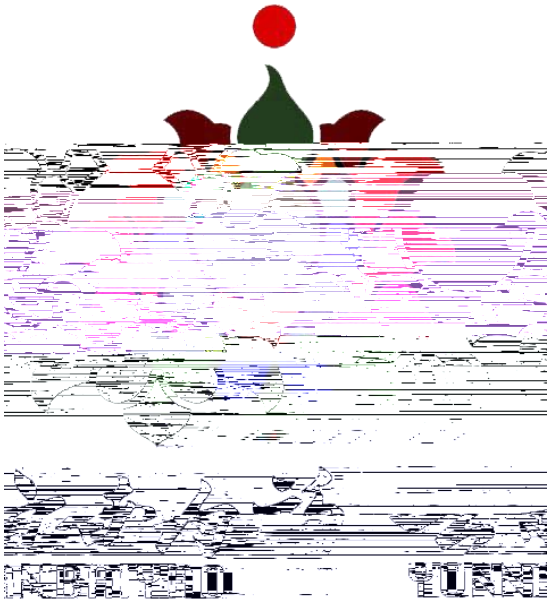


Yunnan Baiyao Group Co., Ltd.

Annual Report 2025

	de facto controller

R Not applicable

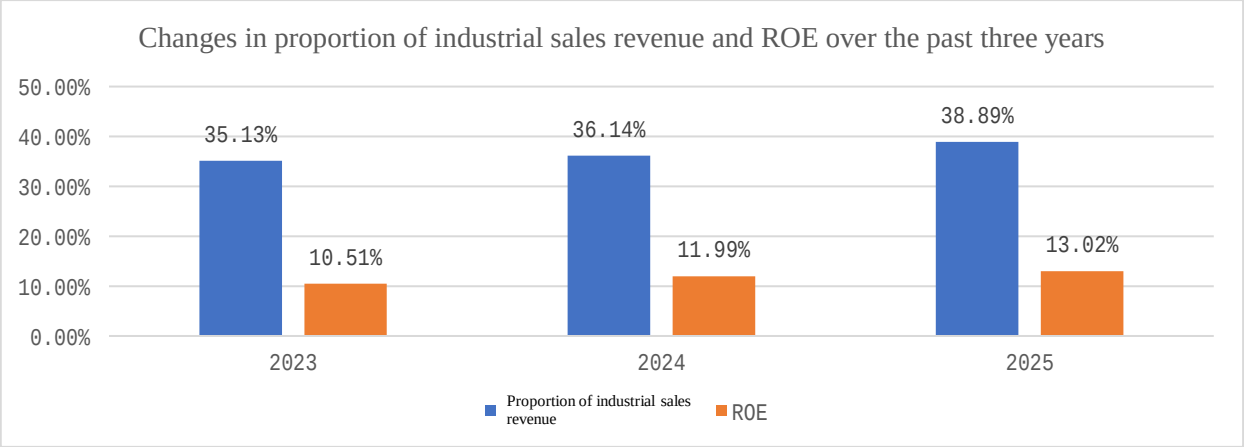
R Not applicable

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)				

	End of 2025	End of 2024	Increase/decrease compared to the end of the previous year	End of 2023
Total assets (RMB)	54,268,581,131.82	52,914,181,333.05	2.56%	53,784,293,183.93
Net assets attributable to shareholders of the listed company (RMB				


Changes in proportion of industrial sales revenue and ROE over the past three years
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
35.13%
10.51%
36.14%
11.99%
38.89%
13.02%
2023
2024
2025
Proportion of industrial sales revenue
ROE

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	

R Not applicable

V VXVWDLB

R Not applicable

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

			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				

			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.			
Commomtn						

			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-			

restructuring	acting-in-concert parties

			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	companytititution will aintnin in58(d)-6(e)4(p)-6(e)4(n)7(d)-6			

made during asset restructuring	owned Equity Management Company, New Huadu

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

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. 4(if)1

completeness of
the information
provided

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

(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

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-

			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

R Not applicable

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

7. Other significant related party transactions

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		

R Not applicable

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

XVII. Explanation for Other Significant Events

R Applicable

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 equ f-(aot)6(ang)-100(i)5(n

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

-

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								

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

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 Companng s than 0(s th)- 444 524.59 Tm 0 g 0 G [(T)11(h)81.rs/F2 866F2 866[(O)-4 5(es)3o BT /F2q 0.32 Tm 0 g 0 G [( )] T

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

R Not applicable

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

R Applicable

Name of corporate shareholder	Legal representative/Head of the organization	Date of establishment	Registered capital	Main business operations or management activities
Yunnan State-owned Equity Operation Management Co., Ltd.	Wang Hongxin	June 21, 2019	RMB 20,977,469,085.95	Holding and managing state-owned equity; Equity (including listed company equity) investment, operation, and transfer; Fundraising; Research and consulting services on the structural layout of state-owned capital and industrial development (Business activities that require approval according to the law may be conducted only after obtaining approval from the relevant departments.)
New Huadu Industrial Group Co., Ltd.	Chen Fashu	May 4, 1996	RMB 139,800,000.00	Wholesale and retail of pre-packaged and bulk food products; Investment, management, and consulting services in the retail industry, interior and exterior decoration, hotel industry, mining industry, hydropower engineering, road and bridge engineering projects, real estate industry, and industrial sector (Business activities that require approval according to the law may be conducted only after obtaining approval from the relevant departments.)

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

For relevant information disclosure, please refer to Notes III (XXVI) and V (II) 1 to the financial statements.

The operating revenue of Yunnan Baiyao is primarily derived from multiple business segments including pharmaceutical sales, health and personal care products, TCM resources, and pharmaceutical distribution. In 2025, the operating revenue of Yunnan Baiyao amounted to RMB 41.187 billion.

As operating revenue is one of the key performance indicators for Yunnan Baiyao s operations and performance assessment, there is an inherent risk that the Yunnan Baiyao s management (hereinafter referred to as "Management") may recognize revenue inappropriately to achieve specific targets or expectations. Additionally, revenue recognition involves significant management judgment. Therefore, we have identified revenue recognition as a key audit matter.

2. Audit procedures performed

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

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

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 -44(goi)5(ng)-56(c)12(oncer5(i)5(ncl)6(u5[illegible]

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).

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		

Including: Data resources		
Goodwill		
Long-term deferred expenses	27,248,415.57	40,087,609.94
Deferred income tax assets	378,492,475.32	387,502,971.84
Other non-current assets	407,180,610.18	404,946,229.16
Total non-current assets	19,161,304,315.35	18,672,318,309.24
Total assets	43,448,670,896.37	42,699,780,664.27
Current liabilities:		
Short-term loans	150,010,000.00	400,133,333.33
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	4,801,338,529.81	4,018,681,496.23
Receipts in advance	83,822.40	355,324.62
Contractual liabilities	1,034,888,677.35	1,534,629,073.69
Payroll payable	1,098,078,735.81	940,019,555.32
Taxes and duties payable	46,701,616.03	207,921,216.70
Other payables	10,214,340,163.01	10,071,969,063.28
Including: Interest payable		
Dividends payable		86,490,742.04
Held-for-sales liabilities		
Non-current liabilities due within one year	4,725,069.53	15,543,095.75
Other current liabilities	25,640,252.72	102,375,999.95
Total current liabilities	17,375,806,866.66	17,291,628,158.87
Non-current liabilities:		
Long-term loans	1,100,000.00	1,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	107,226,300.59	184,260,902.19

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	

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											

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	-

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															

4. Others

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)												
)-3. Covered losses 29.88 re												

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

)

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)

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

(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.

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

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

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

Accounting treatment of impairment of financial assets

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

Determination of credit losses of various financial assets

a. Notes receivable

accounts receivable financing if their maturities are within one year (including one Tf 1 0 0 1 337.75 765.6 Tm 0 g 0 G [( )

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

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-

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

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.

estimate.dvl35po

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

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 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-

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

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

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.

(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).

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

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 e t.o10.56 Tf 1 0 0 1 56.30.56 Tf tc,6 Tf a6 Tf rea4(D)-4(15)11(-2(ai)6(3agr)4(i)54(D

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		

(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	

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		

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

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

(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

Unit: RMB

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.

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
2. Increase in the 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) 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					

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			

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

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)

(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								

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		

		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

				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.

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 ¿)ñ ,h ì“ Ff ˆu •V„ N¿)ñ S fa Î ˆu •V„ N¿)ñ "fa28Ñ•

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

[redacted]

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

1 year or overdue: None.

Unit: RMB

	Closing balance	Opening balance
	190,841.21	446,673.78
Total	190,841.21	446,673.78

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

30. Contractual liabilities

Unit: RMB

Item

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

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

Unit: RMB

Item	Opening balance	

44. 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							

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

50. Selling expenses

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		

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

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

Cash or cash equivalents received from disposal of subsidiaries during the period	1,680,000.00

(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

Item

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		

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.

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

(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	

(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

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

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.

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							

(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 Compan6(ar)-6(y)0 G [(t)5(pan)panpanpanpantou

Unit: RMB

Transfer method	Nature of transferred financial assets	

with changes recognized in current profit and loss				
(1) Others				

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

Operation Co., Ltd.	
Yunnan Salt Industry Dianzhong Co., Ltd.	Sub-subsidiary of the substantial shareholder
Tibet Jiushi Zhihe Marketing Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Salt Industry Dianxibei Co., Ltd.	Sub-subsidiary of the substantial shareholder
Tibet Jiujia E-Commerce Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	Sub-subsidiary of the substantial shareholder
Sino-Platinum Chemical Materials (Yunnan) Co., Ltd.	Sub-subsidiary of the substantial shareholder
Jiuai Zhihe (Beijing) Technology Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Labor Force Center Market Co., Ltd.	Sub-subsidiary of the substantial shareholder
Sino-Platinum Metals New Materials Holding Group Co., Ltd. [Note 4]	Subsidiary of the substantial shareholder
Yunnan Hongta Bank Co., Ltd.	Subsidiary of the substantial shareholder
Kunming Sino-Platinum New Materials Technology Co., Ltd.	Sub-subsidiary of the substantial shareholder
YEIG Power Assembly Park Development Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Kunhua Hospital Investment Management Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Jianshui County Xingda Medicine Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Tianma Pharmaceutical Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Qiubei County Wanhe Pharmaceutical Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Baoshan Medicine Co., Ltd. [Note 5]	Former minority shareholder that has significant influence on the subsidiary
Ma Xinhong	Senior management of the sub-subsidiary
Ma Zhanjiang	Senior management of the sub-subsidiary
Shi Guang	Senior management of the sub-subsidiary

Other explanations:

[Note 2] Its former controlling shareholder, Yunnan Energy Research Institute Co., Ltd (a subsidiary of Yunnan Investment Holdings Co., Ltd), was reduced to the third largest shareholder on February 14, 2025, and no longer has control over it.

[Note 3] Formerly a wholly-owned subsidiary

[Note 4] Formerly known as Guiyan Platinum Industry Co., Ltd, renamed to Sino-Platinum Metals New Materials Holding Group Co., Ltd in December 2023.

[Note 5] No longer a minority shareholder with significant influence over the subsidiary as of July 2024.

5. Related party transactions

(1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Information of commodities purchased/labor services accepted

Unit: RMB

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 &					

Yunnan Gongtou TCM Materials and Decoction Pieces Industry Development Co., Ltd.	Sale of goods	935,779.82	
Yunnan Baoshan Medicine Co., Ltd.	Sale of goods	717,987.08	582,396.79
Sino-Platinum Chemical Materials (Yunnan) Co., Ltd.	Rendering of services	471,698.11	4,300.00

The Company as the lessee:

Unit: RMB

Name of lessor

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
[redacted]	[redacted]	23,362.83	
[redacted]	[redacted]	8,403.60	8,403.60
Accounts payable	[redacted]an Jingxing Pharmaceutical Group Co., Ltd.	[redacted]	[redacted]
Accounts payable	Teh-Ho Canned Food Company	5,655.00	46,990.36
Accounts payable	[redacted]ai Skynet Brand Management Crop., Ltd.	3,300.00	39,911.51
[redacted]	[redacted]	[redacted]	[redacted]
Notes payable	Jiangsu Yuyue Science & Technology Development Co., Ltd and its subsidiaries		8,977,012.28

Contractual liabilities

[redacted]

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

z5a 1 0 0 1 239 Eff Q EMC /P /MCID 666 1 0 0 1 55.94W*n BT /F2 10.56 Tf 1.0286 .000008864:

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

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 R Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the period: None.

(4) Actual write-off of accounts receivable for the period: None.

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

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

(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

Balance as of January 1, 2025	151,374,898.28			151,374,898.28
Balance as of January 1, 2025 in the current period				

	related parties within the scope of consolidation

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	

(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.

R Not applicable

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost		

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
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 subsidies closely related t 28.08 re W*n 397.63 188.54 70.704 28.08 re 6( )-2(c)97.63ET		