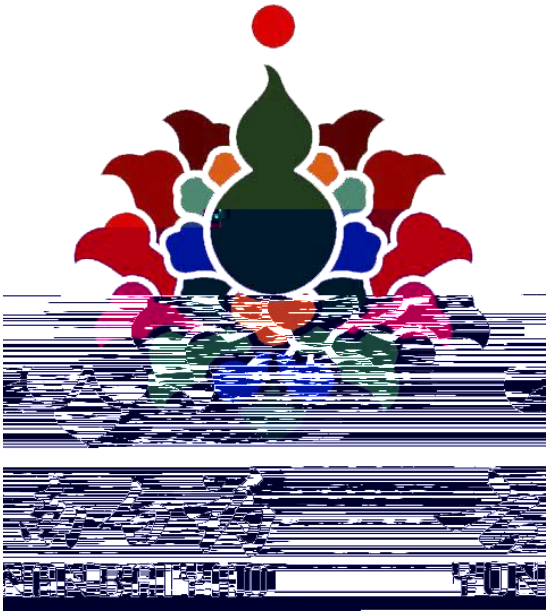


Yunnan Baiyao Group Co., Ltd.

Annual Report 2025

Section I Important Notes, Contents, and Definitions .....

Section II Company Profile and Key Financial Indicators .....

.....

..

Section V Significant Events.....

Section VI Changes in Shareholdings and Particulars about Shareholders .....

Section VII Bonds.....

Section VIII Financial Statements.....

	: de facto controller

	Pan-China Certified Public Accountants LLP :

R Not applicable

R Not applicable

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

R No

	2025	2024	Increase/decrease compared to the previous year	2023
Operating revenue (RMB)	41,186,999,090.31	40,033,300,814.72	2.88%	39,111,292,156.00
Net profit attributable to shareholders of the listed company (RMB)	5,153,486,838.91	4,749,415,499.55	8.51%	4,093,782,074.02
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (RMB)	4,864,568,403.16	4,523,057,538.23	7.55%	3,763,605,361.07
Net cash flows from operating activities (RMB)	4,599,693,880.44	4,297,003,142.27	7.04%	3,502,742,348.02
Basic earnings per share (RMB/share)	2.89	2.66	8.65%	2.29
Diluted earnings per share (RMB/share)	2.89	2.66	8.65%	2.29
Weighted average ROE	13.02%	11.99%	Up 1.03 percentage points	10.51%

RNo

RApplicable

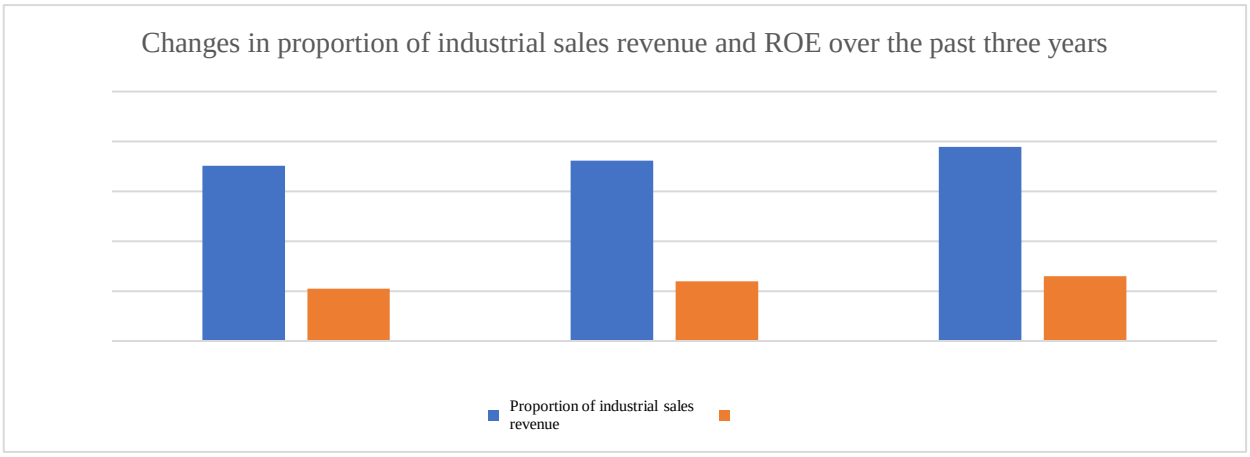
	7,198,923.23	2,527,905.42	110,477,911.97	
:	96,333,463.99	84,203,749.10	75,375,220.16	
Profits and losses from changes in fair value of financial				

Note for the definition of non-recurring profits and losses set out in the *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses*, as recurring profits and losses

R Not applicable

The Company does not define any non-recurring profits and losses set out in the *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses* as recurring profits and losses.

:


Changes in proportion of industrial sales revenue and ROE over the past three years
Proportion of industrial sales revenue

:

:

:

:

:

Project Cycle	Project Name	Therapeutic Area	Progress Overview
Short-term	Redevelopment Project for Baiyao Series Products	Orthopedics	The evidence-based medical research project on the use of Yunnan Baiyao Aerosol for the treatment of pain associated with closed rib fractures has had its pilot study and received the statistical analysis report completed; an expert workshop on the formal trial protocol has been held; and the selection of a contract research organization (CRO) and the confirmation of the list of sub-centers have been finalized.
		Orthopedics	The multi-center clinical trial on Yunnan Baiyao Capsules for treating limb swelling in patients with ankle fractures has had 36 subjects enrolled.
		Orthopedics, Rheumatology	The Yunnan Baiyao Ointment project, or specifically the new rubber patch project, has had the validation of the finished product quality analysis methods, pre-validation of the manufacturing process, and safety evaluations regarding skin irritation and allergic reactions completed. The evidence-based medical research project on the treatment of joint pain caused by rheumatoid arthritis has had the selection of a contract research organization (CRO), the preparation of investigational drugs, and the blinding process completed, and has obtained more than 10 ethics approvals from the lead hospital and sub-centers.
	Qixuekang project	Cardiovascular	A clinical research paper titled *Effectiveness and Safety of Qixuekang Oral Liquid on Vascular Health* has been published in the *Journal of Translational Internal Medicine*.
			The redevelopment and research project for Qixuekang Oral Liquid under the major TCM varieties has been successfully approved as a major provincial science and technology program by the Yunnan Provincial Department of Science and Technology.
	Redevelopment project of Gongxuening	Gynecology	A paper on post-abortion bleeding has been published in a core journal; a clinical trial summary report on the treatment of abnormal uterine bleeding has been completed; a clinical trial summary report on reducing vaginal bleeding after medical abortion has been completed; a pharmacoeconomic study on post-abortion bleeding has been completed; and a network pharmacology trial has been completed.
	Post-marketing Evaluation of Capsules	Urology	The clinical trial summary report has been received.

Project Cycle	Project Name	Therapeutic Area	Progress Overview
Medium-term	Pan-Panax notoginseng Tablet project	Cardiovascular	Data collection for 704 cases in the Phase II clinical trial has been completed, generating a summary report. Pharmaceutical-related research has been completed, with the production process finalized.
	Fuqi Guben Ointment project	Urology	Phase III clinical trials have been initiated at 17 research centers, with 486 participants enrolled.
	Ancient classical famous prescription project	Urology, respirology, gastroenterology	Production validation for Qingxin Lotus Seed Granules has been completed; pre-NDA communication materials have been submitted and feedback received, and the NDA dossier is currently being drafted; process research for commercial-scale production of Ophiopogon Decoction Granules is currently underway.

:

R Applicable

:	

:

R Not applicable

RNot applicable

RNot applicable

RNot applicable

:

R Applicable

			:	

:

:

			:	
		: :		

:

:						:

:

R Not applicable

:

R Not applicable

R Not applicable

R Not applicable

R App

:

:								

:

:		
:		
:		
:		

R Applicable

:

:

:

:

:

:

				:		

				:		

:

				:		
				:		

:

				:		

				:		

R

RNo

R

:

:

:

:

:

RNo

R Not applicable

:

	:											
:												

:

:

	:											

:

	:											
			:									

R

	:			

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

: :

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

: :

: :

: :

:

:

: :

:

:

:

:

:

:

:

R Not applicable

R

:

		:			
	:				

RNot applicable

	:					

:						
:						
:						
			:			

R Not applicable

:							

	: : :						
	: : :						
	: : :						
	: : :						

:

	: :						
	: :						
		[redacted]					

:

1RNÉ°

				:			
	:						

				:			

:

:

R Not applicable

R Applicable

RNo

	:					

RNo

	: :	:

R Applicable

RNo

R

RNo

R

	:	
	:	
	:	
	:	

:

:

:

:

:

:

:

:

:

:

:

:

:

:

:

Section V Significant Events

I. Performance of Commitments

1. Commitments of ed
Entities Fulfilled during the Reporting Period or Ongoing at the Period-End

R 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 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 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	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			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; (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.	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			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, utilization scheduling; (4) The independence of the listed -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 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 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 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 conducting these transactions in a transparent, fair, and equitable manner. This involves adhering to commercial 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	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			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 : New Huadu Industrial :	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 eas 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 and in other relevant regulations. All related party transactions 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.	March 23, 2017	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress
Commitments made during asset	State-owned Equity Management Company, New Huadu and its	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,	October 31, 2018	Remain effective during the period of	In progress

restructuring	acting-in-concert parties		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 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,		holding the shares of Yunnan Baiyao (directly and indirectly)	

			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 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 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)	In progress
Commitments	Baiyao Holdings, State-	Commitments	If Yunnan Baiyao and its subsidiaries within the scope of its	December 11,	Remain	In progress

made during asset restructuring	owned Equity Management Company, New Huadu

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,

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.

		completeness of the information provided	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.			
Commitments made during asset restructuring	New Huadu and its acting-in-concert parties	Commitments regarding the authenticity, accuracy, and completeness of the information provided	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 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	June 10, 2021	Remain effective	In progress

			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 ex 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 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 and all of the corresponding compensation liabilities for such losses so caused to the listed company or investors.	June 10, 2021	Remain effective	In progress
Commitments made during asset	State-owned Equity Management Company	Commitments to maintain the independence of	1. On October 31, 2018, SASAC of Yunnan Province, as a shareholder of the listed company, issued the *Commitment Letter of SASAC of Yunnan Province on Maintaining the*	June 10, 2021	Remain effective	In progress

restructuring		the listed company, reduce and regulate related party transactions, and avoid horizontal competition	*Independence of the Listed Company*, *Commitment Letter of SASAC of Yunnan Province on Reducing and Regulating Related Party Transactions*, and *Commitment Letter of SASAC of Yunnan Province on Avoiding Horizontal Competition*. On April 7, 2020, our company issued the *Commitment Letter of State-owned Equity Management Company on Its Undertaking of the Relevant Commitments Made in the Yunnan Province* (*Commitment Letter on Undertaking* 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 company, reduce and regulate related party transactions, and avoid horizontal competition in accordance with the requirements of the *Commitment Letter on Undertaking*, and has not violated any of the commitments made. After the completion of this transaction, our company will continue to strictly fulfill the *Commitment Letter on Undertaking* 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	1. As of the date of signing this commitment letter, our company has always strictly fulfilled the *Commitment Letter on Maintaining the Independence of the Listed Company*, *Commitment Letter on Reducing and Regulating Related Party Transactions*, and *Commitment Letter on Avoiding Horizontal Competition* acting-in-concert parties have always strictly fulfilled the *Commitment Letter on Reducing and Regulating Related Party Transactions* issued on October 31, 2018, and have not	June 10, 2021	Remain effective	In progress

		competition	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. 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 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. 3. As of the date of signing this commitment letter, our -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 -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			

			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.		Pharma	
Whether the commitments are fulfilled as scheduled	Yes					
If any commitment is not fully fulfilled as scheduled, specific cause and action plan should be provided in detail				Not applicable		

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

RNot applicable

3. Performance commitments that the Company is involved in

R

Background	Made by	Period	Metric	Amount of commitment ( )	Actual amount ( )	Percentage of completion (%)
Full acquisition of Anguo Juyaotang Pharmaceutical Co., Ltd.	Ma Xinhong, Ma Zhanjiang, Zhang Shuang, Shi Yuexin, and Shi Guang	2025	Operating revenue	62,400	65,472.44	104.92%
Full acquisition of Anguo Juyaotang Pharmaceutical Co., Ltd.	Ma Xinhong, Ma Zhanjiang, Zhang Shuang, Shi Yuexin, and Shi Guang	2025	Net income	6,600	7,987.76	121.03%

Changes in the performance commitments

RNot applicable

R

(1) Period for the performance commitments

The former shareholders of Juyaotang (Ma Xinhong, Ma Zhanjiang, Zhang Shuang, Shi Yuexin, and Shi Guang) agreed to make commitments regarding the audited net income and operating revenue that Juyaotang will earn during the

Resources Company if Juyaotang fails to achieve the targeted net income and operating revenue amounts. Juyaotang shall cooperate with TCM Resources Company to make sure that the financial audit of Juyaotang can be completed by April 30 each year, and determine whether the performance commitments are delivered according to the audit results.

given in the consolidated financial statements of Juyaotang, which excludes the non-recurring gains and losses, as well as the provision for credit and impairment losses and corresponding income tax expenses, as confirmed by an accounting firm designated or approved by TCM Resources Company. It may, however,

(2) Performance targets

The targeted net income and operating revenue amounts of Juyaotang during the period are as follows:

Year	2025	2026	2027	Total
Targeted net income	RMB 66 M	RMB 59.7 M	RMB 63.9 M	RMB 189.6 M
Targeted operating revenue	RMB 624 M	RMB 616 M	RMB 666 M	RMB 1.906 B

Juyaotang shall issue an audit report before April 30 each year to facilitate both parties in determining whether the performance targets are met. If Juyaotang fails to meet the performance targets, its current shareholders shall compensate TCM Resources Company as agreed in the *Equity Transfer Agreement* within the deadline set out by the latter. At the end of the period for the performance commitments, if TCM Resources Company confirms that Juyaotang has fulfilled

IV.

RNot applicable

V. Explanations Given by the Board of Directors and Independent Directors (if any) Reporting Period

RNot 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

RNot 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

R

For

VIII. Appointment and Removal of Accounting Firm

Currently engaged accounting firm

Name of domestic accounting firm	Pan-China Certified Public Accountants LLP (SGP)
Remuneration for domestic accounting firm (RMB	248.80
Number of consecutive years of audit services of the domestic accounting firm	1
Names of certified public accountants of the domestic accounting firm	Huang Yuanxi, and Zhao Li
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?

R

Was the accounting firm changed during the audit period?

RNo

Was the approval procedure followed to change the accounting firm?

R

Details about the appointment and change of accounting firm

On August 15, 2025, the Company convened the fourth session of the Tenth Board of Directors for 2025, and on September 15, 2025, it held the first extraordinary general meeting of the same year, at which the *2025 (Including Internal Control Audit)* was considered and approved. In view of the fact that Mazars Certified Public Accountants (SGP) (-based bidding process, changed its accounting firm for 2025 and appointed Pan-China Certified Public Accountants LLP (SGP) (hereinafter referred

-

Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai (2023) No. 4) issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, and the China Securities Regulatory Commission, and after comprehensive consideration of its development and management needs.

The Company communicated with Mazars regarding the change of the accounting firm, and Mazars raised no objection to it.

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

R

This year, the Company appointed Pan-China Certified Public Accountants LLP (SGP) as its internal control auditor for 2025 in accordance with the relevant provisions of the *Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai (2023) No. 4)* issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, and the China Securities Regulatory Commission, and after comprehensive consideration of its development and management needs, and paid a total of RMB 600,000 for internal control audit during the period.

IX. Delisting after Disclosure of Annual Report

RNot applicable

X. Bankruptcy and Reorganization

RNot applicable

There was no bankruptcy or restructuring related events during the reporting period.

XI. Legal Matters

RApplicable

Basic Information of Litigation (Arbitration)	Amount Involved	Any Estimated Liability Caused or Not	Litigation (Arbitration) Progress	Litigation (Arbitration) Trial Results and Impacts	Enforcement of Litigation (Arbitration) Judgments	Disclosure Date	Disclosure Index
Litigation case of contract dispute between Shanghai Yuanye Industrial Co., Ltd and others v. Yunnan Baiyao Holding Investment Co., Ltd and others	157,531.78	No	The first-instance trial has commenced; during the court proceedings, the plaintiff, Shanghai Yuanye Industrial Co., Ltd, applied to the court for withdrawal of the lawsuit on March 25, 2026, and the court issued a Civil Ruling Paper on March 26, 2026, granting the withdrawal of the lawsuit by the	Not available	Not available	August 30, 2025	*Interim Report for 2025*

			plaintiff, Shanghai Yuanye Industrial Co., Ltd.				
Summary of events not meeting the disclosure standards for being included in significant litigation (arbitration)	40,021.06	No	Some cases have been filed to be tried; some are being under trials to be adjudicated; some have been adjudicated; some have been closed.	Summary of litigation events has no significant impact on the Company	Some are in the process of being fulfilled or are being enforced against the opposing party in litigation		

XII. Punishments and Rectifications

R Not applicable

There was no punishment or rectification involving the Company during the reporting period.

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

R Not applicable

XIV. Significant Related Party Transactions

1. Connected transactions in relation to daily operations

R 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

R 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

R 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

R Not applicable

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

5. Transactions with related finance companies

R 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

RNot 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

R

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 2025. It is expected that the aggregate total amount of daily related party transactions between the Company and Shanghai Pharma and

audited net assets of RMB 38,831,946,400 as at the end of 2024

meeting for consideration.

The matter has been considered and approved at the first session of the Tenth Board of Directors of the

h are set out in the *Announcement on the Estimation of Daily Related Party Transactions for 2025* (Announcement No. 2025-12), the *Announcement on Resolutions of the First Session of the Tenth Board of Directors of the Company for 2025* (Announcement No. 2025-08), and the *Announcement on Resolutions of the Annual General Meeting for 2024* (Announcement No. 2025-15).

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 2025	April 1, 2025	http://www.cninfo.com.cn
Announcement on Resolutions of the First Session of the Tenth Board of Directors of the Company for 2025	April 1, 2025	http://www.cninfo.com.cn
Announcement on Resolutions of the Annual General Meeting for 2024	April 21, 2025	http://www.cninfo.com.cn

XV. Major Contracts and Their Performance

1. Entrustment, contracting and leases

(1) Entrustment

Applicable RNot applicable

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

(2) Contracting

Applicable RNot applicable

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

(3) Leases

Applicable RNot applicable

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

2. Major guarantees

Applicable Not applicable

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

3. Cash entrusted for wealth management

(1) Entrusted wealth management

R Applicable

Overview of entrusted wealth management during the repo

Product category	Risk characteristics	of entrusted financial nt during the reporting period	Overdue amount unrecovered
ank financial products	Self-owned capital	192,000	0
rokerage financial oducts	Self-owned capital	225,000	0

Specific situations where the Company, as a single princip financial institution to conduct asset management vest in high-risk entrusted wealth management products wi ty and poor liquidity

R Applicable Not applicable

entrFun TJ ET Q q 0246498.95 31.68 7731.8re f* EMC /H /MCID 6696DC q 69.724 r73.05 42.24 5re 31 re f* /P /F2 6.48 Tf 1 0 0 1 27.732 417. <Tm 0 g 0 G -0.] invan

Type of entrusted institution (or trustee)

RNot applicable

There was no use of raised funds of the Company during the reporting period.

XVII. Explanation for Other Significant Events

RApplicable

1. Progress on the establishment of a fund through joint investment with a professional investment institution

On January 7, 2025, the Company signed the *Supplementary Agreement to the Agreement of Yunnan TCM Big Health Innovation Equity Investment Fund Partnership (Limited Partnership)*

Pharmaceutical complied with the relevant requirements for drug registration, and that it was approved for clinical trials in patients with prostate cancer. On June 18, 2025, the Company disclosed the *Announcement on Approval of JZ-14 Capsule for Drug Clinical Trial* (Announcement No. 2025-20), and Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd, a controlled subsidiary of the Company, recently received the *Notification of Approval for Drug Clinical Trial* (Notification No. 2025LP01506, 2025LP01507) issued by the NMPA, which stated that according to examination, the clinical trial application of JZ-14 Capsule of Zhengwu Technology complied with the relevant requirements for drug registration, and that it was approved for clinical trials for ulcerative colitis.

4. Progress of external investments

(1) Full acquisition of Juyaotang

On August 16, 2025, the Company disclosed the *Announcement on Full Acquisition of Anguo Juyaotang Pharmaceutical Co., Ltd* (Announcement No. 2025-

Government for high-quality development of the TCM materials industry in the province, and in alignment with its own strategic development goals, the Company aims to better promote the sales of TCM materials within Yunnan, accelerate the nationwide expansion of Yunnan Baiyao-related businesses, increase the size of operations, and enhance the collaborative efficiency of the TCM material industry chain. In fact, TCM Resources Company, a wholly-owned subsidiary of the Company, has acquired 100% equity of Juyaotang in cash. The equity transfer consideration is RMB 660 million. Upon completion of the transaction, TCM Resources Company will hold Juyaotang 100%.

So far, the equity change registration of Juyaotang has been completed, making Juyaotang a wholly-owned subsidiary of TCM Resources Company and part of Yunnan Baiyao as well. Yunnan Baiyao has assigned executive director, financial controller and other officers to engage with the various business lines of Juyaotang, for full integration and exertion of their respective strengths.

(2) Ter

On August 16, 2025, the Company disclosed the *Announcement of the Resolutions of the Fourth Session of the Tenth Board of Directors in 2025* (Announcement No. 2025-23), according to which the Board of Directors agreed

-owned subsidiary TCM Resources Company should increase its capital contributions to

Phar

19.2865 million respectively. After the capital increase, TCM Resources Company would hold 51% of the equity

n Liangpin Yikang. To efficiently drive these transactions and make sure

that they would be implemented in accordance with applicable laws and regulations and in an orderly manner, the Board of Directors authorized the Group Office Meetings to handle matters related to these transactions within the scope of the applicable laws and regulations and within the framework of the transaction agreement.

the signed transaction agreement, and to meet the equity delivery requirements, Yunnan Baiyao decided to terminate

gpin Yikang and other relevant parties to terminate the *Capital Increase Agreement* and the *Valuation Adjustment Mechanism Agreement*.

5. Completion of non-public issuance of exchangeable corporate bonds by shareholders

On October 24, 2025, the Company disclosed the *Announcement on Completion of the Non-public Issuance of Exchangeable Corporate Bonds by Shareholders Holding More Than 5% of the Shares* (Announcement No. 2025-35). New Huadu, a shareholder holding more than 5 -public exchangeable -shares as the underlying, and obtained the *Letter of No Objection Regarding the Compliance of New Huadu Indus - public Issuance of Exchangeable Corporate Bonds with the Listing Conditions of the Shenzhen Stock Exchange* (SSE Letter [2025] No. 881) from the Shenzhen Stock Exchange, allowing for an issuance size of no more than RMB 2 billion.

Huadu Group - Guosen Securities - :

at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, with the current bond

: :

: - Guosen Securities - 25 New Huadu EB01 Guarantee and Trust Property Special

for the exchange of shares and the repayment of principal and interest of the current exchangeable corporate bonds held by the bondholders. The Company received a written notice from New Huadu on October 23, 2025, which stated that the current exchangeable bonds were issued on October 22, 2025, featuring an issuance size of RMB 2 billion, a coupon rate of 0.1%, an initial conversion price of RMB 71.66 per share, and a bond term of 3 years.

6. Implementation of special dividend and equity distribution for 2025

On September 17, 2025, the Company disclosed the *Announcement on the Implementation of Special Dividend and Equity Distribution for 2025* (Announcement No. 2025-32). Its specific plan for the special dividend and equity

on the total share capital of the Company of 1,784,262,603 shares, the Company proposes to distribute cash dividends of RMB 10.19 per 10 shares (tax inclusive) to all shareholders, with no bonus shares issued and no capital reserve to increase the share capital. The total amount of cash dividend was RMB 1,818,163,592.46. With the distribution ratio of this plan, the total amount of dividend distribution would be determined based on the number of shares entitled to profit distribution on the equity registration date when the distribution plan is implemented in the future. The remaining undistributed profits will be retained for distribution in future years. The equity registration date for the dividend distribution was September 23, 2025, and the ex-dividend date was September 24, 2025.

XVIII. Signific

R Applicable

1. YNBY International completed share placement

Under the general mandate, YNBY International was authorized to place up to 1,359,982,832 new shares. As the conditions for the new share placement agreement were met, the placement agent successfully placed a total of 800,000,000 placement shares at a new placement price of HKD0.1161 per placement share to no fewer than six placees, in accordance with the terms and conditions of the placement agreement. The placement was completed on May 22, 2025.

2. YNBY International exercised convertible bonds

On February 27, 2026, YNBY International allotted and issued 1,937,984,496 shares of YNBY International

convertible bonds on behalf of Yunnan Baiyao), the designated trustee of Yunnan Baiyao, at a conversion price of HKD0.258 per share. This represents approximately 25.50% of the total number of YNBY International shares before the conversion, which stands at 7,599,914,160 shares, and approximately 20.32% of the total number of YNBY International shares after the conversion, which amounts to 9,537,898,656 shares. For details, please refer to the *Announcement on the Progress of Subscribing for Convertible Bonds of YNBY International Limited* (Announcement No. 2026-06) disclosed by the Company on February 27, 2026.

Section VI Changes in Shareholdings and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before this change		Increase/decrease (+, -)					After this change	
	Quantity	Proportion	New shares	Bonds Shares	Capital reserve converted into share capital	Others	Subtotal	Quantity	Proportion
I. Shares subject to trading moratorium	11,567,358	0.65%				-238,125	-238,125	11,329,233	0.63%
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic shareholders	11,567,358	0.65%				-238,125	-238,125	11,329,233	0.63%
Of which: shares held by domestic legal persons									
Shares held by domestic natural persons	11,567,358	0.65%				-238,125	-238,125	11,329,233	0.63%
4. Foreign-invested shares									
Of which: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares not subject to trading moratorium	1,772,695,245	99 84.86							

listed foreign shares									
3. Overseas-listed foreign shares									
4. Others									
III. Total number of shares	1,784,262,603	100.00%				0	0	1,784,262,603	100.00%

Reasons for changes in shareholdings

R Not applicable

Approval of changes in shareholdings

R Not applicable

Transfers for changes in shareholdings

R Not applicable

The impact of changes in shareholdings on financial indicators such as basic and diluted earnings per share, net assets per share

R Not applicable

Other disclosures the Company deems necessary or required by securities regulators

R Not applicable

2. Changes in shares subject to trading moratorium

R 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	5,625	0	110,625	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yin Pinyao	252,000	0	63,000	189,000	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
Yang Fan	0	8,250	0	8,250	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Wang Minghui	756,000	0	189,000	567,000	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	0	0	133,009	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Chen Fashu	9,395,621	0	0	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	13,875	252,000	11,329,233	--	--

II. Issuance and Listing of Securities

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

R Not applicable

and liabilities

R Not applicable

3. Existing staff shares

R 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	186,046	The total number of ordinary	170,974	Total number of	0	The total number of	0

shareholders at the end of the reporting period		shareholders at the end of the preceding month prior to the disclosure date of the annual report		preferred shareholders with resumed voting rights at the end of the reporting period (if any)		preferred shareholders with resumed voting rights at the end of the preceding month prior to the disclosure date 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	26.20%	467,431,774	321,600	0	467,431,774	Pledged	115,500,000
New Huadu Industrial Group Co., Ltd.	Domestic non state-owned legal person	21.28%	379,742,244					

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 *Administrative Measures for Acquisition of Listed Companies*.
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.	467,431,774	RMB-denominated ordinary shares	467,431,774
New Huadu Industrial Group Co., Ltd.	379,742,244	RMB-denominated ordinary shares	379,742,244
Yunnan Hehe (Group) Co., Ltd.	146,185,851	RMB-denominated ordinary shares	146,185,851
New Huadu Group - Guosen Securities - 25 New Huadu EB01 Guarantee and Trust Property Special Account	56,000,000	RMB-denominated ordinary shares	56,000,000
Hong Kong Securities Clearing Company Limited	49,148,066	RMB-denominated ordinary shares	49,148,066
China Securities Finance Corporation Limited	37,373,108	RMB-denominated ordinary shares	37,373,108
China Life Insurance Company Limited - Traditional - General Insurance Products - 005L - CT001 Shanghai	25,169,249	RMB-denominated ordinary shares	25,169,249
Central Huijin Asset Management Ltd.	16,617,440	RMB-denominated ordinary shares	16,617,440
ICBC - Huatai PineBridge CSI 300 Open-ended Index Securities Investment Fund	14,668,126	RMB-denominated ordinary shares	14,668,126
China Construction Bank - E Fund CSI 300 Health & Medicine Traded Open-ended Index Securities Investment Fund	11,914,346	RMB-denominated ordinary shares	11,914,346
Related or acting-in-concert parties among the top 10 circulating 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 *Administrative Measures for Information Disclosure of Changes in Shareholdings of Shareholders of Listed Companies*.		

not subject to trading moratorium, and between the top 10 circulating shareholders not subject to trading moratorium and the top 10 shareholders	
Top 10 ordinary shareholders involved in securities margin trading (if any)	Not applicable

Note: On October 22, 2025, New Huadu completed the issuance of exchangeable bonds of RMB 2 billion. On September 29, 2025, New Huadu : - Guosen Securities - :
Depository and Clearing Corporation Limited, with the current bond trustee Guosen Securities Co., Ltd. serving as the nominal holder, for the purpose of providing guarantees for the exchange of shares and the repayment of principal and interest of the current exchangeable corporate bonds held by the bondholders. The shares involved in the guarantee and trust registration (including the with the
current bo : : - Guosen Securities - 25 New
: of the
shares involved in the guarantee and trust registration, Guosen Securities will seek the opinions of New Huadu in advance and handle them accordingly, but without prejudice to the interests of the current bondholders.

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

RNot applicable

Change in top 10 shareholders and top 10 circulating shareholders not subject to trading moratorium from the previous period resulting from lending/return of shares through refinancing

RNot applicable

Whether the top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to trading moratorium of the Company conducted any agreed repurchase transactions during the reporting period

RNo

The top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to trading moratorium of the Company did not conduct any agreed repurchase transactions during the reporting period.

2. Details about the controlling shareholder

Nature of controlling shareholder: No controlling entity

Type of controlling shareholder: Does not exist

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
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 7, 2024, the Company disclosed the *Announcement on the Shareholding Increase by Shareholders*

(Announcement No. 2024-40). On August 6, 2024, the State-owned Equity Management Company increased its holdings of the

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 500 million and not exceeding RMB 1,000 million. On February 7, 2025, the Company disclosed the

Shareholding Increase Plan (Announcement No. 2025-07). From August 6, 2024, to February 5, 2025, the State-

ing 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

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-

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%

R No

trol level with a shareholding of more than 5% R Shareholders at the ultimate control level with a shareholding of less than 5%

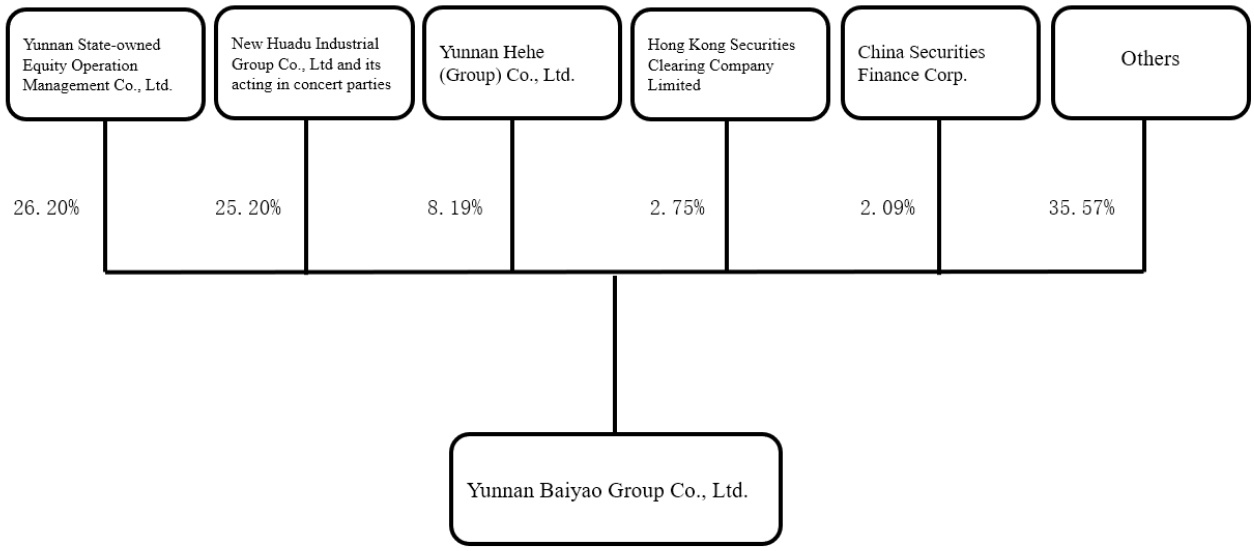
The Company has no de facto controllers.

Change of de facto controllers during the reporting period

R 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

R 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

RNot applicable

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

RApplicable

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.)

6. Restricted reduction of shares held by controlling shareholders, de facto controllers, restructuring parties, and other committed entities

le RNot applicable

IV. Detailed implementation of share repurchase during the reporting period

Implementation of share repurchase

R Not applicable

Implementation of reduction in repurchased shares via centralized bidding

R Not applicable

V. Preference Shares

Not applicable

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

Section VII Bonds

RNot applicable

Section VIII Financial Statements

I. Audit Report

Type of Audit Opinion	Unqualified opinion
Signature Date of Audit Report	March 31, 2026
Name of Audit Body	Pan-China Certified Public Accountants LLP (SGP)
Document No. of Audit Report	TJS (2026) No. 4168
Name of Certified Public Accountant	

Body Text of Audit Report

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

I. Audit Opinions

:

In our opinion, the attached financial statements have been prepared in accordance with the provisions of the *Accounting Standards for Business Enterprises* in all major aspects, and present fairly the consolidated and parent company financial position of as of December 31, 2025, and the consolidated and parent company results and cash flows in 2025.

II. Basis for the Audit Opinion

We conduct our audit in accordance with the PRC Standards on Auditing for Certified Public Accountants.

Baiyao in accordance with the *Chinese Standard on Independence for Certified Public Accountants No. 1 - Requirements for Independence in Financial Statement Audits and Review Engagements* and the PRC Code of Ethics for Certified Public Accountants and have fulfilled our other ethical responsibilities. We have complied with the independence requirements for audits of public interest entities in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

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.

(I) Revenue recognition

1. Matter description

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.

The management is responsible for the preparation of financial statements according to *Accounting Standards for Business Enterprises* 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.

continue as a going concern, disclosing matters related to going concern (as applicable), and applying the going-concern assumption, unless it plans to liquidate, terminate operations, or has no other realistic alternative.

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

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 activities in Yunnan Baiyao to express audit opinions on the financial statements. We are responsible for the direction, supervision, and execution of the Group audits, and 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.

Pan-China Certified Public Accountants LLP (SGP)

Chinese Certified Public Accountants: Huang Yuanxi
(Project Partner)

Hangzhou, China

Chinese Certified Public Accountants: Zhao Li

March 31, 2026

Long-term receivables		
Long-term equity investments	13,227,578,051.91	12,561,276,081.35
Investment in other equity instruments	71,745,000.00	71,745,000.00
Other non-current financial assets	210,855,260.47	387,688,897.11
Investment properties	50,366,578.65	49,884,012.15
Fixed assets	3,274,340,152.34	3,012,878,828.09
Construction in progress	807,592,848.36	703,439,112.24
Productive biological assets	644,624.85	816,524.85
Oil and gas assets		
Right-of-use assets	248,003,380.85	291,177,021.52
Intangible assets	699,193,405.35	561,795,787.78
Including: Data resources		
Development expenses	98,211,219.56	25,422,461.13
Including: Data resources		
Goodwill	300,805,632.99	96,963,241.17
Long-term deferred expenses	108,871,585.00	127,081,811.91
Deferred income tax assets	974,220,393.56	756,975,016.74
Other non-current assets	161,560,224.80	116,374,395.93
Total non-current assets	20,233,988,358.69	18,763,518,191.97
Total assets	54,268,581,131.82	52,914,181,333.05
Current liabilities:		
Short-term loans	182,775,753.21	423,380,272.64
Borrowings from the central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	1,846,714,475.61	1,913,702,684.41
Accounts payable	5,523,021,856.86	4,758,352,403.87
Receipts in advance	190,841.21	446,673.78
Contractual liabilities	1,505,826,938.18	1,916,123,387.16
Financial assets sold under repurchase agreements		
Deposits from customers and interbank		
Customer brokerage deposits		
Acting underwriting of securities		
Payroll payable	1,482,601,305.72	1,283,950,828.82
Taxes and duties payable	278,051,492.11	466,603,767.14
Other payables	1,461,459,334.99	1,386,632,676.75

Including: Interest payable		
Dividends payable	1,317,388.73	86,490,742.04
Fees and commissions payable		
Reinsurance amounts payable		
Held-for-sales liabilities		
Non-current liabilities due within one year	76,443,711.53	88,436,075.74
Other current liabilities	533,163,346.13	620,862,624.93
Total current liabilities	12,890,249,055.55	12,858,491,395.24
Non-current liabilities:		
Reserves for insurance contract		
Long-term loans	86,569,400.83	2,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	141,830,379.18	190,656,990.23
Long-term payables	556,079,941.48	591,533,288.57
Long-term payroll payable	1,718,946.33	1,296,365.44
Estimated liabilities	22,513,696.41	12,726,280.09
Deferred income	271,769,812.59	295,493,565.32
Deferred income tax liabilities	148,417,516.74	93,867,331.53
Other non-current liabilities	1,931,554.36	1,931,554.36
Total non-current liabilities	1,230,831,247.92	1,189,605,375.54
Total liabilities	14,121,080,303.47	14,048,096,770.78
Share capital	1,784,262,603.00	1,784,262,603.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	17,632,117,190.85	17,637,148,823.48
Less: Treasury stock		
Other comprehensive income	-105,091,380.51	-101,263,356.31
Special reserves		
Surplus reserves	2,530,458,968.58	2,530,458,968.58
Provision for general risk		
Undistributed profit	18,202,311,462.52	16,981,339,385.76
parent company	40,044,058,844.44	38,831,946,424.51
Minority interests	103,441,983.91	34,138,137.76
	40,147,500,828.35	38,866,084,562.27

	54,268,581,131.82	52,914,181,333.05

2. Balance sheet of parent company

Unit: RMB

Item		
Current assets:		
Cash and bank balance	7,898,899,516.62	8,385,552,777.48
Financial assets held for trading	4,187,513,408.43	2,496,810,753.70
Derivative financial assets		
Notes receivable	407,360,145.42	675,593,542.66
Accounts receivable	1,959,868,853.22	1,940,715,863.84
Accounts receivable financing	437,824,968.41	591,699,974.35
Prepayment	1,321,672,589.52	1,351,285,270.04
Other receivables	6,632,088,211.74	6,501,863,512.27
Including: Interest receivable		
Dividends receivable	79,875,215.52	10,348,033.98
Inventory	915,778,341.49	1,160,234,826.84
Including: Data resources		
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year		480,295,722.22
Other current assets	526,360,546.17	443,410,111.63
Total current assets	24,287,366,581.02	24,027,462,355.03
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	15,606,066,432.75	14,927,341,039.68
Investment in other equity instruments		
Other non-current financial assets	210,355,260.47	387,188,897.11
Investment properties	486,768,216.63	350,771,014.59
Fixed assets	1,542,652,814.35	1,657,360,463.22
Construction in progress	25,493,467.64	63,945,254.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets	110,808,820.06	195,572,313.66
Intangible assets	249,740,403.29	232,180,054.34
Including: Data resources		
Development expenses	116,497,399.09	25,422,461.13

:

27,248,415.57	40,087,609.94
378,492,475.32	387,502,971.84
407,180,610.18	404,946,229.16
19,161,304,315.35	18,672,318,309.24
43,448,670,896.37	42,699,780,664.27
150,010,000.00	400,133,333.33
4,801,338,529.81	4,018,681,496.23
83,822.40	355,324.62
1,034,888,677.35	1,534,629,073.69
1,098,078,735.81	940,019,555.32
46,701,616.03	207,921,216.70
10,214,340,163.01	10,071,969,063.28
	86,490,742.04
4,725,069.53	15,543,095.75
25,640,252.72	102,375,999.95
17,375,806,866.66	17,291,628,158.87
1,100,000.00	1,100,000.00
107,226,300.59	184,260,902.19
554,689,731.33	591,533,288.57

:

Including: Income from investment in associates and joint ventures	989,141,635.98	774,279,535.69
Investment income from derecognition of financial assets at amortized cost		
-		
-		
-	110,489,468.71	136,837,009.94
-	58,066,387.77	-39,925,926.62

6. Exchange differences from translation of statements denominated in foreign currencies	-4,078,042.68	-4,869,760.83
7. Others		
Other comprehensive income attributable to minority interests, net of tax	-2,185,832.69	-1,716,145.16
VII. Total comprehensive income	5,183,927,000.09	4,753,631,030.94
Total comprehensive income attributable to owners of parent company	5,149,658,814.71	4,737,690,315.37
Total comprehensive income attributable to minority interests	34,268,185.38	15,940,715.57
VIII. Earnings per share		
(I) Basic earnings per share	2.89	2.66
(II) Diluted earnings per share	2.89	2.66

4. Income statement of parent company

Unit: RMB

Item		
I. Operating revenue	9,778,836,364.70	

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	11,120,849.57	13,465,000.80
Other cash receipts related to operating activities	823,606,335.85	612,105,342.04
Subtotal of cash inflows from operating activities	46,289,764,400.58	43,880,006,829.37
Cash paid for goods purchased and services received	31,295,057,710.69	31,321,052,292.37
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	3,084,089,638.03	2,787,102,422.47
Payments of all types of taxes	3,005,176,969.94	2,490,279,928.72
Other cash paid relating to operating activities	4,305,746,201.48	2,984,569,043.54
Subtotal of cash outflows from operating activities	41,690,070,520.14	39,583,003,687.10
Net cash flows from operating activities	4,599,693,880.44	4,297,003,142.27
II. Cash flows from investment activities:		
Cash received from disposal of investments	6,651,743,736.65	553,145,988.51
Cash received from returns on investments	321,151,517.75	420,227,984.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,153,813.56	2,832,967.00
Net cash received from disposal of subsidiaries and other business units	1,680,000.00	
Other cash received relating to investment activities	966,194,049.98	7,043,006,500.00
Subtotal of cash inflows from investment activities	7,941,923,117.94	8,019,213,440.17
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	479,661,609.93	675,074,486.64
Cash paid for acquisition of investments	8,120,040,000.00	3,400,000,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units	500,320,758.81	
Other cash paid relating to investment activities	827,237,810.00	5,143,140,000.00
Subtotal of cash outflows from investment activities	9,927,260,178.74	9,218,214,486.64
Net cash flows from investment activities	-1,985,337,060.80	-1,199,001,046.47

III. Cash flows from financing activities:		
Cash received from absorption of investments	84,483,323.35	
minority shareholder investment	84,483,323.35	
Cash received from borrowings	180,394,185.38	1,886,779,951.02
Other cash received relating to financing activities	70,733,636.26	75,292,510.43
Subtotal of cash inflows from financing activities	335,611,144.99	1,962,072,461.45
Cash payments for settlement of debts	432,074,541.69	2,833,409,772.47
Cash payments for distribution of dividends and profits or repayment of interest	4,042,319,473.77	5,951,560,088.74
Including: Dividends and profits paid to minority shareholders by subsidiaries	10,838,079.03	8,040,928.52
Other cash payments relating to financing activities	210,208,928.13	154,837,764.12
Subtotal of cash outflows from financing activities	4,684,602,943.59	8,939,807,625.33
Net cash flow from financing activities	-4,348,991,798.60	-6,977,735,163.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-8,661,908.99	3,497,174.93
V. Net increase in cash and cash equivalents	-1,743,296,887.95	-3,876,235,893.15
Plus: Opening balance of cash and cash equivalents	10,275,529,575.34	14,151,765,468.49
VI. Closing balance of cash and cash equivalents	8,532,232,687.39	10,275,529,575.34

6. Cash flow statement of parent company

Unit: RMB

Item		
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	10,236,342,793.57	8,301,980,471.69
Receipts from tax refunds		
Other cash receipts related to operating activities	14,573,927,386.68	5,802,561,355.53
Subtotal of cash inflows from operating activities	24,810,270,180.25	14,104,541,827.22
Cash paid for goods purchased and services received	2,368,000,845.50	2,068,505,819.43
Cash paid to and on behalf of employees	1,486,787,999.25	1,289,767,253.56
Payments of all types of taxes	1,468,913,003.99	1,021,449,917.67

Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	701,476,049.98	7,042,506,500.00
Subtotal of cash inflows from investment activities	7,516,576,535.23	8,025,468,778.05
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	178,715,758.64	272,704,559.21
Cash paid for acquisition of investments	8,130,000,000.00	3,420,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities	444,269,110.00	5,142,640,000.00
Subtotal of cash outflows from investment activities	8,752,984,868.64	8,835,344,559.21
Net cash flows from investment activities	-1,236,408,333.41	-809,875,781.16
III. Cash flows from financing activities:		
Cash received from absorption of investments		
Cash received from borrowings	150,000,000.00	1,647,553,068.31
Other cash received relating to financing activities	70,733,636.26	75,292,510.43
Subtotal of cash inflows from financing activities	220,733,636.26	1,722,845,578.74
Cash payments for settlement of debts	400,000,000.00	1,267,153,068.31
Cash payments for distribution of dividends and profits or repayment of interest	4,012,523,754.77	5,891,507,647.80
Other cash payments relating to financing activities	105,639,142.30	77,774,307.15
Subtotal of cash outflows from financing activities	4,518,162,897.07	7,236,435,023.26
Net cash flow from financing activities	-4,297,429,260.81	-5,513,589,444.52
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,933,237.22	286,219.52
V. Net increase in cash and cash equivalents	-449,611,058.64	-3,746,219,847.89
Plus: Opening balance of cash and cash equivalents	7,795,079,954.83	11,541,299,802.72
VI. Closing balance of cash and cash equivalents	7,345,468,896.19	7,795,079,954.83

:

7. Consolidated statement of changes in owners equity

Item	2025														
														Minority interests	
	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	1,784,262,603.00				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
Plus: Changes in accounting policies															
Correction of errors in the prior period															
Others															
II. Opening balance of the current 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
III. Increase/decrease for the period (decrease is indicated with -					-5,031,632.63		-3,828,024.20				1,220,972,076.76		1,212,112,419.93	69,303,846.15	1,281,416,266.08
(I) Total comprehensive income							-3,828,024.20				5,153,486,838.91		5,149,658,814.71	34,268,185.38	5,183,927,000.09
(II) Contribution and withdrawal of capital by owners					37,009,868.76								37,009,868.76	47,191,128.53	84,200,997.29
1. Ordinary shares invested by owners														84,200,997.29	84,200,997.29
2. Capital invested by holders of other equity instruments															
3. Amount of share payment credited to															
4. Others					37,009,868.76								37,009,868.76	-37,009,868.76	
(III) Profit distribution											-3,932,514,762.15		-3,932,514,762.15	-12,155,467.76	-3,944,670,229.91
1. Withdrawal of surplus reserves															

:

2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-3,932,514,762.15		-3,932,514,762.15	-12,155,467.76	-3,944,670,229.91
4. Others															
(IV) Internal carry-over of															
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															

:

Unit: RMB

Item	2024													
	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	Minority interests	equity
		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

:

4. Others														
(IV) Internal carry-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

:

8.

Amount for the current period

Unit: RMB

Item	2025											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undisturbed profits	Others	
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the previous year	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
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Opening balance of the current 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
III. Increase/decrease for the period (decrease is indicated with -)					-42,041,501.39		250,018.48			867,246,688.65		825,455,205.74
(I) Total comprehensive income							250,018.48			4,799,761,450.80		4,800,011,469.28
(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												
4. Others												
(III) Profit distribution												

:

Amount for the previous year

Unit: RMB

:

1. Transfer of capital reserves to capital (or share capital)												
2. Transfer of surplus reserves to capital (or share capital)												

III. Basic Information of the Company

1. Place of registration, form of organization and address of headquarters of the Company

The registered address of Yunnan Baiyao Group Co., Ltd is No.3686 Yunnan Baiyao Street, Chenggong District, Kunming, Yunnan Province. The Company is established as a joint-stock limited company with its head office located at No.3686 Yunnan Baiyao Street, Chenggong District, Kunming, Yunnan Province.

2. History of the Company

The Company was formerly known as Yunnan Baiyao Factory, which was established in June 1971. On May 3, 1993, Yunnan Provincial System Reform Committee approved the establishment of Yunnan Baiyao Industrial Co., Ltd in the Document *Yun Ti Gai [1993] No.48* Yunnan Baiyao Factory, Yunnan Fudian Trust and Investment Company and Lianjiang International Trade Co., Ltd. On June 18, 1993, the Economic System Reform Commission and the Planning Commission of Yunnan Province jointly issued the Document *Yun Ti Gai [1993] No.74* to approve the

shares (in the par value of the shares). On June 24, 1993, the Administration of State-owned Assets of Yunnan Province issued the Document *Yun Guo Zi Zi (1993) No.37* to confirm the appraisal results of Yunnan Baiyao Factory and decided to set up RMB 40 million of national capital stock, amounting to 40 million shares. Yunnan Baiyao Industrial Co., Ltd was approved by CSRC under the *Document Zheng Jian Fa Shen Zi (1993) No.55* to issue 20 million RMB-denominated ordinary shares to the public. Yunnan Baiyao issued 20 million shares to the public in November 1993, of which 18 million shares were issued to the public individuals and 2 million shares

employees.

On November 30, 1993, the Company was registered as a joint-stock limited company with the Administration for Industry and Commerce of Yunnan Province, and on December 15, 1993, the public shares issued by the Company were listed on the Shenzhen Stock Exchange, with a total share capital of 80 million

In accordance with the resolutions passed at the third Extraordinary General Meeting of the fifth Board of Directors of the Company in 2008 on August 11, 2008, and at the first Extraordinary General Meeting of the Company in 2008 on August 27, 2008, and the approval by the CSRC on the Document (*2008) No.1411 Reply on Approving the Private Issuance of Shares of Yunnan Baiyao Group Co., Ltd*, the Company issued 50,000,000 new shares to Ping An Life Insurance Company of China Limited in a private offering, raising funds of RMB 1,393,500,000.00 (including issuance expenses), all of which were subscribed in cash. The share capital of the Company increased from 484,051,138 shares to 534,051,138 shares after the implementation of the above private offerings.

In accordance with the 2009 Annual Equity Distribution Plan approved at the General Meeting of the Company in May 2010, 3 shares were issued to all shareholders from the capital reserve as a bonus for every 10 shares held.

increased to 694,266,479 shares after the distribution.

The 2013 Annual General Meeting was held on May 8, 2014, and in accordance with the resolution of the meeting and the amended articles of association, the shareholders of the Company increased the registered capital by RMB 347,133,239.00. The newly registered capital would be increased by the distribution of 5 bonus shares for

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 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

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-
situation of not having a de facto controller or controlling shareholder.

On April 20,

:

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 *Proposal on Granting Stock Options (Initially Granted Part) to Incentive Participants of the 2020 Equity Incentive Plan*. 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 on Completion of Cancellation of the Repurchased Shares and Changes in Shares* (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

As of December 31, 2025, 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 :) 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, 2026.

As of December 31, 2025, there were 114 subsidiaries and structured entities included in the scope of the : consolidated financial statements. For details, please refer to Note X in Other The Group had 6 new entities included in its consolidated financial statements compared to the end of the previous year, while 3 entity were excluded.

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 *Accounting Standards for Business Enterprises - Basic Standards* 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, *Guidelines for the Application of Accounting Standards for Business Enterprises*, interpretations of *Accounting Standards for Business Enterprises* and other relevant provisions promulgated and revised on and after February 15, 2006 (*Accounting Standards for Business Enterprises*), as well the disclosure provisions of the *Rules No.15 for Governing the Disclosure of Information by Companies Issuing Public Securities - General Provisions for Financial Reporting (Revised in 2023)* issued by CSRC.

In accordance with the relevant provisions of the *Accounting Standards for Business Enterprises* : 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

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

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

he

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

accordance with the determination standards as contained in the *Circular on the Publishment of Interpretation No.5 on Accounting Standards for Business Enterprises Issued by the Ministry of Finance (*Finance and Taxation (2012) No. 19) and Section 51 of *Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements* (See Item (2)).

for in accordance with the previous paragraphs and Section 17 -

bination in the

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 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.

d not attributable to the Company are recognized as minority interests and profits and losses attributable to minority

financial statement

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 *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments* or *Accounting Standards for Business Enterprises No. 22 - The Recognition and Measurement of Financial Instruments* and other regulations. For details, please see Section 17 - or Section 11

: nsactions 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: These transactions were entered into at the same time or upon the consideration of the effects therebetween; These transactions can only generate one complete business result when conducted all together; The occurrence of one transaction depends on the occurrence of at least one other transaction; and 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 of part of long-term equity (please see Item (2) of Section 17 -) disposal (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 financial statements, and, when control is lost, converted into investment income or loss for the period in which control is lost.

8. Classification of joint venture arrangements and accounting treatment method for joint operations

Joint venture arrangement means an arrangement under the common control of two or more parties. The Group classifies the joint venture arrangement into joint operations and joint ventures based on the rights and obligations it enjoys and assumes in the joint venture arrangement. Joint operation means a joint venture arrangement in which the Group owns the assets and assumes the liabilities associated with the arrangement. Joint venture means a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

:

accordance with the accounting policies described in Item (2) -term equity investments accounted for

17 -

For the joint operations, the Group, as a joint venture party, recognizes the assets and liabilities separately held by the Group, : :

:

from the sale of outputs from joint :

: :

When the Group, as a joint venture party, invests in or sells assets to the joint venture (which do not constitute a business, the same below), or purchases assets from the joint operation, the Group recognizes only those portions of the profits and losses arising from the transaction that are attributable to other participants in the joint operation, prior to the sale of such assets to a third party. In the event that such assets incur asset impairment losses in accordance with the provisions of *Accounting Standard for Enterprises No. 8 - Asset Impairment*, the Group will fully recognize such losses if the assets are invested or sold by the Group to the joint operation; In the case of assets purchased by the Group from the joint operation, the Group will recognize such losses on the basis of its share of commitment.

9. Determination standards for cash and cash equivalents

Cash and cash equivalents of the Group include the cash on hand, deposits that can be used for payment at any time, the investments that are held for a short period of time (generally maturing within three months from the date of purchase) which are highly liquid, easily convertible to known amounts of cash, and having minimal risk of changes in value.

10. Foreign currency business and foreign currency statement translation

The method for determining the conversion exchange rate in foreign currency transactions

Upon initial recognition, the foreign currency transactions of the Group are converted into the amount of reporting currency according to the spot exchange rate of the trading day (usually referring to the median price of

).

(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 Exchange differences arising from special loans in foreign currencies related to the acquisition and construction of assets eligible for capitalization, which shall be

fully transferred to the profits and losses of the disposal period.

When part of the equity investment is disposed of or the proportion of overseas operating interest is reduced for other reasons but the control of overseas operations is not lost, the difference in the translation of foreign currency

equity and will not be transferred to the current profits and losses. Upon disposal of part of the equity of the overseas operation as an associate or joint venture, the translation difference of the foreign currency statement related to the overseas operation shall be transferred to the profits and losses of the disposal period in proportion to the disposal of the overseas operation.

If there are foreign currency monetary items that substantially constitute net investments in overseas operations, the exchange difference resulting from changes in exchange rates shall be recognized as other comprehensive

disposal of the overseas operations, it shall be included in the profits and losses of the disposal period.

11. Financial instruments

When the Group becomes a party to a financial instrument contract, it shall recognize a financial asset or financial liability.

(1) Classification, recognition and measurement of financial assets

The Group has classified the financial assets as financial assets at amortized cost; financial assets at fair value through other comprehensive income and financial assets at fair value through profits and losses based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at fair value on initial recognition. For financial assets at fair value through profits and losses, the related transaction costs are recognized directly in profits and losses; and for other categories of financial assets, the related transaction costs are recognized in initial recognition amounts. For the accounts receivable or notes receivable arising from the sale of products or the provision of services that do not contain or take into account a significant financing component, the amount of consideration to which the Group is expected to be entitled shall be taken as the initial recognition amount.

Financial assets at amortized cost

:

contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement, that is, the cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount. For such financial assets, the effective interest rate method is used for subsequent measurement at amortized cost, and any profits or losses arising from amortization or impairment is included in the current profits and losses.

Financial assets at fair value through other comprehensive income

: llection and disposal of

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.

Financial assets at fair value through profits and losses

:

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.

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

:

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.

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: The contractual right to receive the cash flow of the financial asset is terminated; 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; 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 by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the original financial liability, the original financial liability is derecognized and the new financial liability is recognized at the same time. If the Group materially modifies the contractual terms of the original financial liability (or part thereof), it shall derecognize the original financial liability and recognize a new financial liability in accordance with the modified terms.

If a financial liability is derecognized in whole or in part, the difference between the book value of the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in current profits and losses.

(5) Offsetting of financial assets and financial liabilities

When the Group has the legal rights to offset the financial assets and financial liabilities whose amounts have been recognized, the legal rights are currently exercisable, and the Group plans to settle with net amount or realize the financial asset and repay the financial liability simultaneously, the financial assets and financial liabilities can be presented in the balance sheet with the net amount after they are mutually offset. Apart from this, financial assets and financial liabilities shall be presented separately in the balance sheet and not be offset against each other.

(6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. Regarding the financial instruments for which there is an active market, the Group uses quoted prices in an active market to determine their fair values. A quoted price in an active market is a price that is readily available on a regular basis from an exchange, broker, trade association, pricing service agency, etc., and represents the price of a market transaction that actually takes place in a fair trade. If there is no active market for the financial instrument, the Group uses valuation techniques to determine its fair value. The valuation techniques include reference to prices used in recent market transactions by the parties who are familiar with the situation and willing to deal, reference to the current fair value of other substantially identical financial instruments, the discounted cash flow method, and option pricing models. In the valuation, the Group will adopt the valuation techniques applicable in the current situation and supported by sufficiently available data and other information, select the input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability, and give priority to the relevant observable input values when possible. The non-observable input values will be used only when the relevant observable input values are unavailable or not practicable to obtain.

(7) Equity instruments

Equity ins :

: (including refinancing), repurchase, sale or cancellation of equity instruments is treated as changes in equity, and the transaction expenses related to equity transactions are deducted from equity. The Group does not recognize the changes in fair value of equity instruments.

Dividends ( ) distributed during the existence

:

(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.

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.

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.

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

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

11

13. Accounts receivable

1

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 e. The Notes and accounts receivable with the maturity of more than 1 year since the initial recognition are

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

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.

not have control, common control or significant influence over the investee are accounted for as financial assets at fair value through profits or losses. If they are non-trading, the Group may elect to designate them as financial assets at fair value through other comprehensive income at the time of initial recognition. For the accounting policies, IV.

Common control is t :

under which must be decided by unanimous agreement from parties who share the control. Significant influence is the power of the Group to participate in the decision-making for financial and operating policies of an investee, but not to control or common control the formulation of such policies together with other parties.

(1) Determination of investment cost

For long-term equity investments acquired relating to business combination under common control, the initial

forth in the consolidated financial statements of the ultimate controlling party. The difference between the said initial investment cost and the sum of cash being paid, non-cash assets being transferred and book value of liabilities being assumed shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly. In case that the consideration of the business combination is satisfied by issuing equity securities, the initial investment cost of the long-term equity investments is determined on the date

consolidated financial statements of the ultimate controlling party. With the sum of par values of shares being issued as the share capital, the difference between the said initial investment cost and the sum of par values of shares being issued shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly. Where a business combination 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

deal to obtain the control; if not, the initial investment cost of the long-term equity investments shall be determined

a part of the book value of total share controlling party, while the difference between the initial investment cost and the sum of book value of long-term equity investments before the consolidation and that of consideration newly paid to acquire additional equities on the date of consolidation shall be adjusted against the capital reserve, or, in case of insufficient capital reserve to cover the difference, against retained earnings accordingly. Accounting treatment is currently not required for other comprehensive income that has been recognized due to the adoption of equity method in accounting or the classification as financial assets at fair value through other comprehensive income in respect of equity investments held before the date of consolidation.

For the long-term equity investments acquired relating to business combination not under common control, the initial investment cost is the cost of combination on the date of acquisition which equals to the aggregate fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer. Where a business

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-

In the consolidated financial statements, if the parent company disposes part of the long-term equity investment

the net assets of the subsidiary attributable to the disposal of the long-term equity investment is recognized in the shareholde -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 Secti

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

d for the

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

other comprehensive income and profit distribution shall be transferred to current profits and losses on pro rata basis. 304(ap)6(re)-66(f)3(i) 0.000008875(y)23(s)-158(a)-10(v)1(es)3(d ET 2-4(-4]TJ ET Q q2(er)0

In preparing separate financial statements, if control is lost over the investee upon fee upon f tinues tal er

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 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

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 are real estate held for rental income or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased. In addition, vacant buildings held by the Group for operating leases are reported as investment properties if the Board of Directors (or similar organization) makes a written resolution that they will be used for operating leases and the intention to hold them will not change in the near future.

Investment properties shall be initially measured at cost. The subsequent expenses related to investment properties shall be recognized as cost of the investment properties only if it is probable that economic benefits associated with the assets will flow to the Group and the cost of the assets can be measured reliably. Other subsequent expenses shall be recognized in the current profits and losses when incurred.

The Group uses the cost model for subsequent measurement of investment properties and depreciates or amortizes them according to the policies consistent with that for buildings or land use rights.

For the method of impairment test and provision for impairment loss of investment properties, please refer to

-

When the purpose of an investment property changes to self-use, from the date of the change, the investment property shall be reclassified as a fixed asset or intangible asset. When the purpose of a self-use property changes to earning rental income or capital appreciation, from the date of the change, the fixed asset or intangible asset shall 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

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

-

(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 ¶hrough use or disposal, it is derecognized. Proceeds from the sale,

interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended until the acquisition and construction or production of the asset is resumed.

22. Biological assets

(1) Consumptive biological assets

Consumptive biological assets are the biological assets held for sale or harvested for agricultural products in the future, including growing field crops, vegetables, timber stands and livestock stored for sale. Consumptive biological assets shall be initially measured at cost. The cost of a consumptive biological asset that is cultivated, constructed, propagated or farmed by the Company is the necessary expense incurred before the asset is harvested/closed/sold/sold or placed in storage that is directly attributable to the asset, including borrowing costs that are eligible for capitalization. Subsequent expenses such as management and feeding costs incurred after harvesting/closing/storage of consumptive biological assets are included in current profits and losses.

Consumptive biological assets are carried forward at book value using the weighted average method when harvested or sold.

On the balance sheet date, consumptive biological assets are measured at the lower of cost or net realizable value, and the provision for impairment of consumptive biological assets shall be calculated and recognized based on the methods consistent with those for the recognition of the provision for inventory impairment. Where the impairment factors disappear, the amount written down shall be restored and reversed from the original provision for depreciation, with the amount reversed recognized in the current profits and losses.

(2) Productive biological assets

Productive biological assets refer to the biological assets held for the purpose of producing agricultural products, providing services or leasing, including economic forests, firewood forests, production animals and draft animals. Productive biological assets shall be initially measured at cost. The cost of a self-created or propagated productive biological asset is the necessary expense incurred before the asset achieves the intended purpose of production and operation that can be directly attributable to the asset, including borrowing costs that meet the capitalization conditions.

The Group reviews the useful life and estimated net residual value of a productive biological asset and the depreciation method applied at least at each year-end. Any change shall be accounted for as a change in accounting estimate.

The difference between the disposal proceeds from the sale, liquidation, death or destruction of productive biological assets less their book value and related taxes and charges is included in the current profits and losses.

The Group determines whether a productive biological asset has any signs of impairment on each balance sheet date. If the asset shows signs of impairment, the recoverable amount is estimated. The recoverable amount is estimated 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. If the recoverable amount of an asset is lower than its book value, the provision for asset impairment shall be made according to the difference and recorded 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 *Accounting Standard for Business Enterprises No. 8 - Asset Impairment*. 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. 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.

: nt technology, non-patent technology, and trademarks. The amortization periods and conditions for the main intangible assets are as follows:

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.

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

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

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.

Research refers to the original and planned investigation undertaken to acquire and understand new scientific or technical knowledge. Expenditures incurred during the research phase are recognized in profit or loss when incurred.

Development refers to the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, etc., prior to the commencement of commercial production or use. Expenditures incurred during the development phase are capitalized if all of the following conditions are satisfied simultaneously; development expenditures that do not meet these conditions are recognized in profit or loss:

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

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

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;

There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible assets;

The expense attributable to the intangible asset at its development phase can be reliably measured.

All the expenses on R&D which cannot be distinguished between the research phase and development phase are recognized in the profits and losses when incurred.

(3) The impairment testing method and provision for impairment of intangible assets

For the impairment testing method and provision for impairment of intangible assets, please refer to Section 24 - under Note V.

24. Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, right of use assets, intangible assets with limited useful life, investment real estate measured at cost and long-term equity investments in subsidiaries, joint ventures and associates, the Group determines whether there are signs of impairment on the 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 fa 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.

25. Long-term deferred expenses

Long-term unamortized expenses are the expenses that have been incurred but shall be borne in the reporting : -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.

26. 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.

27. 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-

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.

29. 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.

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

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.

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.

30. Revenue

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

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 roup 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 customer can control the goods under construction in the course of the Gr throughout the contract period for the cumulative part of the performance completed to date. The performance progress is determined by the input or output method, depending on the nature of the goods transferred. When the

performance progress cannot be reasonably determined, and the costs incurred by the Group are expected to be compensated, revenue is recognized at the amount of the costs incurred until the progress of performance can be reasonably determined.

If one of the above conditions is not met, the Group recognizes revenue at the point at which the customer obtains control of the relevant goods at the transaction price apportioned to the individual performance obligation. In determining whether a customer has acquired control of the goods, the Group considers the following indications: The enterprise has the current right of collection in respect of the goods, that is, the customer has the current payment obligation in respect of the goods; The enterprise has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; The enterprise has physically transferred the goods to the customer, that is, the customer has physically possessed the goods; The enterprise has transferred the main risks and returns in the ownership of the goods to the customer, that is, the customer has obtained the main risks and returns

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 wever, 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.

32. 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 : -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 *Regulations on the Disclosure of Government Information*, and the management measures should be inclusive (that is, any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; (3) The relevant grant approval has clearly promised the disbursement period, and the disbursement of the amount is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period; (4) Other relevant conditions that should be met based on the specific circumstances of the Group and the grant in question (if any).

Asset-related government subsidies are recognized as deferred income and included in the current profits and losses over the useful life of the related assets in accordance with a reasonable and systematic method. Income-related government subsidies that compensate the future costs, expenses or losses are recorded as deferred income and recognized in current profits and losses in the period in which the related costs, expenses or losses are recognized; Income-related government subsidies that compensate the incurred expenses or losses are included directly in the current profits and losses.

For government subsidies that contain both parts related to assets and parts related to income, accounting treatments shall be made separately for different parts. If it is difficult to distinguish, it shall be classified as the income-related government subsidy.

Government subsidies related to ordinary activities are recorded in other income in accordance the substance of economic operations. Government subsidies unrelated to daily activities are included in non-operating revenue and expense.

When confirmed government subsidies need to be returned and there is a related balance of deferred income,

statement or adjusted against the carrying value of the asset (for government subsidies that were initially offset against the carrying value of the asset); in other cases, it is recognized directly in the current profits and losses.

33. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

The current income tax liabilities (or assets) generated in the current period and previous periods are measured on the balance sheet date in accordance with the expected payable (or refunded) income tax amount calculated according to the tax law. The taxable income amount on which the current income tax expense is calculated is based on the corresponding adjustment of the pre-tax accounting profit of the reporting period in accordance with the relevant provisions of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The deferred income tax assets and deferred income tax liabilities can be determined with the balance sheet 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

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.

34. 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.

: and buildings.

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 dete

Subsequent measurement

The Group shall depreciate the right of use assets in accordance with the relevant depreciation provisions of *Accounting Standard for Business Enterprises No. 4 - Fixed Assets (*see Section 19 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.

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.

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.

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.

35. Other significant accounting policies and accounting estimates

Share repurchase

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.

36. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) First-time implementation of the new accounting standard in 2025 to adjust relevant items in the financial statements at the beginning of the year of first-time implementation

Applicable Not applicable

37. Others: None.

VI. Taxation

1. Main tax types and tax rates

Tax type	Taxation basis	Tax rate
Value-added tax	General Taxation Method: the balance of output VAT for the current period after deducting input VAT for the current period. Simplified Taxation Method: sales amount for the current period multiplied by the levy rate.	13%, 9%, 6%, 5%, 3%, 0%
Consumption tax	Price-based collection and compound levy	Price-based collection: 15%, 10%. Compound levy: 20% plus RMB 0.5 per 500g (or 500ml)
Urban maintenance and construction tax	Amount of turnover tax payables	7%, 5%, 1%
Enterprise income tax	Taxable income	25%, 20%, 16.5%, 15%, 8.25%
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 Digital Intelligence TCM Development 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 Pharmacy Co., Ltd.	15.00%
Yunnan Baiyao Teayield Co., Ltd.	15.00%
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	15.00%
Yunnan Tianzheng Testing Co., Ltd.	15.00%
Yunnan Institute of Materia Medica	15.00%
Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd.	20.00%
Yunnan Pharmaceutical Xihui Co., Ltd.	20.00%
	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%
	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%
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%
Xingzhong Digital Intelligence TCM Service Co., Ltd of Yunnan Baiyao Group	20.00%
Yunnan Yunyao Nuxiang Co., Ltd.	20.00%
Hangzhou Shanqi Health Industry Co., Ltd.	20.00%
Yunnan Baiyao Group Seed Industry Technology Co., Ltd.	20.00%
Yunnan Baiyao Group (Hainan) Import & Export Trading Co., Ltd.	20.00%
Shaanxi Zhiyun Wenshu Health Services Co., Ltd.	20.00%
Yunnan Baiyao Group Shanghai Co., Ltd.	20.00%
Shanghai Yunzhen Outpatient Department Co., Ltd.	20.00%
Yunnan Pharmaceutical Xiongyi Co., Ltd.	20.00%
Yunnan Baiyao Group Shanghai Technology Co., Ltd.	20.00%
Yunnan Baiyao Group TCM Development (Weishan) Co., Ltd.	20.00%
Yunnan Baiyao Group Digital Intelligence Technology Co., Ltd.	20.00%
YNBY Healthcare (Shenzhen) Limited	20.00%
YNBY Healthcare Technology (Yunnan) Co., Ltd.	20.00%
YNBY International Limited	16.50%
Wan Long Xing Ye Commercial Trading (Hong Kong) Limited	16.50%
BL Healthcare (Hong Kong) Limited	16.50%
Yunbai Coffee Limited	16.50%

Yunbai Health Limited	16.50%
Yunbai Pharmaceutical Limited	16.50%
Yunbai Group Limited	16.50%
Yunbai Beauty Limited	8.25%

2. Preferential tax treatment

(1) A total of 9 companies, including Yunnan Baiyao Group Co., Ltd, Yunnan Digital Intelligence TCM Development 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 Pharmacy Co., Ltd, Yunnan Baiyao Teayield Co., Ltd, Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd, and Yunnan Tianzheng Testing 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 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 Baiya :
Co., Ltd and Anguo Juyaotang Pharmaceutical 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 is subjec -
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.

(5) According to the *Announcement of the General Administration of Taxation of the Ministry of Finance on the Further Implementation of the Preferential Income Tax Policy for Small and Micro Enterprises* (Announcement rt of the annual taxable
income of small and micro profit enterprises exceeding RMB 1 million but not exceeding RMB 3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%
Announcement of the General Administration of Taxation of the Ministry of Finance on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement

income of small and micro profit enterprises that does not exceed RMB 1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. The period of *Announcement of the*
General Administration of Taxation of the Ministry of Finance on Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Enterprises (Announcement No. 12 [2023] of the Ministry of Finance and -

profit enterprises, the taxable income amount shall be calculated at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. The policy shall be continued until December -seven

enterprise income tax at a tax rate of 20% according to this policy.

3. Others: None.

VII. Notes to Items in Consolidated Financial Statements

1. Cash and bank balance

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	125,243.29	124,469.53
Bank deposit	9,042,351,401.06	10,835,027,632.02
Other cash and bank balance	65,352,523.63	52,831,059.75
Total	9,107,829,167.98	10,887,983,161.30
Including: Total amount of money deposited overseas	112,994,332.70	172,825,681.17

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	4,192,113,408.43	2,547,113,523.40
Including:		
Investments in debt instruments		
Investments in equity instruments		179,246,998.10
Others	4,192,113,408.43	2,367,866,525.30
Including:		
Total	4,192,113,408.43	2,547,113,523.40

Other explanations: The Company adheres to the principle of prudent investment, utilizing idle proprietary funds for wealth management and investment activities while ensuring daily operations and capital security, thereby enhancing corporate returns and capital utilization efficiency.

3. Notes receivable

(1) Notes receivable by type

Unit: RMB

Item	Closing balance	Opening balance
	239,281,210.93	302,751,911.37
Commercial acceptance bill	85,000.00	
Domestic letter of credit	346,000,000.00	626,900,000.00
Total	585,366,210.93	929,651,911.37

(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	585,366,210.93	100.00%			585,366,210.93	929,651,911.37	100.00%			929,651,911.37
Including:										
	239,281,210.93	40.88%			239,281,210.93	302,751,911.37	32.57%			302,751,911.37
Commercial acceptance bill	85,000.00	0.01%			85,000.00		0.00%			
Domestic letter of credit	346,000,000.00	59.11%			346,000,000.00	626,900,000.00	67.43%			626,900,000.00
Total	585,366,210.93	100.00%			585,366,210.93	929,651,911.37	100.00%			929,651,911.37

Provision for bad debts by portfolio:

Unit: RMB

Item	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
	239,281,210.93		
Commercial acceptance bill	85,000.00		
Domestic letter of credit	346,000,000.00		
Total	585,366,210.93		

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:

(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	

Provision for bad debts made on an individual basis:1

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Reason for provision
Ningbo Qingbing Biotechnology Co., Ltd.	5,666,188.00	5,666,188.00	5,666,188.00	5,666,188.00	100.00%	Little chance of recovery
Total	5,666,188.00	5,666,188.00	5,666,188.00	5,666,188.00		

Provision for bad debts made on a portfolio basis:1

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Age-based portfolio	11,109,398,599.79	949,339,376.50	8.55%
Total	11,109,398,599.79	949,339,376.50	

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:

Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the reporting period

Unit: RMB

Category	Opening balance	Changes during the period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Single account receivable with provision for bad debts	5,666,188.00	0.00	0.00	0.00	0.00	5,666,188.00
Age-based portfolio	874,611,020.37	73,293,557.99	0.00	85,482.85	1,520,280.99	949,339,376.50
Total	880,277,208.37	73,293,557.99	0.00	85,482.85	1,520,280.99	955,005,564.50

Pharmaceutical Co., Ltd as of the merger date.

Significant provision for bad debts recovered or reversed during the period: None.

(4) Actual write-off of accounts receivable for the period:

Unit: RMB

Item	Amount of write-off
Actual write-off of accounts receivable	85,482.85

Significant write-off of accounts receivable: None.

Explanation on write-off of accounts receivable: None.

(5) Top five customers in closing balance of accounts receivable and contractual assets summarized by debtor

Unit: RMB

Entity 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	574,289,753.02		574,289,753.02	5.17%	125,950,855.88
Customer B	378,661,103.55		378,661,103.55	3.41%	20,197,170.79
Customer C	350,874,960.50		350,874,960.50	3.16%	32,842,342.94
Customer D	307,071,158.55		307,071,158.55	2.76%	15,353,557.93
Customer E	275,727,883.17		275,727,883.17	2.48%	58,403,048.79
Total	1,886,624,858.79		1,886,624,858.79	16.98%	252,746,976.33

5. Accounts receivable financing

(1) Accounts receivable financing by type

Unit: RMB

Item	Closing balance	Opening balance
	1,230,423,455.01	1,887,789,780.16
Domestic letter of credit	451,562,128.92	
Total	1,681,985,583.93	1,887,789,780.16

(2) Classified disclosure according to the method of bad debt provision

Not applicable.

(3) The bad debt provisions accrued, recovered, or reversed during the period

Not applicable.

(4) Financing of receivable pledged by the Company at the end of the reporting period

Not applicable.

(5) Financing of receivable endorsed or discounted by the Company, which was 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
acceptance bill	5,736,173,619.99	
Domestic letter of credit	324,457,006.84	

Total	6,060,630,626.83	

(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

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.

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance
Deposits and guarantees	261,910,279.76	282,011,383.75
Borrowings	2,677,211.78	4,877,211.78
Current account and petty cash	106,645,507.97	4,284,813.75
Others	316,089,936.01	298,950,367.29
Total	687,322,935.52	590,123,776.57

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	336,848,203.09	91,464,527.37
1 to 2 years	17,700,710.11	11,521,428.46
2 to 3 years	6,347,352.58	10,192,068.99
Above 3 years	326,426,669.74	476,945,751.75
Total	687,322,935.52	590,123,776.57

:

Transferred back to Phase 1				0.00
Current provision				0.00
Current reversal	131,363,705.29			131,363,705.29
Current transfer				0.00
Current write-off				0.00
Other changes				0.00
Balance as of December 31, 2025	89,420,232.39		271,260,674.54	360,680,906.93

Division base for each phase and proportion of provision for bad debts

Not applicable

Changes in book balance with significant changes in loss reserves in the current period

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	492,044,612.22		131,363,705.29			360,680,906.93
Total	492,044,612.22		131,363,705.29			360,680,906.93

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: 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	Within 1 year	14.55%	5,000,000.00
Entity B	Security deposit	37,799,431.74	Within 1 year	5.50%	1,889,971.59
Entity C	Security deposit	16,700,000.00	Within 1 year,	2.43%	11,950,000.00

			Above 3 years		
Entity D	Security deposit	16,500,000.00	Within 1 year	2.40%	825,000.00
Entity E	Security deposit	12,000,000.00	Above 3 years	1.75%	12,000,000.00
Total		182,999,431.74		26.62%	31,664,971.59

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	425,475,454.48	97.94%	292,483,526.83	96.35%
1 to 2 years	4,135,029.82			

:

Raw materials	1,515,887,407.03	139,864,005.50	1,376,023,401.53	1,592,465,699.05	56,078,142.82	1,536,387,556.23
Work in process	246,090,458.23	6,824,914.85	239,265,543.38	285,385,346.89	3,184,218.03	282,201,128.86
Finished goods	4,664,617,530.93	145,683,078.79	4,518,934,452.14	4,424,372,412.33	52,518,059.87	4,371,854,352.46
Consumptive biological assets	36,331,281.28		36,331,281.28	42,544,762.19		42,544,762.19
Materials outsourced for processing				193,030.54		193,030.54
Packaging materials and low value consumables	61,727,408.47	898,260.11	60,829,148.36	61,945,999.53	758,513.51	61,187,486.02
Total	6,524,654,085.94	293,270,259.25	6,231,383,826.69	6,406,907,250.53	112,538,934.23	6,294,368,316.30

(2) Data resources confirmed as inventory: None.

(3) Provision for inventory impairment or provision for impairment of contract performance costs

Unit: RMB

(1) Debt investments due within one year

Not applicable

(2) Other debt investments due within one year

Not applicable

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Time deposits and other wealth management products	373,132,815.85	109,329,028.37
Input tax to be deducted and certified	364,066,091.69	472,854,544.60
Cost of returned goods receivable	161,604,003.07	156,086,620.09
Prepaid taxes and fees	101,041,664.39	11,082,804.32
Others	235,050,583.04	38,755,582.16
Total	1,234,895,158.04	788,108,579.54

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
Ther1 764 T. re

:

Partnership)												
Ban Loong Jacobson JBM Pharma Limited	9,809.54			9,809.54							0.00	
Lijiang Changgengming Trading Co., Ltd.			40,000.00		-40,000.00						0.00	
Subtotal	12,561,276,081.35	0.00	40,000.00	9,809.54	980,970,249.37	250,018.48	-42,041,501.39	272,906,986.36	0.00	0.00	13,227,578,051.91	0.00
Total	12,561,276,081.35	0.00	40,000.00	9,809.54	980,970,249.37	250,018.48	-42,041,501.39	272,906,986.36	0.00	0.00	13,227,578,051.91	0.00

The recoverable amount is determined based on fair value less the disposal expense

Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows

Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

t 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	210,855,260.47	387,688,897.11
Total	210,855,260.47	387,688,897.11

Other explanations: None.

14. Investment properties

(1) Adoption of the cost measurement model for investment properties

Applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	63,823,600.25	35,986,907.73		99,810,507.98
[redacted]current period	15,033,408.77	608,518.16		15,641,926.93
(1) Outsourcing				0.00
(2) Transfer from inventory\fixed assets\ construction				

1. Opening balance	2,438,059.35			2,438,059.35
2. Increase in the current period	337,442.85	0.00		337,442.85
(1) Provision				0.00
(2) Transfer from inventory\fixed assets\ construction in progress	337,442.85			337,442.85
3. Decrease in the current period				0.00
(1) Disposal				0.00
(2) Other transfer out				0.00
4. Closing balance	2,775,502.20			2,775,502.20
IV. Book value				0.00
1. Closing book value	20,735,046.75	29,631,531.90		50,366,578.65
2. Opening book value	19,945,336.75	29,938,675.40		49,884,012.15

The recoverable amount is determined based on fair value less the disposal expense.

Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

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.

(2) Adoption of the fair value measurement model for investment properties

Not applicable

(3) Conversion to investment properties and adoption of fair value measurement: None.

(4) Investment properties for which the title certificate has not been obtained: None.

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	3,273,782,844.91	3,012,529,818.52
Liquidation of fixed assets	557,307.43	349,009.57
Total	3,274,340,152.34	3,012,878,828.09

:

(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	2,967,355,392.37	1,720,259,929.58	66,771,532.55	179,243,085.40	1,381,365.41	4,935,011,305.31
2. Increase in the current period	312,088,970.28	252,882,699.84	3,101,298.26	37,189,046.66	9,925,971.50	615,187,986.54
(1) Purchase		71,828,374.99	1,003,829.95	22,449,359.53	3,476,718.59	98,758,283.06
(2) Transfer from construction in progress	60,898,153.26	91,971,076.17		9,169,324.55		162,038,553.98
(3) Increase in business combination	237,920,271.80	89,083,248.68	2,097,468.31	5,570,362.58	6,449,252.91	341,120,604.28
(4) Other transfer-in	13,270,545.22					

:

1. Closing book value	2,448,473,063.67	727,829,068.03	27,571,395.88	62,226,484.12	7,682,833.21	3,273,782,844.91
2. Opening 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) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
Houses and buildings	6,372,682.14	3,462,850.08		2,909,832.06	
Machinery and equipment	41,798,600.60	14,294,305.01	17,640,660.42	9,863,635.17	
Transportation vehicles	117,682.30	37,775.31	0.00	79,906.99	
Electronic equipment	6,850,397.46	6,224,953.02	16,931.17	608,513.27	
Others	81,435.29	79,881.97	0.00	1,553.32	

(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
No.51 Xiba Road (general workshop)	256,800.64	Historical legacy, currently in process
Yunjian Assets	1,908,792.13	Acquired through judicial auction, with land use certificate but no property certificate
Commercial properties in Xiaguan, Dali	1,435,288.03	The property rights of the resettlement housing to be processed
Buildings in planting base of Yunquan	1,068,365.72	The land is a leased land
Overall relocation project of Wenshan Qihua	15,499,479.36	Partial ownership has been secured, and the remaining is in process
Drug Division of Dali Pharmaceutical Economic Development Zone	31,816,578.90	In process
No. 1 Building of Shanghai Center	105,404,693.86	In process
Kunming Center	270,168,951.56	In process

Other explanations: None.

(5) Impairment test of fixed assets

The recoverable amount is determined based on fair value less the disposal expense

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	3,688,753.50	714,776.17	2,973,977.33	Market price	Residual value rate 5%, tax rate	

:

Electronic equipment	3,472,945.64	1,266,945.43	2,206,000.21	Market price	Residual value rate 5%, tax rate	
Total	7,161,699.14	1,981,721.60	5,179,977.54			

The recoverable amount is determined based on the present value of the estimated future cash flows

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

vious years and the actual situation in the corresponding year: None.

Other explanations: None.

(6) Liquidation of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Machinery and equipment	495,495.35	302,720.41
Electronic equipment	61,812.08	46,289.16
Total	557,307.43	349,009.57

Other explanations: None.

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	807,592,848.36	703,439,112.24
Total	807,592,848.36	703,439,112.24

(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	730,931,829.62		730,931,829.62	614,608,509.29		614,608,509.29
Yunnan Baiyao Group TCM Pharmaceutical Services Kunming Center Project				45,024,278.93		45,024,278.93
Radiopharmaceutical R&D Center (Tianjin) Project				18,464,159.31		18,464,159.31
Yunnan Baiyao R&D Platform - Kunming Center Construction Project	1,250,981.88		1,250,981.88	15,417,106.26		15,417,106.26
Yunnan Baiyao Wenshan Sanqi Smart Technology Park Project				1,873,096.24		1,873,096.24

:

Government-Enterprise Cooperation Project of Yunnan Baiyao Group in Lijiang Ecological Science and Technology Industrial Park (Phase II)	38,967,429.33		38,967,429.33	99,600.00		99,600.00
Yunnan Baiyao TCM Industry Culture Park Project	22,041,089.96		22,041,089.96	131,702.21		131,702.21
Others	14,401,517.57		14,401,517.57	7,820,660.00		7,820,660.00
Total	807,592,848.36	0.00	807,592,848.36	703,439,112.24	0.00	703,439,112.24

(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

(3) Provision for impairment of construction in progress for the period: None.

Other explanations: None.

(4) Impairment test of construction in progress

(5) Project materials: None.

17. Productive biological assets

(1) Adoption of the cost measurement model for productive biological assets

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	1,761,975.15	1,761,975.15
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	1,933,875.15	1,933,875.15
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	644,624.85	644,624.85
2. Opening book value	816,524.85	816,524.85

(2) Impairment test of productive biological assets measured at cost

Not applicable

(3) Adoption of the fair value measurement model for productive biological assets

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	478,008,535.30	4,535,659.59	3,637,250.13	486,181,445.02
2. Increase in the current period	120,457,220.39	55,581.78	11,144,689.27	131,657,491.44
(1) Lease	119,478,980.44		1,062,784.04	120,541,764.48
(2) Others	978,239.95	55,581.78	10,081,905.23	11,115,726.96
3. Decrease in the current period	181,606,069.84	0.00	0.00	181,606,069.84
(1) Lease expiration	64,250,590.30			64,250,590.30
(2) Disposal	101,527,288.75			101,527,288.75
(3) Others	15,828,190.79			15,828,190.79
4. Closing balance	416,859,685.85	4,591,241.37	14,781,939.40	436,232,866.62
II. Accumulated depreciation				0.00
1. Opening balance	194,356,417.39	420,677.98	227,328.13	195,004,423.50
2. Increase in the current period	111,135,848.98	829,284.48	4,201,459.95	116,166,593.41
(1) Provision	111,077,035.22	829,284.48	1,236,193.95	113,142,513.65
(2) Others	58,813.76		2,965,266.00	3,024,079.76
3. Decrease in the current period	122,941,531.14	0.00	0.00	122,941,531.14
(1) Disposal	55,725,674.81			55,725,674.81
(2) Lease expiration	64,250,590.30			64,250,590.30
(3) Others	2,965,266.03			2,965,266.03
4. Closing balance	182,550,735.23	1,249,962.46	4,428,788.08	188,229,485.77
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				

(1) Provision				
3. Decrease in the current period				
(1) Disposal				
4. Closing balance				
IV. Book value				
1. Closing book value	234,308,950.62	3,341,278.91	10,353,151.32	248,003,380.85
2. Opening book value	283,652,117.91	4,114,981.61	3,409,922.00	291,177,021.52

(2) Impairment test of right-of-use assets:

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	Others	Total
I. Original book value								
1. Opening 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
2. Increase in the current period	58,892,508.47	0.00	79,281,996.02	49,241,689.41	47,297.17	0.00	218,474.55	187,681,965.62
(1) Purchase				49,241,689.41	47,297.17			49,288,986.58
(2) Internal R&D								0.00
(3) Increase in business combination	58,892,508.47		79,281,996.02				218,474.55	138,392,979.04
3. Decrease in the current period	608,518.16	0.00	0.00	188,406.65	0.00	0.00	0.00	796,924.81
(1) Disposal				188,406.65				188,406.65
(2) Other transfer-out	608,518.16							608,518.16
4. Closing balance	743,969,528.65	34,492,676.60	81,432,377.88	131,535,219.31	67,297.17	154,081,682.57	218,474.55	1,145,797,256.73
II. Accumulated amortization								0.00
1. Opening 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

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
Anguo Juyaotang Pharmaceutical Co., Ltd.		203,842,391.82		203,842,391.82
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	203,842,391.82	0.00	913,196,075.36

(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.	23,247,992.08			23,247,992.08
Lijiang Yunquan Biological Development Co., Ltd.	721,770.39			721,770.39
Total	612,390,442.37			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	right-of-use assets, long-term deferred expenses and smallest portfolio of asset groups that can generate major cash inflows independently	The approach to managing and monitoring business activities	Yes
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	right-of- portfolio of assets or the smallest portfolio of asset groups that can generate major cash inflows independently	The approach to managing and monitoring business activities	Yes
Anguo Juyaotang Pharmaceutical Co., Ltd.	long- smallest portfolio of assets or the smallest portfolio of asset groups that can generate major cash inflows independently	The approach to managing and	

		monitoring business activities	

Changes in asset group or combination of asset groups: None.

Other explanations: None.

(4) Determination of recoverable amount

The recoverable amount is determined based on fair value less the disposal expense

The recoverable amount is determined based on the present value of estimated future cash flows

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	284,355,273.55	358,578,300.00		2026-2030 (followed by the stable period)	The revenue growth rate ranges from 0.28% to 1.90%, profit margin from 1.56% to 2.76%, and the pre-tax discount rate is 9.43%	The growth rate is 0.00%, the profit margin is 2.76%, and the pre-tax discount rate is 9.43%	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.
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	36,055,062.21	68,000,000.00		2026-2030 (followed by the stable period)	The revenue growth rate ranges from -0.05% to 0%, profit margin from 5.23% to 5.41%, and the pre-tax discount rate is 13.40%	The growth rate is 0.00%, the profit margin is 5.39%, and the pre-tax discount rate is 13.40%	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.
Anguo Juyaotang Pharmaceutical Co., Ltd.	540,533,861.41	558,000,000.00		2026-2030 (followed by the stable period)	The revenue growth rate ranges from 0.85% to 4.20%, profit margin from 6.07% to 6.63%, and the pre-tax discount rate is 13.25%	The growth rate is 1.00%, the profit margin is 6.82%, and the pre-tax discount rate is 13.25%	Based on a comprehensive assessment of the macroeconomic environment, industry development trends, own operating conditions, the stable operating period growth rate is

							prudently set at 1%.
Total							

Other payables	574,640,684.63	91,924,056.78	577,259,909.29	88,284,205.86
Unrealised profits of intra-group transactions	381,194,243.82	58,116,998.22	264,588,567.67	42,769,190.08
Lease liabilities	232,212,961.75	49,716,850.19	268,875,960.32	39,373,198.50
Deferred income	249,515,197.31	38,583,222.00	236,345,643.60	36,433,668.40
Losses that can be offset	206,673,510.27	47,304,724.31	153,826,415.38	35,665,838.14
Estimated revenue from returns	193,306,921.10	48,198,621.99	177,591,180.68	26,655,057.25
Expenses beyond overall planning for employee status conversion expenses of state-owned enterprises and social security expenses of retirees	35,561,860.54	5,334,279.08	20,779,234.95	3,116,885.24
Others	114,628,658.17	25,062,993.13	89,083,123.75	15,590,498.21
Total	5,236,595,589.21	974,220,393.56	4,837,541,087.16	756,975,016.74

(2) Deferred tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Right-of-use assets	239,818,175.63	51,042,693.07	281,580,952.55	41,832,184.12
Changes in fair value	125,288,066.60	18,793,209.99	106,362,930.07	15,954,439.51
Fixed assets subject to one-time pre-tax deduction	5,932,346.78	1,483,086.70	21,032,160.78	3,182,909.00
Appreciation of asset valuation	117,186,331.29			

Deferred income tax liabilities		148,417,516.74		93,867,331.53

(4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Provision for asset impairment	561,351,160.73	555,344,587.39
Deferred income	22,254,615.28	59,147,921.72
Deductible losses	1,013,209,963.03	808,060,703.41
Others	6,532,431.38	9,908,046.96
Total	1,603,348,170.42	1,432,461,259.48

(5)

				employee status conversion in state-owned enterprises				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
Accounts receivable	12,541,236.47	11,914,174.65	Accounts receivable factoring	Accounts receivable factoring of Anguo Juyaotang Pharmaceutical Co., Ltd.				
Total	810,257,154.81	773,859,791.37			12,673,830,174.72	12,673,830,174.72		

Other explanations: None.

25. Short-term loans

(1) Classification of short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings	12,541,236.47	
Loan in credit	150,010,000.00	402,133,333.39
Discounted internal bills	20,224,516.74	21,246,939.25
Total	182,775,753.21	423,380,272.64

Explanation on classification of short-term loans: The increase in pledged borrowings for the current period is attributable to the business combination under non-common control of Anguo Juyaotang Pharmaceutical Co., Ltd in October 2025.

(2) Overdue and outstanding short-term loans: None.

26. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
	1,846,714,475.61	1,913,702,684.41
Total	1,846,714,475.61	1,913,702,684.41

Total notes payable due and unpaid at the end of the period were RMB 0.00.

27. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	5,242,447,200.83	4,504,527,943.71
Payment for engineering equipment and others	280,574,656.03	253,824,460.16

Total	5,523,021,856.86	4,758,352,403.87

(2) Major accounts payable aged over one year: None.

(3) Whether there are any overdue payments to small and medium-sized enterprises that remain unpaid

Whether it qualifies as a large enterprise

Yes No

Whether there are any overdue payments to small and medium-sized enterprises that remain unpaid

Yes No

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividend payable	1,317,388.73	86,490,742.04
Other payables	1,460,141,946.26	1,300,141,934.71
Total	1,461,459,334.99	1,386,632,676.75

(1) Interests payable: None.

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
Chuxiong Yunzhu Trading Co., Ltd.	743,156.77	
Enterprise Management Co., Ltd.	574,231.96	
State-owned Assets Supervision and Administration Commission of the : Province, New Huadu Industrial Group Co., Ltd, Jiangsu Yuyue Science & Technology Development Co., Ltd.		86,490,742.04
Total	1,317,388.73	86,490,742.04

Other explanations, including material dividends payable outstanding for more than one year, with disclosure of reasons for non-payment: None.

(3) Other payables

1) Other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Market maintenance fee	625,164,703.25	673,934,303.55
Deposits and guarantees	377,010,766.64	298,287,462.43
Other current accounts	128,759,561.20	103,612,259.40
Collection and payment	98,268,582.83	140,402,907.16
Hospital management fee payable	52,353,461.90	51,844,605.65
Equity transfer payment	132,000,000.00	
Others	46,584,870.44	32,060,396.52

Total	1,460,141,946.26	1,300,141,934.71

2) Other important payables aged over 1 year or overdue: None.

29. Receipts in advance

(1) Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Receipts in advance - lease	190,841.21	446,673.78
	190,841.21	446,673.78

(2) Major receipts in advance aged over one year: None.

30. Contractual liabilities

Unit: RMB

Education surcharge	3,345,171.01	3,014,717.15
Urban maintenance and construction tax	9,360,180.43	8,407,433.24
Local education surcharge	3,439,910.43	2,005,874.44
Environmental protection tax	4,316.61	3,629.23
Water conservancy fund	28,387.12	56,737.77
Vehicle and vessel usage tax	2,850.00	
Collected and remitted taxes and fees	14,983,489.27	25,681,893.64
Total	278,051,492.11	466,603,767.14

Other explanations: None.

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	400,330.00	
Lease liabilities due within one year	76,043,381.53	88,436,075.74
Total	76,443,711.53	88,436,075.74

Other explanations: None.

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Transfer to output tax	360,570,121.44	454,197,724.34
Returns payable	170,793,224.69	164,864,900.59
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	533,163,346.13	620,862,624.93

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
Pledged borrowings	84,469,400.83	
Loan in credit	2,100,000.00	2,100,000.00
Total	86,569,400.83	2,100,000.00

Explanation on classification of long-term loans: The increase in pledged borrowings for the current period is attributable to the business combination under non-common control of Anguo Juyaotang Pharmaceutical Co., Ltd in October 2025.

Other explanations, including the range of interest rate: None.

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Buildings and structures	205,042,296.11	272,449,967.85
Machinery and equipment	965,984.38	2,982,837.50
Right of land use	11,865,480.22	3,660,260.62
Less: Non-current liabilities reclassified to liabilities due within one year	-76,043,381.53	-88,436,075.74
Total	141,830,379.18	190,656,990.23

Other explanations: None.

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	551,241,357.32	586,694,704.41
Special payables	4,838,584.16	4,838,584.16
Total	556,079,941.48	591,533,288.57

(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	549,851,147.17	586,694,704.41
Boiler room investment boiler and supporting equipment transfer and operation contract	1,390,210.15	

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	Transfer from Baiyao Holdings due to merger by absorption
New drug research project for treatment of back pulp injury	472,062.56			472,062.56	Transfer from Baiyao Holdings due to merger by absorption
Material purchase project research expense	489,575.00			489,575.00	Transfer from Baiyao Holdings due to merger by absorption
R&D of new drugs for treating cardiovascular and cerebrovascular diseases (TCM)	258,031.60			258,031.60	Transfer from Baiyao Holdings due to merger by absorption
Total	4,838,584.16			4,838,584.16	

Other explanations: None.

38. Long-term payroll payable

(1) Details of long-term payroll payable

Unit: RMB

Item	Closing balance	Opening balance
II. Termination benefits	825,601.53	417,539.44

III. Other long-term benefits	893,344.80	878,826.00
Total	1,718,946.33	1,296,365.44

(2) Change of defined benefit plan: None.

39. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons
Returns payable	22,513,696.41	12,726,280.09	Returns payable not settled within one year
Total	22,513,696.41	12,726,280.09	

Other explanations, including important assumptions and estimates related to significant estimated liabilities: None.

40. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Government subsidies	295,493,565.32	59,054,600.00	82,778,352.73	271,769,812.59	
Including: Government subsidies related to income	133,786,181.20	54,284,600.00	68,556,964.40	119,513,816.80	
Government subsidies related to assets	161,707,384.12	4,770,000.00	14,221,388.33	152,255,995.79	
Total	295,493,565.32	59,054,600.00	82,778,352.73	271,769,812.59	--

Other explanations: None.

41. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Housing reform sale proceeds from employees	1,931,554.36	1,931,554.36
Total	1,931,554.36	1,931,554.36

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	1,784,262,603.00						1,784,262,603.00

:

Unit: RMB

Item	Opening balance	

44. 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	-1,616,965.82	-2,017,048.84				-2,017,048.84		-3,634,014.66
Other comprehensive income that cannot be transferred to profits or losses under equity method	-1,616,965.82	-2,017,048.84				-2,017,048.84		-3,634,014.66
II. Other comprehensive incomes to be reclassified into profits and losses	-99,646,390.49	-3,996,808.05	0.00	0.00	0.00	-1,810,975.36	-2,185,832.69	-101,457,365.85
Including: Other comprehensive income that can be transferred to profits or losses under equity method	-61,216,791.66	2,267,067.32				2,267,067.32		-58,949,724.34
Other fair value changes in debt investments								0.00
Amount of financial assets reclassified to other comprehensive income								

:

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	-38,429,598.83	-6,263,875.37				-4,078,042.68	-2,185,832.69	-42,507,641.51
Total other comprehensive income	-101,263,356.31							

45. 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.

46. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	16,981,339,385.76	18,102,147,836.12
Undistributed profit at the beginning of the period after adjustment	16,981,339,385.76	18,102,147,836.12
Plus: Net profits attributable to equity current period	5,153,486,838.91	4,749,415,499.55
Ordinary share dividends payable	3,932,514,762.15	5,870,223,949.91
Undistributed profit at the end of the period	18,202,311,462.52	16,981,339,385.76

Details on adjustment of undistributed profits at the beginning of the period:

1) Due to retrospective adjustments in accordance with *Accounting Standards for Business Enterprises* and relevantnew 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.

Details about use of capital reserves to cover losses: None.

47. Operating revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	41,136,324,305.75	29,010,509,127.15	39,983,936,095.25	28,851,334,965.90
Other businesses	50,674,784.56	22,414,068.67	49,364,719.47	13,431,239.20
Total	41,186,999,090.31	29,032,923,195.82	40,033,300,814.72	28,864,766,205.10

The audited total profit, net profit, or net profit after deducting non-recurring gains and losses of the Company during the reporting period, whichever is the lowest, is negative

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	8,152,695,248.96	2,528,736,489.82	6,820,194,325.71	2,171,837,485.03	2,203,656,020.79	1,885,314,372.48	22,948,312,735.31	21,533,955,902.23	1,062,140,759.54	913,078,946.26	41,186,999,090.31	29,032,923,195.82
Including:												
Industry sales income	8,152,695,248.96	2,528,736,489.82	6,820,194,325.71	2,171,837,485.03	994,610,950.93	838,164,517.49			48,822,143.17	36,005,813.17	16,016,322,668.77	5,574,744,305.51
Commercial sales income					1,204,333,454.32	1,042,720,625.33	22,948,312,735.31	21,533,955,902.23	930,737,719.27	829,621,479.04	25,083,383,908.90	23,406,298,006.60
Technical services					4,697,247.28	4,412,412.36			18,913,170.01	17,881,515.06	23,610,417.29	22,293,927.42
Hotel catering industry						-			12,992,942.53	7,156,070.32	12,992,942.53	7,156,070.32
Planting sales income					14,368.26	16,817.30			0	0	14,368.26	16,817.30
Others									50,674,784.56	22,414,068.67	50,674,784.56	22,414,068.67
By operating areas	8,152,695,248.96	2,528,736,489.82	6,820,194,325.71	2,171,837,485.03	2,203,656,020.79	1,885,314,372.48	22,948,312,735.31	21,533,955,902.23	1,062,140,759.54	913,078,946.26	41,186,999,090.31	29,032,923,195.82
Including:												
In Yunnan province	1,265,947,864.63	59,750,830.17	239,328,862.14	135,374,012.30	1,319,301,784.57	1,064,710,546.44	22,715,865,382.37	21,336,630,115.98	297,834,846.67	174,670,750.79	25,838,278,740.38	22,771,136,255.68
Outside Yunnan province (excluding overseas)	6,874,046,023.61	2,465,526,873.88	6,579,405,771.73	2,035,299,159.20	790,852,428.81	730,959,150.81	232,447,352.94	197,325,786.25	762,847,299.07	737,273,125.68	15,239,598,876.16	6,166,384,095.82
Overseas	12,701,360.72	3,458,785.77	1,459,691.84	1,164,313.53	93,501,807.41	89,644,675.23			1,458,613.80	1,135,069.79	109,121,473.77	95,402,844.32

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.

48. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Consumption tax	-162,255.15	2,559,522.81
Urban maintenance and construction tax	100,624,649.46	102,075,935.22
Education surcharge	43,248,660.13	43,871,752.93
Resource tax		3,000.00
Property tax	28,123,265.73	25,986,330.94
Land use tax	10,941,460.35	11,067,873.16
Vehicle and vessel use tax	96,701.32	68,462.25
Stamp duty	20,951,517.29	28,025,938.39
Local education surcharge	30,037,839.86	29,246,835.29
Others	238,374.89	211,718.45
Total	234,100,213.88	243,117,369.44

Other explanations: None.

49. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	670,879,724.55	677,420,256.86
Depreciation and amortization	119,860,764.07	100,161,064.67
Technical service fee	22,489,782.54	45,839,677.23
Office expenses	32,668,028.71	34,922,096.07
Agency service fee	27,587,087.14	34,600,043.93
Advertising and promotion expenses	20,894,751.39	2,656,177.04
Travel expenses	17,643,928.96	19,239,105.28
Utilities and property management fee	9,492,082.88	9,266,666.24
Security and cleaning fee	5,733,245.06	7,385,287.50
Business entertainment fee	8,578,202.57	9,996,603.25
Afforestation and pollution discharge fee	3,549,638.84	3,624,510.35
Lease cost	4,927,963.62	3,314,864.30
Others	75,774,951.89	89,127,131.15
Total	1,020,080,152.22	1,037,553,483.87

Other explanations: None.

50. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	1,654,736,306.88	1,492,204,675.60
Display expenses	912,510,547.06	555,834,987.51
Business promotion expenses	729,760,631.46	831,157,288.16
Advertising expenses	666,804,077.82	460,234,304.23
Marketing service fees	390,347,939.16	294,098,539.30
Promotional staff expenses	209,974,585.69	204,548,340.61
Conference fee	199,638,196.29	59,814,571.90
Travel expenses	148,885,327.10	148,652,306.95
Promotion fees	98,998,405.71	113,293,440.09
Others	607,809,359.72	719,663,582.56
Total	5,619,465,376.89	4,879,502,036.91

Other explanations: Primarily, the increase in online sales expenses drove the rise in the proportion of online revenue.

51. R&D expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	148,267,652.32	176,064,710.71
Materials consumption and inspection fee	79,459,172.96	58,512,136.24
Commissioned R&D cost	43,002,098.56	44,437,281.25
New product design fee	24,194,911.30	18,717,947.75
Depreciation and amortisation	27,309,510.77	12,431,179.87
Test out-sourcing expenses	6,482,555.30	2,971,133.28
Others	21,829,485.04	24,278,911.93
Total	350,545,386.25	337,413,301.03

Other explanations: The proportion of R&D personnel engaged in capitalization projects increased in this period.

52. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest expenses	24,049,890.09	63,177,001.07
Less: interest income	-90,467,001.34	-221,210,259.84
Net loss on foreign exchange	13,320,306.04	-7,646,886.55
Bank charges	6,175,346.00	10,749,449.67
Others	31,136.51	-624,414.20
Total	-46,890,322.70	-155,555,109.85

Other explanations: None.

53. 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	36,891,811.26	42,056,174.39
Amortization of government subsidies related to assets	12,478,832.23	12,768,533.54
Amortization of government subsidies related to income	46,962,820.50	29,379,041.17
Return of individual income tax service charge	3,802,493.92	9,533,408.94
Others	646,735.22	8,272,615.61
Total	100,782,693.13	102,009,773.65

54. 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	63,620,485.18	73,822,492.46
Other non-current financial assets	46,868,983.53	63,014,517.48
Total	110,489,468.71	136,837,009.94

Other explanations: None.

55. 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	989,141,635.98	774,279,535.69
Investment income from disposal of long-term equity investment	-773,539.48	
Investment income on financial assets held for trading during holding period		6,671,289.70
Investment income from disposal of financial assets held for trading	69,107,860.22	-12,988,016.22
Investment income earned during the holding period of other non-current financial assets		20,474,449.39
Gain or loss on disposal of other non-current financial assets	29,102,029.45	
Others	-43,591,680.65	-11,499,763.50
Total	1,042,986,305.52	776,937,495.06

Other explanations: None.

56. Credit impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Bad debt losses on accounts receivable	-73,297,317.52	-46,675,411.57
Bad debt losses on other receivables	131,363,705.29	6,749,484.95
Total	58,066,387.77	-39,925,926.62

Other explanations: None.

57. 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	-251,970,176.51	-49,327,607.34
II. Impairment loss of fixed assets	-5,179,977.54	-26,077,160.26
III. Impairment loss of intangible assets	-82,033.65	-332,131.80
IV. Goodwill impairment loss		-7,158,530.50
X. Others	-1,139,970.32	-8,335,279.72
Total	-258,372,158.02	-91,230,709.62

Other explanations: None.

58. 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	1,068,989.10	-435,663.65
Profit from disposal of right-of-use assets	7,098,606.71	926,315.30
Total	8,167,595.81	490,651.65

59. 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	780.57	2,313,930.54	780.57
Others	24,950,775.25	13,169,408.19	24,950,775.25
Total	24,951,555.82	15,483,338.73	24,951,555.82

Other explanations: None.

60. Non-operating expenses

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
External donations	3,559,921.32	4,588,957.23	3,559,921.32
Losses from destruction and scrapping of non-current assets	195,913.67	276,676.77	195,913.67

Others	16,820,397.97	37,519,863.02	16,820,397.97
Total	20,576,232.96	42,385,497.02	20,576,232.96

Other explanations: None.

61. Income tax expense

(1) Table of income tax expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	1,040,808,385.05	964,657,851.50
Deferred income tax expenses	-187,478,538.30	-47,010,547.79
Total	853,329,846.75	917,647,303.71

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	6,043,270,703.73
Income tax expense calculated at statutory/applicable tax rate	906,490,605.56
Effect of different tax rates applied to subsidiaries	116,809,018.51
Effect of adjusting income tax for prior periods	113,356,741.92
Effect of non-taxable income	-232,849,226.22
Effect of non-deductible costs, expenses and losses	55,943,100.27
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-22,799,899.62
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	47,800,169.79
Change in the balance of deferred income tax assets/liabilities at the beginning of the year due to tax rate adjustments	-102,953,967.48
Extra tax deductions for R&D costs	-39,115,667.95
Others	10,648,971.97
Income tax expenses	853,329,846.75

Other explanations: None.

62. Other comprehensive income

For details, please refer to Note 44.

63. 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	90,466,408.88	219,472,052.00
Deposits and guarantees	281,202,587.55	146,845,057.57
Government subsidy	95,946,411.26	151,879,874.90
Current account and petty cash	194,101,167.67	39,444,457.98
Others	161,889,760.49	54,463,899.59

Cash payments relating to other investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Time deposits and other banking products	827,237,810.00	5,143,140,000.00
Total	827,237,810.00	5,143,140,000.00

Important cash paid relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Cash paid to acquire fixed assets, intangible assets and other long-term assets	479,661,609.93	675,074,486.64
Purchasing banking products and other wealth management products	8,120,000,000.00	2,900,000,000.00
Net cash paid to acquire subsidiaries	500,320,758.81	
Deposit products such as fixed deposits	827,237,810.00	5,143,140,000.00
Equity investment funds		500,000,000.00
Total	9,927,220,178.74	9,218,214,486.64

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	68,733,636.26	73,292,510.43
Refund of dividend distribution guarantee deposit	2,000,000.00	2,000,000.00
Total	70,733,636.26	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	127,682,444.58	90,383,082.47
Handling fee for financing activities	785,482.55	2,381,635.77
Withholding and remittance of individual income tax on dividend distribution	79,741,001.00	60,073,045.88
Dividend distribution guarantee deposit	2,000,000.00	2,000,000.00
Total	210,208,928.13	154,837,764.12

Explanations on cash paid relating to other financing activities: None.

Change of liabilities resulting from financing activities

R Applicable 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	423,380,272.64	180,394,185.38	12,631,236.47	432,087,875.08	1,542,066.20	182,775,753.21
Long-term borrowings (including long-term borrowings due within one year)	2,100,000.00		85,069,730.83	200,000.00		86,969,730.83
Lease liabilities (Lease liabilities due within one	279,093,065.97		204,950,752.28	91,241,306.17	174,928,751.37	217,873,760.71
			,670,229.91	4,029,843,583.22		1,317,388.73
			321,949.49	4,553,372,764.47	176,470,817.57	488,936,633.48

t amount: None.

that do not involve current cash receipts and s cash flows in

ment

ment

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	5,189,940,856.98	4,767,072,360.28

Financial expenses (-)	32,955,118.48	62,336,462.09
Investment losses (-)	-1,103,650,478.73	-842,061,414.65
Decrease of deferred income tax assets (-)	-208,859,943.48	-66,105,807.62
Increase of deferred income tax liabilities (-)	54,550,185.21	19,095,259.83
Decrease in inventories (increase is indicated with -)	-72,254,087.27	113,232,804.84
Decrease in operating receivable items (-)	349,815,291.54	-758,018,810.16
Increase in operating payable items (decrease -)	-139,126,220.96	585,907,421.72
Others		72,926,421.01
Net cash flows from operating activities	4,599,693,880.44	4,297,003,142.27
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	8,532,232,687.39	10,275,529,575.34
Less: Opening balance of cash	10,275,529,575.34	14,151,765,468.49
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,743,296,887.95	-3,876,235,893.15

(2) Net cash paid for acquisitions of subsidiaries for the period

Unit: RMB

	Amount
Cash or cash equivalents paid for business mergers that occurred during the period	528,000,000.00
Including:	
Anguo Juyaotang Pharmaceutical Co., Ltd.	528,000,000.00
Less: Cash and cash equivalents held by the subsidiaries on acquisition dates	27,679,241.19
Including:	
Anguo Juyaotang Pharmaceutical Co., Ltd.	27,679,241.19
Including:	
Net cash paid to acquire the subsidiaries	500,320,758.81

Other explanations: None.

(3) Net cash received from disposal of subsidiaries for the period: None.

Unit: RMB

	Amount

Cash or cash equivalents received from disposal of subsidiaries during the period	1,680,000.00
Including:	
Shanghai Yunzhen Outpatient Department	1,680,000.00
Including:	
Including:	
Net cash received from disposal of subsidiaries	1,680,000.00

Other explanations: None.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	8,532,232,687.39	10,275,529,575.34
Including: Cash on hand	125,243.29	124,469.53
Bank deposit available for payment at any time	8,482,597,792.16	10,222,574,046.06
Other cash and bank balance available for payment at any time	49,509,651.94	52,831,059.75
III. Cash and cash equivalents at the end of the reporting period	8,532,232,687.39	10,275,529,575.34

(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

Unit: RMB

Item	Amount in the reporting period	Amount in the previous period	Reasons for not belonging to cash and cash equivalents

(7) Explanations on other significant activities: None.

65. Notes to statement of changes in equity

66. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance converted into RMB
Cash and bank balance			
Including: HKD	158,516,938.22	0.903220	143,175,668.94
USD	20,545,481.87	7.028800	144,410,082.98
Euro	1,834,498.46	8.235500	15,108,012.07
Japanese yen	650,841.00	0.044797	29,155.72
South Korean won	21,324,422.00	0.004860	103,642.39
THB	1,994,317.25	4.494000	8,962,461.72
CAD	1,647.83	5.114200	8,427.33
CHF	20,353.13	8.851000	180,145.54
SGD	39,335.98	5.458600	214,719.38
MYR	120,855.32	0.577390	69,780.65
Accounts receivable			
Including: HKD	293,619,698.28	0.903220	265,203,183.88
SGD	272.50	5.458600	1,487.47
Other receivables			
Including: HKD	2,274,145.21	0.903220	2,054,053.44
THB	20,500.00	4.494000	92,127.00
Other current assets			
Including: HKD	260,000,000.00	0.903220	234,837,200.00
Accounts payable			
Including: HKD	135,755,000.44	0.903220	122,616,631.50
Other payables			
Including: HKD	4,702,086.55	0.903220	4,247,018.62
Japanese yen	860,094.00	0.044797	38,529.63
THB	53,830.00	4.494000	241,912.02
CAD	2,000.00	5.114200	10,228.40
SGD	5,500.00	5.458600	30,022.30
Non-current liabilities due within one year			
Including: HKD	3,448,354.52	0.903220	3,114,622.77

Other explanations: None.

(2) Description of overseas business entities; for as busin itentit19-18(i)--10(s)-19(;)-18(f)-19uF2 9 Tf10ef5f1 7e6(t)-18(i)T

(1) The Company as the lessee

R Applicable pplicable

Variable lease payments not included in the measurement of lease liabil

R Applicable

Item	Amount for the current period	Amount for the previous period
Employee benefits	168,561,877.38	176,428,120.44
Materials consumption and inspection fees	82,192,372.19	58,715,281.92
Commissioned R&D cost	56,168,562.33	12,553,292.71
New product design fee	24,313,864.14	13,008,621.76
Depreciation and amortization	31,913,397.11	44,437,281.25
Test outsourcing fee	35,896,061.76	18,717,995.73
Others	24,288,009.77	24,522,693.78
Total	423,334,144.68	348,383,287.59
Including: Expensed R&D expenditure	350,545,386.25	337,413,301.03
Capitalized R&D expenditure	72,788,758.43	10,969,986.56

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)	25,422,461.13	513,053.16				25,935,514.29
Fuqi Guben Ointment		15,711,255.23				15,711,255.23
INR101 Project		56,564,450.04				56,564,450.04
Total	25,422,461.13	72,788,758.43		0.00	0.00	98,211,219.56

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

(1) Business combination not under common control in the period

Unit: RMB

Name of the acquiree	Time point of equity acquisition	Cost of equity acquisition	Ratio of equity acquisition	Way of equity acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
Anguo Juyaotang Pharmaceutical Co., Ltd.	October 1, 2025	660,000,000.00	100.00%	Cash	October 1, 2025	Gaining substantial control.	226,033,987.82	11,663,167.02	122,764,476.83

Fixed assets	223,651,366.93	190,109,492.43
Intangible assets	121,950,394.79	47,390,999.75
Total assets	812,636,270.08	680,020,833.95
Liabilities:		
Borrowings		
Accounts payable	238,261,261.20	238,261,261.20
Total liabilities	356,478,661.90	326,634,426.96
Deferred tax liabilities		

(1) Business combinations under common control that occurred in the period: None.

(2) Combination cost: None

(3) Book value of assets and liabilities of the acquiree on the combination date: 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

RYes No

Unit: RMB

Name of subsidiary	Disposal price at the time of losing control	Disposal proportion at the time of losing control	Disposal method at the time of losing control	Time point when control is lost	Basis for determining the point of losing control	Difference between the disposal price and the share of the net assets corresponding to the disposal investment, as presented on the consolidated financial statements	Proportion of remaining equity on the date of losing control	Book value of the remaining equity on the consolidated financial statements at the date of losing control	Fair value of the remaining equity at the consolidated financial statement level on the date of losing control	Gains or losses arising from the remeasurement of the remaining equity at fair value	Method and main assumptions for determining the fair value of the remaining equity at the consolidated financial statement level on the date of losing control	Amount of other comprehensive income related to equity investments in subsidiaries transferred to investment profit and loss or retained earnings
Shanghai Yunzhen Outpatient Department Co., Ltd.	2,100,000.00	100.00%	Transfer by agreement	November 30, 2025		-773,539.48						

Other explanations: None.

Whether there was a loss of control in the current period under a progressive disposal of investments in subsidiaries through multiple transactions

Yes RNo

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:

Establishment of new subsidiaries

(1) Yunnan Baiyao Group invested in the establishment of Yunnan Baiyao Group Digital and Intelligent Technology Co., Ltd, with a registered capital of RMB 11,152,469.81 and a 100% ownership. Yunnan Baiyao included Yunnan Baiyao Group Digital and Intelligent Technology Co., Ltd into its consolidation scope from May 2025.

stablishment of PT YNBY

Healthcare Indonesia, with a total of 10,000 shares issued, each with a par value of 1 million Indonesian rupiah, totaling 10 billion Indonesian rupiah (out of which YNBY International holds 9,900 shares, and

BL Healthcare (Overseas) Limited holds 100 shares (1% equity)). Yunnan Baiyao included PT YNBY Healthcare Indonesia in its consolidation scope from January 2025.

(3) Yunnan Baiyao Group TCM Resources Co., Ltd invested in the establishment of Yunnan Baiyao Group TCM Materials Development (Weishan) Co., Ltd, with a registered capital of RMB 20,000,000 and a 100% ownership. Yunnan Baiyao included Yunnan Baiyao Group TCM Materials Development (Weishan) Co., Ltd into its consolidation scope from May 2025.

Deregistration:

(1) CICC Directional Asset Management - GF-CICC Qirui No. 1 was deregistered in December 2025.

(2) Lieder Industrial Investment Co., Ltd was deregistered in September 2025.

Acquisitions:

Yunnan Baiyao Group TCM Resources Co., Ltd acquired Anguo Juyaotang Pharmaceutical Co., Ltd in 2025 and included it into its consolidation scope. Beijing Juyaotang Technology Co., Ltd and Time Travel (Guangzhou) Intelligent Technology Co., Ltd are wholly-owned subsidiaries of Anguo Juyaotang Pharmaceutical Co., Ltd, so Yunnan Baiyao included Beijing Juyaotang Technology Co., Ltd and Time Travel (Guangzhou) Intelligent Technology Co., Ltd into its consolidation scope in October 2025.

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 Digital and Intelligent TCM Material Development 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 Co., Ltd.	25,970,800.00	Hefei	Hefei	Medical Device Production and Sales	100.00%	0.00%	Business combination not under the same control
Shanghai Yunzhen Medical Technology Co., Ltd.	900,000.00	Shanghai	Shanghai	Technical development and service	100.00%	T 0.00%	Set-up or investment

Pharmacy Co., Ltd.							under the same control
Yunnan Baiyao Group Digital and Intelligent Technology Co., Ltd.	11,152,470.00	Kunming	Kunming	Software and IT services	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 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 is able 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 at the end of the period
YNBY International Limited	34.08%	1,627,714.89		-8,878,289.63

Explanation on the inconsistency of the percentage of shares held by minority shareholders in subsidiaries with the proportion of voting rights: None.

Other explanations: On May 22, 2025, YNBY International Limited placed 800,000,000 shares, increasing the shareholding ratio of minority shareholders from 26.02% to 34.08%.

:

(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	523,888,159.10	10,489,436.18	534,377,595.28	207,416,955.49	3,628,959.12	211,045,914.61	328,272,842.86	12,491,866.59	340,764,709.45	94,092,251.84	5,957,177.35	100,049,429.19

(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.

subsidiary remains unchanged

(1)

Name of subsidiary	Time of change	Shareholding ratio before change	Shareholding ratio after change
YNBY International Limited	May 2025	73.68%	65.92%

Unit: RMB

Acquisition cost/disposal consideration	
--Cash	
--Fair value of non-cash assets	
Total of acquisition cost/disposal consideration	
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired/disposed	-37,009,868.76
Balance	37,009,868.76
Including: Adjustment of capital reserves	37,009,868.76
Adjustment of surplus reserve	
Adjustment of undistributed profits	

Other explanations: None.

3. Interest in joint ventures 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

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	180,463,695,237.78	171,823,107,421.97
Non-current assets	52,685,071,529.43	49,386,322,726.20
Total assets	233,148,766,767.21	221,209,430,148.17
Current liabilities	135,198,106,270.50	126,038,386,279.10
Non		

Associates:		
Total book value of investments	499,823,509.04	499,899,492.59
Total of the followings based on the percentage of shareholdings		
- Net profit	-106,174.01	-318,336.97
- Other comprehensive income		244.20
- Total comprehensive income		-318,092.77

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: None.

(7) Unrecognized commitment related to investments in joint ventures: None.

(8) Contingent liabilities related to investments in joint ventures or associates: None.

4. Significant joint operation

Explanations on the proportion of shareholding or entitlement differing from voting rights in joint operations: None.

Basis for classification as a joint operation where the joint operation is a separate entity: None.

Other explanations: None.

5. Interest in structured entities not included in the scope of consolidated financial statements

Relevant explanation on structured entities not included in the consolidated financial statements: None.

6. Others: None.

XI. Government Grants

1. Government grants recognized at the end of the reporting period based on amounts receivable

R Not applicable

Reasons for not receiving the estimated amount of government grants at the expected time point

R Not applicable

2. Liabilities involving government grants

Applicable Not applicable

Unit: RMB

Accounting item	Opening balance	Amount of new subsidies in the current period	Amount included in non-operating revenue during the period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income

Deferred income	133,786,181.20	54,284,600.00		46,962,820.50	21,594,143.90	119,513,816.80	Related to income
Deferred income	161,707,384.12	4,770,000.00		12,478,832.23	1,742,556.10	152,255,995.79	Related to assets

3. Government grants included in profit or loss for the current period

Applicable Not applicable

Unit: RMB

Accounting item	Amount for the current period	Amount for the previous period
Other income	96,333,463.99	84,203,749.10

Other explanations: None.

XII. Risks Associated with Financial Instruments

(I) Risks incurred by financial instruments

The risk management objective of the Company is to get a balance between risk and return, minimize the negative impact of risk on business results of the Company, and maximize the interest of shareholders and other equity investors. Based on this risk management objective, the basic risk management strategy of the Company is to identify and analyze various risks faced by the Company, 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.

The Company faces various risks related to financial instruments in its daily activities, primarily including credit risk, liquidity risk, and market risk. The management has reviewed and approved policies for managing these risks, which are summarized as follows.

(i) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to fulfill its obligations, resulting in financial losses to the other party.

1. Credit risk management practices

(1) Evaluation of credit risk

The Company assesses whether the credit risk of relevant financial instruments has significantly increased since initial recognition on each balance sheet date. In whether the credit risk has significantly increased since initial recognition, the Company considers obtaining reasonable and well-founded information without incurring unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk ratings, and forward-looking information. The Company compares the risk of default on financial instruments on the balance sheet date with the risk of default on the initial recognition date, based on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics, to determine the changes in default risk over the expected life of the financial instruments.

When one or more of the following quantitative and qualitative criteria are triggered, the Company deems that the credit risk of financial instruments has significantly increased:

1) The primary quantitative criterion is that the probability of default during the remaining duration as of the balance sheet date has increased by more than a certain percentage compared to the initial recognition;

status, as well as existing or anticipated shifts in the technological, market, economic, or legal environment that are expected to have a material adverse impact on the debtor s repayment capacity to the Company.

(2) Definition of default and credit impaired assets

When a financial instrument meets one or more of the following conditions, the Company defines the financial asset as having defaulted, and its criteria are consistent with the definition of credit impairment:

1) The debtor encounters significant financial difficulties;

2) The debtor violates the restrictive clauses imposed on the debtor in the contract;

3) The debtor is likely to go bankrupt or undergo other financial restructuring; and

grants concessions that the debtor would not otherwise make.

2. Measurement of expected credit losses

The key parameters for measuring expected credit losses include probability of default, loss given default, and exposure at default. The Company takes into account quantitative analysis of historical statistical data (such as counterparty ratings, types of guarantees and collateral, repayment methods, etc.) and forward-looking information to establish models for probability of default, loss given default, and exposure at default.

3. For the detailed reconciliation statement of the beginning and ending balances of provisions for losses on

Statement Items 3. Bills Receivable; 4. Accounts Receivable; 5. Receivables Financing; 6. Other Receivables; 9. Non-current Assets Due Within One Year; 10. Other Current Assets; 23. Other Non-

4. Credit risk exposure and credit risk concentration

The credit risk of the Company primarily arises from monetary funds and receivables. To mitigate the aforementioned risks, we have implemented the following measures.

(1) Monetary funds

The Company deposits its bank deposits and other monetary funds with financial institutions of high credit ratings, thus its credit risk is relatively low.

(2) Accounts receivable and contract assets

The Company continuously conducts credit assessments on customers who engage in transactions using credit methods. Based on the results of these assessments, the Company chooses to conduct transactions with approved customers who have good credit, and monitor their accounts receivable balances, to make sure that it does not face significant bad debt risks.

,

as of December 31, 2025, 16.98% (December 31, 2024: 21.17%) of its accounts receivable originated from the top five customers by balance. The Company does not have significant credit concentration risk.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will run short of funds to meet its obligations settled by delivering cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible; or from the counterparty s inability to repay its contractual debts; or from early maturity of debts; or from the inability to generate expected cash flows.

To control this risk, the Company comprehensively utilizes various financing methods such as bill settlement and bank loans, and adopts a method of appropriately combining long-term and short-term financing to optimize the financing structure, maintaining a balance between financing continuity and flexibility. The Company has obtained bank credit lines from multiple commercial banks to meet its working capital needs and capital expenditures.

:

Financial liabilities classified by their remaining maturity										
Items	Closing balance					Closing balance of the previous year				
	Book value	Undiscounted contract amount	Within one year	1-3 years	More than 3 years	Book value	Undiscounted contract amount	Within one year	1-3 years	More than 3 years
Short-term borrowings	182,775,753.21	186,182,419.88	186,182,419.88			423,380,272.64	423,460,272.64	423,460,272.64		
Notes payable	1,846,714,475.61	1,846,714,475.61	1,846,714,475.61			1,913,702,684.41	1,913,702,684.41	1,913,702,684.41		
Accounts payable	5,523,021,856.86	5,523,021,856.86	5,523,021,856.86			4,758,352,403.87	4,758,352,403.87	4,758,352,403.87		
Other payables	1,461,459,334.99	1,461,459,334.99	1,461,459,334.99			1,386,632,676.75	1,386,632,676.75	1,386,632,676.75		
Lease liabilities (including those maturing within one year)	217,873,760.71	217,873,760.71	76,043,381.53	103,824,679.18	38,005,700.00	279,093,065.97	279,093,065.97	88,436,075.74	112,651,290.23	78,005,700.00
Long-term borrowings (including those maturing within one year)	86,969,730.83	91,623,211.37	3,849,534.79	803,945.75	86,969,730.83	2,100,000.00	2,100,000.00			2,100,000.00
Subtotal	9,318,814,912.21	9,326,875,059.42	9,097,271,003.66	104,628,624.93	124,975,430.83	8,763,261,103.64	8,763,341,103.64	8,570,584,113.41	112,651,290.23	80,105,700.00

(iii) Market risk

Market risk refers to the risk that the fair value of a financial instrument or future cash flows fluctuate due to changes in market prices. Market risk primarily includes interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risk, while floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate and floating-rate financial instruments based on market conditions and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is primarily related to the Company s bank loans with floating interest rates.

As of December 31, 2025, the Company s bank loans with floating interest rates amounted to RMB 234,800,000.00 (as of December 31, 2024: RMB 404,233,333.39). Assuming that other variables remain unchanged, a 50 basis point change in interest rates would not have a significant impact on the Company s total profit and shareholders equity.

2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates. The Company s exposure to exchange rate fluctuations is primarily related to its foreign currency monetary assets and liabilities. The Company primarily operates in mainland China, and its main activities are denominated in Renminbi. Therefore, the Company s exposure to market risk from foreign exchange fluctuations is not significant.

monetary assets and liabilities at the end of the period,

(II) Hedging

(1) The Company carried out hedging business for risk management

Applicable R 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 R Not applicable

3. Financial assets

(1) Classification by type of transfer

R Applicable Not applicable

Unit: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognized or not	Basis for determining derecognition
Bill discount/endorsement	Bills receivable/receivables financing	6,429,789,790.99	Derecognized	All its risks and rewards have been transferred
Accounts receivable factoring	Accounts receivable	458,903,513.09	Derecognized	All its risks and rewards have been transferred
Accounts receivable factoring	Accounts receivable	12,541,236.47	Not derecognized	All its risks and rewards remain
Total		6,901,234,540.55		

(2) Derecognition of financial assets due to transfer

R Applicable Not applicable

Unit: RMB

Items	Way of transferring financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Receivables financing	Endorsement/discount	6,060,630,626.83	-17,215,991.15
Notes receivable	Endorsement/discount	369,159,164.16	-2,771,706.78
Accounts receivable	Factoring	458,903,513.09	-3,805,049.32
Total		6,888,693,304.08	-23,792,747.25

(3) Financial assets involved in continued assets transfer

R Applicable Not applicable

Unit: RMB

Items	Asset transfer method	Amount of assets formed through continued involvement	Amount of liabilities formed through continued involvement
Accounts receivable	Factoring	12,541,236.47	
Short-term borrowings	Factoring		12,541,236.47
Total		12,541,236.47	12,541,236.47

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		4,187,513,408.43	4,600,000.00	4,192,113,408.43
1. Financial assets measured at fair value		4,187,513,408.43	4,600,000.00	4,192,113,408.43

with changes recognized in current profit and loss				
(1) Others		4,187,513,408.43	4,600,000.00	4,192,113,408.43
(II) Accounts receivable financing			1,230,423,455.01	1,230,423,455.01
(1) Notes receivable			1,230,423,455.01	1,230,423,455.01
(III) Investment in other equity instruments			71,745,000.00	71,745,000.00
(IV) Other non-current financial assets			210,855,260.47	210,855,260.47
(V) Investment in equity instruments			210,855,260.47	210,855,260.47
(VI) Total assets at continuous fair value measurement		4,187,513,408.43	1,517,623,715.48	5,705,137,123.91

2. Determination basis of the market price of the item measured using level I fair value measurement continuously and non-continuously

The trading financial assets held by the Company that are measured at fair value at the first level are stocks traded in the active market. The Company determines their fair value based on the closing price of the open market on the balance sheet date.

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 trading financial assets held by the Company, which are measured at fair value at the second level, consist of bank and brokerage financial products. The Company determines their fair value based on the net value of each financial product at the end of the period.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for items subject to level III continuous and noncontinuous fair value measurement

The other non-current financial assets held by the Company that are measured at fair value at the third are equity investments in unlisted companies. The Company obtains the annual audit reports of the invested enterprises, considers their operating environment, operational status, and financial condition, and determines the fair value at

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

None.

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

The financial assets and financial liabilities of the Company that are not measured at fair value mainly include: monetary funds, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, other payables, long-term borrowings, lease liabilities, long-term payables, etc. The difference between their book value and fair value is relatively small.

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:

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 *Approval on the Proposal of Merger and Overall Listing of Yunnan Baiyao Group Co., Ltd and Yunnan Baiyao Holdings Co., Ltd (*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 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 Investment Group Co., Ltd would hold 321,160,222 shares of the Company through State-owned Equity Operation and Management Company, accounting for 25.04% of the total share capital of the Company. 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 the situation that the Company has no de facto controller and no controlling shareholder remain unchanged.

On August 8, 2024, the Company disclosed the *Announcement on Increase in Shareholdings of the Company by Shareholders of 5% or More and the Subsequent Shareholding Increase Plan*

shareholder, the State-owned Equity Management Company, increased its holdings of the Company by 17,485,863 shares through the Shenzhen Stock Exchang

2024, the State-owned Equity Management Company held 467,110,174 shares of the Company, accounting for -owned Equity Management Company remains the largest shareholder, and the Company continues to have no de facto controller and no controlling shareholder.

2. Information about subsidiaries of the Company

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 of joint ventures or associates with related party transactions for the period and balances resulting from related party transactions in the previous period are as follows:

Name of joint ventures or associates	Relationship with the Company
Shanghai Pharmaceuticals Holding Co., Ltd.	Associate
Lijiang Changgengming Trading Co., Ltd.	Associate

Other explanations: None.

4. Information about other related parties

Name of other related parties	Relationship between other related parties and the Company
Yunnan State-owned Equity Operation Management Co., Ltd.	Substantial shareholder of the Company
New Huadu Industrial Group Co., Ltd.	Substantial shareholder of the Company
:	Substantial shareholder of the Company
:	Former substantial shareholder of the Company
Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries	Former substantial shareholder of the Company
Yunnan Gongtou TCM Materials and Decoction Pieces Industry Development Co., Ltd. [Note 1]	past twelve months
MB Packaging Limited [Note 2]	Sub-subsidiary of former substantial shareholder
Kunming Yusi Pharmaceutical Co., Ltd. [Note 3]	Sub-subsidiary of former substantial shareholder
Shanghai Skynet Brand Management Crop., Ltd.	Equity investment company of the subsidiary of the substantial shareholder
Yunnan Drug Technology Development Operation Co., Ltd.	Investee company of a minority shareholder of the sub-subsidiary

:

Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	Purchase of goods and services	673,226,493.06	1,200,000,000.00		728,349,788.25
Jiangsu Yuyue Science & Technology Develop(Tm 0 gs3(					

:

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
YEIG Power Assembly Park Development Co., Ltd.	House					1,518,229.50	1,364,087.62	124,379.33	178,898.07		7,545,479.15
Yunnan Jianshui County Xingda Medicine Co., Ltd.	House					1,711,216.50	1,629,730.00	195,042.53	176,599.56		
Yunnan Baoshan Medicine Co., Ltd.	House, equipment, vehicle						3,758,075.00	33,292.27	73,844.23	1,776,596.76	
Yunnan Tianma Pharmaceutical Co., Ltd.	House					1,587,691.20	1,841,918.53	50,017.40	36,476.85	2,869,398.04	2,857,171.88
Yunnan Jingxing Pharmaceutical Group Co., Ltd.									21,069.80		3,447,933.32
Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	Equipment and vehicle					496,991.15					

Explanations on leasing between related parties: None.

Accounts receivable	Yunnan Salt Industry Dianzhong Co., Ltd.	3,500.00			
Accounts receivable	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries			117,455.24	
Other receivables	Yunnan Kunhua Hospital Investment Management Co., Ltd.	200,000.00	60,000.00	200,000.00	100,000.00

(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	71,609,299.66	86,515,415.13
Accounts payable	MB Packaging Limited	862,711.03	1,731,652.43
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
Accounts payable	Yunnan Drug Technology Development Operation Co., Ltd.	92,915.38	216,491.97
Accounts payable	Yunnan Salt Industry Wenshan Co., Ltd.	23,362.83	
Accounts payable	Yunnan Salt Rixin Co., Ltd.	8,403.60	8,403.60
Accounts payable	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	7,152.62	43,245.62
Accounts payable	Teh-Ho Canned Food Company	5,655.00	46,990.36
Accounts payable	Shanghai Skynet Brand Management Crop., Ltd.	3,300.00	39,911.51
Notes payable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	1,101,228.80	1,050,654.60
Notes payable	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries		8,977,012.28
Contractual liabilities	Tibet Jiushi Zhihe Marketing Co., Ltd.	17,545,544.65	2,172,816.79
Contractual liabilities	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	11,316,812.74	27,079,192.76
Contractual liabilities	Yunnan Tianma Pharmaceutical Co., Ltd.	13,125.96	
Contractual liabilities	Yunnan Baoshan Medicine Co., Ltd.		548,382.19
Other payables	Yunnan Labor Force Center Market Co., Ltd.	94,981.90	
Other payables	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	317,419.54	
Other payables	Yunnan Salt Rixin Co., Ltd.	5,000.00	
Other payables	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	4,229.99	4,229.99
Other payables	Kunming Yusi Pharmaceutical Co., Ltd.		2,353.18
Other payables	Ma Xinhong	46,200,000.00	
Other payables	Ma Zhanjiang	26,400,000.00	
Other payables	Shi Guang	18,480,000.00	

Lease liabilities	Yunnan Jianshui County Xingda Medicine Co., Ltd.	3,165,586.27	4,657,661.24
Lease liabilities	YEIG Power Assembly Park Development Co., Ltd.		1,382,344.99
Lease liabilities	Yunnan Jingxing Pharmaceutical Group Co., Ltd.		1,148,722.02
Non-current liabilities due within one year	Yunnan Baoshan Medicine Co., Ltd.	3,679,384.19	1,869,495.16
Non-current liabilities due within one year	Yunnan Jingxing Pharmaceutical Group Co., Ltd.		1,652,355.08
Non-current liabilities due within one year	Yunnan Jianshui County Xingda Medicine Co., Ltd.		
Non-current liabilities due within one year	Yunnan Tianma Pharmaceutical Co., Ltd.		1,428,311.30
Non-current liabilities due within one year	YEIG Power Assembly Park Development Co., Ltd.	1,382,344.99	1,321,553.56
Dividends payable	: :		86,490,742.04

7. Related party commitments: None.

8. Others: None.

XV. Share-based Payment

1. General information about share-based payment

Not applicable

2. Equity-settled share-based payment

Not applicable

3. Cash-settled share-based payment

Not applicable

4. Share payments during the period

Not applicable

5. Amendment and termination of share-based payment: None.

6. Others: None.

XVI. Commitment and Contingencies

1. Significant commitments

Significant contingencies on the balance sheet date: None.

2. Contingencies

(1) Significant contingencies on the balance sheet date

Contract dispute case filed by Shanghai Yuanye Industrial Co., Ltd against Yunnan Baiyao Holdings Investment Co., Ltd et al., with a case amount of RMB 1,575,317,800. As of the date of issuance of this financial report, the court has ruled to permit the plaintiff

Shanghai Yuanye Industrial Co., Ltd to withdraw the lawsuit. Meanwhile, the court has also ruled to lift the preservation measures taken in connection with the case and to enforce such ruling immediately.

(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 Subsequent to the Balance Sheet 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

On February 27, 2026, YNBY International allotted and issued 1,937,984,496 shares to Shanghai International Trust Co., Ltd (acting as trustee for Yunnan Baiyao to subscribe for and hold convertible bonds), the designated trustee of Yunnan Baiyao, at the

from 65.92% to 72.84%. Upon completion of this exercise and conversion, the Company will implement the relevant matters concerning the trust product in accordance with the determined plan and operational procedures.

XVIII. Other Significant Events

1. Correction of previous accounting errors: None.

2. Debt restructuring: None.

3. Assets exchange: None.

4. Annuity plan

(1) In accordance with the *Trial Measures for Enterprise Annuity* and *Trial Measures for Enterprise Annuity Fund Management* 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

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 *Enterprise Annuity Implementation Plan of Yunnan Pharma*, 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 *Enterprise Annuity Implementation Plan of Yunnan Institute of Materia Medica*, 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 *Letter from Yunnan Institute of Materia Medica Regarding Adjustment of the Corporate Pension Plan*, 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 *Measures on Enterprise Annuity* (Decree No. 36 of Ministry of Human Resources and Social Security), *Measures on the Management of Enterprise* *rsoW*nBTF8 10.56Tf1 0 0 1 73.704 524.95 Tm0 g0 G[( )] TJET*

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	1,244,764,619.52	1,227,895,866.19
1 to 2 years	8,224,921.66	3,872,165.80
2 to 3 years	1,685,144.62	79,324,328.73
Above 3 years	726,736,143.29	650,617,364.49
Total	1,981,410,829.09	1,961,709,725.21

(2) Disclosure by provision for bad debts

:

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Account receivables with provision for bad debt on portfolio basis	1,981,410,829.09	100.00%	21,541,975.87	1.09%	1,959,868,853.22	1,961,709,725.21	100.00%	20,993,861.37	1.07%	1,940,715,863.84
Including:										
Age-based portfolio	98,593,016.20	4.98%	21,541,975.87	21.85%	77,051,040.33	67,854,948.56	3.46%	20,993,861.37	30.94%	46,861,087.19
Related party portfolio	1,882,817,812.89	95.02%		0.00%	1,882,817,812.89	1,893,854,776.65	96.54%		0.00%	1,893,854,776.65
Total	1,981,410,829.09	100.00%	21,541,975.87	1.09%	1,959,868,853.22	1,961,709,725.21	100.00%	20,993,861.37	1.07%	1,940,715,863.84

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	98,593,016.20	21,541,975.87	21.85%
Related party portfolio	1,882,817,812.89		
Total	1,981,410,829.09	21,541,975.87	

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 RNot 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	836,658,958.62		836,658,958.62	42.23%	
Customer B	609,940,399.20		609,940,399.20	30.78%	
Customer C	241,037,751.21		241,037,751.21	12.16%	
Customer D	140,065,678.83		140,065,678.83	7.07%	
Customer E	24,714,231.13		24,714,231.13	1.25%	
Total	1,852,417,018.99		1,852,417,018.99	93.49%	

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	79,875,215.52	10,348,033.98
Other receivables	6,552,212,996.22	6,491,515,478.29
Total	6,632,088,211.74	6,501,863,512.27

(1) Interest receivable

1) Category of interest receivable: None.

2) Significant overdue interest: None.

3) Disclosure by provision for bad debts

Applicable R 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
Shanghai Pharmaceuticals Holding Co., Ltd.	79,875,215.52	
Jacobson Pharma Co., Ltd.		6,482,280.00
JBM (Healthcare) Co., Ltd.		3,865,753.98
Total	79,875,215.52	10,348,033.98

2) Significant dividends receivable aged above 1 year: None.

3) Disclosure by provision for bad debts

Applicable R 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	6,686,598,659.88	6,622,159,259.62
Deposits and guarantees	4,639,663.00	7,874,816.28

Petty cash and others	12,713,170.32	12,856,300.67
Total	6,703,951,493.20	6,642,890,376.57

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)	2,754,961,521.16	2,829,671,131.53
1 to 2 years	801,370,373.68	1,704,148,058.85
2 to 3 years	1,596,345,756.81	841,712,325.56
Above 3 years	1,551,273,841.55	1,267,358,860.63
Total	6,703,951,493.20	6,642,890,376.57

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	

Balance as of January 1, 2025	151,374,898.28			151,374,898.28
Balance as of January 1, 2025 in the current period				
Current provision	363,598.70			363,598.70
Balance as of December 31, 2025	151,738,496.98			151,738,496.98

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 R Not applicable

4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts during 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	5,400,228.74	363,598.70				5,763,827.44
Related party portfolio	145,974,669.54					145,974,669.54
Total	151,374,898.28	363,598.70				151,738,496.98

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	Current accounts of related parties within the scope of consolidation	1,877,311,464.00	Within 1 year, 1 to 2 years, 2 to 3 years, above 3 years	28.00%	
Entity B	Current accounts of related parties within the scope of consolidation	969,585,683.33	Within 1 year, 1 to 2 years, 2 to 3 years, above 3 years	14.46%	
Entity C	Current accounts of related parties within the scope of consolidation	896,890,920.63	Within 1 year, 1 to 2 years	13.38%	
Entity D	Current accounts of	823,745,699.09	1 to 2 years, 2 to 3 years, above 3 years	12.29%	

	related parties within the scope of consolidation				
Entity E	Current accounts of related parties within the scope of consolidation	480,074,188.78	Within 1 year, 1 to 2 years, 2 to 3 years, above 3 years	7.16%	
Total		5,047,607,955.83		75.29%	

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	2,603,195,450.92	244,474,941.95	2,358,720,508.97	2,593,195,450.92	244,474,941.95	2,348,720,508.97
Investments in associates and joint ventures	13,247,345,923.78		13,247,345,923.78	12,578,620,530.71		12,578,620,530.71
Total	15,850,541,374.70	244,474,941.95	15,606,066,432.75	15,171,815,981.63	244,474,941.95	14,927,341,039.68

(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 Pharmaceutical Co., Ltd.	765,533,647.30						765,533,647.30	
Yunnan Baiyao Group Health Products Co., Ltd.	168,297,661.03						168,297,661.03	
Yunnan Baiyao Group TCM Resources Co., Ltd.	130,894,518.14						130,894,518.14	
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	39,627,253.25						39,627,253.25	
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	16,489,200.00						16,489,200.00	
Yunnan Baiyao Group (Hainan) Co., Ltd.	457,198,438.74						457,198,438.74	
Yunnan Baiyao Group Shanghai Co., Ltd.	11,350,000.00						11,350,000.00	
Yunnan Digital-Intelligent TCM Materials Development Co., Ltd.	56,059,850.00						56,059,850.00	
Yunnan Baiyao Teayield Co., Ltd.	3,701,960.00	20,000,000.00					3,701,960.00	20,000,000.00

:

Shanghai Yunzhen Medical Technology Co., Ltd.	200,572,858.37						200,572,858.37	
Yunnan Baiyao Holding Investment Co., Ltd.	193,992,837.67						193,992,837.67	
Yunnan Institute of Materia Medica	101,075,329.94						101,075,329.94	
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	85,700,000.00						85,700,000.00	
YNBY International Limited	98,226,954.53	224,474,941.95					98,226,954.53	224,474,941.95
Yunhe Pharmaceutical (Tianjin) Co., Ltd.	20,000,000.00						20,000,000.00	

(2) Investments in associates and joint ventures

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	Profit and loss on investments recognized under the equity method	Adjustment of other comprehensive income	Change in other equities	Cash dividends or profit declared to be issued	Provision for impairment	Others		
I. Joint ventures												

The recoverable amount is determined based on fair value less the disposal expense.

□Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

□Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

tests in previous years and the actual situation in the corresponding year: None.

(3) Other explanations: None.

4. Operating revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main business	8,483,895,232.32	3,345,012,597.22	7,594,049,549.16	3,288,033,537.43
Other business	1,294,941,132.38	119,514,201.07	1,273,785,043.21	102,035,979.67
Total	9,778,836,364.70	3,464,526,798.29	8,867,834,592.37	3,390,069,517.10

Breakdown information of operating revenue and operating cost:

Unit: RMB

Contract classification	Drug sales		TCM resources		Others		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type	8,283,954,138.31	3,182,255,343.90	199,688,874.41	162,565,334.16	1,295,193,351.98	119,706,120.23	9,778,836,364.70	3,464,526,798.29
Including:								
Industry sales income	8,283,954,138.31	3,182,255,343.90					8,283,954,138.31	3,182,255,343.90
Commercial sales income			199,688,874.41	162,565,334.16			199,688,874.41	162,565,334.16
Technical services income					252,219.60	191,919.16	252,219.60	191,919.16
Others					1,294,941,132.38	119,514,201.07	1,294,941,132.38	119,514,201.07
By operating areas	8,283,954,138.31	3,182,255,343.90	199,688,874.41	162,565,334.16	1,295,193,351.98	119,706,120.23	9,778,836,364.70	3,464,526,798.29
Including:								
In Yunnan province	964,856,008.56	314,091,262.40	199,688,874.41	162,565,334.16	1,295,193,351.98	119,706,120.23	2,459,738,234.95	596,362,716.79
Outside Yunnan province (excluding overseas)	7,319,098,129.75	2,868,164,081.50					7,319,098,129.75	2,868,164,081.50
Overseas								

Information about performance obligations: None.

Other explanations: None.

Information related to the transaction price allocated to the remaining performance obligations:

At the end of this reporting period, the Company recorded an amount of revenue of RMB 0.00 from its performance of obligations set out in the signed contracts to be fulfilled or fully fulfilled.

Significant contractual changes or significant transaction price adjustments: None.

Other explanations: None.

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Long-term equity investment incomes accounted by the cost method	1,800,000,000.00	1,900,000,000.00
Long-term equity investment incomes accounted by the equity method	983,423,862.34	772,732,477.51
Investment income on financial assets held for trading during holding period		6,671,289.70
Investment income from disposal of financial assets held for trading	32,705,136.82	
Investment income from other non-current financial assets during the holding period		20,474,449.39
Profits or losses from disposal of other non-current financial assets	29,102,029.45	
Others	-226,891,279.70	-3,991,808.68
Total	2,618,339,748.91	2,695,886,407.92

6. Others: None.

XX. Supplementary Information

1. Breakdown of non-recurring profits and losses for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profits and losses from disposal of non-current assets	7,198,923.23	
Government subsidies included in the current profits and losses (excluding the government		

Profits and losses from entrusted investment or asset management	19,212,454.11	
Non-operating revenue and expenses other than the above	4,570,455.96	
Other profits and losses satisfying the definition of non-recurring profits and losses	17,162,242.56	
Less: Amount affected by the income tax	44,955,132.44	
Amount affected by minority interests (after tax)	90,875.93	
Total	288,918,435.75	--

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 *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses*, as recurring profits and losses

RNot 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	13.02%	2.89	2.89
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	12.29%	2.73	2.73

3. 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

RNot applicable

(2) Differences in the net profits and net assets in financial statements disclosed respectively under overseas accounting standards and CAS

RNot applicable

(3) Explanations of the causes to differences in accounting data under CAS and overseas accounting standards; if adjustment is made for data audited by an overseas audit institution, the name of the institution shall be provided

4. Others: None.

Yunnan Baiyao Group Co., Ltd.

Board of Directors

March 31, 2026