
PineBridge CSI
300 Open-ended
Index Securities
Investment Fund

Description of no controlling shareholders of the Company

On July 3, 2019, the Company purchased 668,430,196 new shares from Baiyao Holdings, its controlling shareholder, and issued these shares in the public market, of which 321,160,222 shares were issued to the SASAC of Yunnan Province, 275,901,036 shares to New Huadu, and 71,368,938 shares to Jiangsu Yuyue. Meanwhile, the shares held by Baiyao Holdings in the listed company were cancelled. After this issuance, the SASAC of Yunnan Province, New Huadu, and its acting-in-concert parties both hold 25.14% of the Company's shares, resulting in no shareholders having control over the Company actually or via shareholdings and the Company becoming an enterprise with no de facto controllers and controlling shareholders.

On August 8, 2024, the Company disclosed the

(Announcement No.

2024-40). On August 6, 2024, the State-owned Equity Management Company increased its holdings of the Company's shares by 788,660 shares through the Shenzhen Stock Exchange's trading system via a centralized bidding transaction, representing approximately 0.0442% of the total share capital, with an investment amount of RMB 40.0168 million. The State-owned Equity Management Company plans to continue increasing its shareholding within six months from the initial increase date (August 6, 2024), with a total investment amount (including the already disclosed increase) not less than RMB 50 million and not exceeding RMB 100 million. On February 7, 2025, the Company disclosed the

(Announcement No. 2025-07). From August 6, 2024, to February 5, 2025, the State-owned Equity Management Company increased its holdings of the Company's shares by 17,807,463 shares through the Shenzhen Stock Exchange's trading system via a centralized bidding transaction, representing 0.9980% of the total share capital, with a cumulative investment amount of RMB 950,379,399.02. As of the date of this announcement, the shareholding increase plan has been completed within the stipulated period. This shareholding increase does not result in the Company's shareholding distribution failing to meet the listing conditions, nor does it change the Company's situation of having no controlling shareholder or de facto controller, and it will not have a significant impact on the Company's corporate governance structure.

After the merger and overall listing completed in July 2019, Baiyao Holdings no longer had any personnel and has not conducted any actual operations, only retaining its business registration status. Due to objective reasons such as certain land and property not being included in the merger scope and awaiting government designation for the receiving party, Baiyao Holdings had not yet canceled its corporate status by the end of 2024. According to the

issued

by the State-owned Assets Supervision and Administration Commission of Kunming Municipal Government, Yunnan Baiyao Holdings Co., Ltd has transferred the three assets with ownership defects involved in the merger process to Kunming State-owned Assets Management Co., Ltd, which was designated by the government for takeover. In the future, all rights, obligations, benefits, and risks related to these properties will be owned and borne by the receiving party, Kunming State-owned Assets Management Co., Ltd. On March 5, 2025, the Yunnan Administration for Market Regulation issued the

((Yun) Deng Zi [2025] No. 120) regarding the

cancellation registration of Baiyao Holdings. As of the date of this report, the cancellation registration procedures for Baiyao Holdings have been completed, and the shareholder change registration for the 66.67% equity in

Shanghai Xinhou Asset Management Co., Ltd and the 100% equity in Shenzhen Jurong Commercial Factoring Co., Ltd, which were spun off from Baiyao Holdings' wholly-owned subsidiary, Yunnan Baiyao Holdings Investment Co., Ltd before the merger and overall listing, has also been completed.

Changes in controlling shareholders during the reporting period

☐Applicable ☒Not applicable

There was no change in the controlling shareholders of the Company during the reporting period.

3. The Company's de facto controllers and their respective acting-in-concert parties

Nature of de facto controllers: No de facto controllers

Type of de facto controllers: Does not exist.

Description of no de facto controllers of the Company

On July 3, 2019, the Company purchased 668,430,196 new shares from Baiyao Holdings, its controlling shareholder, and issued these shares in the public market, of which 321,160,222 shares were issued to the SASAC of Yunnan Province, 275,901,036 shares to New Huadu, and 71,368,938 shares to Jiangsu Yuyue. Meanwhile, the shares held by Baiyao Holdings in the listed company were cancelled. After this issuance, the SASAC of Yunnan Province, New Huadu, and its acting-in-concert parties both hold 25.14% of the Company's shares, resulting in no shareholders having control over the Company actually or via shareholdings and the Company becoming an enterprise with no de facto controllers and controlling shareholders.

Whether the Company has any shareholders at the ultimate control level with a shareholding of more than 10%

☐ Yes ☒ No

☐ Shareholders at the ultimate control level with a shareholding of more than 5% ☒ Shareholders at the ultimate control level with a shareholding of less than 5%

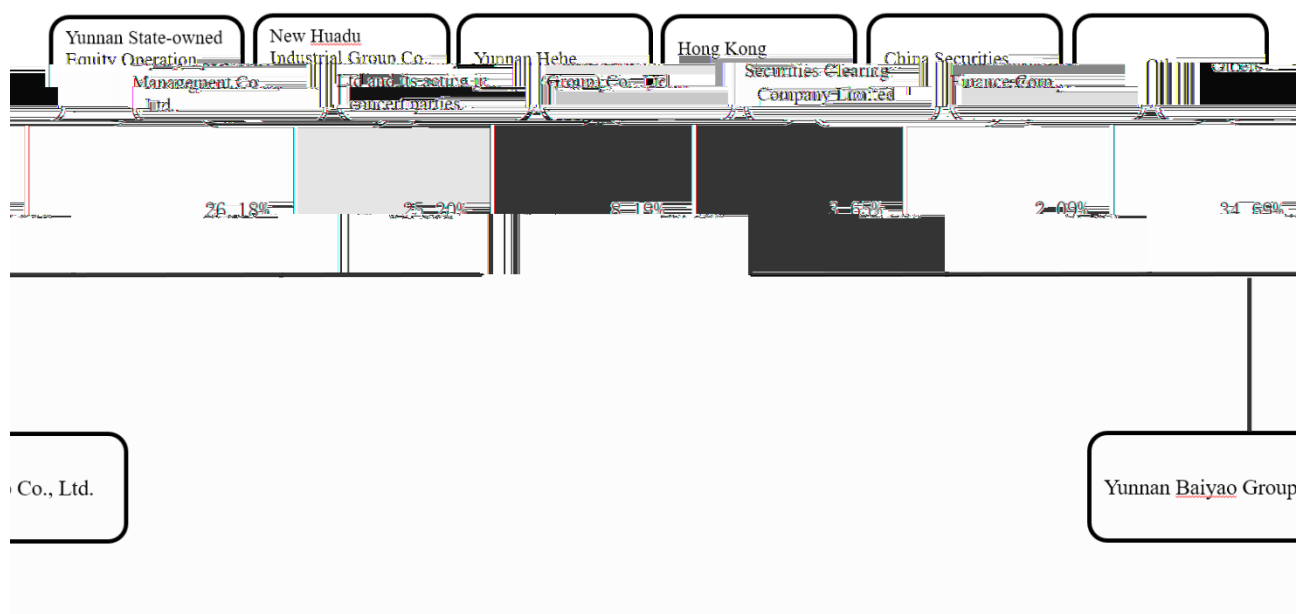
The Company has no de facto controllers.

Change of de facto controllers during the reporting period

☐Applicable ☒Not applicable

There was no change in the de facto controllers of the Company during the reporting period.

Diagram of property rights and control relationship between the Company and the de facto controller



The de facto controllers of the Company control the Company via trust or other asset management methods

☐Applicable ☒Not applicable

4. The cumulative number of pledged shares held by the controlling shareholder or the largest shareholder of the Company and their acting-in-concert parties accounts for up to 80% of the total number of shares held by them in the Company

☐Applicable ☒Not applicable

5. Other legal-person shareholders holding more than 10% of the shares

☒Applicable ☐Not applicable

Name of corporate shareholder	Legal representative/Head of the organization	Date of establishment	Registered capital	Main business operations or management activities
Yunnan State-owned Equity Operation Management Co., Ltd.	Wang Hongxin	June 21, 2019	RMB 20,977,469,085.95	Holding and managing state-owned equity; Equity (including listed company equity) investment, operation, and transfer; Fundraising; Research and consulting services on the structural layout of state-owned capital and industrial development (Business activities that require approval according to the law may be conducted only after obtaining approval from the relevant departments.)

New Huadu Industrial Group Co., Ltd.	Chen Fashu	May 4, 1996	RMB 139,800,000.00	Wholesale and retail of pre-packaged and bulk food products; Investment, management, and consulting services in the retail industry, interior and exterior decoration, hotel industry, mining industry, hydropower engineering, road and bridge engineering projects, real estate industry, and industrial sector (Business activities that require approval according to the law may be conducted only after obtaining approval from the relevant departments.)
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6. Restricted reduction of shares held by controlling shareholders, de facto controllers, restructuring parties, and other committed entities

☐Applicable ☒Not applicable

IV. Detailed implementation of share repurchase during the reporting period

Implementation of share repurchase

☐Applicable ☒Not applicable

Implementation of reduction in repurchased shares via centralized bidding

☐Applicable ☒Not applicable

Section VIII Preference Shares

☐ Applicable ☒ Not applicable

There were no preference shares in the Company during the reporting period.

Section IX Bonds

☒Applicable ☐Not applicable

I. Enterprise bonds

☐Applicable ☒Not applicable

The Company did not have enterprise bonds during the reporting period.

II. Corporate bonds

☐Applicable ☒Not applicable

The Company did not have corporate bonds during the reporting period.

III. Debt financing instruments for non-financial enterprises

☒Applicable ☐Not applicable

1. Basic information on debt financing instruments for non-financial enterprises

Unit: RMB 0'000

Bond name	Abbreviation	Bond code	Issue date	Interest starting date	Maturity date	Bond balance	Interest rate	Debt service method	Trading place
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	2024 Yunnan Baiyao SCP001 (SciTech Notes)	012480938	March 18, 2024	March 20, 2024	December 15, 2024	100,000	2.30%	Lump-sum debt service on maturity	Interbank market
Investor suitability arrangements (if any)			For qualified institutional investors						
Applicable trading mechanism			Bid, offer, request for quotation and agreement trading						
Risk of termination of listing and trading (if any) and countermeasures			No						

Overdue bonds

☐Applicable ☒Not applicable

2. Triggering and enforcement of issuer or investor option clauses, investor protection clauses

☐Applicable ☒Not applicable

3. Information about agents

Bond name	Agent name	Office address	Name of the undersigned accountant	Contact of the agent	Tel
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	Lead underwriter: Industrial and Commercial Bank of China Limited	No.55 Fuxingmen Inner Street, Xicheng District, Beijing	/	Li Jianing	010-66108574
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	Joint underwriter: China CITIC Bank Corporation Limited	Block 1, Courtyard 10, Guanghua Road, Chaoyang District, Beijing	/	Zhao Meixing	010-66635913
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	DeHeng (Kunming) Law Offices	3/F and 4/F, Block B5, Rongcheng Youjun, Xishan District, Kunming City	/	Wang Xiaolei	0871-63172192
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	Mazars Certified Public Accountants (SGP)	MAZARS Building, No. 169, Donghu Road, Wuchang District, Wuhan City	Yang Manhui, Yang Fan	Liu Ronghui, Wang Kunbi	027-86791215
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	China Lianhe Credit Rating Co., Ltd.	17/F, PICC Property and Casualty Building, No.2, Jianguomen Wai Street, Chaoyang District, Beijing	/	Pu Yaxiu, Wang Xinglong	010-85679696

Were there any changes in the above agents during the reporting period

☐Yes ☒No

4. Usage of the funds raised

Unit: RMB0'000

Name of bond	Total funds raised	Agreed purpose of the funds raised	Amount used	Amount unused	Raised funds' special account operation information (if any)	Rectification of the violated use of the raised funds (if any)	Consistence with the purpose, usage plan and other agreements as undertaken in the Offering Circular or not
2024 First Tranche of Ultra-short-term Financing Bonds (Sci-Tech Notes/Rural Revitalization) of Yunnan Baiyao Group Co., Ltd.	100,000	Used for a supplement to the working capital of the Company and some of its subsidiaries, 30% of which were used for rural revitalization	100,000	0	None	None	Yes

The funds raised were used for construction projects

☐Applicable ☒Not applicable

Changes in the purpose of the funds raised by the above bonds during the reporting period of the Company

☐Applicable ☒Not applicable

5. Adjustments to credit rating results during the reporting period

☐Applicable ☒Not applicable

6. Implementation and changes in guarantees, debt-servicing plans and other debt-servicing safeguards during the reporting period and their impact on the rights and interests of bond investors

☐Applicable ☒Not applicable

IV. Convertible corporate bonds

☐Applicable ☒Not applicable

The Company did not have convertible corporate bonds during the reporting period.

V. Losses in the scope of the consolidated statements during the reporting period exceeding 10% of net assets at the end of the previous year

☐Applicable ☒Not applicable

VI. Overdue interest-bearing debts other than bonds at the end of the reporting period

☐Applicable ☒Not applicable

VII. Violations of rules and regulations during the reporting period

☐Yes ☒No

VIII. Major accounting data and financial indicators of the Company for the latest two years as at the end of the reporting period

Unit: RMB0'000

Item	At the end of the reporting period	At the end of the previous year	Increase/decrease at the end of the reporting period compared to the end of the previous year
Current ratio	2.66	2.85	-6.67%
Gearing ratio	26.55%	25.80%	0.75%
Quick ratio	2.17	2.35	-7.66%
	The reporting period	The same period last year	Increase/decrease in the reporting period over the same period last year

Net profit after extraordinary profits and losses	454,071.44	379,238.44	19.73%
EBITDA total debt ratio	32.32%	27.32%	5.00%
Interest coverage multiple	90.98	98.13	-7.29%
Cash interest coverage multiple	70.42	100.48	-29.92%
EBITDA interest coverage multiple	71.87	76.46	-6.00%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

Section X Financial Statements

I. Audit Report

Type of Audit Opinion	Unqualified opinion
Signature Date of Audit Report	March 31, 2025
Name of Audit Body	Mazars Certified Public Accountants (SGP)
Document No. of Audit Report	ZHS Zi (2025) No. 1600190
Name of Certified Public Accountant	Fang Ziwei, Yang Yanling

Body Text of Audit Report

ZHS Zi (2025) No. 1600190

To All shareholders of Yunnan Baiyao Group Co., Ltd:

I. Audit Opinions

We have audited the financial statements of Yunnan Baiyao Group Co., Ltd (“Yunnan Baiyao”), which comprise the consolidated and balance sheets of the Company as of December 31, 2024, as well as the consolidated and income statements of the Company, the consolidated and cash flow statements of the Company, the consolidated and statements of changes in shareholders’ equity of the Company for 2024 and notes to the financial statements.

In our opinion, the attached financial statements have been prepared in accordance with the provisions of the in all major aspects, and present fairly the consolidated financial position of Yunnan Baiyao as of December 31, 2024, and the results of its operations and cash flows in 2024.

II. Basis for the Audit Opinion

We conduct our audit in accordance with the PRC Standards on Auditing for Certified Public Accountants. Our responsibilities under these standards are further described in the section on “the Certified Public Accountants’ Responsibilities for the Audit of the Financial Statements” of our audit report. We are independent of Yunnan Baiyao in accordance with the PRC Code of Ethics for Certified Public Accountants and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those, in our professional judgment, of most significance in our audit of the financial statements of the current period. The treatment of these matters is based on an audit of the financial statements as a whole and audit opinions therefrom, and we do not express an opinion on these matters separately. We have identified the following matters as the key audit matters stated in our audit report.

(I) Revenue recognition

Key Audit Matters	How to treat this matter in the audit?
Please refer to Note VI.49 in the financial statements. Yunnan Baiyao’s annual operating income in 2024 was RMB 40.033 billion, of which the main business income was	Our audit procedures for revenue recognition from the principal businesses mainly include: (1) To understand key internal controls relevant to revenue recognition, evaluate the effectiveness of their design and implementation, and test the operational effectiveness of relevant internal controls;

Key Audit Matters	How to treat this matter in the audit?
RMB 39.984 billion, accounting for 99.88% of the total operating income. Due to the amount of revenue from the main business being significant and a key performance indicator, and thus there was an inherent risk that the Management tends to manipulate the timing of revenue recognition to meet specific objectives or expectations, we identified revenue recognition as a key audit matter.	(2) To examine the Company's major sales contracts, identify key contract terms and performance obligations related to revenue recognition, and evaluate whether the Company's revenue recognition policies comply with the requirements of the and are consistently applied; (3) To perform sampling checks on annual sales agreements, sales contracts, delivery notes, invoices, customer receipt documents, and other supporting documents against the corresponding accounting records, evaluate whether the revenue complies with the Company's revenue recognition accounting policy and verify the accuracy of the recognized revenue amount; (4) To obtain the sales list of the Company for the current year, and analyze procedures for operating income, including analyzing the annual and monthly income of major products, changes in major customers and sales prices, changes in the gross profit margin of major products, and judging the rationality of changes in revenue and gross profit margin of the current year; (5) To select distributor clients, use the National Enterprise Credit Information Publicity System and other resources to query the information on shareholders, directors, and supervisors of the distributors, and check for any undisclosed related party relationships; (6) To conduct confirmation procedure for sales volume, accounts receivable, or contract liabilities of customers based on the sampling; (7) To select a sample for income transactions recorded before and after the balance sheet date, check shipping invoices and other supporting documents, and check subsequent settlements and returns to evaluate whether revenue is recorded in the appropriate accounting period.

(II) Provision for bad debts of accounts receivable

Key Audit Matter	How to deal with this matter in the audit?
Please refer to Note VI.4 in the financial statements. As of December 31, 2024, Yunnan Baiyao had a balance of accounts receivable of RMB 10.804 billion, and a balance of bad debt reserve of RMB 880 million, all of which were high book value over RMB 9.924 billion. Due to the high book value of accounts receivable, the provision for bad debts of accounts receivable involves significant accounting estimates and judgments, and the recoverability of accounts receivable had a significant impact on the financial statements, we identified the provision for bad debts of accounts receivable as a key audit matter.	Our audit procedures for the provision for bad debts of accounts receivable mainly include: (1) To understand, evaluate, and test the effectiveness of the design and operation of the Company's internal control key control points related to accounts receivable management; (2) To analyze and confirm the rationality of accounting estimation of bad debt provision of accounts receivable, including the basis for determining the combination of accounts receivable and expecting credit loss rate, and judge of impairment test of accounts receivable assessed individually; (3) To use a sampling method and check the accuracy of the aging analysis table for accounts receivable prepared by the Company; (4) To recalculate the accuracy of the allowance for bad debts as of the balance sheet date based on the Company's expected credit loss model, independently test recoverability, and examine relevant supporting evidence, including but not limited to post-balance sheet collections, customer credit conditions, business performance, and post-balance sheet transactions, to comprehensively assess their repayment ability.

IV. Other Information

The management of Yunnan Baiyao is responsible for the other information, which includes the information covered in the annual report, but does not include the financial statements and our audit report.

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

Given our audit of financial statements, our responsibility is to review other information, and in such process, to judge whether other information is significantly inconsistent with the financial statements or what we learned in the audit process, or that information seems to be significantly misstated.

Where we identify that there is a material misstatement of other information, based on the work we have performed, we will report that fact, but have nothing to report in this regard.

V. The Management and the Governance's Responsibilities for the Financial Statements

The management of Yunnan Baiyao (the “Management”) is responsible for the preparation of financial statements according to in a fair view, and for designing, implementing, and maintaining necessary internal control to be absent from material misstatement in the financial statements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Yunnan Baiyao’s ability to continue as a going concern, disclosing matters related to going concern (as applicable), and applying the going-concern assumption, unless the management intends to liquidate Yunnan Baiyao or cease operations or has no realistic alternative but to do so.

The governance team is responsible for overseeing the financial reporting of Yunnan Baiyao.

VI. Responsibilities of Certified Public Accountants for the Audit of Financial Statements

Our purpose is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report that includes an audit opinion. Our reasonable assurance is of high level, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement. Misstatements can result from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made based on these financial statements.

We exercise professional judgment and maintain professional skepticism in performing the audit in accordance with auditing standards. At the same time, we also conduct the following work:

(I) To identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or overriding internal controls.

(II) To understand the internal control related to audit to design appropriate audit procedures.

(III) To evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by the management.

(IV) A conclusion is made on the appropriateness of the going-concern assumption adopted by the Management. At the same time, based on the audit evidence obtained, a conclusion is reached on whether there is material uncertainty as to the matters or circumstances that may give rise to significant doubt about Yunnan Baiyao’s ability to continue as a going concern. Where we conclude that a material uncertainty exists, auditing standards require us to draw the attention of statement users to the related disclosures therein; where the disclosures are inadequate, no unqualified opinion shall be issued. Our conclusion is based on the information available as of the date of the audit report. However, future events or circumstances may cause Yunnan Baiyao to be unable to continue as a going concern.

(V) To evaluate the overall presentation, structure, and content of the financial statements and whether the financial statements present fairly the underlying transactions and events.

(VI) To obtain sufficient and appropriate audit evidence on the financial information of entities or business

supervision, and execution of the Group audits. We take full responsibility for the audit opinion.

We communicate with the governance team on matters such as planned audit scope, timing, and significant audit findings, including communicating internal control deficiencies of concern identified in our audit.

We also provide a statement to the governance team that we have complied with the ethical requirements related to independence, and communicate with the governance team all relationships and other matters that may reasonably be perceived to affect our independence, as well as related precautions (if applicable).

We determine the matters that are most significant to the audit of the current financial statements in the matters communicated to the governance team and therefore such matters constitute key audit matters. We disclose these matters in our audit report except where public disclosure of the matters is prohibited by law or regulation, or in rare instances, we determine that a matter shall not be disclosed in the audit report if it is reasonably expected that the negative consequences of disclosure of the matter in the report will outweigh the benefits to the public interest.

Mazars Certified Public Accountants (SGP)

Wuhan, China

**Chinese Certified Public Accountants:
(Project Partner):**

Fang Ziwei

Chinese Certified Public Accountants:

Yang Yanling

March 31, 2025

II. Financial Statement

The units in the Notes to the Financial Statements are presented in RMB.

1. Consolidated balance sheet

Prepared by Yunnan Baiyao Group Co., Ltd.

December 31, 2024

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balance	10,887,983,161.30	14,218,343,076.67
Provision of settlement fund		
Placements with banks and other financial institutions		
Financial assets held for trading	2,547,113,523.40	149,366,687.56
Derivative financial assets		
Notes receivable	929,651,911.37	227,542,572.56
Accounts receivable	9,923,361,104.39	9,966,170,447.21
Accounts receivable financing	1,887,789,780.16	1,590,749,810.74
Prepayment	303,563,844.07	312,298,727.01
Premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	108,427,198.33	104,050,709.53
Including: Interest receivable		
Dividends receivable	10,348,033.98	4,531,100.00
Financial assets held under resale agreements		
Inventory	6,294,368,316.30	6,442,194,823.67
Including: Data resources		
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	480,295,722.22	442,772,777.78
Other current assets	788,108,579.54	2,862,076,217.20
Total current assets	34,150,663,141.08	36,315,565,849.93
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investment		

Long-term receivables		
Long-term equity investments	12,561,276,081.35	11,536,660,992.93
Investment in other equity instruments	71,745,000.00	71,745,000.00
Other non-current financial assets	387,688,897.11	324,674,379.63
Investment properties	49,884,012.15	44,104,145.97
Fixed assets	3,012,878,828.09	2,662,900,014.03
Construction in progress	703,439,112.24	529,708,553.58
Productive biological assets	816,524.85	988,424.85
Oil and gas assets		
Right-of-use assets	291,177,021.52	258,319,485.58
Intangible assets	561,795,787.78	583,372,000.59
Including: Data resources		
Development expenses	25,422,461.13	14,452,474.57
Including: Data resources		
Goodwill	96,963,241.17	104,121,771.67
Long-term deferred expenses	127,081,811.91	105,335,550.31
Deferred income tax assets	756,975,016.74	690,869,209.12
Other non-current assets	116,374,395.93	541,475,331.17
Total non-current assets	18,763,518,191.97	17,468,727,334.00
Total assets	52,914,181,333.05	53,784,293,183.93
Current liabilities:		
Short-term loans	423,380,272.64	1,747,303,700.34
Borrowings from the central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	1,913,702,684.41	1,850,863,313.78
Accounts payable	4,758,352,403.87	4,359,632,642.20
Receipts in advance	446,673.78	486,612.12
Contractual liabilities	1,916,123,387.16	1,739,865,228.75
Financial assets sold under repurchase agreements		
Deposits from customers and interbank		
Customer brokerage deposits		
Acting underwriting of securities		
Payroll payable	1,283,950,828.82	1,067,190,665.08
Taxes and duties payable	466,603,767.14	339,670,850.02
Other payables	1,386,632,676.75	1,025,085,879.54

Including: Interest payable		
Dividends payable	86,490,742.04	86,490,742.04
Fees and commissions payable		
Reinsurance amounts payable		
Held-for-sales liabilities		
Non-current liabilities due within one year	88,436,075.74	74,736,102.58
Other current liabilities	620,862,624.93	532,943,904.40
Total current liabilities	12,858,491,395.24	12,737,778,898.81
Non-current liabilities:		
Reserves for insurance contract		
Long-term loans	2,100,000.00	2,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	190,656,990.23	172,347,309.72
Long-term payables	591,533,288.57	631,735,908.04
Long-term payroll payable	1,296,365.44	4,090,687.99
Estimated liabilities	12,726,280.09	
Deferred income	295,493,565.32	238,811,111.04
Deferred income tax liabilities	93,867,331.53	74,772,071.70
Other non-current liabilities	1,931,554.36	17,296,814.41
Total non-current liabilities	1,189,605,375.54	1,141,153,902.90
Total liabilities	14,048,096,770.78	13,878,932,801.71
Owners' equity		
Share capital	1,784,262,603.00	1,796,862,549.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	17,637,148,823.48	18,246,619,742.09
Less: Treasury stock		707,428,892.15
Other comprehensive income	-101,263,356.31	-89,538,172.13
Special reserves		
Surplus reserves	2,530,458,968.58	2,530,458,968.58
Provision for general risk		
Undistributed profit	16,981,339,385.76	18,102,147,836.12
Total owners' equity attributable to parent company	38,831,946,424.51	39,879,122,031.51
Minority interests	34,138,137.76	26,238,350.71
Total owners' equity	38,866,084,562.27	39,905,360,382.22

Total liabilities and owners' equity	52,914,181,333.05	53,784,293,183.93
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Legal representative: Dong Ming

Accounting officer: Ma Jia

Head of accounting center: Xu Jing

2. Balance sheet of parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balance	8,385,552,777.48	11,558,478,370.89
Financial assets held for trading	2,496,810,753.70	72,221,202.90
Derivative financial assets		
Notes receivable	675,593,542.66	6,112,294.09
Accounts receivable	1,940,715,863.84	1,330,908,560.96
Accounts receivable financing	591,699,974.35	602,881,796.61
Prepayment	1,351,285,270.04	1,600,931,041.18
Other receivables	6,501,863,512.27	4,127,088,902.76
Including: Interest receivable		
Dividends receivable	10,348,033.98	4,531,100.00
Inventory	1,160,234,826.84	1,462,389,548.82
Including: Data resources		
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	480,295,722.22	442,772,777.78
Other current assets	443,410,111.63	3,156,374,029.15
Total current assets	24,027,462,355.03	24,360,158,525.14
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	14,927,341,039.68	13,882,263,332.22
Investment in other equity instruments		
Other non-current financial assets	387,188,897.11	324,174,379.63
Investment properties	350,771,014.59	319,279,203.56
Fixed assets	1,657,360,463.22	1,406,905,437.93
Construction in progress	63,945,254.57	127,864,253.80
Productive biological assets		
Oil and gas assets		
Right-of-use assets	195,572,313.66	259,635,687.65
Intangible assets	232,180,054.34	283,913,499.08
Including: Data resources		
Development expenses	25,422,461.13	14,452,474.57

Including: Data resources		
Goodwill		
Long-term deferred expenses	40,087,609.94	19,333,368.56
Deferred income tax assets	387,502,971.84	374,888,819.41
Other non-current assets	404,946,229.16	467,069,694.11
Total non-current assets	18,672,318,309.24	17,479,780,150.52
Total assets	42,699,780,664.27	41,839,938,675.66
Current liabilities:		
Short-term loans	400,133,333.33	19,002,863.01
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	4,018,681,496.23	3,247,231,002.57
Receipts in advance	355,324.62	368,860.80
Contractual liabilities	1,534,629,073.69	1,316,384,668.74
Payroll payable	940,019,555.32	742,388,264.48
Taxes and duties payable	207,921,216.70	53,940,771.05
Other payables	10,071,969,063.28	9,513,887,394.94
Including: Interest payable		
Dividends payable	86,490,742.04	86,490,742.04
Held-for-sales liabilities		
Non-current liabilities due within one year	15,543,095.75	17,766,112.27
Other current liabilities	102,375,999.95	86,664,716.45
Total current liabilities	17,291,628,158.87	14,997,634,654.31
Non-current liabilities:		
Long-term loans	1,100,000.00	1,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	184,260,902.19	247,778,172.74
Long-term payables	591,533,288.57	631,735,908.04
Long-term payroll payable		
Estimated liabilities		
Deferred income	198,493,435.95	147,405,764.87
Deferred income tax liabilities	51,548,686.57	48,751,418.36
Other non-current liabilities	1,931,554.36	1,931,554.36
Total non-current liabilities	1,028,867,867.64	1,078,702,818.37
Total liabilities	18,320,496,026.51	16,076,337,472.68
Owners' equity:		

Including: Income from investment in associates and joint ventures	774,279,535.69	628,531,524.35
Investment income from derecognition of financial assets at amortized cost		
Exchange gains (loss is indicated with “-”)		
Net exposure hedging income (loss is indicated with “-”)		
Income from change in fair value (loss is indicated with “-”)	136,837,009.94	123,566,330.46
Credit impairment losses (loss is indicated with “-”)	-39,925,926.62	-136,455,204.36
Asset impairment losses (loss is indicated with “-”)	-91,230,709.62	-58,127,562.23
Gains from asset disposal (loss is indicated with “-”)	490,651.65	10,654,438.38
III. Operating profit (loss is indicated with “-”)	5,711,621,822.28	4,830,506,110.42
Plus: Non-operating revenue	15,483,338.73	12,234,049.26
Less: Non-operating expenses	42,385,497.02	24,728,403.02
IV. Total profit (total loss is indicated with “-”)	5,684,719,663.99	4,818,011,756.66
Less: Income tax expenses	917,647,303.71	695,450,660.17
V. Net profit (net loss is indicated with “-”)	4,767,072,360.28	4,122,561,096.49
(I) Classification by operation continuity		
1. Net profit from continuing operations (net loss is indicated with “-”)	4,767,072,360.28	4,122,561,096.49
2. Net profit from discontinued operations (net loss is indicated with “-”)		
(II) Classification by ownership		
1. Net profits attributable to the shareholders of the parent company (net loss to be listed with “-”)	4,749,415,499.55	4,093,782,074.02
2. Minority interests (net loss to be listed with “-”)	17,656,860.73	28,779,022.47
VI. Other comprehensive income, net of tax	-13,441,329.34	-21,847,821.78
Other comprehensive income attributable to owners of parent company, net of tax	-11,725,184.18	-21,450,521.18
(I) Other comprehensive income that cannot be reclassified into profits or losses	-2,067,513.33	-8,280,710.37
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profits or losses under the equity method	-2,067,513.33	-8,280,710.37
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profits or losses	-9,657,670.85	-13,169,810.81
1. Other comprehensive income that can be reclassified into profits or losses under the equity method	-4,787,910.02	-14,144,538.73
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserves		

6. Exchange differences from translation of statements denominated in foreign currencies	-4,869,760.83	974,727.92
7. Others		
Other comprehensive income attributable to minority interests, net of tax	-1,716,145.16	-397,300.60
VII. Total comprehensive income	4,753,631,030.94	4,100,713,274.71
Total comprehensive income attributable to owners of parent company	4,737,690,315.37	4,072,331,552.84
Total comprehensive income attributable to minority interests	15,940,715.57	28,381,721.87
VIII. Earnings per share		
(I) Basic earnings per share	2.66	2.29
(II) Diluted earnings per share	2.66	2.29

Net profit realized by the combined party in business combination under common control before the business combination in the current period was RMB 0.00, and net profit realized by the combined party in the previous period was RMB 0.

Legal representative: Dong Ming

Accounting officer: Ma Jia

Head of accounting center: Xu Jing

4. Income statement of parent company

Unit: RMB

Item	2024	2023
I. Operating revenue	8,867,834,592.37	6,881,456,920.60
Less: Operating cost	3,390,069,517.10	3,165,134,772.87
Taxes and surcharges	108,199,807.24	83,265,593.34
Selling expenses	2,539,960,910.51	2,294,245,758.98
Administrative expenses	565,692,698.02	660,823,121.05
R&D expenses	306,956,428.26	250,038,194.42
Financial expenses	-189,731,558.54	-288,843,660.25
Including: Interest expenses	22,136,071.12	2,525,713.85
Interest income	210,518,129.74	289,024,747.89
Plus: Other income	33,206,855.90	27,816,279.64
Investment income (loss is indicated with "-")	2,695,886,407.92	741,892,987.96
Including: Income from investment in associates and joint ventures	772,732,477.51	628,517,050.64
Derecognized financial assets measured by amortized cost (loss is indicated with "-")		
Net exposure hedging income (loss is indicated with "-")		
Income from changes in fair value (loss is indicated with "-")	141,271,168.28	107,345,538.18
Credit impairment losses (loss is indicated with "-")	1,435,538.26	-2,956,484.71
Asset impairment losses (loss is indicated with "-")	-93,877,728.93	-26,559,432.53
Gains from asset disposal (loss is indicated with "-")	-771,908.75	-157,621.90
II. Operating profit (loss is indicated with "-")	4,923,837,122.46	1,564,174,406.83
Plus: Non-operating revenue	4,333,688.14	5,136,425.36

Less: Non-operating expenses	29,013,380.31	11,785,458.74
III. Total profit (total loss is indicated with “-”)	4,899,157,430.29	1,557,525,373.45
Less: Income tax expenses	491,752,405.59	145,814,042.63
IV. Net profit (net loss is indicated with “-”)	4,407,405,024.70	1,411,711,330.82
(I) Net profit from continuing operations (net loss is indicated with “-”)	4,407,405,024.70	1,411,711,330.82
(II) Net profit from discontinued operations (net loss is indicated with “-”)		
V. Other comprehensive income, net of tax	-6,855,667.55	-22,425,249.10
(I) Other comprehensive income that cannot be reclassified into profits or losses	-2,067,513.33	-8,280,710.37
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profits or losses under the equity method	-2,067,513.33	-8,280,710.37
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profits or losses	-4,788,154.22	-14,144,538.73
1. Other comprehensive income that can be reclassified into profits or losses under the equity method	-4,788,154.22	-14,144,538.73
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserves		
6. Exchange differences from translation of statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	4,400,549,357.15	1,389,286,081.72
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	43,254,436,486.53	40,638,627,018.49
Net increase in customer deposits and placements from financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		

Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interest, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Net cash received from acting trading of securities		
Receipts from tax refunds	13,465,000.80	4,858,426.21
Other cash receipts related to operating activities	612,105,342.04	689,121,507.54
Subtotal of cash inflows from operating activities	43,880,006,829.37	41,332,606,952.24
Cash paid for goods purchased and services received	31,321,052,292.37	29,797,492,545.65
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,787,102,422.47	2,585,937,678.63
Payments of all types of taxes	2,490,279,928.72	2,465,312,635.54
Other cash paid relating to operating activities	2,984,569,043.54	2,981,121,744.40
Subtotal of cash outflows from operating activities	39,583,003,687.10	37,829,864,604.22
Net cash flows from operating activities	4,297,003,142.27	3,502,742,348.02
II. Cash flows from investment activities:		
Cash received from disposal of investments	553,145,988.51	2,558,487,934.50
Cash received from returns on investments	420,227,984.66	436,150,493.91
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,832,967.00	282,170.75
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	7,043,006,500.00	1,978,176,523.10
Subtotal of cash inflows from investment activities	8,019,213,440.17	4,973,097,122.26
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	675,074,486.64	575,507,137.90
Cash paid for acquisition of investments	3,400,000,000.00	73,700,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities	5,143,140,000.00	3,805,309,321.72
Subtotal of cash outflows from investment activities	9,218,214,486.64	4,454,516,459.62
Net cash flows from investment activities	-1,199,001,046.47	518,580,662.64

III. Cash flows from financing activities:		
Cash received from absorption of investments		2,670,000.00
Including: Cash received from subsidiaries' absorbing minority shareholder investment		2,670,000.00
Cash received from borrowings	1,886,779,951.02	1,376,188,273.49
Other cash received relating to financing activities	75,292,510.43	
Subtotal of cash inflows from financing activities	1,962,072,461.45	1,378,858,273.49
Cash payments for settlement of debts	2,833,409,772.47	1,424,233,267.77
Cash payments for distribution of dividends and profits or repayment of interest	5,951,560,088.74	2,767,483,369.05
Including: Dividends and profits paid to minority shareholders by subsidiaries	8,040,928.52	19,857,165.96
Other cash payments relating to financing activities	154,837,764.12	105,183,876.26
Subtotal of cash outflows from financing activities	8,939,807,625.33	4,296,900,513.08
Net cash flow from financing activities	-6,977,735,163.88	-2,918,042,239.59
IV. Effect of foreign exchange rate changes on cash and cash equivalents	3,497,174.93	2,324,684.95
V. Net increase in cash and cash equivalents	-3,876,235,893.15	1,105,605,456.02
Plus: Opening balance of cash and cash equivalents	14,151,765,468.49	13,046,160,012.47
VI. Closing balance of cash and cash equivalents	10,275,529,575.34	14,151,765,468.49

6. Cash flow statement of parent company

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	8,301,980,471.69	5,929,733,284.63
Receipts from tax refunds		
Other cash receipts related to operating activities	5,802,561,355.53	5,099,663,267.49
Subtotal of cash inflows from operating activities	14,104,541,827.22	11,029,396,552.12
Cash paid for goods purchased and services received	2,068,505,819.43	1,876,454,451.95
Cash paid to and on behalf of employees	1,289,767,253.56	1,191,675,173.28
Payments of all types of taxes	1,021,449,917.67	858,867,113.63
Other cash paid relating to operating activities	7,147,859,678.29	4,152,898,161.48
Subtotal of cash outflows from operating activities	11,527,582,668.95	8,079,894,900.34
Net cash flows from operating activities	2,576,959,158.27	2,949,501,651.78
II. Cash flows from investment activities:		
Cash received from disposal of investments	560,000,000.00	2,427,269,469.67
Cash received from returns on investments	420,217,009.66	424,094,233.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,745,268.39	

Net cash received from disposal of subsidiaries and other business units

7. Consolidated statement of changes in owners' equity

Amount for the current period

Unit: RMB

Item	2024														
	Owner's equity attributable to parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Undisturbed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the previous year	1,796,862,549.00				18,246,619,742.09	707,428,892.15	-89,538,172.13		2,530,458,968.58		18,102,147,836.12		39,879,122,031.51	26,238,350.71	39,905,360,382.22
Plus: Changes in accounting policies															
Correction of errors in the prior period															
Others															
II. Opening balance of the current period	1,796,862,549.00				18,246,619,742.09	707,428,892.15	-89,538,172.13		2,530,458,968.58		18,102,147,836.12		39,879,122,031.51	26,238,350.71	39,905,360,382.22
III. Increase/decrease for the period (decrease is indicated with “-”)	-12,599,946.00				-609,470,918.61	-707,428,892.15	-11,725,184.18				-1,120,808,450.36		-1,047,175,607.00	7,899,787.05	-1,039,275,819.95
(I) Total comprehensive income							-11,725,184.18				4,749,415,499.55		4,737,690,315.37	15,940,715.57	4,753,631,030.94
(II) Contribution and withdrawal of capital by owners	-12,599,946.00				-694,828,946.15	-707,428,892.15									
1. Ordinary shares invested by owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share payment credited to owners' equity															
4. Others	-12,599,946.00				-694,828,946.15	-707,428,892.15									
(III) Profit distribution											-5,870,223,949.91		-5,870,223,949.91	-8,040,928.52	-5,878,264,878.43
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															

3. Distribution to owners (or shareholders)											-5,870,223,949.91		-5,870,223,949.91	-8,040,928.52	-5,878,264,878.43
4. Others															
(IV) Internal carry-over of owner's equity															
1. Transfer of capital reserves to capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Covering loss with surplus reserves															
4. Change of defined benefit plan carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserves															
1. Provision for the period															
2. Utilization for the period															
(VI) Others					85,358,027.54								85,358,027.54		85,358,027.54
IV. Closing balance for the period	1,784,262,603.00				17,637,148,823.48		-101,263,356.31		2,530,458,968.58		16,981,339,385.76		38,831,946,424.51	34,138,137.76	38,866,084,562.27

Amount for the previous year

Unit: RMB

Item	2023														
	Owner's equity attributable to parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Undisturbed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the previous year	1,796,862,549.00				18,231,423,838.72	707,428,892.15	-68,087,650.95		2,530,458,968.58		16,720,444,918.66		38,503,673,731.86	23,323,529.93	38,526,997,261.79
Plus: Changes in accounting policies															
Correction of errors in the prior period															
Others															
II. Opening balance of the current period	1,796,862,549.00				18,231,423,838.72	707,428,892.15	-68,087,650.95		2,530,458,968.58		16,720,444,918.66		38,503,673,731.86	23,323,529.93	38,526,997,261.79
III. Increase/decrease for the period (decrease is indicated with "-")					15,195,903.37		-21,450,521.18				1,381,702,917.46		1,375,448,299.65	2,914,820.78	1,378,363,120.43
(I) Total comprehensive income							-21,450,521.18				4,093,782,074.02		4,072,331,552.84	28,381,721.87	4,100,713,274.71
(II) Contribution and withdrawal of capital by owners					-3,648,728.86								-3,648,728.86	-8,532,477.14	-12,181,206.00
1. Ordinary shares invested by owners														-2,230,000.00	-2,230,000.00
2. Capital invested by holders of other equity instruments															
3. Amount of share payment credited to owners' equity															
4. Others					-3,648,728.86								-3,648,728.86	-6,302,477.14	-9,951,206.00
(III) Profit distribution											-2,712,079,156.56		-2,712,079,156.56	-16,934,423.95	-2,729,013,580.51
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-2,712,079,156.56		-2,712,079,156.56	-16,934,423.95	-2,729,013,580.51
4. Others															
(IV) Internal carry-															

over of owner’s equity															
1. Transfer of capital reserves to capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Covering loss with surplus reserves															
4. Change of defined benefit plan carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserves															
1. Provision for the period															
2. Utilization for the period															
(VI) Others					18,844,632.23								18,844,632.23		18,844,632.23
IV. Closing balance for the period	1,796,862,549.00				18,246,619,742.09	707,428,892.15	-89,538,172.13		2,530,458,968.58		18,102,147,836.12		39,879,122,031.51	26,238,350.71	39,905,360,382.22

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

Amount for the current period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undisturbed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the previous year	1,796,862,549.00				18,449,011,067.03	707,428,892.15	-54,646,721.46		2,529,297,618.08	3,750,505,582.48		25,763,601,202.98
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Opening balance of the current period	1,796,862,549.00				18,449,011,067.03	707,428,892.15	-54,646,721.46		2,529,297,618.08	3,750,505,582.48		25,763,601,202.98
III. Increase/decrease for the period (decrease is indicated with “-”)	-12,599,946.00				-609,470,918.61	-707,428,892.15	-6,855,667.55			-1,462,818,925.21		-1,384,316,565.22
(I) Total comprehensive income							-6,855,667.55			4,407,405,024.70		4,400,549,357.15
(II) Contribution and withdrawal of capital by owners	-12,599,946.00				-694,828,946.15	-707,428,892.15						
1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share payment credited to owners' equity												
4. Others	-12,599,946.00				-694,828,946.15	-707,428,892.15						
(III) Profit distribution										-5,870,223,949.91		-5,870,223,949.91
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)										-5,870,223,949.91		-5,870,223,949.91
3. Others												
(IV) Internal carry-over of owner's equity												

1. Transfer of capital reserves to capital (or share capital)												
2. Transfer of surplus reserves to capital (or share capital)												
3. Covering loss with surplus reserves												
4. Change of defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Provision for the period												
2. Utilization for the period												
(VI) Others					85,358,027.54							85,358,027.54
IV. Closing balance for the period	1,784,262,603.00				17,839,540,148.42		-61,502,389.01		2,529,297,618.08	2,287,686,657.27		24,379,284,637.76

Amount for the previous year

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undisturbed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the previous year	1,796,862,549.00				18,430,166,434.80	707,428,892.15	-32,221,472.36		2,529,297,618.08	5,050,873,408.22		27,067,549,645.59
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Opening balance of the current period	1,796,862,549.00				18,430,166,434.80	707,428,892.15	-32,221,472.36		2,529,297,618.08	5,050,873,408.22		27,067,549,645.59
III. Increase/decrease for the period (decrease is indicated with “-”)					18,844,632.23		-22,425,249.10			-1,300,367,825.74		-1,303,948,442.61
(I) Total comprehensive income							-22,425,249.10			1,411,711,330.82		1,389,286,081.72
(II) Contribution and withdrawal of capital by owners												
1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share payment credited to owners' equity												
4. Others												
(III) Profit distribution										-2,712,079,156.56		-2,712,079,156.56
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)										-2,712,079,156.56		-2,712,079,156.56
3. Others												
(IV) Internal carry-over of owner's equity												

1. Transfer of capital reserves to capital (or share capital)												
2. Transfer of surplus reserves to capital (or share capital)												
3. Covering loss with surplus reserves												
4. Change of defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Provision for the period												
2. Utilization for the period												
(VI) Others					18,844,632.23							18,844,632.23
IV. Closing balance for the period	1,796,862,549.00				18,449,011,067.03	707,428,892.15	-54,646,721.46		2,529,297,618.08	3,750,505,582.48		25,763,601,202.98

every 10 shares to all shareholders based on the Company's existing total share capital of 694,266,479 shares. After the change, the share capital of the Company increased from 694,266,479 shares to 1,041,399,718 shares.

The Company underwent a merger and overall listing with Baiyao Holdings by issuing shares to three shareholders of Baiyao Holdings: SASAC of Yunnan Province, New Huadu and Jiangsu Yuyue. This merger and overall listing were successfully completed on June 1, 2019, with the Company as the existing entity. As a result, the Company acquired all the assets, liabilities, businesses, contracts, and other rights and obligations of Baiyao Holdings. Following the completion of the transaction, the 432,426,597 shares of the listed company previously held by Baiyao Holdings were canceled. The merger and overall listing brought in a newly registered capital of RMB 236,003,599.00, and the Company's total share capital amounted to RMB 1,277,403,317.00 after this change. A total of 236,003,599 newly issued shares subject to trading moratorium were issued, with a listing date of July 3, 2019, and the shares were listed on the Shenzhen Stock Exchange. Upon completion of this transaction, SASAC of Yunnan Province and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and neither of them obtained control over the Company.

On May 22, 2020, SASAC of Yunnan Province transferred its 321,160,222 shares of the Company to State-owned Equity Management Company at nil consideration. Upon completion of this transfer, State-owned Equity Management Company and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and there was no change in the Company's situation of not having a de facto controller or controlling shareholder.

On December 8, 2021, SASAC of Yunnan Province transferred 100% of its shares of State-owned Equity Management Company into Yunnan Investment Group. After the equity transfer, Yunnan Investment Group held 321,160,222 shares of the Company through the State-owned Equity Management Company, accounting for 25.04% of the total share capital of the Company. State-owned Equity Management Company and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and there was no change in the Company's situation of not having a de facto controller or controlling shareholder.

On April 20, 2022, the Company's 2021 Annual Equity Distribution Plan had been considered and approved at the Company's 2021 Annual General Meeting, and the details of 2021 Annual Equity Distribution Plan were as follows: Based on the total share capital on the equity registration date when the distribution plan was implemented in the future, a cash dividend of RMB 16.00 (including tax) for every 10 shares and 4.00 bonus shares (including tax) for every 10 shares would be distributed to all shareholders, and there would be no conversion of share capital from the capital reserve. On April 21, 2020, the fourth session of the ninth Board of Directors of the Company in 2020 and the third session of the ninth Supervisory Committee of the Company in 2020 respectively considered and approved the

. As of December 31, 2022, the Company had completed distributing dividends of 513,206,278 shares and stock exercises of 941,029 shares, increasing its share capital to 1,796,862,549 shares.

On April 23, 2024, the Company disclosed the

(Announcement No. 2024-21). The Company completed the cancellation of the aforesaid 12,599,946 repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on April 19, 2024. Upon completion of the cancellation of the shares repurchased, the total number of shares of the Company was 1,784,262,603.00. The shares repurchased for cancellation will not

have a material impact on the Company's financial condition and operating results.

As of December 31, 2024, the Company has a total capital of 1,784,262,603 shares, with 0 shares in treasury. The situation that the Company has no de facto controller and no controlling shareholder remain unchanged.

3. Business nature and principal businesses of the Company

The business nature and operating activities of the Company and its subsidiaries (collectively referred to as the "Group") mainly include: R&D, manufacturing, and sales of chemical APIs, chemical preparations, Chinese patent medicines, TCM materials, biological products, medical devices, healthcare food, food, beverages, special labor protection products, non-household textile products, daily chemical products, cosmetics, outdoor products; Sales of rubber pastes, plasters, disinfectant products, electronic and digital products; Information technology, science and technology and economic and technological consulting services; Import and export of goods; Property operation and management (carrying out business activities with qualification certificates), wholesale and retail of drugs, logistics and distribution, etc (For items that require approval according to law, business activities of these projects can only be carried out after approval by relevant departments).

4. These financial statements were approved for reporting by a resolution of the Board of Directors of the Company dated March 31, 2025.

As of December 31, 2024, there were 111 subsidiaries and structured entities included in the scope of the Group's consolidated financial statements. For details, please refer to Note IX "Interest in Other Entities." The Group had 5 new entities included in its consolidated financial statements compared to the end of the previous year, while 1 entity were excluded. For details, please refer to Note IX "Changes in the Consolidation Scope."

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

The financial statements of the Group are prepared on the basis of going concern assumptions, based on actual transactions and events that occur and in accordance with the

issued by the Ministry of Finance issued by Decree No. 33 of the Ministry of Finance, revised by Decree No. 76 of the Ministry of Finance), 40 specific accounting standards,

, interpretations of and other relevant provisions promulgated and revised on and after February 15, 2006 (collectively " or "ASBEs"), as well the disclosure provisions of the

issued by CSRC.

In accordance with the relevant provisions of the , the Group's accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are prepared at historical cost. In case of asset impairment, provision for impairment would be made according to the relevant regulations.

2. Going concern basis

The Company and the Group evaluated their abilities to continue as a going concern for the 12 months from the end of the reporting period and there are no material matters affecting their abilities to continue as a going concern.

V. Significant Accounting Policies and Accounting Estimates

Notes on specific accounting policies and accounting estimates:

Based on the actual production and operation characteristics and in accordance with the provisions of relevant accounting standards for enterprises, the Group has formulated a number of specific accounting policies and accounting estimates for transactions and matters such as revenue recognition and R&D expenses. For details, see the descriptions under Section 31 “Revenue” under this Note V. For the descriptions of significant accounting judgments and estimates made by the management, please refer to Section 36 “Other Significant Accounting Policies and Accounting Estimates” under this Note V.

1. Statement of compliance with the ASBEs

The financial statements prepared by the Company are in compliance with the requirements of the (ASBEs), and have reflected truly and completely such relevant information as the financial positions of the Company and the Group as of December 31, 2024 as well as the business results and cash flows of the Company and the Group for 2024. In addition, all significant aspects of the financial statements of the Company and the Group also comply with the disclosure requirements about the financial statements and their notes in the

as amended by the CSRC in 2023.

2. Accounting period

The Group’s accounting periods are divided into annual and interim periods. An interim period refers to a reporting period less than a full accounting year. The accounting year of the Group is the calendar year that starts from January 1 and ends on December 31.

3. Operating cycle

The normal operating cycle refers to the period from purchasing the assets for processing to realizing the cash or cash equivalents. The operating cycle of the Group consists of 12 months which is the standard of the classification for the liquidity of the assets and liabilities.

4. Reporting currency

RMB is the currency used in the major economic environment where the Company and its domestic subsidiaries operate. The reporting currency of the Company and its domestic subsidiaries is RMB. The Company’s foreign subsidiaries select HKD as their reporting currencies based on the currency of the primary economic environment in which they operate. The currency used by the Group in preparing the financial statements is RMB.

5. Determination method and selection basis of materiality standards

☒Applicable ☐Not applicable

Item	Materiality standards
Significant accounts receivable, bad debt provisions to be recovered or reversed	The single provision amount accounts for more than 10% of the total amount of bad debt provision for various types of receivables and the amount is greater than RMB 5 million.
Actual write-off of significant receivables	The value of a single item is greater than RMB 5 million
Significant construction in progress	Projects with budgets exceeding RMB 50 million or deemed to be of significance.

Significant advance receipts	The amount of a single advance receipt with an age of more than 1 year is greater than RMB 5 million
Significant contract liabilities	A single contractual liability with an age of more than 1 year accounts for more than 10% of the total contractual liabilities and the amount is greater than RMB 100 million
Significant accounts payable aged over one year or overdue	The amount of a single account payable is greater than RMB 5 million
Significant other payables aged over one year or overdue	The amount of a single item is greater than RMB 5 million
Significant dividends payable outstanding for over one year	The amount of a single item is greater than RMB 100 million
Receipts and payments of significant cash related to investment activities	The amount of a single item is greater than RMB 100 million
Significant offshore operating entity	The net assets of the economic entity exceed RMB 100 million
Significant structured entity	The net assets of the structured entity exceed RMB 2 million
Significant non-wholly-owned subsidiaries	The net assets of the subsidiary exceed RMB 100 million
Significant capitalized R&D projects	The year-end balance of a single project exceeds RMB 50 million
Significant outsourced project under research	The amount of a single project accounts for more than 20% of the total R&D investment
Significant investment activities	A single investment activity accounts for more than 10% of the total cash inflow or outflow related to the investment activities and the amount is greater than RMB 1 billion
Significant joint ventures or associates	The book value of long-term equity investment in a single investee accounts for more than 5% of the Group's net assets and the amount is greater than RMB 1 billion, or the investment profit and loss under the long-term equity investment equity method accounts for more than 10% of the Group's consolidated net profit
Significant subsidiaries	The net assets of the subsidiary account for more than 10% of the Group's net assets, or the net profits of subsidiary account for more than 10% of the Group's consolidated profits, and the subsidiaries with significant strategic position

6. Accounting treatment for business combination under common control and not under common control

A business combination refers to the transaction or matter in which one reporting subject formed due to the combination of two or above separate entities. A business combination can be classified as the combination under common control and not under common control.

(1) Business combination under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that obtains the control of the other parties on the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquirer effectively obtains the control of the acquirees.

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their book value at the combination date as recorded by the acquirees. The difference between the book value of the net assets obtained and the book value of the consideration paid by the acquirer for the combination (or the aggregate par value of the issued shares) shall be adjusted to share premium under capital reserve (or capital premium). If the share premium under capital reserve (or capital premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Expenses that are directly attributable to the business combination by the acquirer are charged to the current

profits and losses in which they are incurred.

(2) Business combination not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that obtains the control of the other parties on the acquisition date is the acquirer; other parties involving in the business combination are the acquirees. The acquisition date is the date on which the acquirer effectively obtains control of the acquirees.

For a business combination not under common control, the cost of business combination is the fair value of assets paid, liabilities incurred or undertaken, and equity securities issued by the acquirer for obtaining the control of the acquirees at the acquisition date. Expenses that are attributable to the business combination such as audit fees, legal services fees, consultancy fees and other administration expenses incurred by the Company as acquirer are expensed in the current profits and losses in which they are incurred. Transaction fees of equity securities or debt securities issued by the acquirer as consideration for a business combination are included in the initially recognized amount of equity securities or debt securities. Contingent consideration involved is recorded as the combination cost at its fair value on the acquisition date. Should any new or further evidence in relation to the circumstances existing on the acquisition date arise within 12 months after the acquisition date, making it necessary to adjust the contingent consideration, the goodwill arising from the business combination shall be adjusted accordingly. The cost of combination incurred and identifiable net assets obtained by the acquirer in a business combination are measured at fair value on the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized as goodwill; Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized in current profits and losses after a review of measurement for the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the combination cost.

In relation to the deductible temporary difference acquired from the acquiree, which was not recognized as deferred tax assets due to non-fulfillment of the recognition criteria at the date of the acquisition, if new or further information that is obtained within 12 months after the acquisition date indicates that related conditions at the acquisition date already existed, and that the realization of the economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date can be expected, the relevant deferred tax assets shall be recognized and goodwill shall be deducted accordingly. When the amount of goodwill is less than the deferred tax assets that shall be recognized, the difference shall be recognized in the current profits and losses. Except for the above circumstances, deferred tax assets in relation to business combination are recognized in the current profits and losses.

For a business combination involving entities not under common control that is achieved in stages, the Company shall determine whether the business combination shall be treated as "a bundle of transactions" in accordance with the determination standards as contained in the

Finance and Taxation (2012)

No. 19) and Section 51 of

(See Item (2) of Section 6 "Preparation of the consolidated financial statements" under this Note V).

Where the business combination is treated as “a bundle of transactions,” the business combination shall be accounted for in accordance with the previous paragraphs and Section 17 “Long-term equity investments” of this Note V; where the business combination does not fall within “a bundle of transactions,” the business combination in the Company’s and the consolidated financial statements shall be accounted for as follows:

In the Company’s financial statements, the initial cost of the investment shall be the sum of the book value of equity investment held in the acquiree prior to the acquisition date and the amount of additional investment made to the acquiree at the acquisition date. Other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date shall be, upon disposal of the investment, accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.

In the consolidated financial statements, the equity interest held in the acquiree prior to the acquisition date is re-measured according to its fair value at the acquisition date; the difference between the fair value and the book value is recognized as investment income for the current period. Other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date shall be accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.

7. Judgement criteria of control and preparation of consolidated financial statements

(1) Criteria for the recognition of scope of consolidated financial statements

The scope of consolidation shall be determined based on the concept of control. Control means that the Group has power over the investee, enjoys variable returns through its participation in the investee’s related activities, and has the ability to use its power over the investee to influence the amount of its returns. The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries, which are defined as those entities controlled by the Group.

Once any change in the facts and circumstances arises which leads to a change in the elements involved in the definition of control, the Group will conduct an assessment.

(2) Preparation of consolidated financial statements

Subsidiaries are consolidated from the date on which the Group obtains their net assets and actual control over their operating decisions, and are deconsolidated from the date when such control ceases. For subsidiaries being disposed of, the business results and cash flows prior to the date of disposal are duly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control, their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures in the consolidated financial statements would not be restated. For subsidiaries acquired from a business combination under common control and acquirees from a merger by absorption, their operating results and cash flows from the date of commencement of the period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are

inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealized profits are offset in preparing the consolidated financial statements.

The portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not attributable to the Company are recognized as minority interests and profits and losses attributable to minority interests respectively, which are presented under shareholders' equity and net profit separately, in the consolidated financial statement. A subsidiary's net current profits and losses attributable to minority interests is recognized as "share of profits and losses of minority interests" under net profit in the consolidated income statement. When the amount of a subsidiary's loss attributable to the minority shareholders exceeds the minority shareholders' share of the opening balance of shareholders' equity of the subsidiary, the excess is deducted from the minority interests.

In event of loss of control over a former subsidiary due to disposal of certain equity investments or other reasons, any retained equity is re-measured at its fair value on the date when the control is lost. The surplus of the aggregate considerations received upon disposal of equity plus the fair value of any retained equity less the share of net assets in the former subsidiary calculated cumulatively from the acquisition date based on the original shareholding percentage is included in the investment income for the period when the control is lost. Other comprehensive income related to the equity investment in the former subsidiary shall be accounted for on the same basis at the time of loss of control as the subsidiary directly disposed of the related asset or liability. Then, the remaining equity shall be measured subsequently in accordance with the

or

and other regulations. For details, please see Section 17 "Long-term equity investments" or Section 11 "Financial instruments" under this Note V.

For disposal of the Group's equity investments in a subsidiary in phases through multiple transactions until loss of control, it is determined based on whether such transactions should be regarded as a bundle of transactions. If the terms, conditions and economic effects of all transactions are conducted for the purpose of disposing of the equity investments in a subsidiary and meet the following one or more criteria, it is usually shown that such multiple transactions are deemed as a bundle of transactions for accounting treatment: ① These transactions were entered into at the same time or upon the consideration of the effects therebetween; ② These transactions can only generate one complete business result when conducted all together; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; and ④ One transaction alone is not economical, but is economical when considered with other transactions. When the transactions do not constitute a bundle of transactions, each transaction thereof shall be accounted in accordance with principles applicable to the "disposal of part of long-term equity investments in a subsidiary that does not result in the loss of control" (please see Item (2) ④ of Section 17 "Long-term equity investments" under this Note V for details) and "loss of control over a former subsidiary due to disposal of certain equity investments or other reasons" (please see the preceding paragraph for details). If such transactions fall under a bundle of transactions, those transactions are accounted for as one deal under which the subsidiary is

disposed of and control is lost. However, before the control over the subsidiary is lost, the surplus between consideration received for each disposal and the value of corresponding share of net assets in the subsidiary entitled by the investment underlying the disposal shall be recognized as other comprehensive income in the consolidated

(1) Translation of foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, if the foreign currency monetary items are translated at the spot rate of the balance sheet date, the resulting exchange difference, except for ① Exchange differences arising from special loans in foreign currencies related to the acquisition and construction of assets eligible for capitalization, which shall be treated in accordance with the principle of capitalization of borrowing costs; ② Exchange differences of hedging instruments used to operate effective hedging of net investment abroad (this difference is included in other comprehensive income and is not recognized as current profits and losses until the net investment is disposed of) and ③ foreign currency monetary items classified as measured at fair value through other comprehensive income, shall be recorded into current profits and losses, provided that exchange differences resulting from changes in other book balances other than amortized costs (including impairment) shall be recorded in other comprehensive income.

The non-monetary foreign currency items measured at historical cost shall be measured at the amount of reporting currency that is translated into based on the spot rate on the transaction date. For non-monetary foreign currency items measured at fair value, the exchange rate prevailing at the date when the fair value is determined is used for translation, and the difference between the translated amount of the reporting currency and the original amount of the reporting currency shall be treated as the change in fair value (including change of exchange rate) and recorded in current profits and losses or recognized as other comprehensive income.

(2) Translation of foreign currency financial statement

Foreign currency financial statements of overseas operations are translated into RMB statements in the following ways: The items of assets and liabilities in the balance sheet were translated at the spot exchange rate on the balance sheet date. The shareholders' equity items are translated at the spot rate at the time of occurrence except for the "undistributed profit" items. The income and expense items in the income statement are converted using the average exchange rate of the current period on the date of occurrence of the transaction. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after the conversion of the previous year; The undistributed profit at the end of the period is calculated and shown on the basis of each item of profit distribution after translation; The difference between the total amount of asset items and liability items and shareholders' equity items after translation is treated as the difference in the translation of foreign currency statements and recognized as other comprehensive income. Upon disposal of an overseas operation and loss of control, the conversion difference of the foreign currency statement related to the overseas operation, as shown under the shareholders' equity item in the balance sheet, shall be transferred to the profits and losses of the disposal of the current period in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flow and cash flow of overseas subsidiaries shall be translated at the spot exchange rate in the period when the cash flow is generated. The effect of exchange rate changes on cash is presented separately in the cash flow statement as an adjustment item.

The figures for the beginning of the year and the actual figures for the previous year are presented in accordance with the amounts of the financial statements of the previous year after translation.

Upon the disposal of all the owners' equity of the Group's overseas operations or the loss of control over overseas operations due to the disposal of part of the equity investment or other reasons, the translation difference

of the foreign currency statement related to the owners' equity of the overseas operations attributable to the parent

contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement. The Group measures such financial assets at fair value and their changes are recognized in other comprehensive income, but impairment losses or gains, exchange profits and losses and interest income calculated under the effective interest rate method are recognized in current profits and losses.

In addition, the Group has designated certain non-trading equity instrument investments as financial assets at fair value through other comprehensive income. The Group recognizes the relevant dividend income of such financial assets in current profits and losses and the fair value changes in other comprehensive income. Upon the derecognition of the financial assets, the accumulated profits and losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings and are not recognized in the current profits and losses.

③ Financial assets at fair value through profits and losses

The Group's financial assets other than those at amortized cost and those at fair value through other comprehensive income as described above are classified as financial assets at fair value through profits and losses. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting misalignments, the Group designated certain financial assets as financial assets at fair value through profits and losses. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in the current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profits and losses and other financial liabilities at the time of initial recognition. For financial liabilities at fair value through profits and losses, the related transaction costs are recognized directly in profits or losses, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

① Financial liabilities at fair value through profits and losses

The financial liabilities at fair value through profits and losses include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated as financial liabilities at fair value through profits and losses at the initial recognition.

Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, with changes in fair value recognized in current profits and losses, except for those related to hedge accounting.

For those designated as financial liabilities at fair value through profits and losses, the change in fair value of such liabilities caused by changes in the Group's own credit risk is included in other comprehensive income, and the cumulative change in its fair value caused by changes in its own credit risk included in other comprehensive income is transferred to retained earnings when such liabilities are derecognized. Other changes in fair value are included in current profits and losses. If the treatment of the effect of the change in the credit risk of the financial liabilities in the manner described above would cause or widen the accounting mismatch in profits and losses, the Group would recognize the full profits or losses of the financial liabilities (including the amount affected by the change in the credit risk of the enterprise) in the current profits and losses.

② Other financial liabilities

Financial liabilities other than those resulting from the transfer of financial assets that does not meet the conditions for derecognition or continues to be involved in the transfer of financial assets, and other financial liabilities excluding financial guarantee contracts are classified as financial liabilities at amortized cost, which are subsequently measured at amortized cost, and the profits and losses resulting from the derecognition or amortization are included in current profits and losses.

(3) Recognition basis and measurement method for transfer of financial assets

A financial asset is derecognized if it meets any of the following conditions: ① The contractual right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred, and substantially all the risks and returns of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, substantially all the risks and returns of ownership of the financial asset have neither been transferred nor retained, but the control over the financial asset has been relinquished.

If neither substantially all the risks and returns of ownership of a financial asset are transferred nor retained, and the control over the financial asset is not relinquished, the underlying financial asset shall be recognized to the extent of its continuing involvement in the transferred financial asset, and the related liability shall be recognized accordingly. The extent of continued involvement in the transferred financial asset is the level of risk to which the enterprise is exposed as a result of changes in the value of that financial asset.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the consideration received as a result of the transfer and the cumulative change in the fair value originally included in other comprehensive income is included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned between the portion derecognized and the portion not for derecognition according to their relative fair value. The difference between the sum of the consideration received as a result of the transfer and the cumulative changes in fair value originally included in other comprehensive income that should be apportioned to the portion derecognized and the above-mentioned book value apportioned are recognized in current profits and losses.

If the Group sells the financial assets by recourse or makes endorsement transfer of the financial assets it holds, it is necessary to determine whether virtually all risks and returns in the ownership of the financial asset have been transferred. If the Group has transferred substantially all the risks and returns related to the ownership of a financial asset to the transferee, the Group shall derecognize the financial asset. If substantially all the risks and returns related to the ownership of a financial asset are retained, the financial assets shall not be derecognized. If substantially all the risks and returns related to the ownership of the financial asset are neither transferred nor retained, whether the enterprise retains control of the asset shall be determined and accounting treatment shall be made in accordance with the principles described in the preceding paragraphs.

(4) Derecognition of financial liabilities

A financial liability (or a portion thereof) is derecognized when the present obligation is discharged. If an

agreement is entered into between the Group (the borrower) and the lender to replace the original financial liability

(8) Impairment of financial assets

The financial assets for which the Group needs to recognize impairment losses are financial assets at amortized cost, debt instruments at fair value through other comprehensive income, lease receivables, which mainly include notes receivable, accounts receivable, receivables financing, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for contractual assets and certain financial guarantee contracts, impairment provisions are made and credit impairment losses are recognized in accordance with the accounting policies described in this section.

① Recognition of provision for impairment losses

On the basis of expected credit losses, the Group makes an impairment provision and recognizes credit impairment losses for each of the above items in accordance with its applicable expected credit losses measurement method (general method or simplified method).

Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the Group, discounted at the original effective interest rate, i.e., the present value of all cash shortfalls. Financial assets purchased or originated by the Group that are credit impaired shall be discounted at the credit-adjusted effective interest rate of the financial assets.

The general method of measurement of expected credit losses means that the Group assesses at each balance sheet date whether the credit risk of financial assets (including contractual assets and other applicable items, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit losses over the entire duration; If credit risk does not increase significantly since the initial recognition, the Group measures the loss provision at an amount equivalent to expected credit losses over the next 12 months. The Group will consider all the reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition, and measures the provision for losses based on expected credit losses over the next 12 months.

② Criteria for determining whether credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset during the estimated duration determined on the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has significantly increased. Except in exceptional circumstances, the Group uses the change in default risk occurring over the next 12 months as a reasonable estimate of the change in default risk occurring over the duration to determine whether credit risk has increased significantly since the initial recognition.

③ The portfolio-based approach to assessing expected credit risk

The Group assesses credit risk individually for financial assets with significantly different credit risks, such as receivables that are in dispute with other parties or involved in litigation or arbitration; or where there are clear

indications that the debtor is likely to be unable to meet its repayment obligations.

Apart from financial assets that are individually assessed for credit risk, the Group classifies financial assets into different groups based on common risk characteristics and assesses credit risk on a portfolio basis.

④ Accounting treatment of impairment of financial assets

At the end of the period, the Group will calculate the estimated credit losses of various financial assets, and if the estimated credit losses are greater than the book value of its current impairment provision, the difference is recognized as an impairment loss; If it is less than the book value of the current impairment provision, the difference is recognized as an impairment gain.

⑤ Determination of credit losses of various financial assets

a. Notes receivable

The Group measures the loss provision for notes receivable at the amount equivalent to expected credit losses in the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different portfolios:

Item	Basis for determining the portfolio
Banker's acceptance bill	Banks with less credit risk in relation to acceptors

b. Accounts receivable and contractual assets

For the accounts receivable and contractual assets that do not have a significant financing component, the Group measures the loss provision at the amount equivalent to expected credit losses in the entire duration.

For the accounts receivable, contractual assets and lease receivables that have a significant financing component, the Group chooses to always measure the loss provision at an amount equivalent to expected credit losses over the duration.

Apart from the accounts receivable for single assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

c. Accounts receivable financing

Notes and accounts receivable measured at fair value through other comprehensive income are presented as accounts receivable financing if their maturities are within one year (including one year) from the initial recognition date. The Group measures the loss provision at the amount equivalent to expected credit losses in the entire duration.

Apart from the accounts receivable financing for single assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Related party within the consolidation scope	This portfolio represents amounts receivable of the Company within the scope of consolidation.
Account age portfolio	The portfolio takes the age of receivables as the credit risk characteristics.

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

d. Other receivables

Based on whether the credit risk of other receivables has increased significantly since initial recognition, the Group measures the loss provision at the amount equivalent to expected credit losses in the next 12 months or the entire duration. Apart from the other receivable for single assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Related party within the consolidation scope	This portfolio represents amounts receivable of the Company within the scope of consolidation.
Account age portfolio	The portfolio takes the age of receivables as the credit risk characteristics.

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

12. Notes receivable

Please refer to “11. Financial instruments.”

13. Accounts receivable

Please refer to “11. Financial instruments.”

14. Accounts receivable financing

Notes and accounts receivable at fair value through other comprehensive income are presented as accounts receivable financing if their maturities are within one year (including one year) from the initial recognition date.

The Notes and accounts receivable with the maturity of more than 1 year since the initial recognition date are presented as other debt investments. For the relevant accounting policies, please refer to “11. Financial instruments” under this Note.

15. Other receivables

Method of determining expected credit losses on other receivables and the accounting treatment

For the method of determining expected credit losses on other receivables and the accounting treatment, please refer to “11. Financial instruments.”

16. Inventories

(1) Categories of inventories

Inventories mainly include raw materials, packaging and low-value consumable goods, products in process, goods in stock, consumable biological assets, development costs, development products, etc.

(2) Pricing of inventories

Inventories are initially measured at actual cost. The cost of inventories includes procurement cost, processing cost and other costs. Inventories are measured by the weighted average method upon delivery.

(3) Determination of net realizable value of inventories and method of making provision for inventory impairment

The net realizable value of inventories refers to the estimated selling price deducted by estimated costs until they are made into finished goods, estimated selling expense and relevant taxes in daily activities. The determination of the net realizable value of inventories is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of events after the balance sheet date.

Inventories are measured at the lower of cost or net realizable value at the balance sheet date, and provision for their impairment shall be made when the net realizable value is below the cost of inventories. Provision for inventory impairment is made on the basis of the difference whereby the cost of one single inventory item exceeds its net realizable value. For inventories with large quantities and low unit prices, provision for inventory impairment shall be made according to inventory categories. Inventories that are related to product series produced and sold in the same region and have the same or similar end use or purpose, and are difficult to be documented separately from other items that shall be combined for making provision for inventory impairment.

After provision for inventory impairment is made, if the factors that once resulted in the impairment disappear, leading to the net realizable value of inventories higher than their book value, the provision of inventory impairment shall be reversed to the extent of provision previously made, and the reversed amount shall be recognized in current profits and losses.

(4) The inventory system shall be the perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The low-value consumables and packaging materials are amortized using a one-off amortization method.

17. Long-term equity investments

Long-term equity investments in this section refers to any equity investment by which the Group has control,

of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer. Where a business combination not under common control is achieved by acquiring the equity of a combined party under common control in phases through multiple transactions, following policies shall apply depending on whether those transactions are “a bundle of transactions”: if so, the Group shall account for all transactions together as the one deal to obtain the control; if not, the initial investment cost of the long-term equity investments that is re-accounted for using the cost method shall be the sum of book value of long-term equity investments previously held by the acquirer in the acquiree and new investment cost. Accounting treatment is currently not required for other comprehensive income in respect of equity investments that have been accounted for using the equity method.

The intermediary expenses on items such as audit, legal service and valuation advisory for business combination and other related administrative expenses incurred by the combining party or acquirer are recognized in current profits and losses upon their occurrence.

Long-term equity investments other than those formed by business combination is initially measured at cost which varies depending on the different ways of acquiring the long-term equity investments and is determined by considering the amount of actual cash paid by the Group, the fair value of the equity securities issued by the Group, the conventional value stipulated in the investment contract or agreement, the fair value or original book value of the assets surrendered in the non-cash and bank balance swap transaction, the fair value of the long-term equity investments itself, and etc. The expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investments are also included in the investment cost. For additional long-term equity investments that entitles the Company with significant influence or common control but not control over the investee, its cost of investment is the sum of fair value of equity investments that have been held plus new cost of investment pursuant to the

(2) Subsequent measurement and recognition method of profits and losses

A long-term equity investment with common control (excluding that constituting a joint venture) over or significant influence on the investee is accounted for by using the equity method, and a long-term equity investment with control over the investee is accounted for in the Company's financial statements by using the cost method.

① Long-term equity investment accounted for with cost method

When a long-term equity investment is accounted for with cost method, its price is measured at initial investment cost, and when the long-term equity investment is added or disposed, its cost is adjusted accordingly. The cash dividend or profit declared by the investee, except for the cash dividend or profit declared but not yet granted that is included in the price or consideration actually paid upon the acquisition of the investment, shall be recognized as investment income for the period.

② Long-term equity investment accounted for with equity method

When a long-term equity investment is accounted for with equity method and its initial investment cost is higher than the proportion of fair value of the investee's identifiable net assets attributable to the investor because of the investment, its initial cost shall not be adjusted; if lower, the difference shall be recognized in the current profits and losses, and its cost shall be adjusted accordingly.

When a long-term equity investment is accounted for with equity method, the investment income and other comprehensive income arising therefrom are recognized in accordance with the proportion of net profits and losses and other comprehensive income of the investee attributable to the investor, and the book value of long-term equity investments is adjusted accordingly; if any profit or cash dividend is declared by the investee, the book value of long-term equity investments shall be reduced according to the part of profit or dividends attributable to the investor; if there is any other changes in shareholders' equity other than net profits and losses, other comprehensive income and profit distribution, such change shall be adjusted against the book value of long-term equity investments and recognized in the capital reserve. The Group recognizes its share of the investee's net profits and losses based on fair value of the investee's identifiable assets at the time of acquisition, after making appropriate adjustments to net profits thereto. In case of any inconsistency between the accounting policies and accounting periods adopted by the investee and by the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Group, and the gain on investment and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets invested or disposed of are not part of the business, the share of unrealized profits and losses arising from inter-group transactions shall be offset by the portion attributable to the Group, and the profits and losses on investment shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Group and an investee is not offset to the extent that the loss is impairment loss of the assets transferred. Where the Group invests to its joint ventures or associates an asset forming part of a business, giving rise to the acquisition of a long-term equity investment by the investor without obtaining control, the initial investment cost of the additional long-term equity investments shall be recognized at fair value of the business invested. The difference between initial investment cost and book value of the business invested will be fully included in current profits and losses. Where the Group disposes of an asset forming part of a business to its associates or joint ventures, the difference between the consideration received and the book value of the business shall be fully included in current profits and losses. Where the Group acquires from its associates or joint ventures an asset forming part of a business, the profits or losses related to the transaction shall be accounted for and recognized in accordance with the .

The Group's share of net loss of the investee shall be recognized to the extent that the book value of the long-term equity investment and any long-term equity that substantially forms part of the investor's net investment in the investee are written down to zero. If the Group has to assume additional obligations to the loss of the investee, the estimated liabilities shall be recognized for the estimated obligation assumed and charged to investment loss for the period. Where the investee makes profits in subsequent periods, the Group shall re-recognize its share of the profits after setting off against the share of unrecognized losses.

③ Acquisition of minority interests

When preparing the consolidated financial statements, the Company adjusts the capital reserve and, if the capital reserve is insufficient, adjusts the retained earnings based on the difference between the additional long-term equity investments arising on acquisition of minority interests and the Company's share in the net assets of the subsidiary accrued from the acquisition date (or consolidation date) in proportion to the additional shareholdings.

④ Disposal of long-term equity investments

In the consolidated financial statements, if the parent company disposes part of the long-term equity investment in the subsidiary without losing its control, the difference between the disposal price and the Company's share in the net assets of the subsidiary attributable to the disposal of the long-term equity investment is recognized in the shareholders' equity; if the parent company disposes part of the long-term equity investment in the subsidiary resulting in the loss of its control over the subsidiary, the accounting treatment shall be in accordance with the policies as set out in Item (2) of Section 6 "Accounting treatment for business combination under common control and not under common control" under this Note V.

In other cases, upon the disposal of a long-term equity investment, the difference between the book value of the investment and the price received is recognized in the current profits and losses.

For a long-term equity investment that is accounted for using the equity method where the remaining equity after disposal continues to be accounted for using the equity method, the portion of other comprehensive income previously included in shareholder's equity shall be treated in accordance with the same basis as the investee directly disposes of relevant asset or liability on pro rata basis at the time of disposal. The owners' equity recognized for the change in owners' equity of the investee other than net profits and losses, other comprehensive income and profit distribution, shall be transferred to current profits and losses on pro rata basis.

For a long-term equity investment accounted for using the cost method where the remaining equity after disposal continues to be accounted for using cost method, other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee shall be treated in accordance with the same basis as the investee directly disposes of relevant asset or liability, and transferred to current profits and losses on pro rata basis. The change in owners' equity recognized in net assets of the investee by using the equity method other than net profits and losses, other comprehensive income and profit distribution shall be transferred to current profits and losses on pro rata basis.

In preparing separate financial statements, if control is lost over the investee upon partial disposal of equity investment, the remaining equity with common control or an ability to impose a significant influence over the investee after disposal shall be accounted for using the equity method, and shall be adjusted as if it has been accounted for using the equity method since it was acquired. The remaining equity without common control or an ability to impose a significant influence over the investee after disposal shall be accounted for based on the standard for recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in current profits and losses. In respect of other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee, it shall be accounted for in accordance with the same basis as the investee directly disposes of relevant asset or liability when the control is lost. The change in owners' equity recognized in net assets of the investee by using the equity method other than net profits and losses, other comprehensive income and profit distribution shall be transferred to current profits and losses at the time when the control over investee is lost. Where the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owners' equity shall be carried forward on pro rata basis. Where the remaining equity after disposal is accounted for in accordance with the standard for recognition and measurement

of financial instruments, other comprehensive income and other owners' equity shall be fully carried forward.

If the common control or significant influence of the Group over the investee is lost upon partial disposal of equity investment, the remaining equity after disposal shall be accounted for in accordance with the standard for recognition and measurement of financial instruments. The difference between its fair value and book value on the date of loss of common control or significant influence shall be included in current profits and losses. For other comprehensive income recognized previously for the equity investment using equity method, it shall be accounted for in accordance with the same basis as the investee directly disposes of relevant asset or liability at the time when the equity method is ceased to be used. The owners' equity recognized arising from the change in owners' equity of the investee other than net profits and losses, other comprehensive income and profit distribution shall be transferred to current profits and losses at the time when the equity method is ceased to be used.

Where the Group disposes of its equity investment in a subsidiary in a series of transactions until the control is lost, and such transactions form "a bundle of transactions," each transaction shall be accounted for as a disposal of equity investment of the subsidiary resulting in a loss of control. The difference between the consideration for each transaction and the book value of the long-term equity investment attributable to the equity interests disposed prior to loss of control shall be initially recognized as other comprehensive income, and upon loss of control, transferred to current profits and losses when the loss of control takes place.

18. Investment properties

Measurement model for investment property

Cost model

Depreciation or amortization method

Investment properties ET Q (i)1s0dreposal (e68(stat(ble)helosed)13(for4)-2(rentposal (-2(incom))1()-(for4)cap(initposal

be reclassified as an investment property. Upon reclassification, for investment properties measured using the cost model, the carrying value before reclassification is recognized as the carrying value after reclassification. For investment properties measured using the fair value model, the fair value on the date of reclassification is recognized as the carrying value after reclassification.

An investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net proceeds from sale, transfer, retirement or damage of an investment property after its book value and related taxes and expenses are recognized in the current profits and losses.

19. Fixed assets

(1) Recognition criteria

Fixed assets refer to the tangible assets held by the Company for producing goods, rendering services, renting or operation and administration purposes with useful life of over one accounting year. The fixed assets are recognized only when the economic interests related thereto are likely to flow into the Group and its cost can be measured reliably. The fixed assets are initially measured at cost with consideration of the impact of estimated disposal costs.

(2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Rate of residual value (%)	Annual depreciation rate (%)
Building for production	Straight-line method	39	5	2.44
Machine and equipment for production	Straight-line method	10	5	9.5
Transportation equipment	Straight-line method	10	5	9.5
Electronic device and management tools	Straight-line method	5	5	19
Machine and equipment for non-production purpose	Straight-line method	10	5	9.5
Building for non-production purpose	Straight-line method	45	5	2.11
Others	Straight-line method	5	5	19

The expected residual value refers to the anticipated condition of the fixed asset at the end of its estimated useful life. It represents the estimated amount that the Group would receive from the disposal of the asset, net of any expected disposal costs incurred.

(3) Impairment test method and provision for impairment of fixed assets

The impairment testing method and provision for impairment of fixed assets can be found in Section 25 of Note V “Impairment of Long-term Assets.”

(4) Other Information

Subsequent expenditures related to fixed assets that are expected to generate economic benefits and can be reliably measured are capitalized as part of the fixed asset's cost, and the carrying value of the replaced portion is derecognized. Other subsequent expenditures are recognized in the current period's income statement upon occurrence.

When a fixed asset is classified as held for disposal or is expected to no longer generate economic benefits through use or disposal, it is derecognized. Proceeds from the sale, transfer, scrapping, or destruction of fixed assets, net of their carrying value and related taxes, are recognized in the current period's income statement.

The Group reviews the useful lives, estimated residual values, and depreciation methods of fixed assets at least annually. Changes in these estimates are treated as changes in accounting estimates.

20. Construction in progress

The cost of construction in progress is measured according to the actual expense for the construction in progress, including all the necessary expenses incurred in the process of construction, borrowing costs to be capitalized before the project is ready for its intended use and other related costs.

The construction in progress is transferred to fixed assets after it is ready for its intended use.

For the method of impairment test and provision for impairment loss of construction in progress, please refer to Section 25 "Impairment of long-term assets" under Note V.

21. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences arising from foreign currency borrowings. Where the borrowing costs can be directly attributable to the acquisition and construction or production activities of assets eligible for capitalization, it shall be capitalized on the basis that the expense for the asset has already been incurred, the borrowing costs have been incurred and the acquisition and construction or production activities necessary to prepare the asset for its intended use or for sale have already commenced; after the acquired or produced asset eligible for capitalization is available for its intended use or for sale, the capitalization shall be stopped. Other borrowing costs shall be recognized as expenses at the time when they are incurred.

The actual interest cost incurred in the period of specific-purpose borrowing net of any interest income from the borrowed funds not used and deposited in bank or any investment income from the temporary investment of those funds shall be capitalized; the amount of interest of general-purpose borrowings to be capitalized is determined by multiplying the weighted average of the amounts of cumulative expenses on the asset over and above the amounts of specific-purpose borrowings by the capitalization rate of the corresponding general-purpose borrowings. Capitalization rate is calculated and determined based on the weighted average rate of general-purpose borrowings.

During the capitalization period, exchange differences related to specific-purpose borrowings denominated in foreign currencies are fully capitalized; exchange differences related to general-purpose borrowings denominated in foreign currencies are recognized in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets, investment properties, inventories and other assets that require a substantially long period of time of acquisition and construction or production activities for intended

use or for sale.

in the current profits and losses.

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

If a productive biological asset changes its use and becomes a consumptive biological asset, the cost of the change of use is determined at the book value at the time of the change of use. If the productive biological asset changes its use and becomes a public welfare biological asset, whether there is any impairment is determined in accordance with the provisions of . When an impairment occurs, an impairment provision shall be first made and then determined on the basis of the book value after such provision is made.

23. Oil and gas assets

Not applicable.

24. Intangible assets

(1) Useful life and its basis for determination, estimate, amortization method or review procedure

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Group.

An intangible asset shall be initially measured at cost. The expenses incurred on an intangible asset shall be recognized as cost of the intangible asset only if it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Other expenses shall be recognized in the current profits and losses when incurred.

Land use right acquired shall normally be recognized as an intangible asset. For self-constructed buildings (e.g. plants), the expenses on the land use right and cost of the buildings shall be separately accounted for as an intangible asset and fixed asset. For buildings and structures purchased, the purchase consideration shall be allocated among the land use right and the buildings on a reasonable basis. In case there is difficulty in making a reasonable allocation, the consideration shall be recognized in full as a fixed asset.

An intangible asset with a definite useful life is amortized on average and by stages using the straight line method by deducting the estimated net residual value and accrued provision for impairment loss from the original value over the estimated useful life from the time when it is available for use. An intangible asset with an indefinite useful life is not amortized.

During the end of the period, the Company shall check the useful life and the amortization method of intangible assets with limited useful life and carry out accounting estimate change in case that a change happens. In addition, the Company shall check the useful life of intangible assets with indefinite useful life. If there are evidences showing that the intangible assets can bring economic benefit for the Company within the foreseeable period, the Company shall estimate the useful life and carry out amortization according to the amortization policy for intangible assets with finite useful life.

The Group's intangible assets include land use rights, software, franchise rights, patent technology, non-patent technology, and trademarks. The amortization periods and conditions for the main intangible assets are as follows:

- ① Land use rights are amortized over the remaining useful life specified in the land use right certificate, with

an average annual amortization period of 30-50 years. When the purchase price of land and buildings cannot be reasonably allocated between land use rights and buildings, the entire amount is treated as fixed assets.

② Software, patent technology, and non-patent technology are amortized over the estimated useful life of 10 years, with an average annual amortization period.

③ Franchise rights are amortized over the estimated useful life of 30 years, with an average annual amortization period.

(2) Scope of R&D expenses and related accounting treatment

The scope of our Company's R&D expenses is primarily determined based on the Company's R&D projects. It includes R&D personnel salaries, direct input costs, depreciation and amortization expenses, design and testing expenses, outsourced R&D expenses, and other expenses.

The Group classifies the expense on an internal R&D project into expense at the research phase and expense at the development phase.

Expense at the research phase is recognized in the current profits and losses when incurred.

Expense at the development phase is recognized as an intangible asset if all of the following conditions are satisfied at the same time, and otherwise, it is recognized in the current profits and losses:

① It is technically feasible to complete the intangible asset so that it will be available for use or sale;

② It is intended to complete and to use or sell the intangible asset;

③ It can be demonstrated how the intangible asset will generate economic benefits, including demonstrating that there is an existing market for products produced by the intangible asset or for the intangible asset itself, and that it can be proven to be useful if the intangible asset is to be used internally;

④

balance sheet date. If the asset shows signs of impairment, the recoverable amount is estimated, and impairment test is conducted. Goodwill, intangible assets with indefinite useful lives and intangible assets that have not yet ready for use are tested annually for impairment regardless of whether there is an indication of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be made and the impairment loss shall be recorded according to the difference. The recoverable amount is the higher between the net value of the fair value of the asset less the disposal expense and the present value of the estimated future cash flow of the asset. The fair value of the asset is determined based on the sales agreement price in fair transactions. Where there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the buyer's bid for the asset. Where there is neither sales agreement nor active market for the asset, the fair value of the asset is estimated based on the best information available. Disposal costs include legal costs associated with the disposal of the asset, related taxes, removal costs and direct costs incurred to bring the asset to marketable status. The present value of the expected future cash flow of the asset shall be determined according to the discounted amount of the expected future cash flow generated by the asset in the process of continuous use and final disposal, which is converted according to the appropriate discount rate. The asset impairment provision is calculated and recognized on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined. An asset group is the smallest portfolio of assets that can independently generate cash inflows.

For the goodwill presented separately in the financial statements, when tested for impairment, the book value of goodwill will be apportioned to the asset group or combination of asset groups expected to benefit from the synergies of the business combination. Where the test results indicate that the recoverable amount of an asset group or combination of asset groups containing the apportioned goodwill is less than its book value, the corresponding impairment loss is recognized. The impairment loss amount is first set off against the book value of the goodwill apportioned to the asset group or combination of asset groups and then set off against the book value of other assets based on the proportion of the book value of each asset other than goodwill in the asset group or combination of asset groups.

Once the above asset impairment loss is recognized, it shall not be reversed in subsequent accounting periods for the part whose value is restored.

26. Long-term deferred expenses

Long-term unamortized expenses are the expenses that have been incurred but shall be borne in the reporting period and subsequent periods for a period of assessment of more than one year. The Group's long-term deferred expenses mainly consist of building renovations and project improvements. These long-term deferred expenses are amortized using the straight-line method over the estimated period of benefit.

27. Contractual liabilities

The contractual liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable. If the customer has paid the contractual consideration or the Group has obtained an unconditional right of collection prior to the transfer of goods by the Group to the customer, the Group presents the amount received or receivable as a contractual liability on the date when the actual payment is made by the customer

or the payment due date, whichever is earlier. Contractual assets and contractual liabilities under the same contract are presented on a net basis, and contractual assets and contractual liabilities under different contracts are not offset.

28. Employee compensation

(1) Accounting treatment for short-term employee compensation

The employee compensation of the Group includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits. Where:

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. The Group recognizes short-term employee compensation actually incurred during the accounting period in which employees provide services to the Group as a liability and includes it in current profits and losses or related asset cost. Non-monetary benefits are measured at fair value.

(2) Accounting treatment for post-employment benefits

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuity. The post-employment benefits plan includes the establishment of a defined contribution plan and the establishment of a defined benefit plan. If a defined contribution plan is adopted, the corresponding amount due is included in the relevant asset cost or current profits and losses at the time of occurrence.

If the employment relationship with the employee is terminated before the expiration of the employee's employment contract, or a compensation proposal is made to encourage the employee to voluntarily accept the reduction, the employee compensation liabilities arising from termination benefits shall be recognized and included in current profits and losses when the Group cannot unilaterally withdraw the termination benefits provided as a result of the termination plan or the reduction proposal, or the Group recognizes the costs associated with the reorganization involving the payment of termination benefits, whichever is earlier. However, if the termination benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee compensations.

(3) Accounting treatment for termination benefits

Internal employee retirement plans are treated in the same way as the termination benefits mentioned above. The Group will recognize the salary of internal retirees and social insurance premiums to be paid during the period from the date the employee ceases to provide service to the normal retirement date in the current profits and losses (termination benefits) when the conditions for recognition of the estimated liabilities are met.

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

Other long-term employee benefits provided by the Group to employees that meet the defined contribution plan are accounted for in accordance with the defined contribution plan. Other benefits shall be accounted for in accordance with the defined benefit plan.

29. Estimated liabilities

An obligation relating to a contingency is recognized as an estimated liability when the following conditions are met: (1) The obligation is a current obligation undertaken by the Group; (2) The performance of the obligation

is likely to result in the outflow of economic benefits; (3) The amount of the obligation can be measured reliably.

On the balance sheet date, estimated liabilities are measured according to the best estimate of expenses required to meet the relevant current obligations, taking into account factors such as risks, uncertainties and the time value of money associated with contingencies.

If all or part of the expenses required to pay off the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized separately as an asset when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

(1) Loss-making contract

A loss-making contract is a contract in which the cost of fulfilling the contractual obligation inevitably exceeds the expected economic benefit. If the contract to be executed becomes a loss-making contract and the obligations arising from the loss-making contract meet the conditions for recognition of the above-mentioned estimated liabilities, the portion of the estimated loss of the contract exceeding the recognized impairment loss (if any) of the underlying asset of the contract is recognized as an estimated liability.

(2) Reorganization obligation

For a detailed, formal reorganization plan that has been announced to the public, the estimated liability amount is determined on the basis of direct expenses related to the reorganization, subject to meeting the conditions for recognition of the estimated liabilities described above.

30. Share-based payments

(1) Accounting treatment for share-based payment

Share-based payments are transactions in which equity instruments are granted or liabilities are assumed on the basis of equity instruments in exchange for services rendered by employees or other parties. The share-based payments are divided into equity-settled share-based payment and cash-settled share-based payment.

① Equity-settled share-based payments

Equity-settled share-based payments in exchange for services rendered by employees shall be measured at days the fair value of the equity instruments granted to employees. For the equity-settled share-based payment that can only be vested after services during a waiting period are provided, or required performance conditions are met, the amount of such fair value is calculated on a straight-line basis, based on the best estimate of the number of equity instruments that can be vested during the waiting period, and is included in the relevant costs or expenses, or if available immediately after grant, included in the relevant costs or expenses on the grant date, increasing capital reserves accordingly.

On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest follow-up information such as changes in the number of employees that satisfy vesting conditions, and revises the number of equity instruments expected to be vested. The impact of the above estimates is included in the relevant costs or expenses for the period, and capital reserves are adjusted accordingly.

The equity-settled share-based payments in exchange for services rendered by other parties shall be measured

at the fair value of the services on the acquisition date if the fair value of services rendered by other parties can be reliably measured. However, if the fair value of services rendered by other parties cannot be reliably measured, but the fair value of the equity instruments can be reliably measured, the equity-settled share-based payments shall be measured at the fair value of the equity instruments on the acquisition date of the services, and included in the relevant costs or expenses, increasing shareholders' equity correspondingly.

When the fair value of equity instruments granted cannot be reliably measured, the intrinsic value of the equity instruments is used to measure their value on the grant date, subsequent balance sheet dates, and settlement dates. Changes in the intrinsic value are recognized in the current period's income statement.

② Cash-settled share-based payments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability determined based on the shares or other equity instruments undertaken by the Group. If the cash-settled share-based payment can be vested immediately after granting, it shall be included in the relevant costs or expenses on the grant date, increasing the liabilities correspondingly. For the cash-settled share-based payment that can only be vested after services during a waiting period are provided or required performance conditions are met, on each balance sheet date during the waiting period, the services obtained during the current period are included in the cost or expense at the fair value of the liabilities assumed by the Group based on the best estimate of the situation of vesting, increasing the corresponding liabilities correspondingly.

The Group shall, on each balance sheet date and each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Accounting treatment for modification and termination of share-based payment plan

When the Group makes a modification to the share-based payment plan, if the modification increases the fair value of the equity instrument granted, the increase in services obtained is recognized in accordance with the increase in the fair value of the equity instrument. The increase in the fair value of equity instruments refers to the difference between fair values of the equity instruments before and after the modification on the date of modification. If a modification reduces the total fair value of share-based payments or is otherwise unfavorable to the employees, the acquired services continue to be accounted for as if the change never occurs, unless the Group cancels some or all of the equity instruments granted.

If a grant of equity instruments is canceled during the waiting period, the Group treats the cancellation of the granted equity instruments as accelerated exercise of right and includes the amount to be recognized over the remaining waiting period in the current profits and losses immediately, and recognizes the capital reserve at the same time. If employees or other parties can choose to meet the non-vesting conditions but have not met the conditions within the waiting period, the Group treats it as cancellation of equity instruments granted.

(3) Accounting treatment for share-based payment transactions involving the shareholders or de facto controllers of the Group and Company

Transactions involving share payments between the shareholders or de facto controllers of the Group and Company are accounted for in the Group's consolidated financial statements in accordance with the following provisions if either one of the settlement enterprises and receiving enterprises is within the Group, while the other

one is outside the Group:

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; otherwise, they shall be treated as the cash-settled share-based payment.

If the settlement enterprise is an investor of the enterprise receiving the services, it shall be recognized as a long-term equity investment in the enterprise receiving the services according to the fair value of the equity instrument on the grant date or the fair value of the liability assumed, and the capital reserve (other capital reserve) or liability shall be recognized at the same time.

② If the enterprise receiving the services has no settlement obligation or the equity instrument granted to its employees is its own equity instrument, the share-based payment transaction shall be treated as the equity-settled share-based payment. If the enterprise receiving the services has settlement obligation and the equity instrument granted to its employees is not its own equity instrument, the share-based payment transaction shall be treated as the cash-settled share-based payment.

For the share-based payment transaction occurring among the enterprises within the Group, where the enterprise receiving the services and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transaction in the individual financial statements of the enterprise receiving the services and the settlement enterprise shall be processed in accordance with the above principles.

31. Revenue

Disclose the accounting policies for revenue recognition and measurement by business type

Revenue is the total inflow of economic benefits arising from the Group's ordinary activities that would result in an increase in shareholders' equity and are unrelated to capital contributions by shareholders. When the contract between the Group and the customer meets the following conditions, revenue is recognized when the customer obtains control of the relevant goods (including services, the same below): The parties to the contract have approved the contract and undertake to perform their obligations; The contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or the provision of services; The contract has clear payment terms related to the transferred goods; The contract is commercial in nature, i.e. the performance of the contract will change the risk, timing or amount of the Group's future cash flows; The consideration to which the Group is entitled as a result of the transfer of goods to customers is likely to be recovered. Gaining control of the relevant goods means being able to dominate the use of that goods and derive almost all of the economic benefits from it.

On the commencement date of the contract, the Group identifies the individual performance obligation existing in the contract and allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods promised by each individual performance obligation. Factors such as variable consideration, significant financing elements in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in the contract, the Group will recognize the transaction price allocated to the individual performance obligation in accordance with the performance progress during the relevant performance period as revenue if one of the following conditions is met: The customer acquires and consumes the

one year, it is included in the current profits and losses when it occurs.

The cost incurred for the performance of the contract is recognized as an asset if it does not fall within the scope of and meets the following conditions: ① The cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), cost expressly borne by the customer, and other costs incurred solely as a result of the contract; ② This cost increases the Group's future resources to meet its performance obligations; ③ This cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as for the recognition of the commodity revenue associated with the assets and are recognized in current profits and losses.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two amounts, an impairment provision is recognized for the excess amount, and an asset impairment loss is recognized: (1) The expected remaining consideration to be obtained from transferring the goods related to that asset. (2) The estimated costs necessary to complete the transfer of the related goods. If there is a change in the factors that led to impairment in previous periods, resulting in the difference between (1) minus (2) exceeding the carrying amount of the asset, the previously recognized impairment provision is reversed and recognized in the current period's income statement. However, the carrying amount of the asset after the reversal should not exceed the carrying amount of the asset on the date of the reversal, assuming no impairment provision had been recognized.

33. Government subsidy

Government subsidy refers to the cash and bank balance and non-cash and bank balance that the Group obtains from the government free of charge, excluding the capital invested by the government as an investor with the corresponding owners' equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. The Group defines government subsidies obtained for the acquisition or otherwise formation of long-term assets as asset-related government subsidies. Other government subsidies are defined as income-related government subsidies. If the government document does not specify the recipients of the subsidies, the subsidies divided into asset-related government subsidies and income-related government subsidies in the following way: (1) If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the disbursement amount forming assets and the disbursement amount included in the expenses in the budget of the specific project, and the division proportion shall be reviewed on each balance sheet date and changed if necessary; (2) Where the government document only has a general description of the purpose and no specific project is specified, it shall be regarded as an income-related government subsidy. For a government subsidy in the form of transfer of cash and bank balance, the subsidy is measured at the amount received or receivable. For a government subsidy in the form of transfer of non-cash and bank balance, it is measured at fair value; if the fair value cannot be reliably determinable, the subsidy is measured at nominal amount. Government subsidies measured at nominal amounts are directly included in current profits and losses.

The Group usually recognizes and measures government subsidies in accordance with the amount actually received when they are actually received. However, government subsidies are recognized at the amount receivable if there is evidence that the Group can meet the relevant conditions specified in the financial support policy at the

end of the period and the Group is expected to receive the financial support funds. Government subsidies measured at the amounts receivable shall also meet the following conditions: (1) The amount of the receivable subsidies has been confirmed by the competent government department in writing, or can be reasonably calculated according to the relevant provisions of the officially issued measures for the management of financial funds, and there is no significant uncertainty in the estimated amount; (2) It is based on the financial support projects and financial fund management measures officially issued by the local financial department and actively disclosed in accordance with the provisions of the

liability method, based on the difference between the book value of certain assets and liabilities and the tax basis, as well as the temporary difference between the tax basis and the book value of the items not recognized as assets and liabilities but whose tax basis can be determined according to the tax law.

For taxable temporary differences relating to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, the relevant deferred tax liabilities are not recognized (except for individual transactions in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences). In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred tax liabilities are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future. Subject to the above exceptions, the Group recognizes all other deferred tax liabilities arising from taxable temporary differences.

For deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, the relevant deferred tax assets are not recognized (except for individual transactions in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences). For deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the relevant deferred tax asset is not recognized if it is not likely that the temporary differences will reverse in the foreseeable future and it is not likely that taxable income will be available against which the deductible temporary differences can be utilized in the future. Subject to the above exceptions, the Group recognizes other deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

For the deductible losses and tax credits that can be carried forward to future years, the Group recognizes the corresponding deferred tax assets to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled according to the tax law.

On the balance sheet date, the Group reviews the book value of deferred income tax assets. If no sufficient taxable income is probably obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-off amount shall be reversed.

(3) Income tax expense

Income tax expenses include current income tax expenses and deferred income tax expenses.

Except for current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly included in shareholders' equity, and the book value of deferred income tax

adjusted goodwill resulting from business combination, the remaining current income tax and deferred income tax expenses or gains are included in current profits and losses.

(4) Offsetting of income tax

If the Group has the legal right to settle on a net basis, and intends to settle on a net basis or acquire assets and settle liabilities simultaneously, the current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

If the Group has a legally enforceable right to settle current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current income tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets and liabilities are expected to be reversed, the deferred income tax assets and liabilities can be offset and presented on a net basis.

35. Leases

(1) Accounting treatment as the lessee

Leasing refers to contracts in which the Group conveys or acquires the right to control the use of one or more identified assets for a specified period in exchange for consideration. At the commencement date of a contract, the Group assesses whether the contract is a lease or contains a lease component.

(1) Accounting treatment as the lessee

The Group's lease assets are mainly housing and buildings.

① Initial measurement

On the date of commencement of the lease term, the Group recognizes the right to use the lease asset during the lease term as a right of use asset and recognizes the present value of the outstanding lease payments as a lease liability, except for short-term leases and low value asset leases. When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the lessor's incremental borrowing rate is used as the discount rate.

② Subsequent measurement

The Group shall depreciate the right of use assets in accordance with the relevant depreciation provisions of see Section 19 "Fixed assets" under Note V for details). If the ownership of the leased asset can be reasonably determined at the end of the lease term, the Group shall depreciate the leased asset during the remaining useful life. Where it is unable to reasonably determine the ownership of the leased asset at the end of the lease term, the Group shall make depreciation provision over the lease term or the remaining useful life of the leased asset, whichever is shorter.

The Group calculates the interest expense on lease liabilities for each period of the lease term at a fixed periodic rate, which is included in the current profits and losses, or the relevant asset costs. Variable lease payments that are not included in the measurement of the lease liability are recognized in current profits and losses, or the relevant asset costs when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, a change in the index or rate used to determine the lease payment amount, or a change in the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Group remeasures the lease liability at the present value of the changed lease payment amount and adjusts the carrying value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognizes the remaining amount in current profits and losses.

③ Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term of not more than 12 months since the commencement date of the lease) and low-value asset leases (the value of a single lease asset, which is a brand-new asset, is lower than either RMB 40,000 or USD 5,000), the Group adopts a simplified approach whereby the right of use assets and lease liabilities are not recognized and the lease payments are recognized in the relevant asset cost or current profits and losses in accordance with the straight-line method or other systematic and reasonable methods during the various periods of the lease term.

(2) Accounting treatment as the lessor

On the inception date of the lease, the Group classifies the lease as a finance lease and an operating lease based on the substance of transaction. A finance lease is a lease that transfers substantially all the risks and returns associated with ownership of the leased asset. An operating lease is a lease other than a finance lease.

① Operating lease

Lease receipts under operating leases are recognized as rental income on a straight-line basis over the respective periods of the lease term. Variable lease payments acquired in connection with operating leases that are not included in the lease receipts are recognized in current profits and losses when they are actually incurred.

② Finance lease

The Group recognizes finance lease receivables and derecognizes finance lease assets on the commencement date of the lease term. Finance lease receivables are initially measured at the net lease investment (the sum of the unsecured balance and the unreceived lease proceeds on the commencement date of the lease term at the present value discounted with the intrinsic interest rate of the lease), and interest income is recognized during the lease term at a fixed periodic interest rate. Variable lease payments obtained by the Group which are not included in the net lease investment measurement are recognized in current profits and losses when they are actually incurred.

36. Other significant accounting policies and accounting estimates

Share repurchase

Consideration and transaction costs paid in share repurchases reduce shareholders' equity and no profits or losses is recognized when shares of the Company are repurchased, transferred or cancelled.

For the transfer of treasury shares, the difference between the amount actually received and the book value of treasury shares shall be included in the capital reserve. If the capital reserve is insufficient for deduction, the surplus reserve and undistributed profits shall be deducted. For the cancellation of treasury shares, the share capital shall be

reduced according to the par value of the shares and the number of shares cancelled, and the difference between the book balance and the par value of treasury shares shall be charged to the capital reserve. If the capital reserve is insufficient for deduction, the surplus reserve and undistributed profits shall be deducted.

37. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

☒ Applicable ☐ Not applicable

①

The Ministry of Finance issued (hereinafter referred to as “Interpretation No. 17”) on November 9, 2023, which will be effective from January 1, 2024. The Group will adopt the provisions of Interpretation No. 17 starting from January 1, 2024. The implementation of relevant provisions of Interpretation No. 17 will have no impact on the Group’s financial statements during the reporting period.

②

The Ministry of Finance issued (hereinafter referred to as “Interpretation No. 18”) on December 31, 2024, which will be effective from the date of issuance. The Group will adopt the provisions of Interpretation No. 18 starting from December 31, 2024. The implementation of relevant provisions of Interpretation No. 18 will have no impact on the Group’s financial statements during the reporting period.

(2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

(3) First-time implementation of the new accounting standard in 2024 to adjust relevant items in the financial statements at the beginning of the year of first-time implementation

☐ Applicable ☒ Not applicable

38. Significant accounting judgment and estimate

As operating activities have inherent uncertainties, the Group needs to make judgments, estimates and assumptions upon report items that cannot be accurately calculated in applying the above accounting policies. These judgments, estimates and assumptions are made based on historical experiences of the management of the Group, taking other related factors into consideration. These judgments and estimates may affect the presented amounts of incomes, expenses, assets and liabilities and, as well as the disclosure of contingent liabilities on the balance sheet date. However, the uncertainty in these estimates may result in actual results that differ from the current estimates of the Group’s management, resulting in material adjustments to the book value of assets or liabilities affected in the future.

The Group reviews the above judgments, estimates and assumptions periodically based on going concern. If the changes of accounting estimates only affect the current period, the influence amount is recognized in the current period. If the changes of accounting estimates affect both of the current year and the future period, the influence amount is recognized in the current period and the future period.

As at the balance sheet date, the significant areas in which the Group is required to make judgments, estimates

and assumptions regarding the amounts of items in the financial statements are as follows:

(1) Revenue recognition

As set out in Section 31 “Revenue” under Note V, the Group’s revenue recognition involves significant accounting judgments and estimates such as: identifying customer contracts; estimating the recoverability of the consideration to which the Group is entitled as a result of the transfer of goods to the customer; identifying the performance obligations in the contract; estimating the variable consideration present in the contract and the amount of accumulated recognized revenue that is highly unlikely to be materially reversed when the related uncertainty is eliminated; whether there is any significant financing component to the contract; estimating the individual selling price of the individual performance obligations in the contract; determining whether the performance obligation is to be performed within a certain period of time or at a certain point; determining the implementation progress, etc.

The Group mainly relies on past experience and work to make judgments, and these significant judgments and changes in estimates may have an impact on the operating revenue, operating costs, and profits and losses of the period for the current or subsequent periods, and may constitute a material impact.

(2) Leases

① Identification of leases

When identifying whether a contract is a lease or contains a lease, the Group needs to assess whether there exists an identified asset and the customer controls the use of the asset for a certain period of time. In this assessment, consideration needs to be given to the nature of the asset, substantial replacement rights, and whether the customer is entitled to receive virtually all of the economic benefits arising from the use of the asset during that period and able to direct the use of the asset.

② Classification of leases

When acting as a lessor, the Group classifies leases into operating leases and finance leases. When making the classification, the management needs to make an analysis and judgment as to whether all the risks and rewards associated with ownership of the leased asset have been substantially transferred to the lessee.

③ Lease liabilities

When the Group is the lessee, the lease liabilities shall be initially measured at the present value of the outstanding lease payment on the commencement date of the lease term. When measuring the present value of lease payments, the Group estimates the discount rate used and the lease term of a lease contract with a renewal or termination option. When assessing the lease term, the Group takes into account all relevant facts and circumstances relating to the economic benefits arising from the exercise of the option by the Group, including expected changes in facts and circumstances between the commencement date of the lease term and the exercise date of the option. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets and will affect the profits or losses in subsequent periods.

(3) Impairment of financial assets

The Group uses the expected credit loss model to evaluate the impairment of financial instruments, and the application of the expected credit loss model requires significant judgments and estimates that take into account all reasonable and evidence-based information, including forward-looking information. When making such judgments

and estimates, the Group extrapolates the expected changes in the debtors' credit risk based on historical data and factors such as changes in economic policies, macroeconomic indicators, industry risks, external market conditions, technological environment and customer conditions.

(4) Provision for inventory impairment

According to the inventory accounting policy, the Group makes provision for inventory impairment based on either the cost or the realizable net value of the old and unsalable inventory, whichever is lower, if the cost is higher than the realizable net value. The impairment of inventory to net realizable value is based on assessing the marketability of the inventory and its net realizable value. Assessment of inventory impairment requires the management to make judgments and estimates on the basis of obtaining solid evidence and considering factors such as the purpose of holding inventory and the impact of events after the balance sheet date. The difference between actual results and the original estimate will affect the book value of inventory and the withdrawal or reversal of the provision for inventory impairment during the period in which the estimate is changed.

(5) Fair value of financial instruments

For financial instruments without active market, the Group will determine their fair values through various valuation methods. These valuation methods include discounted cash flow model analysis. In the valuation, the Group needs to estimate future cash flows, credit risk, market volatility and correlation, and select an appropriate discount rate. These assumptions are subject to uncertainty, and changes in them can have an impact on the fair value of financial instruments. Where equity instrument investments or contracts are publicly quoted, the Group does not use cost as the best estimate of their fair value.

(6) Provision for impairment of long-term assets

On the balance sheet date, the Group makes a judgment on whether there is any sign of possible impairment of non-current assets other than financial assets. Intangible assets with uncertain useful life shall be subject to impairment tests when there are signs of impairment in addition to annual impairment tests. Non-current assets other than financial assets shall be subject to impairment tests when there are signs indicating that their book value is uncollectible.

Impairment occurs when the book value of an asset or asset group is greater than the recoverable amount, that is, the net amount of fair value minus disposal expenses and the present value of expected future cash flow, whichever is higher.

The net amount of fair value minus disposal expenses shall be determined by reference to the sale agreement price or observable market price of similar assets in an arm's length transaction, less the incremental cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments about the output of the asset (or group of assets), the selling price, the associated operating costs, and the discount rate used in calculating the present value. When estimating the recoverable amounts, the Group uses all the relevant information available, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

The Group tests goodwill for impairment at least annually. This requires an estimate of the present value of the

future cash flows of the asset group or combination of asset groups to which goodwill has been allocated. When estimating the present value of the future cash flow, the Group needs to estimate the expected future cash flow generated by the asset group or combination of asset groups, and determine the present value of the future cash flow at an appropriate discount rate.

(7) Depreciation and amortization

The Group depreciates and amortizes the investment real estate, fixed assets and intangible assets on a straight-line basis over their useful lives, taking into account their residual value. The Group periodically reviews the useful life to determine the amount of depreciation and amortisation expenses to be included in each reporting period. The useful life is determined by the Group based on previous experience with similar assets as well as expected technological updates. If there is any material change in previous estimates, an adjustment will be made to depreciation and amortization expense in future periods.

(8) Deferred income tax assets

To the extent that there is likely sufficient taxable profit to offset the loss, the Group recognises deferred tax assets on all unutilised tax losses. This requires the management of the Group to use massive judgments to estimate the time and amount of taxable profit in the future and then to determine the value of deferred tax assets in combination with tax planning strategies.

(9) Income tax

In the normal business activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be deducted before tax requires the approval of the tax authority. Where the final tax outcome of these matters is different from the estimated amounts, the differences will impact the current income tax and deferred income tax in the period in which such determination is made.

(10) Measurement at fair value

Certain assets and liabilities of the Group are measured at fair value in the financial statements. The Group's Board of Directors has established a Valuation Committee, led by the Group's Chief Financial Officer, to determine appropriate valuation techniques and inputs for fair value measurement. When estimating the fair value of an asset or liability, the Group uses available observable market data. If the inputs of level 1 are not available, the Group will hire qualified third-party appraisers to perform the valuation. The Valuation Committee works closely with qualified external appraisers to determine appropriate valuation techniques and relevant input values for the models. The Chief Financial Officer reports the findings of the Valuation Committee to the Group's Board of Directors on a quarterly basis, explaining the reasons for fluctuations in the fair value of relevant assets and liabilities. Relevant information on the valuation techniques and input values used in determining the fair value of various assets and liabilities is disclosed in "Note XII."

39. Others: None.

VI. Taxation

1. Main tax types and tax rates

Tax type	Taxation basis	Tax rate
Value-added tax	Value added from sales of goods or rendering of services	13%, 9%, 6%, 5%, 3%
Consumption tax	Quantity-based collection and price-	Price-based collection: 20%, 10%, 15%;

	based collection	Quantity-based collection: RMB 0.5 per 0.5kg
Urban maintenance and construction tax	Amount of turnover tax payables	7%, 5%, 1%
Enterprise income tax	Taxable income	15%, 16.5%, 20%, 25%
Education surcharge	Amount of turnover tax payables	3%
Local education surcharge	Amount of turnover tax payables	2%

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

Taxpayer	Income tax rate
Yunnan Baiyao Group Co., Ltd.	15.00%
Yunnan Baiyao Group Medicine E-commerce Co., Ltd.	15.00%
Yunnan Institute of Materia Medica	15.00%
Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd.	15.00%
Yunnan Baiyao Group Health Products Co., Ltd.	15.00%
Yunnan Baiyao Group Lijiang Pharmaceutical Co., Ltd.	15.00%
Yunnan Baiyao Group Wenshan Qihua Co., Ltd.	15.00%
Yunnan Baiyao Group Wuding Pharmaceutical Co., Ltd.	15.00%
Yunnan Pharmaceutical Co., Ltd.	15.00%
Yunnan Pharmaceutical Yuxi Sales Co., Ltd.	15.00%
Yunnan Pharmaceutical Xingda Co., Ltd.	15.00%
Yunnan Pharmaceutical Baoshan Drug Development Co., Ltd.	15.00%
Yunnan Pharmaceutical Technology Co., Ltd.	15.00%
Yunnan Pharmaceutical Sanfa Co., Ltd.	15.00%
Yunnan Pharmaceutical Dehong Development Co., Ltd.	15.00%
Yunnan Pharmaceutical Xihui Co., Ltd.	15.00%
Yunnan Pharmaceutical Qujing Co., Ltd.	15.00%
Yunnan Baiyao Pharmacy Co., Ltd.	15.00%
Yunnan Pharmaceutical Wanhe Co., Ltd.	15.00%
Yunnan Pharmaceutical Tianma Co., Ltd.	15.00%
Yunnan Pharmaceutical Dali Development Co., Ltd.	15.00%
Yunnan Pharmaceutical Xiongyi Co., Ltd.	15.00%
Yunnan Pharmaceutical Lincang Sales Co., Ltd.	15.00%
Yunnan Pharmaceutical Dali Co., Ltd.	15.00%
YNBY International Limited	16.50%
Yunbaiyao Hong Kong Co., Limited	16.50%
Beijing Rui'er Testing Technology Co., Ltd.	20.00%
Yunnan Pharmaceutical Jiayuan Co., Ltd.	20.00%
Yunnan Pharmaceutical Tianfu Dahua Co., Ltd.	20.00%

Yunnan Pharmaceutical Diqing Development Co., Ltd.	20.00%
Yunnan Pharmaceutical Pu'er Co., Ltd.	20.00%
Yunnan Pharmaceutical Zhaotong Co., Ltd.	20.00%
Lijiang Yunquan Biological Development Co., Ltd.	20.00%
Yunnan Baiyao Tiancui Business Management Co., Ltd.	20.00%
Beijing Yunzhi Health Management Co., Ltd.	20.00%
Shanghai Wenshu Health Management Co., Ltd.	20.00%
Shanghai Yunzhen Outpatient Department Co., Ltd.	20.00%
Kunming Yunzhen Medical Technology Co., Ltd.	20.00%
Shanghai Yunyi Medical Technology Co., Ltd.	20.00%
Shanghai Yunpu Medical Technology Co., Ltd.	20.00%
Beijing Yunzhen Medical Aesthetic Clinic Co., Ltd.	20.00%
Shanghai Hanshi Health Consulting Co., Ltd.	20.00%
Shanghai Yunzhenni Medical Aesthetic Outpatient Department Co., Ltd.	20.00%
Yunnan Baiyao Yunzhen International Trade Co., Ltd.	20.00%
Shanghai Yunyao Oral Medical Technology Co., Ltd.	20.00%
Yunnan Fengqing Tea Plant Co., Ltd.	20.00%
Yunnan Baiyao Tianyi Chayuan Lincang Manor Co., Ltd.	20.00%
Tianjin Yunshuda Comprehensive Clinic Co., Ltd.	20.00%
Yunnan Tianzheng Testing Co., Ltd.	20.00%
YNBY Healthcare (Shenzhen) Limited	20.00%
Xingzhong Digital Intelligence TCM Service Co., Ltd of Yunnan Baiyao Group	20.00%
Yunnan Yunyao Nuxiang Co., Ltd.	20.00%
Yunhe Pharmaceutical (Tianjin) Co., Ltd.	20.00%
Hangzhou Shanqi Health Industry Co., Ltd.	20.00%

2. Preferential tax treatment

(1) A total of 22 companies, including Yunnan Baiyao Group Co., Ltd, Yunnan Baiyao Group Medicine E-commerce Co., Ltd, Yunnan Baiyao Group Health Products Co., Ltd, Yunnan Baiyao Group Lijiang Pharmaceutical Co., Ltd, Yunnan Baiyao Group Wenshan Qihua Co., Ltd, Yunnan Baiyao Group Wuding Pharmaceutical Co., Ltd, Yunnan Pharmaceutical Co., Ltd, Yunnan Pharmaceutical Yuxi Sales Co., Ltd, Yunnan Pharmaceutical Xingda Co., Ltd, Yunnan Pharmaceutical Baoshan Drug Development Co., Ltd, Yunnan Pharmaceutical Technology Co., Ltd, Yunnan Pharmaceutical Sanfa Co., Ltd, Yunnan Pharmaceutical Hongde Development Co., Ltd, Yunnan Pharmaceutical Xihui Co., Ltd, Yunnan Pharmaceutical Qujing Co., Ltd, Yunnan Baiyao Pharmacy Co., Ltd, Yunnan Pharmaceutical Wanhe Co., Ltd, Yunnan Pharmaceutical Tianma Co., Ltd, Yunnan Pharmaceutical Dali Development Co., Ltd, Yunnan Pharmaceutical Xiongyi Co., Ltd, Yunnan Pharmaceutical Lincang Sales Co., Ltd,

and Yunnan Pharmaceutical Dali Co., Ltd, enjoy the preferential tax treatment for the Western Development and pay the enterprise income tax at the tax rate of 15%.

(2) Yunnan Institute of Materia Medica, Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd and Yunnan Baiyao Group TCM Resources Co., Ltd enjoy the preferential tax treatment for high-tech enterprises and pay the enterprise income tax at the tax rate of 15%.

(3) For Yunnan Baiyao Group Sanqi Industry Co., Ltd, Yunnan Baiyao Group Tai'an Biotechnology Industry Co., Ltd and Yunnan Yunyao Flavor and Fragrance Co., Ltd, the primary processing of agricultural products is exempt from enterprise income tax, and the income other than that is taxed at 25%.

For Lijiang Yunquan Biological Development Co., Ltd, the primary processing of agricultural products is exempt from enterprise income tax, and the income other than that shall be subject to enterprise income tax for small and micro enterprises.

(4) The Hong Kong-based company (YNBY International Limited and its subsidiaries in Hong Kong as a single taxpayer entity) is subject to the “two-tiered tax rate” policy. This means that for annual taxable profits not exceeding HKD 2 million, a tax rate of 8.25% applies; for profits exceeding HKD 2 million, a tax rate of 16.5% applies. 100% of the profits tax for the year 2024/25 can be waived, with a cap of HKD 1,500 for each company.

(5) According to the

(Finance and

Taxation [2022] No. 13), “the part of the annual taxable income of small and micro profit enterprises exceeding

Bank deposit	10,835,027,632.02	14,132,709,154.14
Other cash and bank balance	52,831,059.75	85,375,321.61
Total	10,887,983,161.30	14,218,343,076.67
Including: Total amount of money deposited overseas	172,825,681.17	190,267,321.90

Other explanations: None.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profits or losses	2,547,113,523.40	149,366,687.56
Including:		
Investments in debt instruments		
Investments in equity instruments	179,246,998.10	144,766,687.56
Others	2,367,866,525.30	4,600,000.00
Including:		
Total	2,547,113,523.40	149,366,687.56

Other explanations: Others include banking products that are characterized by higher safety and better liquidity, as well as wealth management products from brokerage firms.

3. Notes receivable

(1) Notes receivable by type

Unit: RMB

Item	Closing balance	Opening balance
Banker's acceptance bill	302,751,911.37	227,542,572.56
Domestic letter of credit	626,900,000.00	
Total	929,651,911.37	227,542,572.56

(2) Disclosure by provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Bills receivable with provision for bad debts by portfolio	929,651,911.37	100.00%			929,651,911.37	227,542,572.56	100.00%			227,542,572.56
Including:										
Banker's acceptance bill	302,751,911.37	32.57%			302,751,911.37	227,542,572.56	100.00%			227,542,572.56
Domestic 168e20 -1 4.4200003(5)25(7)25(2)25(2)										

The explanation for determining the basis of this combination: None.

If provision was made for bad debts of notes receivable in accordance with the general expected credit loss model:

☐ Applicable ☒ Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the reporting period: None.

(4) Notes receivable pledged by the Company at the end of the reporting period: None.

(5) Notes receivable endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the reporting period

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance bill	16,900,192.55	
Domestic letter of credit	60,000,000.00	
Total	76,900,192.55	

(6) Actual write-off of notes receivable for the period: None.

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	9,713,443,216.42	9,849,981,025.64
1 to 2 years	947,991,418.33	830,787,332.12
2 to 3 years	92,799,887.41	86,210,266.13
Above 3 years	49,403,790.60	33,448,661.91
Total	10,803,638,312.76	10,800,427,285.80

(2) Disclosure by provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable with provision for bad debts on individual basis	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00	7,404,800.00	0.07%	7,404,800.00	100.00%	0.00
Including:										
Accounts receivable with provision for bad debts on individual basis	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00	7,404,800.00	0.07%	7,404,800.00	100.00%	0.00
Accounts receivable with provision for bad debts on portfolio basis	10,797,972,124.76	99.95%	874,611,020.37	8.10%	9,923,361,104.39	10,793,022,485.80	99.93%	826,852,038.59	7.66%	9,966,170,447.21
Including:										
Age-based portfolio	10,797,972,124.76	99.95%	874,611,020.37	8.10%	9,923,361,104.39	10,793,022,485.80	99.93%	826,852,038.59	7.66%	9,966,170,447.21
Total	10,803,638,312.76	100.00%	880,277,208.37	8.15%	9,923,361,104.39	10,800,427,285.80	100.00%	834,256,838.59	7.72%	9,966,170,447.21

Provision for bad debts made on an individual basis:

Unit: RMB

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(5) Top five customers in closing balance of accounts receivable and contractual assets summarized by debtor

Customer B

Unit: RMB					
Customer Name	Closing balance of accounts receivable	Closing balance of contractual assets	Closing balance of accounts receivable and contractual assets	Percentage of total of closing balance of accounts receivable and contractual assets	Closing balance of provision for bad debts of account receivable and provision for impairment of contractual assets
Customer A	550,186,653.39		550,186,653.39	5.09%	72,982,856.20
Customer B	545,477,381.28		545,477,381.28	5.09%	

(6) Financing of receivable pledged by the Company at the end of the period: None.

(7) Increase/decrease in the financing of accounts receivable and in their fair values during their financing period: None.

(8) Other explanations: None.

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	10,348,033.98	4,531,100.00
Other receivables	98,079,164.35	99,519,609.53
Total	108,427,198.33	104,050,709.53

(1) Interests receivable

1) Dividends receivable by type: None.

2) Major overdue interests: None.

3) Disclosure by provision for bad debts

☐Applicable ☒Not applicable

4) Withdrawal, recovery and reversal of provision for bad debts during the period: None.

5) Actual write-off of dividend receivable during the period: None.

(2) Dividends receivable

1) Dividends receivable by type

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Jacobson Pharma Co., Ltd.	6,482,280.00	4,531,100.00
JBM (Healthcare) Co., Ltd.	3,865,753.98	
Total	10,348,033.98	4,531,100.00

2) Major dividends receivable aged over one year: None.

3) Disclosure by provision for bad debts

☐Applicable ☒Not applicable

4) Withdrawal, recovery and reversal of provision for bad debts during the period: None.

5) Actual write-off of dividend receivable during the period: None.

Current provision			340,620.00	340,620.00
Current reversal	7,090,104.95			7,090,104.95
Current transfer				0.00
Current write-off	185,981.39			185,981.39
Other changes				0.00
Balance as of December 31, 2024	220,523,937.68		271,520,674.54	492,044,612.22

Division base for each phase and proportion of provision for bad debts: None.

Changes in book balance with significant changes in loss reserves in the current period

☐ Applicable ☒ Not applicable

4) Provision for bad debts accrued, recovered or reversed during the current period

Provision for bad debts during the reporting period:

Unit: RMB

Category	Opening balance	Changes in this period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Others	
Other accounts receivable with provision for bad debts by credit risk characteristics portfolio	498,980,078.56	340,620.00	7,090,104.95	185,981.39		492,044,612.22
Total	498,980,078.56	340,620.00	7,090,104.95	185,981.39	0.00	492,044,612.22

Recovery or reversal of provision for bad debts with significant amount during the reporting period: None.

5) Actual write-off of other receivables for the period

Unit: RMB

Item	Amount of write-off
The actual write-off of other receivables	185,981.39

Write-off of important other receivables: None.

Explanation on write-off of other receivables: None.

6) Top five customers in closing balance of other receivables summarized by debtor

Unit: RMB

Entity name	Nature of payment	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of provision for bad debt
Entity A	Security deposit	100,000,000.00	Above 3 years	16.95%	100,000,000.00
Entity B	Security deposit	30,000,000.00	Above 3 years	5.08%	30,000,000.00
Entity C	Security deposit	18,000,000.00	Above 3 years	3.05%	18,000,000.00
Entity D	Security deposit	12,000,000.00	Above 3 years	2.03%	12,000,000.00
Entity E	Security deposit	11,500,000.00	Within 1 year	1.95%	575,000.00
Total		171,500,000.00		29.06%	160,575,000.00

7) Presentation under Other Receivables due to centralized fund management: None.

7. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	292,483,526.83	96.35%	274,935,247.83	88.04%
1 to 2 years	3,670,061.07	1.21%	31,179,366.00	9.98%
2 to 3 years	5,838,379.65	1.92%	2,366,049.64	0.76%
Above 3 years				

Item	Book balance	Provision for decline in value of inventories or provision for impairment of contract fulfillment costs	Book value	Book balance	Provision for inventory impairment or provision for impairment of contract performance costs	Book value
Raw materials	1,592,465,699.05	56,078,142.82	1,536,387,556.23	1,850,907,681.12	71,368,550.13	1,779,539,130.99
Work in process	285,385,346.89	3,184,218.03	282,201,128.86	192,411,841.66		192,411,841.66
Finished goods	4,424,372,412.33	52,518,059.87	4,371,854,352.46	4,444,660,840.07	67,539,262.09	4,377,121,577.98
Consumptive biological assets	42,544,762.19		42,544,762.19	28,031,085.47		28,031,085.47
Materials outsourced for processing	193,030.54		193,030.54	185,148.88		185,148.88
Packaging materials and low value consumables	61,945,999.53	758,513.51	61,187,486.02	67,439,762.34	2,533,723.65	64,906,038.69
Total	6,406,907,250.53	112,538,934.23	6,294,368,316.30	6,583,636,359.54	141,441,535.87	6,442,194,823.67

(2) Data resources confirmed as inventory: None.

(3) Provision for inventory impairment or provision for impairment of contract performance costs

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or reselling	Others	
Raw materials	71,368,550.13	11,961,136.59		27,251,543.90		56,078,142.82
Unfinished products		3,184,218.03				3,184,218.03
Stocks	67,539,262.09	37,257,624.83		52,278,827.05		52,518,059.87
Packaging materials and low value consumables	2,533,723.65	11,807.91		1,787,018.05		758,513.51
Total	141,441,535.87	52,414,787.36		81,317,389.00		112,538,934.23

(4) Explanation on closing balance of inventories involving capitalized amount of borrowing costs

None.

(5) Explanation on the current amortization amount of contract performance costs

None.

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Certificate of deposit and interest	480,295,722.22	442,772,777.78
Total	480,295,722.22	442,772,777.78

(1) Debt investments due within one year
☐ Applicable ☒ Not applicable
(2) Other debt investments due within one year
☐ Applicable ☒ Not applicable
10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	156,086,620.09	147,880,091.79
Input tax to be deducted and certified	472,854,544.60	397,271,600.13
Time deposits and other wealth management products	109,329,028.37	2,219,049,423.96
Prepaid taxes and fees	11,082,804.32	90,685,070.74
Others	38,755,582.16	7,190,030.58
Total	788,108,579.54	2,862,076,217.20

Other explanations: None.

11. Other equity instrument investments

Unit: RMB

Item name	Closing balance	Opening balance	Gains included in other comprehensive income during the period	Loss included in other comprehensive income during the period	Accumulated gains included in other comprehensive income at the end of the period	Accumulated loss included in other comprehensive income at the end of the period	Dividend income recognized in the current period	Reason for designating measurement at fair value through other comprehensive income
ImmuneSensor Therapeutics Inc.	71,745,000.00	71,745,000.00						The investment is strategic and is a non-trading equity instrument investment
Total	71,745,000.00	71,745,000.00						

Derecognition during the period: None.

Itemized disclosure of investment in non-trading equity instruments for the period: None.

Other explanations: None.

12. Long-term equity investments

Unit: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Additional investment	Increase and decrease in the current period	
				Decreased investment	Profits and losses on investments confirmed under the

Investment Fund Partnership (Limited Partnership)												
Ban Loong Jacobson JBM Pharma Limited	14,433.37				-4,868.03	244.20					9,809.54	
Lijiang Changgengming Trading Co., Ltd.											0.00	
Subtotal	11,536,660,992.93		500,000,000.00		772,269,614.27	-6,855,423.35	85,358,027.54	326,157,130.04			12,561,276,081.35	0.00
Total	11,536,660,992.93		500,000,000.00		772,269,614.27	-6,855,423.35	85,358,027.54	326,157,130.04			12,561,276,081.35	0.00

The recoverable amount is determined based on fair value less the disposal expense.

☐ Applicable ☒ Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

☐ Applicable ☒ Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

Reasons for significant differences between the information used in the Company's impairment tests in previous years and the actual situation in the corresponding year: None.

Other explanations: None.

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profits or losses	387,688,897.11	324,674,379.63
Total	387,688,897.11	324,674,379.63

Other explanations: None.

14. Investment properties**(1) Adoption of the cost measurement model for investment properties**☒Applicable ☐Not applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Total
I. Original book value			
1. Opening balance	54,966,967.28	32,184,799.93	87,151,767.21
2. Increase in the current period	8,856,632.97	3,802,107.80	12,658,740.77
(1) Outsourcing			0.00
(2) Transfer from inventory\fixed assets\ construction in progress	8,856,632.97	3,802,107.80	12,658,740.77
(3) Increase in business combination			0.00
3. Decrease in the current period	0.00	0.00	0.00
(1) Disposal			0.00
(2) Other transfer out			0.00
4. Closing balance	63,823,600.25	35,986,907.73	99,810,507.98
II. Accumulated depreciation and accumulated amortization			0.00
1. Opening balance	35,754,013.96	4,855,547.93	40,609,561.89
2. Increase in the current period	5,686,190.19	1,192,684.40	6,878,874.59
(1) Provision or amortization	1,318,265.70	685,250.12	2,003,515.82
(2) Others	4,367,924.49	507,434.28	4,875,358.77
3. Decrease in the current period			0.00
(1) Disposal			0.00
(2) Other transfer out			0.00
4. Closing balance	41,440,204.15	6,048,232.33	47,488,436.48
III. Provision for impairment			0.00
1. Opening balance	2,438,059.35		2,438,059.35

2. Increase in the current period			0.00
(1) Provision			0.00
3. Decrease in the current period			0.00
(1) Disposal			0.00
(2) Other transfer out			0.00
4. Closing balance	2,438,059.35		2,438,059.35
IV. Book value			0.00
1. Closing book value	19,945,336.75	29,938,675.40	49,884,012.15
2. Opening book value	16,774,893.97	27,329,252.00	44,104,145.97

The recoverable amount is determined based on fair value less the disposal expense.

☐Applicable ☒Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

☐Applicable ☒Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: Not applicable.

Reasons for significant differences between the information used in the Company's impairment tests in previous years and the actual situation in the corresponding year: Not applicable.

Other explanations: None.

(2) Adoption of the fair value measurement model for investment properties

☐Applicable ☒Not applicable

(3) Conversion to investment properties and adoption of fair value measurement:

Not applicable

(4) Investment properties for which the title certificate has not been obtained: None.

Other explanations: None.

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	3,012,529,818.52	2,662,805,209.03
Liquidation of fixed assets	349,009.57	94,805.00
Total	3,012,878,828.09	2,662,900,014.03

(1) Fixed assets

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Others	Total
I. Original book value:						

1. Opening balance	2,549,592,791.40	1,603,570,594.77	65,896,843.49	158,127,736.24	1,257,593.86	4,378,445,559.76
2. Increase in the current period	426,619,233.94	129,490,820.78	1,868,922.80	29,271,046.61	143,152.08	587,393,176.21
(1) Purchase		28,770,662.96	1,868,922.80	16,957,982.25	143,152.08	47,740,720.09
(2) Transfer from construction in progress	426,619,233.94	100,720,157.82		12,313,064.36		539,652,456.12
(3) Increase in business combination						0.00
3. Decrease in the current period	8,856,632.97	12,801,485.97	994,233.74	8,155,697.45	19,380.53	30,827,430.66
(1) Disposal or scrapping		12,801,485.97	994,233.74	8,155,697.45	19,380.53	21,970,797.69
(2) Other transfer-out	8,856,632.97					8,856,632.97
4. Closing balance	2,967,355,392.37	1,720,259,929.58	66,771,532.55	179,243,085.40	1,381,365.41	4,935,011,305.31
II. Accumulated depreciation						0.00
1. Opening balance	558,119,997.35	953,150,208.31	34,737,774.48	101,583,125.64	1,036,398.21	1,648,627,503.99
2. Increase in the current period	57,237,793.07	117,337,766.41	3,556,206.12	22,732,261.68	80,235.75	200,944,263.03
(1) Provision	57,237,793.07	117,337,766.41	3,556,206.12	22,732,261.68	80,235.75	200,944,263.03
3. Decrease in the current period	4,367,924.49	7,427,972.76	894,576.22	4,013,117.26	15,452.24	16,719,042.97
(1) Disposal or scrapping		7,427,972.76	894,576.22	4,013,117.26	15,452.24	12,351,118.48
(2) Other transfer-out	4,367,924.49					4,367,924.49
4. Closing balance	610,989,865.93	1,063,060,001.96	37,399,404.38	120,302,270.06	1,101,181.72	1,832,852,724.05
III. Provision for impairment						0.00
1. Opening balance	60,577,222.16	2,268,381.89		4,167,242.69		67,012,846.74
2. Increase in the current period	1,906,976.05	23,835,548.75	0.00	336,545.87	0.00	26,079,070.67
(1) Provision	1,905,065.64	23,835,548.75	0.00	336,545.87	0.00	26,077,160.26
(2) Other transfer-out	1,910.41					1,910.41
3. Decrease in the current period	10,535.86	0.00	0.00	3,452,618.81	0.00	3,463,154.67
(1) Disposal or scrapping	10,535.86			3,452,618.81		3,463,154.67
4. Closing balance	62,473,662.35	26,103,930.64	0.00	1,051,169.75	0.00	89,628,762.74
IV. Book value						0.00
1. Closing book value	2,293,891,864.09	631,095,996.98	29,372,128.17	57,889,645.59	280,183.69	3,012,529,818.52
2. Opening book value	1,930,895,571.89	648,152,004.57	31,159,069.01	52,377,367.91	221,195.65	2,662,805,209.03

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
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Electronic equipment	3,438,850.57	2,043,028.55	714,623.88	681,198.14	
Machinery and equipment	13,810,219.37	10,877,821.34		2,932,398.03	
Houses and buildings	1,530,331.56	460,506.59		1,069,824.97	

(3) Fixed assets leased through operating lease: None.**(4) Fixed assets for which the title certificate has not been obtained**

Unit: RMB

Item	Book value	Reasons for not obtaining the title certificate
Overall relocation project of Wenshan Qihua	31,858,783.85	Partial ownership has been secured, and the remaining is in process
Drug Division of Dali Pharmaceutical Economic Development Zone	30,645,112.43	In process
Yunjian Assets	2,043,810.36	Acquired through judicial auction, with land use certificate but no property certificate
Buildings in planting base of Yunquan	1,169,873.98	The land is a leased land
No.51 Xiba Road (general workshop)	256,800.64	Historical legacy, currently in process

Other explanations: None.

(5) Impairment test of fixed assets☒ Applicable ☐ Not applicable

The recoverable amount is determined based on fair value less the disposal expense

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Book balance	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key parameters	Basis for determining key parameters
Machinery and equipment, electronic equipment	3,583,355.48	191,609.06	3,391,746.42	Considered based on the estimated net residual value and disposal rate	Residual value rate of 5%, tax fees and disposal rate	The disposal fee rate is based on the transaction service fee standards set by the Shanghai Public Resources Trading Center
Houses and buildings, electronic equipment	2,138,707.32	0.00	2,138,707.32	Expected demolition	The expected fair value is 0	Not available
Total	5,722,062.80	191,609.06	5,530,453.74			

The recoverable amount is determined based on the present value of the estimated future cash flows

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Book balance	Recoverable amount	Impairment amount	Duration of forecast period	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period

Machinery and equipment	29,046,706.52	8,500,000.00	20,546,706.52	2025-2033	The income growth rate is 10% to 25%, the profit margin ranges from -3.71% to 6.81%, and the pre-tax discount rate is 16.28%		
Total	29,046,706.52	8,500,000.00	20,546,706.52				

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information

Not applicable.

Reasons for significant differences between the information used in the Company's impairment tests in previous years and the actual situation in the corresponding year

Not applicable.

Other explanations: None.

(6) Liquidation of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Machinery and equipment	302,720.41	94,206.37
Electronic equipment	46,289.16	598.63
Total	349,009.57	94,805.00

Other explanations: None.

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	703,439,112.24	529,708,553.58
Total	703,439,112.24	529,708,553.58

(1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Project of Yunnan Baiyao Shanghai International Center	614,608,509.29		614,608,509.29	389,398,864.33		389,398,864.33
Yunnan Baiyao Group TCM Pharmaceutical Services Kunming Center Project	45,024,278.93		45,024,278.93	2,667,581.02		2,667,581.02
Radiopharmaceutical R&D Center (Tianjin) Project	18,464,159.31		18,464,159.31			

Yunnan Baiyao R&D Platform - Kunming Center Construction Project	15,417,106.26		15,417,106.26	82,578,321.10		82,578,321.10
Separation of Medicinal and Food Production Lines for Sanqi Extraction and Capacity & Process Technology Improvement Project	1,873,096.24		1,873,096.24			
Yunnan Baiyao Wenshan Sanqi Smart Technology Park Project				1,081,007.34		1,081,007.34
Government-Enterprise Cooperation Project of Yunnan Baiyao Group in Lijiang Ecological Science and Technology Industrial Park (Phase I)				5,655,808.43		5,655,808.43
Optimization Project of New Factory of Yunnan Baiyao Toothpaste				23,403,647.03		23,403,647.03
Granules Production Increase and Expansion Project of Pharmaceutical Business Group of Yunnan Baiyao Group				16,649,408.02		16,649,408.02
Production Base Construction Project of Yunnan Baiyao Group Shanghai Technology Co., Ltd.				1,024,787.20		1,024,787.20
Health Industry Project (Phase I) of Yunnan Baiyao Group				593,826.74		593,826.74
Yunnan Baiyao Shanghai Project Office Decoration Project				396,852.43		396,852.43
Others	8,051,962.21		8,051,962.21	6,258,449.94		6,258,449.94
Total	703,439,112.24	0.00	703,439,112.24	529,708,553.58	0.00	529,708,553.58

(2) Changes in important projects of construction in progress for the period

Unit: RMB

Item name	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets in the current period	Other decrease in the current period	Closing balance	Proportion of total project investment in budget	Engineering progress	Accumulated amount of interest capitalized	Including: Amount of interest capitalized for the period	Capitalization rate of interest for the period	Source of funds
Project of Yunnan Baiyao Shanghai International Center	1,389,170,500.00	389,398,864.33	332,887,538.78	107,677,893.82		614,608,509.29	63.14%	90.00%				Self-funded
Yunnan Baiyao Group TCM Pharmaceutical Services Kunming Center Project	68,096,000.00	2,667,581.02	44,831,919.14	2,475,221.23		45,024,278.93	94.90%	95.00%				Self-funded
Radiopharmaceutical R&D Center (Tianjin) Project	101,750,000.00	1,339,572.56	70,759,132.69	22,319,101.82	31,315,444.12	18,464,159.31	70.86%	80.00%				Self-funded
Yunnan Baiyao R&D Platform - Kunming Center Construction Project	921,670,000.00	82,578,321.10	205,896,321.05	273,057,535.89		15,417,106.26	32.47%	54.00%				Self-funded
Health Industry Project (Phase I) of Yunnan Baiyao Group	1,158,174,400.00	593,826.74	27,899,831.01	28,493,657.75			91.42%	100.00%				Self-funded
Optimization Project of New Factory of Yunnan Baiyao Toothpaste	38,000,000.00	23,403,647.03	4,201,938.31	25,468,979.82	2,136,605.52		93.55%	100.00%				Self-funded
Government-Enterprise Cooperation Project of Yunnan Baiyao Group in Lijiang Ecological Science and Technology Industrial Park (Phase I)	17,860,000.00	5,655,808.43	3,927,562.63	7,021,470.39	2,561,900.67		62.06%	100.00%				Self-funded
4665	466513,860.72	3,694,720,900.00	505,637,621.21	690,404,243.61	466,513,860.72	36,013,950.31	693,514,053.79					

(3) Provision for impairment of construction in progress for the period: None.

(4) Impairment test of construction in progress

☐ Applicable ☒ Not applicable

(5) Project materials: None.

17. Productive biological assets

(1) Adoption of the cost measurement model for productive biological assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Planting	Total
	Tea plant	
I. Original book value:		
1. Opening balance	2,578,500.00	2,578,500.00
2. Increase in the current period		
(1) Outsourcing		
(2) Self-cultivation		
3. Decrease in the current period		
(1) Disposal		
(2) Others		
4. Closing balance	2,578,500.00	2,578,500.00
II. Accumulated depreciation		
1. Opening balance	1,590,075.15	1,590,075.15
2. Increase in the current period	171,900.00	171,900.00
(1) Provision	171,900.00	171,900.00
3. Decrease in the current period		
(1) Disposal		
(2) Others		
4. Closing balance	1,761,975.15	1,761,975.15
III. Provision for impairment		
1. Opening balance		
2. Increase in the current period		
(1) Provision		
3. Decrease in the current period		

(1) Disposal		
(2) Others		
4. Closing balance		
IV. Book value		
1. Closing book value	816,524.85	816,524.85
2. Opening book value	988,424.85	988,424.85

(2) Impairment test of productive biological assets measured at cost

☐ Applicable ☒ Not applicable

(3) Adoption of the fair value measurement model for productive biological assets

☐ Applicable ☒ Not applicable

18. Right-of-use assets**(1) Right-of-use assets**

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Land use rights	Total
I. Original book value				
1. Opening balance	505,660,305.98			505,660,305.98
2. Increase in the current period	112,351,465.82	4,535,659.59	3,637,250.13	120,524,375.54
(1) Lease	112,351,465.82	4,535,659.59	3,637,250.13	120,524,375.54
(2) Others				0.00
3. Decrease in the current period	140,003,236.50	0.00	0.00	140,003,236.50
(1) Lease expiration	91,472,799.11			91,472,799.11
(2) Disposal	48,530,437.39			48,530,437.39
4. Closing balance	478,008,535.30	4,535,659.59	3,637,250.13	486,181,445.02
II. Accumulated depreciation				0.00
1. Opening balance	247,340,820.40			247,340,820.40
2. Increase in the current period	82,716,562.38	420,677.98	227,328.13	83,364,568.49
(1) Provision	82,716,562.38	420,677.98	227,328.13	83,364,568.49
3. Decrease in the current period	135,700,965.39	0.00	0.00	135,700,965.39
(1) Disposal	44,228,166.28			44,228,166.28
(2) Lease expiration	91,472,799.11			91,472,799.11
4. Closing balance	194,356,417.39	420,677.98	227,328.13	195,004,423.50
III. Provision for impairment				0.00
1. Opening balance				0.00
2. Increase in the current period				0.00
(1) Provision				0.00
3. Decrease in the current period				0.00

(1) Disposal				0.00
4. Closing balance				0.00
IV. Book value				0.00
1. Closing book value	283,652,117.91	4,114,981.61	3,409,922.00	291,177,021.52
2. Opening book value	258,319,485.58	0.00	0.00	258,319,485.58

(2) Impairment test of right-of-use assets:

☐ Applicable ☒ Not applicable

Other explanations: None.

19. Intangible assets**(1) Intangible assets**

Unit: RMB

Item	Land use rights	Patent Right	Non-patent technology	Software	Trademark	Franchise rights	Total
I. Original book value							
1. Opening balance	689,468,137.84	34,492,676.60	2,150,381.86	75,464,152.76	20,000.00	154,081,682.57	955,677,031.63
2. Increase in the current period	138,776.30	0.00	0.00	7,017,783.79	0.00	0.00	7,156,560.09
(1) Purchase	138,776.30			7,017,783.79			7,156,560.09
(2) Internal R&D							0.00
(3) Increase in business combination							0.00
3. Decrease in the current period	3,921,375.80	0.00	0.00	0.00	0.00	0.00	3,921,375.80
(1) Disposal	119,268.00						119,268.00
(2) Other transfer-out	3,802,107.80						3,802,107.80
4. Closing balance	685,685,538.34	34,492,676.60	2,150,381.86	82,481,936.55	20,000.00	154,081,682.57	958,912,215.92
II. Accumulated amortization							0.00
1. Opening balance	157,724,667.66	26,857,606.79	2,150,381.86	25,105,090.79	3,147.77	17,664,216.34	229,505,111.21
2. Increase in the current period	14,022,544.10	2,802,967.77	0.00	8,184,300.12	2,222.22	0.00	25,012,034.21
(1) Provision	14,022,544.10	2,802,967.77		8,184,300.12	2,222.22		25,012,034.21
3. Decrease in the current period	532,768.91	0.00	0.00	0.00	0.00	0.00	532,768.91
(1) Disposal	25,334.63						25,334.63
(2) Other transfer-out	507,434.28						507,434.28
4. Closing balance	171,214,442.85	29,660,574.56	2,150,381.86	33,289,390.91	5,369.99	17,664,216.34	253,984,376.51
III. Provision for impairment							0.00
1. Opening balance	6,382,453.60					136,417,466.23	142,799,919.83

2. Increase in the current period				332,131.80			332,131.80
(1) Provision				332,131.80			332,131.80
3. Decrease in the current period							0.00
(1) Disposal							0.00
4. Closing balance	6,382,453.60			332,131.80		136,417,466.23	143,132,051.63
IV. Book value							0.00
1. Closing book value	508,088,641.89	4,832,102.04		48,860,413.84	14,630.01		561,795,787.78
2. Opening book value	525,361,016.58	7,635,069.81	0.00	50,359,061.97	16,852.23	0.00	583,372,000.59

The proportion of intangible assets formed through the Company's internal R&D at the end of the period is 0.00% of the total intangible assets balance.

(2) Data resources confirmed as intangible assets

☐ Applicable ☒ Not applicable

(3) Land use rights for which the title certificate has not been obtained: None.

(4) Impairment test of intangible assets:

☒ Applicable ☐ Not applicable

The recoverable amount is determined based on fair value less the disposal expense

☐ Applicable ☒ Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key parameters	Basis for determining the key parameters
Software	332,131.80	0.00	332,131.80	The asset is expected to no longer be usable	The expected fair value is 0	It is expected to be no longer usable
Total	332,131.80	0.00	332,131.80			

The recoverable amount is determined based on the present value of the estimated future cash flows

☐ Applicable ☒ Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information

Not applicable.

Reasons for significant differences between the information used in the Company's impairment tests in previous years and the actual situation in the corresponding year

Not applicable.

20. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investee or items forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
		Formed by business combination	Disposal	
YNBY International Limited	645,635,327.81			645,635,327.81
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	26,904,931.64			26,904,931.64
Shanghai Hanshi Health Consulting Co., Ltd.	23,247,992.08			23,247,992.08
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	12,843,661.62			12,843,661.62
Lijiang Yunquan Biological Development Co., Ltd.	721,770.39			721,770.39
Total	709,353,683.54			709,353,683.54

(2) Provision for impairment of goodwill

Unit: RMB

Name of the investee or items forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
		Provision	Disposal	
YNBY International Limited	561,515,748.26			561,515,748.26
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	26,904,931.64			26,904,931.64
Shanghai Hanshi Health Consulting Co., Ltd.	16,089,461.58	7,158,530.50		23,247,992.08
Lijiang Yunquan Biological Development Co., Ltd.	721,770.39			721,770.39
Total	605,231,911.87	7,158,530.50		612,390,442.37

(3) Related information on asset group or combination of asset groups containing goodwill

Name	Composition and basis of the asset group or portfolio to which it belongs	Business segments and basis	Whether consistent with the previous years
YNBY International Limited	The asset group consists of “notes and accounts receivable, prepayments, inventories, other receivables, other current assets, fixed assets, right-to-use assets, long-term deferred expenses, accounts payable, contractual liabilities, other payables and goodwill,” which is the smallest portfolio of assets or the smallest portfolio of asset groups that can generate major cash inflows independently	The management’s approach to managing and monitoring business activities	Yes
Shanghai Hanshi Health Consulting Co., Ltd.	The asset group consists of “fixed assets, right-of-use assets, long-term deferred expenses and goodwill,” which is the smallest portfolio of assets or the smallest portfolio of asset groups that can generate major cash inflows independently	The management’s approach to managing and monitoring business activities	Yes
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	The asset group consists of “fixed assets, intangible assets right-of-use assets and goodwill,” which is the smallest portfolio of assets or the smallest portfolio of asset groups that can generate major cash inflows independently	The management’s approach to managing and	Yes

		monitoring business activities	
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Changes in asset group or combination of asset groups: Not applicable.

Other explanations: None.

(4) Determination of recoverable amount

The recoverable amount is determined based on fair value less the disposal expense

☐Applicable ☒Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key parameters	Basis for determining the key parameters
Shanghai Hanshi Health Consulting Co., Ltd.	38,164,050.15	14,060,000.00	23,247,992.08	The fair value is estimated using the income approach; disposal expenses refer to the expenses associated with the disposal	The revenue growth rate is 10.00%, the profit margin ranges from -16.19% to -5.60%, and the pre-tax discount rate is 13.39%	① Fair value: The future benefits that can be obtained from the asset group, estimated based on market prices and the participant's rate of expenses during the period, using the market average level. ② Disposal expenses: Includes legal fees related to the disposal of the asset, related taxes, and direct expenses incurred to make the asset ready for sale.
Total	38,164,050.15	14,060,000.00	23,247,992.08			

The recoverable amount is determined based on the present value of estimated future cash flows

☒Applicable ☐Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Forecast period (years)	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the stable period
YNBY International Limited	1,181,412,080.68	460,241,900.00	561,515,748.26	2025-2029 (followed by the stable period)	The revenue growth rate ranges from 0.54% to 2.73%, profit margin from 3.25% to 4.48%, and the pre-tax discount rate	The growth rate is 0.00%, the profit margin is 4.48%, and the pre-tax discount rate is 9.28%	The income growth rate for the stable period is 0%, the profit margin and discount rate are for the last year of the forecast period, and the discount rate is a pre-tax discount rate that reflects the risks specific to the

					is 9.28%		relevant asset group or portfolio of asset groups.
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	34,228,015.85	61,000,000.00	0.00	2025-2029 (followed by the stable period)	The revenue growth rate ranges from -0.62% to 0%, profit margin from 4.90% to 4.96%, and the pre-tax discount rate is 14.07%	The growth rate is 0.00%, the profit margin is 4.90%, and the pre-tax discount rate is 14.07%	The income growth rate for the stable period is 0%, the profit margin and discount rate are for the last year of the forecast period, and the discount rate is a pre-tax discount rate that reflects the risks specific to the relevant asset group or portfolio of asset groups.
Total	1,215,640,096.53	521,241,900.00	561,515,748.26				

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information

Not applicable.

Reasons for significant differences between the information used in the Company's impairment tests in previous years and the actual situation in the corresponding year

Not applicable.

(5) Fulfillment of undertakings and goodwill impairment

Performance commitments existed at the time goodwill was formed and the reporting period, or the previous period of the reporting period was within the performance commitment period

☐ Applicable ☒ Not applicable

Other explanations: None.

21. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decrease	Closing balance
Building decoration and project renovation	96,424,121.71	68,503,566.21	33,493,996.55	11,444,108.69	119,989,582.68
Nanping Street renovation project of Yunnan Baiyao	6,499,119.51		3,544,974.31		2,954,145.20
Others	2,412,309.09	3,090,931.28	1,365,156.34		4,138,084.03
Total	105,335,550.31	71,594,497.49	38,404,127.20	11,444,108.69	127,081,811.91

Other explanations: None.

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	98,058,482.77	19,885,869.32	149,391,736.51	29,733,789.86
Unrealised profits of intra-group transactions	264,588,567.67	42,769,190.08	355,719,960.08	56,616,299.10
Contractual liabilities	1,241,244,032.89	188,564,063.04	927,324,390.56	139,098,658.58
Provision for credit impairment	1,074,991,838.10	165,210,239.51	1,031,702,042.48	155,456,724.98
Payroll payable and long-term employee benefits payable	634,896,697.76	95,426,303.19	442,302,070.56	66,345,310.57
Other payables	577,259,909.29	88,284,205.86	390,202,998.08	58,530,449.71
Lease liabilities	268,875,960.32	39,373,198.50	247,083,412.30	33,532,096.13
Deferred income	236,345,643.60	36,433,668.40	174,855,238.93	26,308,248.51
Losses that can be offset	153,826,415.38	35,665,838.14	85,261,634.28	12,772,083.95
Estimated revenue from returns	177,591,180.68	26,655,057.25	172,763,638.76	26,020,408.22
Expenses beyond overall planning for employee status conversion expenses of state-owned enterprises and social security expenses of retirees	20,779,234.95	3,116,885.24	488,564,678.84	73,284,701.83
Changes in fair value			31,774,859.47	4,766,228.92
Others	89,083,123.75	15,590,498.21	56,028,058.38	8,404,208.76
Total	4,837,541,087.16	756,975,016.74	4,552,974,719.23	690,869,209.12

(2) Deferred tax liabilities before offset

Unit: RMB

	Closing balance	Opening balance
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Item	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of asset valuation	3,305,149.96	826,287.49	5,464,293.67	1,366,073.41
Right-of-use assets	281,580,952.55	41,832,184.12	258,319,485.58	34,427,707.34
Changes in fair value	106,362,930.07	15,954,439.51		
Fixed assets subject to one-time pre-tax deduction	21,032,160.78	3,182,909.00	26,760,390.32	4,014,058.55
Investment income from business combination not under common control achieved in stages	2,282,373.90	570,593.48	2,282,373.90	570,593.48
Cost of returned goods receivable	168,184,195.95	25,242,517.92	163,264,685.39	24,587,573.70
Others	41,722,666.75	6,258,400.01	65,373,768.09	9,806,065.22
Total	624,470,429.96	93,867,331.53	521,464,996.95	74,772,071.70

(3) Deferred income tax assets or liabilities after offset, net

Unit: RMB

Item	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the end of the reporting period	Closing balance of deferred income tax assets or liabilities after offset	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the beginning of the reporting period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets		756,975,016.74		690,869,209.12
Deferred income tax liabilities		93,867,331.53		74,772,071.70

(4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	808,060,703.41	697,042,370.78
Provision for asset impairment	555,344,587.39	505,835,499.95
Deferred income	59,147,921.72	63,955,872.11
Others	9,908,046.96	10,735,715.83
Total	1,432,461,259.48	1,277,569,458.67

(5) Deductible losses for which deferred income tax assets were unrecognized will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2024		18,092,739.35	

2025	11,001,342.99	20,152,321.40	
2026	114,735,981.68	136,477,740.18	
2027	176,920,446.70	202,345,894.66	
2028	269,325,659.53	299,773,438.15	
2029	213,417,423.15	1,476,119.82	
2030	4,028,298.39	4,028,298.39	
2031	12,861,719.12	12,861,719.12	
2032	1,599,912.28	1,599,912.28	
2033	355,122.11	234,187.43	
2034	3,814,797.46		
Total	808,060,703.41	697,042,370.78	

Other explanations: None.

23. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Cost of returned goods receivable	12,097,575.84		12,097,575.84	15,394,540.30		15,394,540.30
Time deposit and interest	485,794,233.38		485,794,233.38	913,499,670.63		913,499,670.63
Stocks of special materials	42,000,723.80		42,000,723.80	42,000,723.80		42,000,723.80
Value-added tax credit refund	35,013,974.79		35,013,974.79	9,867,575.47		9,867,575.47
Advance payment for the purchase of fixed assets, etc.	21,763,610.34		21,763,610.34	3,485,598.75		3,485,598.75
Less: the part due within 1 year	-480,295,722.22		-480,295,722.22	-442,772,777.78		-442,772,777.78
Total	116,374,395.93	0.00	116,374,395.93	541,475,331.17	0.00	541,475,331.17

Other explanations: None.

24. Assets with restricted ownership or use rights

Unit: RMB

Item	At the end of the period				At the beginning of the period			
	Book balance	Book value	Type of restriction	Restriction	Book balance	Book value	Type of restriction	Restriction
Cash and bank balance	21,699,196.16	21,699,196.16	Security deposit	Letter of guarantee margin, banker's acceptance bill margin, performance bond margin,	48,618,045.43	48,618,045.43	Security deposit	Letter of guarantee margin, banker's acceptance bill margin, performance bond margin, etc.

				etc.				
Cash and bank balance	2,648,389.00	2,648,389.00	Special use	Special fund for housing reform and housing maintenance costs	2,643,393.65	2,643,393.65	Special use	Special fund for housing reform and housing maintenance costs
Cash and bank balance					500,000.00	500,000.00	Property preservation	The lawsuit has been won, and we are promoting the lifting of the freeze and other related matters
Various assets of the restructured special account	588,106,000.80	588,106,000.80	Special use	Special fund for paying the cost of employee status conversion in state-owned enterprises	627,116,169.10	627,116,169.10	Special use	Special fund for paying the cost of employee status conversion in state-owned enterprises
Long-term equity investments	12,061,376,588.76	12,061,376,588.76	Within the restricted period	Shares shall not be transferred within 36 months from the completion of the private placement	11,536,646,559.56	11,536,646,559.56	Within the restricted period	Shares shall not be transferred within 36 months from the completion of the private placement
Total	12,673,830,174.72	12,673,830,174.72			12,215,524,167.74	12,215,524,167.74		

Other explanations: None.

25. Short-term loans

(1) Classification of short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Loan in credit	402,133,333.39	1,014,634,728.09
Discounted internal bills	21,246,939.25	732,668,972.25
Total	423,380,272.64	1,747,303,700.34

Explanation on classification of short-term loans: None.

(2) Overdue and outstanding short-term loans: None.

26. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Banker's acceptance bill	1,913,702,684.41	1,850,863,313.78
Total	1,913,702,684.41	1,850,863,313.78

Total notes payable due and unpaid at the end of the period were RMB 0.00. Reason for the overdue payment: None.

27. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	4,504,527,943.71	4,326,110,424.11
Payment for engineering equipment and others	253,824,460.16	33,522,218.09
Total	4,758,352,403.87	4,359,632,642.20

(2) Major accounts payable aged over one year: None.

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividend payable	86,490,742.04	86,490,742.04
Other payables	1,300,141,934.71	938,595,137.50
Total	1,386,632,676.75	1,025,085,879.54

(1) Interests payable: None.

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
State-owned Assets Supervision and Administration Commission of the People's Government of Yunnan Province, New Huadu Industrial Group Co., Ltd.	86,490,742.04	86,490,742.04
Total	86,490,742.04	86,490,742.04

(3) Other payables

1) Other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Market maintenance fee	673,934,303.55	459,313,752.19
Deposits and guarantees	298,287,462.43	266,970,613.85
Collection and payment	140,402,907.16	20,013,555.07
Other current accounts	103,612,259.40	81,677,453.94
Hospital management fee payable	51,844,605.65	70,325,588.08
Others	32,060,396.52	40,294,174.37
Total	1,300,141,934.71	938,595,137.50

2) Other important payables aged over 1 year or overdue: None.

3) Other explanations: None.

29. Receipts in advance

(1) Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Receipts in advance - lease	446,673.78	486,612.12
Total	446,673.78	486,612.12

(2) Major receipts in advance aged over one year: None.

30. Contractual liabilities

Unit: RMB

Item	Closing balance	Opening balance
Receipts in advance - goods contract	1,914,556,130.56	1,737,952,687.45
Others	1,567,256.60	1,912,541.30
Total	1,916,123,387.16	1,739,865,228.75

Significant contractual liabilities with aging more than 1 year: None.

The amount and reasons for significant changes in the book value during the reporting period: None.

31. Payroll payable**(1) Payroll payable**

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	1,020,249,830.45	2,716,783,357.42	2,524,467,706.89	1,212,565,480.98
II. Welfare after demission - defined contribution plan	46,884,565.10	257,404,018.75	240,912,699.00	63,375,884.85
III. Dismissal welfare	56,269.53	18,362,344.50	10,409,151.04	8,009,462.99
Total	1,067,190,665.08	2,992,549,720.67	2,775,789,556.93	1,283,950,828.82

(2) Short-term compensation

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salary, bonus, allowance, and subsidy	534,578,291.58	2,018,394,621.30	2,007,767,615.86	545,205,297.02
2. Staff welfare	16,108,411.77	131,821,669.66	124,172,097.05	23,757,984.38
3. Social insurance contribution	287,344.93	99,695,898.38	98,873,628.15	1,109,615.16
Of which: Medical insurance premiums	252,139.10	88,208,790.97	87,438,407.20	1,022,522.87
Industrial injury insurance premiums	8,887.25	8,177,628.31	8,140,377.86	46,137.70

Maternity insurance premiums	26,318.58	3,309,479.10	3,294,843.09	40,954.59
4. Housing provident fund	406,947.66	102,733,910.00	101,798,474.31	1,342,383.35
5. Union dues and staff training fees	30,572,145.70	44,585,705.92	34,179,997.73	40,977,853.89
6. Short-term paid absence				0.00
7. Short-term profit-sharing plan	438,112,558.54	184,164,641.30	39,653,600.00	582,623,599.84
8. Other short-term compensation	184,130.27	135,386,910.86	118,022,293.79	17,548,747.34
Total	1,020,249,830.45	2,716,783,357.42	2,524,467,706.89	1,212,565,480.98

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	520,689.77	171,027,035.29	169,654,773.18	1,892,951.88
2. Unemployment insurance premiums	20,881.05	6,598,525.70	6,547,636.38	71,770.37
3. Corporate pension payment	46,342,994.28	79,778,457.76	64,710,289.44	61,411,162.60
Total	46,884,565.10	257,404,018.75	240,912,699.00	63,375,884.85

Other explanations: None.

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	88,436,075.74	74,736,102.58
Total	88,436,075.74	74,736,102.58

Other explanations: None.

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Returns payable	164,864,900.59	157,398,378.74
Transfer to output tax	454,197,724.34	373,745,525.66
Special financial support funds of “transferring loan to subsidy” for the use of intelligent voice cluster development base in the R&D project of intelligent medical devices based on medical big data	1,800,000.00	1,800,000.00
Total	620,862,624.93	532,943,904.40

Changes in short-term bonds payable: None.

Other explanations: None.

35. Long-term loans**(1) Long-term loans by type**

Unit: RMB

Item	Closing balance	Opening balance
Loan in credit	2,100,000.00	2,100,000.00
Total	2,100,000.00	2,100,000.00

Explanation on classification of long-term loans: None.

Other explanations, including the range of interest rate: None.

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Buildings and structures	272,449,967.85	247,083,412.30
Machinery and equipment	2,982,837.50	
Right of land use	3,660,260.62	
Less: Non-current liabilities reclassified to liabilities due within one year	-88,436,075.74	-74,736,102.58
Total	190,656,990.23	172,347,309.72

Other explanations: None.

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	586,694,704.41	626,897,323.88
Special payables	4,838,584.16	4,838,584.16
Total	591,533,288.57	631,735,908.04

(1) Long-term payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Expenses beyond overall planning for employee status conversion expenses of state-owned enterprises and social security expenses of retirees	586,694,704.41	626,897,323.88

Other explanations: None.

(2) Special payables

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Preliminary funds for major technological transformation projects	888,468.00			888,468.00	Transfer from Baiyao Holdings due to merger by absorption
Fulintang chain operating funds	500,000.00			500,000.00	Transfer from Baiyao Holdings due to merger by absorption
Funds for Kunming medicine distribution center	500,000.00			500,000.00	Transfer from Baiyao Holdings due to merger by absorption
Yunnan Sanqi brand registration project	164,272.00			164,272.00	Transfer from Baiyao Holdings due to merger by absorption
Group company management information system project	250,978.00			250,978.00	Transfer from Baiyao Holdings due to merger by absorption
Group company technology center construction expenses	231,265.00			231,265.00	Transfer from Baiyao Holdings due to merger by absorption

Nefuramide oxalate project funding	85,426.00	85,426.00	Transfer from Baiyao Holdings due to merger by absorption
Yunnan Natural Medicine Engineering Center project	998,506.00	998,506.00	

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Including: Government subsidies related to income	80,923,393.38	83,257,000.00	30,394,212.18	133,786,181.20	
Government subsidies related to assets	157,887,717.66	17,638,200.00	13,818,533.54	161,707,384.12	
Total	238,811,111.04	100,895,200.00	44,212,745.72	295,493,565.32	--

Other explanations: None.

41. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Receipts of real estate sale under staff housing reform	1,931,554.36	1,931,554.36
Returns payable		15,365,260.05
Total	1,931,554.36	17,296,814.41

Other explanations: None.

42. Share capital

Unit: RMB

	Opening balance	Increase or decrease (+, -)					Closing balance
		Issuance of new shares	Share dividend	Capitalization of capital reserve into share capital	Others	Subtotal	
Total number of shares	1,796,862,549.00				-12,599,946.00	-12,599,946.00	1,784,262,603.00

Other explanations: The reason for the decrease in the current period: The Company held a shareholders' meeting in February 2024, which considered and approved to change the use of the 12,599,946 repurchased shares "for the cancellation to reduce the registered capital," In April 2024, the Company completed the cancellation procedure for the aforementioned 12,599,946 repurchased shares.

43. Other equity instruments

(1) Basic information on preferred shares, perpetual bonds, and other financial instruments outstanding at the end of the period: None.

(2) Statement of changes in preferred shares, perpetual bonds, and other financial instruments outstanding at the end of the period: None.

44. Capital reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (equity premium)	18,175,016,281.26		694,828,946.15	17,480,187,335.11
Other capital reserves	71,603,460.83	85,358,027.54		156,961,488.37
Total	18,246,619,742.09	85,358,027.54	694,828,946.15	17,637,148,823.48

Other explanations, including changes and reasons thereof as at the end of the reporting period:

(1) In the current year, other changes in equity in associates and passive dilution of shares due to the exercise of rights to issue new shares were recognized, and an increase of RMB 85,358,027.54 in capital surplus - other capital surplus was recognized in accordance with the proportion of shares held.

(2) At the first session of the Tenth Board of Directors in 2024 held on February 7, 2024 and the First Extraordinary General Meeting in 2024 held on February 23, 2024, the

was considered and approved, agreeing the Company to change the use of the 12,599,946 shares that had been repurchased as mentioned above in the special securities account for repurchases. The use of the repurchased shares was changed from “for the implementation of the employee stock ownership plan or the share incentive plan” to “for the cancellation to reduce the registered capital,” with decrease in capital reserve (capital stock premium) by RMB 694,828,946.15.

45. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase for equity incentives	707,428,892.15		707,428,892.15	0.00
Total	707,428,892.15		707,428,892.15	

Other explanations, including changes and reasons thereof as at the end of the reporting period:

At the first session of the Tenth Board of Directors in 2024 held on February 7, 2024 and the First Extraordinary General Meeting in 2024 held on February 23, 2024, the

was considered and approved, agreeing the Company to change the use of the 12,599,946 shares that had been repurchased as mentioned above in the special securities account for repurchases. The use of the repurchased shares was changed from “for the implementation of the employee stock ownership plan or the share incentive plan” to “for the cancellation to reduce the registered capital.” The Company completed the cancellation of 12,599,946 shares in April 2024.

46. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount before income tax in the current period	Less: Amount previously included in other comprehensive income but transferred to profits and losses in the current period	Less: Amount previously included in other comprehensive income but transferred to retained earnings in the current period	Less: income tax expenses	That attributable to the Company after tax	That attributable to minority interests after tax	
I. Other comprehensive incomes that will not be reclassified into profits or losses	450,547.51	-2,067,513.33				-2,067,513.33		-1,616,965.82
Other comprehensive income that cannot be transferred to profits or losses under equity method	450,547.51	-2,067,513.33				-2,067,513.33		-1,616,965.82
II. Other comprehensive incomes to be reclassified into profits and losses	-89,988,719.64	-9,657,670.85	0.00	0.00	0.00	-9,657,670.85	-1,716,145.16	-99,646,390.49
Including: Other comprehensive income that can be transferred to profits or losses under equity method	-56,428,881.64	-4,787,910.02				-4,787,910.02		-61,216,791.66
Other fair value changes in debt investments								0.00
Amount of financial assets reclassified to other comprehensive income								0.00

Other credit impairment provisions for debt investments								0.00
Cash flow hedge reserve								0.00
Exchange differences from translation of financial statements denominated in foreign currencies	-33,559,838.00	-4,869,760.83				-4,869,760.83	-1,716,145.16	-38,429,598.83
Total other comprehensive income	-89,538,172.13	-11,725,184.18				-11,725,184.18	-1,716,145.16	-101,263,356.31

Other explanations, including adjustments to the effective portion of the cash flow hedge profits or losses transferred to the amount initially recognized for the hedged item: None.

47. Surplus Reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	2,530,458,968.58			2,530,458,968.58
Total	2,530,458,968.58			2,530,458,968.58

Explanations on surplus reserves, including changes and reasons thereof for the period: None.

48. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	18,102,147,836.12	16,720,444,918.66
Undistributed profit at the beginning of the period after adjustment	18,102,147,836.12	16,720,444,918.66
Plus: Net profits attributable to equity owners the Company's owners in the current period	4,749,415,499.55	4,093,782,074.02
Ordinary share dividends payable	5,870,223,949.91	2,712,079,156.56
Undistributed profit at the end of the period	16,981,339,385.76	18,102,147,836.12

Details on adjustment of undistributed profits at the beginning of the period:

- 1) Due to retrospective adjustments in accordance with and relevant new provisions, the undistributed profits at the beginning of the period were affected by RMB 0.00.
- 2) Due to changes in accounting policies, the undistributed profits at the beginning of the period were affected by RMB 0.00.
- 3) Due to correction of material accounting errors, the undistributed profits at the beginning of the period were affected by RMB 0.00.
- 4) Due to changes in the consolidation scope under common control, the undistributed profits at the beginning of the period were affected by RMB 0.00.
- 5) Due to other adjustments, the undistributed profits at the beginning of the period were affected by RMB 0.00.

49. Operating revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	39,983,936,095.25	28,851,334,965.90	39,062,420,069.47	28,704,978,123.36
Other businesses	49,364,719.47	13,431,239.20	48,872,086.53	39,539,516.93
Total	40,033,300,814.72	28,864,766,205.10	39,111,292,156.00	28,744,517,640.29

Whether the lower of the audited net profit before and after deducting non-recurring gains or losses is negative

☐ Yes ☒ No

Breakdown information of operating revenue and operating cost:

Unit: RMB

Type of contract	Drug sales		Health and daily chemical		TCM resources		Pharmaceutical distribution		Others		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type	7,263,081,091.04	2,386,844,301.31	6,678,868,719.01	2,211,048,121.05	1,782,164,316.89	1,517,777,209.62	23,630,359,445.80	22,208,783,649.22	678,827,241.98	540,312,923.90	40,033,300,814.72	28,864,766,205.10
Including:												
Industry sales income	7,263,081,091.04	2,386,844,301.31	6,678,868,719.01	2,211,048,121.05	463,805,656.30	302,335,655.88			62,494,748.03	29,110,492.60	14,468,250,214.38	4,929,338,570.84
Commercial sales income					1,315,965,323.19	1,214,290,744.27	23,630,359,445.80	22,208,783,649.22	526,561,244.95	468,200,967.96	25,472,886,013.94	23,891,275,361.45
Technical services									26,297,797.46	20,496,861.16	26,297,797.46	20,496,861.16
Hotel catering industry									14,108,732.07	9,073,362.98	14,108,732.07	9,073,362.98
Planting sales income					2,393,337.40	1,150,809.47					2,393,337.40	1,150,809.47
Others									49,364,719.47	13,431,239.20	49,364,719.47	13,431,239.20
By operating areas	7,263,081,091.04	2,386,844,301.31	6,678,868,719.01	2,211,048,121.05	1,782,164,316.89	1,517,777,209.62	23,630,359,445.80	22,208,783,649.22	678,827,241.98	540,312,923.90	40,033,300,814.72	28,864,766,205.10
Including:												
In Yunnan province	913,541,710.08	250,767,064.54	284,933,183.66	122,830,382.15	1,045,453,619.48	833,224,359.39	23,572,709,915.12	22,145,515,381.18	200,056,836.92	112,202,737.53	26,016,695,265.26	23,464,539,924.79
Outside Yunnan province (excluding overseas)	6,320,451,601.22	2,128,268,974.36	6,380,681,563.65	2,075,664,717.19	704,944,116.78	653,067,532.78	57,649,530.68	63,268,268.04	194,205,453.35	148,169,541.25	13,657,932,265.68	5,068,439,033.62
Overseas	29,087,779.74	7,808,262.41	13,253,971.70	12,553,021.71	31,766,580.63	31,485,317.45			284,564,951.71	279,940,645.12	358,673,283.78	331,787,246.69

Information related to performance obligations: None.

Other explanations: The Company and its subsidiaries are mainly engaged in sale of drugs, medicinal materials, health and daily chemical products, etc. and recognize the realization of revenue upon delivery of products to customers and confirmation by customers that they have obtained control over the products. No contracts are for the purpose of significant financing. But some contracts may include some discount and concession clauses. Usually, no contracts contain expected refunds to customers or other similar obligations assumed by the Company.

Information related to the transaction price allocated to remaining performance obligations:

As of the end of this reporting period, the income corresponding to the performance obligations that have been contracted but not yet fulfilled or completed is RMB 0.00.

Information about variable consideration in the contract: None.

Significant contract changes or significant adjustments to the transaction price: None.

Other explanations: None.

50. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Consumption tax	2,559,522.81	1,334,001.60
Urban maintenance and construction tax	102,075,935.22	87,286,116.05
Education surcharge	43,871,752.93	38,006,819.35
Resource tax	3,000.00	
Property tax	25,986,330.94	20,854,291.61
Land use tax	11,067,873.16	11,015,525.09
Vehicle and vessel use tax	68,462.25	82,456.83
Stamp duty	28,025,938.39	26,724,523.32
Local education surcharge	29,246,835.29	25,358,176.63
Others	211,718.45	139,568.24
Total	243,117,369.44	210,801,478.72

Other explanations: None.

51. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	677,420,256.86	699,216,701.82
Depreciation and amortization	100,161,064.67	119,934,021.71
Agency service fee	34,600,043.93	52,485,577.72
Office expenses	34,922,096.07	22,359,108.91
Technical service fee	45,839,677.23	31,860,830.97
Business entertainment fee	9,996,603.25	15,994,289.45
Travel expenses	19,239,105.28	20,122,003.15
Utilities and property management fee	9,266,666.24	5,926,154.60
Security and cleaning fee	7,385,287.50	6,322,427.76
Advertising and promotion expenses	2,656,177.04	3,570,476.33
Afforestation and pollution discharge fee	3,624,510.35	4,477,164.69

Lease cost	3,314,864.30	6,457,746.85
Others	89,127,131.15	69,777,019.94
Total	1,037,553,483.87	1,058,503,523.90

Other explanations: None.

52. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	1,600,098,657.89	1,831,501,877.46
Business promotion expenses	756,413,873.55	783,885,455.50
Display expenses	555,834,987.51	372,839,604.06
Advertising expenses	460,234,304.23	661,244,437.69
Marketing service fees	294,098,539.30	340,293,664.08
Travel expenses	148,652,306.95	109,139,900.74
Promotion fees	113,293,440.09	21,239,165.85
Promotional staff expenses	96,654,358.32	98,296,774.25
Information technology service fees	82,203,681.73	53,262,914.17
Others	772,017,887.34	720,453,797.31
Total	4,879,502,036.91	4,992,157,591.11

Other explanations: None.

53. R&D expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	176,064,710.71	155,787,826.65
Materials consumption and inspection fee	58,512,136.24	32,779,955.16
New product design fee	18,717,947.75	4,086,610.07
Commissioned R&D cost	44,437,281.25	59,308,976.45
Depreciation and amortisation	12,431,179.87	18,203,654.61
Test out-sourcing expenses	2,971,133.28	38,162,026.18
Others	24,278,911.93	27,684,385.71
Total	337,413,301.03	336,013,434.83

Other explanations: None

54. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest expenses	63,177,001.07	49,601,252.93
Less: interest income	-221,210,259.84	-315,758,812.17
Net loss on foreign exchange	-7,646,886.55	-2,073,485.41
Bank charges	10,749,449.67	6,759,007.86
Others	-624,414.20	2,228,291.91
Total	-155,555,109.85	-259,243,744.88

Other explanations: None.

55. Other income

Unit: RMB

Other sources of income	Amount for the current period	Amount for the previous period
Government subsidies directly included in current profit and loss during the period	42,056,174.39	51,549,775.52
Amortization of government subsidies related to assets	12,768,533.54	16,798,505.37
Amortization of government subsidies related to income	29,379,041.17	7,026,939.27
Return of individual income tax service charge	9,533,408.94	4,121,718.75
Others	8,272,615.61	3,818,208.41
Total	102,009,773.65	83,315,147.32

56. Gains on changes in fair value

Unit: RMB

Sources of gains on changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	73,822,492.46	179,678,085.07
Other non-current financial assets	63,014,517.48	-56,111,754.61
Total	136,837,009.94	123,566,330.46

Other explanations: None.

57. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Gain on long-term equity investments subject to accounting with equity method	774,279,535.69	628,531,524.35
Investment income from disposal of long-term equity investment		110,398,541.09
Investment income on financial assets held for trading during holding period	6,671,289.70	7,606,635.89
Investment income from disposal of financial assets held for trading	-12,988,016.22	-7,010,382.50
Investment income earned during the holding period of other non-current financial assets	20,474,449.39	75,617,211.23
Others	-11,499,763.50	-36,132,801.24
Total	776,937,495.06	779,010,728.82

Other explanations: None.

58. Credit impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Bad debt losses on accounts receivable	-46,675,411.57	-179,435,027.97
Bad debt losses on other receivables	6,749,484.95	42,979,823.61
Total	-39,925,926.62	-136,455,204.36

Other explanations: None.

58. Asset impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Inventory impairment losses and contract performance cost impairment losses	-49,327,607.34	-11,490,525.22
IV. Impairment loss of fixed assets	-26,077,160.26	-4,169,779.04
IX. Impairment loss of intangible assets	-332,131.80	-16,706,934.75
X. Goodwill impairment loss	-7,158,530.50	-25,760,323.22
XII. Others	-8,335,279.72	
Total	-91,230,709.62	-58,127,562.23

Other explanations: None.

60. Gains on disposal of assets

Unit: RMB

Source of gains on disposal of assets	Amount for the current period	Amount for the previous period
Profit from disposal of non-current assets	-435,663.65	-105,279.84
Profit from disposal of right-of-use assets	926,315.30	10,759,718.22
Total	490,651.65	10,654,438.38

61. Non-operating revenue

Unit: RMB

Item	Amount for the current period	Amount for the previous period	Amount of non-recurring profits or losses included in the current period
Profits from destruction and scrapping of non-current assets	2,313,930.54	171,572.75	2,313,930.54
Including: fixed assets	2,313,930.54	171,572.75	2,313,930.54

Donations accepted			
Government subsidy			
Others	13,169,408.19	12,062,476.51	13,169,408.19
Total	15,483,338.73	12,234,049.26	15,483,338.73

Other explanations: None.

62. Non-operating expenses

Unit: RMB

Item	Amount for the current period	25.025 m 361.32501221 0.25 5011125 21.39999962 10.1125 21.39
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Effect of non-deductible costs, expenses and losses	127,140,502.28
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-25,827,738.84
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	82,950,492.77
Change in the balance of deferred income tax assets/liabilities at the beginning of the year due to tax rate adjustments	-12,193,015.34
Extra tax deductions for R&D costs	-49,481,612.97
Others	-1,288,185.31
Income tax expenses	917,647,303.71

Other explanations: None.

64. Other comprehensive income

For details, please refer to Note 46 “Other comprehensive income.”

65. Cash flow statement

(1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest income	219,472,052.00	343,668,676.54
Deposits and guarantees	146,845,057.57	137,533,597.44
Government subsidy	151,879,874.90	134,140,444.78
Current account and petty cash	39,444,457.98	23,924,789.88
Others	54,463,899.59	49,853,998.90
Total	612,105,342.04	689,121,507.54

Explanations on cash received relating to other operating activities: None.

Cash payments relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Expenses of cost nature	2,795,371,889.92	2,788,122,677.99
Deposits and guarantees	166,961,729.93	121,204,248.66
Current account and petty cash	14,551,758.72	41,963,044.67
Others	7,683,664.97	29,831,773.08
Total	2,984,569,043.54	2,981,121,744.40

Explanations on cash payments relating to other operating activities: None.

(2) Cash relating to investment activities

Cash received relating to other investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Principal and interest of time deposits and other financial products redeemed	7,043,006,500.00	1,978,176,523.10
Total	7,043,006,500.00	1,978,176,523.10

Important cash received relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Principal of stocks, financial products, etc.	553,145,988.51	2,858,040,561.69
Principal and interest of time deposits and other financial products	7,043,006,500.00	1,978,176,523.10
Interest and income from stocks, time deposits, financial products, etc.	420,227,984.66	136,597,866.72
Total	8,016,380,473.17	4,972,814,951.51

Explanations on cash received relating to other investing activities: None.

Cash payments relating to other investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Net cash outflow from disposal of subsidiary		37,021.72
Time deposits and other banking products	5,143,140,000.00	3,805,272,300.00
Total	5,143,140,000.00	3,805,309,321.72

Important cash paid relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Time deposits and other banking products	5,143,140,000.00	3,805,272,300.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	675,074,486.64	575,507,137.90
Banking products and other wealth management products	2,900,000,000.00	68,700,000.00
Equity investment funds	500,000,000.00	
Total	9,218,214,486.64	4,449,479,437.90

Explanations on cash payments relating to other investing activities: None.

(3) Cash received relating to financing activities

Cash received relating to other financing activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Withholding and remittance of individual income tax on dividend distribution	73,292,510.43	
Refund of dividend distribution guarantee deposit	2,000,000.00	
Total	75,292,510.43	

Explanations on cash received relating to other financing activities: None.

Cash paid relating to other financing activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Payment of lease costs	90,383,082.47	91,230,648.56
Handling fee for financing activities	2,381,635.77	953,227.70
Withholding and remittance of individual income tax on dividend distribution	60,073,045.88	
Dividend distribution guarantee deposit	2,000,000.00	
Payment for minority equity upon cancellation and liquidation of subsidiary		4,900,000.00
Payments for acquisition of minority equity in Hefei Company		8,100,000.00
Total	154,837,764.12	105,183,876.26

Explanations on cash paid relating to other financing activities: None.

Change of liabilities resulting from financing activities

☒Applicable ☐Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	1,747,303,700.34	822,419,213.86	7,421,589.78	1,702,653,581.37	451,110,649.97	423,380,272.64
Lease liabilities (Lease liabilities due within one year)	247,083,412.30		153,292,150.09	90,383,082.47	30,899,413.95	279,093,065.97
Dividend payable	86,490,742.04		5,878,264,865.44	5,878,264,865.44		86,490,742.04
Other current liabilities		1,000,000,000.00		1,000,000,000.00		0.00
Long-term borrowings	2,100,000.00					2,100,000.00
Total	2,082,977,854.68	1,822,419,213.86	6,038,978,605.31	8,671,301,529.28	482,010,063.92	791,064,080.65

(4) Explanation on presentation of cash flow in net amount: None.

(5) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future: None.

66. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	4,767,072,360.28	4,122,561,096.49
Plus: Impairment provision for assets	131,156,636.24	194,582,766.59
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	203,119,678.85	208,456,263.24
Depreciation of right-of-use assets	83,364,568.49	100,305,178.75
Amortization of intangible assets	25,012,034.21	30,940,993.27
Amortization of long-term deferred expenses	38,404,127.20	33,493,659.88
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated with "-")	435,663.65	79,370.88
Losses on scrapping of fixed assets (gain is indicated with "-")	-2,037,253.77	10,575,067.50
Losses on changes in fair value (gain is indicated with "-")	-136,837,009.94	-123,566,330.46
Financial expenses (income is indicated with "-")	62,336,462.09	49,601,252.93
Investment losses (gain is indicated with "-")	-842,061,414.65	-779,010,728.82
Decrease of deferred income tax assets (increase is indicated with "-")	-66,105,807.62	22,377,570.54
Increase of deferred income tax liabilities (decrease is indicated with "-")	19,095,259.83	-23,307,165.39
Decrease in inventories (increase is indicated with "-")	113,232,804.84	1,539,521,695.37
Decrease in operating receivable items (increase is indicated with "-")	-758,018,810.16	-2,088,116,474.45
Increase in operating payable items (decrease is indicated with "-")	585,907,421.72	198,990,559.88

Others	72,926,421.01	5,257,571.82
Net cash flows from operating activities	4,297,003,142.27	3,502,742,348.02
2. Major investment and financing activities irrelevant to cash income and expense:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	10,275,529,575.34	14,151,765,468.49
Less: Opening balance of cash	14,151,765,468.49	13,046,160,012.47
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-3,876,235,893.15	1,105,605,456.02

(2) Net cash paid for acquisitions of subsidiaries for the period: None.

(3) Net cash received from disposal of subsidiaries for the period: None.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	10,275,529,575.34	14,151,765,468.49
Including: Cash on hand	124,469.53	258,600.92
Bank deposit available for payment at any time	10,222,574,046.06	14,114,677,091.39
Other cash and bank balance available for payment at any time	52,831,059.75	36,829,776.18
III. Cash and cash equivalents at the end of the reporting period	10,275,529,575.34	14,151,765,468.49

(5) Presentation of items with restricted use but still belonging to cash and cash equivalents: None.

(6) Cash and bank balance which are not cash and cash equivalents

Item	Amount in the reporting period	Amount in the previous period	Reasons for not belonging to cash and cash equivalents
Guarantee deposit, banker's acceptance bill deposit, performance deposit, etc	21,699,196.16	48,618,045.43	Cannot be withdrawn at any time

Cost specially used for housing reform and maintenance	2,648,389.00	2,643,393.65	Cannot be withdrawn at any time
Cost for property preservation		500,000.00	Cannot be withdrawn at any time
Cost specially used for identity conversion for employees in state-owned enterprises	588,106,000.80	14,816,169.10	Cannot be withdrawn at any time
Total	612,453,585.96	66,577,608.18	

(2) Description of overseas business entities; for material overseas business entities, disclose their major business places overseas, functional currency and the selection criterion thereof; should there be any change in the functional currency, disclose the reason for such change.

☐ Applicable ☒ Not applicable

69. Lease

(1) The Company as the lessee

☒ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☒ Applicable ☐ Not applicable

Item	Amount
Variable lease payments not included in the measurement of lease liabilities	1,853,203.38

Simplified handling of payments of short-term leasing or leasing of low value assets

☒ Applicable ☐ Not applicable

Item	Amount
Simplified handling of fees of short-term leasing or leasing of low value assets	21,297,315.26

After-sales leaseback transactions: None.

(2) The Company as the lessor

Operating lease where the Company is the lessor

☒ Applicable ☐ Not applicable

Item	Receipts from lease	Including: Receipts related to variable lease payments not included in lease receipts
Houses and buildings	19,604,965.17	
Total	19,604,965.17	

Finance lease where the Company is the lessor

☐ Applicable ☒ Not applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☒ Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases

(3) Recognition of profits and losses on sales under finance leases as a manufacturer or distributor

☐ Applicable ☒ Not applicable

70. Data resources: None.

71. Others

None.

VIII. R&D Expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee Benefits	176,428,120.44	155,787,826.65
Materials consumption and inspection fees	58,715,281.92	33,036,222.54
Depreciation and amortization	12,553,292.71	18,301,737.20
Test outsourcing fee	13,008,621.76	38,167,290.57
Commissioned R&D cost	44,437,281.25	67,328,221.73
New product design fee	18,717,995.73	4,086,610.07
Others	24,522,693.78	27,733,552.52
Total	348,383,287.59	344,441,461.28
Including: Expensed R&D expenditure	337,413,301.03	336,013,434.83
Capitalized R&D expenditure	10,969,986.56	8,428,026.45

1. R&D projects meeting capitalization conditions

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Internal development costs	Others	Recognized as intangible assets	Transfer to current profits or losses	
P137 Project R&D (IND)	14,452,474.57	10,969,986.56				25,422,461.13
Total	14,452,474.57	10,969,986.56	0.00	0.00	0.00	25,422,461.13

Important capitalized R&D projects: None.

Impairment provision for R&D expenditure: None.

2. Important outsourced project under study: None.**IX. Changes in the Consolidation Scope****1. Business combination not under common control: None.****2. Business combination under common control: None.****3. Reverse purchase: None.****4. Disposal of subsidiaries**

Whether there were any transactions or events during the period in which control of subsidiaries was lost

☐Yes ☒No

Whether there was a loss of control in the current period under a progressive disposal of investments in subsidiaries through multiple transactions

☐Yes ☒No

5. Changes in the consolidation scope due to other reasons

Describe the change in scope of consolidation for other reasons (e.g. Establishing new subsidiaries, liquidating subsidiaries, etc.) and its details:

(1) Establishment of new subsidiaries

1) Yunnan Baiyao Group TCM Resources Co., Ltd invested in the establishment of Hangzhou Shanqi Health Industry Co., Ltd, with a registered capital of RMB 1,000,000 and a 100% ownership. Yunnan Baiyao included Hangzhou Shanqi Health Industry Co., Ltd into its consolidation scope from April 2024.

2) Yunnan Pharmaceutical Co., Ltd invested in the establishment of Yunnan Pharmaceutical Zhaotong Co., Ltd, with a registered capital of RMB 10,000,000 and a 100% ownership. Yunnan Baiyao included Yunnan Pharmaceutical Zhaotong Co., Ltd into its consolidation scope from March 2024.

3) Yunnan Baiyao Group TCM Resources Co., Ltd invested in the establishment of Yunnan Baiyao Group Seed Industry Technology Co., Ltd, with a registered capital of RMB 10,000,000 and a 100% ownership. Yunnan Baiyao included Yunnan Baiyao Group Seed Industry Technology Co., Ltd into its consolidation scope from December 2024.

4) Yunnan Baiyao Group Zhiyun Health Services Co., Ltd invested in the establishment of Shaanxi Zhiyun Wenshu Health Services Co., Ltd, with a registered capital of RMB 1,000,000 and a 100% ownership. Yunnan Baiyao included Shaanxi Zhiyun Wenshu Health Services Co., Ltd into its consolidation scope from November 2024.

5) Yunnan Baiyao Group Co., Ltd invested in the establishment of Yunnan Yunling Management

6. Others: None.**X. Interest in Other Entities****1. Interest in subsidiaries****(1) Composition of the Group**

Unit: RMB

Name of subsidiary	Registered capital	Main business location	Place of registration	Business nature	Shareholding proportion		Acquisition method
					Direct	Indirect	
Yunnan Baiyao Group TCM Resources Co., Ltd	16,400,000.00	Kunming	Kunming	Pharmaceutical	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Medicine E-commerce Co., Ltd.	30,000,000.00	Kunming	Kunming	Wholesale and retail of daily necessities	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	25,000,000.00	Wuxi	Wuxi	Pharmaceutical	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	15,515,000.00	Dali	Dali	Pharmaceutical	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Health Products Co., Ltd.	84,500,000.00	Kunming	Kunming	Production and sales of health and daily chemicals	100.00%	0.00%	Set-up or investment
Yunnan Pharmaceutical Co., Ltd.	1,000,000,000.00	Kunming	Kunming	Pharmaceutical wholesale and retail	100.00%	0.00%	Set-up or investment
Yunnan Institute of Materia Medica	54,080,000.00	Kunming	Kunming	New Drug R&D	100.00%	0.00%	Business combination under common control
Yunnan Baiyao Holding Investment Co., Ltd.	100,000,000.00	Kunming	Kunming	Investment	100.00%	0.00%	Business combination under common control
Yunnan Baiyao Teayield Co., Ltd.	20,000,000.00	Kunming	Kunming	Tea	100.00%	0.00%	Business combination under common control
Yunnan Baiyao Group (Hainan) Co., Ltd.	15,000,000.00	Hainan	Danya	Import and export agency, technical services, etc.	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Shanghai Co., Ltd.	15,000,000.00	Shanghai	Shanghai	Technical services	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Medical Technology Hefei	25,970,800.00	Hefei	Hefei	Medical Device Production and Sales	100%	0.00%	Business combination not under the

Co., Ltd.							same control
Shanghai Yunzhen Medical Technology Co., Ltd.	900,000.00	Shanghai	Shanghai	Technical development and service	100.00%	0.00%	Set-up or investment
YNBY International Limited	0.00	Hong Kong	Hong Kong	Trade	28.06%	45.62%	Business combination not under the same control
Yunnan Baiyao Tiancui Business Management Co., Ltd.	3,000,000.00	Kunming	Kunming	Catering	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Beijing Co., Ltd.	50,000,000.00	Beijing	Beijing	Technology promotion service	100.00%	0.00%	Set-up or investment
Yunhe Pharmaceutical (Tianjin) Co., Ltd.	20,000,000.00	Tianjin City	Tianjin City	Research and experimental development	100.00%	0.00%	Set-up or investment

Explanation of the inconsistency of the percentage of shares in subsidiaries with the proportion of voting rights: None.

Basis for holding half or less of the voting rights but still controlling investees, and holding more than half of the voting rights but not controlling investees: None.

Basis for controlling major structured entities consolidated into the financial statements:

The structured entities included in the scope of consolidation of the Group include CICC Directional Asset Management-GF-CICC Qirui 1 and Shanghai Trust Platinum Series Hong Kong Market Investment Single Fund Trust. Because the Group has power over such structured entities, enjoys variable returns by participating in related activities, and has the ability to use its power over the investee to influence its variable returns, the Group has control over such structured entities.

Basis for determining whether the Company is an agent or an entrustor: None.

Other explanations: None.

(2) Key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Percentage of shares held by minority interests	Profit and loss attributable to non-controlling interests in the current period	Dividends declared to non-controlling interests in the current period	Balance of minority shareholders' equity at the end of the period
YNBY International Limited	26.32%	4,391,193.58		-55,511,300.32

Explanation on the inconsistency of the percentage of shares held by minority shareholders in subsidiaries with the proportion of voting rights: None.

Other explanations: None.

(3) Main financial information of key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
YNBY International Limited	328,272,842.86	12,491,866.59	340,764,709.45	94,092,251.84	5,957,177.35	100,049,429.19	336,579,182.52	17,052,211.25	353,631,393.77	112,222,845.17	21,056,768.96	133,279,614.13

Unit: RMB

Name of subsidiary	Amount for the current period				Amount for the previous period			
	Operating revenue	Net Profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net Profit	Total comprehensive income	Cash flows from operating activities
YNBY International Limited	689,091,622.71	16,683,866.18	20,363,500.62	33,115,847.31	651,184,145.52	122,600,946.27	123,857,222.10	27,823,483.10

Other explanations: None.

(4) Major restrictions on the use of assets and settlement of debts of the corporate group: None.

(5) Financial support or other support provided for structured entity included in the scope of consolidation for the consolidated financial statements

None.

Other explanations: None.

2. Transaction in which the share of owners' equity in the subsidiary changes while control over the subsidiary remains unchanged

(1) Explanations on changes in the share of owners' equity in the subsidiary: None.

(2) Impact of the transaction on the minority shareholders' equity and the owners' equity attributable to the parent company: None.

3. Interest in joint arrangement or associates

(1) Important joint ventures or associates

Name of joint venture or associate	Main business location	Place of registration	Business nature	Shareholding proportion		The accounting method for investments in joint ventures or associates
				Direct	Indirect	
Shanghai Pharmaceuticals Holding Co., Ltd.	Shanghai	No. 92 Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone	Pharmaceuticals	17.95%		Equity method for long-term equity investments

Explanation of the inconsistency of the percentage of shares in joint ventures or associates with the proportion of voting rights: None.

Basis for holding 20% or less voting rights but having important influence, or holding 20% or more voting rights but not having important influence: None.

(2) Main financial information of important joint ventures: None.

(3) Main financial information of important associates

Unit: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the previous period
Current assets	171,823,107,421.97	162,433,862,348.46
Non-current assets	49,386,322,726.20	49,538,671,418.34
Total assets	221,209,430,148.17	211,972,533,766.80
Current liabilities	126,038,386,279.10	122,371,879,034.89
Non-current liabilities	11,428,680,148.00	9,274,561,766.98
Total liabilities	137,467,066,427.10	131,646,440,801.87
Minority interests	12,066,743,749.10	11,801,949,913.58

Equity attributable to shareholders of the parent company	71,675,619,971.97	68,524,143,051.35
Share of net assets based on percentage of shareholding	12,866,662,562.66	12,316,447,243.08
Adjustment		
- Goodwill	934,411,132.40	935,589,606.31
- Unrealized profit on internal transactions	-7,831,910.38	-5,399,246.55
- Others	-1,731,865,195.92	-1,709,991,043.28
Book value of equity investment in associates	12,061,376,588.76	11,536,646,559.56
Fair value of equity investments in associates for which publicly quoted prices exist	13,978,162,716.00	11,135,936,297.08
Operating revenue	275,250,934,889.66	260,295,088,943.53
Net profits	5,870,011,314.88	5,166,570,284.26
Net profits from discontinued operations		
Other comprehensive income	-62,617,948.59	-126,719,890.54
Total comprehensive income	5,807,393,366.29	5,039,850,393.72
Dividends received from associates during the year	326,157,130.04	406,032,345.56

Other explanations: None.

(4) Combined financial information of insignificant joint ventures and associates

Unit: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the previous period
Joint ventures:		
Total of the followings based on the percentage of shareholdings		
Associates:		
Total book value of investments	9,809.54	14,433.37
Total of the followings based on the percentage of shareholdings		
- Net profit	-318,336.97	-746,786.87
- Other comprehensive income	244.20	
- Total comprehensive income	-318,092.77	-746,786.87

Other explanations: None.

(5) Explanation on significant restrictions on the ability of joint ventures or associates to transfer funds to the Company: None.

(6) Excess loss generated from joint ventures or associates

Unit: RMB

Name of joint venture or associate	Cumulative unrecognized losses in the previous period	Unrecognized losses in the current period (or net profit)	Cumulative unrecognized losses at the end of the current
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	shared in the current period)	period
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Lijiang Changgengming

Unit: RMB

Accounting item	Amount for the current period	Amount for the previous period
Other income	84,203,749.10	75,375,220.16

Other explanations: None.

XII. Risks Associated with Financial Instruments

(I) Risks incurred by financial instruments

The Group's financial instruments include equity investments, debt investments, loans, receivables and accounts payable, etc., as detailed in the relevant items under Note VI. The risk management objective of the Group is to get an appropriate balance between risk and return, minimize the negative impact of risk on business results of the Group, and maximize the interest of shareholders and other equity investors. Based on this risk management objective, the basic risk management strategy of the Group is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control risks within a limited range.

1. Market risks

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price, including exchange rate risk, interest rate risk and other price risk.

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and possible changes in market risk related variables on current profits and losses or shareholders' equity. Since any risk variable rarely changes in isolation, and the correlations that exist between variables will have a significant impact on the ultimate amount of a change in a risk variable, in the following explanation, it is assumed that each variable changes independently.

(1) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the exchange rate. Exchange rate risk arises from financial instruments denominated in foreign currencies other than the functional currency. The Group's principal operations are located in the PRC, the functional currency is RMB, and its principal p6ptio7ns and n(s)-1()-3(rat8(T)-91(t)1its)-57(pripa)1(lher exc(t)1its)-154itson Sbu(i)1(s)-

rate risk, and financial liabilities at fixed rates expose the Group to the fair value interest rate risk. The Group determines the relative proportion of contracts carrying fixed and floating rates according to prevailing market conditions. As at December 31, 2024, the Group's interest-bearing debt consisted mainly of fixed-rate borrowing contracts denominated in RMB amounting to RMB 404,233,333.39 (end of last year: RMB 1,016,734,728.09), and the exposure to changes in market interest rates was not material.

(3) Other price risk

The investments classified as financial assets at fair value through profits or losses held by the Group are measured at fair value on the balance sheet date. Therefore, the Group is exposed to fluctuations in the securities market. The Group reduces the price risk of equity portfolio investments by holding multiple equity portfolios.

As at December 31, 2024, if the expected price at which the Group holds the above types of investments had increased or decreased by 5%, while other factors remained unchanged, the Group would have increased or decreased its net profit by approximately RMB 18,398,335.90.

2. Credit risk

As at December 31, 2024, the maximum exposure to credit risk that could cause the Group's financial loss is mainly due to losses on the Group's financial assets arising from the failure of the other party to perform its obligations under the contract and financial guarantees undertaken by the Group, including:

The book value of recognized financial assets in the consolidated balance sheet. For financial instruments measured at fair value, the book value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future;

The financial guarantee contract amount disclosed in Note XI "Commitments and contingencies."

To reduce credit risk, the Company's self-produced drugs and health products are generally sold in accordance with the principle of first payment before delivery. When selecting dealers (customers), the Company will investigate the scale and financial strength, market resources, operations, brands, sales networks, and sales channels of dealers (customers). Only dealers (customers) that meet the requirements of the Company can be selected. Yunnan Pharma, a subsidiary of the Company, mainly faces the customer credit risk caused by credit sales. Yunnan Pharma strictly implements credit management for the whole process of credit sales. It has established a customer credit evaluation management system, and divided customers into various types according to their nature, expected sales, operating conditions, and development potential. For each type of customer, it will set assessment credit and red line credit days according to a unified division standard, and then confirm the effective sales and the time limit to stop billing, and make credit sales forecast and evaluation before the transactions. In the process of cooperation, dynamic credit adjustment is carried out according to the actual purchase amount of customers and the change of business scale, so that the credit sales amount given matches its business strength. Because the Company only deals with recognized and reputable third parties, and customer bases are mainly medical institutions at all levels, large pharmacy chains, distributors, community and township medical service outlets, no collateral is required. Credit risk concentration is managed by customer type, geographic region and industry.

Because the Company's customer base for accounts receivable is widely dispersed in different regions and industries, there is no significant concentration of credit risk within the Company.

The Group's working capital is held in banks with high credit ratings and therefore the credit risk of working

capital is low.

3. Liquidity risk

Liquidity risk is the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to pay its debts as they fall due. Liquidity risk is centrally controlled by the Company's Financial Department. The Financial Department ensures that the Company has sufficient funds to service its debt with all reasonable projections by monitoring cash balances, readily realizable marketable securities and rolling projections of cash flows for the next 12 months.

The maturity analysis of financial liabilities based on undiscounted contractual cash flows of the Company is as follows:

(1) The Company's current liabilities include short-term loans, notes payable and accounts payable, and other payables, which are expected to be repaid within 1 year.

(2) The maturity analysis of non-current liabilities (including the non-current liabilities due within 1 year) based on undiscounted contractual cash flows of the Company is as follows:

Item	December 31, 2024				Total
	Within one year	1 to 2 years	2 to 3 years	Above 3 years	
Long-term loans				2,100,000.00	2,100,000.00
Lease liabilities	88,436,075.74	63,253,673.61	49,397,616.62	78,005,700.00	279,093,065.97
Total	88,436,075.74	63,253,673.61	49,397,616.62	80,105,700.00	281,193,065.97

(II) Hedging

(1) The Company carried out hedging business for risk management

☐Applicable ☒Not applicable

(2) The Company conducted eligible hedging business and applied hedging accounting: None.

(3) The Company carried out hedging business for risk management, which is expected to achieve risk management target, but did not apply hedging accounting

☐Applicable ☒Not applicable

3. Financial assets

(1) Classification by type of transfer

☐Applicable ☒Not applicable

(2) Derecognition of financial assets due to transfer

☐Applicable ☒Not applicable

(3) Financial assets involved in continued assets transfer

☐Applicable ☒Not applicable

Other explanations: None.

XIII. Disclosure of Fair Value**1. Final fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Closing fair value			
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading	179,246,998.10	2,363,266,525.30	4,600,000.00	2,547,113,523.40
(1) Investment in liability instruments				
(2) Investment in equity instruments	179,246,998.10			179,246,998.10
(3) Derivative financial assets				
(4) Others		2,363,266,525.30	4,600,000.00	2,367,866,525.30
(II) Accounts receivable financing			1,887,789,780.16	1,887,789,780.16
(1) Notes receivable			1,887,789,780.16	1,887,789,780.16
(III) Other non-current financial assets	190,764,240.00		196,958,378.32	387,722,618.32
Investment in equity instruments	190,764,240.00		196,958,378.32	387,722,618.32
(III) Investment in other equity instruments			71,745,000.00	71,745,000.00
Total assets at continuous fair value measurement	370,011,238.10	2,363,266,525.30	2,161,093,158.48	4,894,370,921.88
II. Noncontinuous fair value measurement	--	--	--	--

2. Determination basis of the market price of the item measured using level I fair value measurement continuously and non-continuously

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for items subject to level II continuous and noncontinuous fair value measurement

The Company generally classifies the financial products it holds, such as wealth management products, as level II fair value measurement items. The Company recognizes the fair value of these financial products based on their net asset value, with minimal fluctuations in fair value. As of the end of 2024, the Company's holdings of such financial products had a fair value of RMB 2,363,266,525.30.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for items subject to level III continuous and noncontinuous fair value measurement

(1) Other non-current financial assets subject to level III continuous fair value measurement are the equity investment in non-listed companies held by the Company. The Company will obtain the annual auditor's report of the investee, consider the operating environment, operating conditions and financial status of the investee enterprise, and determine the closing fair value on the basis of the closing net assets of the company. Other investments in other equity instruments are the equity of non-listed companies held by the Company. As the investee is a start-up biotechnology company, considering that the business environment and operating conditions of the invested enterprise currently in the project R&D phase, its financial position have not changed substantially at the time of the new investment, the investment cost is used as the best estimate of fair value in the current period.

(2) The accounts receivable financing subject to level III fair value measurement are the notes receivable held by the Company, mainly including banker's acceptance bill. Its credit risk is negligible, its remaining term is short (less than 12 months), and its book value is close to its fair value. The book value is used as the best estimate of fair value by the Company.

5. The reconciliation information between opening and closing book values and unobservable parameter sensitivity analysis for the items subject to level III continuous fair value measurement

The financial assets and liabilities measured at amortized cost reported in the financial statements mainly include: notes receivable, accounts receivable, other receivables, long-term borrowings, short-term borrowings, notes payable, accounts payable, other payables, long-term payables, etc.

6. For the items subject to continuous fair value measurement, if there is a conversion between all levels in the current period, the reason for the conversion and the policy for determining the time point of the conversion

None.

7. Changes in the valuation technology and the reason for the changes in the current period

None.

8. Fair value of financial assets and financial liabilities that are not measured at fair value

None.

9. Others

None.

XIV. Related Parties and Related Party Transactions

1. Information about the parent company of the Company

Explanations on the parent company of the Company: None.

Ultimate controller of the Company: None.

Other explanations:

1. Controlling shareholders and ultimate controller

The proposal of merger and overall listing of Yunnan Baiyao Group and Baiyao Holdings by issuing shares had been considered and approved at the First Extraordinary General Meeting of Yunnan Baiyao for 2019. On April 24, 2019, CSRC issued the

Zheng Jian Xu Ke [2019] No. 770). Prior to the completion of the above-mentioned merger and overall listing, the controlling shareholder of the Company was Baiyao Holdings, and there was no de facto controller. After the completion of the transaction, SASAC of Yunnan Province and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and neither of them obtained the control over the listed company. SASAC of Yunnan Province, along with New Huadu and its acting-in-concert parties, had made long-term share lock-up commitments. Therefore, the listed company did not have de facto controller before and after the transaction.

On May 22, 2020, SASAC of Yunnan Province transferred 321,160,222 shares of the Company held by it to its wholly-owned subsidiary State-owned Equity Management Company at nil consideration. After the completion of the transfer, State-owned Equity Operation and Management Company and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and there was no change in the Company's situation of not having a de facto controller or controlling shareholder.

On December 8, 2021, SASAC of Yunnan Province transferred 100% of the shares held by State-owned Equity Operation and Management Company to Yunnan Investment Group Co., Ltd. After the equity transfer, Yunnan

3. Information about joint ventures and associates of the Company

For details of important joint ventures or associates of the Company, please refer to Note X3 (1) Important Joint Ventures or Associates.

Details or associates of the Compa40at(of)-51withf the of ulti-51ngf la40at(df)-51 Associates.

YEIG Property Services Co., Ltd.	Sub-subsidiary of the substantial shareholder
Tibet Juliang E-commerce Co., Ltd.	Sub-subsidiary of the substantial shareholder
Kunming Guiyan New Material Technology Co., Ltd.	Subsidiary of the substantial shareholder
Guiyan Chemical Materials (Yunnan) Co., Ltd.	Sub-subsidiary of the substantial shareholder
Guiyan Platinum Industry Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Kunhua Hospital Investment Management Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Pharmaceutical Health Products Import and Export Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Gongtuo TCM Materials and Decoction Pieces Industry Development Co., Ltd.	Sub-subsidiary of the substantial shareholder
Shanghai Skynet Brand Management Crop., Ltd.	Equity investment company of the subsidiary of the substantial shareholder

Other explanations: None.

5. Related party transactions

(1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Information of commodities purchased/labor services accepted

Unit: RMB

Related Party	Contents of related party transaction	Amount for the current period	Approved transaction limit	Whether exceeding the transaction limit	Amount for the previous period
Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	Purchase of goods and services	728,349,788.25	120,000,000.00	No	615,537,706.00
Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	Purchase of medical devices, goods and drugs	23,819,450.91	50,000,000.00	No	32,852,184.77
MB Packaging Limited	Purchase of goods	4,544,493.47			3,925,036.06
Yunnan Gongtuo TCM Materials and Decoction Pieces Industry Development Co., Ltd.	Purchase of goods	4,004,620.45			
Yunnan State-owned Equity Operation Management Co., Ltd.	Purchase of services	1,469,355.33			
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Purchase of goods	1,098,494.12			
YEIG Property Services Co., Ltd.	Purchase of services	1,049,364.96			
Teh-Ho Canned Food Company and its subsidiaries	Purchase of goods and promotion services	578,624.26			2,661,071.80
Kunming Yusi Pharmaceutical Co., Ltd.	Purchase of goods	545,939.23			767,124.82

Shanghai Skynet Brand Management Crop., Ltd.	Purchase of goods, Dunhuang IP licensing fee, yolk cat IP licensing and derivative product design and other service fees	498,819.05			164,408.23
Yunnan Drug Technology Development Operation Co., Ltd.	Purchase of goods	200,352.21			
Yunnan Salt Wenshan Co., Ltd.	Purchase of industrial salt	27,079.65			56,548.68
Yunnan Salt Rixin Co., Ltd.	Purchase of raw materials	-29,996.79			37,433.63
Kunming Jinkuan Trading Co., Ltd.	Purchase of goods and services				2,923,733.27
Quanzhou New Huadu Supercenter Co., Ltd.	Purchase of services				336,792.44
Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	Purchase of goods				232,920.36
Yunnan Salt Lijiang Co., Ltd.	Purchase of salt products				353.98

Information of commodities sold/labor services provided

Unit: RMB

Related Party	Contents of related party transaction	Amount for the current period	Amount for the previous period
Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	Sale of goods	474,122,601.09	405,843,813.13
Tibet Jiushi Zhihe Marketing Co., Ltd.	Sale of goods	267,190,270.17	260,774,824.31
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Sales of drugs	16,068,315.55	
Yunnan Provincial Pharmaceutical Technology Development and Operation Co., Ltd.	Sales of drugs	12,013,360.11	2,820,416.84
Yunnan Baoshan Medicine Co., Ltd.	Sales of drugs	582,396.79	437,891.88
Lijiang Changgengming Trading Co., Ltd.	Sales of drugs	257,609.51	259,161.96
Tibet Juliang E-Commerce Co., Ltd.	Sale of goods	104,934.51	
Jiulai Zhihe (Beijing) Technology Co., Ltd.	Sale of goods	70,894.16	
Kunming Jinkuan Trading Co., Ltd.	Sale of goods		28,520,999.82

Yunnan Salt Rixin Co., Ltd.	Sales of drugs	52,762.79	
Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	Sales of drugs	23,805.00	
Kunming Guiyan New Material Technology Co., Ltd.	Inspection services	6,000.00	2,830.19
Yunnan Hongta Bank Co., Ltd.	Sales of drugs	5,852.48	
Guiyan Chemical Materials (Yunnan) Co., Ltd.	Inspection services	4,300.00	
Guiyan Platinum Industry Co., Ltd.	Sales of drugs	236.02	

Explanations on related party transactions on purchase and sales of goods and rendering and receiving of services: None.

(2) Trusteeship/contracting and entrusted management/outsourcing: None.

(3) Leasing between related parties

The Company as the lessor: None.

The Company as the lessee:

Unit: RMB

Name of lessor	Types of leased assets	Rental costs for short-term leases and leases of low-value assets that are streamlined (if applicable)		Variable lease payments that are not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased right-to-use assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
Yunnan Jianshui County Xingda Medicine Co., Ltd.	House					1,629,730.00	1,552,123.81	176,599.56	15,144.50	7,545,479.15	
Yunnan Baoshan Medicine Co., Ltd.	House, equipment, vehicle					3,758,075.00	2,813,785.08	73,844.23	17,373.95		8,120,850.14
Yunnan Tianma Pharmaceutical Co., Ltd.	House					1,841,918.53	770,642.20	36,476.85	38,043.92	2,857,171.88	
Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	Vehicle and equipment						602,477.88				602,477.88
Chuxiong Jiayuan Medicine Co., Ltd.	Equipment						141,592.93		4,104.37		
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	House						633,686.24	21,069.80	60,511.53	3,447,933.32	1,565,165.47
YEIG Power Assembly Park Development Co., Ltd.	House					1,364,087.62	1,364,087.62	178,898.07	231,019.21		

Explanations on leasing between related parties: None.

(4) Related party guarantees: None.**(5) Borrowings with related parties**

Unit: RMB

Related Party	Borrowing amount	Commencement date	Due date	Description
Borrowing				
Entity A	500,000.00	February 29, 2024	March 14, 2024	Repaid
Entity A	1,500,000.00	February 29, 2024	June 28, 2024	Repaid
Loans				

(6) Asset transfer and debt restructuring of related parties: None.**(7) Remuneration to key management personnel**

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Remuneration to key management personnel	33,776,976.72	39,094,528.46

(8) Other related party transactions: None.**6. Amounts receivable from and payable to related parties****(1) Receivables**

Unit: RMB

Item name	Related Party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	18,347,243.79	915,508.67	14,929,453.95	588,430.73
Accounts receivable	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	4,827,582.65	241,379.13	256,854.37	12,842.72
Accounts receivable	Yunnan Drug Technology Development Operation Co., Ltd.	3,456,930.86	172,846.54	16,253.88	812.69
Accounts receivable	Lijiang Changgengming Trading Co., Ltd.	2,849,942.43	1,291,749.42	2,717,793.63	610,834.92
Accounts receivable	Yunnan Baoshan Medicine Co., Ltd.	8,331.65	416.58		
Accounts receivable	MB Packaging Limited	4,050.00	1,215.00		
Other receivables	Yunnan Kunhua Hospital Investment Management Co., Ltd.	200,000.00	10,000.00		
Other receivables	Yunnan Baiyao Chinese Herbal Medicine Technology Co., Ltd			179,791.57	158,771.36
Prepayment	Yunnan Pharmaceutical Health Products Import and Export Co., Ltd.	185,900.08			
Prepayment	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	117,455.24		1,185,072.72	
Prepayment	Qiubei County Wanhe Pharmaceutical Co., Ltd	72,206.41			
Prepayment	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	9,757.13		205,957.44	

Prepayment	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	4,145.40			
Notes receivable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries			689,199.51	
Accounts receivable financing	Tibet Jiushi Zhihe Marketing Co., Ltd.	8,102,835.34		1,544,428.80	
Accounts receivable financing	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries			8,225,916.72	

(2) Payables

Unit: RMB

Item name	Related Party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	86,515,415.13	60,976,451.66
Accounts payable	MB Packaging Limited	1,731,652.43	28,682.85
Accounts payable	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	530,062.48	
Accounts payable	Kunming Yusi Pharmaceutical Co., Ltd.	195,914.10	196,663.49
Accounts payable	Yunnan Drug Technology Development Operation Co., Ltd.	216,491.97	
Accounts payable	Teh-Ho Canned Food Company and its subsidiaries	46,990.36	44,515.35
Accounts payable	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	43,245.62	
Accounts payable	Shanghai Skynet Brand Management Crop., Ltd.	39,911.51	
Accounts payable	Yunnan Salt Rixin Co., Ltd.	8,403.60	42,300.00
Accounts payable	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.		907,736.56
Accounts payable	Qiubei County Wanhe Pharmaceutical Co., Ltd.		10,779.90
Accounts payable	Chuxiong Jiayuan Medicine Co., Ltd.		3,126.32
Accounts payable	Yunnan Renjiu Technology Co., Ltd.		0.30
Notes payable	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	8,977,012.28	11,503,853.81
Notes payable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	1,050,654.60	1,745,473.86
Other payables	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	4,229.99	
Other payables	Kunming Yusi Pharmaceutical Co., Ltd.	2,353.18	
Other payables	Chuxiong Jiayuan Medicine Co., Ltd.		604.80
Other payables	Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.		12,831.86
Dividend payable	State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government, New Huadu Industrial Group Co., Ltd.	86,490,742.04	86,490,742.04
Contractual liabilities	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	27,079,192.76	50,412,199.36

Contractual liabilities	Tibet Jiushi Zhihe Marketing Co., Ltd.	2,172,816.79	2,427,757.00
Contractual liabilities	Yunnan Baoshan Medicine Co., Ltd.	548,382.19	567,217.96
Non-current liabilities due within one year	Yunnan Baoshan Medicine Co., Ltd.	1,869,495.16	2,610,019.14
Non-current liabilities due within one year	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	1,652,355.08	526,744.88
Non-current liabilities due within one year	Yunnan Jianshui County Xingda Medicine Co., Ltd.	1,434,687.47	
Non-current liabilities due within one year	Yunnan Tianma Pharmaceutical Co., Ltd.	1,428,311.30	761,902.21
Non-current liabilities due within one year	YEIG Power Assembly Park Development Co., Ltd.	1,321,553.56	1,185,189.56
Non-current liabilities due within one year	Chuxiong Jiayuan Medicine Co., Ltd.	338,184.26	
Lease liabilities	Yunnan Jianshui County Xingda Medicine Co., Ltd.	4,657,661.24	
Lease liabilities	YEIG Power Assembly Park Development Co., Ltd.	1,382,344.99	3,889,088.11
Lease liabilities	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	1,148,722.02	
Lease liabilities	Yunnan Baoshan Medicine Co., Ltd.		2,714,419.89

7. Related party commitments: None.

8. Others: None.

XV. Share-based Payment

1. General information about share-based payment

☐Applicable ☒Not applicable

2. Equity-settled share-based payment

☐Applicable ☒Not applicable

3. Cash-settled share-based payment

☐Applicable ☒Not applicable

4. Share payments during the period

☐Applicable ☒Not applicable

5. Amendment and termination of share-based payment

Not applicable.

6. Others

Not applicable.

XVI. Commitment and Contingencies**1. Significant commitments**

Significant contingencies on the balance sheet date

1. Provision of guarantees for Yunnan Yuncheng Hospital Management Co., Ltd.

In November 2017, the Company issued the

. According to the announced2 cnnt, Yunnan Provincial Health and Family Planning Commission was authorized by Yunnan Provincial People's Government to serve as the project impledentation agency of the Chenggong Hospital PPP project (Phase I project) of the First Affiliated Hospital of Kunming M26 cndical University, and The First Affiliated Hospital of Kunming Medical University was authorized to be the representative of the government, to invest and hold shares on behalf of the governm2 cnnt, and jointly establish Yunnan Yuncheng Hospital Management Co., Ltd (the "Project Company") with social capital. Yunnan Pharma, a wholly-owned subsidiary of the Company, and Yunnan Haopy Pharmaceutical Sales Co., Ltd, a private capital, formed a consortium to bid for the project, and finally won the bid. According to the requirements of the procurement documents, Yunnan Pharma shall invest RMB 100,000 in the Project Company in cash, with an equity ratio of 10%. The consortium shall undertake joint and several guarantee liability for the PPP project debt of the Project Company for a period of 12 years, and the maximum total guarantee amount of the consortium should be RMB 1.5 billion.

In June 2024, according to the special resolution of Yunnan Pharma, both parties reached an agreement to terminate the PPP project (Phase I) of the Chenggong Hospital, the First Affiliated Hospital of Kunming Medical University, and the related contracts and agreements from April 2024. Therefore, the consortium's joint and several guarantee liability for the PPP project debts of the project company has also been terminated accordingly.

2. Contingencies**(1) Significant contingencies on the balance sheet date**

None.

(2) Where the Company had no significant contingencies to disclose, explanation is also required

The Company had no significant contingencies to disclose.

3. Others

None.

XVII. Events Subsequ26 cnnt to the Balance Sh26 cnet Date

1. **Important non-adjusting events: None.**
2. **Profit distribution: None.**
3. **Sales return: None.**
4. **Explanation on other events subsequent to the balance sheet date: None.**

XVIII. Other Significant Events

1. **Correction of previous accounting errors: None.**

2. **Debt restructuring: None.**

3. **Assets exchange**

- (1) **Exchange of non-cash and bank balance: None.**

- (2) **Exchange of other assets: None.**

4. **Annuity plan**

- (1) In accordance with the _____ and _____

_____ of the Ministry of Labor and Social Security, as well as the Letter Yun Lao She Han [2006] No. 267 of Department of Labor and Social Security of Yunnan Province, the Company was approved to establish an enterprise annuity. The investment manager of the enterprise annuity fund is Fullgoal Fund Management Co., Ltd, and the trustee of the enterprise annuity fund is China Merchants Bank Co., Ltd. The enterprise contribution shall be paid annually at 5% of the total salary of the employees of the Company in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution. The individual contribution shall be collected and paid by the Company from the employee's salary.

(2) According to the replies of Yunnan Provincial Department of Human Resources and Social Security (Yun Ren She Letter [2009] No.79) and Kunming Municipal Labor and Social Security Bureau (Kun Lao She Han [2008] No.204) on the _____, Yunnan Pharma, a subsidiary of the Company, was approved to establish an enterprise annuity. The investment manager of the enterprise annuity fund is Ping An Annuity Insurance Company of China, Ltd, and the trustee of the enterprise annuity fund is China Merchants Bank Co., Ltd. According to the plan, the enterprise contribution shall be paid annually at no more than 8.33% of the total salary of the employees of Yunnan Pharma in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution.

(3) According to the replies of Yunnan Provincial Department of Human Resources and Social Security (Yun Ren She Letter [2009] No.79) and Kunming Municipal Labor and Social Security Bureau (Kun Ren She Han [2016] No.21) on the _____ Yunnan Institute of Materia Medica, a subsidiary of the Company, was approved to establish an enterprise annuity. According to the reply from the Kunming Municipal Bureau of Human Resources and Social Security (Kun Ren She Han [2024] No. 105) to the _____, the adjustment of the corporate pension plan for Yunnan Institute of Materia Medica has been approved. The investment manager of the enterprise annuity fund is Ping An Annuity Insurance Company of China, Ltd, and the

trustee of the enterprise annuity fund is China Construction Bank Corporation. According to the plan, the enterprise contribution shall be paid annually at no more than 5% of the total salary of the employees of Yunnan Institute of Materia Medica in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution.

(4) In accordance with the (Decree No. 36 of Ministry of Human Resources and Social Security), (Decree No. 11 of Ministry of Human Resources and Social Security) and other relevant provisions as well as the issued by Wuxi Human Resources and Social Security Bureau (Xi Ren She Fu [2018] No.27), Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd, a subsidiary of the Company, was approved to establish an enterprise annuity. The investment manager of the enterprise annuity fund is Ping An Annuity Insurance Company of China, Ltd, and the trustee of the enterprise annuity fund is China Construction Bank Corporation. According to the plan, the enterprise contribution shall be paid annually at no more than 5% of the total salary of the employees of Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution.

5. Discontinuation of operation: None.

6. Segment information

(1) Determination basis and accounting policy of reporting segments: None.

(2) Financial information of reporting segments: None.

(3) If the Company has no reporting segment or the total assets and total liabilities of the reporting segments cannot be disclosed, please explain the reason: None.

(4) Other explanations: None.

7. Other significant transactions and matters that have an impact on investors' decision-making

On April 28, 2023, YNBY International Limited ("YNBY International," stock code: 00030, formerly known as Ban Loong Holdings), a subsidiary of the Company, disclosed an announcement stating that HLB Hodgson Impey Cheng Limited ("HLB") has resigned as the auditor of Ban Loong Holdings with effect from April 25, 2023. The Board, with the recommendation of the Audit Committee, resolved to appoint Zhonghui Anda CPA Limited ("Zhonghui Anda") as the auditor of the Company with effect from April 28, 2023 to fill the casual vacancy following the resignation of HLB as auditor of the Company, and to hold office until the conclusion of the next annual general meeting of Ban Loong Holdings.

On January 15, 2024, YNBY International published the 2021 Annual Report, the 2022 Interim Report, the 2022 Annual Report and the 2023 Interim Report. The 2021 Annual Report (from April 1, 2020 to March 31, 2021) and the 2022 Annual Report (from April 1, 2021 to March 31, 2022) were audited by Zhonghui Anda, and the type of audit comment in the audit report issued was "Disclaimer of Opinion." Matters that resulted in the audit comment of "Disclaimer of Opinion" were businesses that occurred prior to the tender offer of the Company in January 2022, for which the Company had made appropriate treatment at the point of acquisition. In addition, after the acquisition, the Company actively took over YNBY International in an orderly manner in accordance with the requirements of

listed companies. Thanks to the efforts of all parties of the Company, the requirements under the Resumption Guidelines were fulfilled on January 30, 2024, and the Resumption Guidelines were fully complied with to the satisfaction of the Hong Kong Stock Exchange. The trading in YNBY International was resumed on January 31, 2024 with effect from 9:00 a.m. onwards.

On March 22, 2024, the Board of Directors of YNBY International held a meeting to consider the audited results for the financial year ended December 31, 2023 (The period of business results was from April 1, 2023 to December 31, 2023) and the publication of the relevant results announcement on the websites of The Stock Exchange of Hong Kong Limited and YNBY International. The type of audit comment in the audit report for the fiscal year ended December 31, 2023 was qualified, which was mainly due to the fact that the matters leading to disclaimer of opinion still had an impact on the financial data at the beginning of the year (the fiscal year ended March 31, 2023). The matters leading to qualified opinion did not have a significant impact on the Group's financial data and results of operations for 2023.

On March 14, 2025, YNBY International held a Board meeting to consider and approve the audited performance for the fiscal year ending December 31, 2024 (performance period from January 1, 2024 to December 31, 2024), and the related performance announcement will be published on the Hong Kong Stock Exchange and the YNBY International website. The audit report for the fiscal year ending December 31, 2024, still contains a qualified opinion, which relates to the issues raised in the qualified opinion for the previous fiscal year (ending December 31, 2023). However, these issues do not impact the financial data and operation results of the Group for 2024.

8. Others: None.

XIX. Notes to Major Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	1,227,895,866.19	614,449,599.26
1 to 2 years	3,872,165.80	85,846,594.74
2 to 3 years	79,324,328.73	5,516,424.89
Above 3 years	650,617,364.49	645,998,164.53
Total	1,961,709,725.21	1,351,810,783.42

(2) Disclosure by provision for bad debts

Unit: RMB

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debt		Provision for bad debt		Book value	
	Amount	Proportion	Amount	Proportion				

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Age-based portfolio	67,854,948.56	20,993,861.37	30.94%
Related party portfolio	1,893,854,776.65		0.00%
Total	1,961,709,725.21		

Explanation on the basis for determining the portfolio: None.

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

☐Applicable ☒Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the period: None.

(4) Actual write-off of accounts receivable for the period: None.

(5) Top five customers in closing balance of accounts receivable and contractual assets summarized by debtor

Unit: RMB

Customer name	Closing balance of accounts receivable	Closing balance of contractual assets	Closing balance of accounts receivable and contractual assets	Percentage of total of closing balance of accounts receivable and contractual assets	Closing balance of provision for bad debts of accounts receivable and provision for impairment of contractual assets
Customer A	875,784,318.69		875,784,318.69	44.64%	
Customer B	133,003,690.45		133,003,690.45	6.78%	
Customer C	32,447,019.88		32,447,019.88	1.65 %	
Customer D	8,531,233.95		8,531,233.95	0.43%	426,561.70
Customer E	6,144,074.28		6,144,074.28	0.31%	
Total	1,055,910,337.25	0.00	1,055,910,337.25	53.81%	426,561.70

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	10,348,033.98	4,531,100.00
Other receivables	6,491,515,478.29	4,122,557,802.76
Total	6,501,863,512.27	4,127,088,902.76

(1) Interest receivable**1) Category of interest receivable: None.****2) Significant overdue interest: None.****3) Disclosure by provision for bad debts**☐Applicable ☒Not applicable**4) Provision for bad debts accrued, recovered or reversed during the period: None.****5) Actual write-off of dividends receivable during this reporting period: None.****(2) Dividends receivable****1) Category of dividends receivable**

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Jacobson Pharma Co., Ltd.	6,482,280.00	4,531,100.00
JBM (Healthcare) Co., Ltd.	3,865,753.98	
Total	10,348,033.98	4,531,100.00

2) Significant dividends receivable aged above 1 year: None.**3) Disclosure by provision for bad debts**☐Applicable ☒Not applicable**4) Provision for bad debts accrued, recovered or reversed during the period: None.****5) Actual write-off of dividends receivable during this reporting period: None.****(3) Other receivables****1) Other receivables by nature**

Unit: RMB

Nature	Book balance at the end of the reporting period	Book balance at the beginning of the reporting period
Amounts from related parties within the scope of consolidation	6,622,159,259.62	4,254,011,881.88
Deposits and guarantees	7,874,816.28	14,347,777.84
Petty cash and others	12,856,300.67	7,104,113.05
Total	6,642,890,376.57	4,275,463,772.77

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Opening balance at the end of the period
Within 1 year (inclusive of 1 year)	2,829,671,131.53	1,864,972,976.56
1 to 2 years	1,704,148,058.85	943,970,831.13
2 to 3 years	841,712,325.56	677,614,286.73
Above 3 years	1,267,358,860.63	788,905,678.35
Total	6,642,890,376.57	4,275,463,772.77

3) Disclosure by provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Single account receivable with provision for bad debts										
Including :										
Provision for bad debts by portfolio	6,642,890,376.57	100.00%	151,374,898.28	2.28%	6,491,515,478.29	4,275,463,772.77	100.00%	152,905,970.01	3.58%	4,122,557,802.76
Including :										
Age-based portfolio	20,731,116.95	0.31%	5,400,228.74	26.05%	15,330,888.21	21,451,890.89	0.50%	6,931,300.47	32.31%	14,520,590.42
Related party portfolio	6,622,159,259.62	99.69%	145,974,669.54	2.20%	6,476,184,590.08	4,254,011,881.88	99.50%	145,974,669.54	3.43%	4,108,037,212.34
Total	6,642,890,376.57	100.00%	151,374,898.28	2.28%	6,491,515,478.29	4,275,463,772.77	100.00%	152,905,970.01	3.58%	4,122,557,802.76

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Age-based portfolio	6,622,159,259.62	145,974,669.54	2.20%
Related party portfolio	20,731,116.95	5,400,228.74	26.05%
Total	6,642,890,376.57	151,374,898.28	

Explanation on the basis for determining the portfolio: None.

Provision for bad debts in accordance with the general expected credit loss model:

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses	Lifetime ECL (not credit-	Lifetime ECL (credit-	

	for the next 12 months	impaired)	impaired)	
Balance as of January 1, 2024	152,905,970.01			152,905,970.01
Balance as of January 1, 2024 in the current period				
——Transferred to Phase 2				0.00
——Transferred to Phase 3				0.00
——Transferred back to Phase 2				0.00
——Transferred back to Phase 1				0.00
Current provision				0.00
Current reversal	1,531,071.73			1,531,071.73
Current transfer				0.00
Current write-off				0.00
Other changes				0.00
Balance as of December 31, 2024	151,374,898.28			151,374,898.28

Division base for each phase and proportion of provision for bad debts: None.

Changes in book balance with significant changes in loss reserves in the current period

☐Applicable ☒Not applicable

4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts for the period:

Unit: RMB

Category	Opening balance	Change in the current period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Other changes	
Age-based portfolio	6,931,300.47		1,531,071.73			5,400,228.74
Related party portfolio	145,974,669.54					145,974,669.54
Total	152,905,970.01		1,531,071.73			151,374,898.28

Provision for bad debt with important amount of recovery or reversal during the period: None.

5) Actual write-off of other receivables during this reporting period: None.

6) Top five customers in closing balance of other receivables summarized by debtor

Unit: RMB

Entity name	Nature	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of provision for bad debts
Entity A	Related parties within the	1,451,940,522.54	Within 1 year	21.86%	

	scope of consolidation				
Entity B	Related parties within the scope of consolidation	1,401,501,648.75	Within 1 year, above 1 year	21.10%	
Entity C	Related parties within the scope of consolidation	859,470,144.83	Within 1 year, above 1 year	12.94%	
Entity D	Related parties within the scope of consolidation	824,545,699.09	Within 1 year, 1 to 2 years, above 3 years	12.41%	
Entity E	Related parties within the scope of consolidation	385,859,311.47	Within 1 year, 1 to 2 years, 2 to 3 years	5.81%	145,974,669.54
Total		4,923,317,326.68		74.12%	145,974,669.54

7) Reported as other receivables due to centralized fund management: None.

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	2,593,195,450.92	244,474,941.95	2,348,720,508.97	2,573,195,450.92	244,474,941.95	2,328,720,508.97
Investments in associates and joint ventures	12,578,620,530.71		12,578,620,530.71	11,553,542,823.25		11,553,542,823.25
Total	15,171,815,981.63	244,474,941.95	14,927,341,039.68	14,126,738,274.17	244,474,941.95	13,882,263,332.22

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Closing balance of impairment provision	Increase and decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Yunnan Baiyao Group TCM Resources Co., Ltd.	130,894,518.14						130,894,518.14	0.00
Yunnan Baiyao Group Medicine E-commerce Co., Ltd.	56,059,850.00						56,059,850.00	0.00
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	39,627,253.25						39,627,253.25	0.00
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	16,489,200.00						16,489,200.00	0.00
Yunnan Baiyao Group Health Products Co., Ltd.	168,297,661.03						168,297,661.03	0.00
Yunnan Pharmaceutical Co., Ltd.	765,533,647.30						765,533,647.30	0.00
Yunnan Institute of Materia Medica	101,075,329.94						101,075,329.94	0.00
Yunnan Baiyao Holding Investment Co., Ltd.	193,992,837.67						193,992,837.67	0.00
Yunnan Baiyao Teayield Co., Ltd.	3,701,960.00	20,000,000.00					3,701,960.00	20,000,000.00
Yunnan Baiyao Group (Hainan) Co., Ltd.	457,198,438.74						457,198,438.74	0.00
Yunnan Baiyao Group Shanghai Co., Ltd.	11,350,000.00						11,350,000.00	0.00
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	85,700,000.00						85,700,000.00	0.00
Shanghai Yunzhen Medical Technology Co., Ltd.	200,572,858.37						200,572,858.37	0.00
YNBY International Limited Yunhe Pharmaceutical (Tianjin) Co., Ltd.	98,226,954.53	224,474,941.95					98,226,954.53	224,474,941.95

(2) Investments in associates and joint ventures

Unit: RMB

			Increase and decrease in the current period
Investee	Opening balance (book value)	Closing	

The recoverable amount is determined based on fair value less the disposal expense.

☐Applicable ☒Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

☐Applicable ☒Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

Reversal of impairment provision of accounts receivable subject to individual impairment test	1,738,612.00	
Non-operating revenue and expenses other than the above	-28,939,412.06	
Other profits and losses satisfying the definition of non-recurring profits and losses	47,186,324.01	
Less: Amount affected by the income tax	37,938,914.49	
Amount affected by minority interests (after tax)	4,868.25	
Total	226,357,961.32	--

Other profits and losses satisfying the definition of non-recurring profits and losses:

☒Applicable ☐Not applicable

Other profit and loss items that meet the definition of non-recurring profit and loss mainly include other non-recurring profit and loss such as interest on time deposits and return of individual income tax fees.

Note for the definition of non-recurring profits and losses set out in the

, as recurring profits and losses

☐Applicable ☒Not applicable

2. Return on equity and earnings per share

Profits during the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profits attributable to ordinary shareholders of the Company	11.99%	2.66	2.66
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	11.42%	2.53	2.53

