

Company code:603939

Company abbreviation: Yifeng Pharmacy

Yifeng Pharmacy Chain Co., Ltd. 2024 Annual Report

This report is prepared in both Chinese and English and is published electronically. If there is any inconsistency between the two versions, the Chinese version shall prevail.

Important Notes

- I. The Board of Directors, Board of Supervisors, directors, supervisors and senior management of the Company hereby guarantee that the contents are authentic, accurate, and complete, without false records, misleading representations or material omissions in the Annual Report, and shall take all the joint and several legal liabilities.**
- II. All the directors have attended the meeting of the Board of Directors.**
- III. Pan-China Certified Public Accountants has issued a standard unqualified audit report for the Company.**
- IV. Gao Yi, the Company's responsible person, Wang Yonghui, responsible person in charge of accounting work, and Guan Changfu, the accounting firm's responsible person (accounting superintendent) hereby declare and warrant that the financial report in the Annual Report is authentic, accurate, and complete.**
- V. The plan of profit distribution or the conversion of capital reserves into share capital for the Reporting Period has been approved by the Board of Directors**

Based on the audit conducted by Pan-China Certified Public Accountants (special general partnership), as of December 31, 2024, the undistributed profits in the parent company's financial statements amounted to CN¥854,914,834.22.

In 2024, the Company achieved a net profit attributable to the parent company amounting to CN¥ 1,528,576,669.36. After adding the undistributed profit from the beginning of 2024, which was CN¥ 4,774,244,419.42, and deducting the statutory surplus reserve of CN¥ 127,737,417.19 extracted at the end of the year, along with a dividend payout of CN¥ 505,289,898.50 for 2023, and a dividend payout of 303,114,161.25 for mid 2024, the profit available for distribution to shareholders totaled CN¥ 5,366,679,611.84.

The Company proposes to distribute a cash dividend of CN¥0.40 (tax included) per share to all shareholders. As of March 31, 2025, the Company's total share capital stood at 1,212,416,794 shares, resulting in a proposed total cash dividend distribution of CN¥484,966,717.60 (tax included). Should the Company's total share capital change between the disclosure date of this profit distribution plan and the equity registration date for its implementation, due to factors such as convertible bond conversion or repurchase and cancellation of shares granted under equity incentives, the Company intends to maintain the per-share distribution ratio while adjusting the total distribution amount accordingly. Any subsequent changes in total share capital will be announced separately with specific adjustment details. The profit distribution plan above is subject to approval by the Company's shareholders at the general meeting

before implementation.

VI. Risk statement on forward-looking statements

☒ Applicable" ☐ Not applicable"

The forward-looking statements such as future plans and development strategies in the Annual Report do not constitute a substantive commitment of the Company to investors. Investors should therefore make rational investment based on an awareness of risk factors.

VII. Are there cases of non-operational fund occupancy by the controlling shareholder and other related parties

No

VIII. Have there been any breaches of established decision-making procedures in providing guarantees to external parties

No

IX. Has there been a situation where more than half of the directors cannot guarantee that the Annual Report disclosed by the Company is authentic, accurate, and complete

No

X. Significant risk warnings

During the Reporting Period, no significant risks had a substantial impact on the Company's production and operation activities. The Company has extensively elaborated on potential risks in this report. For more details, please refer to Subsection "Potential Risks" under Section III "Management Discussion and Analysis".

XI. Others

☐ Applicable""☒ Not applicable"

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Contents of Reference File	Accounting statements with the signatures and seals of the Company's responsible person, the responsible person in charge of accounting work, and the responsible person of the accounting firm (accounting superintendent)
	The original copies of all documents and announcements publicly disclosed by the Company in the newspapers designated by the China Securities Regulatory Commission (CSRC) during the Reporting Period, including <i>Shanghai Securities News</i> , <i>China Securities Journal</i> , <i>Securities Times</i> , and <i>Securities Daily</i>

Section I. Paraphrase

I. Paraphrase

In this report, unless stated otherwise, the following terms shall be interpreted as follows:

Common terms and their definitions		
The Company, Company, and Yifeng Pharmacy	Means	Yifeng Pharmacy Chain Co., Ltd.
Houxin	Means	Controlling shareholder of Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)
Yizhifeng	Means	Ningbo Meishan Free Trade Port Area Yizhifeng Enterprise Management Partnership (Limited Partnership), a shareholder of the Company
Yirentang	Means	Ningbo Meishan Free Trade Port Area Yirentang Enterprise Management Partnership (Limited Partnership), a shareholder of the Company
Hunan Yifeng Pharmaceutical	Means	Hunan Yifeng Pharmaceutical Co., Ltd.
Hubei Yifeng Pharmaceutical	Means	Hubei Yifeng Pharmaceutical Co., Ltd.
Shijiazhuang Xinxing	Means	Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.
Yifeng Guangshengtang	Means	Hubei Yifeng Guangshengtang Pharmaceutical Chain Co., Ltd.
Wuxi Kyushu	Means	Wuxi Kyushu Pharmaceutical Chain Co., Ltd.
Jiangsu Yifeng	Means	Jiangsu Yifeng Pharmacy Chain Co., Ltd.
Hubei Yifeng	Means	Hubei Yifeng Pharmacy Chain Co., Ltd.
Yidu Yifeng	Means	Yidu Yifeng Pharmacy Chain Co., Ltd.
CSRC	Means	China Securities Regulatory Commission
Company Law	Means	Company Law of the People's Republic of China
Securities Law	Means	Securities Law of the People's Republic of China
O2O	Means	Online To Offline (O2O) integrates offline business opportunities with the Internet, thus effectively making the Internet a platform for offline transactions.
B2C	Means	Business To Customer (B2C) is an e-commerce model in which enterprises directly sell their products or services to consumers. This type of e-commerce typically relies on network retail.
CRM	Means	Customer Relationship Management (CRM) is a system that enterprises use to manage relationship with their customers.
SAP	Means	Systems Applications and Products in Data Processing (SAP) is a software used to manage solutions.
AGV	Means	Automated Guided Vehicle (AGV) refers to a vehicle used for material handling and transportation with automated guide.
GSP	Means	Good Supply Practice
ESG	Means	Environmental, Social, and Governance
MSCI	Means	Morgan Stanley Capital International, a leading provider of ESG ratings
During the Reporting Period and within the Reporting period	Means	January 1, 2024 to December 31, 2024
CN¥, CN¥10,000	Means	Chinese Yuan, Chinese Yuan 10,000
Shanghai Stock Exchange website	Means	www.sse.com.cn

Section II. Company Profile and Main Financial Indicators

I. Company information

Chinese name	Yifeng Pharmacy Chain Co., Ltd.
Chinese abbreviation	Yifeng Pharmacy
English name	Yifeng Pharmacy Chain Co., Ltd.
English abbreviation	Yifeng Pharmacy
Legal representative	Gao Yi

II. Contacts and contact information

	Secretary of the Board of Directors	Securities Affairs Representative
Name	Fan Wei	Luo Gongzhao
Address	No.68, Jinzhou Avenue, Lugu High-tech Zone, Changsha City, Hunan Province	No.68, Jinzhou Avenue, Lugu High-tech Zone, Changsha City, Hunan Province
Tel.	0731-89953989	0731-89953989
Fax	0731-89953989	0731-89953989
E-mail	ir@yfdyf.com	ir@yfdyf.com

III. Basic information

Registered address	No.2638, Renmin Road, Fuqiang Community, Baimahu Subdistrict, Wuling District, Changde City, Hunan Province
Alteration of registered address	None
Office address	No.68, Jinzhou Avenue, Lugu High-tech Zone, Changsha City, Hunan Province
Post code of office address	410000
Website	www.yfdyf.cn
E-mail	ir@yfdyf.com

IV. Information disclosure and place of the report

Media to which the Company's Annual Report is disclosed and their websites	<i>China Securities Journal, Securities Times, Shanghai Securities News, and Securities Daily</i>
Website of the stock exchange to which the Company's Annual Report is disclosed	www.see.com.cn
Place where the Company's Annual Report is formulated	Office of the Board of Directors

V. Company stock

Company stock				
Stock type	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A share	Shanghai Stock Exchange	Yifeng Pharmacy	603939	/

VI. Other related information

Accounting firm employed by the Company (domestic)	Name	Pan-China Certified Public Accountants (special general partnership)
	Office address	No. 128, Xixi Road, Lingyin Sub-district, Xihu District, Hangzhou City, Zhejiang Province
	Names of undersigned	Wei Wujun and Jiang Fengfeng

Sponsor institution providing continuous supervision during the Reporting Period	accountants	
	Name	CITIC Securities Company Limited
	Office address	CITIC Securities Tower, No.48 Liangmaqiao Road, Chaoyang District, Beijing
	Signing sponsor representatives	Ding Yuan and Zhao Yan
	Continuous supervision period	From March 2024 until the complete utilization of raised funds

VII. Main accounting data and financial indicators in recent three years

(i) Main accounting data

Unit: CN¥ Currency: CNY

Main accounting data	2024	2023	Increase/Decrease over the previous year (%)	2022
Operating revenue	24,062,154,701.73	22,588,227,402.22	6.53	19,886,395,835.95
Net profit attributable to shareholders of the listed company	1,528,576,669.36	1,411,985,024.41	8.26	1,261,841,039.80
Net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses	1,497,081,296.82	1,361,512,589.23	9.96	1,227,426,490.98
Net cash flow from operating activities	4,221,267,084.53	4,623,740,795.60	-8.70	3,920,267,304.15
	At the end of 2024	At the end of 2023	Increase/Decrease over the end of the previous year (%)	At the end of 2022
Net assets attributable to shareholders of the listed Company	10,725,687,023.42	9,804,432,476.56	9.40	8,553,215,869.87
Total assets	27,974,736,950.35	24,136,539,194.64	15.90	21,036,023,981.99

(ii) Main financial indicators

Main financial indicators	2024	2023	Increase/Decrease over the previous year (%)	2022
Basic earnings per share (CN¥/share)	1.26	1.17	7.69	1.05
Diluted earnings per share (CN¥/share)	1.24	1.17	5.98	1.04
Basic earnings per share with	1.24	1.13	9.73	1.02

non-recurring profits and losses deducted (CN¥/share)				
Weighted average return on net assets (%)	14.67	15.44	-0.77%	15.78
Weighted average return on net assets with non-recurring profits and losses deducted (%)	14.37	14.89	-0.52%	15.35

Explanation on the Company's main accounting data and financial indicators for the previous three years at the end of the Reporting Period

"□ Applicable" "√ Not applicable"

VIII. Differences in accounting data under domestic and foreign accounting standards

(i) Differences in net profits and net assets attributable to shareholders of the listed Company in the financial statements disclosed under international accounting standards and that disclosed under domestic accounting standards

"□ Applicable" "√ Not applicable"

(ii) Differences in net profits and net assets attributable to shareholders of the listed Company in the financial statements disclosed under overseas accounting standards and that disclosed under domestic accounting standards

"□ Applicable" "√ Not applicable"

(iii) Explanation on differences in overseas and domestic accounting standards:

"□ Applicable" "√ Not applicable"

IX. Quarter-based main financial indicators in 2024

Unit: CN¥ Currency: CNY

	Quarter 1 (Jan - Mar)	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sept)	Quarter 4 (Oct - Dec)
Operating revenue	5,970,923,210.35	5,791,477,901.16	5,456,496,751.25	6,843,256,838.97
Net profit attributable to shareholders of the listed company	406,753,106.09	390,965,029.11	312,782,556.35	418,075,977.81
Net profits attributable to shareholders of the listed Company after deduction of non-recurring profits and losses	399,441,133.73	386,338,695.39	306,074,278.81	405,227,188.89
Net cash flow	650,107,205.26	1,171,591,112.07	1,520,076,060.85	879,492,706.35

operating activities				
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Description of differences between quarterly data and periodic report data disclosed

☐ Applicable" ☒ Not applicable"

X. Non-recurring profit and loss items and amounts

☒ Applicable" ☐ Not applicable"

Unit:CN¥ Currency: CNY

Non-recurring profit and loss items	Amount in 2024	Note (if applicable)	Amount in 2023	Amount in 2022
Profit and loss on disposal of non-current assets (including the write-off of provision for impairment of assets)	47,641,839.34		29,092,610.09	12,763,439.78
Governmental subsidies included in the current profits and losses (excluding the governmental subsidies closely relating to the normal business operations of the Company, conforming to national policies and regulations, enjoyed in accordance with a certain standard, and having a lasting impact on the profits and losses of the Company)	14,930,754.09		44,930,209.02	32,820,333.05
Profits and losses from changes in fair value arising from financial assets and financial liabilities held by non-financial institutions, and profits and losses from the disposal of financial assets and financial liabilities, except for the effective hedging business related to the normal business operations of the Company			13,074.67	
Fund possession cost collected from the non-financial institution and included in the current profits and losses				
Profits and losses from entrusting others to invest or manage assets				
Profits and losses from external entrusted loans				
Losses of various assets made due to force majeure factors, such as natural disasters				
Reversal of impairment reserves for the receivables under independent impairment test				

Gains arising from the identifiable net assets at fair value of the investee at the time of acquisition when the cost of acquiring investments in subsidiaries, joint ventures, and associates is less than the investment amount				
The current net profits and losses of a subsidiary from the beginning of the Reporting Period to the combination date under common control.				
Profits and losses from non-monetary asset exchange				
Profits and losses from debt restructuring				
Non-recurring expenses incurred by the enterprise due to the cessation of business activities, such as employee relocation expenses				
One-time impact on the current profits and losses due to the adjustments of tax, accounting, and other laws and regulations				
Non-recurring share-based payment expenses due to cancellation or modification of equity incentive plan				
For cash-settled share-based payments, profits and losses arising from changes in fair value of employee compensation payable after the vesting date				
Profits and losses arising from changes in fair value for investment real estate measured using the fair value model for subsequent measurement				
Profits from transactions where the transaction price has an excess or deficit compared to fair value				
Profits and losses arising from contingent items unrelated to the Company's normal business operations				
Revenue earned from entrusted operations				
Other non-operating revenue and expenditure in addition to those mentioned above	-17,587,789.91		-5,060,038.31	2,172,359.49

Other profit and loss items conforming to the definition of non-recurring profits and losses				
Less: Income tax effect	10,257,785.41		16,885,907.38	12,124,610.41
Amount affected by minority interests (after tax)	3,231,645.57		1,617,512.91	1,216,973.09
Total	31,495,372.54		50,472,435.18	34,414,548.82

The Company shall provide explanations for defining profits and losses not listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses* as non-recurring profit and loss items with significant amounts, and defining non-recurring profit and loss items listed in this document as recurring profit and loss items.

☒ Applicable ☐ Not applicable

Unit: CN¥ Currency: CNY

Item	Amount involved	Reason
Investment income during the financial instrument holding period	89,506,157.27	Related to daily business activities

XI. Items measured by fair value

☒ Applicable ☐ Not applicable

Unit: CN¥ Currency: CNY

Item name	Opening balance	Closing balance	Current change	Amount of impact on the current profit
Investment in other equity instruments	432,225,200.00	339,971,600.00	-92,253,600.00	17,084,000.00
Trading financial assets	1,630,720,887.94	4,406,809,254.46	2,776,088,366.52	89,506,157.27
Receivables financing	11,889,888.58	29,445,006.56	17,555,117.98	
Total	2,074,835,976.52	4,776,225,861.02	2,701,389,884.50	106,590,157.27

XII. Others

☐ Applicable ☒ Not applicable

Section III. Management Discussion and Analysis

I. Discussion and analysis of the Company's operations

Throughout the Reporting Period, the collective efforts of the Board of Directors, management, and all employees enabled the Company to execute the operational plan set by the Board at the year's outset. The Company continued to implement its "regional concentration and steady expansion" development strategy. By adopting a city-specific approach of "new openings + M&A + franchising" for store expansion, the Company achieved a net increase of 2,512 stores for the year. The Company enhanced its product competitiveness by continuously improving cost control, optimizing distribution channels, and upgrading its intelligent supply chain system, resulting in a more differentiated and strategically-focused product range. The development of a new pharmaceutical retail ecosystem, leveraging membership data,

big data analytics, internet healthcare, and health management services, significantly boosted the Company's capabilities in new media operations and content management. By establishing comprehensive digital connections linking customers, the enterprise, products, operations, and marketing, the Company is progressively shifting its focus from product management to customer-centric operations. The Company has also undertaken a restructuring of its human resources systems, optimized its organizational structure, and reviewed store staffing. Additionally, it has implemented a hybrid talent development model that combines online and offline approaches, deeply integrating corporate culture into its training programs. These initiatives have resulted in improved organizational efficiency and strengthened the Company's cultural soft power. In response to changes in industry policies and market conditions during the second half of the year, the Company swiftly adjusted its operational strategy to prioritize quality improvement. Through the active implementation of various measures—including optimizing human resource allocation, precise store staffing, customer-centric renovations encompassing personnel, products, and store environments, as well as cost reduction and efficiency enhancement initiatives—the Company achieved sustained growth in its annual operating performance.

1. Positive growth in operating performance

During the Reporting Period, the Company maintained a steady increase in operating revenue and operating profit. The Company generated operating revenue of CN¥24,062.1547 million, representing a year-on-year growth of 6.53%. The net profit attributable to shareholders of the listed company reached CN¥1,528.5767 million, registering a year-on-year increase of 8.26%. The net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses, was CN¥1,497.0813 million, representing a 9.96% year-on-year growth. The weighted average return on net assets was 14.67%, with earnings per share of CN¥1.26. As of December 31, 2024, the Company's total assets amounted to CN¥27,974.737 million, representing an increase of 15.90% compared to CN¥24,136.5392 million at the end of the previous year. The equity attributable to owners of the parent company totaled CN¥10,725.687 million, indicating a 9.40% increase compared to CN¥9,804.4325 million at the end of the previous year.

2. Store expansion

During the Reporting Period, the Company adapted its expansion strategy to changing market conditions while maintaining its “regional concentration and steady expansion” approach in the Central South China, East China, and North China markets. Employing a city-specific strategy of “new openings + M&A + franchising,” the Company added 2,512 new stores throughout the year. This expansion included 1,305 self-built stores, 381 acquisitions, and 826 franchises. Notably, 1,078 stores were closed. As of the end of the Reporting Period, the total number of the Company's stores is 14,684 (including 3,812 franchise stores), registering a net increase of 1,434 stores compared to the end of the previous period.

3. Advancing product cost control and supply chain optimization

Throughout the Reporting Period, the Company further refined its product structure through a triple assessment system evaluating product quality, efficacy, and cost-effectiveness. High-quality

manufacturers were selected as core suppliers through proactive quality inspections, efficacy reviews, and value assessments. The Company enhanced cost control, optimized distribution channels, and forged strategic partnerships with suppliers. In response to national centralized procurement initiatives, the Company actively collaborated with manufacturers to introduce centrally procured products. By the end of 2024, the Company's coverage of nationally procured items exceeded 98%, with over 2,800 SKUs introduced. The implementation of digital and intelligent tools led to continuous improvements in the supply chain system, resulting in sustained enhancement in merchandise satisfaction fill rate, inventory turnover, and supply chain management efficiency.

4. Operating the new pharmaceutical retail system efficiently

During the Reporting Period, the Company deeply integrated membership management, big data analytics, internet healthcare, and other health management resources to build an ecosystem-based new pharmaceutical retail system. This integration led to digital upgrades in chronic disease management and optimization of online diagnostic services. By the end of the Reporting Period, the Company operated over 10,000 O2O direct-sale stores and more than 600 24-hour delivery stores. Key performance indicators for the new retail business, including order picking efficiency, delivery speed, order fulfillment rate, as well as per-capita, per-brand, and per-square-meter efficiency, all showed continuous improvement. Annual online sales revenue reached CN¥2.127 billion (tax included), with O2O contributing CN¥1.721 billion and B2C contributing CN¥0.406 billion.

5. Undertaking hospital prescription outflow (from public hospitals into pharmaceutical retail channel) online and offline

During the Reporting Period, the Company actively explored new models for fulfilling hospital prescription outflows through both online and offline channels.

In the offline sector, the Company leverages hospital-adjacent pharmacies, adopting a patient-centric approach. We actively develop DTP specialized pharmacies, "dual-channel" government BMI designated outlets, and pharmacies for chronic disease management and outpatient services. This strategy aims to enhance accessibility to both conventional prescription drugs and new specialty medications. We have bolstered patient services by implementing professional service capabilities, including patient registration, specialized delivery, follow-up visits, and regular online and offline patient education. We also enhance collaborations with relevant manufacturers and actively incorporate pharmaceuticals covered under the government BMI scheme. By the end of the Reporting Period, the Company operated 688 hospital-adjacent stores (within 100 meters of Class 2A or higher hospitals), 318 DTP specialized pharmacies, including 259 stores with dual-channel medical insurance access, and over 4,600 pharmacies integrated with outpatient medical insurance systems. The Company has established deep partnerships with nearly 200 specialized prescription drug suppliers.

In the online domain, we have upgraded our electronic prescription transfer services, focusing on building a closed-loop service system that caters to both public and private health insurance patients. Our digital upgrade has optimized the prescription service digital platform, interfacing with over 50 hospital systems (including internet hospitals), and improving data processing capabilities and stability.

We have established a prescription quality control service system with precise rule sets and databases tailored to medical, public, and private insurance requirements. To enhance fulfillment capabilities, we have implemented a multi-tiered fulfillment service system comprising provincial logistics warehouses, city-level central warehouses, and hospital-adjacent stores. Concurrently, we have developed comprehensive B2C, O2O, and third-party logistics systems. We have expanded our business scope by integrating with health commissions, public and private insurance providers, hospitals, and third-party internet hospital platforms. Significant progress has been made in incubating commercial insurance benefit services, particularly in auto insurance and employee benefits. Currently, we are connected with over 10 provincial and municipal-level medical insurance and health commission prescription transfer platforms, directly or indirectly linked with over 100 hospitals, and more than 50 internet hospitals.

6. Making remarkable progress in digital transformation

The Company has leveraged digital intelligent technologies to transform traditional operations, comprehensively building a digital operational system and an intelligent logistics and distribution network. During the Reporting Period, the Company focused on digitalizing core capabilities in marketing planning, product supply chain, membership operations, employee efficiency, franchise expansion, and healthcare insurance services. Management efficiency was enhanced across human resources, finance, logistics, and operations. After years of persistent, evolutionary iterations, the Company has essentially completed the construction of six major middle-platform systems, including operations, product, and human resources centers. The digital per-capita store service capacity has achieved a CAGR of 20% for five consecutive years, significantly enhancing system support capabilities.

7. Enhancing employee professional service capabilities through refined training systems

Continuously enhancing professional service capabilities remains a long-term driver of organic growth within the Company's stores and a core competitive edge in achieving industry leadership. During the Reporting Period, the Company continued to refine its training system by developing and improving standardized training materials, establishing dedicated and part-time in-store instructor teams, creating training bases for new employees and reserve store managers, and promoting the "Management Trainee" program. The Company also implemented various training modes combining online and offline approaches with a credit-based assessment system. In 2024, the Company kept improving and updating the courseware for the service concepts, behavioral habits, professional skills, and pharmaceutical knowledge. It conducted 4,935 training sessions, covering middle and senior management, core staff, base instructors, full-time lecturers, management trainees, district directors, store managers, reserve store managers, and new employees. The average training time per employee reached 82.23 hours. The Company upgraded the *Handbook for New Employee Training Camps*, *Handbook for Pre-Stage Training for Reserve Store Managers*, *Handbook for Store Manager Base Training*, and *Handbook for New Store Manager Guidance*. Over 4,000 employees were organized to participate in the national licensed pharmacist qualification examination. Simultaneously, the Company continued to strengthen cooperation with universities, establishing internship and talent cultivation bases to ensure an ample

reserve of professional talent for future development.。

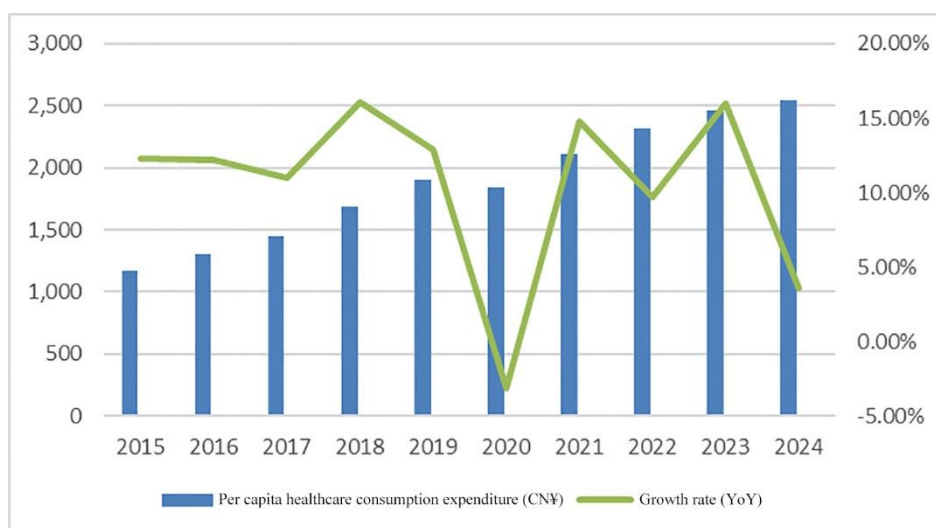
II. Industry of the Company during the Reporting Period

Throughout the Reporting Period, ongoing healthcare system reforms have led to a clearer separation of prescribing and dispensing, with an increasing trend of prescription outflow from hospitals. This shift has underscored the value of retail pharmacies as crucial channels for the out-of-hospital pharmaceutical market and as key entry points for community health services. The aging population in China has driven a consistent growth in demand for chronic disease management and daily medication, resulting in sustained increases in customer traffic to pharmacies. The continuous advancement of internet technology and artificial intelligence, coupled with innovations in digital operations management, has led to the maturation of a “new pharmaceutical retail” model that seamlessly integrates online and offline channels. Concurrently, evolving industry policies, domestic economic dynamics, and shifts in competitive landscapes have given rise to new trends within the pharmaceutical retail sector, including self-regulation, transformation and upgrading, diversification of product offerings, and innovative business models.

I. The accelerating pace of population aging, combined with heightened public health awareness, has led to a sustained increase in consumer demand for healthcare services, chronic disease medications, and elderly health management solutions. This trend is reflected in the year-on-year growth of national healthcare expenditures and the expanding scale of the overall health industry.

Statistical data indicates that the proportion of China’s population aged 60 and above rose from 14.3% in 2012 to 22.0% in 2024. Projections from the China Research Center on Aging suggest that the current scale of China’s silver economy, estimated at around CN¥7 trillion, is expected to reach CN¥30 trillion by 2035. The emergence of an aging society has intensified pressure on pension and medical insurance funding, while simultaneously driving strong demand for chronic disease treatment. With a clear long-term demand for medical and health services established, pharmacies are poised to play an increasingly crucial role as community health service hubs, leveraging their professional expertise and credibility to become key drivers in the health industry’s development. According to the National Bureau of Statistics, in 2024, the per capita healthcare consumption expenditure within national residents’ overall consumption reached CN¥2,547, marking a 3.6% increase from the previous year and accounting for 9.0% of total per capita consumption expenditure.

Per Capita Healthcare Consumption Expenditure of Residents 2015-2024

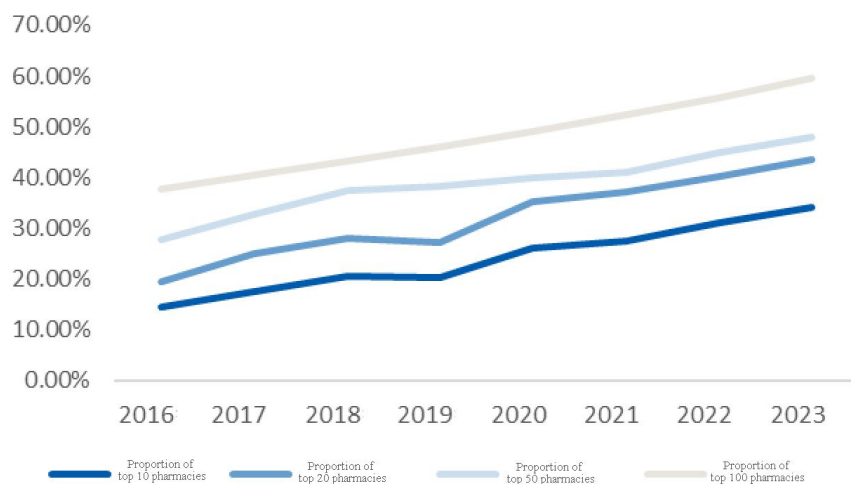


Data Source: National Bureau of Statistics

II. The pharmaceutical retail industry has experienced a continued increase in chain store penetration and market concentration, driven by a combination of industrial policies, advancements in internet technology, and intensified market competition. Notably, China Monitor Health reported that the fourth quarter of 2024 marked the first instance of negative quarter-over-quarter growth in the total number of pharmacies nationwide.

The chain store penetration rate in retail pharmacies has shown significant growth, rising from 42.4% in 2016 to 58.5% in 2024. However, this development remains geographically uneven, with eastern coastal areas boasting chain store rates exceeding 70%, while central and western regions lag behind at below 50%. Rural areas continue to be dominated by independent pharmacies with comparatively limited service capabilities. In 2023, the top 100 retail enterprises operated nearly 130,000 direct-sale stores, accounting for 33.7% of the total retail chain stores nationwide. These direct-sale stores generated sales of CN¥317.4 billion, representing 58.8% of the national pharmaceutical retail market share. The market concentration among the top 100 companies increased by nearly 4% compared to the previous year. The top 10 enterprises in terms of comprehensive competitiveness achieved sales of CN¥156.3 billion, accounting for approximately 29% of overall national retail sales. However, data from Soochow Securities and China Drug Store indicates that China's market concentration still lags behind international standards. For comparison, in 2022, the market share of the top three pharmacies in the United States was 85%, while the top ten drugstores in Japan held a 73.7% market share. This highlights a significant opportunity for further consolidation and growth in China's pharmaceutical retail sector.

Market Concentration of Pharmacies in China



III. The ongoing healthcare system reform, coordinating medical services, insurance, and pharmaceuticals, has accelerated the outflow of hospital prescriptions. Consequently, pharmacies have emerged as crucial entry points for community health services, experiencing a significant increase in both channel value and social importance.

According to the *Notice of the National Healthcare Security Administration Office on Standardizing the Management of Medical Insurance Drug Prescriptions for External Distribution* (YBBH [2024] No. 86), from January 2025, designated retail pharmacies offering “dual-channel” drugs must process prescriptions through electronic prescription centers. Paper prescriptions will be phased out. Local authorities are required to swiftly implement medical insurance electronic prescription center functionality based on the national unified medical insurance information platform, connecting insurance agencies, designated medical institutions, and retail pharmacies to ensure seamless electronic prescription circulation. Simultaneously, driven by consumer demand for convenience and efforts to control hospital drug expenditure ratios, public hospitals’ share of China’s three major drug sales terminals continues to decline. The second and third terminals are steadily gaining ground, with retail pharmacies’ sales share growing from 22.5% in 2016 to 29.8% in the first half of 2024.

Proportion of Drug Sales Among China’s Three Major Terminals



Data Source: Menet, China Drug Store

IV. The progressive implementation of medical insurance outpatient coordination policies has ushered the pharmaceutical retail industry into a new era of standardized development and governance. This regulatory environment provides strong policy support for the substantial growth of compliant and well-governed chain pharmacies.

In February 2023, the National Healthcare Security Administration issued the *Notice on Including Designated Retail Pharmacies in Outpatient Coordination Management* (the *Notice*), mandating the integration of qualified designated retail pharmacies into outpatient management. This initiative aims to expand medical service accessibility and enhance convenience for insured individuals. The *Notice* promotes designated retail pharmacies to offer outpatient coordination services and encourages eligible retail pharmacies to voluntarily participate in these services, thereby extending outpatient medication coverage for insured patients.

In January 2024, the National Healthcare Security Administration issued the *Notice on Promoting Fair, Transparent, and Balanced Pricing of Drugs with Identical Generic Names and Brands across Provinces*. According to this directive, provincial medical insurance departments should guide pharmaceutical procurement agencies to focus on “four identical drugs” (same generic name, brand, dosage form, and specification) to foster fairer pricing practices among pharmaceutical enterprises and ensure price consistency across provinces.

In May 2024, the Pharmaceutical Pricing and Tendering Procurement Division of the National Healthcare Security Administration issued the *Notice on Implementing the “Online Stores, Price Inquiry, Data Comparison, and Governance Action” Special Initiative*, aimed at deepening healthcare system reform, strengthening drug price supervision, and leveraging various retail channels, including retail and online pharmacies, for price discovery. This initiative is expected to address unfair and discriminatory high pricing, guide reasonable price-setting by enterprises, and promote high-quality innovation in the pharmaceutical industry.

In June 2024, the General Office of the State Council issued a notice outlining the *Key Tasks for*

Deepening Healthcare Reform in 2024, specifying the key priorities in the course. These tasks include exploring unified mechanisms for policy coordination, information connectivity, and regulatory synergy across medical services, insurance, and pharmaceuticals.

In October 2024, the National Healthcare Security Administration issued the *Notice on Standardizing the Management of Medical Insurance Drug Prescriptions for External Distribution* (YBBH [2024] No. 86) to enhance insured individuals' access to medical treatment and medication. These include establishing mutual aid mechanisms for employee outpatient services, improving coverage for specific diseases among urban and rural residents, supporting dual-channel drug supply, and accelerating the development of electronic prescription centers.

In April 2025, 12 government departments, including the Ministry of Commerce and the National Health Commission, jointly released the *Special Action Plan for Promoting Health Consumption*. This plan reinforces the health promotion function of pharmacies and proposes leveraging industry associations to guide retail pharmacies in expanding their roles in health promotion and nutritional health. It directs local authorities to incorporate eligible medical services into regional medical insurance coverage. The plan supports innovation in "Internet+" medical service models, deepening the application of electronic prescriptions for medical insurance through the national unified medical insurance information platform. This facilitates the seamless transfer of electronic prescriptions among designated medical institutions, meeting the demand for convenient medical services. It also emphasizes the role of licensed pharmacists in retail pharmacies, encouraging them to provide consultations and promote health knowledge in areas such as rational medication use and chronic disease management, thereby fostering health consumption concepts.

In conclusion, while the pharmaceutical retail industry continues to expand under favorable policies and technological advancements, it still faces challenges such as regional disparities, cost pressures, and the need for innovative business models. Future industry competition will focus not only on scale but also on operational efficiency and ecosystem-based services. Enterprises will need to build their core competencies and long-term growth potential through digital transformation, supply chain optimization, service innovation, and ESG value creation, all while maintaining regulatory compliance.

Periodic industrial characteristics:

The pharmaceutical distribution industry is a critical sector vital to national and public welfare. Since pharmaceutical consumption addresses basic social needs, it remains relatively unaffected by macroeconomic fluctuations, demonstrating minimal economic cyclicity. Only a select few products exhibit seasonal variations, primarily due to extreme weather conditions during the summer and winter months. Compared to other sectors within general retail, the pharmaceutical retail industry exhibits weaker economic cyclicity. However, due to the time-sensitivity, convenience, consumer habits, and regional variations associated with pharmaceuticals, the industry displays distinct regional characteristics. Enterprises boasting extensive store networks, standardized management, systematic operations, and robust cross-regional replication capabilities enjoy significant competitive advantages in the market.

Position of the Company in the industry:

The Company's core operations span ten provinces and municipalities: Hunan, Hubei, Shanghai, Jiangsu, Jiangxi, Zhejiang, Guangdong, Hebei, Beijing, and Tianjin. Through years of development, the Company has established a substantial regional competitive edge. The Company has been recognized with numerous prestigious accolades, including Top 100 Value Main Board Listed Companies in China, Hurun China Top 300, Top 100 Chinese Pharmacy Value Ranking, Top 100 Private Enterprises in Hunan, China's Most Growth-Oriented Listed Companies, Champion Enterprise in Pharmaceutical Retail Profitability, Top 100 in Comprehensive Competitiveness for Pharmaceutical Retail, Leading Enterprise in Pharmaceutical Retail Digitalization, Golden Phoenix Tree Award for Listed Companies with the Most Social Responsibility, Highest Brand Value Enterprise in the National Pharmaceutical Retail Industry by Hurun Brand List, GYBrand's 2024 Top 500 Most Valuable Brands in China, and MSCI 2024 ESG Rating A-level Enterprise.

III. Main business of the Company during the Reporting Period

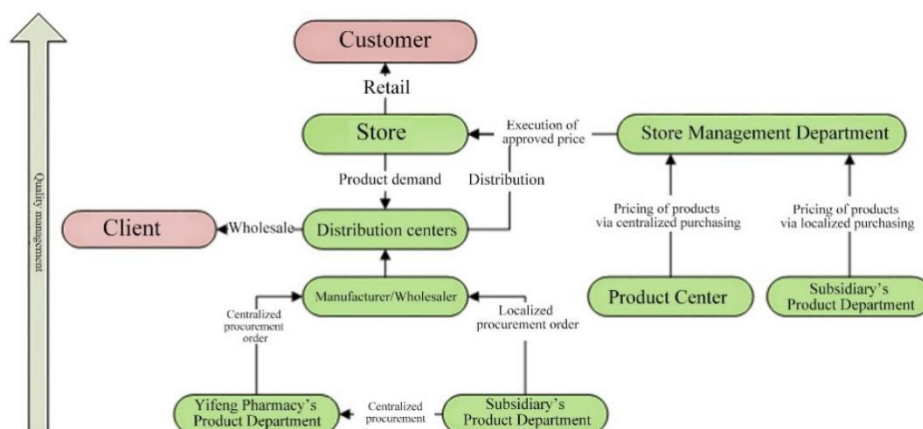
(i) Overview of main business

The Company is one of the leading chain retail enterprises in the domestic pharmaceutical sector, primarily engaged in the retail of pharmaceuticals, health products, medical devices, and other health-related daily convenience items. Its subsidiary, Yifeng Pharmaceutical, acts as the internal procurement platform for the Company, managing internal goods distribution, franchise distribution, and a modest amount of external pharmaceutical distribution. Another subsidiary, Hengxiutang Pharmaceuticals Company, focuses on the R&D and production of Chinese medicinal slices, mainly to satisfy the Company's internal needs.

During the Reporting Period, no significant changes occurred in the Company's main business.

(ii) Main operating modes

The Company's main operating modes includes product procurement, logistics distribution, warehouse management, and store sales. It is shown as follows:

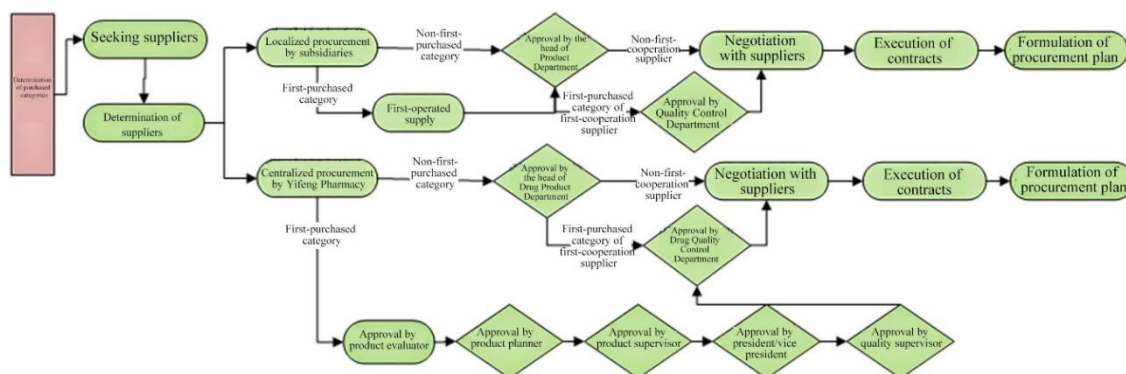


1. Procurement mode

The Company has set up a Product Center responsible for aggregating the demand for products purchased by all the stores in a centralized manner, coordinating subsidiaries' procurement plans, and

formulating category assortment plans. The subsidiary's Product Department is responsible for aggregating the procurement requirements of all the Company's stores, submitting centralized procurement plans to the Company's Product Center, managing localized purchasing needs, and executing procurement. After understanding the store's demands, product departments at different levels perform tasks such as product evaluation, price inquiries, price comparisons, negotiations, and price determination. They also engage in discussions with suppliers to formalize procurement contracts.

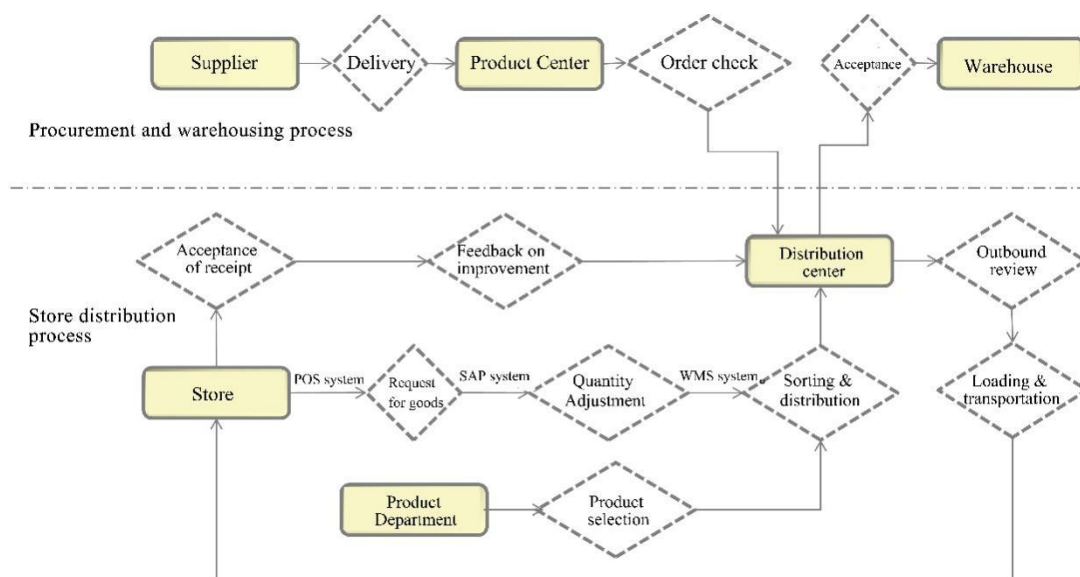
The Company's procurement process is as follows:



2. Warehouse management and logistics distribution

The Company has established the modern logistics centers in Hunan, Hubei, Jiangsu, Shanghai, Jiangxi, Guangdong, and Hebei. Currently, the Company boasts advanced equipment, technologies, and business management models in the logistics industry, including stereoscopic warehouses, automated conveyor systems, automated sorting systems, AGV for order picking, Miniload for intelligent automatic replenishment, electronic labeling systems, multi-level shuttles, crossbelts, robotic arms, wireless RF picking, acceptance systems, and intelligent consolidation systems. These capabilities provide enhanced support for digital operations of Yifeng's supply chain. All products in the stores owned by the Company are independently distributed by the logistics centers of the Company or its subsidiaries. The Company's robust distribution capabilities provide strong logistical support for its rapid expansion.

The logistics distribution process is as follows:



3. Sales mode

(1) Retail

As of December 31, 2024, the Company owns a total of 14,684 chain drugstores (including 3,812 franchise stores) across ten provinces and municipalities in China, including Hunan, Hubei, Shanghai, Jiangsu, Jiangxi, Zhejiang, Guangdong, Hebei, Beijing, and Tianjin. These stores offer customers a wide range of products, including Western and Chinese patent medicine, traditional Chinese medicine herbal pieces, medical devices, health supplements, personal care products, and daily convenience items related to health.

The Company centrally manages procurement, distribution, and pricing guidance for store merchandise. Its operating system oversees the entire process of goods inflow, sales, and inventory management. Customers can make purchases using cash, UnionPay cards, government BMI cards, and various online payment methods. All sales data is seamlessly integrated into the Company's SAP system.

(2) Franchise delivery and distribution business

Franchise distribution involves purchasing products from suppliers and then distributing them to the franchised stores of the Company and its subsidiaries. The distribution business primarily involves selling certain agency products to third parties.

(3) Pharmaceutical e-commerce

The Company's pharmaceutical e-commerce division leverages CRM and big data, with innovations in telemedicine and prescription circulation, creating an integrated online and offline new retail model. The online sales platform primarily utilizes existing physical stores, with customers placing orders online and fulfillment handled by third-party logistics providers, company-owned distribution centers, or physical stores.

IV. Core competitiveness analysis during the Reporting Period

"√ Applicable" "□ Not applicable"

1. Development strategy of regional concentration and steady expansion

During the Reporting Period, the Company adhered to the development strategy of "regional concentration and steady expansion" and the operational policy of "key penetration and intensive marketing". By strategically establishing a reasonable layout of the breadth and depth of store networks, fostering a positive brand image, enhancing professional service capabilities, ensuring standardized operations and management, continuously optimizing the supply chain and product portfolio, and upgrading the membership management system, the Company has kept enhancing customer satisfaction and repeat purchase rates, leading to a sustained growth in store sales revenue. While leveraging regional competitive advantages, the Company has also improved its bargaining power through the growing economies of scale and reduced logistics and operational costs. This has ensured the continuous growth of profitability.

The strategy of "regional concentration" has enabled the Company to occupy regional markets rapidly, achieve profit levels surpassing the industry average, and significantly increase its sales and profits. As of December 31, 2024, the Company operated 14,684 chain pharmacies (including 3,812

franchise stores) ten provinces and municipalities: Hunan, Hubei, Shanghai, Jiangsu, Jiangxi, Zhejiang, Guangdong, Hebei, Beijing, and Tianjin. This represents a net increase of 1,434 stores compared to the previous year-end. Operating revenue and net profit attributable to shareholders of the listed company increased by 6.53% and 8.26% year-on-year, respectively.

2. An efficient and agile operating system and outstanding cross-province operations and chain replication capabilities

The Company is one of the few companies in the industry whose major provincial subsidiaries are all profitable. It has significant advantages in cross-regional store management, replication, and cultural heritage. The Company has always prioritized refined, standardized, and systematic operations and management. It has established a digital, connected, and intelligent system management platform that covers six core operation systems: new store expansion, store operations, merchandise management, information services, customer satisfaction, and performance assessment. With digital business handling and the IT-enabled operational process, the Company has created an efficient and agile operating system, which effectively supports it in cross-regional operations, rapid and efficient replication, and industry merger and acquisition (M&A) and integration.

During the Reporting Period, the Company has witnessed continued improvements in its business operations, management efficiency, and profitability through organizational structure optimization, business process innovation, as well as business development empowered by digitalization. As of the end of the Reporting Period, the total number of the Company's stores is 14,684 (including 3,812 franchise stores), registering a net increase of 1,434 stores compared to the end of the previous period. Rapid and efficient chain replication and industry consolidation capabilities have rewarded the Company with an increasingly mature store network and enhanced competitive advantages.

3. Mature proprietary brand product model and comprehensive training system

During the Reporting Period, the Company continued to advance initiatives in product cost control, channel optimization, and intelligent supply chain system upgrades. It also focused on developing and refining a strategically-focused product portfolio, including own-brand products, exclusive varieties, and co-developed products with manufacturers. By delivering high-quality, effective, cost-efficient, and controllable premium products to customers, the Company have established a competitive barrier in the market and achieved differentiated competition compared to its peers.

By strengthening specialized employee service training and conducting customer satisfaction assessments, the Company has achieved a balance between profit growth and customer satisfaction. Over 95% of the frontline employees in its stores are graduates in medicine and pharmacy. The Company has established a robust employee training and talent development system. Throughout the Reporting Period, the Company continued to enhance its professional credit-based curriculum and corporate university (comprising a retail academy and business school). These institutions encompass a broad spectrum from talent cultivation to corporate management research, thus forging a sustainable human resources framework. By partnering with educational institutions, the Company has deepened the integration of industry and academia, standardized training materials, assembled dedicated and part-time

instructor teams at stores, and established training bases for new employees and prospective store managers. This initiative has propelled the "management trainee" program and various training models that blend online and offline elements with a credit-based evaluation system forward. As the Company rapidly grows, the comprehensive employee training system ensures the ongoing improvement of employees' professional service capabilities and meets its increasing demand for human resources, thereby serving as a long-term driver for endogenous growth.

4. Intelligent membership service system

The Company continually enhances its membership benefits system, focusing on customer-centricity and aligning with business needs and market trends. Through classified and tiered membership management and refined operational practices, the Company has developed a personalized and intelligent marketing and service ecosystem. By implementing detailed member operations and channel development strategies, the Company actively promotes chronic disease management services and telemedicine consultations, thereby boosting user repurchase rates. Combined with sophisticated user profiling, this approach effectively strengthens customers' value recognition and professional reliance on the Company. Operationally, the Company leverages cutting-edge technologies and data analytics to reshape its processes, deeply penetrating regional markets, enhancing in-store customer experiences, and optimizing operational efficiency. Employee-facing mobile applications empower frontline staff to manage store operations, marketing initiatives, data analysis, and performance metrics comprehensively online. This enables them to deliver precise professional services, including medication inquiries, chronic disease management, and health screenings for members. By harnessing information and internet technologies, the Company is progressively implementing efficient and intelligent systems for membership information management, integrated omnichannel marketing, user health record management, and online pharmacist consultations, among other centralized management functions. The Company employs intelligent back-end systems to accurately assign professional service tasks to employees, thereby enhancing customer satisfaction and word-of-mouth recommendations. Through complimentary in-store health screenings and comprehensive professional health services, combined with meticulous record-keeping, follow-ups, tracking, assessments, and re-examinations, the Company improves medication adherence for chronic disease patients and provides lifecycle health management services. As of the Reporting Period's end, the Company's membership base reached 104 million, marking a 19.50% year-on-year increase. Member sales accounted for 82.03% of total sales, up 4.63% year-on-year. The Company's WeChat official account boasts over 17.32 million followers.

5. "Fleet-type" store layout and unique location selection model

To cater to the population, market demand, and consumer characteristics of different regions, the Company has established a network of stores covering different cities and business districts, as well as formed a "fleet-type" store layout consisting of flagship stores, regional central stores, medium-sized community stores, and small-sized community stores. Based on years of site selection experience and big data analysis, the Company has developed a comprehensive "business district positioning method" for store location selection. This involves analyzing the population, population density, and consumer

spending power and habits in new cities, pinpointing potential business districts, determining store types and location ranges for prospective stores based on specific district characteristics, and employing a sophisticated store selection model, a consumer flow testing system and a sales forecasting model to finalize precise locations. By promoting and implementing the models above, the Company's capabilities in selecting new store locations and ensuring the quality of these new stores consistently improve, and its brand penetration continues to strengthen.

6. Advanced digital operations management and efficient logistics distribution system

Digital management tools are fundamental to effective operations in pharmaceutical retail enterprises and crucial for fulfilling customer commitments. The Company has established a robust digital technology R&D team, dedicated to creating bespoke digital and intelligent systems tailored to the Company's operational needs. These systems empower the Company's operational management, externally supporting store operations, POS transactions, medical insurance services, public domain platforms, and regulatory compliance. Internally, they integrate various functional modules including human resources, finance, and logistics, ensuring streamlined internal operations and process optimization while facilitating rapid and stable business growth.

The Company has established and continues to upgrade seven state-of-the-art logistics centers across Hunan, Hubei, Jiangsu, Shanghai, Jiangxi, Guangdong, and Hebei, complemented by ten urban distribution hubs in cities including Wuxi, Huai'an, and Suqian. This network enables systematic online management of 20 logistics centers covering production, retail, and e-commerce operations. By continuously advancing visualization and intelligent management in warehousing and logistics, the Company has implemented cutting-edge equipment and technologies. These include automated conveyor systems, sorting mechanisms, storage and retrieval systems, AGV goods-to-person picking solutions, Miniload intelligent replenishment systems, cross-belt sorting systems, electronic labeling, wireless RF picking and receiving systems, smart consolidation and dispatching platforms, and comprehensive real-time visual monitoring and control systems. These advancements have significantly enhanced operational efficiency and system integration, achieving an automated logistics network that closely aligns with evolving business requirements.

7. Outstanding corporate culture and mentor-based talent team

The Company deeply embeds its corporate culture into employee training programs, talent assessments, and KPI evaluations, continuously strengthening its cultural ethos. Adhering to core values of "customer first, results-oriented, innovative efficiency, diligence & pragmatism, responsibility & cooperation, growth & care," the Company fosters an internal atmosphere of accountability, teamwork, and transparent interpersonal relationships. While prioritizing customer value and results, the Company facilitates personal career development and positive work experiences through its comprehensive training system and talent pipeline initiatives, ensuring organizational cohesion and execution excellence. By optimizing the talent development ecosystem, applying sophisticated competency models, conducting scientific talent assessments, and consistently advancing management trainee programs, the Company continually enhances its talent density. Through the cultivation of a mentoring-oriented talent

pool, robust employee career planning, and a comprehensive training framework, the Company builds a multi-tiered talent structure to meet the human resource demands of its rapid expansion.

V. Operation status during the Reporting Period

During the Reporting Period, the Company maintained a steady increase in operating revenue and operating profit. The Company generated operating revenue of CN¥24,062.1547 million, representing a year-on-year growth of 6.53%. The net profit attributable to shareholders of the listed company reached CN¥1,528.5767 million, registering a year-on-year increase of 8.26%. The net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses, was CN¥1,497.0813 million, representing a 9.96% year-on-year growth. The weighted average return on net assets was 14.67%, with earnings per share of CN¥1.26. As of December 31, 2024, the Company's total assets amounted to CN¥27,974.737 million, representing an increase of 15.90% compared to CN¥24,136.5392 million at the end of the previous year. The equity attributable to owners of the parent company totaled CN¥10,725.687 million, indicating a 9.40% increase compared to CN¥9,804.4325 million at the end of the previous year.

(i) Analysis of Main Business

1. Analysis of Changes in Income Statement and Cash Flow Statement Items

Unit: CN¥ Currency: CN¥

Item	Amount in the current period	Amount in the same period last year	Proportion of change (%)
Operating revenue	24,062,154,701.73	22,588,227,402.22	6.53
Operating costs	14,408,310,539.42	13,957,598,854.74	3.23
Sales expense	6,179,375,830.54	5,487,450,160.02	12.61
Management expenses	1,082,881,741.13	962,424,859.48	12.52
Financial expenses	173,903,161.81	86,184,603.08	101.78
R&D expenses	33,935,812.25	33,549,984.91	1.15
Net cash flow from operating activities	4,221,267,084.53	4,623,740,795.60	-8.70
Net cash flows from investing activities	-3,608,849,101.30	-2,980,321,075.21	-21.09
Net cash flow from financing activities	-920,200,252.31	-2,093,039,229.23	56.04

Explanation of changes in operating revenue: The first is the year-on-year endogenous growth of operating revenue of existing stores. The second is the continued expansion through new store openings, industry M&A, as well as the development of franchise and delivery businesses.

Explanation of changes in operating costs: The main reason for the changes in operating costs is the year-on-year growth in sales revenue.

Explanation of changes in sales expenses: This is mainly because the sales expense increased with the operating revenue during the Reporting Period. In addition, the newly opened and acquired stores experienced a period of cultivation or integration during which there were higher amortization costs and promotional expenses. Furthermore, the development of new customers also further increased the sales

expense.

Explanation of changes in administrative expenses: First, the administrative expense increased with the operating revenue during the Reporting Period. Second, there was an increase in depreciation expenses of fixed assets during the Reporting Period.

Explanation of changes in financial expenses: It was mainly due to the increase in interest expenses caused by the issuance of convertible bonds during the reporting period.

Explanation of changes in R&D expenses: This is mainly due to the higher amortization amount after the capitalization of R&D expenditure into intangible assets.

Explanation of changes in net cash flows from operating activities: This is mainly due to increased payments for inventory stockpiling at year-end.

Explanation of changes in net cash flows from investment activities: This is mainly due to the purchase of more bank wealth management products in the current period.

Explanation of changes in net cash flows from financing activities: This is mainly due to the issuance of convertible bonds during the current period.

Detailed description of any significant changes in business type, composition of profit or profit source of the Company during the current period

☐ Applicable" ☒ Not applicable"

2. Revenue and cost analysis

☐ Applicable" ☒ Not applicable"

(1) Main business by industry, product, region, and sales mode

Unit:CN¥ Currency: CNY

Main business by industry						
By industry	Operating revenue	Operating costs	Gross profit margin (%)	Operating revenue increase/decrease from the previous year (%)	Operating cost increase/decrease from the previous year (%)	Gross profit margin increase/decrease from the previous year (%)
Retail	21,187,950,919.30	12,417,209,959.66	41.39	4.97	1.83	1.80
Franchise and distribution	2,107,077,791.49	1,941,013,188.35	7.88	11.34	13.16	-1.48
Total	23,295,028,710.79	14,358,223,148.01	38.36	5.51	3.23	1.36
Main business by product						
By product	Operating revenue	Operating costs	Gross profit margin (%)	Operating revenue increase/decrease from the previous year (%)	Operating cost increase/decrease from the previous year (%)	Gross profit margin increase/decrease from the previous year (%)
Chinese and	18,044,787,773.28	11,569,122,686.36	35.89	5.56	3.80	1.09

Western patent medicine						
Traditional Chinese medicine	2,313,108,137.06	1,193,677,734.15	48.40	6.09	3.55	1.27
Non-drug	2,937,132,800.46	1,595,422,727.49	45.68	4.80	-0.93	3.14
Total	23,295,028,710.79	14,358,223,148.01	38.36	5.51	3.23	1.36
Main business by region						
By region	Operating revenue	Operating costs	Gross profit margin (%)	Operating revenue increase/decrease from the previous year (%)	Operating cost increase/decrease from the previous year (%)	Gross profit margin increase/decrease from the previous year (%)
Central and South China	10,989,623,657.87	6,417,034,377.94	41.61	5.88	0.45	3.16
East China	9,322,932,374.58	5,997,674,874.88	35.67	1.03	1.87	-0.53
North China	2,982,472,678.34	1,943,513,895.19	34.84	20.74	19.01	0.95
Total	23,295,028,710.79	14,358,223,148.01	38.36	5.51	3.23	1.36

Explanation on the main business by industry, product, region, and sales mode

By industry, the Company's main business is drug retail, which accounts for 90.95% of the revenue. During the Reporting Period, the gross profit margin of the Company's main business was 38.36%, an increase of 1.36% compared to the previous year.

This is mainly due to the increase in the proportion of wholesale revenue, which lowered the overall gross profit margin.

Regarding product categories, Western and Chinese patent medicines, traditional Chinese medicines, and non-pharmaceutical products all experienced revenue growth to varying degrees, with growth rates of 5.56%, 6.09%, and 4.80% respectively.

By region, the Central and South China covers Hunan, Hubei, and Guangdong; East China covers Jiangsu, Shanghai, Zhejiang, and Jiangxi; and North China covers Hebei, Beijing, and Tianjin.

(2) Production and sales analysis table

"□ Applicable" "√ Not applicable"

(3) Performance of major procurement contracts and major sales contracts

"□ Applicable" "√ Not applicable"

(4) Cost analysis table

Unit: CN¥

By industry							
By industry	Cost composition items	Amount for the current period	Proportion of the amount for the current period to total cost (%)	Amount for the same period of the previous year	Proportion of the amount of the same period of the previous year to total cost (%)	Proportion of change of the current amount compared to the same period of the previous year	Details Description
Retail	Sales cost	12,417,209,959.66	86.48	12,193,594,911.77	87.67	1.83	
Franchise and distribution	Sales cost	1,941,013,188.35	13.52	1,715,306,468.77	12.33	13.16	
Total	Sales cost	14,358,223,148.01	100.00	13,908,901,380.54	100.00	3.23	
By product							
By product	Cost composition items	Amount for the current period	Proportion of the amount for the current period to total cost (%)	Amount for the same period of the previous year	Proportion of the amount of the same period of the previous year to total cost (%)	Proportion of change of the current amount compared to the same period of the previous year	Details Description
Chinese and Western patent	Sales cost	11,569,122,686.36	80.58	11,145,804,284.09	80.13	3.80	

t medi cine							
Tradit ional Chine se medi cine	Sales cost	1,193,677,734.15	8.31	1,152,773,656.91	8.29	3.55	
Non- drug	Sales cost	1,595,422,727.49	11.11	1,610,323,439.54	11.58	-0.93	
Total	Sales cost	14,358,223,148.01	100.00	13,908,901,380.54	100.00	3.23	

Additional information on cost analysis

None

(5) Changes in the scope of consolidation during the Reporting Period arising from changes in the equity of major subsidiaries

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

(7) Information regarding major customers and primary suppliers

A. Information regarding major customers

☒ Applicable ☐ Not applicable

The sales amount from the top five customers totaled CN¥ 6,347.49 CN¥10,000 , accounting for 0.26 % of the total annual sales. The sales amount of related parties from the top five customers was CN¥1,758.55CN¥10,000, accounting for 0.07% of the total annual sales.

S/N	Customer name	Sales amount (RMB10,000)	Percentage of annual sales (%)
1	Client I	1,758.55	0.07
2	Client II	1,293.18	0.05
3	Client III	1,213.38	0.05
4	Client IV	1,108.67	0.05
5	Client V	973.71	0.04
Total		6,347.49	0.26

During the Reporting Period, the sales to a single customer accounted for more than 50% of the total, and there were cases where new customers are among the top 5 customers or there was a significant dependence on a small number of customers.

☐ Applicable" ☒ Not applicable"

B. Information regarding primary suppliers

☒ Applicable ☐ Not applicable

The procurement amount from the top five suppliers totaled CN¥ 710,344.98 CN¥10,000 , accounting for 45.23% of the total annual procurement. The procurement amount from related parties of the top five suppliers was CN¥0.00CN¥10,000, accounting for 0.00% of the total annual procurement.

S/N	Supplier name	Procurement	Proportion in annual
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		amount (RMB10,000)	procurement amount (%)
1	Supplier 1	257,070.86	16.37
2	Supplier 2	178,429.02	11.36
3	Supplier 3	155,664.26	9.91
4	Supplier 4	74,087.99	4.72
5	Supplier 5	45,092.85	2.87
Total		710,344.98	45.23

During the Reporting Period, the sales to a single supplier accounted for more than 50% of the total, and there were cases where new suppliers are among the top 5 suppliers or there was a significant dependence on a small number of suppliers.

☐ Applicable" ☒ Not applicable"

Additional information:
None

3. Costs

☒ Applicable" ☐ Not applicable"

Item	Amount incurred in the current period (RMB)	Amount incurred for the previous period (RMB)	Proportion of change (%)
Sales expense	6,179,375,830.54	5,487,450,160.02	12.61
Management expenses	1,082,881,741.13	962,424,859.48	12.52
R&D expenses	33,935,812.25	33,549,984.91	1.15
Financial expenses	173,903,161.81	86,184,603.08	101.78

The reasons for the changes in sales expenses: This is mainly because sales expenses increased with the operating revenue during the Reporting Period. In addition, the newly opened and acquired stores experienced a period of cultivation or integration during which there were higher amortization costs and promotional expenses. Furthermore, the development of new customers also further increased the sales expense.

The reasons for the changes in administrative expenses: First, the administrative expense increased with the operating revenue during the Reporting Period. Second, there was an increase in depreciation expense during the Reporting Period.

Explanation of changes in R&D expenses: This is mainly due to the higher amortization amount after the capitalization of R&D expenditure into intangible assets.

Explanation of changes in financial expenses:

4. R&D investment

(1) Details of R&D investment

☒ Applicable" ☐ Not applicable"

Unit: CN¥

Expensed R&D investment in the current period	16,707,557.29
Capitalized R&D investment in the current period	36,029,062.15

Total R&D investment	52,736,619.44
Total R&D investment as a proportion of operating revenue (%)	0.22
Share of capitalized R&D investment (%)	68.32

(2) Details of R&D personnel

☒ Applicable ☐ Not applicable

Number of the Company's R&D Personnel	323
Number of R&D personnel as a proportion of the Company's total workforce (%)	0.81
Educational Background of R&D Personnel	
Academic Degree	Number
Doctorate degree	0
Master's degree	13
Undergraduate	218
College degree	92
High school and below	0
Age of R&D Personnel	
Age Group	Number
Under 30 (excluding 30)	90
30 – 40 (including 30 but excluding 40)	188
40 – 50 (including 40 but excluding 50)	41
50 – 60 (including 50 but excluding 60)	4
60 and above	0

(3) Description

☐ Applicable ☒ Not applicable

(4) Reason(s) for major changes in the composition of R&D personnel and their impact on the Company's future development

☐ Applicable ☒ Not applicable

5. Cash flow

☒ Applicable ☐ Not applicable

Item	Amount incurred in the current period (RMB)	Amount incurred for the previous period (RMB)	Proportion of change (%)
Net cash flow from operating activities	4,221,267,084.53	4,623,740,795.60	-8.70
Net cash flows from investing activities	-3,608,849,101.30	-2,980,321,075.21	-21.09
Net cash flow from financing activities	-920,200,252.31	-2,093,039,229.23	56.04

Explanation of changes in net cash flows from operating activities: This is mainly due to increased payments for inventory stockpiling at year-end.

Explanation of changes in net cash flows from investing activities: This is mainly due to the purchase of more bank wealth management products in the current period.

Explanation of changes in net cash flows from financing activities: This is mainly due to the issuance of convertible bonds during the current period.

(ii) Explanation on major changes in profits due to non-principal business

"□ Applicable" "√ Not applicable"

(iii) Analysis of assets and liabilities

√Applicable □Not applicable

1. Assets and liabilities

Unit:CN¥

Item name	Current Period's Closing Balance	Current Period's Closing Balance as a Proportion of Total Assets (%)	Previous Period's Closing Balance	Previous Period's Closing Balance as a Proportion of Total Assets (%)	Proportion of change in current period's closing balance over previous period (%)	Description
Trading financial assets	4,406,809,254.46	15.75	1,630,720,887.94	6.76	170.24	Primarily due to an increase in the purchase of bank wealth management products with idle funds in the current period
Receivables financing	29,445,006.56	0.11	11,889,888.58	0.05	147.65	Primarily due to an increase in notes receivable in the current period
Prepayments	302,853,987.72	1.08	141,493,810.64	0.59	114.04	Primarily due to increased year-end inventory stockpiling, resulting in a corresponding increase in prepaid procurement fees
Long-term equity investment	0.00	0.00	5,565,690.31	0.02	-100.00	Due to disposal of joint ventures in the current period
Works in progress	228,582,939.93	0.82	175,121,866.79	0.73	30.53	Primarily due to increased investment in

						the Hubei Pharmaceutic al Sorting and Processing Center project
Other non-current assets	15,165,912.63	0.05	30,269,025.79	0.13	-49.90	Primarily due to a decrease in prepaid deposits for acquisition projects
Advance receipts	22,884,188.22	0.08	15,959,550.59	0.07	43.39	Primarily due to an increase in prepaid store sublease payments
Contract liabilities	130,070,603.90	0.46	80,166,931.03	0.33	62.25	Primarily due to an increase in prepaid goods payments
Other current liabilities	11,312,523.92	0.04	6,656,678.33	0.03	69.94	Primarily due to an increase in output tax to be transferred
Long-term borrowings	0.00	0.00	133,617,147.68	0.55	-100.00	Due to repayment of loans in the current the period
Bonds payable	1,601,308,876. 07	5.72	0.00	0.00	100.00	Due to the issuance of convertible bonds during the current period
Deferred income tax liabilities	15,410,798.48	0.06	26,758,566.63	0.11	-42.41	Primarily due to year-end fair value changes in other equity instrument investments
Other equity instruments	221,566,198.54	0.79	0.00	0.00	100.00	Due to the issuance of convertible bonds during the current period, recognizing the fair value of the equity component
Treasury	3,764,535.58	0.01	42,238,481.15	0.17	-91.09	Primarily due

stock						to unlocking of restricted stock, recovering the initially confirmed repurchase obligations
Other comprehensive income	-47,773,490.51	-0.17	21,416,709.49	0.09	-323.07	Due to year-end fair value changes in other equity instrument investments
Surplus reserves	326,019,567.19	1.17	198,282,150.00	0.82	64.42	Due to an increase in the statutory surplus reserve provisioned from the net profit growth of the current period

Additional information:

None

2. Overseas assets

☐ Applicable" ☒ Not applicable"

3. Restrictions on major assets as of the end of the Reporting Period

☒ Applicable" ☐ Not applicable"

Item	Closing book value	Reason for restriction
Monetary funds	1,337,755,370.27	Deposit to acceptance bills
Monetary funds	30,336.43	Deposit to government platforms
Monetary funds	80,000,000.00	Control of purchasing wealth management products
Monetary funds	340,000.00	Judicially frozen funds
Monetary funds	2,000.00	ETC frozen funds
Debt investments	88,710,433.34	Large certificate of deposit pledges
Total	1,506,838,140.04	

None

4. Other explanations

☐ Applicable" ☒ Not applicable"

(iv) Analysis of industry operational information

☐ Applicable" ☒ Not applicable"

Analysis of operational information about the retail industry

1. Distribution of operating stores as of the end of the Reporting Period

"√ Applicable" "□ Not applicable"

Region	Business Format	Stores in Self-owned Properties		Stores in Leased Properties	
		Number of Stores	Floor Area (10,000 m ²)	Number of Stores	Floor Area (10,000 m ²)
Central South China	Pharmaceutical retail chain	10	0.36	5,022	65.86
East China	Pharmaceutical retail chain	1	0.035	4,067	69.25
North China	Pharmaceutical retail chain	2	0.065	1,770	24.57
Total		13	0.46	10,859	159.68

2. Other explanations

"√ Applicable" "□ Not applicable"

(1) The Company's store network during the Reporting Period

The Company adheres to the development strategy of “regional concentration and steady expansion”, aiming at “consolidating the share in Central South, East, and North China while expanding across the country”. This has promoted the formation of a multi-tiered store network comprising flagship stores, regional central stores, medium-sized community stores, and small-sized community stores. The Company has been deeply engaged in the regional market and gained a leading position in the market through refined operation and brand penetration. As of the end of the Reporting Period, the Company operated 14,684 stores (including 3,812 franchise stores), representing a net increase of 1,434 stores during the Reporting Period.

(2) Business of the Company's direct-sale stores during the Reporting Period

As of December 31, 2024, the Company had 10,872 directly-managed stores. The business of the direct-sale stores is as follows:

Store Type	Number of Stores (store)	Store Operating Area (m ²)	Average Daily Sales per Square Meter (tax included; CN¥/m ²)
Flagship store	26	18,187	140.78
Regional central store	95	33,148	58.55
Medium-sized community store	1,023	190,600	55.41
Small-sized community store	9,728	878,856	50.31
Total	10,872	1,120,791	51.07

Note: Average daily sales per square meter = Average daily operating revenue / Store operating area

Average daily operating revenue = Store's annual operating revenue (tax included) / Store's business days

Operating area refers to the actual area of the store for business operations.

(3) Stores licensed for government BMI

As of December 31, 2024, 10,300 (94.74%) among the Company's 10,872 direct-sale chain stores

had been licensed as Government Basic Medical Insurance (BMI) Designated Retail Pharmacies.

Region	Number of Stores (store)	BMI Designated Retail Pharmacies (store)	Percentage of BMI Pharmacies
Central South China	5,032	4,957	98.51%
East China	4,068	3,747	92.11%
North China	1,772	1,596	90.07%
Total	10,872	10,300	94.74%

(5) Online business operation

During the Reporting Period, relying on offline stores and members, the Company proceeded with its new pharmaceutical retail system based on the ecosystems of omni-channel membership, online and offline medical services, and whole-lifecycle health management. Meanwhile, the new media operation, content operation, and other capabilities saw rapid improvement.

As of the end of the Reporting Period, the Company's membership totaled 104 million, and the Company's WeChat official account had more than 17.32 million followers. O2O multi-channel and multi-platform online direct-sale stores exceeded 10,000, covering all major cities in the presence of the Company. Leveraging the dual engines of O2O and B2C strategies, coupled with the Company's regional focus approach, intelligent supply chain system, and refined operations, the Company's internet business achieved sales revenue of CN¥2.127 billion (tax included). O2O operations contributed CN¥1.721 billion, while B2C operations generated CN¥0.406 billion.

(v) Analysis of investment status

Overall analysis of outbound equity investments

"√ Applicable" "□ Not applicable"

During the Reporting Period, the Company engaged in 18 M&A investments within the industry. Of these, 13 projects were successfully completed, while 5 were terminated. Details are as follows:

(1) In September 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Zhang Weizhe to acquire 70% equity of Chengde Xinxing Baixing Pharmacy Chain Co., Ltd. at a price of CN¥30.24 million, which involved 20 stores. As per the agreement's terms, this project has been subsequently terminated.

(2) In October 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Ma Limin and other individuals to acquire 70% equity of Pingquan Xinxing Limin Pharmacy Chain Co., Ltd. at a price of CN¥33.6 million, which involved 55 stores. The project's equity delivery procedures were completed in January 2024.

(3) In November 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Wang Tao and other individuals to acquire 70% equity of Nangong Xinxing Huakang Pharmacy Chain Co., Ltd. at a price of CN¥22.4 million, which involved 67 stores. The project's equity delivery procedures were completed in May 2024.

(4) In November 2023, the Company's holding subsidiary, Hubei Yifeng Guangshengtang, entered into an asset acquisition framework agreement with Luo Chengbing and Li Na to be assigned the assets and business of 14 pharmacies under Jingzhou Tongyuantang Pharmaceutical Co., Ltd. The project's

asset delivery procedures were completed in January 2024, and the final asset acquisition price was CN¥3.5 million.

(5) In November 2023, the Company's holding subsidiary, Hubei Yifeng Guangshengtang, entered into an asset acquisition framework agreement with Luo Chengbing and Zheng Xiaojuan to be assigned the assets and business of 10 pharmacies under Jingzhou Jingkang Pharmacy Chain Co., Ltd. The project's asset delivery procedures were completed in January 2024, and the final asset acquisition price was CN¥2.5 million.

(6) In November 2023, the Company's holding subsidiary, Wuxi Kyushu, entered into an asset acquisition framework agreement to be assigned the assets and business of Wuxi Shenzhou Pharmacy Co., Ltd. and other 3 pharmacies. The project's asset delivery procedures were completed in January 2024, and the final asset acquisition price was CN¥11.5 million.

(7) In December 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Lu Dezhi and other individuals to acquire 70% equity of Handan Xinxing Shengde Pharmacy Chain Co., Ltd. at a price of CN¥15.4 million, which involved 25 stores. The project's equity delivery procedures were completed in March 2024.

(8) In December 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Qin Wei and other individuals to acquire 70% equity of Jize Renkang Xinxing Pharmacy Chain Co., Ltd. at a price of CN¥5.39 million, which involved 15 stores. The project's equity delivery procedures were completed in March 2024.

(9) In December 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Yuan Lijuan and other individuals to acquire 70% equity of Handan (Yongnian District) Xinxing Wankang Pharmaceuticals Chain Co., Ltd. at a price of CN¥17.5 million, which involved 15 stores. As per the agreement's terms, this project has been subsequently terminated.

(10) In December 2023, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Tan Hong'en and other individuals to acquire 70% equity of Handan Xinxing Kangheng Baixing Pharmaceuticals Chain Co., Ltd. at a price of CN¥16.1 million, which involved 35 stores. The project's equity delivery procedures were completed in April 2024.

(11) In January 2024, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Meng Lingyang and other individuals to acquire 80% equity of Hebei Wocheng Xinxing Ankang Pharmaceutical Chain Co., Ltd. at a price of CN¥28.61 million, which involved 49 stores. The project's equity delivery procedures were completed in August 2024.

(12) In March 2024, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Song Hongyun and other individuals to acquire 70% equity of Xingtai Xinxing Kangze Pharmaceutical Chain Co., Ltd. at a price of CN¥18.2 million, which involved 53 stores. The project's equity delivery procedures were completed in June 2024.

(13) In March 2024, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Hebei Shineway Chain Drugstores Co., Ltd. and Fengmin to acquire 80% equity of Hebei Senzhong Pharmaceutical Chain Co., Ltd. at a price of CN¥40 million, which

involved 44 stores. As per the agreement's terms, this project has been subsequently terminated.

(14) In March 2024, the Company's wholly-owned subsidiary, Jiangsu Yifeng, entered into the "Equity Transfer Agreement" with Dai Yukuai and other individuals, to acquire 70% equity of Kunshan Huasheng Pharmacy Co., Ltd. at a price of CN¥12.6 million, which involved 20 stores. The project's equity delivery procedures were completed in September 2024.

(15) In April 2024, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Li Jun and Liu Jianying to acquire 85% equity of Baoding Xinxing Wanbaotang Pharmacy Chain Operation Co., Ltd. at a price of CN¥24.65 million, which involved 32 stores. As per the agreement's terms, this project has been subsequently terminated.

(16) In May 2024, the Company's holding subsidiary, Shijiazhuang Xinxing, entered into the "Equity Transfer Agreement" with Li Yonghui and Guo Tao to acquire 80% equity of Baoding Xinxing Bailixi Kangshi Pharmaceutical Sales Co., Ltd. at a price of CN¥14.32 million, which involved 23 stores. The project's equity delivery procedures were completed in December 2024.

(17) In June 2024, the Company's wholly-owned subsidiary, Hubei Yifeng, entered into the "Equity Transfer Agreement" with Li Zesheng and other individuals, to acquire 80% equity of Hubei Yifeng Fujutang Pharmacy Chain Co., Ltd. at a price of CN¥8.8 million, which involved 15 stores. As per the agreement's terms, this project has been subsequently terminated.

(18) In June 2024, the Company's holding subsidiary, Yidu Yifeng, entered into an asset acquisition framework agreement with Dai Yuzhu, Dai Yaping, and Dai Yuhong to be assigned the assets and business of Yidu Kangzhijia Pharmacy and other 10 pharmacies. The project's asset delivery procedures were completed in September 2024, and the final asset acquisition price was CN¥2.8 million.

1. Significant equity investments

☐ Applicable ☒ Not applicable

2. Significant non-equity investments

☐ Applicable ☒ Not applicable

3. Financial assets measured at fair value

☐ Applicable ☒ Not applicable

Investments in securities

☐ Applicable ☒ Not applicable

Explanation on investments in securities

☐ Applicable ☒ Not applicable

Investments in private equity funds

☐ Applicable ☒ Not applicable

Investments in derivatives

☐ Applicable ☒ Not applicable

4. Progress details of material asset restructuring and consolidation during the Reporting Period

☐ Applicable" ☒ Not applicable"

(vi) Material assets and equity sales

☐ Applicable" ☒ Not applicable"

(vii) Analysis of major companies controlled or held by the Company

☒ Applicable" ☐ Not applicable"

S/N	Subsidiary	Shareholding (%)	Main business	Registered Capital (CN¥10,000)	Total Assets (CN¥10,000)	Net Assets (CN¥10,000)	Operating Revenue (CN¥10,000)	Operating Profit (CN¥10,000)	Net Profit (CN¥10,000)
1	Yifeng Pharmaceutical	100	Pharmaceutical wholesale	15,000.00	571,360.98	132,676.01	601,050.81	72,731.35	59,835.63
2	Jiangsu Yifeng	100	Pharmaceutical retail	15,000.00	887,409.73	181,717.57	563,445.61	40,771.02	29,974.07
3	Hubei Pharmaceutical	100	Pharmaceutical wholesale	10,000.00	159,774.08	47,076.59	248,562.21	26,545.51	19,965.45

Note: The above major companies controlled or held by the Company include subsidiaries whose net profit accounts for more than 10% of the Company's total net profit.

(viii) Structured entities controlled by the Company

☐ Applicable" ☒ Not applicable"

VI. The Company's discussion and analysis of its future development

(i) Industry landscape and trends

☒ Applicable" ☐ Not applicable"

During the Reporting Period, the healthcare industry continued to expand, driven by three major trends: an aging population, the separation of medical and pharmaceutical services, and increased industry concentration. Retail pharmacies experienced a growing share of terminal sales, with chain stores and industry consolidation on the rise. Simultaneously, changes in the economic environment, the ongoing implementation of medical insurance outpatient coordination policies, and advancements in internet and digital technologies have reshaped the industry landscape. Retail pharmacies are evolving towards standardization, scale expansion, professionalization, and differentiation, gradually forming a competitive landscape characterized by "concentration at the top, online-offline integration, and diversified services." In response to industry expansion and new growth opportunities in the silver economy era of the health industry, companies are aligning with current trends and policy changes while

focusing on regulatory compliance. The development of core competencies through digital transformation, supply chain optimization, and innovative service models for full lifecycle health management across online and offline channels has become a new trend in industry competition and long-term sustainable development.

(ii) The Company's development strategy

"√ Applicable" "□ Not applicable"

The Company remains committed to its corporate mission of “enhancing the physical and mental health of the Chinese people.” It focuses on core strategies including “professional services, digitalization, supply chain, new retail, operational systems, talent, and culture,” with a geographical focus on Central South, East China, and North China, while actively expanding into the national market. By innovating business models centered on customer value and extending upstream and downstream channels, the Company is exploring new development opportunities. Through initiatives such as brand image enhancement, improvement of professional service capabilities, differentiated product category expansion, intelligent supply chain system construction, and digital technology innovation, the Company continues to strengthen its core competitiveness. New concepts and technologies are employed to serve customers and empower stores and employees. By reinforcing the human resources foundation, optimizing organizational structures, and implementing precise staffing in stores, the Company continually improves business efficiency, organizational effectiveness, and talent density. By reconstructing a new service model for full-channel, full lifecycle health management, the Company aims to make substantial contributions to public health and well-being, positioning itself as the trusted and preferred pharmacy for customers.

(iii) Business plan

"√ Applicable" "□ Not applicable"

1. Expanding store network

Under the overall strategic plan of “regional focus and steady expansion,” the Company will implement a city-specific expansion strategy in line with current industry trends. Through iterative site selection mechanisms (commercial district positioning method), customer flow testing systems, and sales forecasting models, the Company continuously refines the accuracy of store location selection, improving efficiency and quality. This approach enables rational and efficient store network layout, steadily increasing regional market share and concentration.

2. Innovating business models

The Company will continue innovating the online-offline-integrated efficient operating system for expansion, operations, merchandises, manpower, and IT. It aims to create industry-leading new retail business models and intelligent supply chain systems, develop a warm, professional, precise, and efficient omni-channel membership operation system, complete the transformation of people, goods, and places under new formats, accelerate the construction of a direct franchise system, and comprehensively

innovate in health product categories and new service business models.

3. Expanding product categories and optimizing the supply chain management system

Through continuous optimization and expansion of product categories, the Company is building a differentiated product system with full-category coverage and controllable costs and channels. It is establishing a product-led sales management system, strengthening product optimization mechanisms, and developing a full lifecycle product management system based on category planning. The Company aims to increase merchandise satisfaction fill rate, reduce inventory turnover, and create an efficient, intelligent category management and supply chain management system.

4. Building a high-performance organization and talent development system

In response to new external environments and corporate development stages, the Company is fully implementing its corporate culture, reflecting cultural orientation in talent selection, development, utilization, and retention, guiding employees towards self-motivation. Through human resource system restructuring, store staffing review, organizational structure optimization, and digital-driven approaches, the Company is reconstructing its employee compensation and incentive system, building an efficient talent development system, and creating clear career development paths for employees. Through high-level talent cultivation and echelon building, the Company aims to increase talent density, optimize the talent development ecosystem, and create a high-performance organization with effective talent cultivation and management systems.

5. Creating an efficient digital system for quality services

Focusing on customer-centric operational services, efficient and agile supply chain capabilities, and effective innovative organizational talent building mechanisms, the Company is committed to achieving industry-leading levels of digital operations. Based on the store service model, the Company will build a digital pharmaceutical online operation model that integrates people, merchandises, and venues to create a high-quality service network and improve work efficiency. By applying digital means in new store expansion, M&A, and franchising, the Company will proceed the digitalization of the business of Yifeng Pharmaceuticals and Hengxiutang. This move will open up the upstream and downstream chains of the pharmaceutical industry, provide digital support for the construction of the pharmaceutical industry network, create an intelligent and efficient e-commerce operation and medical prescription system, improve operational efficiency, and reduce fulfillment costs.

(iv) Potential risks

"√ Applicable" "□ Not applicable"

1. Industry policy risk

The development of the pharmaceutical retail industry is regulated and affected by national policies. As China's administration standards for the pharmaceutical retail industry have been raised year by year, business operations are facing higher requirements. As the new healthcare reform goes deeper, policies such as the public hospital reform, zero-mark-up drugs, the two-invoice system, and unified planning for outpatients have been rolled out in full swing. At the same time, industry regulation is increasingly stringent. If the Company's business management and internal operation system cannot be promptly

adjusted against regulatory and industry policies, the Company is likely to face business risks.

Responses: The Company will closely monitor changes in national policies and enhance the understanding of industry laws and regulations. It will plan and respond in a forward-looking way. It will seize the opportunities and rise to the challenges from changes in the industry by (1) adjusting its business and management model, (2) upgrading its internal standardized governance, and (3) promoting professional services among employees and innovating in merchandises and the business model.

2. Drug safety risks

Drug safety encompasses all stages of drug production, sales, distribution, and use, with potential risks arising at any stage. The procurement of drugs from numerous manufacturers and wholesalers presents a risk if the Company fails to promptly detect quality or safety issues. This could result in liabilities and adversely affect the Company's brand reputation.

Response measures include continuously enhancing and strictly enforcing the Company's inventory management systems and strengthening GSP quality management standards. Through proactive testing and other measures, the Company intensifies the quality assessment and management of suppliers, particularly for newly introduced products. The Company's quality management department consistently bolsters training, coaching, inspection, and evaluation of store employees.

3. Risk of more intense market competition

China's pharmaceutical retail industry is characterized by a low market concentration, and the industry is highly competitive. In particular, in recent years, large-scale pharmacy chains in the industry have expanded their marketing network to other regions through organic expansion and M&A. The industry has seen higher market concentration, and the competition among retail pharmacies has become fiercer. Some large national and regional chains are emerging. They are growing rapidly on the back of their advantages in capital, brand, and supply chain management. At the same time, with the continuous development of primary-level healthcare institutions, consumer groups that shop most on the Internet and mobile terminals are gradually coming into being. Competition among retailers is becoming increasingly fierce. Through the years, the Company has accumulated numerous consumers, marketing channels, and upstream suppliers, gained high brand visibility and reputation, and achieved a leading edge in the markets of Central South, East, and North China. However, with market changes and intensified competition, it is a new challenge for the Company to further expand its market share and profitability in its dominant regions.

Responses: First, the Company will continue to strengthen its advantage: refined, systematic and digital management. Secondly, the Company will accelerate the expansion of its store network and focused development through "new openings + M&A + franchising". At the same time, the Company will embrace market changes and innovate its business model. It will seek development both online and offline through the trials and promotion of the online-offline-integrated new retail model. It will pilot initiatives such as developing the new business format of health pharmacy through health management services and business extension, so as to continuously improve the Company's overall competitive strength and maintain and expand its regional competitive advantages.

4. Risk of acquired stores' business failing expectations

Against the general trend of M&A in the industry, the Company has developed the expansion strategy of "new openings + M&A + franchising". The Company's previous M&A projects have all achieved financial performance expectations. Nevertheless, the profitability of M&A projects is affected by multiple factors such as the policy environment, market demand, and operations. In the event of significant adverse changes in policies, changes in the purchasing habits of consumers, or major adverse events that cannot be resisted in the future, the acquired stores' business may fail expectations, resulting a risk of goodwill impairment, which will adversely affect the Company's financial performance and cause losses to all shareholders.

Responses: First, the Company will strengthen the audit and assessment of the M&A targets, and strictly select M&A targets that present excellent qualifications and complement with the Company in the market. Secondly, the Company will establish a professional M&A integration team to standardize and streamline M&A integration and operational management in later stages. In this way, it will seamlessly integrate the M&A target with the Company's team culture, management system, and supply chain system, and ensure the continuous improvement of the operating performance of the acquired stores.

5. Risk of dilution of human resources as a result of the Company's rapid development

Professional management team and customer service is one of the core elements of the Company's sustainable, healthy, and efficient operation. In the course of rapid development, if the Company fails to meet the needs of its future rapid development in talent introduction and personnel training, or if there are failures in talent appointment, pooling, or management leading to a loss of talent, it will adversely affect the Company's future expansion and business operations.

Responses: The Company will intensify its efforts in recruitment, talent pooling, and personnel training. It will co-host the Yifeng Pharmacy Class with universities and colleges to meet the demand for frontline professional workers at stores. It will launch the Management Trainee program to meet the demand for middle and senior managers for the rapid development of the Company. It will improve its employee career development channels and equity incentive mechanism to retain and attract experts. It will improve the training system and nurture professionals and people with compound capabilities in pharmacy, marketing, information, logistics, and management to meet the demand for human resources for the Company's rapid development.

(v) Others

☐ Applicable" ☒ Not applicable"

VII.Information not disclosed by the Company as per the guidelines due to non-applicability of the guidelines or for special reasons such as state secrets or trade secrets and the reasons thereof

☐ Applicable" ☒ Not applicable"

Section IV. Corporate Governance

I. Overview of corporate governance

"√ Applicable" "□ Not applicable"

During the Reporting Period, the Company regulated its operations by continuously improving its corporate governance structure and internal control system in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance of Listed Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and other laws, regulations, and rules. The Company's General Meeting of Shareholders, Board of Directors, and Board of Supervisors operated against standards, and its directors, supervisors, and senior management performed their duties diligently.

Shareholders and the General Meeting of Shareholders. During the Reporting Period, the Company held 5 General Meetings of Shareholders, where voting was performed both on site and online. The General Meetings of Shareholders were convened and held in strict accordance with the *Articles of Association* and the *Rules of Procedure for General Meeting of Shareholders*, ensuring all shareholders' legitimate rights and interests, in particular, to ensure that minority shareholders enjoy equal status and fully exercise their rights. The Company takes shareholders' visits and inquiries seriously and provides them convenient access to information about the Company's operations.

Controlling shareholders and the listed Company. The Company and its controlling shareholders maintain independence in terms of personnel, assets, finance, institutions, and business. The Company's Board of Directors, Board of Supervisors, and internal control institutions operate independently. The controlling shareholders observe rules and have not intervened directly or indirectly in the Company's decision-making or operating activities beyond the General Meeting of Shareholders.

Directors and the Board of Directors. The Company's Board of Directors comprises 9 members, including 3 independent directors. The Board has established four committees: the Strategy and Sustainable Development Committee, the Audit Committee, the Nominating Committee, and the Remuneration and Appraisal Committee. All committee members are appointed from within the Board. The Company's Board of Directors strictly observes the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Board of Directors*. The directors attend the meetings of the Board of Directors and the General Meetings of Shareholders attentively and responsibly. They are familiar with relevant laws and regulations; understand directors' rights, obligations, and responsibilities; and fulfill their duties, giving full play to the key role of directors in the Company's operations and management. In June 2024, the Company completed the re-election of the Board of Directors, with a total of 17 board meetings held during the Reporting Period.

Supervisors and the Board of Supervisors. The Company's Board of Supervisors consists of 3 supervisors, one of whom is an employee representative supervisor. The Company's Board of Supervisors strictly observes the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Board of Supervisors*. It conscientiously fulfills its duties, acts responsibly to the shareholders, and supervises the Company's day-to-day operations, the directors and senior management's conduct, the legal compliance of the Company's finance. In June 2024, the Company completed the re-election of the

Board of Supervisors, with a total of 12 supervisory board meetings held during the Reporting Period.

Regarding performance evaluation and incentive restraint mechanisms: The Company has established an effective performance appraisal system and a fair, transparent incentive restraint mechanism, which will be continuously refined.

Information disclosure and investor relations management. The Company has developed an Information Disclosure Management System and an Investor Relations Management System, and has set up the Securities and Investment Department pursuant to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*. It fulfills its information disclosure obligations in accordance with the law and ensures that its disclosure is timely, accurate, and complete, thus practically safeguarding minority shareholders' interests. The Company continuously improves its investor relations management and enhances its communication with investors through various online and offline methods, such as conducting financial performance briefings, hosting visits to listed companies, receiving shareholder visits, and responding to shareholder inquiries over the phone.

Presence of significant differences between corporate governance and the law, administrative regulations, and the CSRC's regulations on the governance of listed companies; if yes, please specify the reason(s)
☐ Applicable ☒ Not applicable"

II. Specific measures taken by the Company's controlling shareholder and actual controller to ensure the independence of the Company's assets, personnel, finances, institutions, and business, as well as solutions for the impact on the Company's independence, their progress, and subsequent work plans

☒ Applicable ☐ Not applicable"

The Company's controlling shareholder, Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership), and its actual controller, Gao Yi, fulfill their obligations in strict accordance with the *Securities Law* and other applicable laws and regulations and maintain their independence in terms of assets, personnel, finance, institutions, and business.

(i) Asset independence

The Company possesses a complete operational management system and logistics facilities for its business operations, legally owns or has the right to use assets related to its business operations including land, properties, and equipment, and has independent merchandise procurement, distribution, and sales systems. The ownership of assets of the Company and its controlling shareholder, actual controller, and other related parties is clear. The Company has full control and dominance over all of its assets. The Company does not have any funds or assets tied up by its shareholders, actual controller, and other companies under their control.

(ii) Personnel independence

The Company's directors, supervisors, and senior management are all elected or appointed in strict accordance with the procedures set out in the *Company Law* and the *Articles of Association* of the Company. The Company's President, Executive President, Vice President, Assistant President, Chief Financial Officer, Secretary of the Board of Directors, and other senior management are all working

full-time at the Company (including its subsidiaries) and receiving remuneration. None of them (1) holds positions other than director and supervisor at or receives remuneration from the Company's controlling shareholder, actual controller, and other companies under their control; or (2) serves at other companies with the same or similar business as the Company. The Company's financial personnel do not hold any part-time jobs at the Company's controlling shareholder, actual controller, and other companies under their control.

The Company has an independent workforce and has established an independent labor relations, personnel, and wage management system. The Company has signed labor contracts with all employees. Its Human Resources Department is independently responsible for employees' employment, assessment, rewards, and penalties. The Company is independent from its controlling shareholder, actual controller, and other companies under their control in employees' social insurance and compensation, and manages them in separate books.

(iii) Financial independence

The Company has set up an independent Financial Department with full-time financial personnel and established an independent financial accounting system. It makes financial decisions independently and has a standardized financial accounting system and a financial management system for its subsidiaries. The Company pays taxes independently and opens independent bank accounts in accordance with the law, and does not mix taxes or share bank accounts with its controlling shareholder, actual controller, and other companies under their control. The Company has not provided guarantees for its controlling shareholder, actual controller, and other companies under their control, and has no funds tied up by its controlling shareholder, actual controller, and other companies under their control by way of borrowing, repayment of debts, advancement of funds, or otherwise.

(iv) Institutional independence

The Company has established a complete corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management. The Company has established independent and complete internal management institutions in line with its status and needs in operations and development. It has defined the functions of each institution and developed respective internal management and control systems. These institutions exercise their powers and functions independently in accordance with the *Articles of Association* and the internal management system. There is no superior-subordinate relationship between them and the Company's controlling shareholder, actual controller, and other companies under their control and their functional departments, nor is there any institutional confusion or co-location.

(v) Business independence

The Company maintains a fully independent and comprehensive business system. All operational aspects, including procurement, logistics, distribution, and sales, function independently from the controlling shareholder, actual controller, and other companies under their control. There are no conflicts of interest in terms of industry competition or unfair related party transactions.

The Company's controlling shareholder, actual controller, and other entities under their control engaging in the same or similar business as the Company, as well as the impact of horizontal competition or significant changes in such competition on the Company, resolutions taken and their progress, and subsequent resolving plans

"□ Applicable" "√ Not applicable"

III. Overview of the General Meeting of Shareholders

Session	Date of convening	Search Index on the Designated Publishing Website of the Resolution	Disclosure Date of Resolution Publishing	Resolution of the Meeting
1 st Extraordinary General Meeting of Shareholders in 2024	January 29, 2024	<i>Notice on the Resolution of the 1st Extraordinary General Meeting of Shareholders in 2024 of Yifeng Pharmacy</i> (2024-005) on the website of the Shanghai Stock Exchange	January 30, 2024	Details to be found in "Details of the General Meeting of Shareholders"
Annual General Meeting of Shareholders for 2023	May 20, 2024	<i>Notice on the Resolution of the Annual General Meeting of Shareholders for 2023 of Yifeng Pharmacy</i> (2024-045) on the website of the Shanghai Stock Exchange	May 21, 2024	Details to be found in "Details of the General Meeting of Shareholders"
2 nd Extraordinary General Meeting of Shareholders in 2024	June 25, 2024	<i>Notice on the Resolution of the 2nd Extraordinary General Meeting of Shareholders in 2024 of Yifeng Pharmacy</i> (2024-059) on the website of the Shanghai Stock Exchange	June 26, 2024	Details to be found in "Details of the General Meeting of Shareholders"
3 rd Extraordinary General Meeting of Shareholders in 2024	September 23, 2024	<i>Notice on the Resolution of the 3rd Extraordinary General Meeting of Shareholders in 2024 of Yifeng Pharmacy</i> (2024-093) on the website of the Shanghai Stock Exchange	September 24, 2024	Details to be found in "Details of the General Meeting of Shareholders"

4 th Extraordinary General Meeting of Shareholders in 2024	December 16, 2024	<i>Notice on the Resolution of the 4th Extraordinary General Meeting of Shareholders in 2024 (2024-128)</i> on the website of the Shanghai Stock Exchange	December 17, 2024	Details to be found in “Details of the General Meeting of Shareholders”
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Extraordinary General Meeting of Shareholders requested by preferred shareholders whose voting rights have been restored

☐ Applicable" ☒ Not applicable"

Details of the General Meeting of Shareholders

☒ Applicable" ☐ Not applicable"

1. On January 29, 2024, the Company convened its 1st Extraordinary General Meeting of Shareholders in 2024. The meeting was attended by 21 shareholders and proxies, representing 699,775,348 shares with voting rights, which accounted for 69.2449% of the total shares with valid voting rights. The meeting deliberated and approved two proposals: (1) the *Proposal on Changing Registered Capital, Expanding Business Scope, and Amending the Articles of Association*, and (2) the *Proposal on Amending the Independent Director Working System*. Details can be found in the *Notice on the Resolution of the 1st Extraordinary General Meeting of Shareholders in 2024 (2024-005)* disclosed at the Shanghai Stock Exchange on January 30, 2024.

2. On May 20, 2024, the Company held its annual General Meeting of Shareholders in 2023. The meeting was attended by 54 shareholders and proxies, representing 732,686,267 shares with voting rights, which accounted for 72.5015% of the total shares with valid voting rights. The meeting deliberated and approved nine proposals, including: (1) the *Proposal on 2023 Annual Report of the Board of Directors*, (2) the *Proposal on 2023 Annual Report of the Board of Supervisors*, (3) the *Proposal on Providing Guarantees for Subsidiaries' Application for Bank Credits*, and (4) the *Proposal on Using Idle Own Funds to Entrust Financial management*. Details can be found in the *Notice on the Resolution of the Annual General Meeting of Shareholders for 2023 (2024-045)* disclosed at the Shanghai Stock Exchange on May 21, 2024.

3. On June 25, 2024, the Company convened its 2nd Extraordinary General Meeting of Shareholders in 2024. The meeting was attended by 49 shareholders and proxies, representing 891,389,413 shares with voting rights, which accounted for 73.5047% of the total shares with valid voting rights. The meeting deliberated and approved five proposals: (1) the *Proposal on Remuneration (Allowance) Scheme for Directors of the 5th Board of Directors*, (2) the *Proposal on Remuneration (Allowance) Scheme for Supervisors of the 5th Board of Supervisors*, (3) the *Proposal on Election of Non-Independent Directors of the 5th Board of Directors*, (4) the *Proposal on Election of Independent Directors of the 5th Board of Directors*, and (5) the *Proposal on Election of Supervisors of the 5th Board of Supervisors*. Details can be found in the *Notice on the Resolution of the 2nd Extraordinary General Meeting of Shareholders in 2024 (2024-059)* disclosed at the Shanghai Stock Exchange on June 26,

2024.

4. On September 23, 2024, the Company conducted its 3rd Extraordinary General Meeting of Shareholders in 2024. The meeting was attended by 395 shareholders and proxies, representing 849,179,650 shares with voting rights, which accounted for 70.0379% of the total shares with valid voting rights. The meeting deliberated and approved four proposals: (1) the *Proposal on 2024 Semi-Annual Profit Distribution Plan*, (2) the *Proposal on Amendments to the Articles of Association*, (3) the *Proposal on Increase in Bank Comprehensive Credit Lines*, and (4) the *Proposal on Providing Guarantees for Subsidiaries' Application for Bank Credits*. Details can be found in the *Notice on the Resolution of the 3rd Extraordinary General Meeting of Shareholders in 2024* (2024-093) disclosed at the Shanghai Stock Exchange on September 24, 2024.

5. On December 16, 2024, the Company held its 4th Extraordinary General Meeting of Shareholders in 2024. The meeting was attended by 381 shareholders and proxies, representing 896,809,071 shares with voting rights, which accounted for 73.9677% of the total shares with valid voting rights. The meeting deliberated and approved two proposals: (1) the *Proposal on Changing Registered Capital, Company Type, Amending the Articles of Association, and Handling Industrial and Commercial Registration Changes*, and (2) the *Proposal on Providing Guarantees for Subsidiaries' Application for Bank Credits*. Details can be found in the *Notice on the Resolution of the 4th Extraordinary General Meeting of Shareholders in 2024* (2024-128) disclosed at the Shanghai Stock Exchange on December 17, 2024.

IV. Details of directors, supervisors, and senior management

(i) Changes in shareholdings and remuneration of incumbent and outgoing directors, supervisors, and senior management during the Reporting Period

√Applicable □Not applicable

Unit:Share

Name	Position	Gender	Age	Starting Date of Office	Term end date	Number of Shares Held at the Beginning of the Year	Number of Shares Held at the End of the Year	Increase/decrease in Shares During the Year	Reason for the Increase/decrease	Total Pre-tax Remuneration Received from the Company During the Reporting PeriodCN¥10,000	Whether remuneration was obtained from the related parties of the Company
Gao Yi	Chairman and President	Male	57	2024.6.25	2027.6.24	117,901,056	141,481,267	23,580,211	Conversion of capital reserves into share capital	287.63	No
Gao Feng	Director	Male	54	2024.6.25	2027.6.24	0	0	0		140.61	No
Gao Youcheng	Director and Executive President	Male	57	2024.6.25	2027.6.24	168,000	201,600	33,600	Conversion of capital reserves into share capital	253.61	No
Xu Xin (Leave office on expiry)	Director	Female	58	2021.3.29	2024.6.25	0	0	0		0	No
Yang Rongfeng	Director	Male	39	2024.6.25	2027.6.24	0	0	0		0	No
Chai Mingang	Director	Male	56	2024.6.25	2027.6.24	0	0	0		20.00	No
Ye Weitao (Leave office on expiry)	Director	Male	52	2021.3.29	2024.6.25	0	0	0		10.00	No
Xi Feng	Director	Male	47	2024.6.25	2027.6.24	0	0	0		10.00	No
Yan Aimin (Leave office on	Independent Director	Male	62	2021.3.29	2024.6.25	0	0	0		6.00	No

expiry)											
Wang Hongxia (Leave office on expiry)	Independent Director	Female	46	2021.3.29	2024.6.25	0	0	0		6.00	No
Yi Languang (Leave office on expiry)	Independent Director	Male	49	2021.3.29	2024.6.25	0	0	0		6.00	No
Qin Zheng	Independent Director	Male	56	2024.6.25	2027.6.24	0	0	0		6.00	No
Huang Chun'an	Independent Director	Male	42	2024.6.25	2027.6.24	0	0	0		6.00	No
Wang Xiaoyan	Independent Director	Male	49	2024.6.25	2027.6.24	0	0	0		6.00	No
Chen Bin	Chairman of the Board of Supervisors	Male	59	2024.6.25	2027.6.24	0	0	0		5.00	No
Liu Yi	Supervisor	Male	52	2024.6.25	2027.6.24	0	0	0		10.00	No
Zhang Enbo (Leave office on expiry)	Employee Supervisor Representative	Male	30	2021.3.29	2024.6.25	2,002	2,402	400	Conversion of capital reserves into share capital	21.38	No
Xia Muzi	Employee Supervisor Representative	Female	29	2024.6.25	2027.6.24	0	0	0		9.95	No
Gu Wei	Executive Vice President	Male	46	2025.1.27	2027.6.24	0	4,000	4,000	Secondary market trading		
Wang Fei (Off-office)	Vice President	Male	40	2024.6.25	2025.4.2	354,060	424,872	70,812	Conversion of capital reserves into share capital	194.72	No
Wan	Vice President	Female	52	2024.6.25	2027.6.24	94,850	113,820	18,970	Conversion of	186.92	No

Xuemei									capital reserves into share capital		
Zhang Jia	Vice President	Male	44	2024.6.25	2027.6.24	140,000	168,000	28,000	Conversion of capital reserves into share capital	159.26	No
Wang Yonghui	Vice President and Chief Financial Officer	Male	50	2024.6.25	2027.6.24	501,200	601,440	100,240	Conversion of capital reserves into share capital	229.22	No
Zhang Zhaoxu	Vice President	Male	52	2024.6.25	2027.6.24	67,500	81,000	13,500	Conversion of capital reserves into share capital	207.52	No
Xiao Zaixiang	Vice President	Male	68	2024.6.25	2027.6.24	212,300	254,760	42,460	Conversion of capital reserves into share capital	122.40	No
Yan Jun	Vice President	Male	43	2024.6.25	2027.6.24	83,000	99,600	16,600	Conversion of capital reserves into share capital	194.26	No
Hu Jianxia	Vice President	Female	44	2024.6.25	2027.6.24	28,000	33,600	5,600	Conversion of capital reserves into share capital	133.92	No
Deng Jianqin (Leave office on expiry)	Chief Financial Officer	Female	45	2021.3.29	2024.6.25	119,756	143,707	23,951	Conversion of capital reserves into share capital	56.05	No
Fan Wei	Secretary of the Board of Directors	Male	44	2024.6.25	2027.6.24	42,000	50,400	8,400	Conversion of capital reserves into share capital	87.26	No
Total	/	/	/	/	/	119,713,724	143,660,468	23,946,744	/	2,375.71	/

Note 1: The total pre-tax remuneration received from the Company during the reporting period is the total remuneration received by directors, supervisors, and senior management in their office during the Reporting Period.

Note 2: The Company completed its re-election process in June 2024. The following members of the 4th Board of Directors left office on expiry: Non-independent directors Ms. Xu Xin and Mr. Ye Weitao, and independent directors Mr. Yan Aimin, Ms. Wang Hongxia, and Mr. Yi Languang. From the 4th Board of Supervisors, employee representative supervisor Mr. Zhang Enbo left office on expiry. Senior executive Ms. Deng Jianqin left office on expiry.

Name	Career Autobiography
Gao Yi	Mr. Gao Yi, born in October 1968, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree in Business Administration. He is a deputy to the 14 th People's Congress of Hunan Province and the founder of Yifeng Pharmacy Chain Co., Ltd., and currently serves as Chairman and President of the Company. He has been recognized as a Meritorious Figure of China's 40-Year Reform and Opening Up of the Pharmaceutical Industry, the Most Influential Person in China's Pharmacies in the Past Decade, one of China's Top 10 Leaders in Chain Pharmacies, one of the 9 th Hunan's Top 10 Economic Achievers, and one of the 10 Most Trusted Entrepreneurs in Hunan's Pharmaceutical Industry.
Gao Feng	Mr. Gao Feng, born in September 1971, is of Chinese nationality and has no permanent residency overseas. He holds a college degree and the title of pharmacist. He currently serves as the Company's director and holds the position of General Manager at Hunan Fenggao Industrial Investment Co., Ltd. and Hunan Yifeng Pharmaceutical Holding Co., Ltd.
Gao Youcheng	Mr. Gao Youcheng, born in February 1968, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree in Business Administration. He previously served as Manager, Deputy Party Secretary, and Executive Deputy General Manager of the Shanghai branch of Changde Native Products Corporation; Manager of Food Procurement at the headquarters and Deputy General Manager of the Shopping Plaza of Better Life Commercial Chain Share Co., Ltd.; and Executive Vice President of Yifeng Pharmacy Chain Co., Ltd. He currently serves as the Company's director and Executive President.
Yang Rongfeng	Mr. Yang Rongfeng, born in June 1986, is of Chinese nationality in Hong Kong and has no permanent residency overseas. He holds a bachelor's degree from the University of Hong Kong. He previously served as an accountant at PwC Hong Kong and as Post-investment Management Director and Partner at Capital Today Group (HK) Limited. Since February 2023, he has been serving as a Partner at Capital Today Group (HK) Limited.
Chai Mingang	Mr. Chai Mingang, born in February 1969, is of Chinese nationality and has permanent residency overseas. He holds a bachelor's degree in Economics from Fudan University, a master's degree in International Relations from the University of California, and a master's degree in Business Administration from the University of Chicago. He previously served as Global Partner and Head of Human Resource Consulting, China, at Towers Perrin; Head of Human Resource Consulting, China, at Towers Watson; and Executive Vice President of Yonghui Superstores. He currently serves as Partner and President of Shanghai Kaijie Enterprise Management Consulting Co., Ltd.
Xi Feng	Mr. Xi Feng, born in February 1978, is of Chinese nationality and has no permanent residency overseas. He holds a bachelor's degree in Law from East China University of Political Science and Law and an MBA from Arizona State University. He previously served as Senior Legal Director at Fosun Group, General Manager of Risk Control Department at Shanghai Lujiazui Financial Development Co., Ltd., and Director at Lujiazui International Trust Co., Ltd. He currently serves as Director/Chief Risk Officer at China Minsheng Jiaye Investment Co., Ltd. and Executive Director at Shanghai Jiakai Medical Investment Management Co., Ltd.
Qin Zheng	Mr. Qin Zheng, born in 1969, is of Chinese nationality and has no permanent residency overseas. He holds a Ph.D. in Engineering and a Post-doctorate in Management. He is a Professor and Doctoral Supervisor at Hunan University, where he also serves as Director of the Big Data Processing and Industry Application Research Center and Director of the Hunan Provincial Key Laboratory of Big Data Research and Application. He is a member of the Cyberspace Security Instruction Committee of the Ministry of Education, a certified expert of China Engineering Education, a member of the Big Data Special Committee of the China Computer Federation, a member of the Intelligent Service Special Committee of the Chinese Association for Artificial Intelligence, a member of the Artificial Intelligence and Security Special Committee, a member of the Expert Advisory Committee of Hunan Manufacturing Strong Province Construction, and a member of the Expert Advisory Committee of Hunan Network

	Security and Informatization. He also serves as an Independent Director for Hunan Mendale Hometextile Co., Ltd. and Talkweb Information System Co., Ltd.
Huang Chun'an	Mr. Huang Chun'an, born in August 1983, is of Chinese nationality and has no permanent residency overseas. He holds a bachelor's degree in Law from Tsinghua University and an EMBA from Cheung Kong Graduate School of Business. He previously served as a Partner at Dacheng Law Offices, he currently serves as a Senior Partner at China Commercial Law Firm and heads its Changsha branch. Additionally, he holds positions as Independent Director at Hengfei Cable Co., Ltd. and Shenzhen Gongjin Electronics Co. Ltd.
Wang Xiaoyan	Mr. Wang Xiaoyan, born in February 1976, is of Chinese nationality and has no permanent residency overseas. He holds an MBA and is a Certified Public Accountant, Certified Tax Agent, and Certified Internal Auditor. He previously served as a Senior Auditor at Deloitte Touche Tohmatsu CPA Ltd., Assistant to President at Guangxi Fenglin Wood Industry Group Co., Ltd., Audit Director at Guangxi Yuchai Machinery Group Co., Ltd., and CFO of Guangzhou Zhujiang Yunfeng Investment Holding Co., Ltd. He currently serves as the CFO of Blueriver Nutrition Company Limited.
Chen Bin	Mr. Chen Bin, born in September 1966, is of Chinese nationality and has no permanent residency overseas. He holds a university degree and the title of pharmacist. He previously served as Deputy General Manager of Hunan Yifeng Pharmacy Chain Co., Ltd., General Manager of Jiangsu Yifeng Pharmacy Chain Co., Ltd., and Expansion Director of Hunan Yifeng Pharmacy Chain Co., Ltd. He also served as the Company's Expansion Director. He currently serves as Chairman of the Company's Board of Supervisors.
Liu Yi	Mr. Liu Yi, born in October 1973, is of Chinese nationality and has no permanent residency overseas. He holds a doctorate degree in Economics. He currently serves as professor and master's supervisor at the School of Finance and Statistics of Hunan University, Director of the Big Data Finance Research Center of Hunan University, and Supervisor of the Company.
Xia Muzi	Ms. Xia Muzi, born in March 1996, is of Chinese nationality and has no permanent residency overseas. She holds a bachelor's degree. Joined the Company in May 2020 and currently serves as the Person in Charge of the Price Group in the Marketing Department of the Company's Operations Center.
Gu Wei	Mr. Gu Wei, born in January 1979, is of Chinese nationality and has no permanent residency overseas. He holds a bachelor's degree in Investment Economics. He previously served as President of Communication Business Unit at Suning.com, Vice President of Suning South China Region, President of Suning Communication Business Unit, President of Suning Offline Operations Headquarters, President of Suning Retail Cloud, and Senior Vice President of Suning. He also served as Vice President of Hisense Group. He currently serves as Executive Vice President of the Company.
Wan Xuemei	Ms. Wan Xuemei, born in December 1973, is of Chinese nationality and has no permanent residency overseas. She holds a bachelor's degree. She previously served as Head of Quality Management Department and Commodity Department, and Deputy General Manager of Operations of Jiangsu Yifeng Pharmacy Chain Co., Ltd., and General Manager of Jiangsu Yifeng Pharmaceutical Co., Ltd. He currently serves as Vice President of the Company.
Zhang Jia	Mr. Zhang Jia, born in November 1981, is of Chinese nationality and has no permanent residency overseas. He received his bachelor's degree in Electrical Engineering from Wuhan University and his master's degree in International Marketing from the University of Leeds in the U.K. He previously served as price manager of Walmart China's Purchasing Department, Director of the Purchasing Department and Head of Skincare Purchasing of Watsons China, CMO of You Sheng Pin Jian (Nanjing) Co., Ltd., and Vice President of Supply Chain of Guangzhou Dora Technology Co., Ltd. (Fordeal). He currently serves as Vice President of the Company.
Wang Yonghui	Mr. Wang Yonghui, born in November 1975, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree in Management Science and Engineering and is a Chartered Global Management Accountant (CGMA). He previously served as internal auditor at the

	Bank of Guangzhou, Financial Director of ABB (China) Co., Ltd., Financial Manager of ABB Xiamen Low Voltage Equipment Co., Ltd., Financial Director of ABB LV Installation Materials Co., Ltd. Beijing, CFO of Beijing Leader Harvest Electric Technologies Co., Ltd., and Vice President of Finance and Commerce of Joy Global (China) Investment Co., Ltd. He currently serves as Vice President and Chief Financial Officer of the Company.
Zhang Zhaoxu	Mr. Zhang Zhaoxu, born in August 1973, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree in Management. He previously served as Director of Human Resources of Consumer Health Products Business in China at GSK CI, General Manager of Human Resources of Urban Development Business Group of China Fortune Land Development Co., Ltd., and Vice President of Inner Mongolia Mengniu Dairy (Group) Co., Ltd. He currently serves as Vice President of the Company.
Xiao Zaixiang	Mr. Xiao Zaixiang, born in January 1957, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree and is a senior engineer. He previously served as Director of the Security Division, Deputy Director of the Construction Department, Director of the Property Management Department, Director of the Administrative Business Department, and Vice Chairman of the Labor Union of the Changsha Municipal Bureau of Telecommunications; General Manager of Changsha Xinda Real Estate Development Co., Ltd.; Deputy Director of the Security Division of the Hunan Provincial Post Bureau; Deputy General Manager of Hunan Xiangyou Jindun Anti Theft Alarm Network Monitoring Co., Ltd.; and Party Secretary and President of Hunan Copote Science Technology Co., Ltd. He currently serves as Vice President of the Company.
Yan Jun	Mr. Yan Jun, born in April 1982, is of Chinese nationality and has no permanent residency overseas. He holds a bachelor's degree in Computer Software. He previously served as a software development engineer of Augmentum, R&D Supervisor of Shanda Network, Supervisor of Quality Control of Dianping.com, partner of Wuxi Otaku Game, Manager of Front-end Product, Manager of E-commerce Business, and Director of Member Center of Kidswant Children Products Co., Ltd., as well as Director of Operation Center and Director of R&D Center of Haoxiangjia Comfortable Intelligent Household Co., Ltd. He currently serves as General Manager of New Retail Business Group, Head of Digital Center, and Associate President of the Company.
Hu Jianxia	Ms. Hu Jianxia, born in December 1981, is of Chinese nationality, and has no permanent residency overseas. She holds a bachelor's degree in Pharmacy at Southwest University and is a pharmacist-in-charge. She previously served as Store Manager, Regional Manager, Department Manager, Deputy General Manager of Operations, and Director of National Operations of the Company. She currently serves as Associate President, and Head of Operations of National Regions of the Company.
Fan Wei	Mr. Fan Wei, born in July 1981, is of Chinese nationality and has no permanent residency overseas. He holds a master's degree. He previously served as investor relations manager of ZTE Corporation, Director of the Investor Relations Office of Zoomlion Heavy Industry Science & Technology Co., Ltd., machinery industry analyst of Zhongtai Securities Co., Ltd., and Deputy Director of Investor Relations of S.F. Holding Co., Ltd. He currently serves as Secretary of the Board of Directors of the Company.

Other details

"□ Applicable" "√ Not applicable"

(ii) Office of incumbent and outgoing directors, supervisors, and senior management during the Reporting Period

1. Situation of work performance in shareholder entity

"☐ Applicable"☒ Not applicable"

2. Situation of work performance in other entities

☒ Applicable" ☐ Not applicable"

Name	Entity	Position held in other entities	Starting Date of Office	Term end date
Gao Yi	Hunan Fenggao Industrial Investment Co., Ltd.	Executive Director	2016-9	
Gao Feng	Hunan Fenggao Industrial Investment Co., Ltd.	General Manager	2016-9	
	Hunan Yaqi Hotel Management Co., Ltd.	General Manager	2021-6	
Xu Xin (Leave office on expiry)	Capital Today Group (HK) Limited	Director	2022-12	2024-5
	Capital Today China Growth Management II limited	Director	2020-1	2024-6
	CTG GENPAR II, LTD.	Director	2009-12	2024-7
	CTG Evergreen Management Limited	Director	2020-1	2024-6
	Capital Today Evergreen Genpar, Ltd.	Director	2014-10	2024-7
	Capital Today River Management Limited	Director	2018-10	2024-6
	Capital Today River Partner Limited	Director	2018-10	
	Capital Today River GenPar, Ltd.	Director	2018-9	2024-7
	WeEat Inc	Director	2019-2	
	Xingsheng Preference Electronic Business Limited	Director	2018-11	
	Double FS Inc.	Director	2020-7	
	XYZ ROBOTICS GLOBAL INC.	Director	2021-7	
	InterFocus Cayman Ltd.	Director	2021-4	
	Yi Pin Sheng Xian (Cayman) Limited	Director	2021-9	
	Shanghai Gaussian Automation Technology Development Co., Ltd.	Director	2021-7	2024-6
	Dongguan Hairou Intelligent Technology Limited	Director	2021-8	2024-7
	Shanghai Dr. Cheese Brand Management Co., Ltd.	Director	2022-1	2024-6
	Shanghai Wanxiangheyi Cosmetics Co., Ltd.	Director	2022-2	2024-7
	Nanjing University	Honorary Trustee of the Board of Trustees	2010	
	China Venture Capital and Private Equity Association	Director	2006	
Yang	AutoX. Inc	Director	2025-1	

Rongfeng	Beauty Valley Group Inc.	Director	2022-2	
	Blue Spring (International) Limited	Director	2022-10	
	66game Inc.	Director	2021-4	
	Inception Ltd	Director	2021-4	
	Carrie Holding Inc.	Director	2023-1	
	Golden Profit Network Inc.	Director	2022-12	
	Biyue (Beijing) Technology Co., Ltd.	Director	2019-12	
	Guangzhou Fuyue International Cosmetics Co., Ltd.	Director	2021-6	
	Yangzhou Dayun Food Co., Ltd.	Director	2021-3	
	Qingdao Xiaolinyou Food Technology Co., Ltd.	Director	2021-2	
	JR Talent Ltd.	Director	2021-5	
	al (Xiamen) Food Technology Co., Ltd.	Director	2022-3	
	Bestore Co., Ltd.	Director	2022-3	
	Weldroid. Co., Ltd.	Director	2023-2	
	Shanghai Shanlimu Trading Co., Ltd.	Director	2023-3	
	Capital Today Management Consulting (Shanghai) Limited	Supervisor	2023-1	
	Ctg Evergreen Investment G One Limited	Director	2023-1	
	Changsha Yibing Yicheng Catering Management Co., Ltd.	Director	2023-2	
	Shanghai Gaussian Automation Technology Development Co., Ltd.	Director	2024-6	
	Dongguan Hairou Intelligent Technology Limited	Director	2024-7	
	Shanghai Dr. Cheese Brand Management Co., Ltd.	Director	2024-6	
	Shanghai Wanxiangheyi Cosmetics Co., Ltd.	Director	2024-7	
	Shanghai Inoherb Cosmetics Co., Ltd.	Director	2022-12	
	Shanghai Xinwan Information Technology Co., Ltd.	Supervisor	2022-9	
Chai Mingang	Shanghai Kaijie Enterprise Management Consulting Co., Ltd.	President	2018-11	
	Glodon Company Limited	Independent Director	2020-4	
Ye Weitao (Leave office on expiry)	Shanghai Lize Investment Management Co., Ltd.	Executive Director	2015-5	
	Shanghai Lansheng Resources Co., Ltd.	Vice President	2016-10	
	Shanghai Shenyue Medical Instrument Co., Ltd.	Supervisor	2016-11	
	Shanghai Jianxin Healthcare Investment Management Co., Ltd.	Director	2020-8	
	Beijing Lidakang Technology Co., Ltd.	Director	2020-10	
	Shaanxi Kanghui Pharmaceutical Co., Ltd.	Independent Director	2021-4	

	Minova Pharmaceuticals Co., Ltd.	Director	2022-9	
	Kunshan Yiteng Medical Technology Co., Ltd.	Director	2023-3	
	Suzhou Rongsheng Medical Technology Co., Ltd.	Director	2023-4	
	Shanghai Lize Investment Management Co., Ltd.	Executive Director	2015-5	
Yan Aimin (Leave office on expiry)	Central South University	Level-2 professor and doctoral advisor	2008-9	
	Hunan Matsui New Materials Co., Ltd.	Independent Director	2021-1	
	Shanghai Hajime Advanced Material Technology Co., Ltd.	Independent Director	2022-6	
	Hunan Siase Electrician Industry Co., Ltd.	Director	2010-9	
	Hunan Artec New Material Co., Ltd.	Director	2018-9	
Wang Hongxia (Leave office on expiry)	Hunan Guangxin Technology Co., Ltd.	Independent Director	2020-8	
Yi Languang (Leave office on expiry)	Hunan Zehua Jingke Consulting Co., Ltd.	Executive Director and General Manager	2017-4	
	Hunan Zehua Private Equity Fund Management Co., Ltd.	Executive Director and General Manager	2017-4	
	Zehua Smart Technology Co., Ltd.	Executive Director and General Manager	2019-5	2024-4
Qin Zheng	Hunan Mendale Hometextile Co., Ltd.	Independent Director	2021-11	
	Talkweb Information System Co., Ltd.	Independent Director	2022-5	
	Hunan University	Professor	2005-6	
Huang Chun'an	China Commercial (Changsha) Law Firm	Person in Charge	2020-4	
Wang Xiaoyan	Blueriver Nutrition Company Limited	Chief Financial Officer	2021-9	
Liu Yi	Hunan University	Professor	2000-4	
Explanation on the office at other entities	None			

(iii) Remuneration of directors, supervisors, and senior management

"√ Applicable" "□ Not applicable"

Decision-making process for the	The Remuneration and Appraisal Committee under the Board is the
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remuneration of directors, supervisors, and senior management	management body to assess and determine the remuneration of directors, supervisors, and senior management. The remuneration plans for directors and supervisors, formulated by the Remuneration and Appraisal Committee, are submitted to the General Meeting of Shareholders for approval after passing the Board. The remuneration plan for senior management is directly submitted to the Board for approval.
Whether I should be evasive when the directors are discussing my remuneration at the board of directors	Yes
The detailed recommendations of Remuneration and Appraisal Committee or special meetings of independent directors on the remuneration of directors, supervisors, and senior management.	The remuneration/allowances of the Company's directors and supervisors, as well as the remuneration of senior management, will be deliberated and approved by the Company's Remuneration and Appraisal Committee.
Basis of the remuneration of directors, supervisors, and senior management	The remuneration/allowances for the Company's directors and supervisors will be deliberated and approved by the General Meeting of Shareholders: 1. Directors holding management positions in the Company receive remuneration according to their management roles and do not receive additional compensation. The standard allowance for independent directors is CN¥120,000 per person per year (before tax), while other directors' remuneration is set at CN¥200,000 per person per year (before tax). 2. Supervisors employed by the Company have their remuneration determined based on their specific roles and positions within the Company and do not receive additional compensation for their supervisory duties. Other supervisors receive a supervisory allowance of CN¥100,000 per person per year (before tax).
Actual payment of the remuneration of directors, supervisors, and senior management	Payment has been made as per relevant provisions and systems.
Total remuneration actually received by all directors, supervisors, and senior management as of the end of the Reporting Period	CN¥23.7571 million

(iv) Changes in directors, supervisors and senior management officers of the Company

"√ Applicable" "□ Not applicable"

Name	Position	Change	Reason for Change
Xu Xin	Director	Off-office	Leave office on expiry
Ye Weitao	Director	Off-office	Leave office on expiry
Yan Aimin	Independent Director	Off-office	Leave office on expiry
Wang Hongxia	Independent Director	Off-office	Leave office on expiry
Yi Languang	Independent Director	Off-office	Leave office on expiry
Yang Rongfeng	Director	Election	As approved by the Company's 2 nd Extraordinary General Meeting of
Xi Feng	Director	Election	

Qin Zheng	Independent Director	Election	Shareholders in 2024, Yang Rongfeng and Xi Feng were elected as non-independent directors, while Qin Zheng, Huang Chun'an, and Wang Xiaoyan were elected as independent directors.
Huang Chun'an	Independent Director	Election	
Wang Xiaoyan	Independent Director	Election	
Zhang Enbo	Employee Representative Supervisor	Off-office	Leave office on expiry
Xia Muzi	Employee Representative Supervisor	Election	As approved by the Company's Employee Representatives Meeting on June 7, 2024, Ms. Xia Muzi was elected as an employee representative supervisor.
Deng Jianqin	Chief Financial Officer	Off-office	Leave office on expiry
Wang Yonghui	Chief Financial Officer	Appointment	As approved by the Company's 1st meeting of the 5th Board of Directors on June 25, 2024, Mr. Wang Yonghui was elected as the Chief Financial Officer.
Gu Wei	Executive Vice President	Appointment	As approved by the Company's 13th meeting of the 5th Board of Directors on January 27, 2025, Mr. Gu Wei was elected as the Executive Vice President.
Wang Fei	Vice President	Off-office	Resigned from the position of Vice President on April 3, 2025 due to personal reasons.

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

"□ Applicable" "√ Not applicable"

(vi) Others

"□ Applicable" "√ Not applicable"

V. Meetings of the Board of Directors held during the Reporting Period

Session	Date of convening	Resolution of the Meeting
35 th meeting of the 4 th Board of Directors	2024.1.12	Please refer to the <i>Announcement of the 35th Meeting of the 4th Board of Directors</i> (2024-001) disclosed on January 13, 2024 for details
36 th meeting of the 4 th Board of Directors	2024.1.29	Proposal on Appointing Senior Management Members
37 th meeting of the 4 th Board of Directors	2024.2.28	Please refer to the <i>Announcement of the 37th Meeting of the 4th Board of Directors</i> (2024-011) disclosed on February 29, 2024 for details
38 th meeting of the 4 th Board of Directors	2024.4.16	Please refer to the <i>Announcement of the 38th Meeting of the 4th Board of Directors</i> (2024-027) disclosed on April 17, 2024 for details
39 th meeting of the 4 th Board of Directors	2024.4.26	Please refer to the <i>Announcement of the 39th Meeting of the 4th Board of Directors</i> (2024-031) disclosed on April 27, 2024 for details
40 th meeting of the 4 th Board of Directors	2024.6.7	Please refer to the <i>Announcement of the 40th Meeting of the 4th Board of Directors</i> (2024-051) disclosed on June 8, 2024 for details

1 st meeting of the 5 th Board of Directors	2024.6.25	Please refer to the <i>Announcement of the 1st Meeting of the 5th Board of Directors</i> (2024-060) disclosed on June 26, 2024 for details
2 nd meeting of the 5 th Board of Directors	2024.7.11	Please refer to the <i>Announcement of the 2nd Meeting of the 5th Board of Directors</i> (2024-066) disclosed on July 12, 2024 for details
3 rd meeting of the 5 th Board of Directors	2024.7.25	<i>Proposal on Use of Raised Funds to Replace Self-raised Funds Previously Invested in Fund-raising Projects and Paid Issuance Expenses</i>
4 th meeting of the 5 th Board of Directors	2024.8.23	<i>Proposal on Signing a Trademark Transfer Agreement with Related Parties and Related Party Transactions</i>
5 th meeting of the 5 th Board of Directors	2024.8.29	Please refer to the <i>Announcement of the 5th Meeting of the 5th Board of Directors</i> (2024-073) disclosed on August 30, 2024 for details
6 th meeting of the 5 th Board of Directors	2024.8.30	<i>Proposal on Not Adjusting Downward the Conversion Price of “Yifeng Convertible Bonds”</i>
7 th meeting of the 5 th Board of Directors	2024.9.12	Please refer to the <i>Announcement of the 7th Meeting of the 5th Board of Directors</i> (2024-084) disclosed on September 13, 2024 for details
8 th meeting of the 5 th Board of Directors	2024.10.14	Please refer to the <i>Announcement of the 8th Meeting of the 5th Board of Directors</i> (2024-103) disclosed on October 15, 2024 for details
9 th meeting of the 5 th Board of Directors	2024.10.28	<i>Proposal on Not Adjusting Downward the Conversion Price of “Yifeng Convertible Bonds”</i>
10 th meeting of the 5 th Board of Directors	2024.10.30	<i>Proposal on the Q3 Report for 2024</i>
11 th meeting of the 5 th Board of Directors	2024.11.22	Please refer to the <i>Announcement of the 11th Meeting of the 5th Board of Directors</i> (2024-119) disclosed on November 23, 2024 for details

VI. Performance of duties by directors

(i) Attendance of directors to the Board of Directors and the General Meeting of Shareholders

Director Name	Independent Director	Attendance at the Board of Directors						Attendance at the General Meeting of Shareholders
		Number of the Board of Directors Meetings Required to Attend During the Year	Session Attended in Person	Session Attended by Correspondence	Session Attended by Proxy	Absence Session	Not Attending in Person for Two Consecutive Sessions	Number of General Meetings of Shareholders Attended
Gao Yi	No	17	17	6	0	0	No	5
Gao Feng	No	17	17	6	0	0	No	5
Gao Youcheng	No	17	17	6	0	0	No	5
Xu Xin	No	6	6	6	0	0	No	3

(Leave office on expiry)								
Yang Rongfeng	No	11	11	9	0	0	No	2
Chai Mingang	No	11	11	10	0	0	No	5
Ye Weitao (Leave office on expiry)	No	6	6	6	0	0	No	3
Xi Feng	No	11	11	9	0	0	No	2
Yan Aimin (Leave office on expiry)	Yes	6	6	5	0	0	No	3
Wang Hongxia (Leave office on expiry)	Yes	6	6	5	0	0	No	3
Yi Languang (Leave office on expiry)	Yes	6	6	5	0	0	No	3
Qin Zheng	Yes	11	11	9	0	0	No	2
Huang Chun'an	Yes	11	11	9	0	0	No	2
Wang Xiaoyan	Yes	11	11	9	0	0	No	2

Explanation on Not Attending in Person for Two Consecutive Sessions

☐ Applicable ☒ Not applicable

Number of the Board of Directors meetings during the year	17
Incl.: Number of site meetings	0
Number of meetings via correspondence	6
Number of site meetings combined with correspondence	11

(ii) Directors' dissent on the Company's matters

☐ Applicable ☒ Not applicable

(iii) Others

☐ Applicable ☒ Not applicable

VII. Specialized committees under the Board of Directors

☐ Applicable ☒ Not applicable

(i) Members of specialized committees under the Board of Directors

Type of committee	Name of member
Audit Committee	Wang Xiaoyan, Qin Zheng, Huang Chun'an
Nominating Committee	Huang Chun'an, Gao Yi, Wang Xiaoyan
Remuneration and Appraisal Committee	Qin Zheng, Gao Yi, Huang Chun'an
Strategy and Sustainable Development Committee	Gao Yi, Yang Rongfeng, Chai Mingang

(ii) Four meetings convened by the Audit Committee during the Reporting Period

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2024.4.25	Reviewed the <i>Proposal on the Annual Report for Year 2023 and Its Summary</i> , <i>Proposal on the Report on the Financial Accounts for Year 2023</i> , <i>Proposal on Profit Distribution and Conversion of Capital Reserves into Share Capital Plans for Year 2023</i> , <i>Proposal on the Internal Control Evaluation Report for Year 2023</i> , <i>Proposal on the Special Report Regarding the Deposit and Use of Raised Funds for Year 2023</i> , <i>Proposal on the Report on the Performance of Supervisory Duties by the Accounting Firm for Year 2023</i> , <i>Proposal on the Report on the Performance of the Audit Committee of the Board of Directors for Year 2023</i> , <i>Proposal on Renewing the Current Accounting Firm for Year 2024</i> , <i>Proposal on the 2024 Internal Audit Report</i> , <i>Proposal on the 2024 Q1 Report</i> , and <i>Proposal on the Internal Audit Report for Q1 of 2024</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.8.26	Reviewed the <i>Proposal on the Internal Audit Report for the First Half of 2024</i> , and <i>Proposal on the Semi-Annual Report for 2024</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.10.30	Reviewed the <i>Proposal on the Internal Audit Report for Q3 of 2024</i> , and <i>Proposal on the Q3 Report for 2024</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.12.29	Reviewed the <i>Proposal on the Audit Plan in 2024 Annual Report</i> .	All committee members unanimously agreed and passed these proposals.	/

(iii) Three meetings convened by the Nominating Committee during the Reporting Period

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2024.1.29	Reviewed the <i>Proposal on Appointing Senior Management Members</i> .	All committee members unanimously agreed and passed	/

		these proposals.	
2024.4.18	Reviewed the <i>Proposal on the Work Report of the Nominating Committee for year 2023</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.6.7	Reviewed the <i>Proposal on the Election and Nomination of Non-Independent Directors for the 5th Board of Directors</i> , and <i>Proposal on the Election and Nomination of Independent Directors for the 5th Board of Directors</i> .	All committee members unanimously agreed and passed these proposals.	/

(iv) Three meetings convened by the Remuneration and Appraisal Committee during the Reporting Period

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2024.4.25	Reviewed the <i>Proposal on the Remuneration for Senior Management Personnel for year 2023</i> , and <i>Proposal on the Work Report of the Board Remuneration and Appraisal Committee for year 2023</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.6.7	Reviewed the <i>Proposal on the Remuneration (Allowance) Scheme for Directors of the 5th Board of Directors</i> , and <i>Proposal on the Remuneration (Allowance) Scheme for Supervisors of the 5th Board of Supervisors</i> .	All committee members unanimously agreed and passed these proposals.	/
2024.10.14	Reviewed the <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the Second Release Period of the First Grant under the Restricted Share Incentive Plan for 2022</i> , and <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the First Release Period of the Reserved Grant under the Restricted Share Incentive Plan for 2022</i> .	All committee members unanimously agreed and passed these proposals.	/

(v) One meeting convened by the Strategy and Sustainable Development Committee during the Reporting Period

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2024.4.25	Reviewed the <i>Proposal on the Work Report of the Strategy Committee of the Board of Directors for year 2023</i> .	All committee members unanimously agreed and passed these proposals.	/

(vi) Dissent on relevant matters

"□ Applicable" "√ Not applicable"

VIII. Explanation on risks identified by the Board of Supervisors

☐ Applicable ☒ Not applicable

The Board of Supervisors had no objection to the supervision matters during the Reporting Period.

IX. The staff of the parent company and main subsidiaries at the end of the Reporting Period**(i) Staff**

Number of on-the-job employees of the parent company	9,416
Number of on-the-job employees of the main subsidiaries	30,602
Total number of on-the-job employees	40,018
Number of retired employees for whom the parent company and main subsidiaries need to bear expenses	1,742
Specialty composition	
Category of specialties	Number of specialties
Manufacturing personnel	110
Sales personnel	34,681
Technician	251
Financial personnel	411
Administrative personnel	3,090
Distribution personnel	1,475
Total	40,018
Educational level	
Educational level category	Number of employees
Doctorate degree	2
Master's degree	129
Undergraduate	6,818
College degree	18,066
Technical secondary school	9,305
Others	5,698
Total	40,018

(ii) Remuneration policy

☒ Applicable ☐ Not applicable

The remuneration of the staff includes wages, bonuses, allowances, and five insurances & one fund (endowment insurance, government BMI, unemployment insurance, industrial injury insurance, maternity insurance and housing fund). The Company determines total remuneration based on a comprehensive set of factors,

including development strategy, annual operational objectives, human resource cost-to-sales ratio, labor market conditions, regional differences, and industry salary levels. This approach aims to effectively control and reduce labor costs while retaining talent. At the end of each year, the Human Resources Department and the Finance Department jointly formulate the annual total remuneration plan for the next year based on the staffing and corresponding remuneration standards, as well as the OKR and KPI indicators. After preliminary review by the Director of Human Resources and the Chief Financial Officer, it is submitted for review to the Vice President and implemented upon approval by the President.

(iii) Training plan

☒ Applicable" ☐ Not applicable"

Focusing on talent pipeline development, professional skill cultivation, and corporate culture promotion, the Company strives to build an outstanding team with a strong sense of mission, belonging, and drive.

To this end, the Company has established a comprehensive talent development system encompassing planning, assessment, training, mentoring, and clear career progression paths.

Through the establishment of a corporate university and a multi-tiered training evaluation system, the Company ensures that all employees value and participate in training.

By refining training materials, implementing a credit-based assessment system, and combining online and offline training methods, the Company achieves comprehensive implementation of training initiatives,

effectively enhancing employee quality and the Company's soft skills.

(iv) Labor outsourcing

☐ Applicable" ☒ Not applicable"

X. The profit distribution plan or the capital reserve capitalization plan**(i) Formulation, implementation, or adjustment of the cash dividend policy**

☒ Applicable" ☐ Not applicable"

1. Formulation and adjustment of the cash dividend policy

During the Reporting Period, the cash dividend policy remained unchanged. Details regarding the profit distribution policy can be found in the relevant provisions

of the *Articles of Association*. During the Reporting Period, the Company formulated the 2024 “*Quality Improvement, Efficiency Enhancement, and Return to Rewards*” *Action Plan*, emphasizing the importance of investor returns and achieving mutual value creation. The Company places high importance on providing reasonable investment returns to investors and strives to create long-term sustainable value for shareholders. It has formulated a *Shareholder Return Planning Scheme* and strictly implements shareholder dividend return plans and profit distribution policies.

2. Execution of the cash dividend policy

During the Reporting Period, in accordance with the *Articles of Association* and relevant regulations such as the *Regulatory Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies*, the Company held its Annual General Meeting of Shareholders for 2023 on May 20, 2024, approving the 2023 annual profit distribution plan. Based on the total share capital registered on the equity distribution record date for the 2023 fiscal year, the Company distributed a cash dividend of CN¥0.50 (tax included) per share to all shareholders and increased share capital from capital reserves by 0.20 shares per share. The total cash dividend amounted to CN¥505,289,898.50 (tax included), with 202,115,959 shares issued through the capital reserve conversion.

During the Reporting Period, to enhance the Company's investment value, implement the “Quality

Improvement, Efficiency Enhancement, and Return to Rewards” action plan, and share development results with investors, the Company held its 3rd Extraordinary General Meeting of Shareholders in 2024 on September 23, 2024. The meeting approved the 2024 semi-annual profit distribution plan. Based on the total share capital registered on the equity distribution record date for the 2024 semi-annual period, the Company distributed a cash dividend of CN¥0.25 (tax included) per share to all shareholders, totaling CN¥303,114,161.25 (tax included).

3. Profit distribution in 2024

The Company convened its 16th meeting of the 5th Board of Directors on April 28, 2025, to review and approve the *Proposal on Profit Distribution Plan for 2024*. The Company proposes to distribute a cash dividend of CN¥0.40 (tax included) per share to all shareholders. As of March 31, 2025, the Company’s total share capital stood at 1,212,416,794 shares, resulting in a proposed total cash dividend distribution of CN¥484,966,717.60 (tax included). Should the Company’s total share capital change between the disclosure date of this profit distribution plan and the equity registration date for its implementation, due to factors such as convertible bond conversion or repurchase and cancellation of shares granted under equity incentives, the Company intends to maintain the per-share distribution ratio while adjusting the total distribution amount accordingly. Any subsequent changes in total share capital will be announced separately with specific adjustment details. The profit distribution plan above is subject to approval by the Company’s shareholders at the general meeting before implementation.

(ii) Special explanation on cash dividend policy

☒ Applicable" ☐ Not applicable"

Whether to comply with the provisions of the Articles of Association or the requirements of the General Meeting of Shareholders resolutions	<input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否
Whether the dividend criteria and ratio are clear and unambiguous	<input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否
Whether the independent directors perform their duties and fulfill their due roles	<input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否

(iii) If the Company is profitable during the Reporting Period and the parent company has positive profit available for distribution to shareholders but no cash dividend distribution plan has been proposed, the Company shall disclose in detail the reasons as well as the purpose and plan for the use of undistributed profits.

☐ Applicable" ☒ Not applicable"

(iv) Plan of profit distribution and conversion of capital reserves into share capital during the Reporting Period

☒ Applicable" ☐ Not applicable"

Unit:CN¥ Currency: CNY

Bonus shares distributed per 10 shares (share)	0
Dividends per 10 shares (CN¥) (tax included)	4.0
Conversion amount per 10 shares (share)	0

Cash dividend amount (tax included)	484,966,717.60
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	1,528,576,669.36
Percentage of the cash dividend amount to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	31.73%
Amount of cash dividends for share repurchases in cash	0
Total dividend amount (tax included)	484,966,717.60
Percentage of the total dividend amount to the net profit attributable to ordinary shareholders of the listed Company in the consolidated financial statements (%)	31.73%

Note: The Company distributed an interim cash dividend of CN¥303,114,161.25 in 2024. The total cash dividend distribution for 2024 (including the interim dividend) amounts to CN¥788,080,878.85, representing 51.56% of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements.

(v) Cash dividend distribution for the past three fiscal years

"√ Applicable" "□ Not applicable"

Unit: CN¥10,000 Currency: CNY

Cumulative cash dividends for the past three fiscal years (tax included) (1)	1,582,052,749.35
Cumulative amount of share repurchases and cancellations for the past three fiscal years (2):	0
Total amount of cash dividends and share repurchases and cancellations for the past three fiscal years (3) = (1) + (2)	1,582,052,749.35
Average annual net profit for the past three fiscal years (4) Note 1	1,402,057,191.25
Cash dividend ratio for the past three fiscal years (%) (5) = (3) / (4)	112.84
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the most recent fiscal year	1,528,576,669.36
Undistributed profits at the end of the most recent fiscal year in the parent company's financial statement	854,914,834.22

Note 1: The net profit amount is that attributable to shareholders of the listed company.

XI. Implementation and impact of the Company's equity incentive plans, employee stock ownership plans, or other employee incentive measures

(i) The relevant incentive matters disclosed in interim announcements without further developments or changes

"√ Applicable" "□ Not applicable"

Item description	Search index
On October 14, 2024, the Company's 8 th Meeting of the 5 th Board of Directors and the 6 th Meeting of the 5 th Board of Supervisors approved the <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the Second Release Period of the First Grant under the Restricted Share Incentive</i>	For details, please refer to the Announcement on the <i>Accomplishment of the Conditions for the Release of Restricted Shares for the Second Release Period of the First Grant under the Restricted Share Incentive Plan for 2022</i> (2024-105) disclosed on October 16, 2024.

<p><i>Plan for 2022.</i> The proposal agreed to unlock 2,233,560 restricted shares for 198 incentive recipients (including the 2022 annual equity distribution of 4 shares for every 10 shares and the 2023 annual equity distribution of 2 shares for every 10 shares).</p>	
<p>On October 14, 2024, the Company's 8th Meeting of the 5th Board of Directors and the 6th Meeting of the 5th Board of Supervisors approved the <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the First Release Period of the Reserved Grant under the Restricted Share Incentive Plan for 2022</i>. The proposal agreed to unlock 216,668 restricted shares for 32 incentive recipients (including the 2022 annual equity distribution of 4 shares for every 10 shares and the 2023 annual equity distribution of 2 shares for every 10 shares).</p>	<p>For details, please refer to the Announcement on the <i>Accomplishment of the Conditions for the Release of Restricted Shares for the First Release Period of the Reserved Grant under the Restricted Share Incentive Plan for 2022</i> (2024-106) disclosed on October 16, 2024.</p>

(ii) Incentives that have not been disclosed in interim announcements or have further developments

Equity incentive

☐ Applicable ☒ Not applicable

Additional information:

☐ Applicable ☒ Not applicable

Employee stock ownership plan

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

(iii) Equity incentives granted to directors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(iv) Evaluation mechanism for senior management during the Reporting Period, as well as the establishment and implementation of incentive mechanisms

☒ Applicable ☐ Not applicable

The Company has established and continues to refine its evaluation mechanism for senior management. The compensation for senior management is determined according to the following standards:

(1) The remuneration is based on an annual salary system, with the annual salary linked to their responsibilities, risks, and business performance.

(2) The remuneration structure consists of basic annual salary and annual performance salary.

(3) The annual basic salary is determined based on the grade, job responsibilities, and ability. It is proposed by the Remuneration and Appraisal Committee to the Board of Directors.

(4) The annual performance salary is determined based on the results and grades of an assessment encompassing the annual salary standards, the Company's performance fulfillment, and the job

performance assessment. The assessment consists of composite indicators, including the fulfillment of the Company's business objectives, work safety, standardized operations, professional ethics, confidentiality provisions, and corporate culture construction.

The Remuneration and Appraisal Committee will conduct performance assessments of senior management and formulate an annual compensation assessment plan based on their job performance.

XII. Construction and implementation of the internal control system during the Reporting Period

☒ Applicable" ☐ Not applicable"

During the Reporting Period, the Company established a strict internal control management system in strict accordance with the requirements of the CSRC, the Shanghai Stock Exchange, the *Company Law*, the *Articles of Association*, and other relevant laws and regulations. Taking into account industry characteristics and actual business operations, the Company continuously improved and refined its internal control system to ensure its effective implementation. This has effectively enhanced the Company's standardized operation procedures, improved decision-making efficiency, ensured the legal compliance of business operations and asset security, as well as facilitated the steady implementation of the Company's strategies.

The *2024 Internal Control Evaluation Report* was approved at the 16th meeting of the 5th Board of Directors. Based on the identification results of significant defects in the Company's financial reports, there were no significant defects in the internal control of the financial reports as of the benchmark date of the internal control evaluation report. The Company has ensured effective internal control over financial reports in all significant aspects in accordance with the internal control standard system and relevant regulations. Based on the identification results of significant defects in the Company's non-financial reports, there were no significant defects in the internal control of the non-financial reports as of the benchmark date of the internal control evaluation report. The full text is available on the Shanghai Stock Exchange website (www.sse.com.cn).

Explanation on significant defects in internal control identified during the Reporting Period

☐ Applicable" ☒ Not applicable"

XIII. Management and control of the subsidiaries during the Reporting Period

☒ Applicable" ☐ Not applicable"

The Company has established the *Subsidiary Management System*. All subsidiaries of the Company have established complete internal control systems and management mechanisms, so as to ensure that all assets, operations, and strategic planning of the subsidiaries are effectively monitored by the Company. The selection, appointment & removal, and assessment of key personnel in each subsidiary are all managed and supervised by the Company.

XIV. Description of the internal control audit report

☒ Applicable" ☐ Not applicable"

Details are available in the *2024 Annual Internal Control Audit Report*, which is disclosed on the same day as the *2024 Annual Report* on the Shanghai Stock Exchange website (www.sse.com.cn).

Whether to disclose the internal control audit report: Yes

Type of internal control audit opinions for report: Standard unqualified opinions

XV. Self-inspection and rectification of issues found in the special campaign for governance of listed companies

Not applicable

XVI. Others

☐ Applicable ☒ Not applicable

Section V. Environmental and Social Responsibility

I. Major environmental issues

Whether to build mechanism related to environmental protection	No
Investment in environmental protection during the Reporting Period (Unit: CN¥10,000)	0

(i) Environmental measures adopted by the Company and its subsidiaries listed as key pollutant discharge units published by the environmental protection department

☐ Applicable ☒ Not applicable

(ii) Environmental measures adopted by the companies other than key pollutant discharge units

☒ Applicable ☐ Not applicable

1. Administrative penalties due to environmental issues

☐ Applicable ☒ Not applicable

2. Environmental information disclosed with reference to key pollutant discharge units

☒ Applicable ☐ Not applicable

The Company is primarily engaged in pharmaceutical retail and generates a small amount of pollutants such as domestic wastewater, waste gases, and solid waste during operations. The Company's operation activities do not involve high risk or heavy pollution. The main pollutants discharged during the operations include production domestic wastewater, waste gases, domestic sewage, as well as expired or damaged drugs and packaging materials. The Company is committed to efficient resource utilization, with a strong emphasis on material recycling and reuse. It actively promotes waste reduction and environmentally friendly treatment methods. The Company has invested in appropriate treatment facilities and equipment for wastewater, exhaust gases, domestic sewage, and other pollutants generated during routine production and operational processes. Through effective waste management practices, the Company ensures compliance with emission standards, thereby minimizing the environmental impact of its operations.

During the Reporting Period, the Company and its subsidiaries strictly implemented the national environmental protection policies, strictly adhered to the national environmental protection laws and regulations, and did not engage in any environmental violations. Moreover, the Company has not

received any administrative penalties related to environmental protection.

3. The reason for not disclosing other environmental information

☐ Applicable ☒ Not applicable

(iii) Information regarding environmental protection, pollution control, and fulfillment of environmental responsibilities

☐ Applicable ☒ Not applicable

(iv) Measures taken to reduce carbon emissions during the reporting period and the effect thereof

Whether to take measures to reduce carbon emissions	Yes
Reduced emissions of carbon dioxide equivalent (unit: ton)	383.394
Types of carbon reduction measures (clean energy for power generation, carbon reduction technologies in the production process, and R&D of new products that contribute to carbon reduction, etc.).	To set annual water & power conservation targets for office areas; to improve the utilization rate of new energy vehicles in office and transportation logistics; to expand coverage of photovoltaic power generation project for distribution and warehousing

Details

☐ Applicable ☒ Not applicable

II. Social responsibility

(i) Whether to disclose a social responsibility report, sustainable development report, or ESG report

☒ Applicable ☐ Not applicable

Details are available in the *2024 Environmental, Social and Corporate Governance Report*, which is disclosed on the same day as the *2024 Annual Report* on the Shanghai Stock Exchange website (www.sse.com.cn).

(ii) Social responsibility work

☐ Applicable ☒ Not applicable

Details

☐ Applicable ☒ Not applicable

III. Details on enhancing and expanding the achievements of poverty alleviation and rural revitalization

☐ Applicable ☒ Not applicable

Details

☐ Applicable ☒ Not applicable

Section VI. Important matters

I. Fulfillment of commitments

(i) Commitments fulfilled by the actual controller, shareholders, related parties, buyers, and the Company within the Reporting Period and commitments not yet fulfilled by the end of the Reporting Period

"√ Applicable" "□ Not applicable"

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether to set a deadline for fulfillment	Commitment period	Whether to strictly fulfill the commitment	Reasons for failing to fulfill the commitment, if any	Actions to be taken after failing to fulfill the commitment
Commitments related to significant asset restructuring	Resolution of peer competition	Controlling shareholder Jikang Management (formerly known as Houxin Venture Capital)	<p>As the controlling shareholder of Yifeng Pharmacy, the Company irrevocably makes the following commitments</p> <p>(1) As of the signing date of this commitment letter, the Company has not made any direct or indirect investments in businesses that are similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. There is no peer competition or potential competition with Yifeng Pharmacy and its subsidiaries.</p> <p>(2) From the signing date of this commitment letter:</p> <p>① The Company shall not directly or indirectly invest in businesses similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. It shall not establish or acquire any operators directly or indirectly engaged in businesses similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. In addition, the Company shall not assist any individual or entity in establishing, operating, or developing any business, enterprise, project, or other commercial activities that may directly or indirectly compete for the operations of Yifeng Pharmacy and its subsidiaries in China or abroad, to avoid creating new, potentially direct</p>	June 21, 2018	Yes	Long term	Yes		

			<p>or indirect business competition for Yifeng Pharmacy and its subsidiaries.</p> <p>② If Yifeng Pharmacy and its subsidiaries further expand their business scope, the Company and other operators under its control shall not compete for the expanded operations of Yifeng Pharmacy and its subsidiaries. In the event of competition for the expanded operations of Yifeng Pharmacy and its subsidiaries, the Company and other operators under its control shall either cease the competitive business operations or integrate the competitive business into the operations of Yifeng Pharmacy and its subsidiaries, or transfer the competitive business to a third party with no affiliation, thus avoiding peer competition.</p> <p>③ For new products and new businesses independently developed, introduced, or jointly developed by the Company or other companies under its control and related to the operations of Yifeng Pharmacy and its subsidiaries, Yifeng Pharmacy and its subsidiaries will have the priority for grant and operation. ④ If the Company or other companies under its control intend to sell any other assets, businesses, or rights related to the operations of Yifeng Pharmacy and its subsidiaries, Yifeng Pharmacy and its subsidiaries shall have the priority for purchase. The Company guarantees that the terms provided to Yifeng Pharmacy and its subsidiaries for the sale or transfer of such assets or businesses are not less favorable than those offered to any third party.</p> <p>(3) The Company confirms that this commitment letter aims to protect the rights and interests of Yifeng Pharmacy and all of its shareholders. The Company shall not utilize its controlling relationship with Yifeng Pharmacy to conduct any operations that would harm the rights and interests of Yifeng Pharmacy and its shareholders other than the Company.</p> <p>(4) In the event of a violation of any of the</p>						
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			<p>aforementioned commitments, the Company shall take proactive measures to eliminate peer competition and is willing to bear any direct or indirect economic losses, claims, and additional expenditure incurred by Yifeng Pharmacy or its shareholders other than the Company.</p> <p>(5) The Company confirms that each commitment stated in this commitment letter is independently enforceable. The invalidity or termination of any commitment shall not affect the validity of the other commitments. The aforementioned commitments shall remain effective and shall not be altered or revoked during the period when the Company functions as the controlling shareholder of Yifeng Pharmacy and within one year from the date of transferring all shares.</p> <p>This commitment letter shall come into effect from the date of the stamping the Company's official seal.</p>						
	Resolution of related party transactions	Controlling shareholder Jikang Management (formerly known as Houxin Venture Capital)	<p>As the controlling shareholder of Yifeng Pharmacy, the Company irrevocably makes the following commitments</p> <p>(i) The Company and other companies under its control, Yifeng Pharmacy excluded, shall make every effort to avoid engaging in related party transactions with Yifeng Pharmacy and its subsidiaries. In cases where such transactions are deemed necessary and unavoidable, they shall be conducted based on the principles of fairness, equity, and equal value. Transaction prices shall be determined based on the fair prices recognized by the market. Transaction approval procedures and information disclosure obligations shall be fulfilled in accordance with relevant laws, regulations, normative documents, and the provisions of the <i>Articles of Association</i>, to effectively protect the interests of Yifeng Pharmacy and its other shareholders.</p> <p>(ii) The Company guarantees that it and other companies under its control, apart from Yifeng Pharmacy, strictly comply with laws and</p>	June 21, 2018	No	Long term	Yes		

			regulations, as well as the regulatory documents of the CSRC and the stock exchanges, and the provisions of Yifeng Pharmacy's <i>Articles of Association</i> and the <i>Related Party Transaction Management Measures</i> . The Company shall not leverage its controlling shareholder status to seek undue benefits or engage in related party transactions that could harm the interests of Yifeng Pharmacy and its other shareholders. (iii) In the event of a violation of the aforementioned commitments and transactions with Yifeng Pharmacy and its subsidiaries resulting in losses to Yifeng Pharmacy and its other shareholders, the Company shall bear the responsibility for compensation.						
	Others	Controlling shareholder Jikang Management (formerly known as Houxin Venture Capital)	As the controlling shareholder of Yifeng Pharmacy, the Company makes the following commitments to ensure the independence of Yifeng Pharmacy: The Company guarantees that other companies under its control maintain completely independent operations from Yifeng Pharmacy in terms of assets, personnel, finances, institutions, and businesses. The Company shall strictly adhere to the relevant regulations of the CSRC regarding the independence of listed companies and shall not misuse its shareholder status to violate Yifeng Pharmacy's standard operating procedures, interfere with Yifeng Pharmacy's business decisions, or undermine the legitimate rights and interests of Yifeng Pharmacy and its other shareholders.	June 21, 2018	No	Long term	Yes		
	Others	Actual company controller Gao Yi	As the actual controller of Yifeng Pharmacy, I irrevocably make the following commitments: (1) As of the signing date of this commitment letter, I have not made any direct or indirect investments in businesses that are similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. There is no peer competition or potential competition with Yifeng Pharmacy and its subsidiaries. (2) From the signing date of this commitment	June 21, 2018	No	Long term	Yes		

			<p>letter:</p> <p>① I shall not directly or indirectly invest in businesses similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. I shall not establish or acquire any operators directly or indirectly engaged in businesses similar or identical to the operations of Yifeng Pharmacy and its subsidiaries. In addition, I shall not assist any individual or entity in establishing, operating, or developing any business, enterprise, project, or other commercial activities that may directly or indirectly compete for the operations of Yifeng Pharmacy and its subsidiaries in China or abroad, to avoid creating new, potentially direct or indirect business competition for Yifeng Pharmacy and its subsidiaries.</p> <p>② If Yifeng Pharmacy and its subsidiaries further expand their business scope, I and other operators under my control shall not compete for the expanded operations of Yifeng Pharmacy and its subsidiaries. In the event of competition for the expanded operations of Yifeng Pharmacy and its subsidiaries, I and other operators under my control shall either cease the competitive business operations or integrate the competitive business into the operations of Yifeng Pharmacy and its subsidiaries, or transfer the competitive business to a third party with no affiliation, thus avoiding peer competition.</p> <p>③ For new products and new businesses independently developed, introduced, or jointly developed by me or other companies under my control and related to the operations of Yifeng Pharmacy and its subsidiaries, Yifeng Pharmacy and its subsidiaries will have the priority for grant and operation.</p> <p>④ If I or other companies under my control intend to sell any other assets, businesses, or rights related to the operations of Yifeng Pharmacy and its subsidiaries, Yifeng Pharmacy and its subsidiaries shall have the priority for</p>						
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			<p>purchase. I shall guarantee that the terms provided to Yifeng Pharmacy and its subsidiaries for the sale or transfer of such assets or businesses are not less favorable than those offered to any third party.</p> <p>(3) I shall confirm that this commitment letter aims to protect the rights and interests of Yifeng Pharmacy and all of its shareholders. I shall not utilize my controlling relationship with Yifeng Pharmacy to conduct any operations that would harm the rights and interests of Yifeng Pharmacy and its shareholders other than the Company.</p> <p>(4) In the event of a violation of any of the aforementioned commitments, I shall take proactive measures to eliminate peer competition and am willing to bear any direct or indirect economic losses, claims, and additional expenditure incurred by Yifeng Pharmacy or its shareholders other than me.</p> <p>(5) I shall confirm that each commitment stated in this commitment letter is independently enforceable. The invalidity or termination of any commitment shall not affect the validity of the other commitments. The aforementioned commitments shall remain effective and shall not be altered or revoked during the period when I function as the actual controller of Yifeng Pharmacy and within one year from the date of transferring all shares</p>						
	Resolution of related party transactions	Actual company controller Gao Yi	<p>As the actual controller of Yifeng Pharmacy, I irrevocably make the following commitments:</p> <p>(I) I and other companies under my control, Yifeng Pharmacy excluded, shall make every effort to avoid engaging in related party transactions with Yifeng Pharmacy and its subsidiaries. In cases where such transactions are deemed necessary and unavoidable, they shall be conducted based on the principles of fairness, equity, and equal value. Transaction prices shall be determined based on the fair prices recognized by the market. Transaction approval procedures and information disclosure</p>	June 21, 2018	No	Long term	Yes		

			obligations shall be fulfilled in accordance with relevant laws, regulations, normative documents, and the provisions of the <i>Articles of Association</i> , to effectively protect the interests of Yifeng Pharmacy and its other shareholders. (ii) I shall guarantee that I and other companies under my control, apart from Yifeng Pharmacy, strictly comply with laws and regulations, as well as the regulatory documents of the CSRC and the stock exchanges, and the provisions of Yifeng Pharmacy's <i>Articles of Association</i> and the <i>Related Party Transaction Management Measures</i> . I shall not leverage the status of actual controller to seek undue benefits or engage in related party transactions that could harm the interests of Yifeng Pharmacy and its other shareholders. (iii) In the event of a violation of the aforementioned commitments and transactions with Yifeng Pharmacy and its subsidiaries resulting in losses to Yifeng Pharmacy and its other shareholders, I shall bear the responsibility for compensation.						
	Others	Actual company controller Gao Yi	As the actual controller of Yifeng Pharmacy, I irrevocably make the following commitments to maintain Yifeng Pharmacy's independence: I shall guarantee that I and other companies under my control maintain completely independent operations from Yifeng Pharmacy in terms of assets, personnel, finances, institutions, and businesses. We shall strictly adhere to the relevant regulations of the CSRC regarding the independence of listed companies and shall not misuse our shareholder status to violate Yifeng Pharmacy's standard operating procedures, interfere with Yifeng Pharmacy's business decisions, or undermine the legitimate rights and interests of Yifeng Pharmacy and its other shareholders.	June 21, 2018	No	Long term	Yes		
Commitments related to the initial public offering	Resolution of peer competition	Actual controller Gao Yi	To avoid potential peer competition in the future, Gao Yi, as the actual controller of the Company, and Gao Feng and Gao Hongfa, as close relatives of the actual controller, representing themselves	From February 17, 2015, it shall be effective	No	Long term	Yes		

			<p>and other companies they currently control or may control in the future respectively, have issued the <i>Letter of Commitment to Avoiding Peer Competition</i>. They irrevocably make the following commitments: (1) As of the signing date of this commitment letter, I have not made any direct or indirect investments in other businesses similar or identical to the issuer and its subsidiaries. There is no peer competition or potential competition between me and the issuer and its subsidiaries. (2) From the signing date of this commitment letter: ① I shall not directly or indirectly invest in businesses similar or identical to the operations of the issuer and its subsidiaries. I shall not establish or acquire any operators directly or indirectly engaged in businesses similar or identical to the operations of the issuer and its subsidiaries. In addition, I shall not assist any individual or entity in establishing, operating, or developing any business, enterprise, project, or other commercial activities that may directly or indirectly compete for the operations of the issuer and its subsidiaries in China or abroad, to avoid creating new, potentially direct or indirect business competition for the issuer and its subsidiaries. ② If the issuer and its subsidiaries further expand their business scope, I and other operators under my control shall not compete for the expanded operations of the issuer and its subsidiaries. In the event of competition for the expanded operations of the issuer and its subsidiaries, I and other operators under my control shall either cease the competitive business operations or integrate the competitive business into the operations of the issuer and its subsidiaries, or transfer the competitive business to a third party with no affiliation, thus avoiding peer competition. ③ For new products and new businesses independently developed, introduced, or jointly developed by me or other companies under my control and related to the operations of</p>	in the long term.						
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			<p>the issuer and its subsidiaries, the issuer and its subsidiaries will have the priority for grant and operation. ④ If I or other companies under my control intend to sell any other assets, businesses, or rights related to the operations of the issuer and its subsidiaries, the issuer and its subsidiaries shall have the priority for purchase. I shall guarantee that the terms provided to the issuer and its subsidiaries for the sale or transfer of such assets or businesses are not less favorable than those offered to any third party. (3) I shall confirm that this commitment letter aims to protect the rights and interests of the issuer and all of its shareholders. I shall not utilize my controlling relationship with the issuer to conduct any operations that would harm the rights and interests of the issuer and its shareholders other than me. (4) In the event of a violation of any of the aforementioned commitments, I shall take proactive measures to eliminate peer competition and am willing to bear any direct or indirect economic losses, claims, and additional expenditure incurred by the issuer or its shareholders other than me. (5) I shall confirm that each commitment stated in this commitment letter is independently enforceable. The invalidity or termination of any commitment shall not affect the validity of the other commitments. The aforementioned commitments shall remain effective and shall not be altered or revoked during the period when I function as the actual controller of the issuer and within one year from the date of transferring all shares.</p>						
	Resolution of related party transactions	Actual controller Gao Yi	<p>(i) As of the signing date of this commitment letter, except for those disclosed, there are no other significant related party transactions between me and the other companies under my control excluding the issuer and its subsidiaries. (ii) I and other companies under my control, the issuer excluded, shall make every effort to avoid engaging in related party transactions with the issuer and its subsidiaries. In cases where such</p>	It shall be effective in the long term.	No	Long term			

			<p>transactions are deemed necessary and unavoidable, they shall be conducted based on the principles of fairness, equity, and equal value. Transaction prices shall be determined based on the fair prices recognized by the market. Transaction approval procedures and information disclosure obligations shall be fulfilled in accordance with relevant laws, regulations, normative documents, and the provisions of the <i>Articles of Association</i>, to effectively protect the interests of the issuer and its other shareholders. (iii) I shall guarantee that I and other companies under my control, apart from the issuer, strictly comply with laws and regulations, as well as the regulatory documents of the CSRC and the stock exchanges, and the provisions of the issuer's <i>Articles of Association</i> and the <i>Related Party Transaction Management Measures</i>. I shall not leverage the status of actual controller to seek undue benefits or engage in related party transactions that could harm the interests of the issuer and its other shareholders. (iv) In the event of a violation of the aforementioned commitments and transactions with the issuer and its subsidiaries resulting in losses to the issuer and its other shareholders, I shall bear the responsibility for compensation.</p>						
	Resolution of peer competition	Controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	<p>To avoid potential peer competition in the future, the controlling shareholder of Yifeng Pharmacy, representing the Company and other companies that it currently control or may control in the future respectively, has issued the <i>Letter of Commitment to Avoiding Peer Competition</i>. They irrevocably make the following commitments: (1) As of the signing date of this commitment letter, the Company has not made any direct or indirect investments in other businesses similar or identical to the issuer and its subsidiaries. There is no peer competition or potential competition between the Company and the issuer and its subsidiaries. (2) From the signing date of this commitment letter: ① The</p>	From February 17, 2015, it shall be effective in the long term	No	Long term			

			<p>company shall not directly or indirectly invest in businesses similar or identical to the operations of the issuer and its subsidiaries. The company shall not establish or acquire any operators directly or indirectly engaged in businesses similar or identical to the operations of the issuer and its subsidiaries. In addition, the Company shall not assist any individual or entity in establishing, operating, or developing any business, enterprise, project, or other commercial activities that may directly or indirectly compete for the operations of the issuer and its subsidiaries in China or abroad, to avoid creating new, potential direct or indirect business competition for the issuer and its subsidiaries.</p> <p>② If the issuer and its subsidiaries further expand their business scope, the Company and other operators under its control shall not compete for the expanded operations of the issuer and its subsidiaries. In the event of competition for the expanded operations of the issuer and its subsidiaries, the Company and other operators under its control shall either cease the competitive business operations or integrate the competitive business into the operations of the issuer and its subsidiaries, or transfer the competitive business to a third party with no affiliation, thus avoiding peer competition.</p> <p>③ For new products and new businesses independently developed, introduced, or jointly developed by the Company or other companies under its control and related to the operations of the issuer and its subsidiaries, the issuer and its subsidiaries will have the priority for grant and operation.</p> <p>④ If the Company or other companies under its control intend to sell any other assets, businesses, or rights related to the operations of the issuer and its subsidiaries, the issuer and its subsidiaries shall have the priority for purchase. The company shall guarantee that the terms provided to the issuer and its subsidiaries for the sale or transfer of</p>						
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			such assets or businesses are not less favorable than those offered to any third party. (3) The Company shall confirm that this commitment letter aims to protect the rights and interests of the issuer and all of its shareholders. The Company shall not utilize its controlling relationship with the issuer to conduct any operations that would harm the rights and interests of the issuer and its shareholders other than the Company. (4) In the event of a violation of any of the aforementioned commitments, the Company shall take proactive measures to eliminate peer competition and is willing to bear any direct or indirect economic losses, claims, and additional expenditure incurred by the issuer or its shareholders other than the Company. (5) The Company shall confirm that each commitment stated in this commitment letter is independently enforceable. The invalidity or termination of any commitment shall not affect the validity of the other commitments. The aforementioned commitments shall remain effective and shall not be altered or revoked during the period when the Company functions as the controlling shareholder of the issuer and within one year from the date of transferring all shares.						
	Resolution of related party transactions	Controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	(i) As of the signing date of this commitment letter, except for those disclosed, there are no other significant related party transactions between the Company and the other companies under its control excluding the issuer and its subsidiaries. (ii) The Company and other companies under its control, the issuer excluded, shall make every effort to avoid engaging in related party transactions with the issuer and its subsidiaries. In cases where such transactions are deemed necessary and unavoidable, they shall be conducted based on the principles of fairness, equity, and equal value. Transaction prices shall be determined based on the fair prices recognized by the market. Transaction approval	It shall be effective in the long term.	No	Long term			

			procedures and information disclosure obligations shall be fulfilled in accordance with relevant laws, regulations, normative documents, and the provisions of the <i>Articles of Association</i> , to effectively protect the interests of the issuer and its other shareholders. (iii) The Company shall guarantee that the Company and other companies under its control, apart from the issuer, strictly comply with laws and regulations, as well as the regulatory documents of the CSRC and the stock exchanges, and the provisions of the issuer's <i>Articles of Association</i> and the <i>Related Party Transaction Management Measures</i> . The Company shall not leverage the status of controlling shareholder to seek undue benefits or engage in related party transactions that could harm the interests of the issuer and its other shareholders. (iv) In the event of a violation of the aforementioned commitments and transactions with the issuer and its subsidiaries resulting in losses to the issuer and its other shareholders, the Company shall bear the responsibility for compensation.						
Others	Actual company controller Gao Yi and controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	If the Company and its subsidiaries incur losses due to the failure to register the lease for the property, I shall promptly and fully compensate related companies for the losses incurred.	It shall be effective in the long term.	No	Long term				
Others	Actual company Controller Gao Yi and controlling	If the issuer (including subsidiaries) is required by any competent authority to make up for all or part of the unpaid social insurance premiums, housing provident funds, and/or is subject to any relevant penalties or losses, Jikang and Gao Yi shall bear all the insurance premiums, housing	It shall be effective in the long term.	No	Long term				

		shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	provident funds, penalties, and/or relevant losses. In the event that the issuer (including subsidiaries) must make the initial payment of such expenses, timely and full compensation shall be provided to ensure that the issuer (including subsidiaries) will not suffer any losses.						
	Restricted shares	Actual controller Gao Yi	<p>Gao Yi, the actual controller of the Company, and his close relatives Gao Hongfa (Gao Yi's father) and Gao Feng (Gao Yi's younger brother) have made the following commitments: "Within thirty-six months from the listing date of the Company's stock, I shall not transfer or entrust others to manage the shares of the Company directly or indirectly held by me and issued before public offering, nor shall I allow the Company to repurchase the shares directly or indirectly held by me and issued prior to public offering. If I violate the aforementioned commitments or mandatory legal provisions and reduce my holdings of the Company's shares, I undertake that the proceeds from the improper reduction of the Company's shares will belong to the Company. If I fail to surrender the proceeds from the improper reduction to the Company, the Company is entitled to withhold from my cash dividends an amount equivalent to the proceeds from the improper reduction that I should have surrendered to the Company."</p> <p>Share reduction commitment: Gao Yi, the actual controller of the Company makes the following commitment: "For the shares held by me before the initial public offering of Yifeng Pharmacy Chain Co., Ltd., which are to be reduced within two years after the expiration of the lock-up period, they shall not be sold at a price lower than the issuance price of the initial public offerings. (Due to factors such as cash dividend distribution, bonus issue, capital conversion, or new share issuance, the exclusion of rights and dividends shall be restored according to the</p>	<p>Share lock-up period: 36 months from February 17, 2015. Share reduction period: Within two years after the expiration of the lock-up period, the reduction of shares shall not exceed 15% of the Company's total.</p>	No	Long term			

			<p>relevant regulations of the stock exchange.) The number of the Company's shares to be reduced annually shall not exceed 15% of the number of the Company's shares held by me at the end of the previous year.</p> <p>When reducing the shares held by me, I shall notify the Company in writing in advance of my intention to reduce shares and the intended quantity of reduction. The Company shall promptly announce the information. I may proceed with the reduction of the Company's shares three trading days after the announcement.</p> <p>If I violate the aforementioned commitments or mandatory legal provisions and reduce my holdings of the Company's shares, I undertake that the proceeds (hereinafter referred to as the improper proceeds) from the improper reduction of the Company's shares will belong to the Company. If I fail to surrender the proceeds from the improper reduction to the Company, the Company is entitled to withhold from my cash dividends an amount equivalent to the proceeds from the improper reduction that I should have surrendered to the Company.</p>						
	Restricted shares	Controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	<p>Share lock-up commitments: "Within thirty-six months from the listing date of Yifeng's stock, the Company shall not transfer or entrust others to manage Yifeng's shares directly or indirectly held by the Company and issued before public offering, nor shall the Company repurchase Yifeng's shares directly or indirectly held by itself and issued prior to public offering." Share reduction commitment: "Within two years after the expiration of the lock-up period of Yifeng's shares held, the cumulative reduction of shares shall not exceed 10% of Yifeng's total. The price of the reduction shall not be lower than the issuance price of the Company's initial public offering (IPO). (In the event of the Company's dividend distribution, cash dividends, bonus issue, and the conversion of capital reserves into</p>	Share lock-up period: 36 months from February 17, 2015. Share reduction period: Within two years after the expiration of the lock-up period, the reduction of shares shall not exceed	No	Long term	Yes		

			share capital, and other matters related to the exclusion of rights and dividends, the issuance price shall be adjusted proportionally for comparison, collectively referred to as the issuance price). If the closing price of the Company's stock remains below the issuance price for 20 consecutive trading days within 6 months after the Company's listing, or the closing price of the stock is lower than the issuance price at the end of the 6-month period after the Company's listing, the lock-up period of the shares held by the Company will be automatically extended by 6 months." During the extended lock-up period, the Company shall not transfer or entrust others to manage Yifeng' shares directly or indirectly held by the Company and issued before public offering, nor shall the Company repurchase Yifeng's shares directly or indirectly held by itself and issued prior to public offering.	10% of the Company's total.					
Commitment related to refinancing	Others	Actual controller Gao Yi	I hereby undertake not to intervene in the Company's operational management activities beyond my authority and not to misappropriate the Company's interests. I undertake to fulfill the relevant reimbursement measures adopted by the Company and any commitments made by myself in this regard. If I violate these commitments and cause losses to the Company or investors, I am willing to bear the corresponding legal responsibilities in accordance with the law.	From August 10, 2022, it shall be effective in the long term.	No	Long term	Yes		
	Others	Controlling shareholder Houxin Venture Capital	The institution hereby undertakes not to intervene in the Company's operational management activities beyond its authority and not to misappropriate the Company's interests. The institution undertakes to fulfill the relevant reimbursement measures adopted by the Company and any commitments made by the institution in this regard. If the institution violates these commitments and causes losses to the Company or investors, the institution is willing to bear the corresponding legal responsibilities in accordance with the law.	From August 10, 2022, it shall be effective in the long term.	No	Long term	Yes		

	Others	All directors and senior management	(i) undertake not to gratuitously or unfairly transfer benefits to other institutions or individuals, nor to use other means to harm the interests of the Company; (ii) undertake to restrain any behaviors related to position-related consumption; (iii) undertake not to use the Company's assets for investment or consumption activities unrelated to job duties; (iv) undertake that the compensation system formulated by the Board of Directors or the Remuneration and Appraisal Committee should be linked to the implementation of the reimbursement measures; (v) If the Company launches an equity incentive policy later, I undertake that the announced exercise conditions of the Company's equity shall be linked to the implementation of the reimbursement measures; (vi) From the date of issuance of this commitment to the completion of the issuance of convertible corporate bonds to unspecified entities or individuals, if the CSRC issues new provisions regarding the reimbursement measures and the my commitments, and the commitments fail to meet the relevant provisions of the CSRC, I undertake to released supplementary commitments in accordance with the latest regulations of the CSRC at that time; (vii) I undertake to earnestly fulfill the Company's relevant reimbursement measures and any commitments made by myself in this regard. If I violate these commitments and cause losses to the Company or investors, I am willing to bear the corresponding legal responsibilities to the Company or investors in accordance with the law.	From August 10, 2022, it shall be effective in the long term.	No	Long term	Yes		
	Others	Controlling shareholder Houxin Venture Capital and its persons acting in concert	1. The Company will decide whether to participate in the subscription of the convertible corporate bonds of Yifeng Pharmacy Chain Co., Ltd. based on market conditions and in accordance with relevant laws and regulations. 2. If the Company has reduced its holdings of Yifeng's shares or the issued convertible corporate bonds or has relevant reduction plans	From December 16, 2022, it shall be effective in the long term.	No	Long term	Yes		

		Yizhifeng and Yirentang	within the first six months prior to the first day of the issuance of the convertible bonds (announcement date of the prospectus), the Company undertakes not to participate in the subscription of the convertible bonds and will not authorize other entities to participate in the subscription of the convertible bonds. 3. If the Company participates in the subscription of Yifeng's convertible corporate bonds and makes the subscription successfully, the Company undertakes to strictly comply with the requirements of relevant laws and regulations on short-term trading. The Company also undertakes not to reduce its holdings of Yifeng's shares or the subscribed convertible corporate bonds within six months from the first day of the issuance of the convertible corporate bonds (announcement date of the prospectus) until the issuance of the convertible corporate bonds. 4. If the Company fails to fulfill the above commitments regarding the issuance of the convertible corporate bonds, any income derived from this will belong to Yifeng Pharmacy Chain Co., Ltd., and the Company will bear the legal responsibilities arising therefrom in accordance with the law.						
	Others	Directors, supervisors, and senior management (excluding independent directors, Xiao Zaixiang, Wan Xuemei and Yan Jun).	1. I hereby decide whether to participate in the subscription of the convertible corporate bonds of Yifeng Pharmacy Chain Co., Ltd. based on market conditions and in accordance with relevant laws and regulations. 2. If I have reduced my holdings of Yifeng's shares or the issued convertible corporate bonds or has relevant reduction plans within the first six months prior to the first day of the issuance of the convertible bonds (announcement date of the prospectus), I undertake not to participate in the subscription of the convertible bonds and will not authorize other entities to participate in the subscription of the convertible bonds. 3. If I participate in the subscription of Yifeng's convertible corporate bonds and make the	From December 16, 2022, it shall be effective in the long term.	No	Long term	Yes		

			<p>subscription successfully, I undertake to strictly comply with the requirements of relevant laws and regulations on short-term trading. I also undertake not to reduce my holdings of Yifeng's shares or the subscribed convertible corporate bonds within six months from the first day of the issuance of the convertible corporate bonds (announcement date of the prospectus) until the issuance of the convertible corporate bonds.</p> <p>4. If I fail to fulfill the above commitments regarding the issuance of the convertible corporate bonds, any proceeds derived from this will belong to the Company, and I will bear the legal responsibilities arising therefrom in accordance with the law.</p>						
Others	Independent Director	<p>1. I undertake not to participate in the subscription of the convertible corporate bonds issued by Yifeng Pharmacy Chain Co., Ltd., and will not authorize any other entities to participate in the subscription of the convertible corporate bonds.</p> <p>2. My waiver of subscription to the issuance of the convertible corporate bonds is a genuine expression of intention. If I fail to fulfill the above commitments regarding the issuance of the convertible bonds, any income derived from this will belong to the Company, and I will bear the legal responsibilities arising therefrom in accordance with the law.</p>	From December 16, 2022, it shall be effective in the long term.	No	Long term	Yes			
Others	Senior management Xiao Zaixiang	<p>I am a senior management of Yifeng Pharmacy Chain Co., Ltd. Given that I have reduced my holdings of the Company's shares or have participated in the issuance of convertible bonds or have relevant reduction plans within the six months before the first day of the issuance of convertible bonds to unspecified entities or individuals (hereinafter referred to as "the Bonds"), I undertake not to participate in the subscription of the Bonds in any form, nor will I authorize any other entity to participate in the subscription of the Bonds. If I fail to fulfill the aforementioned commitments regarding the</p>	From February 28, 2023, it shall be effective in the long term.	No	Long term	Yes			

			issuance of the Bonds, any proceeds derived from this will belong to the Company. If this results in losses to the Company, I will be liable to compensate the Company in accordance with the law.						
	Others	Senior management personnel Wan Xuemei and Yan Jun	1. I undertake not to participate in the subscription of the Bonds in any form, nor will I authorize any other entity to participate in the subscription of the Bonds, within 6 months after the latest sale of Yifeng Pharmacy stocks or the issuance of convertible bonds. 2. If the first day of the issuance of the convertible bonds (announcement date of the prospectus) is beyond the 6 months after the latest sale of Yifeng Pharmacy stocks, I hereby decide whether to participate in the subscription of the convertible corporate bonds of Yifeng Pharmacy Chain Co., Ltd. based on market conditions and in accordance with relevant laws and regulations. 3. If I fail to fulfill the aforementioned commitments regarding the issuance of the Bonds, any proceeds derived from this will belong to Yifeng Pharmacy. If this results in losses to Yifeng Pharmacy, I will be liable to compensate the Company in accordance with the law.	From May 15, 2023, it shall be effective in the long term.	No	Long term	Yes		
	Others	Senior management personnel Hu Jianxia	1. I undertake not to participate in the subscription of the Bonds in any form, nor will I authorize any other entity to participate in the subscription of the Bonds, within 6 months after the latest sale of Yifeng Pharmacy stocks or the issuance of convertible bonds. 2. If the first day of the issuance of the convertible bonds (announcement date of the prospectus) is beyond the 6 months after the latest sale of Yifeng Pharmacy stocks, I hereby decide whether to participate in the subscription of the convertible corporate bonds of Yifeng Pharmacy Chain Co., Ltd. based on market conditions and in accordance with relevant laws and regulations. 3. If I fail to fulfill the aforementioned commitments regarding the issuance of the	From January 29, 2024, it shall be effective in the long term.	No	Long term	Yes		

			Bonds, any proceeds derived from this will belong to Yifeng Pharmacy. If this results in losses to Yifeng Pharmacy, I will be liable to compensate the Company in accordance with the law.						
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(ii) If there is a profit forecast for the Company's assets or projects, and they are still in the profit forecast period during the reporting period, the Company shall

explain whether the assets or projects reach the original profit forecast and why.

"☐ Reached" "☐ Not reached" "☒ Not applicable"

(iii) The fulfillment of financial performance commitments and their impact on impairment test of goodwill

"☐ Applicable" "☒ Not applicable"

II. The listed Company's non-operating funds occupied by the controlling shareholders and the related parties

"☐ Applicable" "☒ Not applicable"

III. Violation of guarantees

"☐ Applicable" "☒ Not applicable"

IV. Explanation of the Board of Directors regarding the "Non-standard Opinion Audit Report" from the accounting firm

"☐ Applicable" "☒ Not applicable"

V. The Company's analysis and description of changes in accounting policies, accounting estimates or corrections of material accounting errors as well as relevant impacts

(i) The Company's analysis and description of changes in accounting policies, accounting estimates as well as relevant impacts

"☐ Applicable" "☒ Not applicable"

(ii) The Company's analysis and description of corrections of material accounting errors and relevant impacts

"☐ Applicable" "☒ Not applicable"

(iii) Communication with the former accounting firm

"☐ Applicable" "☒ Not applicable"

(iv) Examination & approval procedures and other information

"☐ Applicable" "☒ Not applicable"

VI. Appointment and dismissal of accounting firms

Unit: CN¥10,000 Currency: CNY

	Accounting firm currently appointed
Name of domestic accounting firm	Pan-China Certified Public Accountants (special general partnership)
Remuneration for the domestic accounting firm	245.00
Consecutive years for the domestic accounting firm to render audit services	14

Name of Certified Public Accountants of the domestic accounting firm	Wei Wujun and Jiang Fengfeng
Accumulated years for the Certified Public Accountants of domestic accounting firm to render audit services	3

	Name	Remuneration
Accounting firm for internal control auditing	Pan-China Certified Public Accountants (special general partnership)	55.00

Appointment and dismissal of accounting firms

☐ Applicable ☒ Not applicable

Explanation of the change of accounting firms during the auditing period

☐ Applicable ☒ Not applicable

Explanation on audit fees decreasing by more than 20% (including 20%) compared to the previous year

☐ Applicable ☒ Not applicable

VII. Delisting risk analysis

(i) Reasons for delisting risk warning

☐ Applicable ☒ Not applicable

(ii) Countermeasures to be taken by the Company

☐ Applicable ☒ Not applicable

(iii) Circumstances and reasons for termination of listing

☐ Applicable ☒ Not applicable

VIII. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

IX. Significant litigation and arbitration matters

☐ The Company had significant litigation or arbitration matters during the year.

☒ The Company had no significant litigation or arbitration matters during the year.

X. Suspected violations, punishment, and rectification of the listed Company, its Directors, Supervisors, Senior Management, Controlling Shareholders and Actual controller

☐ Applicable ☒ Not applicable

XI. Explanation on integrity status of the Company and its controlling shareholders and actual controller

☐ Applicable ☒ Not applicable

XII. Significant related party transactions**(i) Related party transactions associated with day-to-day operations****1. Matters disclosed in interim announcements without further developments or changes**

☐ Applicable ☒ Not applicable

2. Matters disclosed in interim announcements with further developments or changes

☐ Applicable ☒ Not applicable

3. Matters not disclosed in interim announcements

☒ Applicable ☐ Not applicable

Unit: CN¥10,000 Currency: CNY

Party to related party transaction	Transaction relationship	Type of related party transaction	Content of related party transaction	Pricing principle for related party transaction	Price of related party transaction	Amount of related party transactions	Proportion to the amount of similar transactions (%)	Settlement method of related party transaction	Market Price	Reasons for the great difference between the transaction price and the reference price in the market
Jiuzhitang and its holding subsidiaries	Others affiliated persons	Commodity purchased	Commodity and product purchased	Transactions should be conducted based on the principles of fairness and impartiality, and pricing should be determined in accordance with national policies and market principles. In general, prices should be compared	Market price	10,072.62	0.64	Bank transfer/Bank acceptance bill	/	/

				ble to those for purchasing or selling identical or similar products from unrelated third parties and should not significantly deviate from the average market price.						
Jiuzhitang and its holding subsidiaries	Others affiliated persons	Selling goods	Commodity and product purchased	Transactions should be conducted based on the principles of fairness and impartiality, and pricing should be determined in accordance with national policies and market principles. In general, prices should be comparable to those for purchasing or selling identical or similar	Market price	1,758.55	0.07	Bank transfer/Bank acceptance bill	/	/

				products from unrelated third parties and should not significantly deviate from the average market price.						
Total				/	/	11,831.17	/	/	/	/
Details regarding the large-scale return of goods					/					
Explanation on related party transaction					/					

(ii) Related party transactions of acquisition or sales of assets or equity**1. Matters disclosed in interim announcements without further developments or changes**

☐ Applicable ☒ Not applicable

2. Matters disclosed in interim announcements with further developments or changes

☐ Applicable ☒ Not applicable

3. Matters not disclosed in interim announcements

☐ Applicable ☒ Not applicable

4. If financial performance commitments are involved, the financial performance achieved during the Reporting Period should be disclosed

☐ Applicable ☒ Not applicable

(iii) Significant related party transactions for joint external investments**1. Matters disclosed in interim announcements without further developments or changes**

☐ Applicable ☒ Not applicable

2. Matters disclosed in interim announcements with further developments or changes

☐ Applicable ☒ Not applicable

3. Matters not disclosed in interim announcements

☐ Applicable ☒ Not applicable

(iv) Affiliated transactions involving debt and credit**1. Matters disclosed in interim announcements without further developments or changes**

☐ Applicable ☒ Not applicable

2. Matters disclosed in interim announcements with further developments or changes

☐ Applicable ☒ Not applicable

3. Matters not disclosed in interim announcements

☐ Applicable ☒ Not applicable

(v) Financial transactions between the Company and affiliated financial companies, financial companies under the Company's control, and related parties

☐ Applicable ☒ Not applicable

(vi) Others

☐ Applicable ☒ Not applicable

XIII. Significant contracts and their fulfillment

(i) Information about trusteeship, contracting, and lease

1. Trusteeship

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Lease

☐ Applicable ☒ Not applicable

Total amount of guarantee (C+D+E)	0
Description of possible joint liability for outstanding guarantees	
Description of guarantee	

(iii) Entrusting others to execute any cash asset management

1. Entrusted financial management

(1) Overview of entrusted financial management

☒ Applicable ☐ Not applicable

Unit: CN¥10,000 Currency: CNY

Type	Source of funds	Amount incurred	Undue amount	Overdue unrecovered amount
Wealth management products of bank	Fund raising	40,000	10,400	0
Wealth management products of bank	Own funds	488,540	418,600	0

Others

☐ Applicable ☒ Not applicable

(2) Individual entrusted financial management

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) Provision for impairment of entrusted financial management

☐ Applicable ☒ Not applicable

2. Entrusted loan

(1) Overview of entrusted loan

☐ Applicable ☒ Not applicable

Others

☐ Applicable" ☒ Not applicable"

(2) Individual entrusted loan

☐ Applicable" ☒ Not applicable"

Others

☐ Applicable" ☒ Not applicable"

(3) Provision for impairment of entrusted loan

☐ Applicable" ☒ Not applicable"

3. Others

☐ Applicable" ☒ Not applicable"

(iv) Other significant contracts

☒ Applicable" ☐ Not applicable"

On April 23, 2022, the Company entered into a *Stock Transfer Agreement for Jiuzhitang Co., Ltd.* (hereinafter referred to as the *Stock Transfer Agreement*) with Li Zhenguo. Since the signing of the *Stock Transfer Agreement*, there has been no effective progress on related matters. Following deliberation at the 11th meeting of the 5th Board of Directors and through mutual agreement between both parties, it was decided to terminate the previously signed *Stock Transfer Agreement*. Consequently, an *Agreement to Terminate the Stock Transfer Agreement for Jiuzhitang Co., Ltd.* was executed on November 22, 2024.

For further details, please refer to the *Announcement on the Termination of Stock Transfer Agreement* published on the Shanghai Stock Exchange website (<http://www.sse.com.cn>) and the Company's designated information disclosure media on November 22, 2024.

Description of progress in the use of raised funds

√Applicable □Not applicable

(i) Overall use of raised funds

"√ Applicable" "□ Not applicable"

Unit:CN¥10,000

Source of raised funds	In-plac e time of raised funds	Total amount of raised funds	Net amount of raised funds (1)	Total investment commitme nt in prospectus or offering circular (2)	Total over-raised funds (3) = (1) - (2)	Accumulati ve total amount of raised funds by the end of the Reporting Period (4)	Incl.: Accumulat ed investment of over-raised funds by the end of the Reporting Period (5)	Accumulat ed investment progress of raised funds by the end of the Reporting Period (%) (6) = (4) / (1)	Accumulat ed investment progress of over-raised funds by the end of the Reporting Period (%) (7) = (5)/(3)	Current year's investme nt amount (8)	The proportio n of investme nt amount for this year (%) (9) = (8)/(1)	Total amount of raised funds with change of use
Issuance of convertib le bonds	2020.6.5	158,100.90	156,464.67	156,464.67	0	161,764.09	/	103.39	/	5,621.15	3.59	32,663.54
Issuance of convertib le bonds	2024.3.8	179,743.20	178,026.23	178,026.23	0	40,664.60	/	22.84	/	40,664.60	22.84	0
Total	/	337,844.10	334,490.90	334,490.90	0	202,428.69	/	/	/	46,285.75	/	32,663.54

Other explanations

"□ Applicable" "√ Not applicable"

(ii) Details of projects invested by raised funds

"√ Applicable" "□ Not applicable"

1. Detailed usage of raised funds

"√ Applicable" "□ Not applicable"

Unit: CN¥10,000

Source of raised funds	Item name	Project nature	Is it an investment project committed in the prospectus or offering circular?	Whether it involves changing the direction of investment	Planned total investment of raised funds (1)	Investment amount in the current year	Accumulative total amount of raised funds by the end of the Reporting Period (2)	Accumulated investment progress by the end of the Reporting Period (%) (3) = (2)/(1)	The date on which the project is expected to be ready for use	Whether the project has been closed	Whether the investment progress meets the planned schedule	The specific reasons why the investment progress does not meet the plan	Benefits realized this year	The benefits or R&D achievements achieved in this project	Whether there has been a significant change in the feasibility of the project. If so, please give the details	Surplus amount
Issuance of convertible bonds	Jiangsu Yifeng Pharmaceutical Product Sorting and Processing Phase I Project / / /	Operation & management	Yes	No	16,000.00	/	16,128.77	100.80	2021.7.31	Yes	Yes	Not applicable	Not applicable	Not applicable	No	0

	/															
	/															
	/															
	Item															
Issuance of convertible bonds	Shanghai Yifeng Pharmaceutical Product Intelligent Sorting Center Project [Note 1] Yifeng Pharmaceutical / / / Item / /	Operation & management	Yes	Yes, this project is not canceled, adjusting the total investment of raised funds / / Investment /	13,000.00	/	21,629.90	166.38	2023.6.30	Yes	Yes	Not applicable	Not applicable	Not applicable	No	0
Issuance of convertible bonds	Jiangxi Yifeng Pharmaceutical Industrial Park Construction Phase I Project / / /	Operation & management	Yes	No	8,000.00	/	8,019.26	100.24	2022.6.30	Yes	Yes	Not applicable	Not applicable	Not applicable	No	0

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	/															
	/															
Issuance of convertible bonds	The New Chain Pharmacy Project / Item	Operation & development	Yes	Yes, this project is not canceled, adjusting the total investment of raised funds / / / / / / / Invest ment /	68,085.00	5,621.15	72,774.35	106.89	2024.1.31	Yes	Yes	Not applicable	-7,486.44	-30,449.85	No	0
Issuance of convertible bonds	Old Store Upgrade and Renovation Project / Item	Operation & management	Yes	Yes, this project is not canceled, adjusting the	10,015.90	/	1,824.07	18.21	2022.6.30	Yes	Yes	Not applicable	Not applicable	Not applicable	No	0

				total invest ment of raised funds / / / / / / / Invest ment / 												
Issuan ce of conver tible bonds	Digital Intelligent Managem ent Platform Constructi on Project / / / / / / / 	R&D	Yes	No	4,000. 00	/	4,002.5 4	100.06	2023. 3.31	Yes	Yes	Not applic able	Not applic able	Not applica ble	No	0
Issuan ce of conver tible bonds	Working Capital Suppleme ntation / / 	Liquidity suppleme ntation and loan repaymen t	Yes	No	37,363 .77	/	37,385. 20	100.06	/	Yes	Yes	Not applic able	Not applic able	Not applica ble	No	0
Issuan	Jiangsu	Operation	Yes	No	43,202	21,25	21,252.	49.19	2027.	No	Yes	Not	Not	Not	Not	Not

ce of convertible bonds	Yifeng Pharmaceutical Product Sorting and Processing Phase I Project Jiangsu Phase II, Hubei Pharmaceutical Sorting and Processing Center, and Hebei Pharmaceutical Warehouse Construction Project / / / / / / / / / / / / / / /	& management			.15	2.58	58		2.28			applic able	applic able	applica ble	applic able	applic able
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Issuance of convertible bonds	/ Digital Intelligent Management Platform Construction Project Yifeng Digital Platform Upgrade Project / / /	R&D	Yes	No	8,064.20	7,252.28	7,252.28	89.93	2025.7.31	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
Issuance of convertible bonds	The New Chain Pharmacy Project / / Item	Operation & development	Yes	No	126,759.88	12,159.70	12,159.74	9.59	2027.4.30	No	Yes	Not applicable	-2,834.01	-2,834.01	No	Not applicable
Total	/	/	/	/	334,490.90	46,285.71	202,428.69	/	/	/	/	/	/	/	/	/

[Note 1]: The Shanghai Yifeng Pharmaceutical Product Intelligent Sorting Center Project has adopted works such as replacement and reinforcement of basement load-bearing due to the complex underground structure of the construction site, soft soil in the foundation pit, and increased difficulty in the work of foundation pit retaining piles. Besides, the newly added works have also extended the project implementation, with an additional investment of CN¥ 83.9837 million. "As a change in the "Old Store Upgrade and Renovation Project", CN¥83.6354 million was invested into the "Shanghai Yifeng Pharmaceutical Product Intelligent Sorting Center Project".

[Note 2]: As of the end of December 2024, the funds raised from the convertible corporate bonds issued by the Company in 2020 have been fully utilized, and all corresponding fundraising investment projects have been completed. All special accounts for raised funds have been closed.

2. Detailed usage of over-raised funds

"□ Applicable" "√ Not applicable"

(iii) Changes or termination of projects invested by raised funds during the Reporting Period

"☐ Applicable" "☒ Not applicable"

(iv) Other cases of the use of raised funds during the Reporting Period

1. Advance investment and replacement of projects invested by raised funds

"√ Applicable" "□ Not applicable"

On July 25, 2024, the Company held the 3rd meeting of the 5th Board of Directors and the 2nd meeting of the 5th Board of Supervisors. These meetings deliberated and approved the *Proposal on Use of Raised Funds to Replace Self-raised Funds Previously Invested in Fund-raising Projects and Paid Issuance Expenses*. The Company was authorized to use raised funds to replace self-raised funds amounting to CN¥245.8644 million, which had been previously invested in projects and paid for issuance expenses. This action complies with the regulation allowing replacement within six months of the raised funds being credited to the account.

As of March 13, 2024, the Company's actual investment of self-raised funds in fund-raising projects amounted to CN¥242,921,129.55. The specific details are as follows:

Unit: CN¥10,000

Item name	Total Investment	Actual Self-raised Funds Invested			Percentage in Total Investment (%)
		Construction Investment	Initial Working Capital /	Total	
Jiangsu Phase II, Hubei Pharmaceutical Sorting and Processing Center, and Hebei Pharmaceutical Warehouse Construction Project	43,900.23	17,210.18	0	17,210.18	39.20
Yifeng Digital Platform Upgrade Project	8,064.20	7,081.93	0	7,081.93	87.82
The New Chain Pharmacy Project	201,468.36	/	/	/	/
Total	253,432.79	24,292.11		24,292.11	9.59

As of March 13, 2024, the Company's prepaid issuance expenses using self-raised funds amounted to CN¥2,943,275.09. The specific details are as follows:

Unit: CN¥10,000

Item	Total Issuance Expenses	Prepaid Issuance Expenses Using Self-raised Funds (Tax Excluded)
Underwriting and Sponsorship Fees	1,273.58	/
Legal Fees	169.81	155.66
Audit and Verification Fees	120.76	84.90
Credit Rating Fees	56.60	37.74

Information Disclosure Fees for This Issuance	80.19	/
Issuance Handling Fees and Other Expenses	16.03	16.03
Total	1,716.97	294.33

Pan-China Certified Public Accountants (special general partnership) issued the *Assurance Report on the Use of Self-raised Funds to Pre-invest in Fund-raising Projects and Pay Issuance Expenses* (TJS [2024] No. 2-98). They concluded that the *Special Statement on the Use of Self-raised Funds to Pre-invest in Fund-raising Projects and Pay Issuance Expenses* prepared by Yifeng Pharmacy's management complies with the *Regulatory Guidelines for Listed Companies No. 2 — Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (Revised in 2022)* (ZJHGG [2022] No. 15) and the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation (Revised in December 2023)* (SZF [2023] No. 193). It accurately reflects Yifeng Pharmacy's actual use of self-raised funds to pre-invest in fund-raising projects and pay issuance expenses. For detailed information, please refer to the *Announcement on Using Raised Funds to Replace Self-raised Funds Previously Invested in Fund-raising Projects and Paid Issuance Expenses* (2024-069) disclosed on the Shanghai Stock Exchange website (www.see.com.cn) on July 26, 2024. As of December 31, 2024, all the aforementioned self-raised funds pre-invested in fund-raising projects and paid for issuance expenses have been fully replaced.

2. Temporary replenishment of working capital with idle raised funds

"√ Applicable" "□ Not applicable"

(1) Use of idle funds from the 2020 public issuance of convertible corporate bonds to temporarily replenish working capital

On April 26, 2023, the Company held the 24th meeting of the 4th Board of Directors and the 21st meeting of the 4th Board of Supervisors. These meetings deliberated and approved the *Proposal on Using Convertible Corporate Bond Raised Funds to Temporarily Replenish Working Capital*. The Company was authorized to use up to CN¥210 million of temporarily idle funds raised from convertible corporate bonds to supplement working capital for production and operation activities related to its main business. The usage period was not to exceed 12 months from the date of Board approval. The sponsor institution and independent directors expressed their respective opinions on this matter. For detailed information, please refer to the *Announcement of Yifeng Pharmacy on Using Part of the Idle Funds Raised from Convertible Corporate Bonds to Temporarily Replenish Working Capital* (Announcement No.: 2023-029) disclosed on the Shanghai Stock Exchange website (www.see.com.cn) and statutory disclosure media on April 28, 2023. The Company returned all the actually used raised funds to the designated account for raised funds before April 9, 2024.

(2) Use of idle funds from the 2024 public offering of convertible corporate bonds to temporarily replenish working capital

On April 16, 2024, the Company convened the 38th meeting of the 4th Board of Directors and the 31st meeting of the 4th Board of Supervisors. These meetings deliberated and approved the *Proposal on*

Using Part of Idle Raised Funds to Temporarily Replenish Working Capital. The Company was authorized to use up to CN¥1.28 billion of temporarily idle funds raised from convertible corporate bonds to supplement working capital for production and operation activities related to its main business. The usage period was not to exceed 12 months from the date of Board approval. The sponsor institution expressed its professional opinion on this matter. For detailed information, please refer to the *Announcement of Yifeng Pharmacy on Using Part of Raised Idle Funds to Temporarily Replenish Working Capital* (Announcement No.: 2024-030) disclosed on the Shanghai Stock Exchange website (www.sse.com.cn) and statutory disclosure media on April 17, 2024. As of the end of the Reporting Period, the Company had utilized CN¥1.28 billion of idle raised funds from the 2024 public offering of convertible corporate bonds to temporarily supplement working capital. Of this amount, CN¥37 million has been returned to the designated account for raised funds, leaving a balance of CN¥1.243 billion of convertible corporate bond funds being used to supplement working capital.

3. Cash management of idle raised funds and investment in related products

☒ Applicable" ☐ Not applicable"

Unit: CN¥10,000 Currency: CNY

Board approval date	Approved limit for cash management of raised funds	Starting date	End date	Cash management balance at period end	Whether maximum balance during the period exceeded authorized limit
April 16, 2024	40,000	April 16, 2024	April 15, 2025	10,400	No

Other explanations

None.

4. Others

☐ Applicable" ☒ Not applicable"

XIV.Explanation on other significant matters greatly affecting value judgment and investment decisions

☐ Applicable" ☒ Not applicable"

Section VII. Changes in Shares and Shareholders

I. Changes in share capital

(i) Share change table

1. Share change table

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion (%)	New issue	Bonus issue	Shares converted from reserved funds	Others	Total	Quantity	Proportion (%)
I. Shares with trading restriction conditions	2,463,695	0.24			492,739	-2,717,392	-2,224,653	239,042	0.02
1. Shares held by the State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic capital	2,463,695	0.24			492,739	-2,717,392	-2,224,653	239,042	0.02
Incl.: Shares held by domestic non-state-owned legal person									
Shares held by domestic natural person	2,463,695	0.24			492,739	-2,717,392	-2,224,653	239,042	0.02
4. Shares held by foreign capital									
Incl.: Shares held by									

foreign legal person									
Shares held by foreign natural person									
II. Shares without trading restriction conditions	1,008,116,102	99.76			201,623,220	2,454,324	204,077,544	1,212,193,646	99.98
1. CNY common share	1,008,116,102	99.76			201,623,220	2,454,324	204,077,544	1,212,193,646	99.98
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,010,579,797	100			202,115,959	-263,068	201,852,891	1,212,432,688	100

2. Description of changes in shares

"√ Applicable" "□ Not applicable"

(1) The *Proposal on Profit Distribution and Conversion of Capital Reserves into Share Capital Plans for the Year 2023* was reviewed and approved at the 39th meeting of the 4th Board of Directors on April 26, 2024, and the 2023 Annual General Meeting of Shareholders held on May 20, 2024. The capital conversion is based on the total share capital on the equity rights registration date. The Company intends to distribute 2 shares per 10 shares held by all shareholders via conversion of capital reserves into share capital. After the conversion, the total share capital of the Company will increase to 1,212,695,756 shares. The distribution plan was completed on June 7, 2024.

(2) The *Proposal on Repurchasing and Canceling Part of Restricted Shares under the Restricted Share Incentive Plan for 2022* was reviewed and approved at the 24th meeting of the 4th Board of Directors on April 26, 2024. The *Proposal on Adjusting the Quantity and Price of Repurchase and Cancellation of Part of Restricted Shares under the Restricted Share Incentive Plan for 2022* was reviewed and approved

at the 40th meeting of the 4th Board of Directors on June 7, 2024, resulting in the repurchase and cancellation of 242,816 restricted shares. This conversion further adjusted the Company's total share capital to 1,212,452,940 shares.

(3) The “Yifeng Convertible Bonds” became eligible for conversion into company shares from September 9, 2024. Between September 9, 2024, and September 30, 2024, convertible bonds with a face value of CN¥122,000 were converted into 3,705 A-shares of the Company. This conversion further adjusted the Company's total share capital to 1,212,456,645 shares. Further details can be found in the *Announcement on Convertible Bond Conversion Results and Share Changes* (2024-101) disclosed on October 10, 2024.

(4) The *Proposal on Repurchasing and Canceling Part of Restricted Shares under the Restricted Share Incentive Plan for 2022* was reviewed and approved at the 5th meeting of the 5th Board of Directors on August 29, 2024. The *Proposal on Adjusting the Repurchase and Cancellation Price of Part of Restricted Shares under the Restricted Share Incentive Plan for 2022* was reviewed and approved at the 8th meeting of the 5th Board of Directors and the 6th meeting of the 5th Board of Supervisors on October 14, 2024, resulting in the repurchase and cancellation of 24,348 restricted shares. This conversion further adjusted the Company's total share capital to 1,212,432,297 shares.

(5) From October 8, 2024, to December 31, 2024, “Yifeng Convertible Bonds” with a face value of CN¥13,000 were converted into 391 A-shares of the Company. This conversion further adjusted the Company's total share capital to 1,212,432,688 shares. Further details can be found in the *Announcement on Convertible Bond Conversion Results and Share Changes* (2025-001) disclosed on January 04, 2025.

3. Effect of share changes on financial indicators such as earnings per share and net assets per share for the latest year and the latest period

☒ Applicable ☐ Not applicable

During the Reporting Period, the total number of the Company's shares increased by 201,852,891 due to the profit distribution and conversion of capital reserves into share capital, the repurchase and cancellation of restricted shares, and the conversion of convertible bonds to shares. At the end of the Reporting Period, the total share capital of the Company was 1,212,432,688 shares, with an earning per share of CN¥1.26 and a net asset per share of CN¥8.85.

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

☐ Applicable ☒ Not applicable

(ii) Changes in restricted shares

☒ Applicable ☐ Not applicable

							Unit:Share
Name of shareholder	Number of restricted shares at the beginning	Number of restricted shares lifted in the	Number of restricted shares increased in the	Number of shares repurchased and canceled in the current	Number of restricted shares at the end of the year	Reasons for Restriction	Date of lifting

	of the year	current year	current year	year			
The first grant of the restricted share incentive plan in 2022	2,073,680	2,233,560	414,736	243,432	11,424	Incentive recipients leaving their positions or being demoted, resulting in their granted restricted shares not being eligible for unlocking	2024.10.18
The reserved grant of the restricted share incentive plan in 2022	390,015	216,668	78,003	23,732	227,618	Reserved grant lock-up period	2024.10.25
Total	2,463,695	2,450,228	492,739	267,164	239,042	/	/

II. Offering and listing of securities

(i) Securities issuance during the Reporting Period

☐ Applicable ☒ Not applicable

Explanation on securities issuance during the Reporting Period (For bonds with different interest rates during the tenure, respectively):

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(iii) Existing internal employee share

☐ Applicable ☒ Not applicable

III. Shareholders and de facto controller(s)

(i) Total number of shareholders

Total number of common shareholders at the end of the Reporting Period	24,049
Total number of common shareholders as of the end of the previous month before the disclosure date of the Annual Report	20,069
Total number of preferred shareholders with restored voting rights at the end of the Reporting	0

Period	
Total number of preferred shareholders with restored voting rights at the end of the previous month before the disclosure date of the Annual Report	0

(ii) Shareholding of the top 10 shareholders and top 10 shareholders of circulating shares (without trading restriction conditions) at the end of the Reporting Period

Unit:Share

Shareholding of the top 10 shareholders (not including the lending of shares through refinancing business)							
Name of shareholder (Full name)	Increase/Decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Proportion (%)	Number of shares with trading restriction conditions held	Pledge, tag or freezing		Shareholder feature
					Share status	Quantity	
Hong Kong Securities Clearing Company Limited	106,551,518	274,292,874	22.62	0	None		Others
Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)	43,748,796	262,492,776	21.65	0	None		Others
Gao Yi	23,580,211	141,481,267	11.67	0	None		Domestic natural person
CAPITAL TODAY INVESTMENT XV (HK) LIMITED	19,421,875	116,531,251	9.61	0	None		Foreign legal person
CAPITAL TODAY INVESTMENT XIV (HK) LIMITED	19,311,802	115,870,810	9.56	0	None		Foreign legal person
Industrial and Commercial Bank of China Limited - Zhong Ou Medical and Health Hybrid Securities Investment	-4,080,825	15,521,889	1.28	0	None		Others

Fund							
Ningbo Meishan Free Trade Port Area Yizhifeng Enterprise Management Partnership (Limited Partnership)	2,115,464	12,692,782	1.05	0	Non e		Others
Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-end Index Securities Investment Fund	5,841,380	8,647,458	0.71	0	Non e		Others
Han Hongchang	221,872	6,005,232	0.5	0	Non e		Domestic natural person
Ningbo Meishan Free Trade Port Area Yirentang Enterprise Management Partnership (Limited Partnership)	969,411	5,816,466	0.48	0	Non e		Others
Shareholding of the top 10 shareholders without trading restriction conditions (not including the lending of shares through refinancing business)							
Name of shareholder	Number of circulating shares without trading restriction conditions held	Type and quantity of shares		Type	Quantity		
Hong Kong Securities Clearing Company Limited	274,292,874			CNY common share	274,292,874		
Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)	262,492,776			CNY common share	262,492,776		
Gao Yi	141,481,267			CNY common share	141,481,267		
CAPITAL TODAY INVESTMENT XV (HK) LIMITED	116,531,251			CNY common share	116,531,251		
CAPITAL TODAY INVESTMENT XIV (HK) LIMITED	115,870,810			CNY common share	115,870,810		
Industrial and Commercial Bank of China Limited - Zhong Ou Medical and Health Hybrid	15,521,889			CNY common share	15,521,889		

Securities Investment Fund			
Ningbo Meishan Free Trade Port Area Yizhifeng Enterprise Management Partnership (Limited Partnership)	12,692,782	CNY common share	12,692,782
Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-end Index Securities Investment Fund	8,647,458	CNY common share	8,647,458
Han Hongchang	6,005,232	CNY common share	6,005,232
Ningbo Meishan Free Trade Port Area Yirentang Enterprise Management Partnership (Limited Partnership)	5,816,466	CNY common share	5,816,466
Description of repurchase accounts among the top 10 shareholders	None		
Explanation on above-mentioned shareholders' involvement in entrusting/being entrusted with and waiving voting rights	None		
Explanation on association or concerted action of the above-mentioned shareholders	Among the aforementioned shareholders, Houxin, Yizhifeng, and Yirentang are enterprises controlled by Mr. Gao Yi, the actual controller of the Company. There is an affiliation between Gao Yi, Houxin, Yizhifeng, and Yirentang. CAPITAL TODAY INVESTMENT XV (HK) LIMITED and CAPITAL TODAY INVESTMENT XIV (HK) LIMITED are both controlled by Capital Today River Fund, L.P. There is an affiliation between CAPITAL TODAY INVESTMENT XV (HK) LIMITED and CAPITAL TODAY INVESTMENT XIV (HK) LIMITED. Description of unknown association or concerted action of the above-mentioned shareholders		
Explanation on preferred shareholders with restored voting rights and number of shares held	None		

Participation in refinancing business by shareholders holding more than 5%, top ten shareholders, and top ten unrestricted shareholders

☐ Applicable" ☒ Not applicable"

Changes in shareholdings of top ten shareholders and top ten unrestricted shareholders due to refinancing lending or return compared to the previous period

☐ Applicable" ☒ Not applicable"

Number of shares held by the top 10 shareholders with trading restriction conditions and relevant restriction conditions

☐ Applicable" ☒ Not applicable"

(iii) Situation (if any) where a strategic investor or general legal person becomes one of top 10 shareholders due to placement of new shares

☐ Applicable" ☒ Not applicable"

IV. Controlling shareholders and de facto controller(s)**(i) Controlling shareholder****1. Legal person**

☒ Applicable" ☐ Not applicable"

Name	Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)
Person in charge or legal representative	Changsha Yizhikang Consulting Co., Ltd. (Appointed Representative: Hu Zongliang)
Date of establishment	9/12/2006
Main business	Venture capital (limited to unlisted companies)
Equity of other domestic and overseas listed companies via control and participation of the shareholder during the Reporting Period	None
Additional information	None

2. Natural person

☐ Applicable" ☒ Not applicable"

3. Special description of the absence of a controlling shareholder

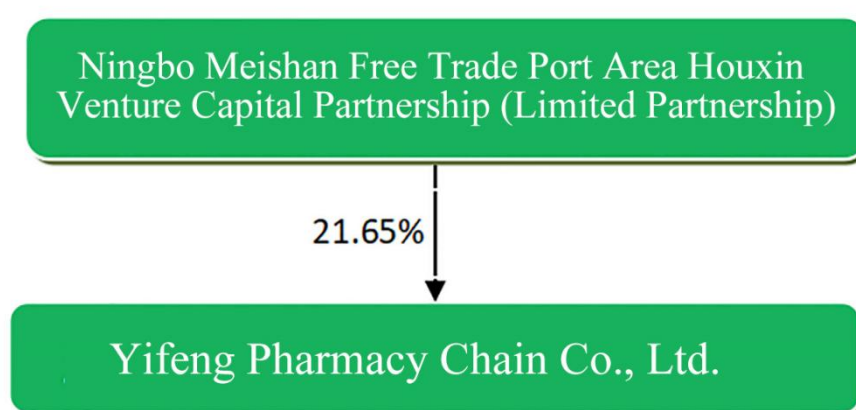
☐ Applicable" ☒ Not applicable"

4. Explanation on changes in controlling shareholders during the Reporting Period

☐ Applicable" ☒ Not applicable"

5. Block diagram of the property rights and control relationship between the Company and the controlling shareholder

☒ Applicable" ☐ Not applicable"

**(ii) De facto controller****1. Legal person**

☐ Applicable" ☒ Not applicable"

2. Natural person

"√ Applicable" "□ Not applicable"

Name	Gao Yi
Nationality	Chinese
Whether to obtain residency in other countries or regions	No
Occupation and title	President and Chairman
Domestically and overseas listed companies controlled over the past 10 years	None

3. Special description that the Company has no de facto controllers

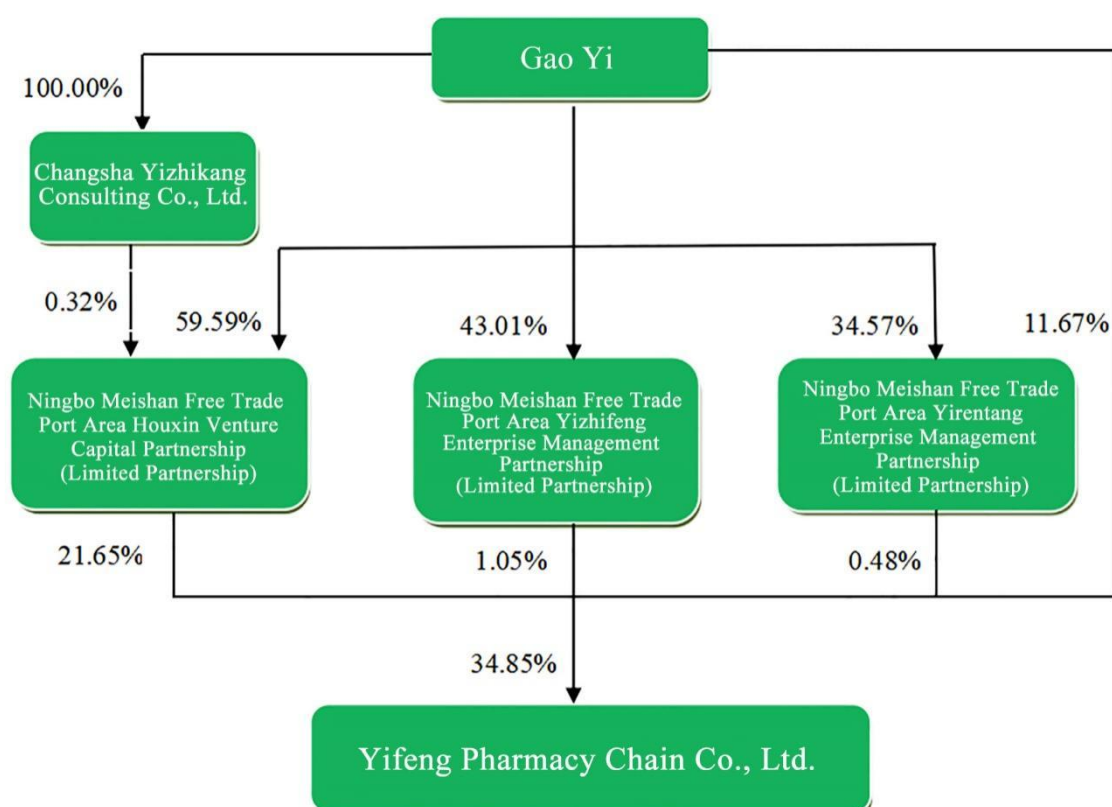
"□ Applicable" "√ Not applicable"

4. Changes in controlling rights during the Reporting Period

"□ Applicable" "√ Not applicable"

5. Block diagram of the ownership and control relationship between the Company and the de facto controller

"√ Applicable" "□ Not applicable"

**6. Control of the Company by the de facto controller through trust or other asset management means**

"□ Applicable" "√ Not applicable"

(iii) Other information about controlling shareholders and actual controller

☐ Applicable ☒ Not applicable

V. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and its persons acting in concert reached 80% of the number of shares held by them in the Company.

☐ Applicable ☒ Not applicable

VI. Other corporate shareholders holding more than 10% of shares

☐ Applicable ☒ Not applicable

VII. Restrictions on shareholding reduction

☐ Applicable ☒ Not applicable

VIII. Specific implementation of share repurchase during the Reporting Period

☐ Applicable ☒ Not applicable

Section VIII. Overview of Preferred Share

☐ Applicable ☒ Not applicable

Section IX. Overview of Bonds

I. Company bonds (including corporate bonds) and non-financial corporate debt financing instruments

☐ Applicable" ☒ Not applicable"

II. Convertible corporate bonds

☒ Applicable" ☐ Not applicable"

III. Convertible bond issuance

☒ Applicable" ☐ Not applicable"

With approval from the China Securities Regulatory Commission (CSRC Approval [2024] No. 109), the Company issued 17,974,320 convertible bonds to non-specific investors on March 4, 2024. Each bond has a face value of CN¥100, resulting in a total issuance amount of CN¥1,797.432 million. The bonds have a six-year term from the date of issuance (March 4, 2024 to March 3, 2030), with the following annual coupon rates: 0.30% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year, and 2.00% for the sixth year.

On March 27, 2024, “Yifeng Convertible Bonds” (Bond Code: 113682) were listed for trading on the Shanghai Stock Exchange. The initial conversion price was set at CN¥39.85 per share, with a conversion period from September 8, 2024 to March 3, 2030 (if a conversion date falls on a statutory holiday or rest day, it will be postponed to the next working day; interest payments during any extension period will not accrue additional interest).

IV. Convertible bond holders and guarantors during the Reporting Period

☒ Applicable" ☐ Not applicable"

Name of convertible corporate bonds	Yifeng Convertible Bonds	
Number of convertible bond holders at the end of the period	16,752	
Guarantor for the Company’s convertible bonds	None	
The top ten convertible bond holders are as follows:		
Name of convertible bond holder	Amount held at end of period (CN¥)	Proportion held (%)
China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond and Exchangeable Bond ETF	75,247,000	4.19
Ningbo Meishan Free Trade Port Area Houxin Venture	67,923,000	3.78

Capital Partnership (Limited Partnership)		
Industrial and Commercial Bank of China Limited - CUAM Convertible Bond Fund	55,051,000	3.06
Northwest Investment Management (Hong Kong) Limited - Northwest Flying Dragon Fund Limited	52,836,000	2.94
Ruizhong Life Insurance Co., Ltd. - Participating Products	47,083,000	2.62
Basic Pension Insurance Fund Portfolio No.111	46,500,000	2.59
China Pacific Life Insurance Co., Ltd. - Dividend - Individual Dividend	45,101,000	2.51
Founder Securities Co., Ltd.	40,000,000	2.23
National Social Security Fund Portfolio No. 414	38,786,000	2.16
Industrial and Commercial Bank of China Limited - CUAM Dual Income Bond Fund	36,890,000	2.05

V. Changes in convertible bonds during the Reporting Period

☐ Applicable ☒ Not applicable

Cumulative conversion of bonds during the Reporting Period

☒ Applicable ☐ Not applicable

Name of convertible corporate bonds	Yifeng Convertible Bonds
Amount converted during the Reporting Period (CN¥)	135,000
Number of shares converted during the Reporting Period (shares)	4,096
Cumulative number of shares converted (shares)	4,096
Cumulative converted shares as a percentage of total shares issued before conversion (%)	0.0003
Amount not yet converted (CN¥)	1,797,297,000
Percentage of unconverted bonds relative to total bonds issued (%)	99.9925

VI. Historical adjustments to conversion price

☒ Applicable ☐ Not applicable

Unit: CN¥ Currency: CNY

Name of convertible corporate bonds				
Date of conversion price adjustment	Adjusted conversion price	Disclosure date	Disclosure media	Explanation for conversion price adjustment Description

June 7, 2024	32.79	May 31, 2024	Shanghai Stock Exchange	Annual equity distribution for year 2023
October 15, 2024	32.54	October 09, 2024	Shanghai Stock Exchange	Semi-annual equity distribution for year 2024
Latest conversion price as of the end of the Reporting Period		32.54		

VII. The Company's debt position, credit rating changes, and future cash arrangements for debt repayment

☒ Applicable" ☐ Not applicable"

The Company engaged China Lianhe Credit Rating Co., Ltd. to conduct a follow-up credit assessment of the Company and its convertible corporate bonds issued in March 2024. Following a comprehensive analysis and evaluation of the Company's operational status, China Lianhe issued the *2024 Follow-up Rating Report on Yifeng Pharmacy Chain Co., Ltd.'s Convertible Corporate Bonds Issued to Non-specific Targets* on June 21, 2024. The report assigned an "AA" rating to both the Company's main body and the "Yifeng Convertible Bonds", with the rating outlook maintained as "stable".

VIII. Additional information on convertible bonds

☐ Applicable" ☒ Not applicable"

Section X. Financial Statements

I. Audit report

☒ Applicable ☐ Not Applicable

Auditor's Report

PCCPAAR [2025] No. 2-390

To the Shareholders of Yifeng Pharmacy Chain Co.,Ltd.:

I. Audit Opinion

We have audited the financial statements of Yifeng Pharmacy Chain Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2024, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Key audit matters

Please refer to section III (XXII), V (II) 1 and XV (I) 2 of notes to the financial statements for details.

The Company is mainly engaged in pharmaceutical sales business. In 2024, the operating revenue amounted to 24,062.15 million yuan, of which, 20,357.90 million yuan was from pharmaceutical sales business, accounting for 84.61%.

As operating revenue is the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations. As the inherent risk of misstatement is high, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sales contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, store, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason;
- (4) For revenue from pharmaceutical wholesale, we checked supporting documents related to selected items, including sales contracts, orders, sales invoices, outbound delivery orders, delivery notes, shipping documents, delivery receipts, etc.;
- (5) We performed rationality analysis procedure on revenue from pharmaceutical retail, including UPT and ATV, and checked businesses with their sales details, payment records, accounting treatments, etc. to assess whether there are abnormal

sales;

(6) We cross-checked the data of information system, including drug retail business management system and business processes of SAP information system;

(7) We checked bank transaction flows, bank statements, and reconciliation table for outstanding accounts, and verified sales return records;

(8) We performed confirmation procedures on accounts receivable with large amount (mainly from wholesale customers), revenue from promotional service fees and wholesale business with large amount, and checked sales return records subsequent to the balance sheet date;

(9) We performed cut-off tests to check whether the revenue was recognized in the appropriate period;

(10) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Impairment of goodwill

1. Key audit matters

Please refer to section III (XVII) and V (I) 18 of notes to the financial statements for details.

As of December 31, 2024, the cost of goodwill amounted to 4,790.07 million yuan, with provision for impairment of 21.13 million yuan, and the carrying amount amounted to 4,768.94 million yuan.

For asset group or asset group portfolio related to goodwill, the Management will perform impairment test on goodwill together with related asset group or asset group portfolio, and the recoverable amount of related asset group or asset group portfolio is determined based on the estimated present value of future cash flows. As the amount of goodwill is significant and impairment test involves significant judgment of the Management, we have identified impairment of goodwill as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for impairment of goodwill are as follows:

(1) We obtained understandings of key internal controls related to impairment of goodwill, assessed the design of these controls, determined whether they had been

executed, and tested the effectiveness of the operation;

(2) We reviewed the outcome of the Management's previous estimates on the present value of future cash flows or their subsequent re-estimations;

(3) We assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;

(4) We assessed the appropriateness and consistency of impairment test method adopted by the Management;

(5) We assessed the appropriateness of significant assumptions used in impairment test and reviewed whether relevant assumptions were consistent with overall economy environment, industry condition, management situation, historical experience, operation plan, and other assumptions related to financial statements used by the Management;

(6) We assessed the appropriateness, relevance and reliability of data used by the Management in the impairment test and reviewed the consistency of related information in the impairment test;

(7) We tested whether the Management's calculation of present value of estimated future cash flows was accurate;

(8) We checked whether information related to impairment of goodwill had been presented appropriately in the financial statements.

IV. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements

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

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

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

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

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountant:
(Engagement Partner)

Hangzhou · China

Chinese Certified Public Accountant:

Date of Report: April, 28, 2025

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

II. Financial statement

Consolidated Balance Sheet

December 31, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Assets	Note No.	December 31, 2024	December 31, 2023
Current assets:			
Cash and bank balances	VII. 1	3,578,925,577.22	3,565,905,738.81
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	VII. 2	4,406,809,254.46	1,630,720,887.94
Derivative financial assets	VII. 3		
Notes receivable	VII. 4		
Accounts receivable	VII. 5	2,123,984,911.43	2,138,274,319.88
Receivables financing	VII. 7	29,445,006.56	11,889,888.58
Advances paid	VII. 8	302,853,987.72	141,493,810.64
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	VII. 9	477,936,663.36	448,538,089.70
Including: Interests receivable			
Dividends receivable			
Financial assets under reverse repo			
Inventories	VII. 10	4,528,102,252.16	3,807,963,660.86
Including: Data resources			
Contract assets	VII. 6		
Assets held for sale	VII. 11		
Non-current assets due within one year	VII. 12		
Other current assets	VII. 13	407,724,560.60	384,124,342.84
Total current assets		15,855,782,213.51	12,128,910,739.25
Non-current assets:			
Loans and advances			
Debt investments	VII. 14	189,241,469.56	154,167,777.78
Other debt investments	VII. 15		
Long-term receivables	VII. 16		
Long-term equity investments	VII. 17		5,565,690.31
Other equity instrument investments	VII. 18	339,971,600.00	432,225,200.00
Other non-current financial assets	VII. 19	1,010,000.00	1,010,000.00
Investment property	VII. 20		
Fixed assets	VII. 21	1,572,779,628.81	1,524,048,536.46
Construction in progress	VII. 22	228,582,939.93	175,121,866.79

Productive biological assets	VII. 23		
Oil & gas assets	VII. 24		
Right-of-use assets	VII. 25	3,877,665,712.04	3,965,884,425.82
Intangible assets	VII. 26	483,092,605.02	470,972,498.88
Including: Data resources			
Development expenditures		3,224,343.96	3,496,698.64
Including: Data resources			
Goodwill	VII. 27	4,768,942,152.07	4,610,549,279.24
Long-term prepayments	VII. 28	490,655,208.74	495,647,138.93
Deferred tax assets	VII. 29	148,623,164.08	138,670,316.75
Other non-current assets	VII. 30	15,165,912.63	30,269,025.79
Total non-current assets		12,118,954,736.84	12,007,628,455.39
Total assets		27,974,736,950.35	24,136,539,194.64

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Consolidated Balance Sheet (Continued)

December 31, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Liabilities & Equity	Note No.	December 31, 2024	December 31, 2023
Current liabilities:			
Short-term borrowings	VII. 32	30,026,388.89	
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities	VII. 33		
Derivative financial liabilities	VII. 34		
Notes payable	VII. 35	7,537,483,385.03	6,215,388,292.66
Accounts payable	VII. 36	1,954,806,180.26	1,955,564,568.05
Advances received	VII. 37	22,884,188.22	15,959,550.59
Contract liabilities	VII. 38	130,070,603.90	80,166,931.03
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	VII. 39	494,221,039.80	463,733,610.00
Taxes and rates payable	VII. 40	307,964,252.94	263,088,153.57
Other payables	VII. 41	772,207,599.54	810,446,678.28
Including: Interest payable			
Dividends payable			296,927.48
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale	VII. 42		
Non-current liabilities due within one year	VII. 43	1,337,097,538.31	1,458,466,797.74
Other current liabilities	VII. 44	11,312,523.92	6,656,678.33
Total current liabilities		12,598,073,700.81	11,269,471,260.25
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	VII. 45		133,617,147.68
Bonds payable	VII. 46	1,601,308,876.07	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII. 47	2,312,747,455.05	2,205,510,311.80
Long-term payables	VII. 48		
Long-term employee benefits payable	VII. 49		
Provisions	VII. 50		
Deferred income	VII. 51	53,632,642.01	54,094,246.44

Deferred tax liabilities	VII. 29	15,410,798.48	26,758,566.63
Other non-current liabilities	VII. 52		
Total non-current liabilities		3,983,099,771.61	2,419,980,272.55
Total liabilities		16,581,173,472.42	13,689,451,532.80
Equity:			
Share capital	VII. 53	1,212,432,688.00	1,010,579,797.00
Other equity instruments	VII. 54	221,566,198.54	
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	3,650,526,983.94	3,842,147,881.80
Less: Treasury shares	VII. 56	3,764,535.58	42,238,481.15
Other comprehensive income	VII. 57	-47,773,490.51	21,416,709.49
Special reserve	VII. 58		
Surplus reserve	VII. 59	326,019,567.19	198,282,150.00
General risk reserve			
Undistributed profit	VII. 60	5,366,679,611.84	4,774,244,419.42
Total equity attributable to the parent company		10,725,687,023.42	9,804,432,476.56
Non-controlling interest		667,876,454.51	642,655,185.28
Total equity		11,393,563,477.93	10,447,087,661.84
Total liabilities & equity		27,974,736,950.35	24,136,539,194.64

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Balance Sheet of Parent Company

December 31, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Assets	Note No.	December 31, 2024	December 31, 2023
Current assets:			
Cash and bank balances		2,389,484,809.58	2,589,345,354.69
Held-for-trading financial assets		3,703,600,282.21	972,143,189.04
Derivative financial assets			
Notes receivable			
Accounts receivable	XIX. 1	512,755,888.79	487,341,632.68
Receivables financing			
Advances paid		2,964,936,397.76	2,212,269,168.23
Other receivables	XIX. 2	1,727,018,841.91	1,376,615,421.54
Including: Interests receivable			855,724.12
Dividends receivable		1,124,634,282.78	581,621,336.22
Inventories		500,061,226.49	480,579,869.08
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		164,751,923.57	128,463,091.48
Total current assets		11,962,609,370.31	8,246,757,726.74
Non-current assets:			
Debt investments		189,241,469.56	154,167,777.78
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX. 3	2,650,755,329.68	2,600,755,329.68
Other equity instrument investments			
Other non-current financial assets			
Investment property			
Fixed assets		168,429,376.36	170,678,947.01
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		833,784,605.61	869,222,301.66
Intangible assets		157,591,834.11	142,328,025.69
Including: Data resources			
Development expenditures		3,224,343.96	3,496,698.64
Including: Data resources			
Goodwill		405,394,296.50	405,394,296.50

Long-term prepayments		107,617,499.73	114,167,539.56
Deferred tax assets		11,449,290.40	13,867,342.16
Other non-current assets		1,090,681.83	2,213,162.21
Total non-current assets		4,528,578,727.74	4,476,291,420.89
Total assets		16,491,188,098.05	12,723,049,147.63

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Balance Sheet of Parent Company (Continued)

December 31, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Liabilities & Equity	Note No.	December 31, 2024	December 31, 2023
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		6,515,567,162.42	5,387,925,216.92
Accounts payable		219,220,432.67	187,161,288.67
Advances received		928,338.21	1,155,174.30
Contract liabilities		21,070,717.28	10,965,578.24
Employee benefits payable		140,085,602.16	127,618,574.05
Taxes and rates payable		40,639,436.33	28,669,793.51
Other payables		854,421,387.49	455,998,486.77
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		320,125,314.71	380,118,769.83
Other current liabilities		1,201,795.93	552,665.15
Total current liabilities		8,113,260,187.20	6,580,165,547.44
Non-current liabilities:			
Long-term borrowings			133,617,147.68
Bonds payable		1,601,308,876.07	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		516,938,349.94	488,787,821.39
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			20,892.80
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,118,247,226.01	622,425,861.87
Total liabilities		10,231,507,413.21	7,202,591,409.31
Equity:			
Share capital/Paid-in capital		1,212,432,688.00	1,010,579,797.00
Other equity instruments		221,566,198.54	
Including: Preferred shares			
Perpetual bonds			

Capital reserve		3,648,511,932.47	3,840,152,133.25
Less: Treasury shares		3,764,535.58	42,238,481.15
Other comprehensive income			
Special reserve			
Surplus reserve		326,019,567.19	198,282,150.00
Undistributed profit		854,914,834.22	513,682,139.22
Total equity		6,259,680,684.84	5,520,457,738.32
Total liabilities & equity		16,491,188,098.05	12,723,049,147.63

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Consolidated Income Statement

January to December, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	Note No.	2024	2023
I. Total operating revenue		24,062,154,701.73	22,588,227,402.22
Including: Operating revenue	VII. 61	24,062,154,701.73	22,588,227,402.22
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		21,973,892,618.65	20,616,597,464.58
Including: Operating cost	VII. 61	14,408,310,539.42	13,957,598,854.74
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	VII. 62	95,485,533.50	89,389,002.35
Selling expenses	VII. 63	6,179,375,830.54	5,487,450,160.02
Administrative expenses	VII. 64	1,082,881,741.13	962,424,859.48
R&D expenses	VII. 65	33,935,812.25	33,549,984.91
Financial expenses	VII. 66	173,903,161.81	86,184,603.08
Including: Interest expenses		221,373,934.51	160,528,586.40
Interest income		72,647,179.88	93,286,397.47
Add: Other income	VII. 67	57,736,157.07	76,134,913.66
Investment income (or less: losses)	VII. 68	108,128,784.49	42,372,208.53
Including: Investment income from associates and joint ventures		-901.40	316,574.96
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)	VII. 69		
Gains on changes in fair value (or less: losses)	VII. 70		
Credit impairment loss	VII. 71	2,154,986.62	-4,537,333.68
Assets impairment loss	VII. 72	-102,396,476.85	-72,633,545.68
Gains on asset disposal (or less: losses)	VII. 73	49,938,810.67	41,818,933.72
III. Operating profit (or less: losses)		2,203,824,345.08	2,054,785,114.19
Add: Non-operating revenue	VII. 74	12,735,226.42	12,704,923.41
Less: Non-operating expenditures	VII. 75	34,112,189.78	29,896,117.67
IV. Profit before tax (or less: total loss)		2,182,447,381.72	2,037,593,919.93
Less: Income tax expenses	VII. 76	529,665,095.86	456,662,974.49

V. Net profit (or less: net loss)		1,652,782,285.86	1,580,930,945.44
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		1,652,782,285.86	1,580,930,945.44
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		1,528,576,669.36	1,411,985,024.41
2. Net profit attributable to non-controlling shareholders (or less: net loss)		124,205,616.50	168,945,921.03
VI. Other comprehensive income after tax	VII. 77	-69,190,200.00	38,418,418.54
Items attributable to the owners of the parent company		-69,190,200.00	38,418,418.54
(I) Not to be reclassified subsequently to profit or loss		-69,190,200.00	38,418,418.54
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments		-69,190,200.00	38,418,418.54
4. Changes in fair value of own credit risk			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		1,583,592,085.86	1,619,349,363.98
Items attributable to the owners of the parent company		1,459,386,469.36	1,450,403,442.95
Items attributable to non-controlling shareholders		124,205,616.50	168,945,921.03
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		1.26	1.17
(II) Diluted EPS (yuan per share)		1.24	1.17

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Income Statement of Parent Company

January to December, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Items	Note No.	2024	2023
I. Operating revenue	XIX. 4	5,169,633,573.85	4,842,155,820.34
Less: Operating cost	XIX. 4	3,154,503,823.60	3,089,767,071.53
Taxes and surcharges		14,051,745.43	14,020,761.78
Selling expenses		1,438,119,971.46	1,276,782,981.45
Administrative expenses		400,974,763.91	374,674,994.87
R&D expenses		17,101,823.72	13,982,978.42
Financial expenses		43,546,950.56	-21,125,905.27
Including: Interest expenses		86,721,723.25	40,682,565.32
Interest income		54,480,436.10	72,060,729.92
Add: Other income		15,987,074.36	14,475,454.01
Investment income (or less: losses)	XIX. 5	1,208,890,279.29	600,876,424.57
Including: Investment income from associates and joint ventures			
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		976,187.01	-3,813,565.50
Assets impairment loss		-11,960,811.21	-10,494,191.46
Gains on asset disposal (or less: losses)		12,997,917.35	5,131,144.70
II. Operating profit (or less: losses)		1,328,225,141.97	700,228,203.88
Add: Non-operating revenue		2,409,520.98	1,132,102.04
Less: Non-operating expenditures		9,986,404.54	10,705,794.40
III. Profit before tax (or less: total loss)		1,320,648,258.41	690,654,511.52
Less: Income tax expenses		43,274,086.47	28,493,481.71
IV. Net profit (or less: net loss)		1,277,374,171.94	662,161,029.81
(I) Net profit from continuing operations (or less: net loss)		1,277,374,171.94	662,161,029.81
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			

4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		1,277,374,171.94	662,161,029.81
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Consolidated Cash Flow Statement

January to December, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	Note No.	2024	2023
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		25,476,899,360.23	23,683,336,044.51
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund			
Other cash receipts related to operating activities	VII. 78	288,148,116.91	450,020,711.44
Subtotal of cash inflows from operating activities		25,765,047,477.14	24,133,356,755.95
Cash payments for goods purchased and services received		14,557,574,284.25	13,337,334,333.88
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		3,939,587,865.71	3,661,988,972.50
Cash payments for taxes and rates		1,327,948,156.21	1,308,087,630.24
Other cash payments related to operating activities	VII. 78	1,718,670,086.44	1,202,205,023.73
Subtotal of cash outflows from operating activities		21,543,780,392.61	19,509,615,960.35
Net cash flows from operating activities		4,221,267,084.53	4,623,740,795.60
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		7,104,317.53	450,000.00
Cash receipts from investment income		17,084,000.00	17,084,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		66,273,150.18	15,780,909.19
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities	VII. 78	16,015,012,371.92	3,682,480,295.18
Subtotal of cash inflows from investing activities		16,105,473,839.63	3,715,795,204.37
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		682,673,370.81	739,924,631.96
Cash payments for investments			53,621,041.95

Items	Note No.	2024	2023
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		254,664,562.64	498,820,605.67
Other cash payments related to investing activities	VII. 78	18,776,985,007.48	5,403,750,000.00
Subtotal of cash outflows from investing activities		19,714,322,940.93	6,696,116,279.58
Net cash flows from investing activities		-3,608,849,101.30	-2,980,321,075.21
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		5,938,756.58	17,040,791.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		5,938,756.58	9,650,000.00
Cash receipts from borrowings		30,000,000.00	
Other cash receipts related to financing activities	VII. 78	1,783,932,000.00	
Subtotal of cash inflows from financing activities		1,819,870,756.58	17,040,791.00
Cash payments for the repayment of borrowings		175,337,093.40	84,359,893.40
Cash payments for distribution of dividends or profits and for interest expenses		951,468,847.52	416,763,539.36
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		104,925,012.93	94,880,937.07
Other cash payments related to financing activities	VII. 78	1,613,265,067.97	1,608,956,587.47
Subtotal of cash outflows from financing activities		2,740,071,008.89	2,110,080,020.23
Net cash flows from financing activities		-920,200,252.31	-2,093,039,229.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-307,782,269.08	-449,619,508.85
Add: Opening balance of cash and cash equivalents		2,468,580,139.60	2,918,199,648.45
VI. Closing balance of cash and cash equivalents		2,160,797,870.52	2,468,580,139.60

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Cash Flow Statement of Parent Company

January to December, 2024

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.
Unit: yuan

Items	Note No.	2024	2023
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		5,459,309,352.34	4,913,634,231.73
Receipts of tax refund			
Other cash receipts related to operating activities		677,861,418.77	311,864,356.44
Subtotal of cash inflows from operating activities		6,137,170,771.11	5,225,498,588.17
Cash payments for goods purchased and services received		2,891,477,889.03	1,589,164,751.18
Cash paid to and on behalf of employees		979,694,321.23	919,703,595.62
Cash payments for taxes and rates		202,826,061.87	129,163,756.25
Other cash payments related to operating activities		611,935,648.54	830,703,798.67
Subtotal of cash outflows from operating activities		4,685,933,920.67	3,468,735,901.71
Net cash flows from operating activities		1,451,236,850.44	1,756,762,686.46
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			
Cash receipts from investment income		614,613,954.16	72,230,797.25
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		6,433,342.37	4,960,151.28
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		9,531,072,523.22	2,398,465,799.26
Subtotal of cash inflows from investing activities		10,152,119,819.75	2,475,656,747.79
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		116,153,725.80	133,579,184.57
Cash payments for investments			
Net cash payments for the acquisition of subsidiaries & other business units		15,964,452.34	30,346,303.14
Other cash payments related to investing activities		12,266,000,000.00	3,460,000,000.00
Subtotal of cash outflows from investing activities		12,398,118,178.14	3,623,925,487.71
Net cash flows from investing activities		-2,245,998,358.39	-1,148,268,739.92
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			7,390,791.00
Cash receipts from borrowings			
Other cash receipts related to financing activities		1,783,932,000.00	
Subtotal of cash inflows from financing activities		1,783,932,000.00	7,390,791.00
Cash payments for the repayment of borrowings		175,337,093.40	84,359,893.40
Cash payments for distribution of dividends or profits and for interest expenses		817,854,886.72	300,267,449.66
Other cash payments related to financing activities		313,433,937.11	338,759,264.61
Subtotal of cash outflows from financing activities		1,306,625,917.23	723,386,607.67
Net cash flows from financing activities		477,306,082.77	-715,995,816.67

Items	Note No.	2024	2023
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-317,455,425.18	-107,501,870.13
Add: Opening balance of cash and cash equivalents		1,731,205,281.35	1,838,707,151.48
VI. Closing balance of cash and cash equivalents		1,413,749,856.17	1,731,205,281.35

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Yifeng Pharmacy Chain Co., Ltd.
Consolidated statement of changes in equity for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	1,010,579,797.00				3,842,147,881.80	42,238,481.15	21,416,709.49		198,282,150.00		4,774,244,419.42	642,655,185.28	10,447,087,661.84
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	1,010,579,797.00				3,842,147,881.80	42,238,481.15	21,416,709.49		198,282,150.00		4,774,244,419.42	642,655,185.28	10,447,087,661.84
III. Current period increase (or less: decrease)	201,852,891.00			221,566,198.54	-191,620,897.86	-38,473,945.57	-69,190,200.00		127,737,417.19		592,435,192.42	25,221,269.23	946,475,816.09
(I) Total comprehensive income							-69,190,200.00				1,528,576,669.36	124,205,616.50	1,583,592,085.86
(II) Capital contributed or withdrawn by owners	-263,068.00			221,566,198.54	10,475,758.22	-38,473,945.57						5,938,756.58	276,191,590.91
1. Ordinary shares contributed by owners				221,582,841.00								5,938,756.58	227,521,597.58
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					14,075,129.20								14,075,129.20
4. Others	-263,068.00			-16,642.46	-3,599,370.98	-38,473,945.57							34,594,864.13
(III) Profit distribution					19,302.92				127,737,417.19		-936,141,476.94	-104,923,103.85	-913,307,860.68
1. Appropriation of surplus reserve									127,737,417.19		-127,737,417.19		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-808,404,059.75	-104,925,012.93	-913,329,072.68
4. Others					19,302.92							1,909.08	21,212.00
(IV) Internal carry-over within equity	202,115,959.00				-202,115,959.00								
1. Transfer of capital reserve to capital	202,115,959.00				-202,115,959.00								
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Current period appropriation													
2. Current period use													
(VI) Others													
IV. Balance at the end of current period	1,212,432,688.00			221,566,198.54	3,650,526,983.94	3,764,535.58	-47,773,490.51		326,019,567.19		5,366,679,611.84	667,876,454.51	11,393,563,477.93

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Yifeng Pharmacy Chain Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2024 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	721,704,930.00				4,076,700,083.91	77,410,952.00	-17,001,709.05		132,066,047.02		3,717,157,469.99	565,388,458.93	9,118,604,328.80
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	721,704,930.00				4,076,700,083.91	77,410,952.00	-17,001,709.05		132,066,047.02		3,717,157,469.99	565,388,458.93	9,118,604,328.80
III. Current period increase (or less: decrease)	288,874,867.00				-234,552,202.11	-35,172,470.85	38,418,418.54		66,216,102.98		1,057,086,949.43	77,266,726.35	1,328,483,333.04
(I) Total comprehensive income							38,418,418.54				1,411,985,024.41	168,945,921.03	1,619,349,363.98
(II) Capital contributed or withdrawn by owners	192,895.00				44,845,600.30	-35,172,470.85						3,201,742.39	83,412,708.54
1. Ordinary shares contributed by owners	390,015.00				7,000,776.00	7,390,791.00						9,650,000.00	9,650,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					41,169,112.30								41,169,112.30
4. Others	-197,120.00				-3,324,288.00	-42,563,261.85						-6,448,257.61	32,593,596.24
(III) Profit distribution					9,284,169.59				66,216,102.98		-354,898,074.98	-94,880,937.07	-374,278,739.48
1. Appropriation of surplus reserve									66,216,102.98		-66,216,102.98		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-288,681,972.00	-94,880,937.07	-383,562,909.07
4. Others					9,284,169.59								9,284,169.59
(IV) Internal carry-over within equity	288,681,972.00				-288,681,972.00								
1. Transfer of capital reserve to capital	288,681,972.00				-288,681,972.00								
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Current period appropriation													
2. Current period use													
(VI) Others													
IV. Balance at the end of current period	1,010,579,797.00				3,842,147,881.80	42,238,481.15	21,416,709.49		198,282,150.00		4,774,244,419.42	642,655,185.28	10,447,087,661.84

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Yifeng Pharmacy Chain Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	1,010,579,797.00				3,840,152,133.25	42,238,481.15			198,282,150.00	513,682,139.22	5,520,457,738.32
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	1,010,579,797.00				3,840,152,133.25	42,238,481.15			198,282,150.00	513,682,139.22	5,520,457,738.32
III. Current period increase (or less: decrease)	201,852,891.00			221,566,198.54	-191,640,200.78	-38,473,945.57			127,737,417.19	341,232,695.00	739,222,946.52
(I) Total comprehensive income										1,277,374,171.94	1,277,374,171.94
(II) Capital contributed or withdrawn by owners	-263,068.00			221,566,198.54	10,475,758.22	-38,473,945.57					270,252,834.33
1. Ordinary shares contributed by owners				221,582,841.00							221,582,841.00
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity					14,075,129.20						14,075,129.20
4. Others	-263,068.00			-16,642.46	-3,599,370.98	-38,473,945.57					34,594,864.13
(III) Profit distribution									127,737,417.19	-936,141,476.94	-808,404,059.75
1. Appropriation of surplus reserve									127,737,417.19	-127,737,417.19	
2. Appropriation of profit to owners										-808,404,059.75	-808,404,059.75
3. Others											
(IV) Internal carry-over within equity	202,115,959.00				-202,115,959.00						
1. Transfer of capital reserve to capital	202,115,959.00				-202,115,959.00						
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	1,212,432,688.00			221,566,198.54	3,648,511,932.47	3,764,535.58			326,019,567.19	854,914,834.22	6,259,680,684.84

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Yifeng Pharmacy Chain Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2024 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	721,704,930.00				4,083,988,504.95	77,410,952.00			132,066,047.02	206,419,184.39	5,066,767,714.36
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	721,704,930.00				4,083,988,504.95	77,410,952.00			132,066,047.02	206,419,184.39	5,066,767,714.36
III. Current period increase (or less: decrease)	288,874,867.00				-243,836,371.70	-35,172,470.85			66,216,102.98	307,262,954.83	453,690,023.96
(I) Total comprehensive income										662,161,029.81	662,161,029.81
(II) Capital contributed or withdrawn by owners	192,895.00				44,845,600.30	-35,172,470.85					80,210,966.15
1. Ordinary shares contributed by owners	390,015.00				7,000,776.00	7,390,791.00					
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity					41,169,112.30						41,169,112.30
4. Others	-197,120.00				-3,324,288.00	-42,563,261.85					39,041,853.85
(III) Profit distribution									66,216,102.98	-354,898,074.98	-288,681,972.00
1. Appropriation of surplus reserve									66,216,102.98	-66,216,102.98	
2. Appropriation of profit to owners										-288,681,972.00	-288,681,972.00
3. Others											
(IV) Internal carry-over within equity	288,681,972.00				-288,681,972.00						
1. Transfer of capital reserve to capital	288,681,972.00				-288,681,972.00						
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	1,010,579,797.00				3,840,152,133.25	42,238,481.15			198,282,150.00	513,682,139.22	5,520,457,738.32

Legal representative:

Officer in charge of accounting:

Head of accounting department

III Basic information of the Company

1. Company profile

☒ Applicable ☐ Not Applicable

Yifeng Pharmacy Chain Co., Ltd. (the “Company”) was transformed from the former Hunan Yifeng Pharmacy Pharmaceutical Chain Co., Ltd., which was jointly invested and established by Hunan Yifeng Pharmaceutical Investment Management Co., Ltd. and Zhu Rong. Hunan Yifeng Pharmacy Pharmaceutical Chain Co., Ltd. was registered at Changde Administration for Industry and Commerce on June 20, 2008 and headquartered in Changsha City, Hunan Province. The Company currently holds a business license with unified social credit code of 9143070067558223X2, with registered capital of 1,212,432,688.00 yuan, total share of 1,212,432,688 shares (each with par value of one yuan), of which, 239,042 shares are restricted outstanding A shares, and 1,212,193,646 shares are unrestricted outstanding A shares. The Company’s shares were listed on the Shanghai Stock Exchange on February 17, 2015.

The Company belongs to pharmaceutical retail industry and is mainly engaged in chain retail business of drugs, health products, medical equipment, health-related convenience items, etc.

The financial statements were approved and authorized for issue by the 16th meeting of the fourth session of the Board of Directors dated April 28, 2025.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements have been prepared on the basis of going concern.

2. Assessment of the ability to continue as a going concern

☒ Applicable ☐ Not Applicable

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

V. Significant accounting policies and estimates

Important note:

☒ Applicable ☐ Not Applicable

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, revenue recognition, etc., based on the Company’s actual production and operation features.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

2. Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

3. Operating cycle

☒ Applicable ☐ Not Applicable

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

4. Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

5. Determination method and basis for selection of materiality

☒ Applicable ☐ Not Applicable

The Company prepares and discloses financial statements in compliance with the principle of materiality. The items disclosed in notes to the financial statements involving materiality judgements, determination method and basis for selection of materiality are as follows:

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant advances paid with age over one year	With individual balance exceeding 0.3% of total assets
Significant other receivables with provision made on an individual basis	With individual balance exceeding 0.3% of total assets
Significant debt investments	With individual balance exceeding 0.3% of total assets
Significant construction in progress	With individual balance exceeding 0.3% of total assets
Significant accounts payable with age over one year	With individual balance exceeding 0.3% of total assets
Significant other payables with age over one year	With individual balance exceeding 0.3% of total assets
Significant advances received with age over one year or overdue	With individual balance exceeding 0.3% of total assets
Significant contract liabilities with age over one year	With individual balance exceeding 0.3% of total assets
Significant cash flows from investing activities	With individual balance exceeding 5% of total assets
Significant capitalized R&D projects	With individual balance exceeding 0.3% of total assets
Significant subsidiaries, not wholly-owned subsidiaries	With total assets/total revenue/profit before tax exceeding 15% of the group's total assets/total revenue/profit before tax
Significant joint ventures and associates	With carrying amount of individual long-term investment exceeding 15% of the group's net assets/With individual investment income under equity method exceeding 15% of the group's profit before tax
Significant commitments	With individual balance exceeding 0.3% of total assets
Significant non-adjusting events	With individual balance exceeding 0.3% of total assets

6. Accounting treatments of business combination under and not under common control

☒ Applicable ☐ Not Applicable

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

7. Judgement criteria for control and compilation method of consolidated financial statements

☒ Applicable ☐ Not Applicable

1. Judgement of control

An investor controls an investee if and only if the investor has all the following: (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

2. Compilation method of consolidated financial statements

(1) The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

8. Classification of joint arrangements and accounting treatment of joint operations

☒ Applicable ☐ Not Applicable

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sale of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

9. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and

that are subject to an insignificant risk of changes in value.

10. Foreign currency translation

☒ Applicable ☐ Not Applicable

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot exchange rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

11. Financial instruments

☒ Applicable ☐ Not Applicable

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets

and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with “CASBE 14 – Revenues”.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company’s own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company’s own

credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with “CASBE 23 – Transfer of Financial Assets”.

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with “CASBE 14 – Revenues”.

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire; or

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the

relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or

when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in “CASBE 14 – Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For accounts receivable and contract assets resulting from transactions regulated in “CASBE 14 – Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount

of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

12. Notes receivable

☒ Applicable ☐ Not Applicable

Recognition method and accounting treatment method for expected credit losses of notes receivable

☒ Applicable ☐ Not Applicable

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with medical insurance payments	Medical insurance payments with age within 12 months	
Accounts receivable – Portfolio grouped with balances due from related parties within the consolidation scope	Related parties brought into the consolidation scope	
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Other receivables – Portfolio grouped with security deposits receivable	Security deposits for operating and petty cash excluding store petty cash	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates
Other receivables – Portfolio grouped with medical insurance payments	Medical insurance reserves with age within 12 months	

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with store petty cash receivable	Store petty cash	expected credit loss through exposure at default and lifetime expected credit loss rate.
Other receivables – Portfolio grouped with balances due from related parties within the consolidation scope	Related parties brought into the consolidation scope	
Other receivables – Portfolio grouped with ages	Other receivables excluding petty cash, security deposits, medical insurance reserves, and balances due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.

Calculation method of aging based on the combination of credit risk characteristics grouped with ages

☒ Applicable ☐ Not Applicable

Ages	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (inclusive, the same hereinafter)	5.00	5.00
1-2 years	10.00	10.00
2-3 years	20.00	20.00
3-4 years	30.00	30.00
4-5 years	50.00	50.00
Over 5 years	100.00	100.00

Recognition criteria with expected credit losses measured on an individual basis

☒ Applicable ☐ Not Applicable

For receivables and contract assets whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

13. Accounts receivable

☒ Applicable ☐ Not Applicable

Categories and recognition method based on the credit risk characteristics

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Calculation method of aging based on the combination of credit risk characteristics grouped with ages

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Recognition criteria with expected credit losses measured on an individual basis

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

14. Receivables financing

☒ Applicable ☐ Not Applicable

Categories and recognition method based on the credit risk characteristics

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Calculation method of aging based on the combination of credit risk characteristics grouped with ages

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Recognition criteria with expected credit losses measured on an individual basis

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

15. Other receivables

☒ Applicable ☐ Not Applicable

Categories and recognition method based on the credit risk characteristics

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Calculation method of aging based on the combination of credit risk characteristics grouped with ages

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

Recognition criteria with expected credit losses measured on an individual basis

☒ Applicable ☐ Not Applicable

Please refer to Note X, 12 “Notes receivable”.

16. Inventories

☒ Applicable ☐ Not Applicable

Classification of inventories, accounting method for dispatching inventories, inventory system, and amortization method of low-value consumables and packages

☒ Applicable ☐ Not Applicable

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials, supplies etc. to be consumed in the production process or

in the rendering of services.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with moving weighted average method.

3. Inventory system

Perpetual inventory method is adopted.

4. Amortization method of low-value consumables and packages

Low-value consumables are amortized with one-off method.

Basis for determining inventory depreciation reserves

☒ Applicable ☐ Not Applicable

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

Categories and basis for determination of portfolios with provision for inventory write-down made on a collective basis and determination basis of net realizable value

☐ Applicable ☒ Not Applicable

Calculation method and determination basis for net realizable value under portfolio grouped with ages

☐ Applicable ☒ Not Applicable

17. Contract assets

☒ Applicable ☐ Not Applicable

Recognition method and criteria for contract assets

☒ Applicable ☐ Not Applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

Categories and recognition method based on the credit risk characteristics

☐ Applicable ☒ Not Applicable

Calculation method of aging based on the combination of credit risk characteristics grouped with ages

☐ Applicable ☒ Not Applicable

Recognition criteria with expected credit losses measured on an individual basis

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

Recognition criteria and accounting treatment of non-current assets or disposal groups held for sale

☐ Applicable ☒ Not Applicable

Recognition criteria and presentation method of discontinued operations

☐ Applicable ☒ Not Applicable

19. Long-term equity investments

☒ Applicable ☐ Not Applicable

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity

investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

(1) Judgement principles of “bundled transaction”

For disposal of a subsidiary in stages resulting in the Company’s loss of control, the Company determines whether it is a “bundled transaction” based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following

conditions, these transactions are usually considered as a “bundled transaction”:

- 1) these transactions are entered into at the same time or in contemplation of each other;
- 2) these transactions form a single transaction designed to achieve an overall commercial effect;
- 3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; and
- 4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

(2) Accounting treatments of non-bundled transactions

1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company’s loss of control, joint control, or significant influence, the remained equity is accounted for according to “CASBE 22 – Financial Instruments: Recognition and Measurement”.

2) Consolidated financial statements

Before the Company’s loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company’s loss of control.

(3) Accounting treatment of bundled transaction

1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

20. Investment property

☐ Applicable ☒ Not Applicable

21. Fixed assets

1. Recognition principles of fixed assets

☒ Applicable ☐ Not Applicable

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

☒ Applicable ☐ Not Applicable

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-30	5	3.17-4.75
Machinery	Straight-line method	10	5	9.50
Office equipment	Straight-line method	5	5	19.00
Electronic equipment	Straight-line method	3	5	31.67
Transport facilities	Straight-line method	10	5	9.50

22. Construction in progress

☒ Applicable ☐ Not Applicable

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

23. Borrowing costs

☒ Applicable ☐ Not Applicable

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

24. Biological assets

☐ Applicable ☒ Not Applicable

25. Oil and gas assets

☐ Applicable ☒ Not Applicable

26. Intangible assets

(1) Useful life and its determination basis, estimation, amortization method, or review procedures

☒ Applicable ☐ Not Applicable

1. Intangible assets include land use right, software, trademark, use right of pharmaceutical licensing qualifications etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	40-50
Software	5-10
Trademark	5-10
Use right of pharmaceutical licensing qualifications	10

(2) Permitted scope and accounting treatment of R&D costs

☒ Applicable ☐ Not Applicable

(1) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

(2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities.

(3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

(4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

(5) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities.

Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the

intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

27. Impairment of part of long-term assets

☒ Applicable ☐ Not Applicable

For long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

28. Long-term prepayments

☒ Applicable ☐ Not Applicable

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

29. Contract liabilities

☒ Applicable ☐ Not Applicable

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

30. Employee benefits

(1). Accounting treatments of short-term employee benefits

☒ Applicable ☐ Not Applicable

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2). Accounting treatments of post-employment benefits

☒ Applicable ☐ Not Applicable

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or

loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(3). Accounting treatments of Termination benefits

☒ Applicable ☐ Not Applicable

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

(4). Accounting treatments of Other long-term employee benefits

☒ Applicable ☐ Not Applicable

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

31. Provisions

☒ Applicable ☐ Not Applicable

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

32. Share-based payment

☒ Applicable ☐ Not Applicable

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

33. Other financial instruments such as preferred shares and perpetual bonds

☒ Applicable ☐ Not Applicable

Pursuant to CASBEs on financial instruments and “Regulations on Accounting Treatments of Perpetual Bonds” (Cai Kuai [2019] No. 2) issued by the Ministry of Finance, for financial instruments such as convertible bonds etc., the Company classifies a financial instrument or its components at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

At the balance sheet date, for a financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as profit distribution, and share repurchase and cancelation are treated as changes in equity; for a financial instrument classified as a financial liability, its interest expenditure or dividend distribution is treated as borrowing expense, and gain or loss on repurchase or redemption is included in profit or loss.

34. Revenue

(1). Disclosure of accounting policies adopted for revenue recognition and measurement based on business types

☒ Applicable ☐ Not Applicable

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer

had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

(1) Retail business

The Company's pharmaceutical retail business is a performance obligation satisfied at a point in time and revenue is recognized when retail stores sell products to the customers via cash payment (including via bank card) or through medical insurance, and the Company has collected the payments or has obtained bank receipts or medical insurance receipts.

(2) Wholesale business

Wholesale business is a performance obligation satisfied at a point in time, and main customers of wholesale business are pharmaceutical commercial companies. Revenue is recognized when the Company has delivered goods to the buyer as agreed by contract, has obtained delivery notes with signature of the buyer, and significant risks and rewards of ownership of the goods have been transferred to the buyer.

(3) Rendering of promotional services

Rendering of promotional services is a performance obligation satisfied over time. Revenue from rendering of promotional services is recognized when the Company has provided promotional services and has obtained or highly probable to receive payments.

(2). Different revenue recognition methods and measurement techniques for similar businesses involving different operating models

☒ Applicable ☐ Not Applicable

35. Costs of obtaining a contract

☒ Applicable ☐ Not Applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of

time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

36. Government grants

☒ Applicable ☐ Not Applicable

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

37. Deferred tax assets/Deferred tax liabilities

☒ Applicable ☐ Not Applicable

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference

between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity; or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

38. Leases

☒ Applicable ☐ Not Applicable

Basis for judgment and accounting treatment methods for simplified approach of short-term leases and leases of low-value assets as a lessee.

☒ Applicable ☐ Not Applicable

1. The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit

or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

Classification criteria and accounting treatment methods for leases as a lessor

☒ Applicable ☐ Not Applicable

1. The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially

all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

3. Sale and leaseback, the Company as the lessor

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21 – Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement”.

39. Other significant accounting policies and estimates

☒ Applicable ☐ Not Applicable

Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and

capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

40. Significant changes in accounting policies and estimates

(1). Changes in accounting policies

☐ Applicable ☒ Not Applicable

(2). Changes in accounting estimates

☐ Applicable ☒ Not Applicable

(3). Financial statements involving adjustments at the beginning of the year of first implementation first implemented new accounting standards or standard interpretations from 2024

☐ Applicable ☒ Not Applicable

41. Others

☐ Applicable ☒ Not Applicable

VI. Taxes

1. Main taxes and tax rates

Main taxes and tax rates

☒ Applicable ☐ Not Applicable

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	Sales of western medicine and Chinese patent medicine, etc.	13%
	Sales of troche of Chinese traditional medicine, etc.	9%,
	Sales of birth control necessities	duty-free
	Sales of biologics	3%
	Sublease business	5%
	Taxable services (promotional services, etc.)	6%
	Income of small-scale taxpayers	3%, duty-free
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 20%—30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income.	1.2%; 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%、5%、1%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	25%、20%、15%

Different enterprise income tax rates applicable to different taxpayers:

☒ Applicable ☐ Not Applicable

Taxpayers	Income tax rate
Hainan Yifeng Internet Hospital Co., Ltd.	15%
Hengxiutang Pharmaceutical Co., Ltd. (the “Hengxiutang Pharmaceutical”)	15%
Eligible small enterprises with meager profit	20%
Taxpayers other than the above-mentioned	25%

2. Tax preferential policies

☒ Applicable ☐ Not Applicable

1. VAT

(1) Pursuant to the “Announcement on Policies for VAT Reduction and Exemption of Small-scale VAT Taxpayers” (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 19), from January 1, 2023 to December 31, 2023, small-scale VAT taxpayers with monthly sales less than 100,000 yuan (inclusive) are exempted from VAT; during the same period, the taxable sales income of small-scale VAT taxpayers applicable to a VAT rate of 3% shall be levied at a reduced rate of 1%; projects with VAT prepaid and applicable to a VAT rate of 3% shall be levied at a reduced rate of 1%. Taxpayers in consumer services industry whose sales from providing consumer services account for more than 50% of the total sales are allowed to deduct an extra 10% of VAT payable based on their deductible input tax for the current period. The Company’s eligible small-scale VAT taxpayers enjoy the above-mentioned VAT preferential policies.

(2) Pursuant to the “Announcement on Tax Policies to Further Support the Entrepreneurship and Employment of Self-Employed Veterans” (Announcement of the Ministry of Finance, State Taxation Administration, and Ministry of Veterans Affairs [2023] No. 14), from January 1, 2023 to December 31, 2027, enterprises that recruit self-employed veterans, sign labor contracts with them for a period of more than one year, and pay social insurance premiums in accordance with the law, shall enjoy a deduction within the standard quota for VAT, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax within three years based on the actual number of employees, starting from the month when the labor contracts are signed and social insurance premiums are paid. The Company’s eligible subsidiaries enjoy the above-mentioned VAT preferential policies.

(3) Pursuant to the “Announcement on Tax Policies to Further Support the Entrepreneurship and Employment of Key Groups” (Announcement of the Ministry of Finance, State Taxation Administration, Ministry of Human Resources and Social Security, and Ministry of Agriculture and Rural Affairs [2023] No. 15), from January 1, 2023 to December 31, 2027, enterprises that recruit individuals who have been lifted out of poverty, as well as individuals who have been registered as unemployed for more than half a year at public employment service agencies of the human resources and social security departments and hold an “Employment and Entrepreneurship Certificate” or an “Unemployment Registration Certificate” (indicating “enterprise tax incentive policy”), sign labor contracts with them for a period of more than

one year, and pay social insurance premiums in accordance with the law, shall enjoy a deduction within the standard quota for VAT, urban maintenance and construction tax, education surcharge, local education surcharge, and enterprise income tax within three years based on the actual number of employees, starting from the month when the labor contracts are signed and social insurance premiums are paid. The Company's eligible subsidiaries enjoy the above-mentioned VAT preferential policies.

2. Urban maintenance and construction tax, education surcharge and local education surcharge

According to Article 2 of the "Announcement on Relevant Tax Policies to Further Support the Development of Small Enterprises with Meager Profit and Individually-owned Businesses" (Announcement of the Ministry of Finance and State Taxation Administration [2023] No. 12), from January 1, 2023 to December 31, 2027, the resource tax (excluding water resource tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding stamp duty of securities transactions), farmland occupation tax, education surcharge and local education surcharge shall be levied by half for small-scale VAT taxpayers, small enterprises with meager profit and individually-owned businesses. The Company's eligible small-scale VAT taxpayers and small enterprises with meager profit enjoy the above preferential policies.

3. Enterprise income tax

(1) Pursuant to the "Notice of the Ministry of Finance and the State Taxation Administration on the Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port" (Cai Shui [2020] No. 31), enterprise income tax of encouraged industries enterprises registered and operating substantively in Hainan Free Trade Port shall be levied at a reduced rate of 15%. Hainan Yifeng Internet Hospital Co., Ltd., a subsidiary of the Company, belongs to the encouraged industry enterprises and meets the relevant conditions, so it enjoys the above-mentioned preferential policies for enterprise income tax, which was levied at a reduced rate of 15% in the current period.

(2) The Company's sub-subsiidiary, Hengxiutang Pharmaceutical, was accredited as a high-tech enterprise by Department of Science and Technology of Hunan Province, Hunan Provincial Department of Finance and Hunan Provincial Tax Service, STA, and obtained the high-tech enterprise certificate numbered GR202243001098 on October 18, 2022, with a valid period of 3 years (2022-2024). The enterprise income tax of Hengxiutang Pharmaceutical was levied at a reduced rate of 15% in the current period.

(3) Pursuant to the "Announcement on Preferential Income Tax Policies for Further Support for Development of Small Enterprises with Meager Profit and Individually-owned Businesses" issued by the Ministry of Finance and the State Taxation Administration (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 12), the preferential policy under which the enterprise income tax of small enterprises with meager profit is levied at 20% based on 25% of taxable income will be extended until December 31, 2027. The Company's eligible small enterprises with meager profit enjoy the above-mentioned preferential policies for enterprise income tax in the current period.

3. Others

☐ Applicable ☒ Not Applicable

VII. Notes to items of consolidated financial statements

1. Cash and bank balances

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Cash on hand	308,745.22	232,721.88
Cash in bank	2,189,855,471.76	2,469,121,545.98
Other cash and bank balances	1,388,761,360.24	1,096,551,470.95
Funds deposited in finance company		
Total	3,578,925,577.22	3,565,905,738.81
Including: Deposited overseas		

Other remarks:

Note: Please refer to section X (VII) 31 of notes to the financial statements for details on cash and bank balances with restrictions

2. Held-for-trading financial assets

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023	Reasons and basis for designation
Financial assets classified as at fair value through profit or loss	4,406,809,254.46	1,630,720,887.94	/
Including:			
Wealth management products	4,406,809,254.46	1,630,720,887.94	/
Financial assets designated as at fair value through profit or loss			
Including:			
Total	4,406,809,254.46	1,630,720,887.94	/

Other remarks

☐ Applicable ☒ Not Applicable

3. Held-for-trading financial assets

☐ Applicable ☒ Not Applicable

4. Notes receivable

(1) Details on categories

☐ Applicable ☒ Not Applicable

(2) Pledged notes at the balance sheet date

☐ Applicable ☒ Not Applicable

(3) Endorsed or discounted but undue notes at the balance sheet date

☐ Applicable ☒ Not Applicable

(4) Details on categories of provision for bad debts

☐ Applicable ☒ Not Applicable

Notes receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Notes receivable with provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for three stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of notes receivable in the current period

☐ Applicable ☒ Not Applicable

(5) Provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(6) Notes receivable actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant notes receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on notes receivable written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

5. Accounts receivable

(1) Age analysis

☒ Applicable ☐ Not Applicable

Ages	Closing balance	Opening balance
Within 1 year	2,136,171,181.13	2,148,878,038.45
1-2 years	7,174,687.20	9,776,519.62
2-3 years	1,280,937.24	1,472,003.84
3-4 years	1,170,123.53	248,427.57
4-5 years	246,980.52	14,445.10
Over 5 years	121,248.58	111,803.48
Total	2,146,165,158.20	2,160,501,238.06

(2) Details on categories

☒ Applicable ☐ Not Applicable

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	2,146,165,158.20	100.00	22,180,246.77	1.03	2,123,984,911.43
Total	2,146,165,158.20	100.00	22,180,246.77	1.03	2,123,984,911.43

(Continued)

Categories	December 31, 2023				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	2,160,501,238.06	100.00	22,226,918.18	1.03	2,138,274,319.88
Total	2,160,501,238.06	100.00	22,226,918.18	1.03	2,138,274,319.88

Accounts receivable with provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Accounts receivable with provision for bad debts made on a collective basis

☒ Applicable ☐ Not Applicable

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped Medical insurance payments	1,723,954,888.17		
Portfolio grouped with ages	422,210,270.03	22,180,246.77	5.25
Subtotal	2,146,165,158.20	22,180,246.77	1.03

Explanation of provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for three stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of accounts receivable in the current period

☐ Applicable ☒ Not Applicable

(3) Changes in provision for bad debts

☒ Applicable ☐ Not Applicable

Items	Opening balance	Changes in provision for bad debts				Closing balance
		Accrual	Reversal	Write-off	Others	
Receivables with provision made on a collective basis	22,226,918.18	-47,233.17			561.76	22,180,246.77
Total	22,226,918.18	-47,233.17			561.76	22,180,246.77

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(4) Accounts receivable written off in the current period

☒ Applicable ☒ Not Applicable

Significant accounts receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on accounts receivable written off

☐ Applicable ☒ Not Applicable

(5) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

☒ Applicable ☐ Not Applicable

Debtors	Book balance of accounts receivable	Book balance of contract assets	Book balance of Accounts receivable and contract assets	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Wuhan Medical Insurance Center	195,020,988.36		195,020,988.36	9.09	
Changsha Medical Security Affairs Center	182,891,038.21		182,891,038.21	8.52	
Xuzhou Medical Insurance Fund Management Center	98,805,215.09		98,805,215.09	4.60	
Wuxi Social Insurance Fund Management Center	68,142,247.04		68,142,247.04	3.18	
Nanjing Social Insurance Management Center	61,930,839.65		61,930,839.65	2.89	

Subtotal	606,790,328.35		606,790,328.35	28.28	
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Other remarks

None

Other remarks

☐ Applicable ☒ Not Applicable

6. Contract assets

(1) Details

☐ Applicable ☒ Not Applicable

(2) Reasons for significant changes in carrying amount of contract assets

☐ Applicable ☒ Not Applicable

(3) Details on provision for impairment

☐ Applicable ☒ Not Applicable

Contract assets with provision for impairment made on an individual basis

☐ Applicable ☒ Not Applicable

Remarks on contract assets with provision for impairment made on an individual basis

☐ Applicable ☒ Not Applicable

Contract assets with provision for impairment made on a collective basis

☐ Applicable ☒ Not Applicable

Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of contract assets in the current period

☐ Applicable ☒ Not Applicable

(4) Changes in provision for impairment

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(5) Contract assets actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant contract assets written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on contract assets written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

7. Receivables financing

(1) Details on categories

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Bank acceptance	29,445,006.56	11,889,888.58
Total	29,445,006.56	11,889,888.58

(2) Pledged receivables financing at the balance sheet date

☐ Applicable ☒ Not Applicable

(3) Endorsed or discounted but undue notes at the balance sheet date

☒ Applicable ☐ Not Applicable

Items	Closing balance derecognized
Bank acceptance	68,187,552.34
Subtotal	68,187,552.34

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

(4) Provision for impairment

☒ Applicable ☐ Not Applicable

Categories	Closing balance				
	Cost		Accumulated provision for credit impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	29,445,006.56	100.00			29,445,006.56
Including: Bank acceptance	29,445,006.56	100.00			29,445,006.56
Total	29,445,006.56	100.00			29,445,006.56

(Continued)

Categories	December 31, 2023
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	Cost		Accumulated provision for credit impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	11,889,888.58	100.00			11,889,888.58
Including: Bank acceptance	11,889,888.58	100.00			11,889,888.58
Total	11,889,888.58	100.00			11,889,888.58

Receivables financing with provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Remarks on receivables financing with provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Receivables financing with provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of receivables financing in the current period

☐ Applicable ☒ Not Applicable

(5) Changes in provision for credit impairment

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(6) Receivables financing actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant receivables financing written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on receivables financing written off

☐ Applicable ☒ Not Applicable

(7) Changes in receivables financing and its fair value

☐ Applicable ☒ Not Applicable

(8) Other remarks

☐ Applicable ☒ Not Applicable

8. Advances paid

(1) Age analysis

☒ Applicable ☐ Not Applicable

Ages	Closing balance				December 31, 2023			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	265,375,430.28	87.63		265,375,430.28	133,181,872.92	94.13		133,181,872.92
1-2 years	32,981,693.46	10.89		32,981,693.46	4,728,693.61	3.34		4,728,693.61
2-3 years	1,737,153.18	0.57		1,737,153.18	2,848,124.45	2.01		2,848,124.45
Over 3 years	2,759,710.80	0.91		2,759,710.80	735,119.66	0.52		735,119.66
Total	302,853,987.72	100.00		302,853,987.72	141,493,810.64	100.00		141,493,810.64

Reasons for unsettlement on advances paid with age over one year and significant amount

None

(2) Details of the top 5 debtors with largest balances

☒ Applicable ☐ Not Applicable

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	57,295,376.51	18.92
Supplier B	55,013,252.12	18.16
Supplier C	42,412,004.40	14.01
Supplier D	14,580,169.12	4.81
Supplier E	14,299,086.14	4.72
Subtotal	183,599,888.29	60.62

Other remarks

None

Other remarks

☐ Applicable ☒ Not Applicable

9. Other receivables

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Interest receivable		
Dividend receivable		
Other receivables	477,936,663.36	448,538,089.70
Total	477,936,663.36	448,538,089.70

Other remarks

☐ Applicable ☒ Not Applicable

Interest receivable

(1) Details

☐ Applicable ☒ Not Applicable

(2) Significant overdue interest

☐ Applicable ☒ Not Applicable

(3) Provision for bad debts

☐ Applicable ☒ Not Applicable

Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Explanation of Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

(4) Provision for bad debts based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of interest receivable in the current period

☐ Applicable ☒ Not Applicable

(5) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(6) Interest receivable actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant interest receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on interest receivable written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Dividend receivable

(7) Dividend receivable

☐ Applicable ☒ Not Applicable

(8) Significant balance with age over one year

☐ Applicable ☒ Not Applicable

(9) Provision for bad debts

☐ Applicable ☒ Not Applicable

Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Explanation of Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

(10) Provision for bad debts based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of dividend receivable in the current period

☐ Applicable ☒ Not Applicable

(11) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(12) Dividend receivable actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant dividend receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on dividend receivable written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Other receivables**(13) Age analysis**
☒ Applicable ☐ Not Applicable

Ages	Closing book balance	Book balance on December 31, 2023
Within 1 year	427,732,496.97	433,167,493.60
1-2 years	39,594,276.02	25,656,040.74
2-3 years	19,843,138.66	2,380,801.36
3-4 years	1,319,843.91	57,701.30
4-5 years	57,701.30	167,987.89
Over 5 years	4,998,621.41	4,830,633.52
Total	493,546,078.27	466,260,658.41

(14) Other receivables categorized by nature
☒ Applicable ☐ Not Applicable

Nature of receivables	Closing book balance	Book balance on December 31, 2023
Petty cash	9,273,017.62	10,627,234.05
Reserved fund of medicare payment	285,327,178.58	227,562,930.45
Security deposits	169,105,778.02	153,343,463.92
others	29,840,104.05	74,727,029.99
Total	493,546,078.27	466,260,658.41

(15) Changes in provision for bad debts
☒ Applicable ☐ Not Applicable

Items	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	9,748,866.51	2,565,604.07	5,408,098.13	17,722,568.71
Opening balance in the current period	—	—	—	
--Transferred to stage 2	-382,256.49	382,256.49		
--Transferred to stage 3		-116,831.54	116,831.54	
Provision made in the current period	-178,796.46	-2,066,516.04	137,559.05	-2,107,753.45
Provision transferred by business combination				
Provision written off in the current period			-5,400.35	-5,400.35
Closing balance	9,187,813.56	764,512.98	5,657,088.37	15,609,414.91

Division basis for three stages:

Stage 1 is where credit risk of other receivables has not increased significantly since initial recognition.

Stage 2 is where credit risk of other receivables has increased significantly since initial recognition, but

such receivables are not considered credit-impaired. Stage 3 is where other receivables are considered credit-impaired since initial recognition.

Items	Stage 1	Stage 2	Stage 3	Total
Provision proportion (%)	2.15	1.93	21.58	3.16

Reasons for significant changes in carrying amount of other receivables in the current period

☐ Applicable ☒ Not Applicable

Determination basis for provision for impairment made in the current period and whether credit risk has increased significantly

☐ Applicable ☒ Not Applicable

(16) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(17) Other receivables actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant other receivables written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on other receivables written off

☐ Applicable ☒ Not Applicable

(18) Details of the top 5 debtors with largest balances

☒ Applicable ☐ Not Applicable

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Wuhan Medical Insurance Center	Medical insurance reserves	63,956,995.82	Within 1 year	12.96	
Nanjing Social Insurance Management Center	Medical insurance reserves	15,756,943.84	Within 1 year	3.19	
Changsha Medical Security Affairs Center	Medical insurance reserves	14,257,303.79	Within 1 year	2.89	
Nanchang High-Tech Industrial Development Zone Social Insurance Service Center	Medical insurance reserves	7,745,493.75	Within 1 year	1.57	
Suzhou City Healthcare Security Fund Management	Medical insurance reserves	6,704,228.20	Within 1 year	1.36	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Center					
Subtotal		108,420,965.40		21.97	

(19) Other receivables related to the centralized fund management

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

10. Inventories

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance			December 31, 2023		
	Book balance	Provision for write-down/impairment	Carrying amount	Book balance	Provision for write-down/impairment	Carrying amount
Goods on hand	4,489,561,883.44	24,015,536.24	4,465,546,347.20	3,728,652,379.58	19,185,978.09	3,709,466,401.49
Low-value consumables	21,092,455.66		21,092,455.66	21,823,998.08		21,823,998.08
Raw materials	30,020,850.86		30,020,850.86	58,267,454.66		58,267,454.66
Work in process	7,047,361.84		7,047,361.84	12,762,808.19		12,762,808.19
Packages	4,395,236.60		4,395,236.60	5,642,998.44		5,642,998.44
Costs to fulfill a contract						
Total	4,552,117,788.40	24,015,536.24	4,528,102,252.16	3,827,149,638.95	19,185,978.09	3,807,963,660.86

(2) Data resources recognized as inventories

☐ Applicable ☒ Not Applicable

(3) Provision for inventory write-down/costs to fulfill a contract

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Business combination	Reversal or write-off	Others	
Goods on hand	19,185,978.09	83,569,695.03	62,393.33	78,802,530.21		24,015,536.24
Total	19,185,978.09	83,569,695.03	62,393.33	78,802,530.21		24,015,536.24

Reasons for the reversal or write-off of provision for inventory write-down

☒ Applicable ☐ Not Applicable

Inventories with provision for inventory write-down made in preceding period were sold in the current period.

Inventories with provision made on a collective basis

☐ Applicable ☒ Not Applicable

Determination basis of inventories with provision made on a collective basis

☐ Applicable ☒ Not Applicable

(4) Closing capitalized amount of borrowing cost and calculation criteria and basis of capitalized amount

☐ Applicable ☒ Not Applicable

(5) Costs to fulfill a contract

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

11. Assets held for sale

☐ Applicable ☒ Not Applicable

12. Non-current assets due within one year

☐ Applicable ☒ Not Applicable

Debt investments due within one year

☐ Applicable ☒ Not Applicable

Other debt investments due within one year

☐ Applicable ☒ Not Applicable

Other remarks on non-current assets due within one year

None

13. Other current assets

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance
	Book balance	Book balance
Amortized Housing rental tax	37,164,102.75	49,206,209.68
With-holdings on VAT of deducting and certificating	314,697,941.61	308,317,783.51
Bonds investment (due within one year)	20,515,794.52	
Others	35,346,721.72	26,600,349.65
Total	407,724,560.60	384,124,342.84

Other remarks

None

14. Debt investments

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance
-------	-----------------	-----------------

	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Certificate of deposit of Agricultural Bank of China Limited	53,013,888.89		53,013,888.89	51,438,055.56		51,438,055.56
Certificate of deposit of Industrial and Commercial Bank of China Limited	53,013,888.89		53,013,888.89	51,438,055.56		51,438,055.56
Certificate of deposit of Agricultural Bank of China Limited	52,867,500.00		52,867,500.00	51,291,666.66		51,291,666.66
Certificate of deposit of Industrial Bank Co., Ltd.	30,346,191.78		30,346,191.78			
Total	189,241,469.56		189,241,469.56	154,167,777.78		154,167,777.78

Changes on provision for impairment of debt investments

☐ Applicable ☒ Not Applicable

(2) Significant debt investments at the balance sheet date

☐ Applicable ☒ Not Applicable

(3) Provision for impairment of debt investments

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of debt investments in the current period

☐ Applicable ☒ Not Applicable

Determination basis for provision for impairment made in the current period and whether credit risk has increased significantly

☐ Applicable ☒ Not Applicable

(4) Debt investments actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant debt investments written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on debt investments written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

15. Other debt investments

(1) Details

☐ Applicable ☒ Not Applicable

Changes on provision for credit impairment of other debt investments

☐ Applicable ☒ Not Applicable

(2) Significant other debt investments at the balance sheet date

☐ Applicable ☒ Not Applicable

(3) Provision for credit impairment of other debt investments

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of other debt investments in the current period

☐ Applicable ☒ Not Applicable

Determination basis for provision for impairment made in the current period and whether credit risk has increased significantly

☐ Applicable ☒ Not Applicable

(4) Other debt investments actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant other debt investments written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on other debt investments written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

16. Long-term receivables

(1) Details

☐ Applicable ☒ Not Applicable

(2) Details on categories of provision for bad debts

☐ Applicable ☒ Not Applicable

Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Explanation of Provision for bad debts made on an individual basis

☐ Applicable ☒ Not Applicable

Provision for bad debts made on a collective basis

☐ Applicable ☒ Not Applicable

(3) Provision for credit impairment of long-term receivables

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of long-term receivables in the current period

☐ Applicable ☒ Not Applicable

Determination basis for provision for impairment made in the current period and whether credit risk has increased significantly

☐ Applicable ☒ Not Applicable

(4) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(5) Long-term receivables actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant long-term receivables written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on long-term receivables written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

17. Long-term equity investments

(1) Details

☒ Applicable ☐ Not Applicable

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
Taizhou Yifeng Baixingren Pharmacy Chain Co., Ltd. (the "Taizhou Baixingren")	5,565,690.31		1,710,471.38	-901.40	
Total	5,565,690.31		1,710,471.38	-901.40	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Taizhou Baixingren		3,854,317.53				
Total		3,854,317.53				

(2) Impairment test on long-term equity investments

☐ Applicable ☒ Not Applicable

Other remarks

None

18. Other equity instrument investments

(1) Details

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others
Jiuzhitang Co., Ltd.	432,225,200.00			-92,253,600.00	
Total	432,225,200.00			-92,253,600.00	

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Jiuzhitang Co., Ltd.	339,971,600.00	17,084,000.00	-63,697,987.35
Total	339,971,600.00	17,084,000.00	-63,697,987.35

Reasons for equity instrument investments designated as at fair value through other comprehensive income

At the end of the period, the Company held 42,710,000 shares of Jiuzhitang Co., Ltd., with a closing price of 7.19 yuan per share. As the item is a non-trading equity instrument, it is designated as an equity instrument measured at fair value through other comprehensive income.

(2) Other equity instrument investments derecognized in the current period

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

19. Other non-current financial assets

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
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Items	Closing balance	December 31, 2023
Financial assets classified as at fair value through profit or loss	1,010,000.00	1,010,000.00
Including: Equity instrument investments	1,010,000.00	1,010,000.00
Total	1,010,000.00	1,010,000.00

Other remarks

☐ Applicable ☒ Not Applicable

20. Investment property

Measurement Model of Investment property

☐ Applicable ☒ Not Applicable

21. Fixed assets

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Fixed assets	1,572,779,628.81	1,524,048,536.46
Disposal of fixed assets		
Total	1,572,779,628.81	1,524,048,536.46

Other remarks

☐ Applicable ☒ Not Applicable

Fixed assets

(1) Details

☒ Applicable ☐ Not Applicable

Items	Buildings and structures	Machinery	Electronic equipment	Office equipment	Transport facilities	Total
Cost						
Opening balance	1,290,550,629.87	84,178,099.30	484,624,819.44	432,279,512.25	21,435,430.65	2,313,068,491.51
Increase	74,170,311.75	16,431,750.70	139,874,961.94	120,376,538.92	1,082,688.97	351,936,252.28
1) Acquisition	7,970,638.87	3,697,662.08	136,191,834.29	120,265,034.50	1,082,688.97	269,207,858.71
2) Transferred in from construction in progress	66,199,672.88	12,734,088.62	3,683,127.65	111,504.42		82,728,393.57
3) Business combination						
Decrease	600,856.83	2,818,908.29	63,631,481.06	37,110,747.08	1,945,738.05	106,107,731.31
1) Disposal/ Scrapping	600,856.83	2,818,908.29	63,631,481.06	37,110,747.08	1,945,738.05	106,107,731.31
Closing balance	1,364,120,084.79	97,790,941.71	560,868,300.32	515,545,304.09	20,572,381.57	2,558,897,012.48
Accumulated depreciation						
Opening balance	195,096,706.90	28,274,818.86	310,151,139.17	244,602,976.46	10,894,313.66	789,019,955.05
Increase	66,225,074.74	6,542,510.27	98,970,991.35	66,108,583.28	1,708,210.27	239,555,369.91

Items	Buildings and structures	Machinery	Electronic equipment	Office equipment	Transport facilities	Total
1) Accrual	66,225,074.74	6,542,510.27	98,970,991.35	66,108,583.28	1,708,210.27	239,555,369.91
Decrease	326,324.24	2,297,039.41	23,535,803.45	14,728,617.40	1,570,156.79	42,457,941.29
1) Disposal/ Scrapping	326,324.24	2,297,039.41	23,535,803.45	14,728,617.40	1,570,156.79	42,457,941.29
Closing balance	260,995,457.40	32,520,289.72	385,586,327.07	295,982,942.34	11,032,367.14	986,117,383.67
Carrying amount						
Closing balance	1,103,124,627.39	65,270,651.99	175,281,973.25	219,562,361.75	9,540,014.43	1,572,779,628.81
Opening balance	1,095,453,922.97	55,903,280.44	174,473,680.27	187,676,535.79	10,541,116.99	1,524,048,536.46

(2) Fixed assets temporarily idle

☐ Applicable ☒ Not Applicable

(3) Fixed assets leased out under operating leases

☒ Applicable ☐ Not Applicable

Items	Carrying amount
Buildings and structures	6,037,117.95
Subtotal	6,037,117.95

(4) Fixed assets with certificate of titles being unsettled

☒ Applicable ☐ Not Applicable

Items	Carrying amount	Reasons for unsettlement
Jiangxi Yifeng Pharmaceutical Factory	87,803,106.96	In progress

(5) Impairment test on fixed assets

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Disposal of fixed assets

☐ Applicable ☒ Not Applicable

22. Construction in progress

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Construction in progress	228,582,939.93	175,121,866.79
Construction materials		
Total	228,582,939.93	175,121,866.79

Other remarks

☐ Applicable ☒ Not Applicable

Construction in progress

(1) Details

☒ Applicable ☐ Not Applicable

Projects	Closing balance			December 31, 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yifeng Health City	7,388,553.37		7,388,553.37	7,269,387.33		7,269,387.33
Jiangsu Yifeng Medicine product sorting and processing project (Phase II)	216,616.43		216,616.43	974,245.05		974,245.05
Second headquarters project of Yifeng Pharmacy	44,084,317.64		44,084,317.64	19,680,975.01		19,680,975.01
Hubei Yifeng Medicine product sorting and processing center (Phase I)	176,893,452.49		176,893,452.49	126,910,848.73		126,910,848.73
Expansion project of Hebei Xinxing Medicine warehouse				19,083,829.78		19,083,829.78
Other piecemeal projects				1,202,580.89		1,202,580.89
Total	228,582,939.93		228,582,939.93	175,121,866.79		175,121,866.79

(2) Changes in significant projects

☒ Applicable ☐ Not Applicable

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Closing balance
Hubei Yifeng Medicine product sorting and processing center (Phase I)	350,000,000.00	126,910,848.73	49,982,603.76			176,893,452.49
Subtotal	350,000,000.00	126,910,848.73	49,982,603.76			176,893,452.49

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Fund source
Hubei Yifeng Medicine product sorting and processing center (Phase I)	50.54	60.00				Raised funds and self-owned funds
Subtotal	50.54	60.00				

(3) Changes in provision for impairment

☐ Applicable ☒ Not Applicable

(4) Impairment test on construction in progress

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Construction materials

(5) Details

☐ Applicable ☒ Not Applicable

23. Productive biological assets

(1) Productive biological assets measured at cost

☒ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

(3) Productive biological assets based on the fair value

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

24. Oil and gas assets

(1) Details

☐ Applicable ☒ Not Applicable

(2) Impairment test on oil and gas assets

☐ Applicable ☒ Not Applicable

Other remarks

None

25. Right-of-use assets

(1) Details

☒ Applicable ☐ Not Applicable

Items	Buildings and structures	Total
Cost		
Opening balance	6,635,103,496.79	6,635,103,496.79
Increase	2,260,426,441.75	2,260,426,441.75
1) Leased in	2,257,001,182.58	2,257,001,182.58
2) Business combination	3,425,259.17	3,425,259.17
Decrease	2,230,379,747.55	2,230,379,747.55
1) Termination in advance or upon maturity	2,230,379,747.55	2,230,379,747.55
Closing balance	6,665,150,190.99	6,665,150,190.99
Accumulated depreciation		
Opening balance	2,669,219,070.97	2,669,219,070.97
Increase	1,613,704,068.64	1,613,704,068.64
1) Accrual	1,613,693,829.22	1,613,693,829.22

Items	Buildings and structures	Total
2) Business combination	10,239.42	10,239.42
Decrease	1,495,438,660.66	1,495,438,660.66
1) Termination in advance or upon maturity	1,495,438,660.66	1,495,438,660.66
Closing balance	2,787,484,478.95	2,787,484,478.95
Carrying amount		
Closing balance	3,877,665,712.04	3,877,665,712.04
Opening balance	3,965,884,425.82	3,965,884,425.82

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

☐ Applicable ☒ Not Applicable

Other remarks

None

26. Intangible assets

(1) Details

☒ Applicable ☐ Not Applicable

Items	Land use right	Software	Trademark	Drug Retailing License	Total
Cost					
Opening balance	373,504,822.85	238,482,807.15	2,718,808.78	5,526,653.13	620,233,091.91
Increase	5,345,127.80	39,709,567.84	471,698.11		45,526,393.75
1) Acquisition	5,345,127.80	5,588,706.24	471,698.11		11,405,532.15
2) Internal research and development		34,120,861.60			34,120,861.60
3) Business combination					
Decrease		2,613,538.34			2,613,538.34
1) Disposal		2,613,538.34			2,613,538.34
Closing balance	378,849,950.65	275,578,836.65	3,190,506.89	5,526,653.13	663,145,947.32
Accumulated amortization					
Opening balance	55,859,388.24	89,048,232.29	1,686,743.65	2,666,228.85	149,260,593.03
Increase	9,101,319.89	22,216,394.28	157,406.46	550,187.44	32,025,308.07
1) Accrual	9,101,319.89	22,216,394.28	157,406.46	550,187.44	32,025,308.07
Decrease		1,232,558.80			1,232,558.80
1) Disposal		1,232,558.80			1,232,558.80
Closing balance	64,960,708.13	110,032,067.77	1,844,150.11	3,216,416.29	180,053,342.30
Carrying amount					
Closing balance	313,889,242.52	165,546,768.88	1,346,356.78	2,310,236.84	483,092,605.02

Items	Land use right	Software	Trademark	Drug Retailing License	Total
Opening balance	317,645,434.61	149,434,574.86	1,032,065.13	2,860,424.28	470,972,498.88

At the balance sheet date, intangible assets formed through internal research and development account for 30.24% of total closing balance of intangible assets.

(2) Data resources recognized as intangible assets

☐ Applicable ☒ Not Applicable

(3) Land use right with certificate of titles being unsettled

☐ Applicable ☒ Not Applicable

(4) Impairment test on intangible assets

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

27. Goodwill

(1) Details

☒ Applicable ☐ Not Applicable

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Xinxing Pharmacy	1,067,133,311.81			1,067,133,311.81
Business and assets of Wu'an Kangjian Pharmacy	34,709,571.04			34,709,571.04
Business and assets of Xintai Yize Pharmacy	7,100,799.00			7,100,799.00
Business and assets of Sunshine Herbal Pharmacy	5,337,759.80			5,337,759.80
Business and assets of Cangzhou Yihetang Pharmacy	1,431,138.00			1,431,138.00
Business and assets of Shijiazhuang Cihao Pharmacy	1,371,076.00			1,371,076.00
Business and assets of Kangyide	1,297,370.00			1,297,370.00
Business and assets of Shijiazhuang Zhongjing Pharmacy	854,870.00			854,870.00
Business and assets of Tangshan Yuxiangyuan	564,475.00			564,475.00
Business and assets of Jishikang Pharmacy	546,662.00			546,662.00
Business and assets of Sanhe Herentang	29,049,874.00			29,049,874.00
Business and assets of Huabei Weishikang Pharmacy	3,784,890.00			3,784,890.00
Business and assets of Huawei Pharmacy	556,981.00			556,981.00
Hengshui Hongda Hengkang Pharmacy	37,557,835.00			37,557,835.00
Business and assets of Handan Deyitang Pharmacy	29,163,341.00			29,163,341.00
Business and assets of Hebei	764,438.00			764,438.00

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Kangletang Pharmacy				
Hengshui Zhongkang Weimin Pharmacy Co., Ltd.	90,299,576.99			90,299,576.99
Cangzhou Xinxing Wuzhou Pharmacy Chain Co., Ltd.	22,200,000.00			22,200,000.00
Cangzhou Xinxing Jinyanguang Pharmacy Chain Co., Ltd.	26,910,000.00			26,910,000.00
Xinxing Hebei	4,997,579.01			4,997,579.01
Tianjin Xianhe	7,900,000.00			7,900,000.00
Handan Xinxing	22,950,000.00			22,950,000.00
Tangshan Xinxing Deshuntang	107,100,000.00			107,100,000.00
Jiuzhou Medicine and Jiuzhou Pharmacy	158,100,000.00			158,100,000.00
Shanghai Shanghong	125,494,951.53			125,494,951.53
Jiangsu Shimin	125,079,027.86			125,079,027.86
Jiangxi Tianshun	39,000,000.00			39,000,000.00
Xinyu Baihuikang	28,800,000.00			28,800,000.00
Taizhou Yifeng	29,090,846.10			29,090,846.10
Business and assets of Xinghua Yishantang	6,500,000.00			6,500,000.00
Business and assets of Taizhou Baixingren	53,063,086.35			53,063,086.35
Business and assets of Jiangsu Yishu Medicine	1,500,000.00			1,500,000.00
Rudong Yifeng	24,058,466.53			24,058,466.53
Business and assets of Hunan Xinbaikang Medicine Chain Co., Ltd.	55,000,000.00			55,000,000.00
Business and assets of Liuyang Tianshun Pharmacy	34,761,350.00			34,761,350.00
Business and assets of Hengyang Dazhong Health Pharmacy	30,000,000.00			30,000,000.00
Business and assets of Qidong Guoda Health Pharmacy	14,351,615.00			14,351,615.00
Guangshengtang	30,410,738.87			30,410,738.87
Business and assets of Jingzhou Shashi Xinlianxin Pharmacy	8,506,023.00			8,506,023.00
Business and assets of Hubei Zhongjie Medicine	7,430,000.00			7,430,000.00
Business and assets of Jianli Tongze Pharmacy	8,600,000.00			8,600,000.00
Business and assets of Changsha Qingyuantang Pharmacy	11,252,750.00			11,252,750.00
Business and assets of Jiangxi Caisen	21,568,983.00			21,568,983.00
Business and assets of Nanxian Shijikang Pharmacy	2,500,000.00			2,500,000.00
Business and assets of Wuhan Houdetang	13,826,081.00			13,826,081.00
Wuhan Longtai	65,216,667.52			65,216,667.52
Shaoguan Xiangqin	98,811,598.79			98,811,598.79

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Yili Kangxin	66,966,216.62			66,966,216.62
Business and assets of Ningxiang Jiuzhitang	27,390,000.00			27,390,000.00
Business and assets of Shuangfeng Yongjitang	3,660,000.00			3,660,000.00
Business and assets of Lichuan Tong'an	18,800,000.00			18,800,000.00
Business and assets of Xiaogan Tiansheng	12,380,000.00			12,380,000.00
Business and assets of Guangfutang	25,722,500.50			25,722,500.50
Yangpu Yifeng	51,772,748.23			51,772,748.23
Putuo Yifeng	15,199,355.63			15,199,355.63
Suzhou Yuehai	72,409,550.90			72,409,550.90
Business and assets of Wuzhou Pharmacy	23,914,105.00			23,914,105.00
Shanghai Buyi	24,592,341.70			24,592,341.70
Hubei Yifeng Pukang Pharmacy Chain Co., Ltd.	33,477,084.46			33,477,084.46
Business and assets of Nantong Zhongzhichen Pharmacy	19,463,435.00			19,463,435.00
Business and assets of Suqian Dasheng Medicine	7,988,130.00			7,988,130.00
Business and assets of Guangyun Kangsheng Pharmacy	12,182,540.00			12,182,540.00
Business and assets of Suqian Jiujiu Medicine Supermarket	46,109,939.00			46,109,939.00
Business and assets of Suqian Jiahe Medicine	39,799,860.00			39,799,860.00
Business and assets of Kaixin Pharmacy	24,466,578.00			24,466,578.00
Jiankangren	60,518,524.51			60,518,524.51
Baicaotang	51,523,843.40			51,523,843.40
Huai'an Jisheng	39,466,506.83			39,466,506.83
Longshuntang	26,330,311.31			26,330,311.31
Nanjing Yifeng	29,599,720.61			29,599,720.61
Yueyang Yifeng	9,667,622.58			9,667,622.58
Jiyangtang	11,056,673.83			11,056,673.83
Sihong Shidai Medicine	37,390,726.94			37,390,726.94
Business and assets of Sihong Yifeng Jizhou Pharmacy	8,500,000.00			8,500,000.00
Aierkang	30,930,301.86			30,930,301.86
Business and assets of Yueyang Huarong Yikang Pharmacy	8,300,000.00			8,300,000.00
Business and assets of Changsha Tailai Senyantang	10,150,000.00			10,150,000.00
Xuzhou Enqi	23,400,000.00			23,400,000.00
Rudong Yifeng Bencao	39,991,285.36			39,991,285.36

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Yuehai Yongxitang	29,820,868.69			29,820,868.69
Macheng Yifeng	15,549,776.06			15,549,776.06
Yifeng Luoshi Xiehe	27,950,000.00			27,950,000.00
Business and assets of Yongzhou Daoxian Renrenkang Pharmacy	2,190,000.00			2,190,000.00
Pingjiang Yifeng	8,437,083.42			8,437,083.42
Business and assets of Zhuzhou Zhengxiang Pharmacy	22,380,000.00			22,380,000.00
Business and assets of Hunan Sinopharm Holdings Jiajiakang Pharmacy	18,000,000.00			18,000,000.00
Business and assets of Jianhu Renmin Pharmacy and Jianhu Yuanshengtang Pharmacy	17,000,000.00			17,000,000.00
Fengxian Hengyuan	31,500,000.00			31,500,000.00
Dongtai Yifeng Kaixin Medicine Co., Ltd.	22,239,000.00			22,239,000.00
Business and assets of Jiangsu Wuwu Limin Medicine Chain Store	15,000,000.00			15,000,000.00
Suzhou Yifeng Yuehai Tong'ankang Pharmacy Chain Co., Ltd.	15,615,853.66			15,615,853.66
Yancheng Jinyuan	37,634,283.13			37,634,283.13
Xuzhou Yifeng	22,985,583.59			22,985,583.59
Business and assets of Sanhuaitang	7,000,000.00			7,000,000.00
Business and assets of Miluo Tianheng Jirengtang Pharmacy	24,880,000.00			24,880,000.00
Business and assets of Zhuzhou Shifeng Shunkang Pharmacy	7,680,000.00			7,680,000.00
Business and assets of Hunan Zhongxin Pharmacy Retail Chain Co., Ltd.	13,800,000.00			13,800,000.00
Business and assets of Xiangtan Sishitang Pharmacy and Chunxiaoyuan Traditional Chinese Medicine Clinic	1,500,000.00			1,500,000.00
Business and assets of Hengyang Jianyi, Kangrentang and Shiyitang	1,700,000.00			1,700,000.00
Business and assets of Leiyang Siyanjing Pharmacy Co., Ltd.	37,700,000.00			37,700,000.00
Business and assets of Hunan Dehai Pharmacy Co., Ltd.	3,660,000.00			3,660,000.00
Jiangxi Jianmin	70,200,000.00			70,200,000.00
Business and assets of Poyang Hucheng Health Kaixinren Pharmacy	22,800,000.00			22,800,000.00
Business and assets of Yushan Baicaotang Pharmacy	25,000,000.00			25,000,000.00
Chibi Kanghua	26,378,913.74			26,378,913.74
Xishui Yifeng	25,845,000.00			25,845,000.00
Wuhan Jiangnan	28,352,879.88			28,352,879.88
Yidu Yifeng	11,576,250.00			11,576,250.00
Anlu Yifeng	13,999,970.12			13,999,970.12

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Hubei Aierkang	3,687,486.07			3,687,486.07
Business and assets of Badong Guoyaobu	15,300,000.00			15,300,000.00
Business and assets of Huanggang Tongjitang Xishui stores	2,300,000.00			2,300,000.00
Business and assets of Suizhou Haoyihao Pharmacy	15,000,000.00			15,000,000.00
Wuhan Haojiankang	31,071,780.29			31,071,780.29
Business and assets of Suizhou Baixing Pharmacy	1,500,000.00			1,500,000.00
Business and assets of Hubei Kanghua Pharmacy Chain Co., Ltd.	1,300,000.00			1,300,000.00
Jiuzhitang Medicine	102,064,935.48			102,064,935.48
Tangshan Xinxing Deshengtang	101,700,000.00			101,700,000.00
Qinhuangdao Xinxing Minle	56,700,000.00			56,700,000.00
Handan Xinxing Baixinkang	22,544,000.00			22,544,000.00
Shijiazhuang Yingqi Medical Service	1,399,867.03			1,399,867.03
Handan Xinxing Huakang	47,250,000.00			47,250,000.00
Langfang Xinxing Dekunyuan	24,792,000.00			24,792,000.00
Chengde Xinxing Xinyu	21,000,000.00			21,000,000.00
Suzhou Xinqunzhong Clinic	4,499,666.86			4,499,666.86
Yichun Yifeng	22,500,000.00			22,500,000.00
Guangshui Yifeng Kangji	7,840,000.00			7,840,000.00
Yingtai Yifeng	18,200,000.00			18,200,000.00
Business and assets of Xingtai Dongda Pharmaceutical Chain Co., Ltd.	26,320,000.00			26,320,000.00
Business and assets of Changzhou Renmin Baixing Pharmacy Co., Ltd.	35,000,000.00			35,000,000.00
Business and assets of Jiangling Miaoyuan Pharmacy	6,880,000.00			6,880,000.00
Business and assets of Hubei Zhonglian Pharmacy Chain Co., Ltd.	20,000,000.00			20,000,000.00
Business and assets of Longshan Laobaixing Xinteyao Health Pharmacy	6,000,000.00			6,000,000.00
Pingquan Xinxin Limin		33,885,234.65		33,885,234.65
Wocheng Xinxing Ankang		25,650,130.00		25,650,130.00
Baoding Xinxing Kangshi		12,800,000.00		12,800,000.00
Nangong Xinxing Huakang		20,300,000.00		20,300,000.00
Xingtai Xinxing Kangze		16,380,000.00		16,380,000.00
Handan Xinxing Kangheng		14,490,000.00		14,490,000.00
Handan Xinxing Shengde		14,000,000.00		14,000,000.00
Jize Renkang Xinxing		4,851,000.00		4,851,000.00
Kunshan Yifeng Huasheng		11,900,000.00		11,900,000.00

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Business and assets of Wuxi Shenzhou Pharmacy		11,500,000.00		11,500,000.00
Business and assets of Zengcheng Yujing Store		410,000.00		410,000.00
Business and assets of Jingzhou Jingkang Pharmacy		2,500,000.00		2,500,000.00
Business and assets of Jingzhou Tongyuantang		3,500,000.00		3,500,000.00
Business and assets of Yidu Kangzhijia Pharmacy		2,800,000.00		2,800,000.00
Business and assets of Shangrao Guangxin Minsheng Pharmacy		419,000.00		419,000.00
Business and assets of Wuxi Jiuzhou Taibohuayuan Store		950,000.00		950,000.00
Business and assets of Nantong Xinglin Pharmacy (Single Store)		246,610.00		246,610.00
Business and assets of Muyang Jiukuntang Pharmacy (Single Store)		238,680.00		238,680.00
Business and assets of the 11th store of Tianjin Zhongjingtang Pharmacy		399,000.00		399,000.00
Total	4,612,848,833.49	177,219,654.65		4,790,068,488.14

(2) Provision for impairment

☒ Applicable ☐ Not Applicable

Investees or events resulting in goodwill	Opening balance	Accrual	Decrease	Closing balance
Jiangsu Shimin		15,490,279.02		15,490,279.02
Shaoguan Xiangqin	2,299,554.25			2,299,554.25
Longshuntang		3,336,502.80		3,336,502.80
Total	2,299,554.25	18,826,781.82		21,126,336.07

(3) Related information of asset groups or asset group portfolios which include goodwill

☒ Applicable ☐ Not Applicable

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
Jiyangtang	Operating non-current assets	Hubei region	Yes
Assets of Hengyang Dazhong Health Pharmacy	Operating non-current assets	Hunan region	Yes
Assets of Jianhu Renmin Pharmacy and Jianhu Yuanshengtang Pharmacy	Operating non-current assets	Jiangsu region	Yes
Jinzhong Pukang	Operating non-current assets	Hubei region	Yes
Jiankangren	Operating non-current assets	Jiangsu region	Yes
Assets of Lichuan Tong'an	Operating non-current assets	Hubei region	Yes
Pingjiang Yifeng	Operating non-current assets	Hunan region	Yes
Assets of Qidong Guoda Health Pharmacy	Operating non-current assets	Hunan region	Yes

Macheng Yifeng	Operating non-current assets	Hubei region	Yes
Asset groups of Dongtai Yifeng	Operating non-current assets	Jiangsu region	No
Aierkang	Operating non-current assets	Hubei region	Yes
Assets of Kaixin Pharmacy	Operating non-current assets	Jiangsu region	Yes
Assets of Wuhan Houdetang	Operating non-current assets	Hubei region	Yes
Wuhan Longtai	Operating non-current assets	Hubei region	Yes
Nanjing Yifeng	Operating non-current assets	Jiangsu region	Yes
Assets of Xiaogan Tiansheng	Operating non-current assets	Hubei region	Yes
Assets of Suqian Jiujiu Medicine Supermarket	Operating non-current assets	Jiangsu region	Yes
Assets of Guangfutang	Operating non-current assets	Hubei region	Yes
Assets group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	Operating non-current assets	Hubei region	No
Assets of Huarong Yikang Pharmacy	Operating non-current assets	Hunan region	Yes
Yangpu Yifeng	Operating non-current assets	Shanghai region	Yes
Assets of Liuyang Tianshun Pharmacy	Operating non-current assets	Hunan region	Yes
Rudong Yifeng Bencao	Operating non-current assets	Jiangsu region	Yes
Assets of Nanxian Shijikang Pharmacy	Operating non-current assets	Hunan region	Yes
Suzhou Yuehai and Xinqunzhong Clinic	Operating non-current assets	Jiangsu region	Yes
Assets of Ningxiang Jiuzhitang	Operating non-current assets	Hunan region	Yes
Assets of Shuangfeng Yongjitang	Operating non-current assets	Hunan region	Yes
Assets of Sihong Shidai Medicine and Sihong Yifeng Jizhou Pharmacy	Operating non-current assets	Jiangsu region	Yes
Assets of Hunan Sinopharm Holdings Jiajiakang Pharmacy	Operating non-current assets	Hunan region	Yes
Assets of Xinbaikang Pharmacy	Operating non-current assets	Hunan region	Yes
Asset group portfolios of Taizhou Yifeng, Xinghua Yishantang, Taizhou Baixingren and Jiangsu Yishu Medicine	Operating non-current assets	Jiangsu region	Yes
Yifeng Luoshi Xiehe and Yongzhou Daoxian Renrenkang Pharmacy	Operating non-current assets	Hunan region	Yes
Yueyang Yifeng	Operating non-current assets	Hunan region	Yes
Assets of Suqian Jiahe Medicine	Operating non-current assets	Jiangsu region	Yes
Assets of Changsha Qingyuantang Pharmacy	Operating non-current assets	Hunan region	Yes
Assets of Suqian Dasheng Medicine	Operating non-current assets	Jiangsu region	Yes
Assets of Changsha Tailai Senyantang Pharmacy	Operating non-current assets	Hunan region	Yes

Jiuzhou Medicine and Jiuzhou Pharmacy	Operating non-current assets	Jiangsu region	No
Assets of Zhuzhou Zhengxiang Pharmacy	Operating non-current assets	Hunan region	Yes
Shaoguan Xiangqin	Operating non-current assets	Guangdong region	No
Huai'an Jisheng	Operating non-current assets	Jiangsu region	Yes
Jiangsu Shimin	Operating non-current assets	Jiangsu region	Yes
Asset group portfolios of Jiangxi Tianshun and Xinyu Baihuikang	Operating non-current assets	Jiangxi region	Yes
Assets of Guangyun Kangsheng Pharmacy	Operating non-current assets	Jiangsu region	Yes
Rudong Yifeng	Operating non-current assets	Jiangsu region	Yes
Asset groups of Miluo Tianheng	Operating non-current assets	Hunan region	Yes
Assets of Nantong Zhongzhichen Pharmacy	Operating non-current assets	Jiangsu region	Yes
Yuehai Yongxitang	Operating non-current assets	Jiangsu region	Yes
Longshuntang	Operating non-current assets	Shanghai region	Yes
Baicaotang	Operating non-current assets	Jiangsu region	Yes
Asset groups of Xinkang Jianmin	Operating non-current assets	Jiangxi region	No
Xuzhou Enqi	Operating non-current assets	Jiangsu region	Yes
Asset groups of Anlu Yifeng	Operating non-current assets	Hubei region	No
Assets of Jiangxi Caisen	Operating non-current assets	Jiangxi region	Yes
Shanghai Buyi	Operating non-current assets	Shanghai region	Yes
Putuo Yifeng	Operating non-current assets	Shanghai region	Yes
Asset groups of Xinxing Chain	Operating non-current assets	Hebei region	No
Shanghai Shanghong	Operating non-current assets	Shanghai region	Yes
Assets of Wuzhou Pharmacy	Operating non-current assets	Shanghai region	Yes
Jiuzhitang Medicine	Operating non-current assets	Hunan region	Yes

Changes in composition of asset groups or asset group portfolios

☒ Applicable ☐ Not Applicable

Asset groups or asset group portfolios	Composition before changes	Composition after changes	Objective facts and basis for changes
Asset groups of Dongtai Yifeng	Operating non-current assets of asset groups of Dongtai Yifeng	Operating non-current assets after acquiring Xinglin Pharmacy, Kunshan Yifeng Huasheng and Muyang Jiukuntang Pharmacy	The Company continues to strengthen the regional integration of acquired assets, and newly acquired projects are operated under a unified management structure after the acquisition, with decisions and allocations regarding sales, distribution, and human resources made by the regional headquarters. In 2024, the Jiangsu regional headquarters newly acquired the assets of Xinglin Pharmacy, Kunshan Yifeng Huasheng and Muyang Jiukuntang Pharmacy, which, similar to the asset groups such as the former Dongtai

			Yifeng, are under the unified management of the regional headquarters Jiangsu Yifeng in procurement, distribution, sales and financial accounting. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups. Apart from the newly acquired assets, there are no changes in the division of the former asset groups.
Assets group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	Operating non-current assets of asset groups of Guangshengtang	Operating non-current assets after acquiring Jingkang Pharmacy and Tongyuantang Store	In 2024, Guangshengtang acquired the assets of Jingkang Pharmacy and Tongyuantang Store, and carries out unified management in sales, procurement, distribution, human resources, and finance. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups.
Jiuzhou Medicine and Jiuzhou Pharmacy	Operating non-current assets of asset groups of Jiuzhou Chain	Operating non-current assets after acquiring Wuxi Shenzhou and Taibohuayuan	In 2024, Jiuzhou Chain acquired the assets of Wuxi Shenzhou and Taibohuayuan, and carries out unified management in sales, procurement, distribution, human resources, and finance. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups.
Shaoguan Xiangqin	Operating non-current assets of asset groups of Shaoguan Xiangqin and Guangdong Zengcheng Kangxin	Operating non-current assets after acquiring Zengcheng Jinxiu	Due to the need for integrated management, in 2023, all stores in asset groups of Guangdong Zengcheng Kangxin were transferred to Shaoguan Xiangqin, and Shaoguan Xiangqin takes charge of unified management in sales, procurement, distribution, human resources, and finance. The former legal entity of Guangdong Zengcheng Kangxin is planned to be cancelled. In 2024, Shaoguan Xiangqin acquired the assets of Zengcheng Jinxiu Store. Based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups.
Asset groups of Xinkang Jianmin	Operating non-current assets of asset groups of Xinkang Jianmin	Operating non-current assets after acquiring Shangrao Xuri	The Company continues to strengthen the regional integration of acquired assets, and newly acquired projects are operated under a unified management structure after the acquisition, with decisions and allocations regarding sales, distribution, and human resources made by the regional headquarters. In 2024, the Jiangxi regional headquarters newly acquired the assets of Shangrao Xuri, which, similar to the asset groups such as the former Xinkang Jianmin, are under the unified management of the regional headquarters Jiangxi Yifeng in procurement, distribution, sales and financial accounting. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups. Apart from the newly acquired assets, there are no changes in the division of the former asset groups.
Asset groups of Anlu Yifeng	Operating non-current assets of asset groups of Anlu Yifeng	Operating non-current assets after acquiring Yidu Kangzhijia	The Company continues to strengthen the regional integration of acquired assets, and newly acquired projects are operated under a unified management structure after the acquisition, with decisions and allocations

			regarding sales, distribution, and human resources made by the regional headquarters. In 2024, the Hubei regional headquarters newly acquired the assets of Yidu Kangzhijia, which are under the unified management of the regional headquarters Hubei Yifeng in procurement, distribution, sales and financial accounting. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups. Apart from the newly acquired assets, there are no changes in the division of the former asset groups.
Asset groups of Xinxing Chain	Operating non-current assets of asset groups of Xinxing Chain	Operating non-current assets after acquiring the equity of Pingquan Xinxing Limin, etc., and the assets of Tianjin Zhongjingtang Pharmacy	The Company continues to strengthen the regional integration of acquired assets, and newly acquired projects are operated under a unified management structure after the acquisition, with decisions and allocations regarding sales, distribution, and human resources made by the regional headquarters. In 2024, the Xinxing Chain newly acquired the equity of Pingquan Xinxing Limin, Xinxing Huakang, Xinxing Kangze and Xinxing Kangheng Baixing and the assets of Tianjin Zhongjingtang Pharmacy which are under the unified management of the regional headquarters Xinxing Chain in procurement, distribution, sales and financial accounting. Therefore, based on the management structure and the synergistic effect of business combination, the goodwill is allocated to the benefiting asset groups.

Other remarks

☐ Applicable ☒ Not Applicable

(4) Specific method for determining recoverable amount

Recoverable amount determined based on the fair value less costs of disposal

☒ Applicable ☐ Not Applicable

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
Jiangsu Shimin	242,883,341.54	213,656,400.00	15,490,279.02
Longshuntang	52,038,162.36	45,496,000.00	3,336,502.80
Subtotal	294,921,503.90	259,152,400.00	18,826,781.82

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters	Determination basis
Jiangsu Shimin	Fair value is determined based on discounted cash flow method. Costs of disposal is determined based on proportion of the fair value allocation	During the stable period, the gross margin is 36.63%, the operating profit margin is 11.41%, the discount rate is 8.90%. Costs of disposal - Stamp duty is calculated at 0.05% of the fair value. Costs of disposal - Auction commission follows a tiered structure: The commission rate	The gross profit margin, operating profit margin, and discount rate during the stable period remain consistent with the levels in the final period of the detailed forecast phase. Costs of disposal - Stamp tax is determined based on the Stamp Tax Law

Items	Determination method of fair value and costs of disposal	Key parameters	Determination basis
		shall not exceed 5.00% for auction transaction prices below 2 million yuan; the commission rate shall not exceed 3.00% for the portion exceeding 2 million yuan but not exceeding 10 million yuan; the commission rate shall not exceed 2.00% for the portion exceeding 10 million yuan but not exceeding 50 million yuan.	of the People's Republic of China; Costs of disposal - Auction commission is determined based on the Provisions of the Supreme People's Court on Auction and Sale of Property in Civil Enforcement by People's Courts (Judicial Interpretation [2004] No. 16).
Longshuntang	Fair value is determined based on discounted cash flow method. Costs of disposal is determined based on proportion of the fair value allocation	During the stable period, the gross margin is 36.67%, the operating profit margin is 11.27%, the discount rate is 9.00%. Costs of disposal - Stamp duty is calculated at 0.05% of the fair value. Costs of disposal - Auction commission follows a tiered structure: The commission rate shall not exceed 5.00% for auction transaction prices below 2 million yuan; the commission rate shall not exceed 3.00% for the portion exceeding 2 million yuan but not exceeding 10 million yuan; the commission rate shall not exceed 2.00% for the portion exceeding 10 million yuan but not exceeding 50 million yuan.	The gross profit margin, operating profit margin, and discount rate during the stable period remain consistent with the levels in the final period of the detailed forecast phase. Costs of disposal - Stamp tax is determined based on the Stamp Tax Law of the People's Republic of China; Costs of disposal - Auction commission is determined based on the Provisions of the Supreme People's Court on Auction and Sale of Property in Civil Enforcement by People's Courts (Judicial Interpretation [2004] No. 16).

Recoverable amount determined based on the present value of estimated future cash flows

☒ Applicable ☐ Not Applicable

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
Jiyangtang	17,888,072.94	38,200,000.00	
Assets of Hengyang Dazhong Health Pharmacy	30,712,034.05	50,600,000.00	
Assets of Jianhu Renmin Pharmacy and Jianhu Yuanshengtang Pharmacy	17,527,920.02	20,400,000.00	
Jinzhou Pukang	44,622,747.37	94,400,000.00	
Jiankangren	128,734,461.40	195,000,000.00	
Assets of Lichuan Tong'an	19,602,486.68	40,400,000.00	
Pingjiang Yifeng	13,745,344.89	20,000,000.00	
Assets of Qidong Guoda Health Pharmacy	14,918,000.00	38,100,000.00	
Macheng Yifeng	24,724,165.61	27,000,000.00	
Asset groups of Dongtai Yifeng	289,663,975.02	357,270,000.00	
Aierkang	40,809,896.88	163,000,000.00	
Assets of Kaixin Pharmacy	24,799,370.13	31,500,000.00	
Assets of Wuhan Houdetang	13,980,178.85	56,000,000.00	
Wuhan Longtai	66,325,474.52	133,000,000.00	

Nanjing Yifeng	30,601,761.91	50,300,000.00	
Assets of Xiaogan Tiansheng	12,742,268.64	24,100,000.00	
Assets of Suqian Jiujie Medicine Supermarket	46,921,371.08	71,500,000.00	
Assets of Guangfutang	26,342,700.00	28,000,000.00	
Assets group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	85,426,394.05	140,000,000.00	
Assets of Huarong Yikang Pharmacy	8,436,054.07	23,400,000.00	
Yangpu Yifeng	52,761,178.72	62,000,000.00	
Assets of Liuyang Tianshun Pharmacy	37,124,400.00	88,400,000.00	
Rudong Yifeng Bencao	52,027,961.02	53,400,000.00	
Assets of Nanxian Shijikang Pharmacy	2,550,844.69	13,100,000.00	
Suzhou Yuehai and Xinqunzhong Clinic	80,452,118.35	123,020,000.00	
Assets of Ningxiang Jiuzhitang	28,007,451.81	32,200,000.00	
Assets of Shuangfeng Yongjitang	3,709,339.67	6,290,000.00	
Assets of Sihong Shidai Medicine and Sihong Yifeng Jizhou Pharmacy	79,356,005.47	100,000,000.00	
Assets of Hunan Sinopharm Holdings Jiajiakang Pharmacy	18,720,983.51	22,200,000.00	
Assets of Xinbaikang Pharmacy	55,612,550.12	57,000,000.00	
Asset group portfolios of Taizhou Yifeng, Xinghua Yishantang, Taizhou Baixingren and Jiangsu Yishu Medicine	118,034,459.05	197,000,000.00	
Yifeng Luoshi Xiehe and Yongzhou Daoxian Renrenkang Pharmacy	49,519,387.87	58,900,000.00	
Yueyang Yifeng	16,556,808.99	34,500,000.00	
Assets of Suqian Jiahe Medicine	40,355,593.72	44,700,000.00	
Assets of Changsha Qingyuantang Pharmacy	12,044,191.86	25,700,000.00	
Assets of Suqian Dasheng Medicine	8,283,721.28	17,300,000.00	
Assets of Changsha Tailai Senyantang Pharmacy	10,645,768.92	37,200,000.00	
Jiuzhou Medicine and Jiuzhou Pharmacy	376,332,373.30	561,000,000.00	
Assets of Zhuzhou Zhengxiang Pharmacy	23,462,960.52	43,100,000.00	
Shaoguan Xiangqin	179,378,182.36	181,000,000.00	
Huai'an Jisheng	83,960,094.22	128,000,000.00	
Asset group portfolios of Jiangxi Tianshun and Xinyu Baihuikang	158,871,723.10	167,000,000.00	
Assets of Guangyun Kangsheng Pharmacy	12,314,134.73	15,600,000.00	
Rudong Yifeng	41,801,948.78	149,000,000.00	
Asset groups of Miluo Tianheng	100,918,399.44	129,720,000.00	
Assets of Nantong Zhongzhichen Pharmacy	19,682,025.98	60,000,000.00	
Yuehai Yongxitang	44,833,057.51	70,600,000.00	
Baicaotang	105,215,227.72	261,000,000.00	

Asset groups of Xinkang Jianmin	200,807,886.35	273,650,000.00	
Xuzhou Enqi	38,207,766.13	161,000,000.00	
Asset groups of Anlu Yifeng	279,923,701.15	457,780,000.00	
Assets of Jiangxi Caisen	35,017,100.00	38,200,000.00	
Shanghai Buyi	24,619,291.61	25,000,000.00	
Putuo Yifeng	15,291,429.56	17,900,000.00	
Asset groups of Xinxing Chain	2,426,628,480.11	2,470,000,000.00	
Shanghai Shanghong	249,374,123.72	258,000,000.00	
Assets of Wuzhou Pharmacy	24,212,100.00	48,000,000.00	
Jiuzhitang Medicine	314,716,775.22	538,000,000.00	
Subtotal	6,379,856,224.67	8,628,630,000.00	

(Continued)

Items	Forecast period (years)	Parameters including revenue growth rate and profit margin for forecast period and their determination basis	Parameters including revenue growth rate and profit margin for stable period and their determination basis	Discount rate and its determination basis
Jiyangtang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.14%; the gross margin is expected to range from 36.24% to 36.26%; and the period expense rate is expected to range from 26.81% to 27.06%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.26%; and the period expense rate is expected to be 26.81%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Hengyang Dazhong Health Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 26.28% to 26.28%; and the period expense rate is expected to range from 16.67% to 16.74%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 26.28%; and the period expense rate is expected to be 16.67%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Jianhu Renmin Pharmacy and Jianhu Yuanshengtang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 1.25% to 2.00%; the gross margin is expected to range from 36.69% to 36.69%; and the period expense rate is expected to range from 26.69% to 27.12%, which are determined by the Company based on	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.69%; and the period expense rate is expected to be 27.12%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

		business performance in previous years and expectations for the future development of the market industry.	stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	
Jinzhou Pukang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.44%; the gross margin is expected to range from 39.52% to 39.54%; and the period expense rate is expected to range from 26.45% to 26.70%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.54%; and the period expense rate is expected to be 26.45%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Jiankangren	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 7.40%; the gross margin is expected to range from 41.23% to 41.25%; and the period expense rate is expected to range from 32.69% to 33.08%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 41.25%; and the period expense rate is expected to be 33.08%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Lichuan Tong'an	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 2.00%; the gross margin is expected to range from 40.38% to 40.38%; and the period expense rate is expected to range from 28.83% to 29.28%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 40.38%; and the period expense rate is expected to be 29.20%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Pingjiang Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.32%; the gross margin is expected to range from 38.25% to 38.38%; and the period expense rate is expected to range from 31.24% to 31.44%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 38.38%; and the period expense rate is expected to be 31.24%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Assets of Qidong Guoda Health Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 32.98% to 32.98%; and the period expense rate is expected to range from 21.39% to 21.52%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 32.98%; and the period expense rate is expected to be 21.39%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Macheng Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 8.30%; the gross margin is expected to range from 39.07% to 39.84%; and the period expense rate is expected to range from 31.79% to 35.98%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.84%; and the period expense rate is expected to be 31.79%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset groups of Dongtai Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 4.02%; the gross margin is expected to range from 36.37% to 36.47%; and the period expense rate is expected to range from 27.45% to 28.37%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.44%; and the period expense rate is expected to be 27.81%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Aierkang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 37.53% to 37.53%; and the period expense rate is expected to range from 23.71% to 23.81%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.53%; and the period expense rate is expected to be 23.71%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Kaixin Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -0.63% to 2.00%; the gross margin is expected to range from 34.93% to 34.94%; and the	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 34.94%; and the period expense rate is expected to be 27.56%. The Company is	11.90%; the weighted average cost of capital (WACC) is determined

		period expense rate is expected to range from 26.76% to 27.56%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	based on the cost of equity capital and the cost of debt.
Assets of Wuhan Houdetang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.01% to 2.00%; the gross margin is expected to range from 35.18% to 35.18%; and the period expense rate is expected to range from 18.85% to 19.16%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 35.18%; and the period expense rate is expected to be 19.09%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Wuhan Longtai	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.02% to 2.00%; the gross margin is expected to range from 33.96% to 33.97%; and the period expense rate is expected to range from 21.04% to 21.38%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 33.97%; and the period expense rate is expected to be 21.30%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Nanjing Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -1.57% to 2.00%; the gross margin is expected to range from 34.97% to 34.98%; and the period expense rate is expected to range from 27.88% to 28.72%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 34.97%; and the period expense rate is expected to be 28.72%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Xiaogan Tiansheng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 2.00%; the gross margin is expected to range from 28.34% to 28.34%; and the period expense rate is expected to range from 19.13% to 19.41%, which are determined by the Company based on business performance in previous years and	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 28.34%; and the period expense rate is expected to be 19.32%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

		expectations for the future development of the market industry.	which the Company's business performance will maintain a stable level of cash earnings.	
Assets of Suqian Jiujiu Medicine Supermarket	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -3.57% to 2.00%; the gross margin is expected to range from 36.50% to 36.51%; and the period expense rate is expected to range from 27.63% to 28.30%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.51%; and the period expense rate is expected to be 28.30%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Guangfutang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 2.00%; the gross margin is expected to range from 37.39% to 37.39%; and the period expense rate is expected to range from 25.42% to 25.96%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.39%; and the period expense rate is expected to be 25.42%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.74% to 2.00%; the gross margin is expected to range from 34.38% to 34.50%; and the period expense rate is expected to range from 28.46% to 28.72%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 34.38%; and the period expense rate is expected to be 28.58%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Huarong Yikang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -5.94% to 2.00%; the gross margin is expected to range from 37.67% to 37.67%; and the period expense rate is expected to range from 21.47% to 21.52%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.67%; and the period expense rate is expected to be 21.47%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Yangpu Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is	12.00%; the weighted average cost of

		-11.86% to 1.96%; the gross margin is expected to range from 39.21% to 39.31%; and the period expense rate is expected to range from 25.01% to 25.06%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	expected to be 39.21%; and the period expense rate is expected to be 25.01%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Liuyang Tianshun Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 2.00%; the gross margin is expected to range from 39.80% to 39.80%; and the period expense rate is expected to range from 25.76% to 26.17%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.80%; and the period expense rate is expected to be 26.17%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Rudong Yifeng Bencao	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -0.90% to 7.45%; the gross margin is expected to range from 37.93% to 38.12%; and the period expense rate is expected to range from 27.63% to 29.67%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.93%; and the period expense rate is expected to be 27.94%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Nanxian Shijikang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 42.88% to 42.88%; and the period expense rate is expected to range from 26.50% to 26.60%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 42.88%; and the period expense rate is expected to be 26.50%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Suzhou Yuehai and Xinqunzhong Clinic	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -1.65% to 8.24%; the gross margin is expected to range from 27.34% to 27.37%; and the period expense rate is expected to range from 14.07% to 14.41%, which are determined	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 27.34%; and the period expense rate is expected to be 14.23%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the

		by the Company based on business performance in previous years and expectations for the future development of the market industry.	at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	cost of debt.
Assets of Ningxiang Jiuzhitang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -10.00% to 2.00%; the gross margin is expected to range from 40.03% to 40.03%; and the period expense rate is expected to range from 25.46% to 25.60%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 40.03%; and the period expense rate is expected to be 25.46%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Shuangfeng Yongjitang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 32.23% to 32.23%; and the period expense rate is expected to range from 22.27% to 22.44%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 32.23%; and the period expense rate is expected to be 22.27%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Sihong Shidai Medicine and Sihong Yifeng Jizhou Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 1.88% to 2.00%; the gross margin is expected to range from 37.74% to 37.80%; and the period expense rate is expected to range from 30.92% to 31.36%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.74%; and the period expense rate is expected to be 31.36%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Hunan Sinopharm Holdings Jiajiakang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -14.00% to 2.00%; the gross margin is expected to range from 46.12% to 46.12%; and the period expense rate is expected to range from 32.47% to 32.66%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 46.12%; and the period expense rate is expected to be 32.47%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Assets of Xinbaikang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 9.94%; the gross margin is expected to range from 40.80% to 40.85%; and the period expense rate is expected to range from 25.00% to 29.16%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 40.85%; and the period expense rate is expected to be 25.00%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset group portfolios of Taizhou Yifeng, Xinghua Yishantang, Taizhou Baixingren and Jiangsu Yishu Medicine	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 6.43%; the gross margin is expected to range from 35.95% to 35.99%; and the period expense rate is expected to range from 28.67% to 29.07%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 35.95%; and the period expense rate is expected to be 29.07%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Yifeng Luoshi Xiehe and Yongzhou Daoxian Renrenkang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.01% to 2.00%; the gross margin is expected to range from 41.67% to 41.67%; and the period expense rate is expected to range from 34.21% to 34.39%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 41.67%; and the period expense rate is expected to be 34.21%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Yueyang Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 3.28%; the gross margin is expected to range from 36.22% to 36.34%; and the period expense rate is expected to range from 29.91% to 30.09%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.34%; and the period expense rate is expected to be 29.90%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Suqian Jiahe Medicine	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -0.20% to 2.00%; the gross margin is expected to range from 20.71% to 20.71%; and the	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 20.71%; and the period expense rate is expected to be 16.55%. The Company is	11.90%; the weighted average cost of capital (WACC) is determined

		period expense rate is expected to range from 16.33% to 16.55%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	based on the cost of equity capital and the cost of debt.
Assets of Changsha Qingyuantang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -3.00% to 2.00%; the gross margin is expected to range from 43.56% to 43.56%; and the period expense rate is expected to range from 31.93% to 32.07%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 43.56%; and the period expense rate is expected to be 31.93%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Suqian Dasheng Medicine	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -4.72% to 2.00%; the gross margin is expected to range from 32.43% to 32.44%; and the period expense rate is expected to range from 24.84% to 25.49%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 32.44%; and the period expense rate is expected to be 25.49%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Changsha Tailai Senyantang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 38.48% to 38.48%; and the period expense rate is expected to range from 25.15% to 25.26%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 38.48%; and the period expense rate is expected to be 25.15%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Jiuzhou Medicine and Jiuzhou Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -1.82% to 2.68%; the gross margin is expected to range from 38.86% to 39.24%; and the period expense rate is expected to range from 33.52% to 33.90%, which are determined by the Company based on business performance in previous years and	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 38.86%; and the period expense rate is expected to be 33.90%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

		expectations for the future development of the market industry.	which the Company's business performance will maintain a stable level of cash earnings.	
Assets of Zhuzhou Zhengxiang Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 32.22% to 32.22%; and the period expense rate is expected to range from 21.66% to 21.77%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 32.22%; and the period expense rate is expected to be 21.66%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Shaoguan Xiangqin	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -0.03% to 2.38%; the gross margin is expected to range from 39.77% to 42.29%; and the period expense rate is expected to range from 34.03% to 35.38%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.77%; and the period expense rate is expected to be 34.03%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.30%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Huai'an Jisheng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.33%; the gross margin is expected to range from 38.70% to 38.77%; and the period expense rate is expected to range from 29.88% to 30.25%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 38.70%; and the period expense rate is expected to be 30.25%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset group portfolios of Jiangxi Tianshun and Xinyu Baihuikang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 4.02%; the gross margin is expected to range from 38.99% to 39.95%; and the period expense rate is expected to range from 34.09% to 34.70%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.95%; and the period expense rate is expected to be 34.09%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.10%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Guangyun Kangsheng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -0.16%	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is	11.90%; the weighted average cost of

Pharmacy		to 2.00%; the gross margin is expected to range from 38.68% to 38.68%; and the period expense rate is expected to range from 30.35% to 31.21%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	expected to be 38.68%; and the period expense rate is expected to be 31.21%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Rudong Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 7.35%; the gross margin is expected to range from 39.87% to 39.96%; and the period expense rate is expected to range from 27.46% to 27.72%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.87%; and the period expense rate is expected to be 27.72%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset groups of Miluo Tianheng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -3.29% to 2.48%; the gross margin is expected to range from 37.07% to 37.08%; and the period expense rate is expected to range from 26.88% to 27.15%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.08%; and the period expense rate is expected to be 26.88%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.10%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Nantong Zhongzhichen Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 4.06%; the gross margin is expected to range from 33.70% to 33.70%; and the period expense rate is expected to range from 22.57% to 22.74%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 33.70%; and the period expense rate is expected to be 22.74%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Yuehai Yongxitang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.13% to 2.00%; the gross margin is expected to range from 41.85% to 41.92%; and the period expense rate is expected to range from 32.79% to 33.74%, which are determined	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 41.85%; and the period expense rate is expected to be 33.74%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the

		by the Company based on business performance in previous years and expectations for the future development of the market industry.	at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	cost of debt.
Baicaotang	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 4.50%; the gross margin is expected to range from 37.53% to 37.57%; and the period expense rate is expected to range from 24.22% to 24.44%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.53%; and the period expense rate is expected to be 24.44%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset groups of Xinkang Jianmin	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.04% to 4.81%; the gross margin is expected to range from 36.72% to 37.31%; and the period expense rate is expected to range from 28.44% to 28.72%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.44%; and the period expense rate is expected to be 28.67%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.10%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Xuzhou Enqi	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from -3.45% to 2.00%; the gross margin is expected to range from 40.26% to 40.31%; and the period expense rate is expected to range from 25.84% to 26.52%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 40.26%; and the period expense rate is expected to be 26.52%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset groups of Anlu Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 6.93%; the gross margin is expected to range from 37.26% to 37.43%; and the period expense rate is expected to range from 27.82% to 29.06%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.29%; and the period expense rate is expected to be 27.82%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Assets of Jiangxi Caisen	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 37.49% to 37.49%; and the period expense rate is expected to range from 23.78% to 24.07%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.49%; and the period expense rate is expected to be 23.78%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.10%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Shanghai Buyi	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 41.44% to 41.44%; and the period expense rate is expected to range from 22.08% to 22.13%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 41.44%; and the period expense rate is expected to be 22.08%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Putuo Yifeng	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 0.00% to 2.00%; the gross margin is expected to range from 35.21% to 35.21%; and the period expense rate is expected to range from 26.46% to 26.61%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 35.21%; and the period expense rate is expected to be 26.46%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Asset groups of Xinxing Chain	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 1.96% to 5.72%; the gross margin is expected to range from 32.04% to 32.07%; and the period expense rate is expected to range from 23.47% to 23.97%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 32.07%; and the period expense rate is expected to be 23.47%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	11.90%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Shanghai Shanghong	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 37.48% to 37.48%; and the	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.48%; and the period expense rate is expected to be 25.20%. The Company is	12.00%; the weighted average cost of capital (WACC) is determined

		period expense rate is expected to range from 25.20% to 25.30%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	based on the cost of equity capital and the cost of debt.
Assets of Wuzhou Pharmacy	5 years	From 2025 to 2029, the sales revenue growth rate is expected to range from 2.00% to 2.00%; the gross margin is expected to range from 37.10% to 37.10%; and the period expense rate is expected to range from 22.79% to 22.82%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.10%; and the period expense rate is expected to be 22.79%. The Company is expected to achieve a stable operating status by 2029. Therefore, the forecast period ends at the end of 2029, followed by a stable period from 2030 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Jiuzhitang Medicine	6 years	From 2025 to 2030, the sales revenue growth rate is expected to range from 4.24% to 6.87%; the gross margin is expected to range from 26.46% to 27.47%; and the period expense rate is expected to range from 21.70% to 22.71%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 26.46%; and the period expense rate is expected to be 21.70%. The Company is expected to achieve a stable operating status by 2030. Therefore, the forecast period ends at the end of 2030, followed by a stable period from 2031 onwards into the future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	12.00%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Pursuant to the “Assessment Report on the Recoverable Value of Asset Group Portfolios Involved in the Impairment Test of Goodwill Formed by the Acquisition of Equity and Store Assets Proposed by Yifeng Pharmacy Chain Co., Ltd.” (Jin Zheng Ping Bao Zi [2025] No. 0221) issued by Jinzheng (Shanghai) Asset Appraisal Co., Ltd. on April 21, 2025, which is engaged by the Company, the recoverable amount of the asset groups or asset group portfolios that include goodwill of Jiangsu Shimin and Longshuntang is lower than their carrying amount. Impairment losses for above-mentioned asset groups have been recognized.

Reasons for the significant inconsistencies between aforementioned information and information used in previous impairment tests or external information

☐ Applicable ☒ Not Applicable

Reasons for the significant inconsistencies between information used in previous impairment tests and actual performance

☐ Applicable ☒ Not Applicable

(5) Completion of performance commitment and its effect on goodwill impairment test

Performance commitment when goodwill formed and reporting period or previous reporting period within performance commitment periods

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

28. Long-term prepayments

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Renovation costs	442,693,152.93	237,298,102.28	228,831,188.13		451,160,067.08
Store transfer fees	52,953,986.00	22,634,980.81	36,093,825.15		39,495,141.66
Total	495,647,138.93	259,933,083.09	264,925,013.28		490,655,208.74

Other remarks

None

29. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

☒ Applicable ☐ Not Applicable

Items	Closing balance		December 31, 2023	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	61,775,630.66	15,333,123.86	59,127,821.57	14,685,991.11
Unrealized profit from internal transactions	232,833,558.32	58,208,389.58	235,459,783.00	58,864,945.75
Deductible losses	63,112,999.56	15,778,249.89	29,328,308.08	7,332,077.02
Share-based payment fees	2,331,011.12	582,752.78	23,689,648.30	5,922,412.08
Lease Liabilities and Advances paid adjustment	4,048,850,316.57	1,012,212,579.14	4,173,343,988.97	1,043,335,997.25
Changes in fair value	63,697,987.35	15,924,496.84		
Total	4,472,601,503.58	1,118,039,592.09	4,520,949,549.92	1,130,141,423.21

(2) Deferred tax liabilities before offset

☒ Applicable ☐ Not Applicable

Items	Closing balance		December 31, 2023	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets appraisal appreciation due to business combination not	61,643,193.92	15,410,798.48	78,478,653.88	19,619,663.47

Items	Closing balance		December 31, 2023	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
under common control				
Changes in fair value			28,555,612.65	7,138,903.16
Right-of-use assets adjustment	3,877,665,712.04	969,416,428.01	3,965,884,425.82	991,471,106.46
Total	3,939,308,905.96	984,827,226.49	4,072,918,692.35	1,018,229,673.09

(3) Deferred tax assets or liabilities after offset

☒ Applicable ☐ Not Applicable

Items	Closing balance		December 31, 2023	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	969,416,428.01	148,623,164.08	991,471,106.46	138,670,316.75
Deferred tax liabilities	969,416,428.01	15,410,798.48	991,471,106.46	26,758,566.63

(4) Details of unrecognized deferred tax assets

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Deductible temporary difference	21,606.68	2,307,197.66
Deductible losses	383,025,228.95	265,106,483.95
Total	383,046,835.63	267,413,681.61

(5) Maturity years of deductible losses of unrecognized deferred tax assets

☒ Applicable ☐ Not Applicable

Maturity years	Closing balance	December 31, 2023	Remarks
Year 2024		6,777,279.41	
Year 2025	15,050,076.90	15,268,901.76	
Year 2026	60,006,609.79	66,990,035.41	
Year 2027	87,617,772.60	99,245,366.98	
Year 2028	72,012,445.36	76,824,900.39	
Year 2029	148,338,324.29		
Total	383,025,228.94	265,106,483.95	

Other remarks

☐ Applicable ☒ Not Applicable

30. Other non-current assets

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Prepayments for Deposit of equity transfer and Store acquisition	9,335,958.11	18,650,000.00
Prepayments for long-term assets	5,829,954.52	11,619,025.79
Total	15,165,912.63	30,269,025.79

Other remarks

None

31. Assets with title or use right restrictions

☒ Applicable ☐ Not Applicable

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	1,418,127,706.70	1,418,127,706.70		
Including: Principal of deposits for acceptance bills interest thereof	1,337,755,370.27	1,337,755,370.27	Deposit for acceptance bills	Deposits
Deposits for government platforms	30,336.43	30,336.43	Deposit for government platforms	Deposits
Cash in bank	80,000,000.00	80,000,000.00	Wealth management product investment under control	Wealth management product investment under control
Cash in bank	340,000.00	340,000.00	Judicial frozen funds	Judicial frozen funds
Cash in bank	2,000.00	2,000.00	ETC frozen funds	Business frozen
Debt investments	88,710,433.34	88,710,433.34	Pledged certificate of deposits	Pledged and frozen
Total	1,506,838,140.04	1,506,838,140.04		

(Continued)

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	1,097,325,599.21	1,097,325,599.21		
Including: Principal of deposits for acceptance bills interest thereof	1,096,521,187.18	1,096,521,187.18	Deposit for acceptance bills	Deposits
Deposits for government platforms	30,283.77	30,283.77	Deposit for government platforms	Deposits
Cash in bank	774,128.26	774,128.26	Judicial frozen funds	Judicial frozen funds
Debt investments	102,729,722.22	102,729,722.22	Pledged certificate of deposits	Pledged and frozen
Total	1,200,055,321.43	1,200,055,321.43		

Other remarks

None

32. Short-term borrowings

(1) Categories of short-term borrowings

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance
Guaranteed borrowings	30,026,388.89	
Total	30,026,388.89	

Remarks on categories of short-term borrowings

None

(2) Overdue short-term borrowings

☐ Applicable ☒ Not Applicable

Significant overdue short-term borrowings

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

33. Held-for-trading financial liabilities

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

34. Derivative financial liabilities

☐ Applicable ☒ Not Applicable

35. Notes payable

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Trade acceptance		
Bank acceptance	7,537,483,385.03	6,215,388,292.66
Total	7,537,483,385.03	6,215,388,292.66

Notes payable due but unpaid totaled 0 yuan in the current period

36. Accounts payable

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Payment for goods	1,954,806,180.26	1,955,564,568.05
Total	1,954,806,180.26	1,955,564,568.05

(2) Significant accounts payable with age over one year

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

37. Advances received

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Rent charge	22,884,188.22	15,959,550.59
Total	22,884,188.22	15,959,550.59

(2) Significant advances received overdue or with age over one year

☐ Applicable ☒ Not Applicable

(3) Reasons for significant changes in carrying amount of advances received in the current period

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

38. Contract liabilities

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Payment for goods	130,070,603.90	80,166,931.03
Total	130,070,603.90	80,166,931.03

(2) Significant contract liabilities with age over one year

☐ Applicable ☒ Not Applicable

(3) Reasons for significant changes in the carrying amount of contract liabilities in the current period

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

39. Employee benefits payable

(1) Details

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Business combination	Decrease	Closing balance
Short-term employee benefits	461,108,215.84	3,632,098,676.80	321,148.45	3,601,783,917.38	491,744,123.71
Post-employment benefits - defined contribution plan	2,625,394.16	331,671,059.99		331,819,538.06	2,476,916.09
Termination benefits		2,228,597.33		2,228,597.33	

Items	Opening balance	Increase	Business combination	Decrease	Closing balance
Other benefits due within one year					
Total	463,733,610.00	3,965,998,334.12	321,148.45	3,935,832,052.77	494,221,039.80

(2) Details of short-term employee benefits

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Business combination	Decrease	Closing balance
Wage, bonus, allowance and subsidy	454,906,716.18	3,208,092,600.63	321,148.45	3,176,043,296.31	487,277,168.95
Employee welfare fund		154,119,468.24		154,119,468.24	
Social insurance premium	1,543,253.86	192,962,014.84		193,367,357.87	1,137,910.83
Including: Medicare premium	1,387,943.19	177,538,977.21		177,935,972.44	990,947.96
Occupational injuries premium	28,804.13	9,331,601.52		9,336,622.16	23,783.49
Maternity premium	126,506.54	6,091,436.11		6,094,763.27	123,179.38
Housing provident fund	884,459.32	67,536,009.14		68,420,087.38	381.08
Trade union fund and employee education fund	3,773,786.48	9,388,583.95		9,833,707.58	3,328,662.85
Short-term paid leave					
Short-term profit sharing plan					
Subtotal	461,108,215.84	3,632,098,676.80	321,148.45	3,601,783,917.38	491,744,123.71

(3) Details of defined contribution plan

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Business combination	Decrease	Closing balance
Basic endowment insurance premium	2,515,172.29	318,526,509.54		318,663,866.10	2,377,815.73
Unemployment insurance premium	110,221.87	13,144,550.45		13,155,671.96	99,100.36
Company annuity payment					
Subtotal	2,625,394.16	331,671,059.99		331,819,538.06	2,476,916.09

Other remarks

☐ Applicable ☒ Not Applicable

40. Taxes and rates payable

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
VAT	77,958,681.33	69,779,575.85
Enterprise income tax	207,095,116.77	165,759,933.41
Individual income tax withheld for tax authorities	7,831,787.28	11,382,301.79
Urban maintenance and construction tax	4,270,952.14	4,965,948.37

Items	Closing balance	December 31, 2023
Stamp duty	4,560,669.40	5,419,343.01
Housing property tax	1,712,961.19	920,459.64
Land use tax	1,172,145.07	1,171,426.83
Education surcharge	1,950,366.56	2,208,795.49
Local education surcharge	1,253,690.54	1,337,860.38
Others	157,882.66	142,508.80
Total	307,964,252.94	263,088,153.57

Other remarks

None

41. Other payables

(1) Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Dividend payable		296,927.48
Other payables	772,207,599.54	810,149,750.80
Total	772,207,599.54	810,446,678.28

Other remarks

☐ Applicable ☒ Not Applicable

(2) Interest payable

Details

☐ Applicable ☒ Not Applicable

Significant interest payable overdue but unpaid

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

(3) Dividend payable

Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Dividend of ordinary shares		296,927.48
Dividend of preferred shares/perpetual bonds classified as equity instrument		
Subtotal		296,927.48

Other remarks, including significant dividend payable with age over one year

None

(4) Other payables

Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Security deposits and quality guarantee deposits	98,816,063.54	109,763,535.31
Payments for equipment and construction	38,515,786.01	37,825,417.59
Payments for equity transfer and store acquisition	231,858,172.22	221,460,641.53
Repurchase obligation of restricted shares	3,764,535.58	42,161,726.90
House rental fees	82,472,357.36	64,754,297.97
Temporary receipts payable	15,825,748.98	12,239,913.96
Expenses to be paid	55,389,229.50	46,225,919.25
Others	245,565,706.35	275,718,298.29
Subtotal	772,207,599.54	810,149,750.80

Significant other payables with age over one year

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

42. Liabilities held for sale

☐ Applicable ☒ Not Applicable

43. Non-current liabilities due within one year

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Long-term borrowings due within one year	61,525,796.80	103,484,354.30
Bonds payable due within one year	4,476,008.13	
Lease liabilities due within one year	1,271,095,733.38	1,354,982,443.44
Total	1,337,097,538.31	1,458,466,797.74

Other remarks

None

44. Other current liabilities

Details

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Output VAT to be recognized	11,312,523.92	6,656,678.33

Items	Closing balance	December 31, 2023
Total	11,312,523.92	6,656,678.33

Current period movements of short-term bonds payable

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

45. Long-term borrowings

(1) Categories of long-term borrowings

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Pledged borrowings		133,617,147.68
Total		133,617,147.68

Remarks on categories of long-term borrowings:

None

(2) Analysis of long-term borrowings maturity dates

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Due on demand or within one year	61,429,093.40	103,337,093.40
1-2 years		73,429,093.40
2-5 years		36,000,000.00
Over 5 years		24,000,000.00
Interest	96,703.40	335,315.18
Subtotal	61,525,796.80	237,101,501.98
Less: Long-term borrowings due within one year	61,525,796.80	103,484,354.30
Long-term borrowings due more than one year		133,617,147.68

In 2018, the Company borrowed 784,000,000.00 yuan from China Merchants Bank Co., Ltd. Changsha Branch with a term of 7 years, pledging 91% of its equity in Xinxing Pharmacy as guarantee. The closing balance of the principal is 61,429,093.40 yuan and the interest rate is 4.99%, which was reduced from 5.29% on August 10, 2022, and the balance has been reclassified as current liabilities due within one year as of the period-end. In 2021, the Company borrowed 42,120,000.00 yuan from China Merchants Bank Co., Ltd. Changsha Branch with a term of 3 years, pledging 65% of equity in Jiangxi Jianmin held by Jiangxi Yifeng Pharmacy Chain Co., Ltd. (the “Jiangxi Yifeng”) for guarantee. The borrowing had been fully repaid as of the period-end, and the interest rate was 4.29%. On August 29, 2022, the Company borrowed 80,000,000.00 yuan from China Construction Bank Corporation Changde Branch with a term of 7 years, pledging 51% of its equity in Jiuzhitang Medicine as guarantee. The

borrowing had been fully repaid in advance during the current period, and the interest rate was 4.15%.

46. Bonds payable

(1) Bonds payable

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance
Yifeng Convertible	1,601,308,876.07	
Total	1,601,308,876.07	

(2) Current period movements (not including other financial instruments such as preferred shares/perpetual bonds classified as financial liabilities)

☒ Applicable ☐ Not Applicable

Items	Par value	Coupon rate (%)	Issuing date	Maturity	Amount outstanding	Whether default
Yifeng Convertible	100.00	0.30-2.00	March 4, 2024	6 years	1,797,432,000.00	No
Subtotal					1,797,432,000.00	

(Continued)

Items	Opening balance	Current period issuance	Par value interest	Premium/ Discount amortization	Current period conversion	Transfer to non-current liabilities due within one year	Closing balance
Yifeng Convertible		1,558,679,468.80	4,476,252.08	42,748,805.03	119,641.71	4,476,008.13	1,601,308,876.07
Subtotal		1,558,679,468.80	4,476,252.08	42,748,805.03	119,641.71	4,476,008.13	1,601,308,876.07

(3) Remarks on convertible bonds

☐ Applicable ☒ Not Applicable

Accounting treatment and judgement basis of convertible bonds

☒ Applicable ☐ Not Applicable

Pursuant to the Approval of the China Securities Regulatory Commission on the Registration of Yifeng Pharmacy Chain Co., Ltd.'s Public Offering of Convertible Bonds to Non-Specific Objects (CSRC Approval No. [2024] 109), the Company publicly issued 17,974,320 convertible bonds on March 4, 2024. Each bond has a par value of 100.00 yuan, with a total issuance amount of 1,797,432,000.00 yuan and a maturity of 6 years. The coupon rate is 0.3% for the first year, 0.5% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year, 2.00% for the sixth year. Interest is paid annually, and the principal and final year's interest are repaid at maturity. The convertible bonds are classified as compound financial instruments, comprising both a financial liability component and an equity component. Initial measurement involves determining the fair value of the liability component and deducting the liability component's fair value from the total fair value of the compound instrument to derive the equity component's fair value. Transaction costs incurred during the issuance are allocated between the liability and equity components based on their proportions of the total issuance proceeds. The company has issued convertible bonds totaling 1,797,432,000.00 yuan, after deducting the issuance

expense of 17,169,690.20 yuan, the fair value of liability component of 1,558,679,468.80 yuan was recorded under bonds payable, and the fair value of equity component of 221,582,841.00 yuan was recorded under other equity instruments as of the issuing date.

As stipulated in the relevant regulations and the Prospectus for Yifeng Pharmacy Chain Co., Ltd.'s Public Offering of Convertible Corporate Bonds to Non-Specific Objects, the conversion period for the issued convertible bonds commenced on September 9, 2024, allowing conversion into the Company's shares. Conversion effects of conversion in 2024 are reduction in bonds payable of 119,397.76 yuan, reduction in other equity instruments of 16,642.46 yuan. After 4,096 shares having been converted, the share capital was increased by 4,096.00 yuan, the capital reserve (capital premium) was increased by 132,188.17 yuan and the payment of rounding difference was 243.95 yuan.

(4) Other financial instruments classified as financial liabilities

Basic information of other financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

☐ Applicable ☒ Not Applicable

Current period movements of financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

☐ Applicable ☒ Not Applicable

Other remarks on financial instruments classified as financial liabilities

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

47. Lease liabilities

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Unpaid lease payments	2,471,525,773.56	2,295,870,058.36
Unrecognized financing expenses	158,778,318.51	90,359,746.56
Total	2,312,747,455.05	2,205,510,311.80

Other remarks

None

48. Long-term payables

Details

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Long-term payables**(1) Categories of long-term payables**☐ Applicable ☒ Not Applicable**Special payables****(2) Categories of special payables**☐ Applicable ☒ Not Applicable**49. Long-term employee benefits payable**☐ Applicable ☒ Not Applicable**50. Provisions**☐ Applicable ☒ Not Applicable**51. Deferred income**

Details

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Business combination	Decrease	Closing balance	Reasons for balance
Government grants	54,073,353.64			440,711.63	53,632,642.01	Government grants
Unrealized gains and losses from leaseback	20,892.80			20,892.80		Finance lease
Total	54,094,246.44			461,604.43	53,632,642.01	

Other remarks

☐ Applicable ☒ Not Applicable**52. Other non-current liabilities**☐ Applicable ☒ Not Applicable**53. Share capital**☒ Applicable ☐ Not Applicable

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	1,010,579,797			202,115,959	-263,068	201,852,891	1,212,432,688

Other remarks

Pursuant to the “Plan on Profit Distribution and Conversion of Capital Reserve to Share Capital of 2023” deliberated and approved at the 39th meeting of the fourth session of the Board of Directors on April 26, 2024, and the resolution of “Proposal of Plan on Profit Distribution and Conversion of Capital Reserve to Share Capital of 2023” approved at the shareholders’ meeting of 2023 on May 20, 2024, the Company distributed cash dividend of 0.50 yuan (tax inclusive) per share, and increased 0.20 share per share to all

shareholders by converting capital reserve, based on the total share capital of 1,010,579,797 shares before the implementation of the plan. In total, cash dividend of 505,289,898.50 yuan has been distributed, and 202,115,959 shares has been converted. After the implementation of the plan, the share capital was increased by 202,115,959.00 yuan, and the capital reserve (capital premium) was decreased by 202,115,959.00 yuan.

Pursuant to the approval of the China Securities Regulatory Commission (CSRC), the Company publicly issued 17,974,320 convertible corporate bonds on March 4, 2024, with a par value of 100.00 yuan per bond and a total issuance amount of 1,797,432,000 yuan. With the approval of the Shanghai Stock Exchange (SSE), the above-mentioned convertible bonds commenced trading on the SSE on March 27, 2024, under the bond abbreviation “Yifeng Convertible”. The conversion period commenced on September 9, 2024. As of the close of trading on December 31, 2024, a cumulative total of 4,096 shares had been converted from the bonds, increasing the Company’s unrestricted outstanding shares by 4,096 shares.

Pursuant to the “Proposal on Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved at the 39th meeting of the fourth session of the Board of Directors and the 32nd meeting of the fourth session of the Board of Supervisors on April 26, 2024, the Company was agreed to repurchase and cancel 202,347 shares held by grantees who had resigned, been downgraded, or failed to meet performance assessment standards. Pursuant to the “Proposal on Adjustment of Quantity and Price of Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved at the 40th meeting of the fourth session of the Board of Directors and the 33rd meeting of the fourth session of the Board of Supervisors on June 7, 2024, the quantity of restricted shares to be repurchased and canceled was adjusted from 202,347 shares to 242,816 shares, including: 223,944 shares with price adjusted from 17.58 yuan per share to 14.23 yuan per share, as well as, 18,872 shares with price adjusted from 18.95 yuan per share to 15.38 yuan per share. Pursuant to the “Measures for the Administration of Equity Incentives for Listed Companies” and the “2022 Restricted Share Incentive Plan of Yifeng Pharmacy Chain Co., Ltd.”, the Company repurchased and canceled a total of 242,816 restricted shares that had been granted but failed to meet the unlocking conditions, with share capital decreased by 242,816.00 yuan and capital reserve (share premium) decreased by 3,389,043.65 yuan.

Pursuant to the “Proposal on Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved at the 5th meeting of the fifth session of the Board of Directors and the 4th meeting of the fifth session of the Board of Supervisors on August 29, 2024, the Company was agreed to repurchase and cancel 24,348 shares held by grantees who had resigned. Pursuant to the “Proposal on Adjustment of the Price for Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved at the 8th meeting of the fifth session of the Board of Directors and the 6th meeting of the fifth session of the Board of Supervisors on October 14, 2024, the price of 19,488 shares to be repurchased and canceled was adjusted from 14.23 yuan per share to 13.98 yuan per share as a result of the Company’s 2024 interim profit distribution, as well as, the price of 4,860 shares was

adjusted from 15.38 yuan per share to 15.13 yuan per share. Pursuant to the “Measures for the Administration of Equity Incentives for Listed Companies” and the “2022 Restricted Share Incentive Plan of Yifeng Pharmacy Chain Co., Ltd.”, the Company repurchased and canceled a total of 24,348 restricted shares that had been granted but failed to meet the unlocking conditions, with share capital decreased by 24,348.00 yuan and capital reserve (share premium) decreased by 342,515.50 yuan.

54. Other equity instruments

(1) Basic information of other financial instruments such as preferred shares or perpetual bonds outstanding as of the balance sheet date

☐ Applicable ☒ Not Applicable

(2) Current period movements of financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

☒ Applicable ☐ Not Applicable

Items	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible bonds			17,974,320	221,582,841.00	135,000	16,642.46	17,839,320	221,566,198.54
Total			17,974,320	221,582,841.00	135,000	16,642.46	17,839,320	221,566,198.54

Information and reasons of Current period movements of financial instruments, accounting treatment and judgement basis

☐ Applicable ☒ Not Applicable

Other remarks

☒ Applicable ☐ Not Applicable

Please refer to section VII 45 of notes to the financial statements for details on other equity instruments.

55. Capital reserve

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	3,715,633,370.50	35,585,257.49	205,847,518.15	3,545,371,109.84
Other capital reserve	126,514,511.30	14,075,129.20	35,433,766.40	105,155,874.10
Total	3,842,147,881.80	49,660,386.69	241,281,284.55	3,650,526,983.94

Other remarks, including current period movements and reasons of movement

1) Current increase of share premium: a. 132,188.17 yuan was due to conversion of convertible bonds to shares, please refer to section VII 46 of notes to the financial statements for details; and b. 19,302.92 yuan was due to changes in equity (excluding net profit or loss) of the subsidiary Xinxing Pharmacy; c. 35,433,766.40 yuan was due to the vesting conditions satisfaction for the second vesting period of the initial grant and the first vesting period of the reserved grant under the 2022 Restricted Stock Incentive Plan.

2) Current decrease of share premium: a. 202,115,959.00 yuan was due to conversion of capital reserve to share capital, please refer to section VII 53 of notes to the financial statements for details; and b. 3,731,559.15 yuan was due to repurchase of restricted shares, please refer to section VII 53 of notes to the financial statements for details.

3) Other capital reserve increased by 14,075,129.20 yuan during the current period, representing share-based payment recognized for restricted shares issued in the current period; Other capital reserve decreased by 35,433,766.40 yuan during the current period was due to the vesting conditions satisfaction for the second vesting period of the initial grant and the first vesting period of the reserved grant under the 2022 Restricted Stock Incentive Plan.

56. Treasury shares

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
Restricted shares	42,238,481.15		38,473,945.57	3,764,535.58
Total	42,238,481.15		38,473,945.57	3,764,535.58

Other remarks, including current period movements and reasons of movement

Current decrease of treasury shares was due to the reversal of the unlocked restricted share repurchase obligation recognized before.

57. Other comprehensive income (OCI)

☒ Applicable ☐ Not Applicable

Items	Opening balance	Current period cumulative						Closing balance
		Net OCI after tax					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Items not to be reclassified subsequently to profit or loss	21,416,709.49	-92,253,600.00		-23,063,400.00	-69,190,200.00			-47,773,490.51
Including:Changes in fair value of other equity instrument investments	21,416,709.49	-92,253,600.00		-23,063,400.00	-69,190,200.00			-47,773,490.51
Total	21,416,709.49	-92,253,600.00		-23,063,400.00	-69,190,200.00			-47,773,490.51

Other remarks, including adjustments of initial recognition amount of hedging items from effective portion of cash flow hedging profits and losses

None

58. Special reserve

☐ Applicable ☒ Not Applicable

59. Surplus reserve

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
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Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	198,282,150.00	127,737,417.19		326,019,567.19
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Others				
Total	198,282,150.00	127,737,417.19		326,019,567.19

Other remarks

Current increase is due the appropriation of surplus reserve at 10% of the net profit generated by the parent company in the current period.

60. Undistributed profit

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	4,774,244,419.42	3,720,020,128.04
Add: Increase due to adjustment (or less: decrease)		-2,862,658.05
Opening balance after adjustment	4,774,244,419.42	3,717,157,469.99
Add: Net profit attributable to owners of the parent company	1,528,576,669.36	1,411,985,024.41
Less: Appropriation of statutory surplus reserve	127,737,417.19	66,216,102.98
Dividend payable on ordinary shares	808,404,059.75	288,681,972.00
Closing balance	5,366,679,611.84	4,774,244,419.42

Other remarks

Pursuant to the Proposal of Profit Distribution Plan of 2023 deliberated and approved at the 2023 Annual General Meeting of Shareholders on May 20, 2024, the Company distributed cash dividend of 0.5 yuan (tax inclusive) per share to all shareholders based on the total share capital of 1,010,579,797 shares, with cash dividend distributed totaled 505,289,898.50 yuan.

Pursuant to the Proposal of Interim Profit Distribution Plan of 2024 deliberated and approved at the 3rd Extraordinary General Meeting of Shareholders on September 23, 2024, the Company distributed cash dividend of 0.25 yuan (tax inclusive) per share to all shareholders based on the total share capital of 1,212,456,645 shares, with cash dividend distributed totaled 303,114,161.25 yuan.

61. Operating revenue/Operating cost

(1) Details of Operating revenue/Operating cost

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
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	Revenue	Cost	Revenue	Cost
Main operations	23,295,028,710.79	14,358,223,148.01	22,077,562,498.66	13,908,901,380.54
Other operations	767,125,990.94	50,087,391.41	510,664,903.56	48,697,474.20
Total	24,062,154,701.73	14,408,310,539.42	22,588,227,402.22	13,957,598,854.74
Including: Revenue from contracts with customers	24,030,302,853.49	14,377,292,681.84	22,558,356,331.72	13,934,497,823.10

(2) Breakdown of revenue

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

(3) Information related to performance obligations

☐ Applicable ☒ Not Applicable

(4) Transaction price allocated to the remaining performance obligations

☐ Applicable ☒ Not Applicable

(5) Significant changes in contracts or significant adjustments on transaction price

☐ Applicable ☒ Not Applicable

Other remarks

None

62. Taxes and surcharges

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	37,336,086.96	35,465,407.90
Education surcharge	16,857,857.68	15,674,596.23
Stamp duty	15,997,119.94	17,299,709.05
Local education surcharge	11,329,392.74	10,450,521.34
Housing property tax	11,263,762.17	7,838,151.74
Land use tax	2,638,594.71	2,630,372.52
Vehicle and vessel use tax	62,719.30	30,243.57
Total	95,485,533.50	89,389,002.35

Other remarks

None

63. Selling expenses

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
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Items	Current period cumulative	Preceding period comparative
Employee benefits	3,088,650,690.47	2,809,254,666.69
House rent and property fees	1,734,027,290.94	1,514,364,484.71
Advertising promotion and sales service fees	387,360,336.43	367,224,634.13
Amortization of long-term prepayments	264,925,013.28	181,370,295.07
Utility bills	180,871,319.70	144,656,651.36
Freight expenses	151,942,028.92	126,062,967.65
Depreciation and amortization	137,189,445.78	135,291,410.84
Office expenses	78,310,069.96	76,911,445.10
Organization expenses	44,224,968.70	41,632,349.38
Transportation and business travelling expenses	44,939,647.14	41,539,549.10
Others	66,935,019.22	49,141,705.99
Total	6,179,375,830.54	5,487,450,160.02

Other remarks

None

64. Administrative expenses

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Employee benefits	821,505,003.06	718,236,117.42
Depreciation	98,169,637.36	71,223,439.11
Business entertainment expenses	66,399,850.58	54,370,528.07
Consulting service fees	58,826,427.13	47,202,303.94
Share-based payments	14,075,129.20	41,169,112.30
Amortization of intangible assets	14,466,456.83	18,550,693.80
Amortization of low-value consumables	1,485,977.33	5,823,383.73
Others	7,953,259.64	5,849,281.11
Total	1,082,881,741.13	962,424,859.48

Other remarks

None

65. R&D expenses

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Amortization of Intangible assets	17,228,254.96	14,110,402.04

Items	Current period cumulative	Preceding period comparative
Material	10,779,879.55	13,798,816.73
Employee benefits	4,315,997.25	4,081,993.55
Depreciation	1,593,422.43	1,480,886.21
Others	18,258.06	77,886.38
Total	33,935,812.25	33,549,984.91

Other remarks

None

66. Financial expenses

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Interest expense	221,373,934.51	160,528,586.40
Less: Interest income	72,647,179.88	93,286,397.47
Financial institute charges	25,176,407.18	18,942,414.15
Total	173,903,161.81	86,184,603.08

Other remarks

None

67. Other income

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	440,711.63	401,359.91	
Government grants related to income	14,883,427.59	43,933,681.43	14,883,427.59
Tax deduction and exemption for small-scale taxpayer	36,909,089.03	25,856,801.13	
Refund of handling fees for withholding individual income tax	1,732,229.42	2,602,921.20	
VAT deduction and exemption for poverty alleviation personnel and veterans	3,770,699.40	3,340,149.99	
Total	57,736,157.07	76,134,913.66	14,883,427.59

Other remarks

None

68. Investment income

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
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Investment income from long-term equity investments under equity method	-901.40	316,574.96
Investment income from disposal of long-term equity investments	1,539,528.62	
Dividend income from other equity instrument investments	17,084,000.00	17,084,000.00
Investment income from financial instruments	89,506,157.27	24,958,558.90
Including: Financial assets classified as at fair value through profit or loss	89,506,157.27	24,958,558.90
Investment income from disposal of subsidiaries		13,074.67
Total	108,128,784.49	42,372,208.53

Other remarks

None

69. Gains on net exposure to hedging risk

☐ Applicable ☒ Not Applicable

70. Gains on changes in fair value

☐ Applicable ☒ Not Applicable

71. Credit impairment loss

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Bad debts	2,154,986.62	-4,537,333.68
Total	2,154,986.62	-4,537,333.68

Other remarks

None

72. Assets impairment loss

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-83,569,695.03	-72,633,545.68
Provision for impairment	-18,826,781.82	
Total	-102,396,476.85	-72,633,545.68

Other remarks

None

73. Gains on asset disposal

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed	2,203,836.52	1,460,232.34	2,203,836.52

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
assets			
Gains on disposal of Right-of-use assets	47,734,974.15	40,358,701.38	47,734,974.15
Total	49,938,810.67	41,818,933.72	49,938,810.67

Other remarks

None

74. Non-operating revenue

Details

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants [Note]	47,326.50	595,167.68	47,326.50
Compensation	1,467,251.54	1,385,890.73	1,467,251.54
Cash short and over	3,518,985.84	2,527,261.15	3,518,985.84
Exempted payments	504,898.05	1,109,567.13	504,898.05
Confiscatory income	1,676,173.16	1,475,505.71	1,676,173.16
Gains on scrapping of fixed assets	253,165.26	1,025,366.12	253,165.26
Others	5,267,426.07	4,586,164.89	5,267,426.07
Total	12,735,226.42	12,704,923.41	12,735,226.42

Other remarks

☐ Applicable ☒ Not Applicable

75. Non-operating expenditures

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	4,238,125.03	6,406,521.25	4,238,125.03
Penalty expenditures and overdue fines	2,177,267.32	937,491.87	2,177,267.32
Compensation expenses	17,090,281.63	3,132,097.54	17,090,281.63
Losses on scrapping of intangible assets	1,380,979.54	8,759,898.90	1,380,979.54
Losses on scrapping of fixed assets	2,708,685.67	4,991,790.85	2,708,685.67
Others	6,516,850.59	5,668,317.26	6,516,850.59
Total	34,112,189.78	29,896,117.67	34,112,189.78

Other remarks

None

76. Income tax expenses

(1) Details

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	528,074,503.13	477,407,759.56
Deferred income tax expenses	1,590,592.73	-20,744,785.07
Total	529,665,095.86	456,662,974.49

(2) Reconciliation of accounting profit to income tax expenses

☒ Applicable ☐ Not Applicable

Items	Current period cumulative
Profit before tax	2,182,447,381.72
Income tax expenses based on tax rate applicable to the parent company	545,611,845.43
Effect of different tax rate applicable to subsidiaries	-20,919,370.28
Effect of prior income tax reconciliation	2,437,872.61
Effect of non-taxable income	-56,242,210.08
Effect of non-deductible costs, expenses and losses	34,798,124.71
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-4,820,116.80
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	28,798,950.27
Income tax expenses	529,665,095.86

Other remarks

☐ Applicable ☒ Not Applicable

77. Other comprehensive income

☒ Applicable ☐ Not Applicable

Please refer to section VII 57 of notes to the financial statements for details.

78. Notes to items of the consolidated cash flow statement

(1) Cash flow related to operating activities

Other cash receipts related to operating activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Interest income	67,223,406.99	89,069,632.14

Items	Current period cumulative	Preceding period comparative
Government grants	14,930,754.09	44,337,282.43
Intercompany balances and others	205,993,955.83	216,292,968.05
Deposits for notes		100,320,828.82
Total	288,148,116.91	450,020,711.44

Remarks on other cash receipts related to operating activities

None

Other cash payments related to operating activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Cash payments related to selling expenses	1,131,693,734.17	986,561,162.17
Cash payments related to administrative expenses	138,349,803.28	113,245,496.85
Cash payments related to financial expenses	25,176,407.18	18,942,414.15
Deposits for notes	292,375,602.70	
Intercompany balances and others	131,074,539.11	83,455,950.56
Total	1,718,670,086.44	1,202,205,023.73

Remarks on other cash payments related to operating activities

None

(2) Cash flow related to investing activities

Significant cash receipts related to investing activities

☐ Applicable ☒ Not Applicable

Significant cash payments related to investing activities

☐ Applicable ☒ Not Applicable

Other cash receipts related to investing activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Redemption of wealth management products and structured deposits	15,933,200,000.00	3,660,000,000.00
Receipt of interest income on wealth management products and structured deposits	81,812,371.92	22,480,295.18
Total	16,015,012,371.92	3,682,480,295.18

Remarks on other cash receipts related to investing activities

None

Other cash payments related to investing activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Payments for acquisition of wealth management products and structured deposits	18,751,600,000.00	5,388,100,000.00
Prepaid payments for equity transfer and store acquisition	25,385,007.48	15,650,000.00
Total	18,776,985,007.48	5,403,750,000.00

Remarks on other cash payments related to investing activities

None

(3) Cash flow related to financing activities

Other cash receipts related to financing activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Receipt of issuance of convertible bonds	1,783,932,000.00	
Total	1,783,932,000.00	

Remarks on other cash receipts related to financing activities

None

Other cash payments related to financing activities

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Payments for issuance costs of convertible bonds	4,123,275.09	1,230,000.00
Payments for interest arising from repurchase of equity incentive	103,140.68	45,677.44
Repurchase of restricted shares	3,998,723.15	3,521,408.00
Payments for house rent	1,605,039,929.05	1,602,759,502.03
Payments for acquisition of non-controlling interest		1,400,000.00
Total	1,613,265,067.97	1,608,956,587.47

Remarks on other cash payments related to financing activities

None

Changes in liabilities related to financing activities

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings		30,000,000.00	26,388.89			30,026,388.89

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Long-term borrowings (including long-term borrowings due within one year)	237,101,501.98		9,171,539.74	184,747,244.92		61,525,796.80
Lease liabilities (including lease liabilities due within one year)	3,560,492,755.24		1,551,959,889.43	1,528,609,456.24		3,583,843,188.43
Bonds payable (including bonds payable due within one year)		1,783,932,000.00	47,225,057.11		225,372,172.91	1,605,784,884.20
Subtotal	3,797,594,257.22	1,813,932,000.00	1,608,382,875.17	1,713,356,701.16	225,372,172.91	5,281,180,258.32

(4) Presentation of cash flows on a net basis

☐ Applicable ☒ Not Applicable

(5) Significant activities not involving cash receipts and payments

☐ Applicable ☒ Not Applicable

79. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

☒ Applicable ☐ Not Applicable

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,652,782,285.86	1,580,930,945.44
Add: Provision for assets impairment	102,396,476.85	72,633,545.68
Provision for credit impairment	-2,154,986.62	4,537,333.68
Depreciation of fixed assets, oil and gas assets, productive biological assets	239,555,369.91	185,915,002.19
Depreciation of right-of-use assets	1,611,028,570.24	1,430,310,433.50
Amortization of intangible assets	32,025,308.07	32,592,861.43
Amortization of long-term prepayments	264,925,013.28	182,972,564.91
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-49,938,810.67	-41,818,933.72
Fixed assets retirement loss (Less: gains)	3,836,499.95	12,726,323.63
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	174,148,877.40	160,528,586.40
Investment losses (Less: gains)	-108,128,784.49	-42,372,208.53
Decrease of deferred tax assets (Less: increase)	5,971,649.51	-16,654,154.77
Increase of deferred tax liabilities (Less: decrease)	-18,486,671.31	-4,090,630.30
Decrease of inventories (Less: increase)	-790,972,542.40	-261,544,910.25
Decrease of operating receivables (Less: increase)	-554,453,059.73	-258,276,649.06
Increase of operating payables (Less: decrease)	1,593,308,427.28	1,542,951,573.07

Supplementary information	Current period cumulative	Preceding period comparative
Others	65,423,461.40	42,399,112.30
Net cash flows from operating activities	4,221,267,084.53	4,623,740,795.60
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	2,160,797,870.52	2,468,580,139.60
Less: Cash at the beginning of the period	2,468,580,139.60	2,918,199,648.45
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-307,782,269.08	-449,619,508.85

(2) Net cash payments for the acquisition of subsidiaries

☐ Applicable ☒ Not Applicable

(3) Net cash receipt for the disposal of subsidiaries

☐ Applicable ☒ Not Applicable

(4) Composition of cash and cash equivalents

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
1) Cash	2,160,797,870.52	2,468,580,139.60
Including: Cash on hand	308,745.22	232,721.88
Cash in bank on demand for payment	2,109,513,471.76	2,468,347,417.72
Other cash and bank balances on demand for payment	50,975,653.54	
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	2,160,797,870.52	2,468,580,139.60
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(5) Cash and cash equivalents with use restrictions

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance	Reasons for use restrictions and for considered as cash and cash equivalents
Cash and bank balances	33,766,112.57	6,188,730.80	Raised funds

Items	Closing balance	Opening balance	Reasons for use restrictions and for considered as cash and cash equivalents
Subtotal	33,766,112.57	6,188,730.80	

(6) Cash and bank balances not considered as cash and cash equivalents

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023	Reasons for not considered as cash and cash equivalents
Cash and bank balances	1,418,127,706.70	1,097,325,599.21	Deposits and judicial frozen funds
Subtotal	1,418,127,706.70	1,097,325,599.21	

Other remarks

☐ Applicable ☒ Not Applicable

80. Notes to items of the consolidated statement of changes in equity

Remarks on other items of closing balance of previous year and changes in equity

☐ Applicable ☒ Not Applicable

81. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

☐ Applicable ☒ Not Applicable

(2) Remarks on foreign operations, including significant foreign operating entities, main operating place, functional currencies, basis for selection of functional currencies

☐ Applicable ☒ Not Applicable

82. Leases

(1) The Company as lessee

☒ Applicable ☐ Not Applicable

1) Please refer to section VII 25 of notes to the financial statements for details on right-of-use assets.

2) Please refer to section V 38 of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are 0 yuan:

3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	136,441,501.14	134,822,305.16
Income from subleasing right-of-use assets	29,800,701.50	29,620,319.17
Total cash outflows related to leases	1,605,039,929.05	1,602,159,315.01
Gains or losses arising from sale and leaseback transactions	20,892.80	5,700.00

4) Please refer to section XII of notes to the financial statements for details on maturity analysis of lease

liabilities and related liquidity risk management.

Variable lease payments included in profit or loss but not included in the measurement of lease liabilities

☐ Applicable ☒ Not Applicable

Rent expenses on short-term leases and low-value asset leases

☐ Applicable ☒ Not Applicable

Sale and leaseback transactions and judgement basis

☐ Applicable ☒ Not Applicable

The total amounts of cash payment related to lease are 1,605,039,929.05 yuan. (Expressed in Renminbi Yuan)

(2) The Company as lessor

Operating lease

☒ Applicable ☐ Not Applicable

Items	Lease income	Including: Income relating to variable lease payments not included in the measurement of the lease liabilities
Lease income	31,851,848.24	
Total	31,851,848.24	

Assets leased out under operating leases

Items	Closing balance	December 31, 2023
Fixed assets	6,037,117.95	989,950.87
Right-of-use assets	77,281,020.49	54,805,254.65
Subtotal	83,318,138.44	55,795,205.52

Finance lease

☐ Applicable ☒ Not Applicable

Reconciliation of undiscounted lease payments to net investment in the lease

☐ Applicable ☒ Not Applicable

Undiscounted lease payments to be received arising from leases based on the lease contract signed with lessee

☒ Applicable ☐ Not Applicable

Remaining years	Closing balance	December 31, 2023
Within 1 year	775,665.00	275,625.00
1-2 years	545,977.50	275,625.00
2-3 years	500,040.00	45,937.50
3-4 years	500,040.00	

4-5 years	500,040.00	
Over 5 years	562,050.00	
Total	3,383,812.50	597,187.50

(3) Recognition of profits and losses from finance lease sales as a manufacturer or dealer

☐ Applicable ☒ Not Applicable

Other remarks

None

83. Data resources

☐ Applicable ☒ Not Applicable

84. Others

☐ Applicable ☒ Not Applicable

VIII. R&D costs

1. R&D costs

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Amortization of intangible assets	17,228,254.96	14,110,402.04
Direct materials	10,779,879.55	13,798,816.73
Employee benefits	40,345,059.40	37,275,207.95
Depreciation	1,593,422.43	1,480,886.21
Others	18,258.06	77,886.38
Total	69,964,874.40	66,743,199.31
Including: R&D costs to be expensed	33,935,812.25	33,549,984.91
R&D costs to be capitalized	36,029,062.15	33,193,214.40

Other remarks

None

2. Development expenditures

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase		Decrease		Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred out into profit or loss	
Construction of O2O Healthcare Cloud Service Platform	3,496,698.64	36,029,062.15		34,120,861.60	2,180,555.23	3,224,343.96
Total	3,496,698.64	36,029,062.15		34,120,861.60	2,180,555.23	3,224,343.96

Capitalization of important R&D projects

☐ Applicable ☒ Not Applicable

Impairment of development expenditures

☐ Applicable ☒ Not Applicable

Other remarks

None

3. Important outsourced R&D projects in progress

☐ Applicable ☒ Not Applicable

IX. Changes in the consolidation scope

1. Business combination not under common control

☒ Applicable ☐ Not Applicable

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

☒ Applicable ☐ Not Applicable

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method	Acquisition date
Pingquan Xinxin Limin	January 2024	36,960,000.00	70.00	Equity transfer	January 2024
Wocheng Xinxing Ankang	August 2024	28,610,130.00	80.00		August 2024
Baoding Xinxing Kangshi	December 2024	14,320,000.00	80.00		December 2024
Nangong Xinxing Huakang	May 2024	22,400,000.00	70.00		May 2024
Xingtai Xinxing Kangze	June 2024	18,200,000.00	70.00		June 2024
Handan Xinxing Kangheng	April 2024	16,100,000.00	70.00		April 2024
Handan Xinxing Shengde	March 2024	15,400,000.00	70.00		March 2024
Jize Renkang Xinxing	March 2024	5,390,000.00	70.00		March 2024
Kunshan Yifeng Huasheng	September 2024	12,600,000.00	70.00		September 2024

(Continued)

Acquirees	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end	Acquiree's cash flows from acquisition date to period end		
				Net inflows from operating activities	Net inflows from investing activities	Net inflows from financing activities
Pingquan Xinxin Limin	Complete the property handover procedures and achieve substantial control over the acquirees	64,827,014.80	2,575,219.93	4,524,311.37	-1,165,109.83	-2,997,456.00
Wocheng Xinxing Ankang		23,726,326.94	-1,123,415.68	4,151,350.43	-135,865.87	-3,994,736.99
Baoding Xinxing Kangshi		9,666,930.93	-1,461,971.13	3,555,509.73	-167,095.09	-3,275,712.32
Nangong Xinxing Huakang		40,440,261.84	-2,578,014.79	5,164,492.33	-416,654.59	-4,731,233.03
Xingtai Xinxing Kangze		23,765,597.28	-108,256.30	2,360,331.13	-526,332.28	-1,769,450.91

Acquirees	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end	Acquiree's cash flows from acquisition date to period end		
				Net inflows from operating activities	Net inflows from investing activities	Net inflows from financing activities
Handan Xinxing Kangheng		28,368,404.49	-795,908.18	2,831,039.92	-1,003,965.75	-1,805,676.40
Handan Xinxing Shengde		22,598,317.54	574,730.28	1,629,091.27	-574,222.46	-1,029,054.81
Jize Renkang Xinxing		13,921,974.48	-70,092.35	1,166,282.38	-350,541.62	-810,531.52
Kunshan Yifeng Huasheng		9,654,258.15	-1,474,804.49	4,137,735.14	-298,417.10	-2,841,268.02

(2) Combination costs and goodwill

☒ Applicable ☐ Not Applicable

Items	Pingquan Xinxin Limin	Wocheng Xinxing Ankang	Baoding Xinxing Kangshi	Nangong Xinxing Huakang
Combination costs	36,960,000.00	28,610,130.00	14,320,000.00	22,400,000.00
Cash	36,960,000.00	28,610,130.00	14,320,000.00	22,400,000.00
Total combination costs	36,960,000.00	28,610,130.00	14,320,000.00	22,400,000.00
Less: Share of fair value of net identifiable assets acquired	3,074,765.35	2,960,000.00	1,520,000.00	2,100,000.00
Goodwill	33,885,234.65	25,650,130.00	12,800,000.00	20,300,000.00

(Continued)

Items	Xingtai Xinxing Kangze	Handan Xinxing Kangheng	Handan Xinxing Shengde	Jize Renkang Xinxing
Combination costs	18,200,000.00	16,100,000.00	15,400,000.00	5,390,000.00
Cash	18,200,000.00	16,100,000.00	15,400,000.00	5,390,000.00
Total combination costs	18,200,000.00	16,100,000.00	15,400,000.00	5,390,000.00
Less: Share of fair value of net identifiable assets acquired	1,820,000.00	1,610,000.00	1,400,000.00	539,000.00
Goodwill	16,380,000.00	14,490,000.00	14,000,000.00	4,851,000.00

(Continued)

Items	Kunshan Yifeng Huasheng
Combination costs	12,600,000.00
Cash	12,600,000.00
Total combination costs	12,600,000.00
Less: Share of fair value of net identifiable assets acquired	700,000.00
Goodwill	11,900,000.00

Determination method of fair value of combination costs, contingent considerations and their movements

☐ Applicable ☒ Not Applicable

Completion of performance commitment

☐ Applicable ☒ Not Applicable

Main reasons for goodwill in large amount

☒ Applicable ☐ Not Applicable

Large amounts of goodwill are formed by the difference between the combination costs and shares of fair value of net identifiable assets acquired

Other remarks

In October 2023, the Company's subsidiary Xinxing Pharmacy, Ma Limin, Gao Guirong, and Pingquan Limin Pharmacy Chain Co., Ltd. signed the "Framework Agreement on the Restructuring and Acquisition of Pingquan Limin Pharmacy Chain Co., Ltd.". Pursuant to the agreement, the third party which designated and actually controlled by Ma Limin and Gao Guirong contributed capital to set up Pingquan Xinxin Limin prior to November 15, 2023, and completed the injection of the entire business and related assets of Pingquan Limin Pharmacy Chain Co., Ltd. to Pingquan Xinxin Limin prior to January 31, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Pingquan Xinxin Limin held by Ma Limin, Gao Guirong and the designated third party at a consideration of 33.60 million yuan. The equity transfer and registration in administration for market regulation had been completed in January 2024.

In January 2024, the Company's subsidiary Xinxing Pharmacy, Meng Lingyang, Zhao Huisheng, Wang Fengying, Li Shuqin, and Hebei Wocheng Ankang Medicine Chain Co., Ltd. signed the "Framework Agreement on the Restructuring and Acquisition of Hebei Wocheng Ankang Medicine Chain Co., Ltd.". Pursuant to the agreement, the third party which designated and actually controlled by Meng Lingyang, Zhao Huisheng, Wang Fengying, and Li Shuqin contributed capital to set up Wocheng Xinxing Ankang prior to March 15, 2024, and completed the injection of the entire business and related assets of Hebei Wocheng Ankang Medicine Chain Co., Ltd. to Wocheng Xinxing Ankang prior to April 30, 2024. After the injection of business and assets, the Company acquired 80.00% of equity of Wocheng Xinxing Ankang held by Meng Lingyang, Zhao Huisheng, Wang Fengying, Li Shuqin and the designated third party at a consideration of 29.60 million yuan. The equity transfer and registration in administration for market regulation had been completed in August 2024.

In May 2024, the Company's subsidiary Xinxing Pharmacy, Li Yonghui, Guo Tao, Lang Yanxiu and Baoding Bailixi Kangshi Medicine Sales Co., Ltd. signed the "Framework Agreement on the Restructuring and Acquisition of Baoding Bailixi Kangshi Medicine Sales Co., Ltd.". Pursuant to the agreement, the third party which designated and actually controlled by Li Yonghui, Guo Tao, and Lang Yanxiu contributed capital to set up Baoding Xinxing Kangshi prior to June 25, 2024, and completed the injection of the entire business and related assets of Baoding Bailixi Kangshi Medicine Sales Co., Ltd. to Pingquan Xinli Limin prior to February 28, 2024. After the injection of business and assets, the Company acquired 80.00% of equity of Baoding Xinxing Kangshi held by Li Yonghui, Guo Tao, Lang Yanxiu and the designated third party at a consideration of 15.20 million yuan. The equity transfer and registration in administration for market regulation had been completed in December 2024.

In November 2023, the Company's subsidiary Xinxing Pharmacy, Wang Tao, Liu Yinghui, and Nangong

Huakang Pharmacy Chain Co., Ltd. signed the “Framework Agreement on the Restructuring and Acquisition of Nangong Huakang Pharmacy Chain Co., Ltd.”. Pursuant to the agreement, the third party which designated and actually controlled by Wang Tao and Liu Yinghui contributed capital to set up Nangong Xinxing Huakang prior to December 31, 2023, and completed the injection of the entire business and related assets of Nangong Huakang Pharmacy Chain Co., Ltd. to Nangong Xinxing Huakang prior to February 28, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Nangong Xinxing Huakang held by Wang Tao, Liu Yinghui and the designated third party at a consideration of 22.40 million yuan. The equity transfer and registration in administration for market regulation had been completed in May 2024.

In March 2024, the Company’s subsidiary Xinxing Pharmacy, Song Hongyun and Hebei Kangze Pharmaceutical Trading Chain Co., Ltd. signed the “Framework Agreement on the Restructuring and Acquisition of Hebei Kangze Pharmaceutical Trading Chain Co., Ltd.”. Pursuant to the agreement, the third party which designated and actually controlled by Song Hongyun contributed capital to set up Xingtai Xinxing Kangze prior to April 30, 2024, and completed the injection of the entire business and related assets of Hebei Kangze Pharmaceutical Trading Chain Co., Ltd. to Xingtai Xinxing Kangze prior to June 30, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Xingtai Xinxing Kangze held by Song Hongyun and the designated third party at a consideration of 18.20 million yuan. The equity transfer and registration in administration for market regulation had been completed in June 2024.

In December 2023, the Company’s subsidiary Xinxing Pharmacy, Tan Hongen, Zhang Chunping and Handan Kangheng Baixing Pharmacy Chain Co., Ltd. signed the “Framework Agreement on the Restructuring and Acquisition of Handan Kangheng Baixing Pharmacy Chain Co., Ltd.”. Pursuant to the agreement, the third party which designated and actually controlled by Tan Hongen and Zhang Chunping contributed capital to set up Handan Xinxing Kangheng prior to February 20, 2024, and completed the injection of the entire business and related assets of Handan Kangheng Baixing Pharmacy Chain Co., Ltd. to Handan Xinxing Kangheng prior to March 31, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Handan Xinxing Kangheng held by Tan Hongen, Zhang Chunping and the designated third party at a consideration of 16.10 million yuan. The equity transfer and registration in administration for market regulation had been completed in April 2024.

In December 2023, the Company’s subsidiary Xinxing Pharmacy, Lu Dezhi and Handan Shengde Pharmacy Medicine Chain Co., Ltd. signed the “Framework Agreement on the Restructuring and Acquisition of Handan Shengde Pharmacy Medicine Chain Co., Ltd.”. Pursuant to the agreement, the third party which designated and actually controlled by Lu Dezhi contributed capital to set up Handan Xinxing Shengde prior to January 31, 2024, and completed the injection of the entire business and related assets of Handan Shengde Pharmacy Medicine Chain Co., Ltd. to Handan Xinxing Shengde prior to February 28, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Handan Xinxing Shengde held by Lu Dezhi and the designated third party at a consideration of 15.40

million yuan. The equity transfer and registration in administration for market regulation had been completed in March 2024.

In December 2023, the Company's subsidiary Xinxing Pharmacy, Qin Wei and Jize Renkang Medicine Chain Co., Ltd. signed the "Framework Agreement on the Restructuring and Acquisition of Jize Renkang Medicine Chain Co., Ltd.". Pursuant to the agreement, the third party which designated and actually controlled by Qin Wei contributed capital to set up Jize Renkang Xinxing prior to February 20, 2024, and completed the injection of the entire business and related assets of Jize Renkang Medicine Chain Co., Ltd. to Jize Renkang Xinxing prior to March 31, 2024. After the injection of business and assets, the Company acquired 70.00% of equity of Jize Renkang Xinxing held by Qin Wei and the designated third party at a consideration of 5.39 million yuan. The equity transfer and registration in administration for market regulation had been completed in March 2024.

In March 2024, the Company's subsidiary Jiangsu Yifeng, Dai Yukuai, Wang Xinli and Kunshan Huasheng Pharmacy Chain Co., Ltd. signed the "Framework Agreement on the Equity Transfer of Kunshan Huasheng Pharmacy Chain Co., Ltd.". Pursuant to the agreement, Jiangsu Yifeng acquired 70.00% of equity of Kunshan Huasheng Pharmacy Chain Co., Ltd. held by Dai Yukuai and Wang Xinli at the consideration of 12.60 million yuan. The equity transfer and registration in administration for market regulation had been completed in September 2024, and its name has been changed to Kunshan Yifeng Huasheng Pharmacy Chain Co., Ltd.

(3) Acquisition-date identifiable assets and liabilities of acquirees

☒ Applicable ☐ Not Applicable

Items	Pingquan Xinxin Limin		Wocheng Xinxing Ankang		Baoding Xinxing Kangshi	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets	14,434,604.76	14,434,604.76	3,700,000.00	3,700,000.00	1,900,000.00	1,900,000.00
Cash and bank balances	25,339.05	25,339.05				
Receivables	83,694.34	83,694.34				
Other receivables	132,105.90	132,105.90	3,700,000.00	3,700,000.00	1,900,000.00	1,900,000.00
Advances paid						
Inventories	10,096,882.58	10,096,882.58				
Fixed assets						
Right-of-use assets	3,415,019.75	3,415,019.75				
Intangible assets						
Long-term prepayments						
Deferred tax assets	681,563.14	681,563.14				
Other assets						
Liabilities	10,042,082.83	10,042,082.83				

Items	Pingquan Xinxin Limin		Wocheng Xinxing Ankang		Baoding Xinxing Kangshi	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Accounts payable	359,972.95	359,972.95				
Advances received	150.30	150.30				
Employee benefits payable	205,298.43	205,298.43				
Taxes and rates payable	600.02	600.02				
Other payables	5,959,027.56	5,959,027.56				
Lease liabilities	2,663,278.63	2,663,278.63				
Deferred tax liabilities	853,754.94	853,754.94				
Other liabilities						
Net assets	4,392,521.93	4,392,521.93	3,700,000.00	3,700,000.00	1,900,000.00	1,900,000.00
Less: Non-controlling interest	1,317,756.58	1,317,756.58	740,000.00	740,000.00	380,000.00	380,000.00
Net assets acquired	3,074,765.35	3,074,765.35	2,960,000.00	2,960,000.00	1,520,000.00	1,520,000.00

(Continued)

Items	Nangong Xinxing Huakang		Xingtai Xinxing Kangze		Handan Xinxing Kangheng	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets	3,000,000.00	3,000,000.00	2,600,000.00	2,600,000.00	2,300,000.00	2,300,000.00
Cash and bank balances						
Receivables						
Other receivables	3,000,000.00	3,000,000.00	2,600,000.00	2,600,000.00	2,300,000.00	2,300,000.00
Advances paid						
Inventories						
Fixed assets						
Right-of-use assets						
Intangible assets						
Long-term prepayments						
Deferred tax assets						
Other assets						
Liabilities						
Accounts payable						
Advances received						
Employee benefits payable						
Taxes and rates payable						
Other payables						

Items	Nangong Xinxing Huakang		Xingtai Xinxing Kangze		Handan Xinxing Kangheng	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Lease liabilities						
Deferred tax liabilities						
Other liabilities						
Net assets	3,000,000.00	3,000,000.00	2,600,000.00	2,600,000.00	2,300,000.00	2,300,000.00
Less: Non-controlling interest	900,000.00	900,000.00	780,000.00	780,000.00	690,000.00	690,000.00
Net assets acquired	2,100,000.00	2,100,000.00	1,820,000.00	1,820,000.00	1,610,000.00	1,610,000.00

(Continued)

Items	Handan Xinxing Shengde		Jize Renkang Xinxing		Kunshan Yifeng Huasheng	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets	2,000,000.00	2,000,000.00	770,000.00	770,000.00	5,863,082.99	5,863,082.99
Cash and bank balances					305,668.43	305,668.43
Receivables					1,361,582.71	1,361,582.71
Other receivables	2,000,000.00	2,000,000.00	770,000.00	770,000.00	514,893.05	514,893.05
Advances paid					979,684.12	979,684.12
Inventories					2,701,254.68	2,701,254.68
Fixed assets						
Right-of-use assets						
Intangible assets						
Long-term prepayments						
Deferred tax assets						
Other assets						
Liabilities					4,863,082.99	4,863,082.99
Accounts payable					562,033.73	562,033.73
Advances received						
Employee benefits payable					321,148.45	321,148.45
Taxes and rates payable					225,630.46	225,630.46
Other payables					3,754,270.35	3,754,270.35
Lease liabilities						
Deferred tax liabilities						
Other liabilities						
Net assets	2,000,000.00	2,000,000.00	770,000.00	770,000.00	1,000,000.00	1,000,000.00
Less: Non-controlling interest	600,000.00	600,000.00	231,000.00	231,000.00	300,000.00	300,000.00
Net assets acquired	1,400,000.00	1,400,000.00	539,000.00	539,000.00	700,000.00	700,000.00

Fair value determination method on identifiable assets and liabilities

The fair value of identifiable assets and liabilities is determined based on “Value Consulting Report on the Operating Asset Groups of 55 Retail Pharmacies and 2 Clinics Owned by Pingquan Limin Pharmacy Chain Co., Ltd. Proposed to be Acquired by Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.” (Jing Kun Ping Zi Zi [2023] No. 0172); “Value Consulting Report on the Operating Asset Groups of 67 Retail Pharmacies Owned by Nangong Huakang Pharmacy Chain Co., Ltd. Proposed to be Acquired by Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.” (Jing Kun Ping Zi Zi [2023] No. 0175); “Value Consulting Report on the Operating Asset Groups of 35 Retail Pharmacies Owned by Handan Kangheng Baixing Pharmacy Chain Co., Ltd. Proposed to be Acquired by Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.” (Jing Kun Ping Zi Zi [2023] No. 0177) and “Value Consulting Report on the Operating Asset Groups of 35 Retail Pharmacies Owned by Handan Shengde Pharmacy Medicine Chain Co., Ltd. Proposed to be Acquired by Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.” (Jing Kun Ping Zi Zi [2023] No. 0179).

Contingent liabilities of acquirees assumed in business combination

None

Other remarks

None

(4) Gains/Losses on fair value remeasurement of equity held before the acquisition date

Whether there is a transaction that achieves corporate merger through multiple transactions step by step and obtains control rights within the reporting period

☐ Applicable ☒ Not Applicable

(5) Combination costs or fair value of acquiree’s identifiable assets/liabilities failed to be reasonably determined at the acquisition date or at the end of current period

☐ Applicable ☒ Not Applicable

(6) Other remarks

☐ Applicable ☒ Not Applicable

2. Business combination under common control

☐ Applicable ☒ Not Applicable

3. Reverse acquisition

☐ Applicable ☒ Not Applicable

4. Disposal of subsidiaries

One-time disposal leading to loss of control over a subsidiary

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Disposal of subsidiaries in stages leading to loss of control in the current period

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

5. Changes in the consolidation scope due to other reasons

Remarks on changes in the consolidation scope due to other reasons

☒ Applicable ☐ Not Applicable

1. Entities brought into the consolidation scope

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution (%)
Baoding Xinxing Medical Health Management Co., Ltd.	Establishment	July 2024	30,000,000.00	100.00% [Note 1]
Tangshan Yifeng Xinxing Pharmacy Co., Ltd.	Establishment	May 2024		70.00% [Note 2]
Hunan Yifeng Hengyuan Medicine Co., Ltd.	Establishment	February 2024		100.00% [Note 3]
Jiangsu Yifeng Hengyuan Medicine Co., Ltd.	Establishment	January 2024		100.00% [Note 4]
Jiangsu Jiuzhou Ruize Medicine Co., Ltd.	Establishment	April 2024	10,000,000.00	100.00% [Note 5]
Xianning Yifeng Pharmacy Chain Co., Ltd.	Establishment	August 2024		100.00% [Note 6]
Jingmen Yifeng Pharmacy Chain Co., Ltd.	Establishment	August 2024		100.00% [Note 7]
Jiangxi Jiuzhitang Pharmacy Chain Co., Ltd.	Establishment	March 2024	1,000,000.00	100.00% [Note 8]
Hunan Yifeng Core Technology Co., Ltd.	Establishment	November 2024		100.00%
Jinkang Medical Health Industry (Hainan) Co., Ltd.	Establishment	April 2024	1,000,000.00	100.00% [Note 9]
Nanjing Jinkang Medical Management Co., Ltd.	Establishment	May 2024	1,000,000.00	100.00% [Note 10]
Dongtai Jinkang Medical Management Co., Ltd.	Establishment	November 2024		70.00% [Note 10]
Hunan Jinkang Medical Industry Management Co., Ltd.	Establishment	May 2024	1,000,000.00	100.00% [Note 11]
Youxian Jinkang Medical Industry Management Co., Ltd.	Establishment	November 2024		100.00% [Note 11]
Shuangfeng Jinkang Medical Industry Management Co., Ltd.	Establishment	October 2024		100.00% [Note 11]
Zhuzhou Jinkang Medical Industry Management Co., Ltd.	Establishment	July 2024	10,000.00	100.00% [Note 11]
Jinkang Medical Industry Management	Establishment	June 2024	30,000.00	100.00% [Note 11]

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution (%)
Co., Ltd., Changqing Street, Louxing District, Loudi City				
Guangzhou Jinkang Medical Health Industry Co., Ltd.	Establishment	May 2024		100.00% [Note 12]
Guangzhou Gangqian Jinkang Medical Health Industry Co., Ltd.	Establishment	September 2024		100.00% [Note 12]
Guangzhou Yili Jinkang Medical Health Industry Co., Ltd.	Establishment	July 2024		100.00% [Note 12]
Guangzhou Kangli Jinkang Medical Health Industry Co., Ltd.	Establishment	June 2024		100.00% [Note 12]
Jiangxi Jinkang Medical Management Co., Ltd.	Establishment	May 2024		100.00% [Note 13]
Nanchang Fenglu Jinkang Clinic Co., Ltd.	Establishment	December 2024		100.00% [Note 13]
Nanchang Xiangxie Jinkang Medical Management Co., Ltd.	Establishment	June 2024		100.00% [Note 13]
Nanchang Yuecheng Jinkang Medical Management Co., Ltd.	Establishment	June 2024		100.00% [Note 13]
Hubei Jinkang Medical Health Co., Ltd.	Establishment	May 2024		100.00% [Note 14]
Jinkang Clinic Co., Ltd., Yunheyuan, Qiaokou District, Wuhan City	Establishment	November 2024		100.00% [Note 14]
Jinkang Integrated Traditional Chinese and Western Medicine Clinic Co., Ltd., Qingniancheng, Jiangxia District, Wuhan City	Establishment	June 2024		100.00% [Note 14]
Wuhan Qingshi Jinkang Medical Health Co., Ltd.	Establishment	June 2024		100.00% [Note 14]
Wuhan Guanhu Jingzhu Jinkang Medical Health Co., Ltd.	Establishment	June 2024		100.00% [Note 14]
Shijiazhuang Jinkang Medical Industry Development Co., Ltd.	Establishment	May 2024	1,000,000.00	100.00% [Note 15]
Yanshan Jinkang Medical Service Co., Ltd., Fengrun District, Tangshan City	Establishment	December 2024		70.00% [Note 15]
Shijiazhuang Zhande Jinkang Medical Service Co., Ltd.	Establishment	December 2024		100.00% [Note 15]
Shijiazhuang Nuodian Jinkang Medical Service Co., Ltd.	Establishment	December 2024		100.00% [Note 15]

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution (%)
Chenkang Jinkang Medical Service Co., Ltd., Chang'an District, Shijiazhuang City	Establishment	November 2024	30,000.00	100.00% [Note 15]
Shangyu Jinkang Medical Service Co., Ltd., Chang'an District, Shijiazhuang City	Establishment	November 2024	30,000.00	100.00% [Note 15]
Hengshui Jinkang Medical Co., Ltd.	Establishment	June 2024	100,000.00	100.00% [Note 15]

Note 1: The Company holds 91% of equity of Xinxing Pharmacy, and Xinxing Pharmacy holds 100% of equity of Baoding Xinxing Medical Health Management Co., Ltd.

Note 2: The Company holds 91% of equity of Hebei Xinxing Pharmacy Chain Co., Ltd., and Hebei Xinxing Pharmacy Chain Co., Ltd. holds 70% of equity of Tangshan Yifeng Xinxing Pharmacy Co., Ltd.

Note 3: The Company holds 100% of equity of Hunan Yifeng Medicine, Hunan Yifeng Medicine holds 100% of the equity of Hengxiutang Pharmaceutical, and Hengxiutang Pharmaceutical holds 100% of the equity of Hunan Yifeng Hengyuan Medicine Co., Ltd.

Note 4: The Company holds 100% of equity of Jiangsu Yifeng, Jiangsu Yifeng holds 100% of equity of Jiangsu Yifeng Medicine Co., Ltd., and Jiangsu Yifeng Medicine Co., Ltd. holds 100% of equity of Jiangsu Yifeng HengyuanMedicine Co., Ltd.

Note 5: The Company holds 100% of equity of Jiangsu Yifeng, Jiangsu Yifeng holds 51% of equity of Jiuzhou Medicine, and Jiuzhou Medicine holds 100% of equity of Jiangsu Jiuzhou Ruize Medicine Co., Ltd.

Note 6: The Company holds 100% of equity of Hubei Yifeng Pharmacy Chain Co., Ltd., Hubei Yifeng Pharmacy Chain Co., Ltd. holds 80% of equity of Chibi Kanghua, and Chibi Kanghua holds 100% of equity of Xianning Yifeng Pharmacy Chain Co., Ltd.

Note 7: The Company holds 100% of equity of Hubei Yifeng Pharmacy Chain Co., Ltd., Hubei Yifeng Pharmacy Chain Co., Ltd. holds 100% of equity of Jingmen Yifeng Pharmacy Chain Co., Ltd.

Note 8: The Company holds 51% of equity of Jiuzhitang Medicine, Jiuzhitang Medicine holds 100% of equity of Hunan Jiuzhitang Retail Chain Co., Ltd., and Hunan Jiuzhintang Retail Chain Co., Ltd. holds 100% of equity of Jiangxi Jiuzhitang Pharmacy Chain Co., Ltd.

Note 9: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd.

Note 10: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Nanjing Jinkang Medical Management Co., Ltd., and Nanjing Jinkang Medical Management Co., Ltd. holds 70% of equity of Dongtai Jinkang Medical Management Co., Ltd.

Note 11: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Hunan Jinkang Medical Industry Management Co., Ltd., Hunan Jinkang Medical Industry Management Co., Ltd. holds 100% of equity of Youxian Jinkang Medical Industry Management Co., Ltd., 100% of equity of Shuangfeng Jinkang Medical Industry Management Co., Ltd., 100% of equity of Zhuzhou Jinkang Medical Industry Management Co., Ltd., and 100% of equity of Jinkang Medical Industry Management Co., Ltd., Changqing Street, Louxi District, Loudi City.

Note 12: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Guangzhou Jinkang Medical Health Industry Co., Ltd., Guangzhou Jinkang Medical Health Industry Co., Ltd. holds 100% of equity of Guangzhou Gangqian Jinkang Medical Health Industry Co., Ltd., 100% of equity of Guangzhou Yili Jinkang Medical Health Industry Co., Ltd., and 100% of equity of Guangzhou Kangli Jinkang Medical Health Industry Co., Ltd.

Note 13: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Jiangxi Jinkang Medical Management Co., Ltd., Jiangxi Jinkang Medical Management Co., Ltd. holds 100% of equity of Nanchang Fenglu Jinkang Clinic Co., Ltd., 100% of equity of Nanchang Xiangxie Jinkang Medical Management Co., Ltd. and 100% of equity of Nanchang Yuecheng Jinkang Medical Management Co., Ltd.

Note 14: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Hubei Jinkang Medical Health Co., Ltd., Hubei Jinkang Medical Health Co., Ltd. holds 100% of equity of Jinkang Clinic Co., Ltd., Yunheyuan, Qiaokou District, Wuhan City, 100% of equity of Jinkang Integrated Traditional Chinese and Western Medicine Clinic Co., Ltd., Qingniancheng, Jiangxia District, Wuhan City, 100% of equity of Wuhan Qingshi Jinkang Medical Health Co., Ltd., and 100% of equity of Wuhan Guanhu Jingzhu Jinkang Medical Health Co., Ltd.

Note 15: The Company holds 100% of equity of Hainan Yifeng Internet Hospital Co., Ltd., Hainan Yifeng Internet Hospital Co., Ltd. holds 100% of equity of Jinkang Medical Health Industry (Hainan) Co., Ltd., Jinkang Medical Health Industry (Hainan) Co., Ltd. holds 100% of equity of Shijiazhuang Jinkang Medical Industry Development Co., Ltd., Shijiazhuang Jinkang Medical Industry Development Co., Ltd. holds 70% of equity of Yanshan Jinkang Medical Service Co., Ltd., Fengrun District, Tangshan City, 100% of equity of Shijiazhuang Zhande Jinkang Medical Service Co., Ltd., 100% of equity of Shijiazhuang Nuodian Jinkang Medical Service Co., Ltd., 100% of equity of Chenkang Jinkang Medical

Service Co., Ltd., Chang'an District, Shijiazhuang City, 100% of equity of Shangyu Jinkang Medical Service Co., Ltd., Chang'an District, Shijiazhuang City and 100% of equity of Hengshui Jinkang Medical Co., Ltd.

2. Entities excluded from the consolidation scope

Name of entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Nanjing Xinzhuozhang Pharmacy Co., Ltd.	Cancellation	February 2024		-3.32
Shanghai Yifeng Xulian Pharmacy Co., Ltd.	Cancellation	April 2024		-4,223.40
Shanghai Yifeng Xinchuan Pharmacy Co., Ltd.	Cancellation	November 2024		-147,440.75
Shanghai Yifeng Jinchuan Pharmacy Co., Ltd.	Cancellation	November 2024		-245,710.23
Shanghai Yifeng Gaofang Pharmacy Co., Ltd.	Cancellation	May 2024		3,507.36
Shanghai Yifeng Longshuntang Traditional Chinese Medicine Clinic Co., Ltd.	Cancellation	April 2024		

6. Other remarks

☐ Applicable ☒ Not Applicable

V. Interest in other entities

1. Interest in subsidiaries

(1) Composition of the consolidation scope

☒ Applicable ☐ Not Applicable

Subsidiaries	Main operating place	Registration capital (CN¥ 10,000)	Place of registration	Business nature	Holding proportion (%)		Acquisition method
					Direct	Indirect	
Hunan Yifeng Medicine	Hunan	15,000.00	Changsha	Business	100.00		Business combination under common control
Jiangsu Yifeng	Jiangsu	15,000.00	Nanjing	Business	100.00		Business combination under common control

Remarks on inconsistency between holding proportion and voting right proportion in subsidiaries

None

Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights

None

Basis for control of significant structured entities brought into the consolidation scope

None

Basis for determining an entity being acting as an agent or a principal

None

Other remarks

The Company has brought subsidiaries including Xinxing Pharmacy, Jiangsu Yifeng Pharmacy Chain Co., Ltd. (the “Jiangsu Yifeng”), Shanghai Yifeng Pharmacy Chain Co., Ltd. (the “Shanghai Yifeng”), Jiangxi Yifeng Pharmacy Chain Co., Ltd. (the “Jiangxi Yifeng”), Hunan Yifeng Medicine Co., Ltd. (the “Hunan Yifeng Medicine”), and Jiuzhitang Medicine into the consolidation scope..

(2) Significant not wholly-owned subsidiaries

☐ Applicable ☒ Not Applicable

(3) Main financial information of significant not wholly-owned subsidiaries

☐ Applicable ☒ Not Applicable

(4) Significant restriction on use of the group assets and liquidation of the group liabilities

☐ Applicable ☒ Not Applicable

(5) Financial and other support provided for structured entities brought into the consolidation scope

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

2. Transactions resulting in changes in subsidiaries' equity but without losing control

☐ Applicable ☒ Not Applicable

3. Interest in joint ventures or associates

☐ Applicable ☒ Not Applicable

(1). Significant joint ventures or associates

☐ Applicable ☒ Not Applicable

(2). Main financial information of significant joint ventures

☐ Applicable ☒ Not Applicable

(3). Main financial information of significant associates

☐ Applicable ☒ Not Applicable

(4). Aggregated financial information of insignificant joint ventures and associates

☒ Applicable ☐ Not Applicable

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Joint ventures		

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Total carrying amount of investments		5,565,690.31
Proportionate shares in the following items		
Net profit		316,574.96
Other comprehensive income		
Total comprehensive income		316,574.96

Other remarks

None

(5). Significant restrictions on remittance of fund from joint ventures or associates to the Company

☐ Applicable ☒ Not Applicable

(6). Excess losses incurred by joint ventures or associates

☐ Applicable ☒ Not Applicable

(7). Unrecognized commitments related to investments in joint ventures

☐ Applicable ☒ Not Applicable

(8). Contingent liabilities related to investments in joint ventures or associates

☐ Applicable ☒ Not Applicable

4. Significant joint operations

☐ Applicable ☒ Not Applicable

5. Interest in unconsolidated structured entities

Remarks on unconsolidated structured entities

☐ Applicable ☒ Not Applicable

6. Others

☐ Applicable ☒ Not Applicable

XI. Government grants

1. Government grants recognized based on receivables

☐ Applicable ☒ Not Applicable

Reasons for not receiving government grants receivable at the expected time point

☐ Applicable ☒ Not Applicable

2. Liabilities related to government grants

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	54,073,353.64		440,711.63	

Items	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Subtotal	54,073,353.64		440,711.63	

(Continued)

Items	Amount offsetting costs	Amount offsetting assets	Other changes	Closing balance	Related to assets/Related to income
Deferred income				53,632,642.01	Related to assets
Subtotal				53,632,642.01	

3. Government grants included into profit or loss

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Related to assets	440,711.63	401,359.91
Related to income	14,883,427.59	43,933,681.43
Other	47,326.50	595,167.68
Total	15,371,465.72	44,930,209.02

Other remarks

None

XII. Risks related to financial instruments

1. Financial instruments risks

☒ Applicable ☐ Not Applicable

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has

increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section X (VII) 5 and 9 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31 2024, 28.28% (December 31, 2023: 26.44%) of the total accounts receivable was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings (including due within one year)	91,552,185.69	92,314,713.47	92,314,713.47		
Notes payable	7,537,483,385.03	7,537,483,385.03	7,537,483,385.03		
Accounts payable	1,954,806,180.26	1,954,806,180.26	1,954,806,180.26		
Other payable	772,207,599.54	772,207,599.54	772,207,599.54		
Lease liabilities (including due within one year)	3,583,843,188.43	3,836,585,345.73	1,365,059,572.17	2,392,662,932.96	78,862,840.60
Bonds payable (including due within one year)	1,605,784,884.20	1,920,502,940.37	8,375,896.43	41,879,482.15	1,870,247,561.79
Subtotal	15,545,677,423.15	16,113,900,164.40	11,730,247,346.90	2,434,542,415.11	1,949,110,402.39

(Continued)

Items	December 31, 2023
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	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings (including due within one year)	237,101,501.98	258,452,597.56	112,971,855.83	80,864,754.23	64,615,987.50
Notes payable	6,215,388,292.66	6,215,388,292.66	6,215,388,292.66		
Accounts payable	1,955,564,568.05	1,955,564,568.05	1,955,564,568.05		
Other payable	810,446,678.28	810,446,678.28	810,446,678.28		
Lease liabilities (including due within one year)	3,560,492,755.24	3,785,968,727.53	1,490,098,669.17	2,248,097,941.31	47,772,117.05
Bonds payable (including due within one year)					
Subtotal	12,778,993,796.21	13,025,820,864.08	10,584,470,063.99	2,328,962,695.54	112,388,104.55

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company is mainly operated in mainland China, whose main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

2. Hedging businesses

(1) Risk management of hedging businesses

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

(2) Conducting eligible hedging businesses and applying hedge accounting

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

(3) Reasons and effects of not applying hedge accounting

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

3. Financial assets transfer

(1) Basics condition of financial assets transfer

☐ Applicable ☒ Not Applicable

(2) Financial assets derecognized due to transfer

☐ Applicable ☒ Not Applicable

(3) Assets and liabilities arising from transferred but still involved financial assets

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

XIII. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

☒ Applicable ☐ Not Applicable

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial assets and other non-current financial assets			4,407,819,254.46	4,407,819,254.46
Financial assets classified as at fair value through profit or loss			4,407,819,254.46	4,407,819,254.46
Financial products			4,406,809,254.46	4,406,809,254.46
Equity instrument investments			1,010,000.00	1,010,000.00
2. Receivables financing			29,445,006.56	29,445,006.56
3. Other equity instrument investments	339,971,600.00			339,971,600.00
Total assets at recurring fair value measurement	339,971,600.00		4,437,264,261.02	4,777,235,861.02

2. Basis for determining level 1 fair value at recurring and non-recurring fair measurement

☒ Applicable ☐ Not Applicable

Level 1 fair value at recurring and non-recurring fair measurement is determined based on the closing price of the active market such as exchanges at the balance sheet date.

3. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair value measurement

☐ Applicable ☒ Not Applicable

4. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3

fair value at recurring and non-recurring fair measurement

☒ Applicable ☐ Not Applicable

As there is no significant change in the operating environment, operating situation and financial position of investees, the Company takes investment cost as the reasonable estimate of the fair value of equity instrument investments. The fair value of other equity instrument investments is measured based on the public market quotation.

The Company regards capital-guaranteed floating-income wealth management products as financial assets measured at fair value through profit or loss, and determines the fair value based on principal plus the market value of expected earnings as of the balance sheet date using expected cash flow model.

Due to the fact that the term of bank acceptance is relative short and the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company takes par value of bank acceptances as the reasonable estimate of their fair value.

5. Items for level 3 recurring fair value measurement, a reconciliation from the opening balances to the closing balances, and sensitive analysis on unobservable inputs

☐ Applicable ☒ Not Applicable

6. Items at recurring fair value measurement with inter-level transfer, and reasons and policies for determining inter-level transfer time

☐ Applicable ☒ Not Applicable

7. Changes in valuation techniques in the current period and reasons for changes

☐ Applicable ☒ Not Applicable

8. Fair value of financial assets and liabilities not at fair value

☐ Applicable ☒ Not Applicable

9. Other

☐ Applicable ☒ Not Applicable

XIV. Related party relationships and transactions**1. Parent company**

☒ Applicable ☐ Not Applicable

Parent company	Place of registration	Business nature	Registered capital (CN¥ 10,000)	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Ningbo Meishan Bonded Port Houxin Venture Capital Investment Partnership Enterprise (Limited Partnership)	Ningbo	Investment	66,330.7289	21.65	21.65

Remarks on the parent company

None

The Company's ultimate controlling party is Gao Yi.

Other remarks

None

2. Subsidiaries

Please refer to section X of notes to the financial statements for details on the Company's subsidiaries.

☐ Applicable ☒ Not Applicable

3. Joint ventures and associates of the Company

☐ Applicable ☒ Not Applicable

Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

4. Other related parties of the Company

☒ Applicable ☐ Not Applicable

Related parties	Relationships with the Company
Jiuzhitang Co., Ltd.	Holding 49% of equity of Jiuzhitang Medicine, which is a subsidiary of the Company
Jiuzhitang Pharmaceutical Trading Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Hunan Siqu Biopharmaceutical Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Chengdu Jiuzhitang Jinding Pharmaceutical Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Hainan Jiuzhitang Pharmaceutical Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
vJiuzhitang (Hunan) Health Management Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Taizhou Baixingren[Note]	Joint venture

Other remarks

Note: Taizhou Yifeng Baixingren Pharmacy Chain Co., Ltd. completed tax deregistration in February 2025 and is currently handling business deregistration.

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

☒ Applicable ☐ Not Applicable

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Jiuzhitang Co., Ltd.	Purchase of medicine	68,409,189.63	78,898,456.73
Jiuzhitang Co., Ltd.	Purchase of utilities, etc.	235,277.69	668,776.99
Jiuzhitang Pharmaceutical Trading Co., Ltd.	Purchase of medicine	17,550,237.16	27,125,278.46
Hunan Siqu Biopharmaceutical Co., Ltd.	Purchase of medicine	1,361,316.86	1,406,627.30
Chengdu Jiuzhitang Jinding Pharmaceutical Co., Ltd.	Purchase of medicine	10,844,228.53	4,433,047.85
Hainan Jiuzhitang Pharmaceutical Co., Ltd.	Purchase of medicine	676,741.07	695,787.60
Jiuzhitang (Hunan) Health Management Co., Ltd.	Purchase of medicine	1,649,240.09	13,187.96

Sale of goods and rendering of services

☒ Applicable ☐ Not Applicable

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Jiuzhitang (Hunan) Health Management Co., Ltd.	Sale of medicine	17,585,464.73	19,093,516.03
Jiuzhitang Pharmaceutical Trading Co., Ltd.	Sale of medicine		86,894.59

Remarks on purchase and sale of goods, rendering and receiving of services

☒ Applicable ☐ Not Applicable

Pursuant to the “Proposal on the Recognition of Daily Related Transactions in 2023 and the Estimation on Daily Related Transactions in 2024” deliberated and approved by the 39th meeting of the forth session of the Board of Directors dated April 26, 2024, it was estimated that the total amount of purchases and sales from the related party Jiuzhitang Co., Ltd. and its subsidiaries, will not exceed 175 million yuan in 2024. The actual amount incurred in 2024 did not exceed the approved transaction limit.

(2) Related party trust/contracting and consignment/outsourcing

The Company as the trustee or contractor

☐ Applicable ☒ Not Applicable

Remarks on related party trust/contracting

☐ Applicable ☒ Not Applicable

The Company as the trustor or contractee

☐ Applicable ☒ Not Applicable

Remarks on related party consignment/outsourcing

☐ Applicable ☒ Not Applicable

(3). Related party leases

The Company as the lessor

☐ Applicable ☒ Not Applicable

The Company as the lessee

☒ Applicable ☐ Not Applicable

Lessors	Types of assets leased	Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities		Variable lease payments not included in the measurement of lease liabilities	
		Current period cumulative	Preceding period comparative	Current period cumulative	Preceding period comparative
Jiuzhitang Co., Ltd.	Buildings and structures				

(Continued)

Lessors	Types of assets leased	Lease expenses paid		Interest expenses recognized		Increased principal of Right-of-use assets	
		Current period cumulative	Preceding period comparative	Current period cumulative	Preceding period comparative	Current period cumulative	Preceding period comparative
Jiuzhitang Co., Ltd.	Buildings and structures	2,835,548.70	5,076,256.65	12,609.94	14,743.52		

Remarks on related party leases

☒ Applicable ☐ Not Applicable

None

(4). Related party trust

The Company and its subsidiaries as guarantors

☐ Applicable ☒ Not Applicable

The Company as the trustee

☒ Applicable ☐ Not Applicable

Guarantors	Amount of Guarantee	Commencement date	Maturity date	Whether the guarantee is mature
Gao Yi	61,429,093.40	8/10/2018	8/10/2025	No

Remarks on related party trust

☒ Applicable ☐ Not Applicable

The guarantee disclosed refer to the balance of merger and acquisition loan borrowings and the amount of bank acceptance that have been issued but not yet matured before the new credit contract takes effect.

(5). Call loans between related parties

☐ Applicable ☒ Not Applicable

(6). Assets transfer and debt restructuring of the related parties

☐ Applicable ☒ Not Applicable

(7). Key management's emoluments

☒ Applicable ☐ Not Applicable

Unit: Ten Thousand Yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	2,375.71	2,288.02

(8). Other related party transactions

☒ Applicable ☐ Not Applicable

None

6. Balances due to or from related parties

(1). Balances due from related parties

☒ Applicable ☐ Not Applicable

Items	Related parties	Closing balance		December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Jiuzhitang (Hunan) Health Management Co., Ltd.	2,219,643.99	110,982.20	711,768.78	35,588.44
Subtotal		2,219,643.99	110,982.20	711,768.78	35,588.44

(2). Balances due to related parties

☒ Applicable ☐ Not Applicable

Items	Related parties	Closing balance	December 31, 2023
Accounts payable	Jiuzhitang Co., Ltd.	6,411,610.09	3,780,845.69
Accounts payable	Jiuzhitang Pharmaceutical Trading Co., Ltd.	3,146,163.64	604,238.60
Accounts payable	Hunan Siqi Biopharmaceutical Co., Ltd.	443,492.00	571,892.00
Accounts payable	Chengdu Jiuzhitang Jinding Pharmaceutical Co., Ltd.	2,507,682.91	1,518,135.55
Accounts payable	Hainan Jiuzhitang Pharmaceutical Co., Ltd.	162,805.60	214,032.00
Accounts payable	Jiuzhitang (Hunan) Health Management Co., Ltd.	137,761.56	7,465.20
Subtotal		12,809,515.80	6,696,609.04
Other payables	Jiuzhitang Co., Ltd.	671.43	149,367.56
	Taizhou Baixingren		10,797,825.21
Subtotal		671.43	10,947,192.77

(3). Others

☐ Applicable ☒ Not Applicable

7. Related party commitments

☐ Applicable ☒ Not Applicable

8. Others

☐ Applicable ☒ Not Applicable

XV. Share-based payment

1. Equity instruments

☒ Applicable ☐ Not Applicable

Objects	Quantity and amount of equity instruments							
	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management personnel					2,450,228.00	36,672,343.83	267,164.00	3,998,723.15
Total					2,450,228.00	36,672,343.83	267,164.00	3,998,723.15

Share options and other equity instruments outstanding at the balance sheet date

☒ Applicable ☐ Not Applicable

Objects	Share options outstanding		Other equity instruments outstanding	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Management personnel	18.95	Phase II: 7months		

Other remarks

(1) Details

On September 16, 2022, “Proposal on the First Grant of Restricted Shares to Incentive Objects of the 2022 Restricted Share Incentive Plan” was deliberated and approved by the 18th meeting of the fourth session of the Board of Directors and the 16th meeting of the fourth session of the Board of Supervisors. It was confirmed that the conditions for the first grant had been met, and it was decided to grant 3,132,000 restricted shares to 245 incentive objects at a price of 25.01 yuan per share, with the grant date on September 16, 2022. During the process of capital verification upon payment, the actual number of incentive objects granted by the Company changed from 245 to 241, and the actual number of restricted shares granted changed from 3,132,000 to 3,095,200 shares.

On August 29, 2023, “Proposal on Granting Reserved Equity to the Incentive Objects of Restricted Shares Incentive Plan of 2022” was deliberated and approved by the 31st meeting of the fourth session of the Board of Directors and the 26th meeting of the fourth session of the Board of Supervisors. It was confirmed that the conditions for granting reserved equity under the incentive plan had been met, and it was decided to grant 402,165 restricted shares to 42 incentive objects at a price of 18.95 yuan per share, with the grant date on August 30, 2023.

(2) Arrangement of the restricted shares sale restriction period

The restricted shares sale restriction period for the restricted shares granted for the first time under this incentive plan is 12 months and 24 months from the date of completion of the registration for the first

granted restricted shares. The unlocking period for the restricted shares granted for the first time by the Company and the timing for each unlocking period are as shown in the following table:

Arrangements for unlocking period	Timing for unlocking period	Proportion of the number of restricted shares that can be unlocked to the total number of restricted shares
The first unlocking period	From the first trading day after 12 months from the date of completion of the first grant to the last trading day within 24 months from the date of completion of the first grant.	50%
The second unlocking period	From the first trading day after 24 months from the date of completion of the first grant to the last trading day within 36 months from the date of completion of the first grant.	50%

The restricted shares sale restriction period for the reserved granted restricted shares under this incentive plan is 12 months and 24 months from the date of completion of the registration for the reserved granted restricted shares. The unlocking period for the restricted shares reserved granted by the Company and the timing for each unlocking period are as shown in the following table:

Arrangements for unlocking period	Timing for unlocking period	Proportion of the number of restricted shares that can be unlocked to the total number of restricted shares
The first unlocking period	From the first trading day after 12 months from the date of completion of the reserved grant to the last trading day within 24 months from the date of completion of the reserved grant.	50%
The second unlocking period	From the first trading day after 24 months from the date of completion of the reserved grant to the last trading day within 36 months from the date of completion of the reserved grant.	50%

(3) Unlocking conditions

1) Requirements for performance evaluation

The restricted shares first granted under the incentive plan have an unlocking evaluation period of two fiscal years from 2022 to 2023, with an evaluation conducted for each fiscal year. The requirement for unlocking of restricted shares is the achievement of performance evaluation targets.

The performance evaluation targets for each fiscal year of the restricted shares first granted are as shown in the following table:

Unlocking periods	Requirements for performance evaluation
The first unlocking period	Based on the net profit of 2021, the net profit of the Company in 2022 increases by no less than 20% compared to 2021.
The second unlocking period	Based on the net profit of 2021, the net profit of the Company in 2023 increases by no less than 45% compared to 2021.

The restricted shares reserved granted under the incentive plan have an unlocking evaluation period of two fiscal years from 2023 to 2024, with an evaluation conducted for each fiscal year. The requirement for unlocking of restricted shares is the achievement of performance evaluation targets.

The performance evaluation targets for each fiscal year of the restricted shares reserved granted are as shown in the following table:

Unlocking periods	Requirements for performance evaluation
The first unlocking period	Based on the net profit of 2021, the net profit of the Company in 2023 increases by no less than 45% compared to 2021.
The second unlocking period	Based on the net profit of 2021, the net profit of the Company in 2024 increases by no less than 70% compared to 2021.

The aforementioned “net profit” refers to the net profit attributable to the owners of the parent company. If the Company fails to meet the above performance evaluation targets, all restricted shares of incentive objects that can be unlocked in the corresponding year of evaluation shall not be unlocked, and shall be repurchased and cancelled by the Company. The repurchase price shall be the grant price plus the interest on bank deposits for the corresponding period.

2) Requirements for individual performance evaluation

The Company conducts a comprehensive evaluation of the individual annual performance categories for incentive objects, and the comprehensive evaluation results are shown in the following table.

Evaluation results	Standard	Standard coefficient
Satisfactory	Annual evaluation completion rate \geq 80%	1.0
Unsatisfactory	Annual evaluation completion rate $<$ 80%	0

If the individual performance evaluation meets the unlocking conditions, the incentive object may apply to unlock the restricted shares eligible for unlocking during that period in accordance with the relevant provisions of the incentive plan based on the evaluation results. If the individual performance evaluation fails to meet the unlocking conditions, the portion of restricted shares eligible for unlocking in the current period for that incentive object shall be cancelled, and shall be repurchased and cancelled by the Company at the grant price. If the conditions for obtaining and exercising rights and interests granted to incentive objects are not met, the relevant rights and interests shall not be deferred to the next period.

2. Equity-settled share-based payment

☒ Applicable ☐ Not Applicable

Determination method for grant-date fair value of equity instruments	Balance of the closing price on the grant date and the exercise price of the restricted shares
Determination method for the number of equity instruments expected to vest	Based on the equity instruments corresponding to the in-service incentive objects, the Company's performance, and individual evaluation results.
Reasons for significant difference between the estimates in the current period and preceding period	N/A

Capital reserve accumulated due to equity-settled share-based payment	73,475,145.50
-----------------------------------------------------------------------	---------------

Other remarks

None

3. Cash-settled share-based payment

☐ Applicable ☒ Not Applicable

4. Total share-based payments recognized in the current period

☒ Applicable ☐ Not Applicable

Objects	Equity-settled share-based payment	Cash-settled share-based payment
Management personnel	14,075,129.20	
Subtotal	14,075,129.20	

Other remarks

None

5. Modifications and cancellations of share-based payment

☐ Applicable ☒ Not Applicable

6. Others

☐ Applicable ☒ Not Applicable

XVI. Commitments and contingencies

1. Significant commitments

☐ Applicable ☒ Not Applicable

2. Significant contingencies

(1). Significant contingencies

☐ Applicable ☒ Not Applicable

(2). Remarks on insignificant contingencies not been issued

☐ Applicable ☒ Not Applicable

3. Others

☐ Applicable ☒ Not Applicable

XVII. Events after the balance sheet date

1. Significant non-adjusting events

☐ Applicable ☒ Not Applicable

2. Profit distribution after the balance sheet date

☒ Applicable ☐ Not Applicable

Profit or dividend planned to be distributed	484,966,717.60
----------------------------------------------	----------------

Profit or dividend approved to be distributed	
-----------------------------------------------	--

Pursuant to the Proposal of Profit Distribution Plan of 2024 deliberated and approved by the 16th meeting of the fifth session of the Board of Directors, based on the total share capital at the equity registration date, the Company distributed cash dividend of 0.5 yuan (tax inclusive) per share to all shareholders, and increased 0.4 share per share to all shareholders by converting capital reserve, without issuing bonus shares. As at March 31, 2025, cash dividend of 484,966,717.60 yuan (tax inclusive) would be distributed, based on the total share capital of 1,212,416,794 shares.

If the company's total share capital changes due to repurchase and cancellation of equity incentive shares between the date of approval of this proposal and the date of equity registration for the implementation of equity distribution, the company will maintain the constant proportion of distribution (additional issuance) per share and adjust the total amount of distribution (additional issuance) accordingly.

This plan still should be deliberated and approved by the shareholders' meeting.

3. Sales return

☐ Applicable ☒ Not Applicable

4. Other remarks

☐ Applicable ☒ Not Applicable

XVIII. Other significant events

1. Corrections of prior period errors

(1) Retroactive restatement method

☐ Applicable ☒ Not Applicable

(2) Prospective application method

☐ Applicable ☒ Not Applicable

2. Debt restructuring

☐ Applicable ☒ Not Applicable

3. Assets exchange

(1). Non-cash assets exchange

☐ Applicable ☒ Not Applicable

(2). Other assets exchange

☐ Applicable ☒ Not Applicable

4. Annuity plan

☐ Applicable ☒ Not Applicable

5. Discontinued operations

☐ Applicable ☒ Not Applicable

6. Segment information

(1). Identification basis for reportable segments

☒ Applicable ☐ Not Applicable

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on industry segments. Assessments are respectively performed on the operation performance of retail business and wholesale business. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

(2). Financial information of reportable segments

☒ Applicable ☐ Not Applicable

Items	Retail business	Wholesale business	Inter-segment offsetting	Total
Operating revenue	21,187,950,919.30	5,618,890,072.66	-3,511,812,281.17	23,295,028,710.79
Operating cost	12,417,209,959.66	5,041,735,777.08	-3,100,722,588.73	14,358,223,148.01
Total assets	27,957,291,233.19	12,460,608,073.71	-12,443,162,356.55	27,974,736,950.35
Total liabilities	18,390,694,463.76	9,338,277,271.97	-11,147,798,263.31	16,581,173,472.42

(3). If the company does not have a reporting segment, or cannot disclose the total assets and liabilities of each reporting segment, the reasons shall be stated

☐ Applicable ☒ Not Applicable

(4). Other remarks

☐ Applicable ☒ Not Applicable

7. Other significant transactions and events that may be influential for investors in decision-making

☐ Applicable ☒ Not Applicable

8. Others

☐ Applicable ☒ Not Applicable

IXX. Notes to items of parent company financial statements

1. Accounts receivable

(1) Age analysis

☒ Applicable ☐ Not Applicable

Ages	Closing balance	Opening balance
Within 1 year	519,764,222.37	492,921,964.50
1-2 years	45,004.89	220,567.54
2-3 years		8,613.29
3-4 years	593.33	2,717.49
4-5 years	2,715.09	

Ages	Closing balance	Opening balance
Total	519,812,535.68	493,153,862.82

(2) Provision for bad debts

☒ Applicable ☐ Not Applicable

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	519,812,535.68	100.00	7,056,646.89	1.36	512,755,888.79
Including: Portfolio grouped with balances due from related parties within the consolidation scope	278,749.34	0.05			278,749.34
Portfolio grouped with medical insurance payments	378,473,256.08	72.81			378,473,256.08
Portfolio grouped with ages	141,060,530.26	27.14	7,056,646.89	5.00	134,003,883.37
Total	519,812,535.68	100.00	7,056,646.89	1.36	512,755,888.79

(Continued)

Categories	December 31, 2023				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	493,153,862.82	100.00	5,812,230.14	1.18	487,341,632.68
Including: Portfolio grouped with balances due from related parties within the consolidation scope					
Portfolio grouped with medical insurance payments	377,169,254.88	76.48			377,169,254.88
Portfolio grouped with ages	115,984,607.94	23.52	5,812,230.14	5.01	110,172,377.80
Total	493,153,862.82	100.00	5,812,230.14	1.18	487,341,632.68

Accounts receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Accounts receivable with provision for bad debts made on a collective basis

☒ Applicable ☐ Not Applicable

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	278,749.34		

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped Medical insurance payments	378,473,256.08		
Portfolio grouped with ages	141,060,530.26	7,056,646.89	5.00
Subtotal	519,812,535.68	7,056,646.89	1.36

Remarks on accounts receivable with provision for bad debts made on a collective basis

☒ Applicable ☐ Not Applicable

Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	141,012,216.95	7,050,610.85	5.00
1-2 years	45,004.89	4,500.49	10.00
3-4 years	593.33	178.00	30.00
4-5 years	2,715.09	1357.55	50.00
Subtotal	141,060,530.26	7,056,646.89	5.00

Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of accounts receivable in the current period

☐ Applicable ☒ Not Applicable

(3) Changes in provision for bad debts

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Receivables with provision made on a collective basis	5,812,230.14	1,244,416.75						7,056,646.89
Total	5,812,230.14	1,244,416.75						7,056,646.89

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(4) Accounts receivable written off

☐ Applicable ☒ Not Applicable

Significant accounts receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on accounts receivable written off

☐ Applicable ☒ Not Applicable

(5) Details of the top 5 debtors with largest balances

☒ Applicable ☐ Not Applicable

Debtors	Book balance of accounts receivable	Book balance of contract assets	Book balance of accounts receivable and contract assets	Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts
Changsha Medical Security Affairs Center	133,875,050.02		133,875,050.02	25.75	
Shanghai Qijian Information Technology Co., Ltd.	28,850,723.62		28,850,723.62	5.55	1,442,536.18
Pukang (Hangzhou) Health Technology Co., Ltd.	28,621,112.67		28,621,112.67	5.51	1,431,055.63
Hengyang Medical Security Bureau	20,460,090.91		20,460,090.91	3.94	
Shanghai Yibao Health Management Co., Ltd.	16,517,688.81		16,517,688.81	3.18	825,884.44
Subtotal	228,324,666.03		228,324,666.03	43.92	3,699,476.25

Other remarks

None

Others

☐ Applicable ☒ Not Applicable

2. Other receivables

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Interest receivable		855,724.12
Dividend receivable	1,124,634,282.78	581,621,336.22
Other receivables	602,384,559.13	794,138,361.20
Total	1,727,018,841.91	1,376,615,421.54

Other remarks

☐ Applicable ☒ Not Applicable

Interest receivable

(1) Classification of interest receivables

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Interest receivable to Subsidiaries		855,724.12
Subtotal		855,724.12

(2) Significant overdue interest

☐ Applicable ☒ Not Applicable

(3) Provision for bad debts

☐ Applicable ☒ Not Applicable

Interest receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Remark of interest receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Interest receivable with provision made on a collective basis

☐ Applicable ☒ Not Applicable

(4). Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of interest receivable in the current period

☐ Applicable ☒ Not Applicable

(5) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant interest receivable written off in the current period

☐ Applicable ☒ Not Applicable

Other remarks

None

(6) Interest receivable actually written off

☐ Applicable ☒ Not Applicable

Significant interest receivable written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on interest receivable written off

☐ Applicable ☒ Not Applicable

Other remarks

None

Dividend receivable

(7) Dividend receivable

☒ Applicable ☐ Not Applicable

Items	Closing balance	December 31, 2023
Dividend receivable to Subsidiaries	1,124,634,282.78	581,621,336.22
Subtotal	1,124,634,282.78	581,621,336.22

(8) Significant balance with age over one year

☐ Applicable ☒ Not Applicable

(9) Provision for bad debts

☐ Applicable ☒ Not Applicable

Dividend receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Remark of dividend receivable with provision made on an individual basis

☐ Applicable ☒ Not Applicable

Dividend receivable with provision made on a collective basis

☐ Applicable ☒ Not Applicable

(10) Provision for bad debts withdrawn based on the general model of expected credit losses

☐ Applicable ☒ Not Applicable

Division basis for stages and proportions of provision for bad debts

None

Reasons for significant changes in carrying amount of dividend receivable in the current period

☐ Applicable ☒ Not Applicable

(11) Changes in provision for bad debts

☐ Applicable ☒ Not Applicable

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(12) Other receivables actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant other receivables written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on other receivables written off

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

Other receivables**(13) Age analysis**

Ages	Closing book balance	Book balance on December 31, 2023
Within 1 year	595,083,423.31	773,113,789.41
1-2 years	5,597,594.20	24,253,860.37
2-3 years	2,712,226.44	337,612.88
3-4 years	337,612.88	62,048.83
4-5 years	62,048.83	
Over 5 years		
Total	603,792,905.66	797,767,311.49

(14) Other receivables categorized by nature
☒ Applicable ☐ Not Applicable

Nature of receivables	Closing book balance	Book balance on December 31, 2023
Security deposits	25,325,800.14	25,859,213.46
Medical insurance reserves	34,363,692.56	34,897,794.71
Store petty cash	1,499,954.77	22,500.00
Balances due from related parties within the consolidation scope	540,134,484.36	712,667,149.76
Others	2,468,973.83	24,320,653.56
Subtotal	603,792,905.66	797,767,311.49

(15) Changes in provision for bad debts
☒ Applicable ☐ Not Applicable

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	1,393,662.61	2,226,035.28	9,252.40	3,628,950.29
Opening balance in the current period	—	—	—	
--Transferred to stage 2	-4,804.55	4,804.55		
--Transferred to stage 3		-8,868.85	8,868.85	
Provision made in the current period	-8,458.33	-2,212,361.88	216.45	-2,220,603.76
Provision written off in the current period				
Closing balance	1,380,399.73	9,609.10	18,337.70	1,408,346.53

Division basis for stages and proportions of provision for bad debts:

Stage 1 is where credit risk of other receivables has not increased significantly since initial recognition.

Stage 2 is where credit risk of other receivables has increased significantly since initial recognition, but such receivables are not considered credit-impaired. Stage 3 is where other receivables are considered

credit-impaired since initial recognition.

Items	Stage 1	Stage 2	Stage 3	Total
Provision proportion (%)	0.23	0.17	0.59	0.23

Reasons for significant changes in carrying amount of other receivables in the current period

☐ Applicable ☒ Not Applicable

Determination basis for provision for impairment made in the current period and whether credit risk has increased significantly

☐ Applicable ☒ Not Applicable

(16) Changes in provision for bad debts

☒ Applicable ☐ Not Applicable

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Receivables with provision made on a collective basis	3,628,950.29	-2,220,603.76						1,408,346.53
Total	3,628,950.29	-2,220,603.76						1,408,346.53

Significant provisions collected or reversed

☐ Applicable ☒ Not Applicable

Other remarks

None

(17) Other receivables actually written off in the current period

☐ Applicable ☒ Not Applicable

Significant other receivables written off in the current period

☐ Applicable ☒ Not Applicable

Remarks on other receivables written off

☐ Applicable ☒ Not Applicable

(18) Details of the top 5 debtors with largest balances

☒ Applicable ☐ Not Applicable

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Shanghai Yifeng Pharmacy Medicine Co., Ltd.	Balances due from related parties within the consolidation scope	203,162,827.56	Within 1 year, 1-2 years	33.65	
Jiangxi Yifeng	Balances due from related parties within the consolidation scope	84,816,176.42	Within 1 year, 1-2 years	14.05	
Guangshengtang	Balances due from related parties within the consolidation scope	64,625,738.64	Within 1 year, 1-2 years	10.70	
Hunan Yifeng Pharmaceutical Holding	Balances due from related parties within	54,576,074.80	Within 1 year, 1-2 years	9.04	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Co., Ltd.	the consolidation scope				
Jiangxi Ganxi Yifeng Pharmacy Medicine Chain Co., Ltd.	Balances due from related parties within the consolidation scope	48,033,372.97	Within 1 year, 1-2 years	7.96	
Subtotal		455,214,190.39		75.40	

(19) Other receivables related to the centralized fund management

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

3. Long-term equity investments

☒ Applicable ☐ Not Applicable

Items	Closing balance			December 31, 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	2,650,755,329.68		2,650,755,329.68	2,600,755,329.68		2,600,755,329.68
Total	2,650,755,329.68		2,650,755,329.68	2,600,755,329.68		2,600,755,329.68

(1) Investments in subsidiaries

☒ Applicable ☐ Not Applicable

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in the current period	Closing balance of provision for impairment
Jiangsu Yifeng	150,000,000.00			150,000,000.00		
Shanghai Yifeng	4,650,000.00			4,650,000.00		
Jiangxi Yifeng	50,000,000.00			50,000,000.00		
Hubei Yifeng	50,000,000.00			50,000,000.00		
Hunan Yifeng Medicine	150,750,000.00			150,750,000.00		
Hubei Yifeng Medicine	100,000,000.00			100,000,000.00		
Jiangxi Yifeng Medicine	100,000,000.00			100,000,000.00		
Wuhan Longtai	66,646,000.00			66,646,000.00		
Shaoguan Xiangqin	109,000,000.00			109,000,000.00		
Guangshengtang	34,933,000.00			34,933,000.00		
Yili Kangxin	66,000,000.00			66,000,000.00		
Xinxing Pharmacy	1,444,786,329.68			1,444,786,329.68		
Yueyang Yifeng	11,690,000.00			11,690,000.00		
Hebei Xinxing Pharmacy Chain Co., Ltd.	9,100,000.00			9,100,000.00		
Yifeng Luoshi Xiehe	28,600,000.00			28,600,000.00		

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in the current period	Closing balance of provision for impairment
Pingjiang Yifeng	10,500,000.00			10,500,000.00		
Tianjin Xianhe	8,100,000.00			8,100,000.00		
Jiuzhitang Medicine	204,000,000.00			204,000,000.00		
Tianjin Yifeng Pharmacy Chain Co., Ltd.	2,000,000.00			2,000,000.00		
Hunan Yifeng Pharmaceutical Holding Co., Ltd.		50,000,000.00		50,000,000.00		
Subtotal	2,600,755,329.68	50,000,000.00		2,650,755,329.68		

(2) Investment in associates and joint ventures

☐ Applicable ☒ Not Applicable

(3) Impairment testing of long-term equity investments

☐ Applicable ☒ Not Applicable

Other remarks

None

4. Operating revenue/Operating cost

(1) Details

☒ Applicable ☐ Not Applicable

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	4,829,194,629.39	3,140,663,612.56	4,639,899,369.88	3,059,643,113.79
Other operations	340,438,944.46	13,840,211.04	202,256,450.46	30,123,957.74
Total	5,169,633,573.85	3,154,503,823.60	4,842,155,820.34	3,089,767,071.53

(2) Breakdown of revenue from contracts with customers by main categories

☐ Applicable ☒ Not Applicable

Other remarks

☐ Applicable ☒ Not Applicable

(3) Information related to performance obligations

☐ Applicable ☒ Not Applicable

(4) Transaction price allocated to the remaining performance obligations

☐ Applicable ☒ Not Applicable

(5) Significant changes in contracts or significant adjustments on transaction price

☐ Applicable ☒ Not Applicable

Other remarks

None

5. Investment income

☒ Applicable ☐ Not Applicable

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	1,157,626,900.72	585,289,073.82
Investment income from financial instruments	51,263,378.57	15,587,350.75
Including: Financial assets classified as at fair value through profit or loss	51,263,378.57	15,587,350.75
Total	1,208,890,279.29	600,876,424.57

Other remarks

None

6. Others

☐ Applicable ☒ Not Applicable

XX. Other supplementary information

1. Non-recurring profit or loss

☒ Applicable ☐ Not Applicable

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	47,641,839.34	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	14,930,754.09	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities		
Fund possession charge from non-financial entities and included in profit or loss		
Gains on assets consigned to the third party for investment or management		
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		

Items	Amount	Remarks
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Gains on non-cash assets exchange		
Gains on debt restructuring		
One-off expenses incurred due to the discontinuation of relevant operating activities, such as severance payments		
One-off effects on profit or loss due to amendments of laws and regulations on taxation, accounting, etc.		
Share-based payments recognized at one time due to cancellation or modification of equity incentive plan		
Gains arising from changes in the fair value of employee benefits payable after the vesting date for cash-settled share-based payment		
Gains on changes in fair value of investment properties with subsequent measurement using the fair value model		
Gains on transactions with unfair value		
Contingent gains on non-operating activities		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-17,587,789.91	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Less: Enterprise income tax affected	10,257,785.41	
Non-controlling interest affected (after tax)	3,231,645.57	
Total	31,495,372.54	

Remarks on the exception that the Company recognized non-recurring profit or loss as listed in the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss (2023 Edition)” as recurring profit or loss based on relevant definition and principle are as follows:

☒ Applicable ☐ Not Applicable

Items	Amount	Reasons
Investment income from financial instruments	89,506,157.27	Related to ordinary course of operating activities

Other remarks

☐ Applicable ☒ Not Applicable

2. ROE and EPS

☒ Applicable ☐ Not Applicable

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	14.67	1.26	1.24

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	14.37	1.24	1.22

3. Differences in accounting data under domestic and foreign accounting standards

☐ Applicable ☒ Not Applicable

4. Others

☐ Applicable ☒ Not Applicable

Chairman of the Board: Gao Yi

April 28, 2025