

Company code: 603939

Company abbreviation: Yifeng Pharmacy

Yifeng Pharmacy Chain Co., Ltd. 2025 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, directors, 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 LLP has issued a standard unqualified audit report for the Company.

IV. Gao Yi, the Company's responsible person, Gao Youcheng, 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

As audited by Pan-China Certified Public Accountants LLP (special general partnership), the undistributed profit of the Company (parent company basis) as of December 31, 2025 amounted to CN¥775,719,439.87.

The Company proposes to distribute a cash dividend of CN¥0.40 (tax included) per share to all shareholders. Based on the Company's total share capital of 1,212,392,331 shares as of March 31, 2026, the total proposed cash dividend amounts to CN¥484,956,932.40 (tax included). If the Company's total share capital changes during the period from the date of disclosure of this profit distribution plan to the record date for the implementation of equity distribution (e.g., due to the conversion of convertible bonds), the Company intends to keep the per-share dividend unchanged and adjust the total distribution amount accordingly. Any such adjustment will be disclosed separately. The profit distribution plan above is subject to approval by the Company's shareholders at the general meeting before implementation.

Information on uncovered tax losses of the parent company and their impact on the Company's profit distribution and other matters as of the end of the Reporting Period

Applicable" Not applicable"

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 investments 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"

Contents

Section I	Paraphrase	5
Section II	Company Profile and Main Financial Indicators	5
Section III	Management Discussion and Analysis	11
Section IV	Corporate Governance, Environment, and Society	43
Section V	Important Matters.....	67
Section VI	Changes in Shares and Shareholders.....	94
Section VII	Overview of Bonds	102
Section VIII	Financial Statements	104

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.
Shijiazhuang Xinxing	Means	Shijiazhuang Xinxing Pharmacy Chain Co., Ltd.
Jiangsu Yifeng	Means	Jiangsu Yifeng Pharmacy Chain Co., Ltd.
Hubei Yifeng	Means	Hubei Yifeng Pharmacy Chain Co., Ltd.
CSRC	Means	China Securities Regulatory Commission
<i>Company Law</i>	Means	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Means	<i>Securities Law of the People's Republic of China</i>
O2O	Means	Online To Offline, which integrates offline business opportunities with the Internet, thus effectively making the Internet a platform for offline transactions.
B2C	Means	Business To Customer, 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, a system that enterprises use to manage relationships with their customers.
SAP	Means	Systems Applications and Products in Data Processing, a software used to manage solutions.
AGV	Means	Automated Guided Vehicle, a vehicle used for material handling and transportation with an 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	From January 1, 2025 to December 31, 2025.
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.sse.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 LLP (special general partnership)
	Office address	Block B, China Resources Building, No.1366, Qianjiang Road, Jianggan District, Hangzhou City, Zhejiang Province
	Names of undersigned accountants	Wei Wujun and Jiang Fengfeng
Sponsor institution providing continuous supervision during the Reporting Period	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 the recent three years**(i) Main accounting data**

Unit:CN¥ Currency: CNY

Main accounting data	2025	2024	Increase/Decrease over the previous year (%)	2023
Operating revenue	24,433,165,197.50	24,062,154,701.73	1.54	22,588,227,402.22
Total profits	2,456,394,852.41	2,182,447,381.72	12.55	2,037,593,919.93
Net profit attributable to shareholders of the listed company	1,678,481,865.01	1,528,576,669.36	9.81	1,411,985,024.41
Net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses	1,611,562,235.26	1,497,081,296.82	7.65	1,361,512,589.23
Net cash flow from operating activities	3,358,448,014.41	4,221,267,084.53	-20.44	4,623,740,795.60
	At the end of 2025	At the end of 2024	Increase/Decrease over the end of the previous year (%)	At the end of 2023
Net assets attributable to shareholders of the listed Company	11,634,287,444.84	10,725,687,023.42	8.47	9,804,432,476.56
Total assets	27,451,924,048.58	27,974,736,950.35	-1.87	24,136,539,194.64

(ii) Main financial indicators

Main financial indicators	2025	2024	Increase/Decrease over the previous year (%)	2023
Basic earnings per share (CN¥/share)	1.38	1.26	9.52	1.17
Diluted earnings per share (CN¥/share)	1.36	1.24	9.68	1.17
Basic earnings per share with non-recurring profits and losses deducted (CN¥/share)	1.33	1.24	7.26	1.13
Weighted average return on net assets (%)	14.98	14.67	0.31	15.44
Weighted average return on net assets with non-recurring profits and losses deducted (%)	14.38	14.37	0.01	14.89

Explanation of 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 those 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 those disclosed under domestic accounting standards

Applicable" Not applicable"

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

Applicable" Not applicable"

IX. Quarter-based main financial indicators in 2025

Unit:CN¥ Currency: CNY

	Quarter 1 (Jan–Mar)	Quarter 2 (Apr–Jun)	Quarter 3 (Jul–Sept)	Quarter 4 (Oct–Dec)
Operating revenue	6,009,043,521.27	5,712,776,113.19	5,564,080,298.18	7,147,265,264.86
Net profit attributable to shareholders of the listed company	449,493,528.80	430,552,354.40	344,509,955.35	453,926,026.46
Net profits attributable to shareholders of the listed Company after deduction of non-recurring profits and losses	437,985,342.56	419,131,956.61	330,805,625.94	423,639,310.15
Net cash flow from operating activities	1,114,385,691.58	455,280,096.61	697,545,229.62	1,091,236,996.60

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 2025	Note (if applicable)	Amount in 2024	Amount in 2023
Profit and loss on disposal of non-current assets (including the write-off of provision for impairment of assets)	66,576,882.11		47,641,839.34	29,092,610.09
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	24,326,527.82		14,930,754.09	44,930,209.02

accordance with a certain standard, and having a lasting impact on the profits and losses of the Company)				
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 an 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	5,613,329.26		-17,587,789.91	-5,060,038.31
Other profit and loss items conforming to the definition of non-recurring profits and losses				
Less: Income tax effect	20,833,389.63		10,257,785.41	16,885,907.38
Amount affected by minority interests (after tax)	8,763,719.81		3,231,645.57	1,617,512.91
Total	66,919,629.75		31,495,372.54	50,472,435.18

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 from financial instruments during the holding period	110,605,264.17	Related to daily business activities

XI. Net profit after deducting the impact of share-based payment for companies with equity incentive plans and employee stock ownership plans

Applicable" Not applicable"

XII. Items measured by fair value

Applicable" Not applicable"

Unit: CN¥Currency: CNY

Project name	Opening balance	Closing balance	Current change	Amount of impact on the current profit
Investment in other equity instruments	339,971,600.00		-339,971,600.00	13,029,683.18
Trading financial assets	4,406,809,254.46	5,853,790,200.51	1,446,980,946.05	110,605,264.17
Receivables	29,445,006.56	23,916,796.03	-5,528,210.53	

financing				
Total	4,776,225,861.02	5,877,706,996.54	1,101,481,135.52	123,634,947.35

XIII. Others

Applicable" Not applicable"

Section III Management Discussion and Analysis**I. Main business of the Company during the Reporting Period**

During the Reporting Period, guided by the annual business plan and under the leadership of the Board of Directors and management, the Company actively drove operational excellence across the organization. Key initiatives included customer-centric upgrades to personnel, goods, and premises, store network optimization, targeted staffing adjustments, and cost reduction and efficiency enhancement measures. These efforts delivered sustained annual operating performance growth. On the supply chain front, the Company improved its differentiated product offering and enhanced product competitiveness through stricter cost control, channel optimization, and intelligent supply chain upgrades. Leveraging memberships, big data, internet healthcare, and health management, the development of an ecosystem for pharmaceutical new retail accelerated the integration of online and offline channels and matured new business models. By establishing comprehensive digital linkages spanning customers, products, operations, and marketing, the Company progressively shifted its value proposition from product management to customer management. Organizational efficiency and cultural soft power were further strengthened through structural optimization and a differentiated, blended talent development model that combines online and offline training, embedding corporate culture into learning programs.

1. Positive growth in operating performance

During the Reporting Period, the Company achieved positive growth in operating revenue and operating profit. The Company generated operating revenue of CN¥24,433.1652 million, representing a year-on-year growth of 1.54%. The net profit attributable to shareholders of the listed company reached CN¥1,678.4819 million, registering a year-on-year increase of 9.81%. The net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses was CN¥1,611.5622 million, representing a year-on-year growth of 7.65%. The weighted average return on net assets was 14.98%, with earnings per share of CN¥1.38. As of December 31, 2025, the Company's total assets amounted to CN¥27,451.924 million, representing a decrease of 1.87% compared to CN¥27,974.737 million at the end of the previous year. The equity attributable to owners of the parent company totaled CN¥11,634.2874 million, indicating an increase of 8.47% compared to CN¥10,725.687 million at the end of the previous year.

2. Store expansion

During the Reporting Period, in response to evolving market conditions, the Company adhered to its "regional focus and steady expansion" strategy while making timely adjustments to its expansion plan. A total of 694 new stores were added during the year, comprising 193 self-built stores and 501 franchised stores. In parallel, 547 stores were closed as part of ongoing network optimization. As of the end of the

Reporting Period, the total number of the Company's stores is 14,831 (including 4,313 franchise stores), registering a net increase of 147 stores compared to the end of the previous period.

3. Developing a differentiated product mix and driving 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. By proactively submitting products for inspection, evaluating their efficacy, and assessing cost-effectiveness, the Company selected high-quality manufacturers as core suppliers. Progress was made on cost control, channel optimization, and the establishment of strategic partnerships with suppliers. The product assortment strategy evolved from a passive to a proactive approach, resulting in a more market-responsive and differentiated product mix. Over the past year, focusing on product structure and supply chain optimization, the application of digital and intelligent tools has continued to improve product availability and supply chain management efficiency.

4. Operating the new pharmaceutical retail system efficiently

During the Reporting Period, the Company deepened the integration of health management resources, including membership management, big data analytics, and internet medical care. Leveraging its offline store network and member base, the Company advanced the development of an ecosystem for pharmaceutical new retail, covering omni-channel member management, integrated online and offline medical services, and full-lifecycle health management. These efforts enabled digital upgrades in chronic disease management and the optimization of online consultation 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. For the full year, the Company achieved online sales revenue of CN¥2.993 billion (tax included), of which O2O contributed CN¥2.094 billion (tax included) and B2C contributed CN¥0.899 billion (tax included).

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.

Offline, leveraging its hospital-adjacent stores and focusing on patient needs, the Company strategically expanded its network of DTP specialized pharmacies, "dual-channel" government BMI designated outlets, and pharmacies designated for special chronic disease insurance and outpatient pooling. This improved patient access to routine prescription drugs and new specialty drugs. Patient services were enhanced through filing, professional delivery, follow-up, and regular online and offline patient education. The Company also deepened collaboration with pharmaceutical manufacturers to actively introduce nationally negotiated medical insurance drugs. As of the end of the Reporting Period, the Company operated 688 hospital-adjacent stores (within 100 m of Class 2A or higher hospitals) and 316 DTP

specialized pharmacies, including 251 stores with dual-channel medical insurance access. The Company has established deep partnerships with nearly 200 specialized prescription drug suppliers.

Online, the electronic prescription transfer service was upgraded, with a strategic focus on building a closed-loop "physician-patient-drug-insurance" service system for both medical insurance and commercial insurance patients. Digital upgrades were implemented to optimize the prescription service platform. The Company actively connected with hospital systems, including those of internet hospitals, to enhance data operation capacity and system stability. A prescription quality control service system was established, creating rule bases and databases precisely tailored to medical treatment, medical insurance, and commercial insurance requirements. Fulfillment capabilities continued to improve. The Company built a three-tier fulfillment service network comprising provincial and central city logistics centers, central store warehouses, and hospital-adjacent stores, alongside an integrated B2C, O2O, and third-party logistics system. The business scope expanded to link with health commissions, medical insurance authorities, commercial insurers, hospitals, and third-party internet hospital platforms. The Company placed particular emphasis on incubating commercial insurance benefit businesses, including auto insurance and employee benefit programs, achieving notable progress. To date, the Company has connected to over 10 provincial and municipal medical insurance and health commission prescription transfer platforms, and has established direct or indirect connections to nearly 200 hospitals (including 95 internet hospitals). In addition, the Company has built 145 self-owned clinics (including 10 TCM clinics) and over 10 self-owned internet hospitals (including those under construction).

6. Making remarkable progress in digital transformation

The Company has leveraged digital and 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, finance, and human resources centers. The number of stores served per employee enabled by digitalization continues to increase, reflecting a significant enhancement in system support capabilities.

7. Enhancing employee professional competence through refined training systems

Professional competence is a key driver of the Company's organic store growth and profitability improvement, and represents a core competitive advantage underpinning its industry leadership. During the Reporting Period, the Company advanced its training initiatives by developing and standardizing training materials, establishing teams of full-time and part-time store instructors, setting up training bases for new employees and reserve store managers, and continuing the Management Trainee program, supported by a range of online and offline training models and credit-based assessments. In 2025, the Company updated its training courseware to cover service concepts, behavioral habits, professional skills, and pharmaceutical knowledge. A total of 34,232 training sessions were conducted, with an average of

119.82 training hours per employee. Training was provided to various levels, including middle and senior management, core staff, base instructors, full-time lecturers, management trainees, district directors, store managers, reserve store managers, and new employees. In 2025, the Company developed or updated several key training handbooks, including the *Handbook for Pre-Stage Training for Reserve Store Managers*, the *Handbook for Store Manager Base Training*, and the *Handbook for New Store Manager Guidance*. A new *Handbook for Reserve District Director Training and Coaching* was also developed to support middle management training. These were complemented by the development of question banks and training on key products aligned with the "personnel, goods, and premises" framework. In 2025, the Company organized employee participation in the national licensed pharmacist qualification examination, resulting in 1,047 newly certified in-house licensed pharmacists. As of the end of the Reporting Period, the Company employed 13,240 licensed pharmacists (excluding employees of franchised stores). Additionally, the Company continued to strengthen partnerships with universities, establishing Yifeng Class school-enterprise collaboration programs and creating internship and talent cultivation bases, thereby securing a robust pipeline of professional talent to support future development.

Explanation for new material non-core businesses added during the Reporting Period
" Applicable" " Not applicable"

II. Industry of the Company during the Reporting Period

(i) Industry overview

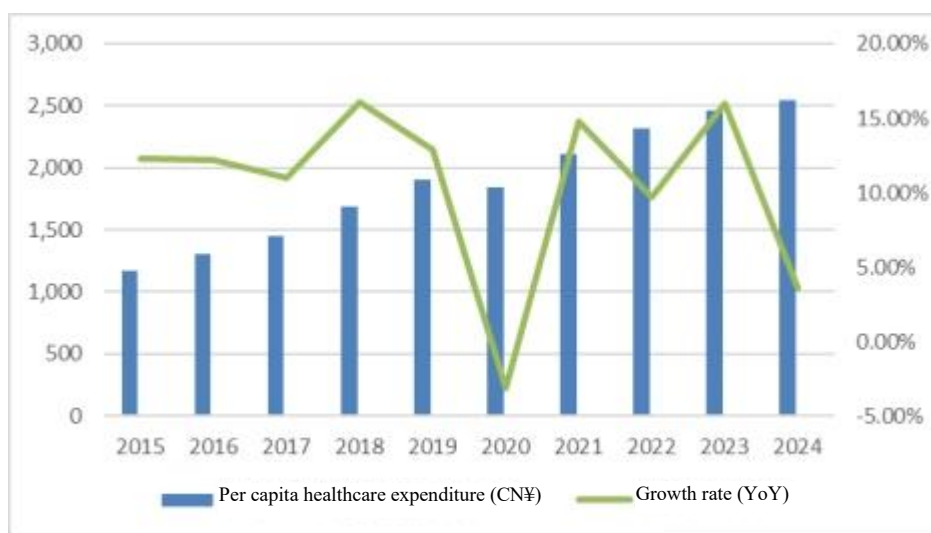
During the Reporting Period, rising living standards and evolving consumption patterns among Chinese residents drove steady growth in healthcare demand. Supported by policy reforms, demographic shifts, and increased health awareness, the social value of the pharmaceutical retail industry continued to strengthen. Innovation-driven development progressed steadily, and compliance management systems became more robust. Following a prolonged expansion cycle, the pharmaceutical retail industry has entered a new phase, transitioning from scale-driven growth to high-quality development. As healthcare system reforms deepen, the institutional framework supporting the separation of prescribing and dispensing, as well as prescription outflow, has been further reinforced. Retail pharmacies have grown increasingly prominent as channels in the out-of-hospital pharmaceutical market and as community health access points. Aging-related chronic disease management demand continues to release structural customer flows to pharmacies. Meanwhile, internet technology and artificial intelligence are accelerating the maturation of the "pharmaceutical new retail" model, making online-offline integration an industry hallmark. In addition, significant changes in the policy environment, macroeconomic conditions, and competitive landscape are accelerating the industry's transition toward standardized, specialized, and high-quality development.

I. Accelerated aging population and heightened health awareness establish long-term industry growth fundamentals.

According to official statistics, the proportion of China's population aged 60 and above rose from 14.3% in 2012 to 22.5% in 2025. With an aging population and the younger onset of chronic diseases, the

number of disabled individuals is gradually increasing, sustaining demand for chronic disease care. In response, the state has introduced long-term care insurance, shifting elderly care from a home-based to a social-based model. The China Research Center on Aging estimates the current scale of China's silver economy at approximately CN¥7 trillion, with the potential to reach CN¥30 trillion by 2035. The advent of an aging society creates sustained demand for chronic disease management, clarifying the long-term outlook for healthcare services. In this context, pharmacies—as key community health service points—have become more prominent in terms of professionalism and trustworthiness. According to the National Bureau of Statistics, per capita healthcare expenditure in 2025 was CN¥2,573, an increase of 1.0% year-on-year, representing 8.7% of per capita consumer spending.

Per Capita Healthcare Expenditure of Residents 2015–2024



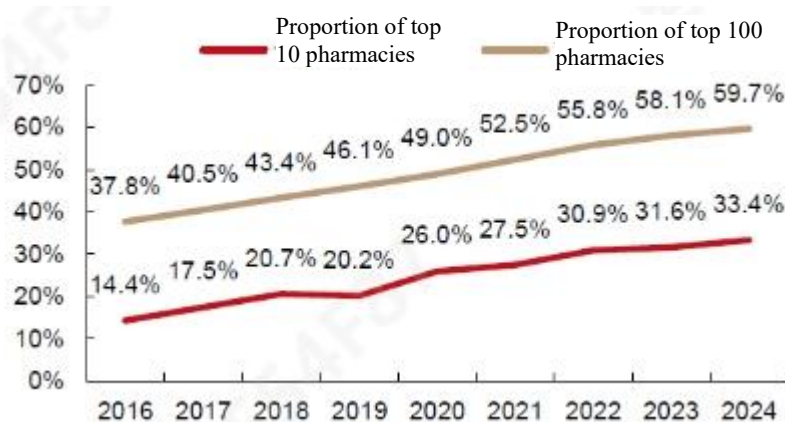
Data Source: National Bureau of Statistics

II. Shifting from scale expansion to high-quality development – chain store penetration rate and concentration continue to rise.

During the Reporting Period, driven by an aging population, systemic policy restructuring, and accelerated technological iteration, the pharmaceutical retail industry pivoted from scale expansion to high-quality development. Industry consolidation accelerated, with chain store penetration rates and market concentration continuing to increase.

Industry data shows that the chain store penetration rate of retail pharmacies rose from 50.5% in 2017 to 57.6% in 2024. However, regional disparities remain significant: the rate exceeds 70% in eastern coastal areas but remains below 52% in central and western regions. In 2024, direct-store sales of the top 100 retail pharmacy enterprises accounted for 59.7% of the national pharmaceutical retail market, with concentration among top-tier players steadily increasing over the past decade. The top 10 enterprises accounted for approximately 33.4% of total national retail sales. By comparison, the top three pharmacy chains in the United States have long held over 85% of the market, while the top 10 drugstore chains in Japan command approximately 73.7% market share. These figures indicate considerable room for improvement in both chain store penetration rate and market concentration within China's pharmacy sector.

Proportion of Top 10 and Top 100 Companies in China's Pharmacy Industry (2016–2024) – by Sales Value



Data Source: China Drug Store

National Pharmacy Chain Store Penetration Rate (2017–2024)



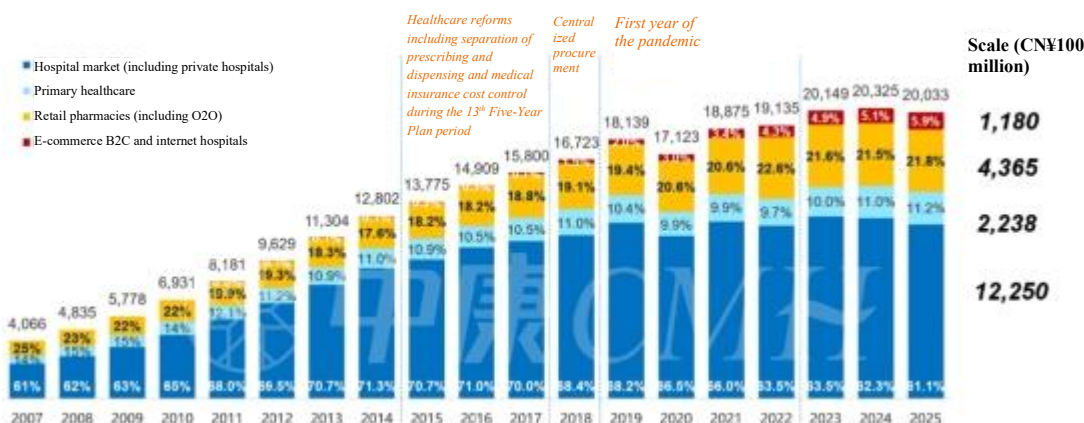
Source: Sinohealth CMH

III. Implementation of medical insurance electronic prescriptions accelerates prescription outflow and enhances the channel value of retail pharmacies.

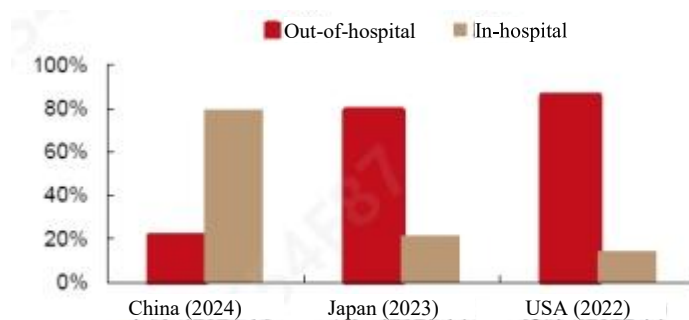
According to the *Notice of the National Healthcare Security Administration Office on Standardizing the Management of Medical Insurance Drug Prescriptions for External Distribution* (YBBH [2024] No. 86), effective January 1, 2025, designated retail pharmacies equipped to handle "dual-channel" drugs must transfer prescriptions for these drugs through the electronic prescription center and will no longer accept paper prescriptions. Leveraging the unified national medical insurance information platform, local authorities are accelerating the deployment of electronic prescription center functions. These efforts connect medical insurance agencies, designated medical institutions, and designated retail pharmacies to ensure seamless electronic prescription transfer. In 2025, the total terminal market size for drugs in China

reached CN¥2,003.3 billion, representing a year-on-year decrease of 1.4%. Over the long term, the terminal structure of China's drug market is gradually evolving toward a diversified "four-wheel drive" model comprising hospitals, primary healthcare institutions, retail pharmacies, and e-commerce channels. Hospitals continue to hold the largest market share, although their share has shown a slow decline in recent years. Primary healthcare institutions have steadily increased their share, supported by outpatient pooling policies and favorable medical insurance reimbursement ratios. Retail pharmacies, as the most important out-of-hospital channel, have seen their share increase steadily.

Pharmaceutical Market – Proportion of Sales by Terminal Channel Nationwide (CN¥100 million)



Proportion of Prescription Drugs in Hospital vs. Out-of-Hospital Markets: China, Japan, and the USA



Source: Sinohealth CMH

IV. Compliance operations become industry mainstream, delivering policy dividends to leading enterprises.

Since 2025, a series of major policies have been introduced and implemented across the pharmaceutical retail industry. The sector is undergoing a guided transformation and upgrade through enhanced regulatory oversight and technological empowerment, with online and offline channels

gradually moving toward orderly development. Leading pharmacy chains that prioritize compliance and standardized governance stand to benefit from a supportive policy environment conducive to long-term growth.

In March 2025, four departments, including the National Healthcare Security Administration, jointly issued the *Notice on Strengthening the Collection and Application of Drug Traceability Codes in the Medical Insurance and Work-Related Injury Insurance Fields*. The notice stipulates that, effective July 1, 2025, scanning of traceability codes is required before medical insurance fund settlement for drug sales. The National Healthcare Security Administration will build relevant functions on the unified national medical insurance information platform and provide public services. Insured individuals will be encouraged to query traceability codes, and big-data supervision models centered on drug traceability codes will be developed to strictly crack down on illegal activities such as drug swapping or reselling.

In April 2025, twelve departments, including the Ministry of Commerce, the National Health Commission, and the National Medical Products Administration, jointly issued the *Action Plan for Promoting Healthy Consumption*, which is the first systematic plan for developing the health consumption sector. The plan positions retail pharmacies as "core hubs for health promotion" and guides them to expand functions such as health promotion and nutritional support. It also encourages local authorities to include eligible medical services in local medical insurance payment scopes, following due procedures; supports innovation in "internet+" medical service models, leveraging the unified national medical insurance information platform to deepen the application of electronic prescriptions and facilitate smooth prescription transfer between designated medical institutions and pharmacies, thus meeting demand for convenient medical services; and leverages the expertise of licensed pharmacists in retail pharmacies to conduct health knowledge consultations and promotions on rational drug use and chronic disease management, thereby promoting healthy consumption concepts.

In September 2025, the National Medical Products Administration issued the *Compliance Guidelines for Online Retail of Prescription Drugs (Draft for Comments)*, mandating full-process traceability and closed-loop management across business entity qualifications, professional staffing, prescription verification, and marketing activities. This signals that online retail of prescription drugs is formally entering a new phase of "strong regulation and compliance focus" following its earlier rapid growth.

In January 2026, nine departments, including the Ministry of Commerce and the National Health Commission, jointly issued the *Opinions on Promoting High-Quality Development of the Pharmaceutical Retail Industry*, proposing 18 measures across five areas. The opinions explicitly promote the transformation of pharmacies from traditional "drug sales terminals" into "community health stations" and encourage retail pharmacies to legally pursue M&As and develop integrated wholesale-retail models. The issuance of national-level policies for high-quality industry development promotes the specialization, consolidation, digitalization, and standardization of the pharmaceutical retail industry, providing clear policy guidance for industry transformation and upgrading.

In January 2026, the *Regulations for Implementation of the Drug Administration Law of the People's Republic of China* was revised, further refining the management system for online drug sales,

strengthening the responsibilities of third-party platform providers for online drug transactions, and clearly specifying the scope of drugs prohibited from online sale. The revisions also encourage prescription outflow through digital means.

In February 2026, the State Administration for Market Regulation issued the *Antitrust Compliance Guidelines for Internet Platforms*, specifying four main types of monopoly risks and drawing clear red lines for platform operators. The guidelines also identify new monopoly risks in eight scenarios, including algorithmic collusion between platforms, organizing or assisting platform merchants in reaching monopoly agreements, unfairly high platform prices, selling below cost, blocking or shielding, "choose one of two" practices, "lowest price across all platforms" requirements, and platform differential treatment.

In summary, driven by policy and technological empowerment, the pharmaceutical retail industry has undergone a profound transformation from scale expansion to existing market competition. The era of universal growth for pharmacies is over. Policy supervision has tightened comprehensively, significantly raising compliance standards. The profit model is being rapidly restructured, shifting from selling drugs to providing services and managing health. Going forward, enterprises will need to build their core competitiveness 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 cyclicality. 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 cyclicality. 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 multiple 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 successively recognized as one of China's Top 100 Valuable Main Board Listed Companies, one of China's Top 500 Most Valuable Brands, one of the Hurun China Top 500 Most Valuable Brands, and a top 100 enterprise on the China Drug Store Value List. It has also been honored as the Most Investable Enterprise, the Pharmaceutical Retail Profitability Champion, and ranked first in China's Top 100 Pharmaceutical Retail Comprehensive Competitiveness List. In 2025, the Company was named among China's Top 500 Most Valuable Brands by GYBrand and achieved an MSCI ESG Rating of AAA. Since its listing, it has been awarded a Grade A rating for information disclosure by the Shanghai Stock Exchange for nine consecutive years.

III. Discussion and analysis of the Company's operations

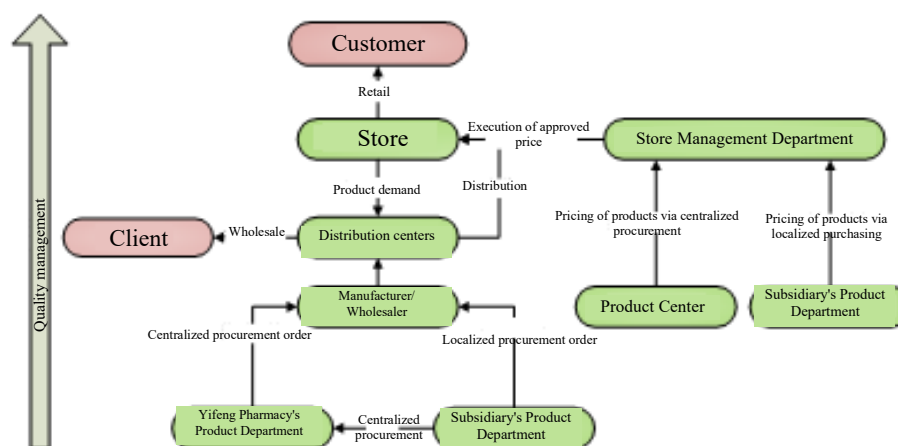
(i) Overview of main business

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 prepared slices of Chinese crude drugs, 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

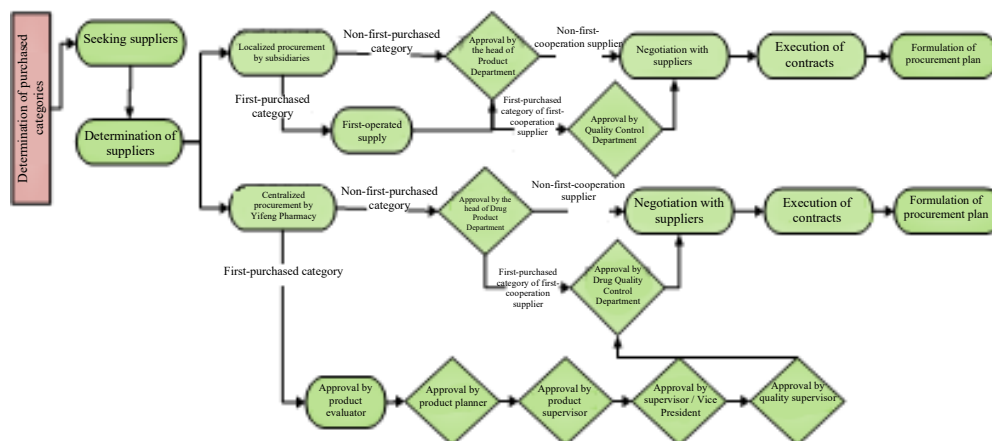
The Company's main operating modes include product procurement, logistics distribution, warehouse management, and store sales. It is shown as follows:



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 identifying the demands of stores, product departments at all levels conduct product evaluation, price inquiries, price comparisons, negotiations and price finalization. They also communicate and discuss with suppliers to finalize procurement contracts.

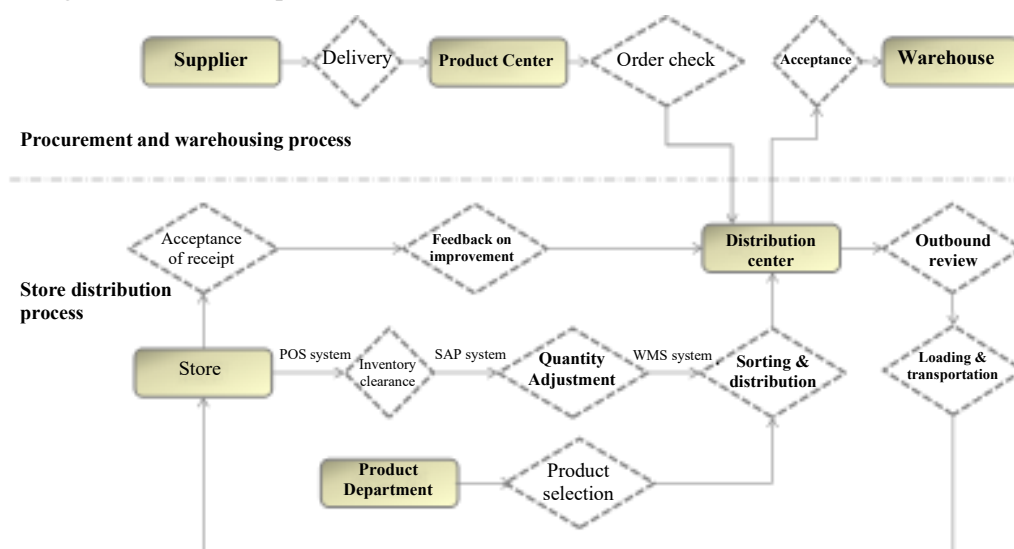
The Company's procurement process is as follows:



2. Warehouse management and logistics distribution

The Company has established 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, 2025, the Company owns a total of 14,831 chain drugstores (including 4,313 franchise stores) across multiple 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, prepared slices of Chinese crude drugs,

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 focus and steady expansion

During the Reporting Period, the Company adhered to the development strategy of "regional focus and steady expansion" and the operational policy of "key penetration and intensive marketing". By optimizing the 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 ever-growing scale and reduced logistics and operational costs. This has ensured the continuous growth of profitability.

The strategy of "regional focus" has enabled the Company to consistently achieve profit levels surpassing the industry average, and significantly increase its sales and profits. As of December 31, 2025, the Company operated 14,831 chain pharmacies (including 4,313 franchise stores) across multiple provinces and municipalities: Hunan, Hubei, Shanghai, Jiangsu, Jiangxi, Zhejiang, Guangdong, Hebei, Beijing, and Tianjin. Operating revenue and net profit attributable to shareholders of the listed company increased by 1.54% and 9.81% 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 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 and store network optimization, business process innovation, as well as business development empowered by digitalization. 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 shifting its product assortment from a passive to a proactive approach, the Company provides customers with reliable, effective, cost-efficient, and well-controlled channel products. This strategy has created a product-based competitive barrier relative to peers and enabled differentiated competition.

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. During 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 reserve store managers. This initiative has propelled the talent pipeline construction 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 places customer health value at the core and is committed to building a membership service system that integrates refined operations, intelligent outreach, and professional services. Through data-driven and technological innovation, the Company has extended its services from pure drug sales to

full-lifecycle health management. (i) Precision member operation strategy: Moving away from traditional mass-market operations, the Company has achieved precise member identification through tiered and classified management. Big data technology is used to conduct multi-dimensional customer profiling analysis. Based on consumption behavior, health data, and lifecycle stage, a scientific member classification and tiering model has been established. Differentiated benefits and communication strategies are matched to members at different tiers, ensuring precise resource allocation and enhancing marketing effectiveness. (ii) Comprehensive health service system: The Company has deepened full-cycle chronic disease management, transitioning chronic disease services from basic testing to in-depth management. A service closed-loop of "filing – follow-up – tracking – evaluation – re-examination/verification" has been built, leveraging free in-store health testing and professional services from all employees. Through intelligent backend task assignment to frontline employees, the Company provides guidance on medication adherence, dietary and exercise advice, and psychological counseling for chronic disease members, achieving health intervention and management throughout their lifecycle. In addition, the Company has strengthened the professional value of its pharmacist teams, building deep connections between members and pharmacists through online consultations and community Q&A. Stores serve as health stations, routinely conducting free health tests and patient education activities. This allows members to experience professional service while enhancing their emotional identification and professional trust in the Company. (iii) Intelligent and efficient digital support system: The Company empowers its service front-end by enabling employees online. The Employee Online mini-program fully digitizes store management, marketing execution, data querying, and performance compensation. Leveraging advanced information and internet technology, the Company has built an integrated intelligent platform that combines member information management, user health records, pharmacist online consultation, and online/offline integrated marketing. This platform consistently upgrades in-store customer experience and operational efficiency.

As of the end of the Reporting Period, the Company had a total of 116 million registered members, with member sales accounting for 83.79% of total sales. The Company's WeChat official account had over 17.25 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 centers in cities including Shaoguan, 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

Through the dual drivers of cultural guidance and talent motivation, the Company has built a professional team with high identification, execution, and cohesion, injecting sustainable momentum into enterprise development. The Company's core values—"customer first, result-oriented, innovation and lean, diligence and pragmatism, responsibility and collaboration, growth and care"—are fully integrated into employee training courses, talent review dimensions, and KPI assessment systems. This integration makes culture a measurable and evaluable behavioral standard, fostering a team culture of simple and transparent interpersonal dynamics, accountable collaboration, and efficient and pragmatic teamwork. While focusing on customer value creation and a results-oriented approach, the Company enables employees to achieve personal growth alongside performance delivery through systematic training and empowerment, realizing the organic integration of a fulfilling work experience and pragmatic results delivery. To meet rapidly evolving business needs, the Company consistently optimizes its talent development environment and has established a standardized system for talent selection, training, utilization, and retention. By improving employee career planning and building an instructive organization, the Company ensures a robust talent pipeline. Additionally, the Company has introduced and deepened the application of competency models,

using scientific talent review mechanisms to accurately identify high-potential talent, thereby meeting the diverse talent needs of rapid corporate growth.

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¥24,433.1652 million, representing a year-on-year growth of 1.54%. The net profit attributable to shareholders of the listed company reached CN¥1,678.4819 million, registering a year-on-year increase of 9.81%. The net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses was CN¥1,611.5622 million, representing a year-on-year growth of 7.65%. The weighted average return on net assets was 14.98%, with earnings per share of CN¥1.38. As of December 31, 2025, the Company's total assets amounted to CN¥27,451.924 million, representing a decrease of 1.87% compared to CN¥27,974.737 million at the end of the previous year. The equity attributable to owners of the parent company totaled CN¥11,634.2874 million, indicating an increase of 8.47% compared to CN¥10,725.687 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: CNY

Item	Amount in the current period	Amount in the same period last year	Proportion of change (%)
Operating revenue	24,433,165,197.50	24,062,154,701.73	1.54
Operating costs	14,817,330,076.73	14,408,310,539.42	2.84
Sales expense	5,854,321,676.31	6,179,375,830.54	-5.26
Management expenses	1,186,590,030.12	1,082,881,741.13	9.58
Financial expenses	142,062,684.40	173,903,161.81	-18.31
R&D expenses	27,916,037.00	33,935,812.25	-17.74
Net cash flow from operating activities	3,358,448,014.41	4,221,267,084.53	-20.44
Net cash flows from investing activities	-1,426,178,888.92	-3,608,849,101.30	60.48
Net cash flow from financing activities	-2,479,798,551.78	-920,200,252.31	-169.48

Explanation of changes in operating revenue: This was mainly due to year-on-year organic growth from established stores and continued expansion of the franchise and delivery businesses.

Explanation of changes in operating costs: This was mainly due to the year-on-year growth in sales revenue.

Explanation of changes in sales expenses: This was mainly due to rent reductions and store closures under the Company's strategic adjustments, resulting in lower rental and personnel costs year-on-year.

Explanation of changes in administrative expenses: This was mainly due to higher staff salaries, consulting fees, and depreciation expenses during the current period.

Explanation of changes in financial expenses: This was mainly due to reduced amortization of unrecognized financing costs related to leases during the Reporting Period.

Explanation of changes in R&D expenses: This was mainly due to a marginal reduction in R&D investment during the current period.

Explanation of changes in net cash flows from operating activities: This was mainly due to an increase in cash payments made upon the maturity of acceptance bills during the current period.

Explanation of changes in net cash flows from investing activities: This was mainly due to a decrease in net cash outflows from investments in wealth management products during the current period. Explanation of changes in net cash flows from financing activities: This was mainly due to cash inflows from financing activities related to the issuance of convertible bonds in the same period of the previous year.

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"

None

(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	21,305,833,263.83	12,609,419,002.32	40.82	0.56	1.55	-0.57
Franchise and distribution	2,426,997,534.36	2,182,766,546.50	10.06	15.18	12.46	2.18
Subtotal	23,732,830,798.19	14,792,185,548.82	37.67	1.88	3.02	-0.69
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 Western patent medicine	18,349,808,898.74	11,922,097,673.82	35.03	1.69	3.05	-0.86
Traditional Chinese medicine	2,329,500,735.58	1,222,847,380.76	47.51	0.71	2.44	-0.89
Non-drug	3,053,521,163.88	1,647,240,494.24	46.05	3.96	3.25	0.37
Subtotal	23,732,830,798.19	14,792,185,548.82	37.67	1.88	3.02	-0.69
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	11,273,456,779.61	6,674,751,675.89	40.79	2.58	4.02	-0.82
East China	9,340,376,923.68	6,032,053,349.82	35.42	0.19	0.57	-0.25
North China	3,118,997,094.89	2,085,380,523.11	33.14	4.58	7.30	-1.70
Subtotal	23,732,830,798.19	14,792,185,548.82	37.67	1.88	3.02	-0.69

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

By industry, the Company's main business is drug retail, which accounts for 89.77% of the revenue. During the Reporting Period, the gross profit margin of the Company's main business was 37.67%, a decrease of

0.69% compared to the previous year. This was mainly due to lower gross margins for Chinese and Western patent medicines and traditional Chinese medicine in the retail segment.

By product category, revenue from Chinese and Western patent medicines, traditional Chinese medicine, and non-pharmaceutical products recorded modest growth, with year-on-year increases of 1.69%, 0.71%, and 3.96%, 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: CNY Currency: CNY

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	12,609,419,002.32	85.24	12,417,209,959.66	86.48	1.55	
Franchise and distribution	Sales cost	2,182,766,546.50	14.76	1,941,013,188.35	13.52	12.46	
Subtotal	Sales cost	14,792,185,548.82	100.00	14,358,223,148.01	100.00	3.02	
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 medicine	Sales cost	11,922,097,673.82	80.60	11,569,122,686.36	80.58	3.05	
Traditional Chinese medicine	Sales cost	1,222,847,380.76	8.27	1,193,677,734.15	8.31	2.44	
Non-drug	Sales cost	1,647,240,494.24	11.14	1,595,422,727.49	11.11	3.25	
Subtotal	Sales cost	14,792,185,548.82	100.00	14,358,223,148.01	100.00	3.02	

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

Customers or suppliers under the control of the same controlling party are presented on a consolidated basis as a single customer or supplier, except for those actually controlled by the same state-owned asset management authority.

Explanation for presenting the following customer and supplier information on a consolidated basis in accordance with the same control criterion

None

A. Information on the Company's major customers and primary suppliers

Applicable" Not applicable"

The sales amount from the top five customers totaled CN¥9,895.45CN¥10,000, accounting for 0.41% of the total annual sales. The sales amount of related parties from the top five customers was CN¥1,406.61CN¥10,000, accounting for 0.06% of the total annual sales.

The procurement amount from the top five suppliers totaled CN¥736,817.25CN¥10,000, accounting for 47.34% 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.

B. 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 were among the top 5 customers or there was a significant dependence on a small number of customers.

Applicable" Not applicable"

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 were among the top 5 suppliers or there was a significant dependence on a small number of suppliers.

Applicable" Not applicable"

C. Delisting risk warning or other risk warnings applicable to the Company's shares during the Reporting Period

Top 5 customers

Applicable" Not applicable"

Top 5 suppliers

Applicable" Not applicable"

D. Trading business income generated during the Reporting Period

Applicable" Not applicable"

Top 5 customers with trading business income accounting for more than 10% of operating revenue
 Applicable" Not applicable"

Top 5 suppliers with trading business income accounting for more than 10% of operating revenue
 Applicable" Not applicable"

Other explanation:
 None

3. Costs

Applicable" Not applicable"

Item	Amount incurred in the current period (CN¥)	Amount incurred for the previous period (CN¥)	Proportion of change (%)
Sales expense	5,854,321,676.31	6,179,375,830.54	-5.26
Management expenses	1,186,590,030.12	1,082,881,741.13	9.58
R&D expenses	27,916,037.00	33,935,812.25	-17.74
Financial expenses	142,062,684.40	173,903,161.81	-18.31

Explanation of changes in sales expenses: This was mainly due to rent reductions and store closures under the Company's strategic adjustments, resulting in lower rental and personnel costs year-on-year.

Explanation of changes in administrative expenses: This was mainly due to higher staff salaries, consulting fees, and depreciation expenses during the current period.

Explanation of changes in R&D expenses: This was mainly due to a marginal reduction in R&D investment during the current period.

Explanation of changes in financial expenses: This was mainly due to reduced amortization of unrecognized financing costs related to leases during the Reporting Period.

4. R&D investment

(1).Details of R&D investment

Applicable" Not applicable"

Unit:CN¥ Currency: CNY

Expensed R&D investment in the current period	7,246,815.63
Capitalized R&D investment in the current period	35,285,176.07
Total R&D investment	42,531,991.70
Total R&D investment as a proportion of operating revenue (%)	0.17
Share of capitalized R&D investment (%)	82.96

(2).Details of R&D personnel

Applicable" Not applicable"

Number of the Company's R&D Personnel	382
Number of R&D personnel as a proportion of the Company's total workforce (%)	0.98
Educational Background of R&D Personnel	
Academic Degree	Number
Doctorate degree	0
Master's degree	16
Undergraduate	278
College degree	83
High school and below	5

Age of R&D Personnel	
Age Group	Number
Under 30 (excluding 30)	116
30–40 (including 30 but excluding 40)	214
40–50 (including 40 but excluding 50)	48
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 (CN¥)	Amount incurred for the previous period (CN¥)	Proportion of change (%)
Net cash flow from operating activities	3,358,448,014.41	4,221,267,084.53	-20.44
Net cash flows from investing activities	-1,426,178,888.92	-3,608,849,101.30	60.48
Net cash flow from financing activities	-2,479,798,551.78	-920,200,252.31	-169.48

Explanation of changes in net cash flows from operating activities: This was mainly due to an increase in cash payments made upon the maturity of acceptance bills during the current period.

Explanation of changes in net cash flows from investing activities: This was mainly due to a decrease in net cash outflows from investments in wealth management products during the current period.

Explanation of changes in net cash flows from financing activities: This was mainly due to cash inflows from financing activities related to the issuance of convertible bonds in the same period of the previous year.

(ii) Explanation of 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¥ Currency: CNY

Project 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	5,853,790,200.51	21.32	4,406,809,254.46	15.75	32.84	Primarily due to an increase in the purchase of bank

						wealth management products with idle funds in the current period
Prepayments	145,609,940.93	0.53	302,853,987.72	1.08	-51.92	Primarily due to an increase in prepayments at the end of the prior year as a result of year-end inventory stocking, which returned to normal levels by the end of the current period
Other current assets	622,222,469.67	2.27	407,724,560.60	1.46	52.61	Primarily due to an increase in debt investments due within one year
Investment in other equity instruments			339,971,600.00	1.22	-100.00	Due to the disposal of other equity instrument investments during the current period
Works in progress	83,780,128.45	0.31	228,582,939.93	0.82	-63.35	Primarily due to the transfer of completed works in progress to fixed assets
Short-term borrowings			30,026,388.89	0.11	-100.00	Due to the repayment of short-term borrowings during the current period
Advance receipts	9,779,387.76	0.04	22,884,188.22	0.08	-57.27	Primarily due to lower rental income received in advance during the current period
Contract liabilities	228,524,097.88	0.83	130,070,603.90	0.46	75.69	Primarily due to higher advances received during the current period
Taxes and dues payable	410,924,170.63	1.50	307,964,252.94	1.1	33.43	Primarily due to higher enterprise income tax payable during the current period
Lease liabilities	1,604,664,958.82	5.85	2,312,747,455.05	8.27	-30.62	Primarily due to a reduction in lease liabilities recognized for store leases during the current period
Treasury stock			3,764,535.58	0.01	-100.00	Due to the full unlocking of all restricted shares
Other comprehensive income			-47,773,490.51	-0.17	-100.00	Due to the disposal of other equity instrument investments during the current period

Other explanation:

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	1,297,152,786.70	Deposit to acceptance bills
Monetary funds	30,358.14	Deposit to government platforms
Monetary funds	277,382.46	Judicially frozen funds
Monetary funds	131,776.15	Business freezing
Monetary funds	8,691.88	Dormant account freezing
Monetary funds	2,000.00	ETC frozen funds
Monetary funds	170,000,000.00	Control over purchase of wealth management products
Total	1,467,602,995.33	

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	10	0.36	4849	65.69
East China	Pharmaceutical retail	1	0.035	3963	58.41
North China	Pharmaceutical retail	2	0.065	1,693	24.07
Total		13	0.46	10,505	148.17

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 focus 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 operations and brand penetration.

In 2025, based on changes in the market environment, the Company timely adjusted its expansion strategy and optimized its existing store network. As of the end of the Reporting Period, the total number of the Company's stores is 14,831 (including 4,313 franchise stores), registering a net increase of 147 stores during the Reporting Period.

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

As of December 31, 2025, the Company had 10,518 direct-sale stores. The operating efficiency of these stores is as follows:

Store Type	Number of Stores	Store Operating Area (m ²)	Average Daily Sales per Square Meter (tax included; CN¥/m ²)
Flagship store	23	16,539.72	136.88
Regional central store	73	26,156.81	64.02
Medium-sized community store	866	163,183.27	56.20
Small-sized community store	9,556	845,633.49	54.96
Total	10,518	1,051,513.29	55.30

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) Online business operation

During the Reporting Period, relying on offline store network 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 116 million, and the Company's WeChat official account had more than 17.25 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. Supported by the dual-engine strategy of O2O and B2C, relying on the Company's regional focus strategy, intelligent supply chain system, and refined operation, the Company's Internet business achieved sales revenue of CN¥2.993 billion (tax included) in 2025. This includes sales revenue from O2O of CN¥2.094 billion (tax included) and sales revenue from B2C of CN¥0.899 billion (tax included).

(v) Analysis of investment status

Overall analysis of outbound equity investments

Applicable" Not applicable"

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 of 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"

Major subsidiaries and shareholding companies with an impact of more than 10% on the Company's net profit

Applicable" Not applicable"

Unit: CN¥10,000 Currency: CNY

Name of company	Type of company	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hunan Yifeng Pharmaceutical	Subsidiary	Pharmaceutical wholesale	15,000.00	345,532.57	130,179.01	607,533.03	69,104.29	54,995.37
Jiangsu Yifeng	Subsidiary	Pharmaceutical retail	15,000.00	670,448.93	203,540.22	548,475.12	36,702.59	25,759.77
Hubei Yifeng	Subsidiary	Pharmaceutical retail	5,000.00	183,624.64	59,415.00	336,441.04	33,242.64	24,966.35
Shijiazhuang Xinxing	Subsidiary	Pharmaceutical retail	14,506.23	294,809.24	119,023.50	305,641.77	23,961.76	19,622.79

Acquisition and disposal of subsidiaries during the reporting period

Applicable" Not applicable"

Name of company	Acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhangjiakou Xinxing Nanshantang Pharmacy Chain Co., Ltd.	Transfer	Impact on net profit for the period: CN¥1,113,000

Other explanations

Applicable" Not applicable"

(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"

The year 2026 marks the first year of the National 15th Five-Year Plan period. The National Two Sessions (NPC & CPPCC) explicitly emphasized accelerating the construction of the Healthy China initiative, reaffirming that building Healthy China by 2035 remains a major strategic decision of the CPC Central Committee. The Government Work Report set out pragmatic and specific work arrangements for the development of the healthcare industry in 2026. As an integral part of the national healthcare system, the pharmaceutical retail industry connects public health on one side and the pharmaceutical industry on the other, directly impacting people's safety and health. It is therefore an indispensable component of the Healthy China initiative. In January 2026, nine departments, including the Ministry of Commerce, jointly issued the *Opinions on Promoting High-Quality Development of the Pharmaceutical Retail Industry*, the first policy document specifically targeting the pharmaceutical retail sector. The document explicitly proposes transforming pharmacies into "health stations" serving the public, with a focus on strengthening core functions such as professional services, health promotion, and emergency supply. This provides a clear roadmap for pharmacy transformation and development.

Additionally, the healthcare sector continued to expand, driven by three major development trends: an aging population, the separation of prescribing and dispensing, and rising industry concentration. In 2025, influenced by the economic environment, medical insurance reforms, and industry supervision, the landscape of China's pharmaceutical retail industry underwent profound changes, experiencing a deep transition from scale expansion to existing market competition. The era of universal growth for pharmacies is over. Policy supervision has tightened comprehensively, significantly raising compliance standards. The profit model is being rapidly restructured, shifting from selling drugs to providing services and managing health. Furthermore, with changes in the economic environment, the continued promotion of medical insurance outpatient pooling policies, and advances in internet digital technology, retail pharmacies are steadily developing toward standardization, diversification, specialization, and differentiation. A competitive landscape characterized by concentration among leading players, online-offline integration, and diversification of products and services is gradually emerging.

With sustained demand for health and innovation upgrades in pharmaceutical supply, the long-term positive trend of the market remains unchanged. Against the backdrop of industry expansion and new growth drivers in the health industry amid the silver economy era, and on the basis of standardized governance, the pharmaceutical retail industry will keep abreast of the times and policy changes. It will enhance its core value through digital transformation, supply chain optimization, innovative service models featuring an online-offline full-lifecycle health management ecosystem, and the development of community health stations, so as to achieve long-term sustainable development.

(ii) The Company's development strategy

Applicable" Not applicable"

The Company upholds its corporate mission: "Enhancing the physical and mental health of the Chinese people." Adhering to the development strategy of regional focus and steady expansion, the Company prioritizes business model innovation centered on customer value, expansion of upstream and downstream channels, and continuous exploration of new development opportunities. It has rolled out a series of key initiatives to consistently strengthen its core competitiveness, including enhancing brand image, improving employees' professional service capabilities, enriching differentiated product categories, building intelligent supply chains, and advancing digital innovation. With a focus on core systems including professional services, digitalization, supply chain, new retail, operational systems, and talent and culture, the Company serves customers with new concepts and technologies, empowering both stores and employees. By strengthening its fundamental human resources system and optimizing its organizational structure, the Company has steadily improved operational efficiency, organizational efficiency and talent density. Through restructuring an omni-channel, full-lifecycle health management service model and actively exploring the transformation of pharmacies into community health stations, the Company is further enhancing its corporate social value. It strives to make more substantial contributions to public health and achieve sustainable and healthy development.

(iii) Business plan

" Applicable" " Not applicable"

1. Innovating business models

In response to the national Healthy China initiative 2035, the Company will actively explore the transformation of pharmacies into community health stations. Centered on customer value, the Company will continuously innovate its integrated online-offline operating system, covering expansion, operations, merchandising, human resources, and information technology. Key initiatives include building an industry-leading new retail business model and intelligent supply chain system, establishing a warm, professional, precise, and efficient omni-channel member operation system, advancing the upgrade of "personnel, goods, and premises" under the new market environment, accelerating the development of the direct-sale franchise system, and fully innovating in diversified product systems and new service business models.

2. Expanding store network

Under the overall strategic framework of regional focus and steady expansion, and taking into account the current industry development trends, the Company will implement a city-specific expansion strategy through a combination of self-built stores, M&A, and franchising. By optimizing the site selection mechanism, customer flow testing system, and sales forecasting model, the Company will continuously improve the accuracy of store site selection, enhancing both selection efficiency and quality. This will enable a rational and efficient store network layout, steadily improving market share and concentration in regional markets.

3. Differentiating product structure and optimizing the supply chain management system

By shifting from a passive to a proactive approach, the Company aims to establish a differentiated product system covering all categories, with controllable cost, quality, and channels – better aligned with

market demand. The Company is strengthening its product elimination mechanisms and establishing a product lifecycle management system centered on category planning. These efforts improve product availability and inventory carry rate, building an efficient, intelligent category management and supply chain management system.

4. Innovating financial management to drive business and management capability enhancement

By constructing an integrated financial analysis and management system, the Company will create a customer-centric financial management framework that provides timely and accurate financial information for business decisions while effectively controlling risks. Through the development of industry-leading financial expertise, the Company will optimize the top-level design of funds, internal controls, and systems. This will build a secure, efficient, and sustainable financial infrastructure, providing a standardized, high-quality, and high-efficiency financial service foundation for corporate development.

5. Enhancing digital operation capabilities

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. Centered on the store service model, the Company will build an online operating model for digitalized "personnel, goods, and premises" in the pharmaceutical sector. This will create a high-quality service network and empower employees with professional service capabilities. By applying digital means in new store expansion, M&A, and franchising, the Company will proceed with 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.

6. 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.

(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, unified planning for outpatient pooling, and the traceability code have been rolled out in full swing. At the same time, industry regulation is increasingly stringent. If the Company fails to adjust its business management and internal operations in a timely manner in response to regulatory and industry policies, it may face considerable operational 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) improving its internal governance standards and digitalization capabilities, and (3) promoting professional services among employees and innovating in merchandise 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 to meet 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 in a risk of goodwill impairment.

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 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

A professional management team and customer service are 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 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, Environment, and Society

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 has established a Party Committee Office at its headquarters. The Company's General Meeting of Shareholders and Board of Directors operate in a standardized manner, with directors and senior management diligently fulfilling their duties.

The Company has consolidated the foundation of Party building and achieved new results in comprehensively strengthening Party self-discipline. It strictly implements the "First Topic" system and earnestly carries out education and learning on the spirit of the central Party leadership's eight-point decision on improving conduct. During the Reporting Period, the Company successfully established its Party Committee. To strengthen the integration of Party building with business operations, the Company carries out "Serving the Masses with Practical Actions" activities. In these activities, Party and mass organizations work together to build synergy, providing a strong political guarantee for the Company's high-quality development.

Shareholders and the General Meeting of Shareholders. During the Reporting Period, the Company held 3 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 with 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 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.

Performance evaluation and incentive/restraint mechanism. The Company has established an effective performance evaluation system and a fair, transparent incentive and restraint mechanism, both of which are gradually being improved.

Information disclosure and investor relations management. The Company has revised the *Information Disclosure Management System* and the *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 is Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership), and the actual controller is Mr. Gao Yi. Mr. Gao Yi concurrently serves as the Company's Chairman and President. Rationale for the concurrent appointment arrangement:

(i) Enhanced strategic decision-making and execution efficiency. The controlling shareholder or actual controller typically possesses a deep understanding of the Company's overall strategic direction and resource allocation. By concurrently holding the positions of Chairman and President, decision-making layers are reduced, accelerating the formulation and execution of strategic decisions. This structure is particularly beneficial when responding to market changes or major opportunities, enabling faster resource integration and project implementation.

(ii) Alignment of interests. By directly participating in the Company's day-to-day management, the controlling shareholder or actual controller can more directly ensure that operations align with their

strategic intent, reducing potential interest divergence arising from principal-agent problems. This alignment helps maintain the Company's long-term stable development.

(iii) Resource synergy and integration. In the context of group operations, having the controlling shareholder or actual controller concurrently serve as an executive of the listed company facilitates coordination of resources, such as capital, technology, and talent, between the listed company and other member entities within the group, achieving optimal resource allocation for the group as a whole.

Based on this arrangement, the Company strictly fulfills its relevant obligations under the *Securities Law* and applicable regulations. The Company maintains the independence of the listed company in terms of authority division, decision-making mechanisms, internal controls, as well as assets, personnel, finance, organization, and business, thereby safeguarding the legitimate rights and interests of the listed company and its minority shareholders.

(i) Clarifying division of authority

The Company's Articles of Association and corporate governance framework clearly define the respective authority of the Board of Directors and the President. The Board is responsible for major strategic decisions and supervising company operations, while the President is responsible for day-to-day management, preventing excessive concentration of power. The role of independent directors has been strengthened, granting them enhanced supervisory authority, including independent review and voting on major related party transactions and significant investment decisions, to ensure that decisions align with the overall interests of the listed company.

(ii) Establishing independent decision-making mechanisms

For matters involving related party transactions or business cooperation with the controlling shareholder or actual controller, the listed company is required to follow strict review procedures, including obtaining opinions from independent directors and undergoing review by specialized Board committees, ensuring the fairness and reasonableness of such transactions.

(iii) Strengthening information disclosure

The Company timely and fully discloses the concurrent appointment of the controlling shareholder or actual controller as a management executive, as well as relevant decision-making processes and transaction details, subjecting these matters to market and regulatory supervision to enhance corporate governance transparency.

(iv) Improving internal control system

The Company has established a sound internal control system, covering financial controls, audit supervision, and risk prevention. This ensures the listed company maintains independence in finance, business, and personnel, preventing improper intervention in the Company's operations by the controlling shareholder or actual controller.

(v) 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.

(vi) Personnel independence

The Company's directors 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, Executive Vice 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 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 of its controlling shareholder, actual controller, and other companies under their control in employees' social insurance and compensation, and manages them in separate books.

(vii) 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.

(viii) Institutional independence

The Company has established a complete corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, 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.

(ix) 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. Details of directors and senior management

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

√Applicable "□Not applicable"

Unit: share

Name	Position	Gender	Age	Term start date	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 Period (CN¥10,000)	Whether remuneration was obtained from the related parties of the Company
Gao Yi	Chairman, President	Male	58	2024.6.25	2027.6.24	141,481,267	141,481,267	0		288.76	No
Gao Feng	Director	Male	55	2024.6.25	2027.6.24	0	0	0		160.70	No
Gao Youcheng	Director, Executive President	Male	58	2024.6.25	2027.6.24	201,600	151,200	-50,400	Secondary market trading	232.30	No
Yang Rongfeng	Director	Male	40	2024.6.25	2027.6.24	0	0	0			No
Chai Mingang	Director	Male	57	2024.6.25	2027.6.24	0	0	0		20	No
Xi Feng	Director	Male	48	2024.6.25	2027.6.24	0	0	0		20	No
Qin Zheng	Independent Director	Male	57	2024.6.25	2027.6.24	0	0	0		12	No
Huang Chun'an	Independent Director	Male	43	2024.6.25	2027.6.24	0	0	0		12	No
Wang Xiaoyan	Independent Director	Male	50	2024.6.25	2027.6.24	0	0	0		12	No
Gu Wei	Executive Vice President	Male	47	2025.1.27	2027.6.24	4,000	4,000	0		246.97	No
Wang Fei	Vice	Male	41	2024.6.25	2025.4.2	424,872	364,872	-60,000	Secondary	188.92	No

(Off-office)	President								market trading		
Wan Xuemei	Vice President	Female	53	2024.6.25	2027.6.24	113,820	113,820	0		256.64	No
Li Songfeng	Vice President	Male	49	2026.3.27	2027.6.24	0	0	0			No
Zhang Jia (Off-office)	Vice President	Male	45	2024.6.25	2025.8.24	168,000	168,000	0		146.76	No
Wang Yonghui (Off-office)	Vice President, Chief Financial Officer	Male	51	2024.6.25	2026.3.5	601,440	601,440	0		252.20	No
Zhang Zhaoxu	Vice President	Male	53	2024.6.25	2027.6.24	81,000	60,800	-20,200	Secondary market trading	221.67	No
Xiao Zaixiang	Vice President	Male	69	2024.6.25	2027.6.24	254,760	254,760	0		130.77	No
Yan Jun	Associate President	Male	44	2024.6.25	2027.6.24	99,600	76,700	-22,900	Secondary market trading	177.84	No
Hu Jianxia	Associate President	Female	45	2024.6.25	2027.6.24	33,600	33,600	0		171.02	No
Fan Wei	Secretary of the Board of Directors	Male	45	2024.6.25	2027.6.24	50,400	50,400	0		86.96	No
Total	/	/	/	/	/	143,514,359	143,360,859	-153,500	/	2,637.51	/

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. He currently serves as the Company's director.
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. He currently serves as the Company's director.
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., Executive Director at Shanghai Jiakai Medical Investment Management Co., Ltd., and Executive Director at Shandong Ruigao Investment Co., Ltd. He currently serves as the Company's director.
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 (Hunan Provincial Key Laboratory of Big Data Research and Application). He is a Council Member of the China Cyber Security Society, a member of the Big Data Special Committee of the China Computer Federation, and a member of both the Intelligent Service Technical Committee and the Artificial Intelligence and Security Technical Committee of the Chinese Association for Artificial Intelligence. He also serves as a member of the Expert Advisory Committee for Building a Strong Manufacturing Province in Hunan, and a member of the Cyberspace Security and Informatization Expert Advisory Committees of Hunan Province and Shaanxi Province. He has successively served as an independent director of Hunan Mendale Hometextile Co., Ltd. and Talkweb Information System Co., Ltd. He currently serves as the Company's independent director.
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 Beijing Dacheng Law Offices. He currently serves as a senior partner at China Commercial Law Firm and an independent director of Hengfei Cable 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. He currently serves as the Company's independent director.
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.
Li Songfeng	Mr. Li Songfeng, born in September 1977, is of Chinese nationality and has no permanent residency overseas. He holds a Bachelor of Engineering degree from Nanjing University of Aeronautics and Astronautics. He previously served as Director, Chief Executive Officer (CEO), and Chief Technology Officer (CTO) of Yonghui Superstores Co., Ltd., as Senior Director at JD Group, and as Technology Director at Founder Mobile Media Technology (Beijing) Co., Ltd. He currently serves as Vice President 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"

In accordance with the *Company Law* (effective July 1, 2024), the China Securities Regulatory Commission's *Transitional Arrangements for the Implementation of New Company Law Supporting Rules and Systems*, the *Model Articles of Association for Listed Companies (Revised March 2025)*, the *Rules for General Meetings of Shareholders of Listed Companies (Revised March 2025)*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised April 2025)*, and other relevant laws, regulations, and normative documents, and taking into account the Company's actual circumstances, the Company held the 2nd Extraordinary General Meeting of Shareholders of 2025 on August 25, 2025. The meeting approved the *Proposal on Abolishing the Board of Supervisors and Amending the Company's Articles of Association* (Announcement No.: 2025-067). Consequently, the Company no longer has a Board of Supervisors, and the Audit Committee under the Board of Directors performs the duties of the Board of Supervisors as stipulated in the *Company Law*.

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

1. Situation of work performance in a shareholder entity

Applicable" Not applicable"

2. Situation of work performance in other entities

Applicable" Not applicable"

Name	Name of other organizations	Position held in other entities	Term start date	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	
	Changsha Wushang Hotel Co., Ltd.	Executive Director, Manager	2023-10	
	Hunan Gaokong Hotel Co., Ltd.	Supervisor	2022-7	
	Hunan Yaqi Hotel Management Co., Ltd.	Executive Director, General Manager	2021-6	
Yang Rongfeng	Capital Today Group (HK) Limited	Partner	2023-2	
	Beauty Valley Group Inc.	Director	2025-2	
	Blue Spring (International) Limited	Director	2025-3	
	66game Inc.	Director	2025-4	
	Inception Ltd	Director	2025-5	
	Carrie Holding Inc.	Director	2025-6	
	Golden Profit Network Inc.	Director	2025-7	
	Biyue (Beijing) Technology Co., Ltd.	Director	2025-8	
	Guangzhou Fuyue International Cosmetics Co., Ltd.	Director	2025-9	
	Yangzhou Dayun Food Co., Ltd.	Director	2025-10	
	Qingdao Xiaolinyou Food Technology Co., Ltd.	Director	2025-11	
	JR Talent Ltd.	Director	2025-12	
	a1 (Xiamen) Food Technology Co., Ltd.	Director	2026-1	
Bestore Co., Ltd.	Director	2026-2		

	Outer Inc.	Director	2026-3	
	Weldroid. Co., Ltd.	Director	2026-4	
	Shanghai Shanlimu Trading Co., Ltd.	Director	2026-5	
	Capital Today Management Consulting (Shanghai) Limited	Supervisor	2026-6	
	Ctg Evergreen Investment G One Limited	Director	2026-7	
	Changsha Yibing Yicheng Catering Management Co., Ltd.	Director	2026-8	
	Shanghai Gaussian Automation Technology Development Co., Ltd.	Director	2026-9	
	Shenzhen Hai Robotics Intelligent Technology Group Co., Ltd.	Director	2026-10	
	Shanghai Dr.Cheese Brand Management Co., Ltd.	Director	2026-11	
	Shanghai Wanxiangheyi Cosmetics Co., Ltd.	Director	2026-12	
	Shanghai Inoherb Cosmetics Co., Ltd.	Director	2027-1	
	Shanghai Xinwan Information Technology Co., Ltd.	Supervisor	2027-2-	
Chai Mingang	Shanghai Kaijie Enterprise Management Consulting Co., Ltd.	President	2018-11	
	Glodon Company Limited	Independent Director	2020-4	
Xi Feng	China Minsheng Jiaye Investment Co., Ltd.	Director	2022-8	
	Shanghai Jiakai Medical Investment Management Co., Ltd.	Executive Director	2022-7	
	Shandong Ruigao Investment Co., Ltd.	Executive Director	2026-3	
Qin Zheng	Hunan University	Professor	2025-6	
	Talkweb Information System Co., Ltd.	Independent Director	2022-5	
Huang Chun'an	China Commercial (Changsha) Law Firm	Senior Partner	2020-4	
	Hengfei Cable Co., Ltd.	Independent Director	2020-12	
Wang Xiaoyan	Blueriver Nutrition Company Limited	Chief Financial Officer	2021-9	
Explanation of the office at other entities	None			

(iii) Remuneration of directors and senior management

"√ Applicable" "□ Not applicable"

Decision-making process for the remuneration of directors and senior management	The Remuneration and Appraisal Committee of the Company's Board of Directors is the management body to assess and determine the remuneration of directors and senior management. The remuneration plans for directors, 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
Detailed recommendations of	The remuneration/allowances of the Company's directors, as well as the

Remuneration and Appraisal Committee or special meetings of independent directors on the remuneration of directors and senior management	remuneration of senior management, will be deliberated and approved by the Company's Remuneration and Appraisal Committee.
Basis of the remuneration of directors and senior management	The remuneration/allowances of the Company's directors will be approved by the General Meeting of Shareholders: Directors holding management positions in the Company will receive remuneration based on their management positions without receiving additional remuneration. The annual allowance for independent directors is CN¥120,000 (pre-tax) per person. The annual remuneration for other directors who do not hold any position in the Company is CN¥200,000 (pre-tax) per person. Remuneration of senior management is determined by the Board of Directors based on market benchmarks, position value and individual performance capabilities.
Actual payment of the remuneration of directors and senior management	Payment has been made as per relevant provisions and systems.
Total remuneration actually received by all directors and senior management as of the end of the Reporting Period	CN¥26.3751 million
Basis for assessment and completion status of remuneration actually received by all directors and senior management as of the end of the Reporting Period	Year-end performance bonuses are determined and paid according to the Company's annual performance, individual performance targets and final assessment results.
Deferred payment arrangements for remuneration actually received by all directors and senior management as of the end of the Reporting Period	Not applicable.
Suspension and recovery status of remuneration actually received by all directors and senior management as of the end of the Reporting Period	Not applicable.

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

"√ Applicable" "□ Not applicable"

Name	Position	Change	Reason for Change
Gu Wei	Executive Vice President	Appointment	As approved by the Company's 13 th meeting of the 5 th Board of Directors on January 27, 2025, Mr. Gu Wei was elected as the Executive Vice President.
Wang Fei	Vice President	Off-office	Personal reasons
Zhang Jia	Vice President	Off-office	Personal reasons
Wang Yonghui	Vice President and Chief Financial Officer	Off-office	Personal reasons
Li Songfeng	Vice President	Appointment	As approved by the Company's 26 th meeting of the 5 th Board of Directors on March 27, 2026, Mr. Li Songfeng was elected as the Company's Vice President.

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

Applicable" Not applicable"

(vi) Others

Applicable" Not applicable"

IV. Performance of duties by directors**(i) Attendance of directors at 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	13	13	5	0	0	No	3
Gao Feng	No	13	13	5	0	0	No	3
Gao Youchen	No	13	13	5	0	0	No	3
Yang Rongfeng	No	13	13	10	0	0	No	3
Chai Mingang	No	13	13	10	0	0	No	3
Xi Feng	No	13	13	10	0	0	No	3
Qin Zheng	Yes	13	13	10	0	0	No	3
Huang Chun'an	Yes	13	13	10	0	0	No	3
Wang Xiaoyan	Yes	13	13	10	0	0	No	3

Explanation of Not Attending in Person for Two Consecutive Sessions

Applicable" Not applicable"

Number of the Board of Directors meetings during the year	13
Incl.: Number of site meetings	0
Number of meetings via correspondence	5
Number of site meetings combined with correspondence	8

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

"□ Applicable" "√ Not applicable"

(iii) Others

"□ Applicable" "√ Not applicable"

V. 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) Three meetings convened by the Audit Committee during the Reporting Period

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2025.4.25	Reviewed the <i>Proposal on the Annual Report for Year 2024 and Its Summary</i> , <i>Proposal on the Report on the Financial Accounts for Year 2024</i> , <i>Proposal on Profit Distribution for Year 2024</i> , <i>Proposal on the Internal Control Evaluation Report for Year 2024</i> , <i>Proposal on the Special Report on the Deposit and Use of Raised Funds for Year 2024</i> , <i>Proposal on the Report on the Performance of Supervisory Duties by the Accounting Firm for Year 2024</i> , <i>Proposal on the Report on the Performance of the Audit Committee of the Board of Directors for Year 2024</i> , <i>Proposal on Renewing the Current Accounting Firm for Year 2025</i> , <i>Proposal on the 2024 Annual Internal Audit Report</i> , <i>Proposal on the 2025 Q1 Report</i> , and <i>Proposal on the 2025 Q1 Internal Audit Report</i> .	All committee members unanimously agreed and passed these proposals.	/
2025.8.27	Reviewed the <i>Proposal on the 2025 Semi-Annual Internal Audit Report</i> , <i>Proposal on the 2025 Semi-Annual Report</i> , and <i>Proposal on the Special Report on the Deposit and Actual Use of Raised Funds in the Semi-Annual Period of 2025</i> .	All committee members unanimously agreed and passed these proposals.	/
2025.10.29	Reviewed the <i>Proposal on the 2025 Q3 Internal Audit Report</i> , and <i>Proposal on the 2025 Q3 Report</i> .	All committee members unanimously agreed and passed these proposals.	/

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

Date of convening	Conference content	Important opinions and suggestions proposed	Other performance of duties
2025.1.27	Reviewed the <i>Proposal on Appointing Senior Management Members</i> .	All committee members unanimously agreed / and passed these proposals.	
2025.4.25	Reviewed the <i>Proposal on the Work Report of the Nominating Committee of the Board of Directors for Year 2024</i> .	All committee members unanimously agreed / and passed these proposals.	

(iv) Two 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
2025.4.25	Reviewed the <i>Proposal on the Remuneration for Senior Management Personnel for Year 2024</i> , and <i>Proposal on the Work Report of the Board Remuneration and Appraisal Committee for Year 2024</i> .	All committee members unanimously agreed / and passed these proposals.	
2025.9.30	Reviewed the <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the Second 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
2025.4.25	Reviewed the <i>Proposal on the 2024 Work Report of the Strategy and Sustainable Development Committee under the Board of Directors</i> , and <i>Proposal on the 2024 Environmental, Social and Governance (ESG) Report</i> .	All committee members unanimously agreed / and passed these proposals.	

(vi) Dissent on relevant matters

Applicable" Not applicable"

VI. Explanation of risks identified by the Audit Committee

Applicable" Not applicable"

The Audit Committee has no objections to the matters under its supervision during the Reporting Period.

VII. 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	9,988
Number of on-the-job employees of the main subsidiaries	28,965
Total number of on-the-job employees	38,953
Number of retired employees for whom the parent company and main subsidiaries need to bear expenses	1,818
Specialty composition	
Category of specialties	Number of specialties
Manufacturing personnel	179
Sales personnel	33,382
Technical personnel	382
Financial personnel	390
Administrative personnel	3,122
Distribution personnel	1,498
Total	38,953
Educational level	
Category of educational levels	Number of employees
Doctorate degree	2
Master's degree	143
Undergraduate	7,292
College degree	18,836
Technical secondary school	7,404
Others	5,276
Total	38,953

(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"

The Company has established a comprehensive employee training and talent pipeline development system. Through the dual drivers of cultural guidance and talent motivation, the Company is building a

professional team with high levels of identification, execution, and cohesion. In 2026, the Company will continue 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 will deepen the integration of industry and academia, standardize training materials, assemble dedicated and part-time instructor teams at stores, and establish training bases for new employees and reserve store managers. This initiative will propel the talent pipeline construction and various training models that blend online and offline elements with a credit-based evaluation system forward. The Company will also introduce and deepen the application of competency models, using scientific talent review mechanisms to accurately identify high-potential talent, thereby meeting the diverse talent needs arising from rapid company growth.

(iv) Labor outsourcing

Applicable" Not applicable"

VIII. 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

The Company's 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 *Three-Year Shareholder Return Plan (2025–2027)* to further standardize its profit distribution practices, establish a scientific, sustainable, stable and transparent dividend decision-making and oversight mechanism, and guide investors to adopt long-term and rational investment concepts.

2. Execution of the cash dividend policy

On April 28, 2025, the 16th meeting of the 5th Board of Directors approved the 2024 annual profit distribution plan, which was subsequently approved by the 2024 Annual General Meeting of Shareholders on March 29, 2026. Based on the total share capital outstanding on the record date for the 2024 equity distribution, the Company distributed a cash dividend of CN¥0.40 per share (tax included) to all shareholders, with an aggregate amount of CN¥484,966,741.60 (tax included).

On August 28, 2025, the Company held the 21st meeting of the 5th Board of Directors, which approved the 2025 semi-annual profit distribution plan. Based on the total share capital outstanding on the record date for the 2025 semi-annual equity distribution, the Company distributed a cash dividend of CN¥0.30 per share (tax included) to all shareholders, with an aggregate amount of CN¥363,725,186.70 (tax included). Authorized by the General Meeting of Shareholders, this semi-annual plan did not require further submission to the General Meeting of Shareholders for approval.

3. Profit distribution in 2025

On April 22, 2026, the Company held the 28th meeting of the 5th Board of Directors, which approved the 2025 annual profit distribution plan. Based on the total share capital outstanding on the record date for

the 2025 annual equity distribution, the Company proposes to distribute a cash dividend of CN¥0.40 per share (tax included) to all shareholders, with an estimated aggregate amount of CN¥484,956,932.40 (tax included). If the Company's total share capital changes during the period from the date of disclosure of this announcement to the record date for the implementation of equity distribution (e.g., due to the conversion of convertible bonds), the Company intends to keep the per-share dividend unchanged and adjust the total distribution amount accordingly. If any such adjustment occurs, the above profit distribution plan shall be subject to approval by the General Meeting of Shareholders before implementation.

(ii) Special explanation of 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"/> Yes <input type="checkbox"/> No
Whether the dividend criteria and ratio are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors perform their duties and fulfill their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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"/> Yes <input type="checkbox"/> No

(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)	4.00
Conversion amount per 10 shares (share)	0
Cash dividend amount (tax included)	484,956,932.40
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	1,678,481,865.01
Percentage of the cash dividend amount to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	28.89
Amount of cash dividends for share repurchases in cash	0
Total dividend amount (tax included)	484,956,932.40
Percentage of the total dividend amount to the net profit attributable to ordinary shareholders of the listed Company in the consolidated financial statements (%)	28.89

Note: The Company paid an interim cash dividend of CN¥363,725,186.70 for 2025. The total cash dividend for the full year 2025 (including the interim dividend) amounted to CN¥848,682,119.10, representing 50.56% 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¥ Currency: CNY

Cumulative cash dividends for the past three fiscal years (tax included) (1)	2,142,052,896.45
Cumulative amount of share repurchases and cancellations for the past three fiscal years (2)	0
Total amount of cash dividends, share repurchases and cancellations for the past three fiscal years (3) = (1) + (2)	2,142,052,896.45
Average annual net profit for the past three fiscal years (4)	1,539,681,186.26
Cash dividend ratio for the past three fiscal years (%) (5) = (3) / (4)	139.12
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the most recent fiscal year	1,678,481,865.01
Undistributed profits at the end of the most recent fiscal year in the parent company's financial statement	775,719,439.87

IX. 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 September 30, 2025, the Company's 3 rd Meeting of the 5 th Remuneration and Appraisal Committee and the 22 nd Meeting of the 5 th Board of Directors approved the <i>Proposal on the Accomplishment of the Conditions for the Release of Restricted Shares for the Second Release Period of the Reserved Grant under the Restricted Share Incentive Plan for 2022</i> . The proposal agreed to unlock 196,838 restricted shares for 29 incentive recipients.	For details, please refer to the <i>Announcement on the Accomplishment of the Conditions for the Release of Restricted Shares for the Second Release Period of the Reserved Grant under the Restricted Share Incentive Plan for 2022 (2025-105)</i> disclosed on October 1, 2025.

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

Equity incentive

Applicable" Not applicable"

Other explanation:

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 continuously improved the evaluation mechanism for senior management. The remuneration of senior management is determined in accordance with 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, and submitted to the Remuneration and Appraisal Committee for deliberation.
- (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.

X. 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 *2025 Internal Control Evaluation Report* was approved at the 28th 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 of significant defects in internal control identified during the Reporting Period
" Applicable" " Not applicable"

XI. 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, finance, 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.

Risk warning on abnormalities in management control over subsidiaries
" Applicable" " Not applicable"

XII. Description of the internal control audit report

" Applicable" " Not applicable"

Details are available in the 2025 Annual Internal Control Audit Report, which is disclosed on the same day as the 2025 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 report opinions: Standard unqualified audit opinion

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

Not applicable

XIV. Environmental information of listed companies and their major subsidiaries included in the list for mandatory environmental information disclosure

" Applicable" " Not applicable"

Other explanations

" Applicable" " Not applicable"

XV. Social responsibility

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

" Applicable" " Not applicable"

Details are available in the *2025 Environmental, Social and Corporate Governance Report*, which is disclosed on the same day as the *2025 Annual Report* on the Shanghai Stock Exchange website (www.sse.com.cn).

(ii) Social responsibility work

Applicable" Not applicable"

Details

Applicable" Not applicable"

Details are available in the *2025 Environmental, Social and Corporate Governance Report*, which is disclosed on the same day as the *2025 Annual Report* on the Shanghai Stock Exchange website (www.sse.com.cn).

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

Applicable" Not applicable"

Poverty alleviation and rural revitalization programs	Quantity/content	Description
Total investment (CN¥10,000)	20,847.00	<p>1. The Company continues to integrate its corporate development with regional economic growth and rural revitalization. While ensuring the reliability and stability of its pharmaceutical supply, it actively promotes the extension of the Chinese crude drug supply chain into rural areas. The Company gives priority to procuring Chinese crude drugs from rural farming households. In 2025, such procurements totaled approximately CN¥208 million. Hengxiutang, a core subsidiary of Yifeng Pharmacy focusing on the manufacture of prepared slices of Chinese crude drugs, sources more than 80% of its Chinese crude drugs from products harvested, planted or processed by farming households. This practice not only secures a stable supply of raw materials but also effectively broadens sales channels for farming households and contributes to farmers' income growth.</p> <p>2. The Company has consistently carried out targeted poverty alleviation initiatives in Fenghuang County, Hunan Province, supporting the development of local specialty agriculture through industrial collaboration. The Company has signed a targeted procurement agreement for Luo Han Guo (<i>Siraitia grosvenorii</i>) with Fenghuang County Xingcun Agricultural Development Co., Ltd., a collective enterprise of Zhangpo Village, Fenghuang County, under which it undertakes to stably purchase Luo Han Guo grown by local farmers. In 2025, the Company procured CN¥470,000 worth of the Chinese crude drug Luo Han Guo from local farmers. Through sustained targeted procurement cooperation, the Company</p>

		has effectively supported the development of rural economy while ensuring a stable supply of Chinese crude drug raw materials.
Including: Funds (CN¥ 10,000)		
Supplies converted into cash (CN¥ 10,000)	20,847.00	
Number of beneficiaries (person)		
Forms of assistance (such as poverty alleviation through the development of local industries, employment, and education)	Poverty alleviation through the development of local industries	

Details

Applicable" Not applicable"

Details are available in the *2025 Environmental, Social and Corporate Governance Report*, which is disclosed on the same day as the *2025 Annual Report* on the Shanghai Stock Exchange website (www.sse.com.cn).

XVII. Others

Applicable" Not applicable"

Section V 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>i) 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, it 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 with 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>ii) 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</p>	June 21, 2018	No	Long term	Yes		

			<p>subsidiaries, or transfer the competitive business to a third party with no affiliation, thus avoiding peer competition.</p> <p>iii) 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. iv) 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 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 stamping the Company's official seal.</p>						
Resolution of related party transactions	Controlling shareholder Jikang Management (formerly known as	As the controlling shareholder of Yifeng Pharmacy, the Company irrevocably makes the following commitments (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	June 21, 2018	No	Long term	Yes			

	Houxin Venture Capital)	<p>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 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.</p> <p>(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.</p>						
Others	Controlling shareholder Jikang Management (formerly known as Houxin Venture Capital)	<p>As the controlling shareholder of Yifeng Pharmacy, the Company makes the following commitments to ensure the independence of Yifeng Pharmacy:</p> <p>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.</p>	June 21, 2018	No	Long term	Yes		
Others	Actual company controller Gao Yi	<p>As the actual controller of Yifeng Pharmacy, I irrevocably make the following commitments:</p> <p>(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.</p> <p>(2) From the signing date of this commitment letter:</p>	June 21, 2018	No	Long term	Yes		

		<p>i) 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 with 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>ii) 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>iii) 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>iv) 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 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</p>						
--	--	---	--	--	--	--	--	--

		losses, claims, and additional expenditure incurred by Yifeng Pharmacy 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 Yifeng Pharmacy and within one year from the date of transferring all shares						
Resolution of related party transactions	Actual company controller Gao Yi	As the actual controller of Yifeng Pharmacy, I irrevocably make the following commitments: (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 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.	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 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	June 21, 2018	No	Long term	Yes		

			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.					
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 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: i) 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 with 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. ii) 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. iii) 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 the issuer and its subsidiaries, the issuer and its subsidiaries will have the priority for grant and operation. iv) 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	No	Long term	Yes		

			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.						
Resolution of related party transactions	Actual controller Gao Yi	(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 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	It shall be effective in the long term.	No	Long term	Yes			

			resulting in losses to the issuer and its other shareholders, I shall bear the responsibility for compensation.						
Resolution of peer competition	Controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)	To avoid potential peer competition in the future, the controlling shareholder of Yifeng Pharmacy, representing the Company and other companies that it currently controls 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: i) The 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 with 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. ii) 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. iii) 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. iv) 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	From February 17, 2015, it shall be effective in the long term	No	Long term	Yes			

			transfer of 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 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	It shall be effective in the long term.	No	Long term	Yes			

			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	Yes		
Others	Actual company Controller Gao Yi and controlling shareholder Yifeng Investment (formerly known as Houxin Venture Capital)		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 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.	It shall be effective in the long term.	No	Long term	Yes		
Restricted shares	Actual controller Gao Yi		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	Share lock-up period: 36 months from February 17, 2015. Share reduction period: Within two years after the	No	Long term	Yes		

			<p>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 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>	<p>expiration of the lock-up period, the reduction of shares shall not exceed 15% of the Company's total.</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</p>	<p>Share lock-up period: 36 months from February 17, 2015. Share reduction period: Within two years after the</p>	No	Long term	Yes			

			distribution, cash dividends, bonus issue, and the conversion of capital reserves into 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'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.	expiration of the lock-up period, the reduction of shares shall not exceed 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.	August 10, 2022	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.	August 10, 2022	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	August 10, 2022	No	Long term	Yes		

			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 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.						
Others	Controlling shareholder Houxin Venture Capital and its persons acting in concert Yizhifeng and Yirentang	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 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 successfully completes the subscription, 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.	December 16, 2022	No	Long term	Yes			
Others	Directors, supervisors, and senior management (excluding	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.	December 16, 2022	No	Long term	Yes			

	independent directors, Xiao Zaixiang, Wan Xuemei and Yan Jun).	<p>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.</p> <p>3. If I participate in the subscription of Yifeng's convertible corporate bonds and successfully complete the subscription, 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>	December 16, 2022	No	Long term	Yes		
Others	Senior management Xiao Zaixiang	<p>I am a senior manager 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 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.</p>	February 28, 2023	No	Long term	Yes		

	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.	May 15, 2023	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 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.	January 29, 2024	No	Long term	Yes		

(ii) Where a profit forecast has been made for the Company's assets or projects and the Reporting period falls within the profit forecast period, the Company shall provide an explanation of whether the assets or projects have achieved the original profit forecast and the relevant reasons.

Reached" Not reached" Not applicable"

(iii) Status of performance commitment

Applicable" Not applicable"

Changes in performance commitment

Applicable" Not applicable"

Other explanations

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 explanations

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 LLP (special general partnership)
Remuneration for the domestic accounting firm	245.00
Consecutive years for the domestic accounting firm to render audit services	15
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	4

	Name	Remuneration
Accounting firm for internal control auditing	Pan-China Certified Public Accountants LLP (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 of 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, senior management, controlling shareholder and actual controller** Applicable" Not applicable"

XI. Explanation of integrity status of the Company, 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	Other 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 principle, the price should be equivalent to that of the same or similar products purchased or sold by a third party unrelated to the party engaged in the transaction. It should not significantly deviate from the average market price.	Market price	7,637.09	0.49	Bank transfer/Bank acceptance bill		
Jiuzhitang and its holding subsidiaries	Other affiliated persons	Selling goods	Commodity and product sold	Transactions should be conducted based on the principles of	Market price	1,406.61	0.06	Bank transfer/Bank acceptance bill		

				fairness and impartiality, and pricing should be determined in accordance with national policies and market principles. In principle, the price should be equivalent to that of the same or similar products purchased or sold by a third party unrelated to the party engaged in the transaction. It should not significantly deviate from the average market price.						
Total				/	/	9,043.70		/	/	/
Details regarding the large-scale return of goods										
Explanation of 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"

(ii) Guarantee

√Applicable □Not applicable

Unit: CN¥10,000 Currency: CNY

External guarantees of the Company (excluding guarantees to subsidiaries)														
Guarantor	Relationship between the guarantor and the listed Company	Secured party	Amount of guarantee	Date of occurrence of guarantee (Signing date of agreement)	Guarantee Date of commencement	Guarantee Maturity date	Type of guarantee	Object of guarantee (if any)	Whether the fulfillment is completed	Whether the guarantee is overdue	Amount of overdue guarantee	Counter-guarantee	Whether the related party is guaranteed	Association Relationship
Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)							0							
Total amount of guarantee balance at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)							0							
Guarantees of the Company and its subsidiaries to subsidiaries														
Total amount of guarantees incurred by subsidiaries during the Reporting Period							149,725.08							
Total amount of guarantee balance to subsidiaries at the end of the Reporting Period (B)							114,774.92							
Total guarantees of the Company (excluding guarantees to subsidiaries)														
Total amount of guarantees (A + B)							114,774.92							
Ratio of total guarantees to the Company's net assets (%)							9.87							
Incl.:														
Amount of guarantees to shareholders, actual controller, and their related parties (C)							0							
The amount of debt guarantee provided directly or indirectly to guaranteed parties with an asset-liability ratio exceeding 70% (D)							0							
The amount exceeding 50% of net assets in the total guarantee amount (E)							0							
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	Risk characteristics	Undue amount	Overdue unrecovered amount
Bank wealth management products	Fund raising	Low risk	18,200	0
Bank wealth management products	Own funds	Low risk	569,000	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"

XIV. 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-place time of raised funds	Total amount of raised funds	Net amount of raised funds (1)	Total investment commitment in prospectus or offering circular (2)	Total over-raised funds (3) = (1) - (2)	Accumulative total amount of raised funds by the end of the Reporting Period (4)	Incl.: Accumulated investment of over-raised funds by the end of the Reporting Period (5)	Accumulated investment progress of raised funds by the end of the Reporting Period (%) (6) = (4) / (1)	Accumulated investment progress of over-raised funds by the end of the Reporting Period (%) (7) = (5) / (3)	Current year's investment amount (8)	The proportion of investment amount for this year (%) (9) = (8) / (1)	Total amount of raised funds with change of use
Issuance of convertible bonds	2024.3.8	179,743.20	178,026.23	178,026.23	0	48,680.42	0	27.34%	0	8,015.82	4.50%	0

Total	/	179,743.20	178,026.23	178,026.23	0	48,680.42	0	/	/	8,015.82	/	0
-------	---	------------	------------	------------	---	-----------	---	---	---	----------	---	---

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	Project 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 Phase II, Hubei Pharmaceutical Sorting and Processing Center, and Hebei Pharmaceut	Operation & management	Yes	No	43,202.15	5,924.65	27,177.23	62.91	2027/2/28	No	Yes	Not applicable		Not applicable	Not applicable	

	ical Warehouse Construction Project															
Issuance of convertible bonds	Yifeng Digital Platform Upgrade Project	R&D	Yes	No	8,064.2	852.25	8,104.53	100.50	2025/12/31	Yes	Yes	Not applicable		Not applicable	Not applicable	
Issuance of convertible bonds	The New Chain Pharmacy Project	Operation & development	Yes	No	126,759.88	1,238.92	13,398.66	10.57	2027/4/30	No	Yes	Not applicable	-2,810.41	Not applicable	Not applicable	
Total	/	/	/	/	178,026.23	8,015.82	48,680.42	//	/	/	/		-2,810.41	/	/	

Note: The Jiangsu Phase II project has not yet commenced mainly for the following reason: to improve warehouse logistics efficiency, the Company has adjusted its logistics and warehousing planning from a "one warehouse per province" model to a "multiple warehouses per province" model based on actual regional business requirements. By optimizing its warehouse network layout, the Company aims to establish a 3C logistics service model (Cost-lower, Closer to customers, more Convenient) that is compatible with its business development. In 2024, the Company invested in the construction of a prefectural-level warehouse in Suqian, Jiangsu, which satisfied its logistics and distribution needs in northern Jiangsu. As a result, the Jiangsu Phase II project has been postponed.

1. 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"

2. Temporary replenishment of working capital with idle raised funds

 Applicable" Not applicable"

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

On April 15, 2025, the Company convened the 15th meeting of the 5th Board of Directors. The meeting 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¥1.1 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 Idle Raised Funds to Temporarily Replenish Working Capital* (Announcement No.: 2025-031) disclosed on the Shanghai Stock Exchange website (www.see.com.cn) and statutory disclosure media on April 16, 2025. As of the end of the Reporting Period, the Company had utilized CN¥1.1 billion of idle raised funds from the 2024 public offering of convertible corporate bonds to temporarily supplement working capital. Of this amount, CN¥10 million has been returned, leaving a balance of CN¥1.09 billion of idle raised funds being used to temporarily 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 15, 2025	30,000	2025-04-16	2026-04-15	18,200	No

Other explanations

None.

4. Others

 Applicable" Not applicable"**(v) Concluding opinions of intermediary agencies' special verification and audit on the deposit and use of raised funds** Applicable" Not applicable"

Assurance report opinion issued by Pan-China Certified Public Accountants (special general partnership) on April 22, 2026: The management of Yifeng Pharmacy prepared its *2025 Annual Special Report on the Deposit, Management and Actual Use of Raised Funds* in accordance with the *Regulatory Rules for Listed Companies on Raised Funds* (ZJHGG [2025] No. 10) and the *Guidelines No. 1 of Shanghai Stock Exchange for the Self-Regulation of Listed Companies – Standardized Operations (May 2025 Revision)* (SZF [2025] No. 68). The report fairly reflects, in all material respects, the actual deposit, management and use of the Company's raised funds for the 2025 fiscal year.

Verification opinion issued by CITIC Securities Company Limited on April 22, 2026: The deposit, management and use of raised funds by Yifeng Pharmacy for the 2025 fiscal year comply with provisions of the *Regulatory Rules for Listed Companies on Raised Funds*, the *Guidelines No. 1 of Shanghai Stock Exchange for the Self-Regulation of Listed Companies – Standardized Operations*, and the Yifeng Pharmacy Chain Co., Ltd. Raised Funds Management System, as well as other relevant laws, regulations and policy documents.

Explanation of abnormal circumstances identified during verification

Applicable" Not applicable"

(vi) Subsequent rectification status for unauthorized change of use or illegal occupation of raised funds

Applicable" Not applicable"

XV. Explanation of other significant matters greatly affecting value judgment and investment decisions

Applicable" Not applicable"

Section VI Changes in Shares and Shareholders

I. Changes in share capital

(i) Share change table

1. Share change table

Unit: share

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion (%)	New issue	Bonus issue	Shares converted from reserved funds	Others	Subtotal	Quantity	Proportion (%)
I. Shares with trading restriction conditions	239,042	0.02				-239,042	-239,042	0	0
1. Shares held by the State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic capital	239,042	0.02				-239,042	-239,042	0	0
Incl.: Shares held by domestic non-state-owned legal person									
Shares held by domestic natural person	239,042	0.02				-239,042	-239,042	0	0
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	1,212,193,646	99.98				198,313	198,313	1,212,391,959	100
1. CNY ordinary shares	1,212,193,646	99.98				198,313	198,313	1,212,391,959	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,212,432,688	100				-40,729	-40,729	1,212,391,959	100

2. Description of changes in shares

"√ Applicable" "□ Not applicable"

1) The 13th meeting of the 5th Board of Directors held on January 27, 2025 approved the *Proposal on Repurchasing and Canceling Part of Restricted Shares under the Restricted Share Incentive Plan for 2022*, agreeing to repurchase and cancel 16,688 restricted shares. The 22nd meeting of the 5th Board of Directors held on September 30, 2025 approved 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*, agreeing to repurchase and cancel 25,516 restricted shares.

2) The reserved grant under the Company's Restricted Share Incentive Plan for 2022 was unlocked for the second time on October 27, 2025, with 196,838 shares released from restrictions in this tranche.

3) During the period from January 1, 2025 to December 31, 2025, convertible bonds issued by the Company ("Yifeng Convertible Bonds") with an aggregate face value of CN¥48,000 were converted into the Company's ordinary A shares, generating a total of 1,475 converted shares. As of December 31, 2025, the Company's total share capital was 1,212,391,959 shares.

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"

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 of the year	Number of restricted shares lifted in the current year	Number of restricted shares increased in the current year	Number of restricted shares at the end of the year	Reasons for Restriction	Date of lifting
The reserved grant of the restricted share incentive plan in 2022	239,042.00	196,838.00	0	0	Reserved grant lock-up period	2025.10.27
Total	239,042.00	196,838.00	0	0	/	/

II. Offering and listing of securities

(i) Securities issuance during the Reporting Period

Applicable" Not applicable"

Explanation of 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 actual controller(s)**(i) Total number of shareholders**

Total number of common shareholders at the end of the Reporting Period	25,064
Total number of common shareholders as of the end of the previous month before the disclosure date of the Annual Report	18,427
Total number of preferred shareholders with restored voting rights at the end of the Reporting Period	0
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		Nature of shareholders
					Share status	Quantity	
Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)	-21,471,900	241,020,876	19.88	0	None		Others
Gao Yi	0	141,481,267	11.67	0	None		Domestic natural person
Hong Kong Securities Clearing Company Limited	-147,360,658	126,932,216	10.47	0	None		Others
CAPITAL TODAY INVESTMENT XV (HK) LIMITED	0	116,531,251	9.61	0	None		Foreign legal person
CAPITAL TODAY INVESTMENT XIV (HK) LIMITED	0	115,870,810	9.56	0	None		Foreign legal person
Ningbo Meishan Free Trade Port Area Yizhifeng Enterprise Management Partnership (Limited Partnership)	-1,903,900	10,788,882	0.89	0	None		Others

Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-end Index Securities Investment Fund	284,218	8,931,676	0.74	0	None	Others
China Merchants Bank Co., Ltd. - BOCOM Schroeder New Growth Hybrid Securities Investment Fund	8,144,438	8,144,438	0.67	0	None	Others
Han Hongchang	706,024	6,711,256	0.55	0	None	Domestic natural person
MORGAN STANLEY & CO. INTERNATIONAL PLC.	5,144,818	6,398,720	0.53	0	None	Foreign legal person
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			
Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)	241,020,876	CNY ordinary share	241,020,876			
Gao Yi	141,481,267	CNY ordinary share	141,481,267			
Hong Kong Securities Clearing Company Limited	126,932,216	CNY ordinary share	126,932,216			
CAPITAL TODAY INVESTMENT XV (HK) LIMITED	116,531,251	CNY ordinary share	116,531,251			
CAPITAL TODAY INVESTMENT XIV (HK) LIMITED	115,870,810	CNY ordinary share	115,870,810			
Ningbo Meishan Free Trade Port Area Yizhifeng Enterprise Management Partnership (Limited Partnership)	10,788,882	CNY ordinary share	10,788,882			
Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-end Index Securities Investment Fund	8,931,676	CNY ordinary share	8,931,676			
China Merchants Bank Co., Ltd. - BOCOM Schroeder New Growth Hybrid Securities Investment Fund	8,144,438	CNY ordinary share	8,144,438			
Han Hongchang	6,711,256	CNY ordinary share	6,711,256			
MORGAN STANLEY & CO. INTERNATIONAL PLC.	6,398,720	CNY ordinary share	6,398,720			
Description of repurchase accounts among the top 10 shareholders	None					

Explanation of above-mentioned shareholders' involvement in entrusting/being entrusted with and waiving voting rights	None
Explanation of association or concerted action of the above-mentioned shareholders	Among the aforementioned shareholders, Houxin and Yizhifeng are enterprises controlled by Mr. Gao Yi, the actual controller of the Company. There is an affiliation between Gao Yi, Houxin, and Yizhifeng. 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 of 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 actual controller(s)

(i) Controlling shareholder

1. Legal person

Applicable" Not applicable"

Name	Ningbo Meishan Free Trade Port Area Houxin Venture Capital Partnership (Limited Partnership)
Peron in charge or legal representative	Changsha Yizhikang Consulting Co., Ltd. (Appointed Representative: Hu Zongliang)
Date of establishment	September 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

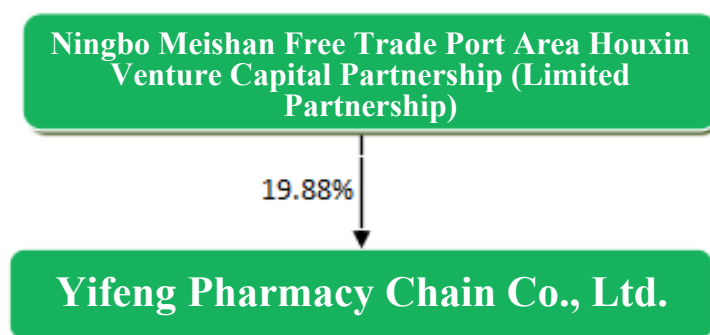
Applicable" Not applicable"

4. Explanation of 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) Actual controller

1. Legal person

Applicable" Not applicable"

2. Natural person

Applicable" Not applicable"

Name	Gao Yi
Nationality	Chinese
Whether holding 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 actual controllers

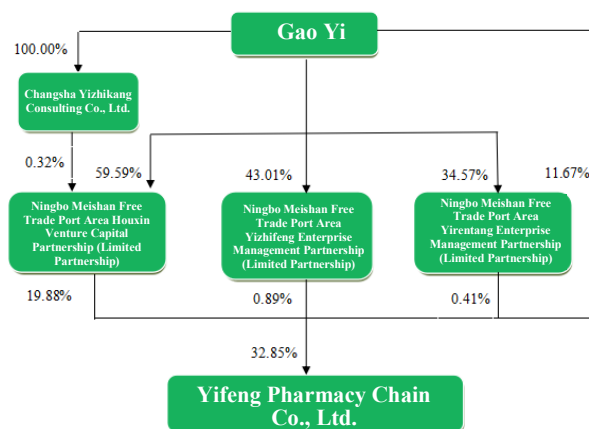
Applicable" Not applicable"

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 actual controller

"√ Applicable" "□ Not applicable"



6. Control of the Company by the actual 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"

Unit: CN¥ Currency: CNY

Name of corporate shareholder	Peron in charge or legal representative	Date of establishment	Organization Code	Registered capital	Main business or management activities, etc.
CAPITAL TODAY INVESTMENT XV (HK) LIMITED	Xu Xin	June 11, 2008	Business registration certificate: 39437434-000-06-18-0	HKD 80,080,000.00	Provide investment-related consulting services, participate in the investment of projects, and offer value-added assistance to the invested projects
CAPITAL TODAY INVESTMENT XV (HK)	Xu Xin	June 11, 2008	Business registration certificate: 39437450-000-06-18-6	HKD 80,080,000.00	Provide investment-related consulting services, participate in the

LIMITED					investment of projects, and offer value-added assistance to the invested projects
Description	<p>Founded on June 11, 2008, CAPITAL TODAY INVESTMENT XV (HK) LIMITED is a company formally incorporated and validly existing under the laws of the Hong Kong Special Administrative Region (Company Registration Certificate No. 1246157), with its registered address being 9th Floor, Tung Ning Building, 249-253 Des Voeux Road Central, Hong Kong. Founded on June 12, 2008, CAPITAL TODAY INVESTMENT XIV (HK) LIMITED is a company formally incorporated and validly existing under the laws of the Hong Kong Special Administrative Region (Company Registration Certificate No. 1246281), with its registered address being 9th Floor, Tung Ning Building, 249-253 Des Voeux Road Central, Hong Kong. As of the end of the Reporting Period, the two companies collectively hold 19.17% of the Company's shares and are persons acting in concert operating in Hong Kong.</p>				

VII. Restrictions on shareholding reduction

Applicable" Not applicable"

VIII. Specific implementation of share repurchase during the Reporting Period

Applicable" Not applicable"

IX. Overview of Preferred Share

Applicable" Not applicable"

Section VII 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"

(i) Convertible bond issuance

Applicable" Not applicable"

(ii) 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		9,049	
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	123,664,000	6.88	
China Minsheng Banking Corp., Ltd. - Everbright Pramerica Credit Plus Bond Fund	81,409,000	4.53	
Northwest Investment Management (Hong Kong) Limited - Northwest Flying Dragon Fund Limited	72,836,000	4.05	
Industrial and Commercial Bank of China Limited - CUAM Convertible Bond Fund	60,000,000	3.34	
Huatai Yousheng Convertible Bond Fixed Income Pension Product - China Merchants Bank Co., Ltd.	57,007,000	3.17	
Ruizhong Life Insurance Co., Ltd. - Participating Products	54,683,000	3.04	
Bank of Beijing Co., Ltd. - Invesco Great Wall Jingyi Double Income Bond Fund	53,416,000	2.97	
Founder Securities Co., Ltd.	50,000,000	2.78	
CITIC Securities Co., Ltd. - HFT SSE Investment Grade Convertible & Exchangeable Bond ETF	44,973,000	2.5	
China Pacific Life Insurance Co., Ltd. - Dividend - Individual Dividend	42,004,000	2.34	

(iii) Changes in convertible bonds during the Reporting Period

Applicable" Not applicable"

Unit: CN¥ Currency: CNY

Name of convertible corporate bonds	Before this change	Increase or decrease in this change			After this change
		Conversion	Redeemed shares	Redemption	
Yifeng Convertible Bonds	1,797,297,000	-48,000			1,797,249,000

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¥)	48,000
Number of shares converted during the Reporting Period (shares)	1,475
Cumulative number of shares converted (shares)	5,571
Cumulative converted shares as a percentage of total shares issued before conversion (%)	0.0005
Amount not yet converted (CN¥)	1,797,249,000
Percentage of unconverted bonds relative to total bonds issued (%)	99.9898

(iv) Historical adjustments to conversion price

Applicable Not applicable

Unit: CN¥ Currency: CNY

Name of convertible corporate bonds		Yifeng Convertible Bonds		
Date of conversion price adjustment	Adjusted conversion price	Disclosure date	Disclosure media	Conversion price adjustment Description
June 07, 2024	32.79	2024-05-31	Shanghai Exchange Stock	Equity distribution for year 2023
October 15, 2024	32.54	2024-10-09	Shanghai Exchange Stock	Semi-annual equity distribution for year 2024
June 18, 2025	32.14	2025-06-12	Shanghai Exchange Stock	Equity distribution for year 2024
September 17, 2025	31.84	2025-09-10	Shanghai Exchange Stock	Semi-annual equity distribution for year 2025
Latest conversion price as of the end of the Reporting Period		31.84		

(v) 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 *2025 Follow-up Rating Report on Yifeng Pharmacy Chain Co., Ltd.'s Convertible Corporate Bonds Issued to Unspecified Entities or Individuals* on June 25, 2025. 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".

(vi) Additional information on convertible bonds

Applicable Not applicable

Section VIII Financial Statements

I. Audit report

Applicable Not Applicable

Auditor's Report

PCCPAAR [2026] No. 2-244

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, 2025, 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, 2025, 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 “Chinese Certified Public Accountant Independence Standard No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements” and the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. In conducting our audit, we have complied with the independence requirements applicable to audits of public interest entities. 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 (II) of notes to the financial statements for details.

The Company is mainly engaged in pharmaceutical sales business. In 2025, the operating revenue amounted to 24,433.17 million yuan, of which, 21,305.83 million yuan was from pharmaceutical sales business, accounting for 87.20%.

As operating revenue is the key performance indicator 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, 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 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) 17 of notes to the financial statements for details.

As of December 31, 2025, the cost of goodwill amounted to 4,800.43 million yuan, with provision for impairment of 35.25 million yuan, and the carrying amount of 4,765.18 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 present value of estimated 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 22, 2026

II. Financial statement**Consolidated Balance Sheet**

December 31, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Assets	Note No.	December 31, 2025	December 31, 2024
Current assets:			
Cash and bank balances	VII.1	3,080,871,439.56	3,578,925,577.22
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	VII.2	5,853,790,200.51	4,406,809,254.46
Derivative financial assets	VII.3		
Notes receivable	VII.4		
Accounts receivable	VII.5	1,961,008,437.56	2,123,984,911.43
Receivables financing	VII.7	23,916,796.03	29,445,006.56
Advances paid	VII.8	145,609,940.93	302,853,987.72
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	VII.9	501,416,725.94	477,936,663.36
Financial assets under reverse repo			
Inventories	VII.10	4,637,161,144.05	4,528,102,252.16
Including: Data resources			
Contract assets			
Assets held for sale	VII.11		
Non-current assets due within one year	VII.12		
Other current assets	VII.13	622,222,469.67	407,724,560.60
Total current assets		16,825,997,154.25	15,855,782,213.51
Non-current assets:			
Loans and advances			
Debt investments	VII.14	132,525,164.38	189,241,469.56
Other debt investments	VII.15		
Long-term receivables	VII.16		
Long-term equity investments	VII.17		
Other equity instrument investments	VII.18		339,971,600.00
Other non-current financial assets	VII.19	1,064,000.00	1,010,000.00
Investment property	VII.20		
Fixed assets	VII.21	1,634,715,567.03	1,572,779,628.81
Construction in progress	VII.22	83,780,128.45	228,582,939.93
Productive biological assets	VII.23		
Oil & gas assets	VII.24		
Right-of-use assets	VII.25	2,998,249,095.29	3,877,665,712.04
Intangible assets	VII.26	480,905,713.00	483,092,605.02
Including: Data resources			
Development expenditures		5,763,087.44	3,224,343.96
Including: Data resources			
Goodwill	VII.27	4,765,177,679.81	4,768,942,152.07
Long-term prepayments	VII.28	381,953,956.94	490,655,208.74
Deferred tax assets	VII.29	129,543,653.52	148,623,164.08
Other non-current assets	VII.30	12,248,848.47	15,165,912.63
Total non-current assets		10,625,926,894.33	12,118,954,736.84
Total assets		27,451,924,048.58	27,974,736,950.35

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Consolidated Balance Sheet (Continued)

December 31, 2025

Prepared by: Yifeng Pharmacy Chain Co., Ltd.

Unit: yuan

Liabilities & Equity	Note No.	December 31, 2025	December 31, 2024
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	6,869,615,126.92	7,537,483,385.03
Accounts payable	VII.36	1,960,279,650.50	1,954,806,180.26
Advances received	VII.37	9,779,387.76	22,884,188.22
Contract liabilities	VII.38	228,524,097.88	130,070,603.90
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	VII.39	531,899,945.41	494,221,039.80
Taxes and rates payable	VII.40	410,924,170.63	307,964,252.94
Other payables	VII.41	581,808,183.42	772,207,599.54
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale	VII.42		
Non-current liabilities due within one year	VII.43	1,148,383,523.65	1,337,097,538.31
Other current liabilities	VII.44	11,558,863.94	11,312,523.92
Total current liabilities		11,752,772,950.11	12,598,073,700.81
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	VII.45		
Bonds payable	VII.46	1,651,334,228.09	1,601,308,876.07
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII.47	1,604,664,958.82	2,312,747,455.05
Long-term payables	VII.48		
Long-term employee benefits payable	VII.49		
Provisions	VII.50		
Deferred income	VII.51	53,191,930.37	53,632,642.01
Deferred tax liabilities	VII.29	11,351,697.43	15,410,798.48
Other non-current liabilities	VII.52		
Total non-current liabilities		3,320,542,814.71	3,983,099,771.61
Total liabilities		15,073,315,764.82	16,581,173,472.42
Equity:			
Share capital	VII.53	1,212,391,959.00	1,212,432,688.00
Other equity instruments	VII.54	221,560,281.24	221,566,198.54
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII.55	3,650,543,310.38	3,650,526,983.94
Less: Treasury shares	VII.56		3,764,535.58
Other comprehensive income	VII.57		-47,773,490.51
Special reserve	VII.58		
Surplus reserve	VII.59	411,519,182.07	326,019,567.19
General risk reserve			
Undistributed profit	VII.60	6,138,272,712.15	5,366,679,611.84
Total equity attributable to the parent company		11,634,287,444.84	10,725,687,023.42
Non-controlling interest		744,320,838.92	667,876,454.51
Total equity		12,378,608,283.76	11,393,563,477.93
Total liabilities & equity		27,451,924,048.58	27,974,736,950.35

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Balance Sheet of Parent Company

December 31, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Assets	Note No.	December 31, 2025	December 31, 2024
Current assets:			
Cash and bank balances		1,983,643,296.27	2,389,484,809.58
Held-for-trading financial assets		4,482,244,338.86	3,703,600,282.21
Derivative financial assets			
Notes receivable			
Accounts receivable	XIX.1	515,309,092.22	512,755,888.79
Receivables financing			
Advances paid		321,522,187.21	2,964,936,397.76
Other receivables	XIX.2	2,225,542,195.88	1,727,018,841.91
Inventories		489,853,938.29	500,061,226.49
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		342,447,570.59	164,751,923.57
Total current assets		10,360,562,619.32	11,962,609,370.31
Non-current assets:			
Debt investments		132,525,164.38	189,241,469.56
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX.3	2,650,765,329.68	2,650,755,329.68
Other equity instrument investments			
Other non-current financial assets			
Investment property			
Fixed assets		140,941,588.61	168,429,376.36
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		653,913,050.18	833,784,605.61
Intangible assets		165,175,025.86	157,591,834.11
Including: Data resources			
Development expenditures		5,763,087.44	3,224,343.96
Including: Data resources			
Goodwill		405,394,296.50	405,394,296.50
Long-term prepayments		81,382,520.96	107,617,499.73
Deferred tax assets		7,983,690.56	11,449,290.40
Other non-current assets		2,895,096.03	1,090,681.83
Total non-current assets		4,246,738,850.20	4,528,578,727.74
Total assets		14,607,301,469.52	16,491,188,098.05

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Balance Sheet of Parent Company (Continued)

December 31, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Liabilities & Equity	Note No.	December 31, 2025	December 31, 2024
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		5,029,033,682.10	6,515,567,162.42
Accounts payable		551,780,701.88	219,220,432.67
Advances received		674,531.95	928,338.21
Contract liabilities		50,738,887.03	21,070,717.28
Employee benefits payable		175,191,481.94	140,085,602.16
Taxes and rates payable		53,297,842.33	40,639,436.33
Other payables		218,313,974.85	854,421,387.49
Liabilities held for sale			
Non-current liabilities due within one year		235,184,092.29	320,125,314.71
Other current liabilities		1,741,876.45	1,201,795.93
Total current liabilities		6,315,957,070.82	8,113,260,187.20
Non-current liabilities:			
Long-term borrowings			
Bonds payable		1,651,334,228.09	1,601,308,876.07
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		370,291,049.52	516,938,349.94
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,021,625,277.61	2,118,247,226.01
Total liabilities		8,337,582,348.43	10,231,507,413.21
Equity:			
Share capital		1,212,391,959.00	1,212,432,688.00
Other equity instruments		221,560,281.24	221,566,198.54
Including: Preferred shares			
Perpetual bonds			
Capital reserve		3,648,528,258.91	3,648,511,932.47
Less: Treasury shares			3,764,535.58
Other comprehensive income			
Special reserve			
Surplus reserve		411,519,182.07	326,019,567.19
Undistributed profit		775,719,439.87	854,914,834.22
Total equity		6,269,719,121.09	6,259,680,684.84
Total liabilities & equity		14,607,301,469.52	16,491,188,098.05

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Consolidated Income Statement

January to December, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	Note No.	2025	2024
I. Total operating revenue		24,433,165,197.50	24,062,154,701.73
Including: Operating revenue	VII. 61	24,433,165,197.50	24,062,154,701.73
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		22,129,134,049.16	21,973,892,618.65
Including: Operating cost	VII. 61	14,817,330,076.73	14,408,310,539.42
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	100,913,544.60	95,485,533.50
Selling expenses	VII. 63	5,854,321,676.31	6,179,375,830.54
Administrative expenses	VII. 64	1,186,590,030.12	1,082,881,741.13
R&D expenses	VII. 65	27,916,037.00	33,935,812.25
Financial expenses	VII. 66	142,062,684.40	173,903,161.81
Including: Interest expenses		166,753,646.09	221,373,934.51
Interest income		47,517,011.03	72,647,179.88
Add: Other income	VII. 67	68,112,555.33	57,736,157.07
Investment income (or less: losses)	VII. 68	124,747,936.19	108,128,784.49
Including: Investment income from associates and joint ventures			-901.40
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	-36,992.73	2,154,986.62
Assets impairment loss	VII. 72	-111,612,199.85	-102,396,476.85
Gains on asset disposal (or less: losses)	VII. 73	68,481,322.52	49,938,810.67
III. Operating profit (or less: losses)		2,453,723,769.80	2,203,824,345.08
Add: Non-operating revenue	VII. 74	37,754,018.54	12,735,226.42
Less: Non-operating expenditures	VII. 75	35,082,935.93	34,112,189.78
IV. Profit before tax (or less: total loss)		2,456,394,852.41	2,182,447,381.72
Less: Income tax expenses			
V. Net profit (or less: net loss)	VII. 76	625,369,295.81	529,665,095.86
(I) Categorized by the continuity of operations		1,831,025,556.60	1,652,782,285.86
1. Net profit from continuing operations (or less: net loss)			
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)		1,678,481,865.01	1,528,576,669.36
2. Net profit attributable to non-controlling shareholders (or less: net loss)		152,543,691.59	124,205,616.50
VI. Other comprehensive income after tax		75,076,268.99	-69,190,200.00
Items attributable to the owners of the parent company		75,076,268.99	-69,190,200.00
(I) Not to be reclassified subsequently to profit or loss		75,076,268.99	-69,190,200.00
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		75,076,268.99	-69,190,200.00
4. Changes in fair value of own credit risk			
5. Others			
(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		1,906,101,825.59	1,583,592,085.86
Items attributable to the owners of the parent company		1,753,558,134.00	1,459,386,469.36
Items attributable to non-controlling shareholders		152,543,691.59	124,205,616.50
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		1.38	1.26
(II) Diluted EPS (yuan per share)		1.36	1.24

For business combination under common control occurring in the current period, the net profit realized by the acquiree before the combination was 0, and the net profit realized by the acquiree in the prior period was 0.

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Income Statement of Parent Company

January to December, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	Note No.	2025	2024
I. Operating revenue	XIX.4	5,193,573,858.70	5,169,633,573.85
Less: Operating cost	XIX.4	3,224,338,744.18	3,154,503,823.60
Taxes and surcharges		12,659,621.07	14,051,745.43
Selling expenses		1,384,013,264.51	1,438,119,971.46
Administrative expenses		443,950,895.94	400,974,763.91
R&D expenses		20,522,271.90	17,101,823.72
Financial expenses		49,834,018.74	43,546,950.56
Including: Interest expenses		78,169,313.17	86,721,723.25
Interest income		38,456,411.92	54,480,436.10
Add: Other income		17,432,693.08	15,987,074.36
Investment income (or less: losses)	XIX.5	848,525,743.38	1,208,890,279.29
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		191,903.01	976,187.01
Assets impairment loss		-12,591,494.77	-11,960,811.21
Gains on asset disposal (or less: losses)		15,289,492.46	12,997,917.35
II. Operating profit (or less: losses)		927,103,379.52	1,328,225,141.97
Add: Non-operating revenue		5,270,914.95	2,409,520.98
Less: Non-operating expenditures		8,766,560.57	9,986,404.54
III. Profit before tax (or less: total loss)		923,607,733.90	1,320,648,258.41
Less: Income tax expenses		68,611,585.07	43,274,086.47
IV. Net profit (or less: net loss)		854,996,148.83	1,277,374,171.94
(I) Net profit from continuing operations (or less: net loss)		854,996,148.83	1,277,374,171.94
(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			
5. Others			
(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		854,996,148.83	1,277,374,171.94
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, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	Note No.	2025	2024
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		26,023,017,132.77	25,476,899,360.23
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	280,538,285.28	288,148,116.91
Subtotal of cash inflows from operating activities		26,303,555,418.05	25,765,047,477.14
Cash payments for goods purchased and services received		16,142,039,574.33	14,557,574,284.25
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		3,913,340,631.95	3,939,587,865.71
Cash payments for taxes and rates		1,363,148,902.84	1,327,948,156.21
Other cash payments related to operating activities	VII.78	1,526,578,294.52	1,718,670,086.44
Subtotal of cash outflows from operating activities		22,945,107,403.64	21,543,780,392.61
Net cash flows from operating activities		3,358,448,014.41	4,221,267,084.53
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		432,639,550.39	7,104,317.53
Cash receipts from investment income		13,029,683.18	17,084,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		24,180,412.20	66,273,150.18
Net cash receipts from the disposal of subsidiaries & other business units		1,200,000.00	
Other cash receipts related to investing activities	VII.78	23,780,824,318.12	16,015,012,371.92
Subtotal of cash inflows from investing activities		24,251,873,963.89	16,105,473,839.63
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		322,916,673.80	682,673,370.81
Cash payments for investments			
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		136,624,098.96	254,664,562.64
Other cash payments related to investing activities	VII.78	25,218,512,080.05	18,776,985,007.48
Subtotal of cash outflows from investing activities		25,678,052,852.81	19,714,322,940.93
Net cash flows from investing activities		-1,426,178,888.92	-3,608,849,101.30
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		1,762,800.00	5,938,756.58
Including: Cash received by subsidiaries from non-controlling shareholders as investments		1,762,800.00	5,938,756.58
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		1,762,800.00	1,819,870,756.58
Cash payments for the repayment of borrowings		91,429,093.40	175,337,093.40
Cash payments for distribution of dividends or profits and for interest expenses		927,168,979.77	951,468,847.52
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		77,862,107.18	104,925,012.93
Other cash payments related to financing activities	VII.78	1,462,963,278.61	1,613,265,067.97
Subtotal of cash outflows from financing activities		2,481,561,351.78	2,740,071,008.89
Net cash flows from financing activities		-2,479,798,551.78	-920,200,252.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-547,529,426.29	-307,782,269.08
Add: Opening balance of cash and cash equivalents		2,160,797,870.52	2,468,580,139.60
VI. Closing balance of cash and cash equivalents		1,613,268,444.23	2,160,797,870.52

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Cash Flow Statement of Parent Company

January to December, 2025

Prepared by: Yifeng Pharmacy Chain Co.,Ltd.

Unit: yuan

Items	2025	2024
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	5,528,934,844.63	5,459,309,352.34
Receipts of tax refund		
Other cash receipts related to operating activities	165,061,453.73	677,861,418.77
Subtotal of cash inflows from operating activities	5,693,996,298.36	6,137,170,771.11
Cash payments for goods purchased and services received	1,703,111,871.11	2,891,477,889.03
Cash paid to and on behalf of employees	992,115,207.50	979,694,321.23
Cash payments for taxes and rates	235,028,832.60	202,826,061.87
Other cash payments related to operating activities	2,268,045,768.07	611,935,648.54
Subtotal of cash outflows from operating activities	5,198,301,679.28	4,685,933,920.67
Net cash flows from operating activities	495,694,619.08	1,451,236,850.44
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	1,088,414,243.22	614,613,954.16
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	6,042,697.53	6,433,342.37
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	20,130,121,045.30	9,531,072,523.22
Subtotal of cash inflows from investing activities	21,224,577,986.05	10,152,119,819.75
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	48,207,168.14	116,153,725.80
Cash payments for investments	7,126,000.00	
Net cash payments for the acquisition of subsidiaries & other business units		15,964,452.34
Other cash payments related to investing activities	20,922,000,000.00	12,266,000,000.00
Subtotal of cash outflows from investing activities	20,977,333,168.14	12,398,118,178.14
Net cash flows from investing activities	247,244,817.91	-2,245,998,358.39
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
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
Cash payments for the repayment of borrowings	61,429,093.40	175,337,093.40
Cash payments for distribution of dividends or profits and for interest expenses	854,219,892.86	817,854,886.72
Other cash payments related to financing activities	279,752,416.55	313,433,937.11
Subtotal of cash outflows from financing activities	1,195,401,402.81	1,306,625,917.23
Net cash flows from financing activities	-1,195,401,402.81	477,306,082.77
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-452,461,965.82	-317,455,425.18
Add: Opening balance of cash and cash equivalents	1,413,749,856.17	1,731,205,281.35
VI. Closing balance of cash and cash equivalents	961,287,890.35	1,413,749,856.17

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, 2025

(Expressed in Renminbi Yuan)

Items	Current period cumulative												Total equity
	Equity attributable to parent company											Non-controlling interest	
	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	1,212,432,688.00			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
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	1,212,432,688.00			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
III. Current period increase (or less: decrease)	-40,729.00			-5,917.30	16,326.44	-3,764,535.58	47,773,490.51		85,499,614.88		771,593,100.31	76,444,384.41	985,044,805.83
(I) Total comprehensive income							75,076,268.99				1,678,481,865.01	152,543,691.59	1,906,101,825.59
(II) Capital contributed or withdrawn by owners	-40,729.00			-5,917.30	16,326.44	-3,764,535.58						1,762,800.00	5,497,015.72
1. Ordinary shares contributed by owners												1,762,800.00	1,762,800.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					582,191.30								582,191.30
4. Others	-40,729.00			-5,917.30	-565,864.86	-3,764,535.58							3,152,024.42
(III) Profit distribution									85,499,614.88		-934,191,543.18	-77,862,107.18	-926,554,035.48
1. Appropriation of surplus reserve									85,499,614.88		-85,499,614.88		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-848,691,928.30	-77,862,107.18	-926,554,035.48
4. Others													
(IV) Internal carry-over within equity							-27,302,778.48				27,302,778.48		
1. Transfer of capital reserve to capital													
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							-27,302,778.48				27,302,778.48		
6. Others													
(V) Special reserve													
1. Current period appropriation													
2. Current period use													
(VI) Others													
IV. Balance at the end of current period	1,212,391,959.00			221,560,281.24	3,650,543,310.38				411,519,182.07		6,138,272,712.15	744,320,838.92	12,378,608,283.76

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, 2025 (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	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.

Parent company statement of changes in equity for the year ended December 31, 2025

(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	1,212,432,688.00			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
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	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
III. Current period increase (or less: decrease)	-40,729.00			-5,917.30	16,326.44	-3,764,535.58			85,499,614.88	-79,195,394.35	10,038,436.25
(I) Total comprehensive income										854,996,148.83	854,996,148.83
(II) Capital contributed or withdrawn by owners	-40,729.00			-5,917.30	16,326.44	-3,764,535.58					3,734,215.72
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity					582,191.30						582,191.30
4. Others	-40,729.00			-5,917.30	-565,864.86	-3,764,535.58					3,152,024.42
(III) Profit distribution									85,499,614.88	-934,191,543.18	-848,691,928.30
1. Appropriation of surplus reserve									85,499,614.88	-85,499,614.88	
2. Appropriation of profit to owners										-848,691,928.30	-848,691,928.30
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
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	1,212,391,959.00			221,560,281.24	3,648,528,258.91				411,519,182.07	775,719,439.87	6,269,719,121.09

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, 2025 (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	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

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 1,212,391,959.00 yuan, total share of 1,212,391,959 shares (each with par value of one yuan), of which, 0 shares are restricted outstanding A shares, and 1,212,391,959 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 28th meeting of the fifth session of the Board of Directors dated April 22, 2026.

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

Note of accounting policies and estimates:

Applicable Not Applicable

Important note: 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

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 for bad debts 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 construction investment 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	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

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

1. Translation of transactions denominated in foreign currency

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 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 for 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 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

Categories and recognition method based on the credit risk characteristics

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	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.
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	
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 expected credit loss through exposure at default and lifetime expected credit loss rate.
Other receivables – Portfolio grouped with medical insurance payments	Medical insurance reserves with age within 12 months	
Other receivables – Portfolio grouped with store petty cash receivable	Store petty cash	
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 VIII, 12 “Notes receivable”.

Comparison table of ages and expected credit loss rate of portfolio grouped with ages

Applicable Not Applicable

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

Recognition criteria with expected credit losses measured on an individual basis

Applicable Not Applicable

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

Recognition criteria with expected credit losses measured on an individual basis

Applicable Not Applicable

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

Recognition criteria with expected credit losses measured on an individual basis

Applicable Not Applicable

Please refer to Note VIII, 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 dispatched inventories

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

3. Inventory system

Perpetual inventory method is adopted.

4. Amortization method of low-value consumables and packages

One-off method is adopted.

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 is 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 excess of the accumulative capital disbursements over the special borrowings 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 and 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.

(2) Direct input costs

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

(3) Depreciation

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.

4. 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, investment property at cost model, 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 or fulfills certain

performance conditions, 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 or fulfills certain performance conditions, 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 indicating 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 the 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: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) 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.

2. Sale and leaseback, the Company as the lessee

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 measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor. Otherwise, the Company continues the recognition of the transferred assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

Classification criteria and accounting treatment methods for leases as a lessor

Applicable Not Applicable

1. The Company as the 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.

2. 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

Please refer to the “analysis and explanation of the reasons for and effects of changes in accounting policies, changes in accounting estimates, or corrections of significant accounting errors” under “Significant Matters.”

41. Financial statements involving adjustments at the beginning of the year of first implementation first implemented new accounting standards or standard interpretations from 2025

Applicable Not Applicable

41. Others

Applicable Not Applicable

VI. Taxes

(I) Main taxes and tax rates

Main taxes and tax rates

Applicable Not Applicable

Taxes	Tax bases	Tax rates
VAT	Sales of western medicine and Chinese patent medicine, etc.	13%
	Sales of Chinese herbal medicine decoction pieces, etc.	9%
	Sales of part of birth control necessities	Duty-free
	Sales of biologics	3%
	Sublease business	5%
	Taxable services (promotional services, etc.)	6%
	Sales 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%
Eligible small enterprises with meager profit	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

Applicable Not Applicable

1. VAT

(1) Pursuant to the “Announcement on Policies of VAT Reduction and Exemption for Small-scale VAT Taxpayers” (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 19), from December 31, 2027, small-scale VAT taxpayers with monthly sales less than 100,000 yuan (inclusive) are exempted from VAT; 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%. 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

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 subject to a reduced rate of 15% in the current period.

(2) 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	Opening balance
Cash on hand	248,457.95	308,745.22
Cash in bank	1,771,257,679.54	2,189,855,471.76
Other cash and bank balances	1,309,365,302.07	1,388,761,360.24
Total	3,080,871,439.56	3,578,925,577.22

Note: Please refer to section VIII (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, 2024	Reasons and basis for designation
Financial assets classified as at fair value through profit or loss	5,853,790,200.51	4,406,809,254.46	/
Including:			
Financial products	5,853,790,200.51	4,406,809,254.46	/
Financial assets designated as at fair value through profit or loss			
Including:			
Total	5,853,790,200.51	4,406,809,254.46	/

Other remarks

Applicable Not Applicable

3. Derivative 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	1,974,360,568.21	2,136,171,181.13
1-2 years	6,158,464.26	7,174,687.20
2-3 years	1,988,469.77	1,280,937.24
3-4 years	578,158.62	1,170,123.53
4-5 years	597,723.94	246,980.52
Over 5 years	224,959.45	121,248.58
Book balance	1,983,908,344.25	2,146,165,158.20
Less: Provision for bad debts	22,899,906.69	22,180,246.77
Carrying amount	1,961,008,437.56	2,123,984,911.43

(2). Provision for bad debts Applicable Not Applicable

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	1,983,908,344.25	100.00	22,899,906.69	1.15	1,961,008,437.56
Total	1,983,908,344.25	100.00	22,899,906.69	1.15	1,961,008,437.56

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	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

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

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

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with medical insurance payments	1,550,063,823.63		
Portfolio grouped with ages	433,844,520.62	22,899,906.69	5.28
Subtotal	1,983,908,344.25	22,899,906.69	1.15

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	Increase			Decrease			Closing balance
		Accrual	Business combination	Others	Reversal	Write-off	Others	
Receivables with provision made on a collective basis	22,180,246.77	719,659.92						22,899,906.69
Subtotal	22,180,246.77	719,659.92						22,899,906.69

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
Changsha Medical Security Affairs Center	198,809,184.50		198,809,184.50	10.02	
Wuhan Medical Insurance Center	176,096,640.42		176,096,640.42	8.88	
Xuzhou Medical Insurance Fund Management Center	91,860,255.00		91,860,255.00	4.63	
Nanjing Social Insurance Management Center	68,717,393.04		68,717,393.04	3.46	
Wuxi Social Insurance Fund Management Center	64,036,200.97		64,036,200.97	3.23	
Subtotal	599,519,673.93		599,519,673.93	30.22	

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	Opening balance
Bank acceptance	23,916,796.03	29,445,006.56
Total	23,916,796.03	29,445,006.56

(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	56,313,376.07
Subtotal	56,313,376.07

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				Carrying amount
	Cost		Accumulated provision for credit impairment		
	Amount	% to total	Amount	Provision proportion (%)	
On a collective basis	23,916,796.03	100.00			23,916,796.03
Including: Bank acceptance	23,916,796.03	100.00			23,916,796.03
Total	23,916,796.03	100.00			23,916,796.03

(Continued)

Categories	December 31, 2024				Carrying amount
	Cost		Accumulated provision for credit impairment		
	Amount	% to total	Amount	Provision proportion (%)	
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

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				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	112,572,106.00	77.31		112,572,106.00	265,375,430.28	87.63		265,375,430.28
1-2 years	19,767,951.55	13.58		19,767,951.55	32,981,693.46	10.89		32,981,693.46
2-3 years	9,273,019.40	6.37		9,273,019.40	1,737,153.18	0.57		1,737,153.18
Over 3 years	3,996,863.98	2.74		3,996,863.98	2,759,710.80	0.91		2,759,710.80
Total	145,609,940.93	100.00		145,609,940.93	302,853,987.72	100.00		302,853,987.72

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	17,558,827.59	12.06
Supplier B	13,663,750.18	9.38
Supplier C	6,812,742.96	4.68
Supplier D	2,407,374.91	1.65
Supplier E	1,040,955.50	0.71
Subtotal	41,483,651.14	28.49

Other remarks

None

Other remarks

Applicable Not Applicable

9. Other receivables

Details

Applicable Not Applicable

Items	Closing balance	December 31, 2024
Interest receivable		
Dividend receivable		
Other receivables	501,416,725.94	477,936,663.36
Total	501,416,725.94	477,936,663.36

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	Opening book balance
Within 1 year	427,361,863.83	427,732,496.97
1-2 years	50,436,065.79	39,594,276.02
2-3 years	27,197,563.45	19,843,138.66
3-4 years	5,005,850.19	1,319,843.91
4-5 years	1,241,172.01	57,701.30
Over 5 years	5,036,322.71	4,998,621.41
Total	516,278,837.98	493,546,078.27

(14) Other receivables categorized by nature Applicable Not Applicable

Nature of receivables	Closing book balance	Opening book balance
Store petty cash	7,896,942.17	9,273,017.62
Medical insurance reserves	334,173,894.91	285,327,178.58
Security deposits	150,298,279.76	169,105,778.02
Others	23,909,721.14	29,840,104.05
Total	516,278,837.98	493,546,078.27

(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	Lifetime expected credit	

		(credit not impaired)	losses (credit impaired)	
Opening balance	9,187,813.56	764,512.98	5,657,088.37	15,609,414.91
Opening balance in the current period	—	—	—	
--Transferred to stage 2	-191,678.85	191,678.85		
--Transferred to stage 3		-270,349.45	270,349.45	
Provision made in the current period	-973,237.56	-302,484.68	593,055.05	-682,667.19
Provision written off in the current period			64,635.68	64,635.68
Other changes				
Closing balance	8,022,897.15	383,357.70	6,455,857.19	14,862,112.04

Division basis for three stages and provision proportion

Items	Stage 1	Stage 2	Stage 3	Total
Provision proportion (%)	1.60	10.00	65.10	2.88

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	79,542,511.00	Within 1 year	15.41	
Wuxi Medical Security Fund Management Center	Medical insurance reserves	34,322,367.66	Within 1 year	6.65	
Changsha Medical Security Affairs Center	Medical insurance reserves	33,960,956.34	Within 1 year	6.58	
Nanjing Social Insurance Management Center	Medical insurance reserves	15,975,387.39	Within 1 year	3.09	
Xuzhou Medical Insurance Fund Management Center	Medical insurance reserves	13,652,030.06	Within 1 year	2.64	
Subtotal		177,453,252.45		34.37	

(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		
	Book balance	Provision for write-down	Carrying amount
Goods on hand	4,613,243,452.49	25,838,140.51	4,587,405,311.98
Low-value consumables	20,383,551.20		20,383,551.20
Raw materials	24,525,642.05		24,525,642.05
Work in process	218,327.82		218,327.82
Packages	4,628,311.00		4,628,311.00
Total	4,662,999,284.56	25,838,140.51	4,637,161,144.05

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Goods on hand	4,489,561,883.44	24,015,536.24	4,465,546,347.20
Low-value consumables	21,092,455.66		21,092,455.66
Raw materials	30,020,850.86		30,020,850.86
Work in process	7,047,361.84		7,047,361.84
Packages	4,395,236.60		4,395,236.60
Total	4,552,117,788.40	24,015,536.24	4,528,102,252.16

(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 transfer-out	Others	
Goods on hand	24,015,536.24	97,487,737.27		95,665,133.00		25,838,140.51
Total	24,015,536.24	97,487,737.27		95,665,133.00		25,838,140.51

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	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepaid housing rental tax	30,484,618.64		30,484,618.64	37,164,102.75		37,164,102.75
Input VAT to be credited and certified	358,183,583.92		358,183,583.92	314,697,941.61		314,697,941.61
Bond investment (due within one year)	163,609,861.12		163,609,861.12	20,515,794.52		20,515,794.52
Others	69,944,405.99		69,944,405.99	35,346,721.72		35,346,721.72
Total	622,222,469.67		622,222,469.67	407,724,560.60		407,724,560.60

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
Certificate of deposit of Industrial and Commercial Bank of China Limited				53,013,888.89		53,013,888.89
Certificate of deposit of Agricultural Bank of China Limited				52,867,500.00		52,867,500.00
Certificate of deposit of Industrial Bank Co., Ltd.	132,525,164.38		132,525,164.38	30,346,191.78		30,346,191.78
Total	132,525,164.38		132,525,164.38	189,241,469.56		189,241,469.56

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

Reasons 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

(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.	339,971,600.00		403,669,587.35	100,101,691.99	-36,403,704.64
Total	339,971,600.00		403,669,587.35	100,101,691.99	-36,403,704.64

(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.		12,813,000.00	
Total		12,813,000.00	

(2) Other equity instrument investments derecognized in the current period

Applicable Not Applicable

Items	Fair value when derecognized	Accumulated gains or losses transferred into retained earnings due to derecognition	Reasons for derecognition
Jiuzhitang Co., Ltd.	432,639,550.39	27,302,778.48	Completely disposed
Subtotal	432,639,550.39	27,302,778.48	

Other remarks

Applicable Not Applicable

19. Other non-current financial assets

Applicable Not Applicable

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	1,064,000.00	1,010,000.00
Including: Equity instrument investments	1,064,000.00	1,010,000.00
Total	1,064,000.00	1,010,000.00

Other remarks

Applicable Not Applicable

20. Investment property

Measurement Model of Investment property

Applicable Not Applicable

(1) Investment property measured at cost in the current period

Applicable Not Applicable

(2) Investment property with certificate of titles being unsettled

Applicable Not Applicable

(3) Impairment test on investment property measured at cost

Applicable Not Applicable

Other remarks

Applicable Not Applicable

21. Fixed assets

(1) Details

Applicable Not Applicable

Items	Closing balance	December 31, 2024
Fixed assets	1,634,715,567.03	1,572,779,628.81
Disposal of fixed assets		
Total	1,634,715,567.03	1,572,779,628.81

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	1,364,120,084.79	97,790,941.71	560,868,300.32	515,545,304.09	20,572,381.57	2,558,897,012.48
Increase	236,852,518.86	5,425,970.58	55,700,584.47	24,666,239.21	2,679,318.78	325,324,631.90
1) Acquisition	23,257,965.94	5,425,970.58	51,179,108.19	24,666,239.21	2,679,318.78	107,208,602.70
2) Transferred in from construction in progress	213,594,552.92		4,521,476.28			218,116,029.20
Decrease	3,063,377.64	40,432.98	31,629,030.02	32,613,978.13	2,024,493.97	69,371,312.74
Including: Disposal/Scrapping	3,063,377.64	40,432.98	31,629,030.02	32,613,978.13	2,024,493.97	69,371,312.74
Closing balance	1,597,909,226.01	103,176,479.31	584,939,854.77	507,597,565.17	21,227,206.38	2,814,850,331.64
Accumulated depreciation						

Items	Buildings and structures	Machinery	Electronic equipment	Office equipment	Transport facilities	Total
Opening 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
Increase	72,579,129.36	9,244,239.90	97,890,256.58	70,168,548.28	1,688,062.47	251,570,236.59
Including: Accrual	72,579,129.36	9,244,239.90	97,890,256.58	70,168,548.28	1,688,062.47	251,570,236.59
Decrease	1,277,465.72	38,476.72	29,042,442.78	25,373,948.45	1,820,521.98	57,552,855.65
Including: Disposal/Scrapping	1,277,465.72	38,476.72	29,042,442.78	25,373,948.45	1,820,521.98	57,552,855.65
Closing balance	332,297,121.04	41,726,052.90	454,434,140.87	340,777,542.17	10,899,907.63	1,180,134,764.61
Carrying amount						
Closing carrying amount	1,265,612,104.97	61,450,426.41	130,505,713.90	166,820,023.00	10,327,298.75	1,634,715,567.03
Opening carrying amount	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

(2) Fixed assets temporarily idle

Applicable Not Applicable

(3) Fixed assets leased out under operating leases

Applicable Not Applicable

Items	Closing carrying amount
Buildings and structures	12,488,290.95
Subtotal	12,488,290.95

(4) Fixed assets with certificate of titles being unsettled

Applicable Not Applicable

Items	Carrying amount	Reasons for unsettlement
Office Space of Jinkang Medical Health Industry (Hainan) Co., Ltd.	1,878,561.71	In processing.
Subtotal	1,878,561.71	

(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, 2024
Construction in progress	83,780,128.45	228,582,939.93
Construction materials		

Items	Closing balance	December 31, 2024
Total	83,780,128.45	228,582,939.93

Other remarks

 Applicable Not Applicable**Construction in progress****(1) Details** Applicable Not Applicable

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yifeng Health City	8,184,790.73		8,184,790.73	7,388,553.37		7,388,553.37
Jiangsu Yifeng Medicine product sorting and processing project (Phase II)	21,904.13		21,904.13	216,616.43		216,616.43
Second headquarters project of Yifeng Pharmacy	52,105,417.88		52,105,417.88	44,084,317.64		44,084,317.64
Hubei Yifeng Medicine product sorting and processing center (Phase I)	23,468,015.71		23,468,015.71	176,893,452.49		176,893,452.49
Total	83,780,128.45		83,780,128.45	228,582,939.93		228,582,939.93

(2) Changes in significant projects Applicable Not Applicable

Projects	Budgets (in ten thousand yuan)	Opening balance	Increase	Transferred to fixed assets	Closing balance
Hubei Yifeng Medicine product sorting and processing center (Phase I)	35,000.00	176,893,452.49	60,169,116.14	213,594,552.92	23,468,015.71
Subtotal		176,893,452.49	60,169,116.14	213,594,552.92	23,468,015.71

(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 (%)	Source of funds
Hubei Yifeng Medicine product sorting and processing center (Phase I)	69.28	70.00				Raised funds and self-owned funds
Subtotal						

(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	6,665,150,190.99	6,665,150,190.99
Increase	2,325,687,794.03	2,325,687,794.03
Including: Leased in	2,325,687,794.03	2,325,687,794.03
Decrease	3,550,497,237.97	3,550,497,237.97
Including: Termination in advance or upon maturity	3,550,497,237.97	3,550,497,237.97
Closing balance	5,440,340,747.05	5,440,340,747.05
Accumulated depreciation		
Opening balance	2,787,484,478.95	2,787,484,478.95
Increase	1,462,726,324.99	1,462,726,324.99
Including: Accrual	1,462,726,324.99	1,462,726,324.99
Decrease	1,808,119,152.18	1,808,119,152.18

Items	Buildings and structures	Total
Including: Termination in advance or upon maturity	1,808,119,152.18	1,808,119,152.18
Closing balance	2,442,091,651.76	2,442,091,651.76
Carrying amount		
Closing carrying amount	2,998,249,095.29	2,998,249,095.29
Opening carrying amount	3,877,665,712.04	3,877,665,712.04

(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	Use right of pharmaceutical licensing qualifications	Total
Cost					
Opening balance	378,849,950.65	275,578,836.65	3,190,506.89	5,526,653.13	663,145,947.32
Increase		34,738,568.99	500,000.00		35,238,568.99
(1) Acquisition		4,088,437.79	500,000.00		4,588,437.79
(2) Internal research and development		30,650,131.20			30,650,131.20
Decrease	1,648,656.00	2,124,422.09			3,773,078.09
Including: Disposal	1,648,656.00	2,124,422.09			3,773,078.09
Closing balance	377,201,294.65	308,192,983.55	3,690,506.89	5,526,653.13	694,611,438.22
Accumulated amortization					
Opening balance	64,960,708.13	110,032,067.77	1,844,150.11	3,216,416.29	180,053,342.30
Increase	9,025,816.47	25,655,804.22	208,624.92	557,209.98	35,447,455.59
Including: Accrual	9,025,816.47	25,655,804.22	208,624.92	557,209.98	35,447,455.59
Decrease	322,102.17	1,472,970.50			1,795,072.67
Including: Disposal	322,102.17	1,472,970.50			1,795,072.67
Closing balance	73,664,422.43	134,214,901.49	2,052,775.03	3,773,626.27	213,705,725.22
Carrying amount					
Closing carrying amount	303,536,872.22	173,978,082.06	1,637,731.86	1,753,026.86	480,905,713.00
Opening carrying amount	313,889,242.52	165,546,768.88	1,346,356.78	2,310,236.84	483,092,605.02

At the balance sheet date, intangible assets formed through internal research and development account for 33.08% 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
Shijiazhuang Xinxing Pharmacy Chain Co., Ltd. (the "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 Xingtai 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 Co., Ltd.	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 Kangletang Pharmacy	764,438.00			764,438.00
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
Yifeng Xinxing Pharmacy Chain Hebei Co., Ltd. (the "Xinxing Hebei")	4,997,579.01			4,997,579.01

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Tianjin Yifeng Xianhe Pharmaceutical Sales Co., Ltd. (the "Tianjin Xianhe")	7,900,000.00			7,900,000.00
Handan Xinxing Yongkang Yijia Pharmaceutical Chain Co., Ltd. (the "Handan Xinxing")	22,950,000.00			22,950,000.00
Tangshan Xinxing Deshuntang Pharmaceutical Chain Co., Ltd. (the "Tangshan Xinxing Deshuntang")	107,100,000.00			107,100,000.00
Wuxi Jiuzhou Medicine Chain Co., Ltd. (the "Jiuzhou Medicine") and Wuxi Jiuzhou Pharmacy Co., Ltd. (the "Jiuzhou Pharmacy")	158,100,000.00			158,100,000.00
Shanghai Yifeng Shanghong Pharmacy Co., Ltd. (the "Shanghai Shanghong")	125,494,951.53			125,494,951.53
Jiangsu Shimin Pharmacy Chain Co., Ltd. (the "Jiangsu Shimin")	125,079,027.86			125,079,027.86
Jiangxi Tianshun Pharmacy Chain Co., Ltd. (the "Jiangxi Tianshun")	39,000,000.00			39,000,000.00
Xinyu Yifeng Baihuikang Pharmacy Chain Co., Ltd. (the "Xinyu Baihuikang")	28,800,000.00			28,800,000.00
Taizhou Boai Pharmacy Chain Co., Ltd. (the "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 Pharmacy Chain Co., Ltd. (the "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
Hubei Yifeng Guangshengtang Medicine Chain Co., Ltd. (the "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 Pharmacy Co., Ltd. (the "Wuhan Longtai")	65,216,667.52			65,216,667.52
Shaoguan Xiangqin Pharmacy Chain Co., Ltd. (the "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
Guangdong Yifeng Yili Kangxin Pharmacy Chain Co., Ltd. (the “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
Shanghai Yangpu Yifeng Pharmacy Co., Ltd. (the “Yangpu Yifeng”)	51,772,748.23			51,772,748.23
Shanghai Putuo Yifeng Pharmacy Co., Ltd. (the “Putuo Yifeng”)	15,199,355.63			15,199,355.63
Suzhou Yuehai Pharmacy Co., Ltd. (the “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 Yifeng Buyi Pharmacy Co., Ltd. (the “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 Guanyun 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
Jiangsu Jiankangren Pharmacy Chain Co., Ltd. (the “Jiankangren”)	60,518,524.51			60,518,524.51
Xuyi Baicaotang Medicine Chain Co., Ltd. (the “Baicaotang”)	51,523,843.40			51,523,843.40
Huai’an Jisheng Medicine Chain Co., Ltd. (the “Huai’an Jisheng”)	39,466,506.83			39,466,506.83
Shanghai Yifeng Longshuntang Pharmacy Co., Ltd. (the “Longshuntang”)	26,330,311.31			26,330,311.31
Nanjing Yifeng Chain Pharmacy Co., Ltd. (the “Nanjing Yifeng”)	29,599,720.61			29,599,720.61
Yueyang Yifeng Pharmacy Co., Ltd. (the “Yueyang Yifeng”)	9,667,622.58			9,667,622.58
Hubei Yifeng Jiyangtang Pharmacy Chain Co., Ltd. (the “Jiyangtang”)	11,056,673.83			11,056,673.83
Sihong Shidai Medicine Chain Co., Ltd. (the “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
Wuhan Yifeng Aierkang Pharmacy Co., Ltd. (the “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

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 Changsha Tailai Senyantang	10,150,000.00			10,150,000.00
Xuzhou Enqi Pharmacy Chain Co., Ltd. (the "Xuzhou Enqi")	23,400,000.00			23,400,000.00
Rudong Yifeng Bencao Pharmacy Chain Co., Ltd. (the "Rudong Yifeng Bencao")	39,991,285.36			39,991,285.36
Suzhou Yuehai Yongxitang Medicine Chain Co., Ltd. (the "Yuehai Yongxitang")	29,820,868.69			29,820,868.69
Macheng Yifeng Pharmacy Chain Co., Ltd. (the "Macheng Yifeng")	15,549,776.06			15,549,776.06
Yongzhou Yifeng Luoshi Xiehe Pharmacy Chain Co., Ltd. (the "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 Pharmacy Co., Ltd. (the "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 Yifeng Hengyuan Pharmacy Chain Co., Ltd. (the "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 Yifeng Jinyuan Pharmacy Co., Ltd. (the "Yancheng Jinyuan")	37,634,283.13			37,634,283.13
Xuzhou Yifeng Pharmacy Chain Co., Ltd. (the "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 Yifeng Jianmin Pharmacy Chain Co., Ltd. (the "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

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 Yushan Baicaotang Pharmacy	25,000,000.00			25,000,000.00
Chibi Yifeng Kanghua Pharmacy Chain Co., Ltd. (the "Chibi Kanghua")	26,378,913.74			26,378,913.74
Xishui Yifeng Pharmacy Chain Co., Ltd. (the "Xishui Yifeng")	25,845,000.00			25,845,000.00
Wuhan Yifeng Jiangnan Pharmacy Chain Co., Ltd. (the "Wuhan Jiangnan")	28,352,879.88			28,352,879.88
Yidu Yifeng Pharmacy Chain Co., Ltd. (the "Yidu Yifeng")	11,576,250.00			11,576,250.00
Anlu Yifeng Pharmacy Chain Co., Ltd. (the "Anlu Yifeng")	13,999,970.12			13,999,970.12
Hubei Yifeng Aierkang Pharmacy Chain Co., Ltd. (the "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 Yifeng Haojiankang Medicine Chain Co., Ltd. (the "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
Hunan Jiuzhitang Medicine Co., Ltd. (the "Jiuzhitang Medicine")	102,064,935.48			102,064,935.48
Tangshan Xinxing Deshengtang Medicine Chain Co., Ltd. (the "Tangshan Xinxing Deshengtang")	101,700,000.00			101,700,000.00
Qinhuangdao Xinxing Minle Medicine Chain Co., Ltd. (the "Qinhuangdao Xinxing Minle")	56,700,000.00			56,700,000.00
Handan Xinxing Baixinkang Medicine Chain Co., Ltd. (the "Handan Xinxing Baixinkang")	22,544,000.00			22,544,000.00
Shijiazhuang Yingqi Medical Service Co., Ltd. (the "Shijiazhuang Yingqi Medical Service")	1,399,867.03			1,399,867.03
Handan Xinxing Huakang Pharmacy Chain Co., Ltd. (the "Handan Xinxing Huakang")	47,250,000.00			47,250,000.00
Langfang Xinxing Dekunyuan Pharmaceutical Retail Chain Co., Ltd. (the "Langfang Xinxing Dekunyuan")	24,792,000.00			24,792,000.00
Chengde Xinxing Xinyu Pharmacy Chain Co., Ltd. (the "Chengde Xinxing Xinyu")	21,000,000.00			21,000,000.00
Suzhou Xinqunzhong Clinic (General Partnership) (the "Suzhou Xinqunzhong Clinic")	4,499,666.86			4,499,666.86
Yichun Yifeng Pharmacy Chain Co., Ltd. (the "Yichun Yifeng")	22,500,000.00			22,500,000.00
Guangshui Yifeng Kangji Pharmacy Chain Co., Ltd. (the "Guangshui Yifeng Kangji")	7,840,000.00			7,840,000.00
Yingtian Yifeng Pharmacy Chain Co., Ltd. (the "Yingtian Yifeng")	18,200,000.00			18,200,000.00

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 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 Xinxing Limin Pharmacy Chain Co., Ltd. (the "Pingquan Xinxing Limin")	33,885,234.65			33,885,234.65
Hebei Wocheng Xinxing Ankang Medicine Chain Co., Ltd. (the "Wocheng Xinxing Ankang")	25,650,130.00			25,650,130.00
Baoding Xinxing Kangshi Medicine Chain Co., Ltd. (the "Baoding Xinxing Kangshi")	12,800,000.00			12,800,000.00
Nangong Xinxing Huakang Pharmacy Chain Co., Ltd. (the "Nangong Xinxing Huakang")	20,300,000.00			20,300,000.00
Xingtai Xinxing Kangze Medicine Chain Co., Ltd. (the "Xingtai Xinxing Kangze")	16,380,000.00			16,380,000.00
Handan Xinxing Kangheng Baixing Pharmacy Chain Co., Ltd. (the "Handan Xinxing Kangheng")	14,490,000.00			14,490,000.00
Handan Xinxing Shengde Medicine Chain Co., Ltd. (the "Handan Xinxing Shengde")	14,000,000.00			14,000,000.00
Jize Renkang Xinxing Medicine Chain Co., Ltd. (the "Jize Renkang Xinxing")	4,851,000.00			4,851,000.00
Kunshan Yifeng Huasheng Pharmacy Chain Co., Ltd. (the "Kunshan Yifeng Huasheng")	11,900,000.00			11,900,000.00
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
Zhangjiagang Huihua Tongjitang Pharmacy Co., Ltd. (the "Huihua Tongjitang")		400,000.00		400,000.00

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease due to disposal	Closing balance
Nanjing Luhe Jinkang Traditional Chinese Medicine Clinic Co., Ltd. (the "Luhe Jinkang")		1,379,990.36		1,379,990.36
Nanjing Qinhuai District Jinkang Qijian Clinic Co., Ltd. (the "Qinhuai Jinkang")		1,599,999.96		1,599,999.96
Taizhou Jinkang Jinma Clinic Co., Ltd. (the "Taizhou Jinkang")		80,000.00		80,000.00
Guangdong Yifeng Medicine Co., Ltd. (the "Guangdong Yifeng Medicine")		3,900,000.00		3,900,000.00
Business and assets of Wuxi Donglin Pharmacy		3,000,000.00		3,000,000.00
Total	4,790,068,488.14	10,359,990.32		4,800,428,478.46

(2) Provision for impairment
 Applicable Not Applicable

Investees or events resulting in goodwill	Opening balance	Increase due to accrual	Decrease due to disposal	Closing balance
Jiangsu Shimin	15,490,279.02	14,124,462.58		29,614,741.60
Shaoguan Xiangqin	2,299,554.25			2,299,554.25
Longshuntang	3,336,502.80			3,336,502.80
Total	21,126,336.07	14,124,462.58		35,250,798.65

(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
Jinzhou 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

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
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
Asset group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	Operating non-current assets	Hubei region	Yes
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

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
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 Guanyun 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	Yes
Xuzhou Enqi	Operating non-current assets	Jiangsu region	Yes
Asset groups of Anlu Yifeng	Operating non-current assets	Hubei region	Yes
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	Yes
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 after acquiring Xinglin Pharmacy, Kunshan Yifeng Huasheng and Muyang Jiukuntang Pharmacy	Operating non-current assets after acquiring Huihua Tongjitang, Luhe Jinkang, Qinhuai Jinkang and Taizhou Jinkang	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 2025, the Jiangsu regional headquarters newly acquired the assets of Huihua Tongjitang, Luhe Jinkang, Qinhuai Jinkang and Taizhou Jinkang, which, similar to the asset groups

Asset groups or asset group portfolios	Composition before changes	Composition after changes	Objective facts and basis for changes
			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.
Jiuzhou Medicine and Jiuzhou Pharmacy	Operating non-current assets after acquiring Wuxi Shenzhou and Taibohuayuan	Operating non-current assets after acquiring business and assets of Wuxi Donglin Pharmacy	Jiuzhou Chain acquired relevant assets of Wuxi Shenzhou and Taibohuayuan in 2024 and business and assets of Wuxi Donglin Pharmacy in 2025, and carries out unified management in operations, distribution, and finance. 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 after acquiring Zengcheng Jinxiu Yujingyuan Store	Operating non-current assets after acquiring Guangdong Yifeng Medicine	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 Yujingyuan Store. In 2025, Shaoguan Xiangqin acquired Guangdong Yifeng Medicine. 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	212,475,929.39	185,826,000.00	14,124,462.58
Subtotal	212,475,929.39	185,826,000.00	14,124,462.58

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters	Determination basis
Jiangsu Shimin	The fair value is recognized using the discounted cash flow method; costs of disposal is determined based on the proportion of the fair value	During the stable period, the gross margin is 40.02%, the operating profit margin is 13.93%, and the discount rate is 9.30%. 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	The gross margin, operating profit margin, and discount rate during the stable period remain consistent with the levels in the final period of the detailed forecast period. Costs of disposal - Stamp duty is determined based on the Stamp Duty Law of the People's Republic of China; Costs of disposal - Auction commission is determined based

Items	Determination method of fair value and costs of disposal	Key parameters	Determination basis
		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.	on the Provisions of the Supreme People's Court on Auction and Sale of Property in Civil Enforcement by People's Courts (Fa Shi [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	17,370,630.56	32,600,000.00	
Assets of Hengyang Dazhong Health Pharmacy	30,457,614.05	32,100,000.00	
Assets of Jianhu Renmin Pharmacy and Jianhu Yuanshengtang Pharmacy	17,287,450.00	18,400,000.00	
Jinzhou Pukang	43,981,621.08	84,700,000.00	
Jiankangren	126,314,312.65	131,000,000.00	
Assets of Lichuan Tong'an	19,424,085.68	43,900,000.00	
Pingjiang Yifeng	13,497,844.36	14,500,000.00	
Assets of Qidong Guoda Health Pharmacy	14,685,262.07	17,500,000.00	
Macheng Yifeng	24,223,526.33	24,800,000.00	
Asset groups of Dongtai Yifeng	288,462,460.18	328,000,000.00	
Aierkang	40,363,398.78	102,000,000.00	
Assets of Kaixin Pharmacy	24,858,997.83	29,000,000.00	
Assets of Wuhan Houdetang	14,098,794.04	51,900,000.00	
Wuhan Longtai	66,339,693.58	119,000,000.00	
Nanjing Yifeng	30,256,715.74	41,500,000.00	
Assets of Xiaogan Tiansheng	12,677,347.78	22,800,000.00	
Assets of Suqian Jiujiu Medicine Supermarket	46,801,243.95	54,500,000.00	
Assets of Guangfutang	26,182,877.66	27,300,000.00	
Asset group portfolios of Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	83,556,704.79	107,000,000.00	
Assets of Huarong Yikang Pharmacy	8,462,193.91	17,000,000.00	
Yangpu Yifeng	52,401,440.16	55,700,000.00	
Assets of Liuyang Tianshun Pharmacy	36,540,550.26	64,500,000.00	
Rudong Yifeng Bencao	51,272,633.18	52,700,000.00	
Assets of Nanxian Shijikang Pharmacy	2,673,341.59	7,390,000.00	
Suzhou Yuehai and Xinqunzhong Clinic	80,229,177.44	85,100,000.00	

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
Assets of Ningxiang Jiuzhitang	27,851,114.56	28,400,000.00	
Assets of Shuangfeng Yongjitang	3,706,185.90	4,700,000.00	
Assets of Sihong Shidai Medicine and Sihong Yifeng Jizhou Pharmacy	76,502,109.09	89,200,000.00	
Assets of Hunan Sinopharm Holdings Jiajiakang Pharmacy	18,764,972.25	19,000,000.00	
Assets of Xinbaikang Pharmacy	56,024,779.46	56,400,000.00	
Asset group portfolios of Taizhou Yifeng, Xinghua Yishantang, Taizhou Baixingren and Jiangsu Yishu Medicine	114,026,710.88	141,000,000.00	
Yifeng Luoshi Xiehe and Yongzhou Daoxian Renrenkang Pharmacy	48,135,072.87	49,200,000.00	
Yueyang Yifeng	15,983,993.34	16,900,000.00	
Assets of Suqian Jiahe Medicine	40,247,869.58	44,600,000.00	
Assets of Changsha Qingyuantang Pharmacy	11,934,249.48	18,700,000.00	
Assets of Suqian Dasheng Medicine	8,247,864.38	11,300,000.00	
Assets of Changsha Tailai Senyantang Pharmacy	10,510,650.33	24,200,000.00	
Jiuzhou Medicine and Jiuzhou Pharmacy	365,339,087.42	384,000,000.00	
Assets of Zhuzhou Zhengxiang Pharmacy	23,154,204.20	31,300,000.00	
Shaoguan Xiangqin	181,107,375.41	184,000,000.00	
Huai'an Jisheng	81,930,461.80	103,000,000.00	
Asset group portfolios of Jiangxi Tianshun and Xinyu Baihuikang	154,824,483.59	159,000,000.00	
Assets of Guanyun Kangsheng Pharmacy	12,339,268.05	16,900,000.00	
Rudong Yifeng	40,297,169.99	61,500,000.00	
Asset groups of Miluo Tianheng	101,293,277.78	116,000,000.00	
Assets of Nantong Zhongzhichen Pharmacy	19,754,343.75	29,200,000.00	
Yuehai Yongxitang	44,193,371.05	45,600,000.00	
Longshuntang	45,388,718.52	47,700,000.00	
Baicaotang	103,947,073.56	143,000,000.00	
Asset groups of Xinkang Jianmin	197,801,161.75	208,000,000.00	
Xuzhou Enqi	38,060,482.21	82,200,000.00	
Asset groups of Anlu Yifeng	275,825,024.16	373,000,000.00	
Assets of Jiangxi Caisen	34,637,645.15	36,000,000.00	
Shanghai Buyi	24,633,710.31	25,000,000.00	
Putuo Yifeng	15,708,295.71	16,800,000.00	
Asset groups of Xinxing Chain	2,411,147,298.09	2,490,000,000.00	
Shanghai Shanghong	249,048,163.81	257,000,000.00	

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
Assets of Wuzhou Pharmacy	24,154,161.40	31,000,000.00	
Jiuzhitang Medicine	289,402,003.80	468,000,000.00	
Subtotal	6,338,342,271.28	7,376,690,000.00	

(Continued)

Items	Forecast period	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 2026 to 2030, the sales revenue growth rate is expected to range from 3.19% to 2.00%; the gross margin is expected to range from 33.09% to 33.09%; and the period expense rate is expected to range from 26.71% 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 33.09%; and the period expense rate is expected to be 27.06%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -6.57% to 2.00%; the gross margin is expected to range from 21.26% to 21.13%; and the period expense rate is expected to range from 15.92% to 15.56%, 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 21.13%; and the period expense rate is expected to be 15.56%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 3.00% to 2.00%; the gross margin is expected to range from 29.86% to 33.67%; and the period expense rate is expected to range from 24.98% to 23.96%, 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 33.67%; and the period expense rate is expected to be 23.96%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Jinzhou Pukang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 2.84% to 2.00%; the gross margin is expected to range from 40.66% to 40.66%; and the period expense rate is expected to range from 30.66% to 30.50%, which are determined by the	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 40.66%; and the period expense rate is expected to be 30.50%. The Company is expected to achieve a stable operating status by 2030. Therefore, the forecast period ends at	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		Company based on business performance in previous years and expectations for the future development of the market industry.	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.	
Jiankangren	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 2.42% to 2.00%; the gross margin is expected to range from 39.40% to 39.32%; and the period expense rate is expected to range from 34.76% to 33.34%, 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 39.32%; and the period expense rate is expected to be 33.34%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 0.36% to 2.00%; the gross margin is expected to range from 41.11% to 41.11%; and the period expense rate is expected to range from 29.47% to 29.83%, 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 41.11%; and the period expense rate is expected to be 29.83%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -0.51% to 2.00%; the gross margin is expected to range from 38.72% to 38.72%; and the period expense rate is expected to range from 33.88% to 33.52%, 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 38.72%; and the period expense rate is expected to be 33.52%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -6.40% to 2.00%; the gross margin is expected to range from 28.88% to 28.78%; and the period expense rate is expected to range from 22.23% to 22.21%, 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 28.78%; and the period expense rate is expected to be 22.21%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
Macheng Yifeng	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 3.27% to 2.00%; the gross margin is expected to range from 38.88% to 41.38%; and the period expense rate is expected to range from 36.59% to 33.41%, 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 41.38%; and the period expense rate is expected to be 33.41%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.49% to 2.09%; the gross margin is expected to range from 35.58% to 37.01%; and the period expense rate is expected to range from 30.35% to 28.81%, 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 37.01%; and the period expense rate is expected to be 28.81%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 0.30% to 2.00%; the gross margin is expected to range from 35.33% to 35.33%; and the period expense rate is expected to range from 25.73% to 26.20%, 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 35.33%; and the period expense rate is expected to be 26.20%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.54% to 2.00%; the gross margin is expected to range from 30.64% to 32.16%; and the period expense rate is expected to range from 25.74% to 24.78%, 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 32.16%; and the period expense rate is expected to be 24.78%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Wuhan Houdetang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 0.61% to 2.00%; the gross margin is expected to range from 33.86% to 33.86%; and the period expense rate is expected to	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 33.86%; and the period expense rate is expected to be 20.58%. The Company is expected to achieve a	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of

Items	Forecast period	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
		range from 24.24% to 20.58%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	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.	equity capital and the cost of debt.
Wuhan Longtai	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -7.13% to 2.00%; the gross margin is expected to range from 33.70% to 33.70%; and the period expense rate is expected to range from 21.48% to 21.93%, 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 21.93%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 3.52% to 2.00%; the gross margin is expected to range from 32.73% to 32.68%; and the period expense rate is expected to range from 27.01% to 26.40%, 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 32.68%; and the period expense rate is expected to be 26.40%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -0.32% to 2.00%; the gross margin is expected to range from 29.43% to 29.43%; and the period expense rate is expected to range from 21.41% to 21.16%, 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 29.43%; and the period expense rate is expected to be 21.16%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Suqian Jiujiu Medicine Supermarket	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 1.90% to 2.01%; the gross margin is expected to range from 31.46% to 31.49%; and the period expense rate is expected to range from 24.88% to 24.63%, which are determined by the Company based on business performance in previous years and expectations for the future	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 31.49%; and the period expense rate is expected to be 24.63%. 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	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		development of the market industry.	maintain a stable level of cash earnings.	
Assets of Guangfutang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 0.24% to 2.00%; the gross margin is expected to range from 35.37% to 35.38%; and the period expense rate is expected to range from 25.07% to 24.90%, 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 35.38%; and the period expense rate is expected to be 24.90%. 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.	12.50%; 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 Guangshengtang, Jingzhou Shashi Xinlianxin Pharmacy, Hubei Zhongjie Medicine and Jianli Tongze Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 2.32% to 2.00%; the gross margin is expected to range from 34.89% to 34.89%; and the period expense rate is expected to range from 29.95% to 30.33%, 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 34.89%; and the period expense rate is expected to be 30.33%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -2.40% to 2.00%; the gross margin is expected to range from 37.08% to 37.08%; and the period expense rate is expected to range from 25.54% to 25.12%, 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 25.12%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 4.06% to 2.00%; the gross margin is expected to range from 35.24% to 35.21%; and the period expense rate is expected to range from 25.89% to 23.52%, 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 35.21%; and the period expense rate is expected to be 23.52%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Liuyang Tianshun Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -6.68% to 2.00%; the gross margin is expected to range	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 39.35%; and the period expense rate	12.50%; the weighted average cost of capital (WACC) is

Items	Forecast period	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
		from 39.35% to 39.35%; and the period expense rate is expected to range from 28.55% to 28.54%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	is expected to be 28.54%. 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.	determined based on the cost of equity capital and the cost of debt.
Rudong Yifeng Bencao	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -0.09% to 2.02%; the gross margin is expected to range from 38.77% to 41.87%; and the period expense rate is expected to range from 31.33% to 29.97%, 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 41.87%; and the period expense rate is expected to be 29.97%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -14.68% to 2.00%; the gross margin is expected to range from 39.16% to 39.09%; and the period expense rate is expected to range from 29.15% to 28.86%, 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 39.09%; and the period expense rate is expected to be 28.86%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 1.75% to 1.89%; the gross margin is expected to range from 24.84% to 26.17%; and the period expense rate is expected to range from 14.84% to 14.35%, 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 26.17%; and the period expense rate is expected to be 14.35%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Ningxiang Jiuzhitang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 1.80% to 2.00%; the gross margin is expected to range from 33.20% to 33.20%; and the period expense rate is expected to range from 23.50% to 22.55%, 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 33.20%; and the period expense rate is expected to be 22.55%. 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	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		expectations for the future development of the market industry.	future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	
Assets of Shuangfeng Yongjitang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -0.30% to 2.00%; the gross margin is expected to range from 35.07% to 35.07%; and the period expense rate is expected to range from 26.22% to 25.98%, 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 35.07%; and the period expense rate is expected to be 25.99%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.95% to 2.04%; the gross margin is expected to range from 36.96% to 37.27%; and the period expense rate is expected to range from 32.90% to 31.40%, 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 37.27%; and the period expense rate is expected to be 31.40%. 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.	12.40%; 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 Jiakiang Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -8.94% to 2.00%; the gross margin is expected to range from 41.49% to 41.49%; and the period expense rate is expected to range from 31.96% to 31.28%, 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 41.49%; and the period expense rate is expected to be 31.28%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -10.05% to 2.00%; the gross margin is expected to range from 45.89% to 45.61%; and the period expense rate is expected to range from 32.42% to 25.40%, 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 45.61%; and the period expense rate is expected to be 25.41%. 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.	12.50%; 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	5 years	From 2026 to 2030, the sales revenue growth rate is expected to	During the stable period, the sales revenue growth rate is expected to be	12.40%; the weighted average

Items	Forecast period	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
Taizhou Yifeng, Xinghua Yishantang, Taizhou Baixingren and Jiangsu Yishu Medicine		range from 3.65% to 2.05%; the gross margin is expected to range from 38.47% to 37.99%; and the period expense rate is expected to range from 33.27% to 31.88%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	2.00%; the gross margin is expected to be 37.99%; and the period expense rate is expected to be 31.88%. 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.	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 2026 to 2030, the sales revenue growth rate is expected to range from 1.13% to 2.00%; the gross margin is expected to range from 41.23% to 41.21%; and the period expense rate is expected to range from 35.41% to 33.92%, 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 41.21%; and the period expense rate is expected to be 33.92%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -2.15% to 2.00%; the gross margin is expected to range from 37.03% to 37.04%; and the period expense rate is expected to range from 32.61% to 32.35%, 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 37.04%; and the period expense rate is expected to be 32.35%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.77% to 2.00%; the gross margin is expected to range from 21.99% to 21.99%; and the period expense rate is expected to range from 17.66% to 17.01%, 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 21.99%; and the period expense rate is expected to be 17.01%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Changsha Qingyuantang Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -15.65% to 2.00%; the gross margin is expected to range from 36.32% to 36.32%; and the period expense rate is expected to range from 29.08% to 28.94%, which are determined by the	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 36.32%; and the period expense rate is expected to be 28.94%. The Company is expected to achieve a stable operating status by 2030. Therefore, the forecast period ends at	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		Company based on business performance in previous years and expectations for the future development of the market industry.	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.	
Assets of Suqian Dasheng Medicine	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 3.00% to 2.00%; the gross margin is expected to range from 33.98% to 33.98%; and the period expense rate is expected to range from 28.83% to 28.49%, 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 33.98%; and the period expense rate is expected to be 28.49%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -10.69% to 2.00%; the gross margin is expected to range from 36.02% to 36.02%; and the period expense rate is expected to range from 27.39% to 26.81%, 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 36.02%; and the period expense rate is expected to be 26.81%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -2.04% to 3.00%; the gross margin is expected to range from 37.08% to 38.49%; and the period expense rate is expected to range from 34.30% to 32.76%, 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 38.49%; and the period expense rate is expected to be 32.76%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Zhuzhou Zhengxiang Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -1.05% to 2.00%; the gross margin is expected to range from 31.84% to 31.84%; and the period expense rate is expected to range from 24.02% to 22.97%, 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 31.84%; and the period expense rate is expected to be 22.97%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
Shaoguan Xiangqin	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -0.68% to 2.00%; the gross margin is expected to range from 41.98% to 41.82%; and the period expense rate is expected to range from 37.97% to 34.89%, 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 41.82%; and the period expense rate is expected to be 34.89%. 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.	12.80%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -1.60% to 2.00%; the gross margin is expected to range from 37.48% to 37.48%; and the period expense rate is expected to range from 29.96% to 29.72%, 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 37.48%; and the period expense rate is expected to be 29.72%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -3.62% to 2.00%; the gross margin is expected to range from 39.38% to 39.35%; and the period expense rate is expected to range from 34.83% to 34.35%, 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 39.35%; and the period expense rate is expected to be 34.35%. 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.	12.70%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Assets of Guanyun Kangsheng Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 0.76% to 2.00%; the gross margin is expected to range from 38.16% to 38.20%; and the period expense rate is expected to range from 30.37% to 29.90%, 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 38.20%; and the period expense rate is expected to be 29.90%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Rudong Yifeng	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 0.09% to 2.00%; the gross margin is expected to range from 37.00% to 37.01%; and the period expense rate is expected to	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 37.01%; and the period expense rate is expected to be 31.02%. The Company is expected to achieve a	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of

Items	Forecast period	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
		range from 31.35% to 31.02%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	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.	equity capital and the cost of debt.
Asset groups of Miluo Tianheng	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -3.86% to 2.00%; the gross margin is expected to range from 36.26% to 36.26%; and the period expense rate is expected to range from 27.94% to 27.28%, 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 36.26%; and the period expense rate is expected to be 27.28%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.99% to 2.00%; the gross margin is expected to range from 27.53% to 27.62%; and the period expense rate is expected to range from 21.69% to 21.46%, 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 27.62%; and the period expense rate is expected to be 21.46%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.67% to 2.00%; the gross margin is expected to range from 38.29% to 38.58%; and the period expense rate is expected to range from 33.71% to 32.36%, 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 38.58%; and the period expense rate is expected to be 32.35%. 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.	12.40%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Longshuntang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -0.45% to 2.00%; the gross margin is expected to range from 35.52% to 35.51%; and the period expense rate is expected to range from 26.92% to 23.40%, which are determined by the Company based on business performance in previous years and expectations for the future	During the stable period, the sales revenue growth rate is expected to be 2.00%; the gross margin is expected to be 35.51%; and the period expense rate is expected to be 23.40%. 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	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		development of the market industry.	maintain a stable level of cash earnings.	
Baicaotang	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -5.46% to 2.00%; the gross margin is expected to range from 35.99% to 36.00%; and the period expense rate is expected to range from 27.23% 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 36.00%; and the period expense rate is expected to be 27.06%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -3.31% to 2.00%; the gross margin is expected to range from 35.99% to 36.02%; and the period expense rate is expected to range from 29.81% 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 36.02%; and the period expense rate is expected to be 28.37%. 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.	12.70%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -3.34% to 2.00%; the gross margin is expected to range from 39.50% to 39.49%; and the period expense rate is expected to range from 31.35% to 31.06%, 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 39.49%; and the period expense rate is expected to be 31.06%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 0.45% to 2.00%; the gross margin is expected to range from 37.91% to 38.05%; and the period expense rate is expected to range from 31.50% to 29.87%, 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 38.05%; and the period expense rate is expected to be 29.87%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -9.90% to 2.00%; the gross margin is expected to range	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	12.70%; the weighted average cost of capital (WACC) is

Items	Forecast period	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
		from 38.74% to 38.70%; and the period expense rate is expected to range from 29.47% to 25.31%, which are determined by the Company based on business performance in previous years and expectations for the future development of the market industry.	is expected to be 25.31%. 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.	determined based on the cost of equity capital and the cost of debt.
Shanghai Buyi	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -9.57% to 2.00%; the gross margin is expected to range from 42.82% to 42.72%; and the period expense rate is expected to range from 24.45% to 20.62%, 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 42.72%; and the period expense rate is expected to be 20.62%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 3.78% to 2.00%; the gross margin is expected to range from 32.17% to 32.18%; and the period expense rate is expected to range from 26.87% to 24.42%, 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 32.18%; and the period expense rate is expected to be 24.42%. 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.	12.50%; 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 2026 to 2030, the sales revenue growth rate is expected to range from 2.98% to 2.49%; the gross margin is expected to range from 30.06% to 30.07%; and the period expense rate is expected to range from 23.04% 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 30.07%; and the period expense rate is expected to be 21.52%. 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.	12.40%; 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 2026 to 2030, the sales revenue growth rate is expected to range from -1.39% to 2.00%; the gross margin is expected to range from 37.68% to 37.64%; and the period expense rate is expected to range from 28.11% to 25.24%, 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 37.64%; and the period expense rate is expected to be 25.24%. 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	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Items	Forecast period	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
		expectations for the future development of the market industry.	future perpetuity, during which the Company's business performance will maintain a stable level of cash earnings.	
Assets of Wuzhou Pharmacy	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from -8.82% to 2.00%; the gross margin is expected to range from 33.66% to 33.59%; and the period expense rate is expected to range from 23.86% to 23.68%, 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 33.59%; and the period expense rate is expected to be 23.68%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.
Jiuzhitang Medicine	5 years	From 2026 to 2030, the sales revenue growth rate is expected to range from 3.19% to 3.45%; the gross margin is expected to range from 29.65% to 30.29%; and the period expense rate is expected to range from 26.08% to 24.69%, 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 30.29%; and the period expense rate is expected to be 24.69%. 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.	12.50%; the weighted average cost of capital (WACC) is determined based on the cost of equity capital and the cost of debt.

Reasons for the significant inconsistencies between aforementioned information and information used in previous impairment tests or external information

Applicable Not Applicable

Pursuant to the “Assessment Report on the Recoverable Amount of Asset Groups Related to Goodwill and 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 [2026] No. A0378) issued by Jinzheng (Shanghai) Asset Appraisal Co., Ltd. on April 17, 2026, which is engaged by the Company, the recoverable amount of the asset groups or asset group portfolios that include goodwill of Jiangsu Shimin is lower than their carrying amount. Therefore, the Company has made provisions for goodwill impairment for above-mentioned asset groups.

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	451,160,067.08	95,935,989.07	189,307,830.38		357,788,225.77
Store transfer fees	39,495,141.66	9,042,374.45	24,371,784.94		24,165,731.17
Total	490,655,208.74	104,978,363.52	213,679,615.32		381,953,956.94

Other remarks

None

29. Deferred tax assets and deferred tax liabilities**(1) Deferred tax assets before offset** Applicable Not Applicable

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	63,596,881.08	15,886,721.04	61,775,630.66	15,333,123.86
Unrealized profit from internal transactions	236,646,121.58	59,161,530.40	232,833,558.32	58,208,389.58
Deductible losses	73,397,154.64	18,349,288.66	63,112,999.56	15,778,249.89
Share-based payment			2,331,011.12	582,752.78
Lease liabilities and temporary difference of prepaid rent	3,142,833,548.97	785,708,387.24	4,048,850,316.57	1,012,212,579.14
Changes in fair value			63,697,987.35	15,924,496.84
Total	3,516,473,706.27	879,105,927.34	4,472,601,503.58	1,118,039,592.09

(2) Deferred tax liabilities before offset Applicable Not Applicable

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets appraisal appreciation due to business combination not under common control	45,406,789.72	11,351,697.43	61,643,193.92	15,410,798.48
Temporary difference of right-of-use assets	2,998,249,095.29	749,562,273.82	3,877,665,712.04	969,416,428.01
Total	3,043,655,885.01	760,913,971.25	3,939,308,905.96	984,827,226.49

(3) Deferred tax assets or liabilities after offset Applicable Not Applicable

Items	Closing balance		Opening balance	
	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	749,562,273.82	129,543,653.52	969,416,428.01	148,623,164.08
Deferred tax liabilities	749,562,273.82	11,351,697.43	969,416,428.01	15,410,798.48

(4) Details of unrecognized deferred tax assets

Applicable Not Applicable

Items	Closing balance	Opening balance
Deductible temporary difference	3,278.16	21,606.68
Deductible losses	420,330,937.25	383,025,228.94
Total	420,334,215.41	383,046,835.62

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Applicable Not Applicable

Maturity years	Closing balance	Opening balance	Remarks
Year 2025		15,050,076.90	
Year 2026	59,483,858.23	60,006,609.79	
Year 2027	85,383,318.32	87,617,772.60	
Year 2028	70,213,744.76	72,012,445.36	
Year 2029	142,080,279.06	148,338,324.29	
Year 2030	63,169,736.88		
Total	420,330,937.25	383,025,228.94	

Other remarks

Applicable Not Applicable

30. Other non-current assets

Applicable Not Applicable

Items	Closing balance	Opening balance
Prepaid deposits for equity transfer and store acquisition		9,335,958.11
Prepaid payments for acquisition of fixed assets and other long-term assets	12,248,848.47	5,829,954.52
Total	12,248,848.47	15,165,912.63

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	1,467,602,995.33	1,467,602,995.33		
Including: Principal of deposits for acceptance bills and interest thereof	1,297,152,786.70	1,297,152,786.70	Deposits for acceptance bills	Deposits
Deposits for government platforms	30,358.14	30,358.14	Deposits for government platforms	Deposits
Cash in bank	170,000,000.00	170,000,000.00	Purchase of financial products	Purchase of financial products
Cash in bank	277,382.46	277,382.46	Judicial frozen funds	Judicial frozen funds
Cash in bank	131,776.15	131,776.15	Frozen due to business	Frozen due to business
Cash in bank	8,691.88	8,691.88	Frozen due to dormant account	Frozen due to dormant account
Cash in bank	2,000.00	2,000.00	ETC frozen funds	Frozen due to business
Total	1,467,602,995.33	1,467,602,995.33		

(2) Details on assets with restrictions at the beginning of the period

Items	Opening book balance	Opening 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 products with restrictions	Wealth management products with restrictions
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		

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	Opening balance
Bank acceptance	6,869,615,126.92	7,537,483,385.03
Total	6,869,615,126.92	7,537,483,385.03

Notes payable due but unpaid totaled 0 yuan in the current period

36. Accounts payable**(1) Details** Applicable Not Applicable

Items	Closing balance	Opening balance
Payments for goods	1,960,279,650.50	1,954,806,180.26
Total	1,960,279,650.50	1,954,806,180.26

(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	Opening balance
House rental fees	9,779,387.76	22,884,188.22

Total	9,779,387.76	22,884,188.22
-------	--------------	---------------

(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	Opening balance
Payments for goods	228,524,097.88	130,070,603.90
Total	228,524,097.88	130,070,603.90

(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	Decrease	Closing balance
Short-term employee benefits	491,744,123.71	3,612,732,517.15	3,575,028,309.94	529,448,330.92
Post-employment benefits - defined contribution plan	2,476,916.09	334,221,700.51	334,247,002.11	2,451,614.49
Termination benefits		5,168,664.41	5,168,664.41	
Total	494,221,039.80	3,952,122,882.07	3,914,443,976.46	531,899,945.41

(2) Details of short-term employee benefits

Applicable Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	487,277,168.95	3,200,717,156.29	3,162,742,203.54	525,252,121.70
Employee welfare fund		149,897,061.09	149,897,061.09	
Social insurance premium	1,137,910.83	192,066,371.43	192,094,163.56	1,110,118.70

Items	Opening balance	Increase	Decrease	Closing balance
Including: Medicare premium	990,947.96	175,475,181.02	175,436,277.45	1,029,851.53
Occupational injuries premium	23,783.49	11,811,358.94	11,803,790.45	31,351.98
Maternity premium	123,179.38	4,779,831.47	4,854,095.66	48,915.19
Housing provident fund	381.08	63,876,572.55	63,876,572.55	381.08
Trade union fund and employee education fund	3,328,662.85	6,175,355.79	6,418,309.20	3,085,709.44
Subtotal	491,744,123.71	3,612,732,517.15	3,575,028,309.94	529,448,330.92

(3) Details of defined contribution plan

Applicable Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	2,377,815.73	321,675,105.37	321,699,419.53	2,353,501.57
Unemployment insurance premium	99,100.36	12,546,595.14	12,547,582.58	98,112.92
Subtotal	2,476,916.09	334,221,700.51	334,247,002.11	2,451,614.49

Other remarks

Applicable Not Applicable

40. Taxes and rates payable

Applicable Not Applicable

Items	Closing balance	Opening balance
VAT	83,433,914.69	77,958,681.33
Enterprise income tax	301,882,314.91	207,095,116.77
Individual income tax withheld for tax authorities	8,935,131.79	7,831,787.28
Urban maintenance and construction tax	5,012,148.46	4,270,952.14
Stamp duty	4,506,327.80	4,560,669.40
Housing property tax	2,135,470.66	1,712,961.19
Land use tax	1,171,373.46	1,172,145.07
Education surcharge	2,222,327.36	1,950,366.56
Local education surcharge	1,462,869.36	1,253,690.54
Others	162,292.14	157,882.66
Total	410,924,170.63	307,964,252.94

Other remarks

None

41. Other payables**(1) Details**

Applicable Not Applicable

Items	Closing balance	Opening balance
Dividend payable	4,900,000.00	
Other payables	576,908,183.42	772,207,599.54
Total	581,808,183.42	772,207,599.54

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	Opening balance
Dividend of ordinary shares	4,900,000.00	
Subtotal	4,900,000.00	

Other remarks, including significant dividend payable with age over one year

None

(4) Other payables

Details

Applicable Not Applicable

Items	Closing balance	Opening balance
Security deposits and quality guarantee deposits	113,430,933.43	98,816,063.54
Payments for equipment and construction	38,180,420.35	38,515,786.01
Payments for equity transfer and store acquisition	83,031,983.53	231,858,172.22
House rental fees	53,666,999.87	82,472,357.36
Temporary receipts payable	16,203,548.61	15,825,748.98
Expenses to be paid	87,051,195.94	55,389,229.50
Repurchase obligation of restricted shares		3,764,535.58
Others	185,343,101.69	245,565,706.35
Subtotal	576,908,183.42	772,207,599.54

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	Opening balance
Long-term borrowings due within one year		61,525,796.80
Bonds payable due within one year	7,459,426.40	4,476,008.13
Lease liabilities due within one year	1,140,924,097.25	1,271,095,733.38
Total	1,148,383,523.65	1,337,097,538.31

Other remarks

None

44. Other current liabilities

Details

Applicable Not Applicable

Items	Closing balance	Opening balance
Output VAT to be recognized	11,558,863.94	11,312,523.92
Total	11,558,863.94	11,312,523.92

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

Other remarks

Applicable Not Applicable

46. Bonds payable

(1) Bonds payable

Applicable Not Applicable

Items	Closing balance	Opening balance
-------	-----------------	-----------------

Yifeng Convertible Bond	1,651,334,228.09	1,601,308,876.07
Total	1,651,334,228.09	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

Bonds	Par value	Coupon rate (%)	Issuing date	Maturity	Amount outstanding	Whether default
Yifeng Convertible Bond	100.00	0.30-2.00	March 4, 2024	6 years	1,797,432,000.00	No
Subtotal					1,797,432,000.00	

(Continued)

Bonds	Opening balance	Current period issuance	Par value interest	Premium/Discount amortization	Current period conversion	Transfer to non-current liabilities due within one year	Interest paid	Closing balance
Yifeng Convertible Bond	1,601,308,876.07		8,375,487.82	50,068,758.81	43,624.34	7,459,426.40	915,843.87	1,651,334,228.09
Subtotal	1,601,308,876.07		8,375,487.82	50,068,758.81	43,624.34	7,459,426.40	915,843.87	1,651,334,228.09

(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” (Zheng Jian Xu Ke No. [2024] 109), the Company publicly issued 17,974,320 convertible bonds on March 4, 2024, each with 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 rates are 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. On initial measurement, the fair value of the liability component is determined first, which is then deducted 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 at 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.

As stipulated in the "Prospectus for Yifeng Pharmacy Chain Co., Ltd.'s Public Offering of Convertible Corporate Bonds to Unspecified Investors", if the closing price of the Company's shares is lower than 85% of the then prevailing conversion price for at least fifteen trading days within any period of thirty consecutive trading days during the term of the convertible bonds, the Board of Directors has the right to propose a plan to adjust the conversion price downward and submit it to the shareholders' meeting for approval. As of October 15, 2025, the closing price of the Company's shares is lower than 85% of the adjusted conversion price of 31.84 yuan per share (i.e., 27.06 yuan per share) for at least fifteen trading days within thirty consecutive trading days, thereby triggering the downward adjustment clause of the Yifeng Convertible Bonds. Pursuant to the "Proposal on Not Adjusting the Conversion Price of the Yifeng Convertible Bonds Downward" deliberated and approved at the 23rd meeting of the fifth session of the Board of Directors on October 15, 2025, the Company resolved not to adjust the conversion price of the Yifeng Convertible Bonds downward at this time, nor will it do so during the next three months (i.e., from October 16, 2025 to January 15, 2026) should the share price trigger the aforementioned clause again.

Due to conversion in 2025, bonds payable decreased by 43,624.34 yuan, and other equity instruments decreased by 5,917.30 yuan. After 1,475 shares having been converted, the share capital increased by 1,475 yuan, with the capital reserve (capital premium) increased by 48,066.64 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	Opening balance
Unpaid lease payments	1,673,529,427.49	2,471,525,773.56

Items	Closing balance	Opening balance
Less: Unrecognized financing expenses	68,864,468.67	158,778,318.51
Total	1,604,664,958.82	2,312,747,455.05

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	Transferred in from business combination	Decrease	Closing balance	Reasons for balance
Government grants	53,632,642.01			440,711.64	53,191,930.37	Government grants
Total	53,632,642.01			440,711.64	53,191,930.37	

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	Conversion of reserve to shares	Others	Subtotal	
Total shares	1,212,432,688				-40,729	-40,729	1,212,391,959

Other remarks

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, each with par value of 100.00 yuan, with a total issuance amount of 1,797,432,000 yuan. Under 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 Bond”. The conversion period commenced on September 9, 2024. As of the close of trading on December 31, 2025, a total of 1,475 shares had been converted from the bonds, increasing the Company’s unrestricted outstanding shares by 1,475 shares.

Pursuant to the “Proposal on Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved by the 13th meeting of the fifth session of the Board of Directors on January 27, 2025, the Company was agreed to repurchase and cancel 16,688 shares held by incentive objects who had resigned, including 11,424 initially granted shares with repurchase price of 13.98 yuan per share, and 5,264 reserved granted shares with repurchase price of 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 16,688 restricted shares that had been granted but failed to meet the unlocking conditions, with share capital decreased by 16,688.00 yuan and capital reserve (share premium) decreased by 236,507.33 yuan.

Pursuant to the “Proposal on Repurchase and Cancellation of Part of Restricted Shares of 2022” deliberated and approved by the 22nd meeting of the fifth session of the Board of Directors on September 30, 2025, the Company was agreed to repurchase and cancel 25,516 shares held by incentive objects who had resigned, with repurchase price of 14.43 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 25,516 restricted shares that had been granted but failed to meet the unlocking conditions, with share capital decreased by 25,516.00 yuan and capital reserve (share premium) decreased by 377,424.17 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	17,839,320	221,566,198.54			1,475	5,917.30	17,837,845	221,560,281.24
Total	17,839,320	221,566,198.54			1,475	5,917.30	17,837,845	221,560,281.24

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 VIII (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	3,545,371,109.84	2,961,269.04	613,931.50	3,547,718,447.38
Other capital reserve	105,155,874.10	582,191.30	2,913,202.40	102,824,863.00
Total	3,650,526,983.94	3,543,460.34	3,527,133.90	3,650,543,310.38

Other remarks, including current period movements and reasons of movement

1) Current increase of share premium: a. 48,066.64 yuan was due to conversion of convertible bonds to shares, please refer to section VIII (VII) 46 of notes to the financial statements for details; b. 2,913,202.40 yuan was due to the fulfillment of vesting conditions for the second vesting period of the reserved grant under the 2022 Restricted Share Incentive Plan.

2) Current decrease of share premium: 613,931.50 yuan was due to repurchase and cancellation of restricted shares, please refer to section VIII (VII) 53 of notes to the financial statements for details.

3) Other capital reserve increased by 582,191.30 yuan was due to share-based payment recognized for issuance of restricted shares in the current period; other capital reserve decreased by 2,913,202.40 yuan due to satisfaction of the vesting conditions for the second vesting tranche of the reserved shares granted under the 2022 Restricted Stock Incentive Plan

56. Treasury shares

Applicable Not Applicable

Items	Opening balance	Increase	Decrease	Closing balance
Restricted shares	3,764,535.58		3,764,535.58	
Total	3,764,535.58		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					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	Closing balance
		Other comprehensive income 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	-47,773,490.51	100,101,691.99		25,025,423.00	75,076,268.99		27,302,778.48	
Including: Changes in fair value of other equity instrument investments	-47,773,490.51	100,101,691.99		25,025,423.00	75,076,268.99		27,302,778.48	
Total	-47,773,490.51	100,101,691.99		25,025,423.00	75,076,268.99		27,302,778.48	

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
Statutory surplus reserve	326,019,567.19	85,499,614.88		411,519,182.07
Total	326,019,567.19	85,499,614.88		411,519,182.07

Other remarks

Current increase refers to the appropriation of statutory 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	5,366,679,611.84	4,774,244,419.42
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	5,366,679,611.84	4,774,244,419.42
Add: Net profit attributable to owners of the parent company	1,678,481,865.01	1,528,576,669.36
Other comprehensive income carried forward to retained earnings	27,302,778.48	
Less: Appropriation of statutory surplus reserve	85,499,614.88	127,737,417.19
Dividend payable on ordinary shares	848,691,928.30	808,404,059.75
Closing balance	6,138,272,712.15	5,366,679,611.84

Details of increase or decrease due to adjustment

1. Pursuant to related requirements stipulated in the CASBEs, adjustments of 0.00 yuan are made on opening balance of undistributed profit on retroactive basis.
2. Adjustments of 0.00 yuan are made on opening balance of undistributed profit due to changes in accounting policies.
3. Adjustments of 0.00 yuan are made on opening balance of undistributed profit due to corrections of significant errors of prior period.
4. Adjustments of 0.00 yuan are made on opening balance of undistributed profit due to changes in consolidation scope arising from business combination under common control.
5. Adjustments of 0.00 yuan are made on opening balance of undistributed profit due to other changes during the accounting period.

61. Operating revenue/Operating cost

(1) Details of Operating revenue/Operating cost

Applicable Not Applicable

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	23,732,830,798.19	14,792,185,548.82	23,295,028,710.79	14,358,223,148.01
Other operations	700,334,399.31	25,144,527.91	767,125,990.94	50,087,391.41
Total	24,433,165,197.50	14,817,330,076.73	24,062,154,701.73	14,408,310,539.42
Including: Revenue from contracts with customers	24,402,848,716.67	14,794,197,111.05	24,030,302,853.49	14,377,292,681.84

(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	40,193,701.49	37,336,086.96
Education surcharge	17,927,830.71	16,857,857.68
Stamp duty	14,930,645.57	15,997,119.94
Local education surcharge	11,979,196.50	11,329,392.74
Housing property tax	13,200,032.06	11,263,762.17
Land use tax	2,641,267.22	2,638,594.71
Vehicle and vessel use tax	40,871.05	62,719.30
Total	100,913,544.60	95,485,533.50

Other remarks

None

63. Selling expenses

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Employee benefits	2,991,801,986.53	3,088,650,690.47
House rent and property fees	1,560,751,090.54	1,734,027,290.94
Advertising promotion and sales service fees	376,415,435.78	387,360,336.43
Amortization of long-term prepayments	213,679,615.32	264,925,013.28
Utility bills	171,511,818.14	180,871,319.70
Freight expenses	155,250,347.95	151,942,028.92
Depreciation and amortization	131,194,747.71	137,189,445.78
Office expenses	69,240,846.29	78,310,069.96
Transportation and business travelling expenses	46,136,058.42	44,939,647.14
Organization expenses	4,352,892.48	44,224,968.70
Others	133,986,837.15	66,935,019.22
Total	5,854,321,676.31	6,179,375,830.54

Other remarks

None

64. Administrative expenses

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Employee benefits	920,288,964.70	821,505,003.06
Depreciation	103,052,213.17	98,169,637.36

Items	Current period cumulative	Preceding period comparative
Consulting service fees	64,222,727.10	58,826,427.13
Business entertainment expenses	63,503,055.46	66,399,850.58
Amortization of intangible assets	14,507,065.09	14,466,456.83
Amortization of low-value consumables	830,958.63	1,485,977.33
Share-based payment	582,191.30	14,075,129.20
Others	19,602,854.67	7,953,259.64
Total	1,186,590,030.12	1,082,881,741.13

Other remarks

None

65. R&D expenses

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Amortization of intangible assets	20,669,221.37	17,228,254.96
Direct materials	1,876,879.51	10,779,879.55
Employee benefits	4,525,733.62	4,315,997.25
Depreciation	822,132.05	1,593,422.43
Others	22,070.45	18,258.06
Total	27,916,037.00	33,935,812.25

Other remarks

None

66. Financial expenses

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Interest expenditures	166,753,646.09	221,373,934.51
Less: Interest income	47,517,011.03	72,647,179.88
Handling fees of financial institutes	22,826,049.34	25,176,407.18
Total	142,062,684.40	173,903,161.81

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	440,711.64	440,711.63	
Government grants related to income	24,251,345.22	14,883,427.59	24,251,345.22
Tax deduction and exemption for small-scale taxpayer	36,627,837.77	36,909,089.03	
Refund of handling fees for withholding individual income tax	2,218,233.20	1,732,229.42	
VAT deduction and exemption for poverty alleviation personnel and veterans	4,574,427.50	3,770,699.40	
Total	68,112,555.33	57,736,157.07	24,251,345.22

Other remarks

None

68. Investment income

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method		-901.40
Investment income from disposal of long-term equity investments	1,112,988.84	1,539,528.62
Dividend income from other equity instrument investments	13,029,683.18	17,084,000.00
Investment income from financial instruments	110,605,264.17	89,506,157.27
Including: Financial assets classified as at fair value through profit or loss	110,605,264.17	89,506,157.27
Total	124,747,936.19	108,128,784.49

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	-36,992.73	2,154,986.62
Total	-36,992.73	2,154,986.62

Other remarks

None

72. Assets impairment loss

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-97,487,737.27	-83,569,695.03
Provision for impairment of goodwill	-14,124,462.58	-18,826,781.82
Total	-111,612,199.85	-102,396,476.85

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 assets	6,640,747.71	2,203,836.52	6,640,747.71
Gains on disposal of intangible assets	59,773.79		59,773.79
Gains on disposal of right-of-use assets	61,780,801.02	47,734,974.15	61,780,801.02
Total	68,481,322.52	49,938,810.67	68,481,322.52

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	75,182.60	47,326.50	75,182.60
Compensation	23,413,597.98	1,467,251.54	23,413,597.98
Cash short and over	2,666,495.42	3,518,985.84	2,666,495.42
Exempted payments	3,802,722.57	504,898.05	3,802,722.57
Confiscatory income	437,160.43	1,676,173.16	437,160.43
Gains on scrapping of fixed assets	211,497.97	253,165.26	211,497.97
Others	7,147,361.57	5,267,426.07	7,147,361.57
Total	37,754,018.54	12,735,226.42	37,754,018.54

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	2,562,919.60	4,238,125.03	2,562,919.60
Penalty expenditures and overdue fines	4,762,362.20	2,177,267.32	4,762,362.20
Compensation expenses	15,462,832.12	17,090,281.63	15,462,832.12
Losses on scrapping of intangible assets	651,451.59	1,380,979.54	651,451.59
Losses on scrapping of fixed assets	2,577,475.63	2,708,685.67	2,577,475.63
Others	9,065,894.79	6,516,850.59	9,065,894.79
Total	35,082,935.93	34,112,189.78	35,082,935.93

Other remarks

None

76. Income tax expenses

(1) Details

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	626,273,383.14	528,074,503.13
Deferred income tax expenses	-904,087.33	1,590,592.73
Total	625,369,295.81	529,665,095.86

(2) Reconciliation of accounting profit to income tax expenses

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Profit before tax	2,456,394,852.41	2,182,447,381.72
Income tax expenses based on tax rate applicable to the parent company	614,098,713.10	545,611,845.43
Effect of different tax rate applicable to subsidiaries	-8,234,901.58	-20,919,370.28
Effect of prior income tax reconciliation	24,515,526.43	2,437,872.61
Effect of non-taxable income	-42,672,250.94	-56,242,210.08
Effect of non-deductible costs, expenses and losses	19,541,295.74	34,798,124.71
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-6,717,809.46	-4,820,116.80
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets in the current period	24,838,722.52	28,798,950.27
Income tax expenses	625,369,295.81	529,665,095.86

Other remarks

Applicable Not Applicable

77. Other comprehensive income

Applicable Not Applicable

Please refer to section VIII (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	40,969,406.20	67,223,406.99
Government grants	24,326,527.82	14,930,754.09
Intercompany balances and others	174,985,718.80	205,993,955.83
Deposits for notes	40,256,632.46	
Total	280,538,285.28	288,148,116.91

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	1,087,772,923.83	1,131,693,734.17
Cash payments related to administrative expenses	148,159,595.86	138,349,803.28
Cash payments related to financial expenses	22,826,049.34	25,176,407.18
Deposits for notes		292,375,602.70
Intercompany balances and others	267,819,725.49	131,074,539.11
Total	1,526,578,294.52	1,718,670,086.44

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	23,673,700,000.00	15,933,200,000.00
Receipt of interest income on wealth management products and structured deposits	107,124,318.12	81,812,371.92
Total	23,780,824,318.12	16,015,012,371.92

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	25,217,200,000.00	18,751,600,000.00
Prepaid payments for equity transfer and store acquisition	1,312,080.05	25,385,007.48
Total	25,218,512,080.05	18,776,985,007.48

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 from 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
Payments for interest arising from repurchase of equity incentive	16,692.73	103,140.68
Repurchase of restricted shares	656,135.50	3,998,723.15
Payments for house rent	1,462,290,450.38	1,605,039,929.05
Total	1,462,963,278.61	1,613,265,067.97

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	
Dividend payable			926,554,035.48	921,654,035.48		4,900,000.00
Short-term borrowings	30,026,388.89			30,026,388.89		
Long-term borrowings (including long-term borrowings due within one year)	61,525,796.80			61,525,796.80		
Lease liabilities (including lease liabilities due within one year)	3,583,843,188.43		554,403,439.43	1,392,657,571.79		2,745,589,056.07
Bonds payable (including bonds payable due within one year)	1,605,784,884.20		58,444,246.63	5,391,852.00	43,624.34	1,658,793,654.49
Subtotal	5,281,180,258.32		1,539,401,721.54	2,411,255,644.96	43,624.34	4,409,282,710.56

(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	1,831,025,556.60	1,652,782,285.86
Add: Provision for assets impairment	111,612,199.85	102,396,476.85
Provision for credit impairment	36,992.73	-2,154,986.62
Depreciation of fixed assets, oil and gas assets, productive biological assets	251,570,236.59	239,555,369.91
Depreciation of right-of-use assets	1,462,726,324.99	1,611,028,570.24
Amortization of intangible assets	35,447,455.59	32,025,308.07
Amortization of long-term prepayments	213,679,615.32	264,925,013.28
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-68,481,322.52	-49,938,810.67
Fixed assets retirement loss (Less: gains)	3,017,429.25	3,836,499.95
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	149,749,475.13	174,148,877.40
Investment losses (Less: gains)	-124,747,936.19	-108,128,784.49
Decrease of deferred tax assets (Less: increase)	3,155,013.72	5,971,649.51
Increase of deferred tax liabilities (Less: decrease)	-4,059,101.05	-18,486,671.31

Supplementary information	Current period cumulative	Preceding period comparative
Decrease of inventories (Less: increase)	-206,446,787.59	-790,972,542.40
Decrease of operating receivables (Less: increase)	169,264,402.32	-554,453,059.73
Increase of operating payables (Less: decrease)	-447,323,731.63	1,593,308,427.28
Others	-21,777,808.70	65,423,461.40
Net cash flows from operating activities	3,358,448,014.41	4,221,267,084.53
(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	1,613,268,444.23	2,160,797,870.52
Less: Cash at the beginning of the period	2,160,797,870.52	2,468,580,139.60
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	-547,529,426.29	-307,782,269.08

(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	Opening balance
1) Cash	1,613,268,444.23	2,160,797,870.52
Including: Cash on hand	248,457.95	308,745.22
Cash in bank on demand for payment	1,600,837,829.05	2,109,513,471.76
Other cash and bank balances on demand for payment	12,182,157.23	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	1,613,268,444.23	2,160,797,870.52
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	31,503,850.61	33,766,112.57	Raised funds
Subtotal	31,503,850.61	33,766,112.57	

(6) Cash and bank balances not considered as cash and cash equivalents

Applicable Not Applicable

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Cash and bank balances	1,467,602,995.33	1,418,127,706.70	Deposits, judicial frozen funds, business frozen funds and dormant frozen funds
Subtotal	1,467,602,995.33	1,418,127,706.70	

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 VIII (VII) 25 of notes to the financial statements for details on right-of-use assets.

2) Please refer to section VIII (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	91,288,535.77	136,441,501.14
Income from subleasing right-of-use assets	29,749,022.66	29,800,701.50
Total cash outflows related to leases	1,462,290,450.38	1,605,039,929.05
Gains or losses arising from sale and leaseback transactions		20,892.80

(4) Please refer to note 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 1,462,290,450.38 yuan. (Expressed in Renminbi Yuan)

(2) The Company as lessor

Operating lease

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Lease income	30,316,480.83	31,851,848.24

Assets leased out under operating leases

Items	Closing balance	December 31, 2024
Fixed assets	12,488,290.95	6,037,117.95
Right-of-use assets	76,096,287.68	77,281,020.49
Subtotal	88,584,578.63	83,318,138.44

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, 2024
Within 1 year	1,101,265.00	775,665.00
1-2 years	1,097,665.00	545,977.50
2-3 years	820,040.00	500,040.00
3-4 years	720,040.00	500,040.00
4-5 years	468,540.00	500,040.00
Over 5 years	93,510.00	562,050.00
Total	4,301,060.00	3,383,812.50

(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	20,669,221.37	17,228,254.96
Direct materials	1,876,879.51	10,779,879.55
Employee benefits	39,810,909.69	40,345,059.40
Depreciation	822,132.05	1,593,422.43
Others	22,070.45	18,258.06
Total	63,201,213.07	69,964,874.40
Including: R&D costs to be expensed	27,916,037.00	33,935,812.25
R&D costs to be capitalized	35,285,176.07	36,029,062.15

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	3,224,343.96	35,285,176.07		30,650,131.20	2,096,301.39	5,763,087.44
Total	3,224,343.96	35,285,176.07		30,650,131.20	2,096,301.39	5,763,087.44

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
Huihua Tongjitang	October 2025	700,000.00	100.00	Equity transfer	October 2025
Luhe Jinkang	June 2025	1,380,000.00	100.00		June 2025
Qinhuai Jinkang	April 2025	1,650,000.00	100.00		April 2025
Taizhou Jinkang	November 2025	80,000.00	100.00		November 2025
Guangdong Yifeng Medicine	November 2025	3,900,000.00	100.00		November 2025

(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
Huihua Tongjitang	Complete the property handover procedures and achieve substantial control over	291,205.52	-55,757.82	138,786.89	-8,453.95	-52,499.98
Luhe Jinkang		180,822.07	-622,948.00	566,750.46	-499,781.56	
Qinhuai Jinkang		158,957.34	-608,039.92	328,343.92	-215,067.86	
Taizhou Jinkang						

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
Guangdong Yifeng Medicine	the acquirees	3,908.41	-471,476.02	997,231.79	-416,678.56	-160,331.04

Other remarks

None

(2) Combination costs and goodwill

Applicable Not Applicable

Items	Huihua Tongjitang	Luhe Jinkang	Qinhuai Jinkang	Taizhou Jinkang
Combination costs	700,000.00	1,380,000.00	1,650,000.00	80,000.00
Cash	700,000.00	1,380,000.00	1,650,000.00	80,000.00
Total combination costs	700,000.00	1,380,000.00	1,650,000.00	80,000.00
Less: Share of fair value of net identifiable assets acquired	300,000.00	9.64	50,000.04	
Goodwill	400,000.00	1,379,990.36	1,599,999.96	80,000.00

(Continued)

Items	Guangdong Yifeng Medicine
Combination costs	3,900,000.00
Cash	3,900,000.00
Total combination costs	3,900,000.00
Less: Share of fair value of net identifiable assets acquired	
Goodwill	3,900,000.00

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 August 2025, the Company's subsidiary Jiangsu Yifeng, Qin Feng and Zhangjiagang Tongjitang Pharmacy Co., Ltd. signed the "Agreement on the Equity Transfer of Zhangjiagang Huihua Tongjitang

Pharmacy Co., Ltd. and Asset Acquisition of Liangfeng Store of Zhangjiagang Tongjitang Pharmacy Co., Ltd.” and its supplemental agreement. Pursuant to the agreement, Jiangsu Yifeng acquired 100.00% of equity of Zhangjiagang Huihua Tongjitang Pharmacy Co., Ltd. held by Qin Feng and Zhangjiagang Tongjitang Pharmacy Co., Ltd. and entire asset of Liangfeng Store at the consideration of 0.70 million yuan. The equity transfer and registration in administration for market regulation had been completed in October 2025.

In December 2024, the Company’s subsidiary Nanjing Jinkang Medical Management Co., Ltd. and Zhang Chuanzhi signed the “Agreement on the Equity Transfer of Nanjing Jiajia Health Management Co., Ltd.”. Pursuant to the agreement, Nanjing Jinkang Medical Management Co., Ltd. acquired 100.00% of equity of Nanjing Jiajia Health Management Co., Ltd. held by Zhang Chuanzhi at the consideration of 1.38 million yuan. The equity transfer and registration in administration for market regulation had been completed in June 2025, and its name has been changed to Nanjing Luhe Jinkang Traditional Chinese Medicine Clinic Co., Ltd.

In November 2024, the Company’s subsidiary Nanjing Jinkang Medical Management Co., Ltd., Shu Weiwu and Shu Hongyue signed the “Agreement on the Equity Transfer of Nanjing Xinzhengtang Clinic Co., Ltd.”. Pursuant to the agreement, Nanjing Jinkang Medical Management Co., Ltd. acquired 100.00% of equity of Nanjing Xinzhengtang Clinic Co., Ltd. held by Shu Weiwu and Shu Hongyue at the consideration of 1.65 million yuan. The equity transfer and registration in administration for market regulation had been completed in April 2025, and its name has been changed to Nanjing Qinhuai District Jinkang Qijian Clinic Co., Ltd.

In October 2025, the Company’s subsidiary Nanjing Jinkang Medical Management Co., Ltd. and Jing Guoping signed the “Agreement on the Equity Transfer of Taizhou Jiangyan Jinkang Clinic Co., Ltd. (in preparation)”. Pursuant to the agreement, Nanjing Jinkang Medical Management Co., Ltd. acquired 100.00% of equity of Taizhou Jiangyan Jinkang Clinic Co., Ltd. held by Jing Guoping at the consideration of 80,000.00 yuan. The equity transfer and registration in administration for market regulation had been completed in November 2025, and its name has been changed to Taizhou Jinkang Jinma Clinic Co., Ltd.

In August 2025, the Company’s subsidiary Guangdong Yifeng Xiangqin Pharmacy Chain Co., Ltd. and Yunlu Traditional Chinese Medicine Technology (Guangzhou) Co., Ltd. signed the “Agreement on the Equity Transfer of Guangzhou Kangerjian Medicine Co., Ltd.”. Pursuant to the agreement, Guangdong Yifeng Xiangqin Pharmacy Chain Co., Ltd. acquired 100.00% of equity of Guangzhou Kangerjian Medicine Co., Ltd. held by Yunlu Traditional Chinese Medicine Technology (Guangzhou) Co., Ltd. at the consideration of 3.90 million yuan. The equity transfer and registration in administration for market regulation had been completed in November 2025, and its name has been changed to Guangdong Yifeng Medicine Co., Ltd.

(3) Acquisition-date identifiable assets and liabilities of acquirees

Applicable Not Applicable

Items	Huihua Tongjitang		Luhe Jinkang		Qinhuai Jinkang	
	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	300,029.62	300,029.62	39,919.24	39,919.24	131,061.35	131,061.35
Cash and bank balances	166,711.15	166,711.15	35,368.90	35,368.90		
Receivables	32,476.90	32,476.90			96,450.04	96,450.04
Other receivables	1,000.00	1,000.00	4,550.34	4,550.34	34,611.31	34,611.31
Advances paid						
Inventories	99,841.57	99,841.57				
Fixed assets						
Right-of-use assets						
Intangible assets						
Long-term prepayments						
Deferred tax assets						
Other assets						
Liabilities	29.62	29.62	39,909.60	39,909.60	81,061.31	81,061.31
Accounts payable						
Advances received						
Employee benefits payable						
Taxes and rates payable					22,683.90	22,683.90
Other payables	29.62	29.62	39,909.60	39,909.60	58,377.41	58,377.41
Lease liabilities						
Deferred tax liabilities						
Other liabilities						
Net assets	300,000.00	300,000.00	9.64	9.64	50,000.04	50,000.04
Less: Non-controlling interest						
Net assets acquired	300,000.00	300,000.00	9.64	9.64	50,000.04	50,000.04

(Continued)

Items	Taizhou Jinkang		Guangdong Yifeng Medicine	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets			807,699.82	807,699.82
Cash and bank balances			33,842.72	33,842.72
Receivables			25,786.00	25,786.00
Other receivables			491,349.82	491,349.82

Items	Taizhou Jinkang		Guangdong Yifeng Medicine	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Advances paid				
Inventories				
Fixed assets			100,000.00	100,000.00
Right-of-use assets				
Intangible assets				
Long-term prepayments				
Deferred tax assets				
Other assets			156,721.28	156,721.28
Liabilities			807,699.82	807,699.82
Accounts payable			377,306.50	377,306.50
Advances received				
Employee benefits payable			18,571.61	18,571.61
Taxes and rates payable				
Other payables			411,821.71	411,821.71
Lease liabilities				
Deferred tax liabilities				
Other liabilities				
Net assets				
Less: Non-controlling interest				
Net assets acquired				

Fair value determination method on identifiable assets and liabilities

None

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

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss-of-control date	Determination basis for loss-of-control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Zhangjiakou Xinxing Nanshantang Pharmacy Chain Co., Ltd.	1,200,000.00	100.00	Transfer	2025. 9	The Company has received equity transfer payment, registered changes at administration for market regulation and finalized the property handover procedures	1,112,988.84

(Continued)

Subsidiaries	Proportion of remaining equity at the loss-of-control date	Carrying amount of remaining equity at the loss-of-control date	Fair value of remaining equity at the loss-of-control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss-of-control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Zhangjiakou Xinxing Nanshantang Pharmacy Chain Co., Ltd.						

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
Hengxiutang (Hunan) Health Technology Co., Ltd.	Establishment	March 2025	100,000.00	100.00%[Note1]
Rugao Yifeng Bencao Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	March 2025	10,000.00	100.00%[Note2]
Shuyang Yifeng Pharmacy Co., Ltd.	Establishment	May 2025	300,000.00	100.00%[Note3]
Shanghai Yifeng Lijian Pharmacy Co., Ltd.	Establishment	September 2025	500,000.00	100.00%[Note4]
Huanggang Yifeng Pharmacy Chain Co., Ltd.	Establishment	September 2025		100.00%[Note5]
Jinkang Medical Technology (Hainan) Co., Ltd.	Establishment	March 2025		100.00%
Xuzhou Jinkang Medical Management Co., Ltd.	Establishment	January 2025		100.00%[Note6]
Taizhou Jinkang Qiming Clinic Co., Ltd.	Establishment	May 2025	6,500.00	65.00%[Note6]
Taizhou Jinkang Qijian Clinic Co., Ltd.	Establishment	May 2025	6,500.00	65.00%[Note6]
Nantong Haimen District Jinkang Clinic Co., Ltd.	Establishment	February 2025	5,100.00	51.00%[Note6]
Zhenjiang Jurong Jinkang Clinic Co., Ltd.	Establishment	June 2025	5,100.00	51.00%[Note6]
Changsha Purui Jinkang Medical Industry Management Co., Ltd.	Establishment	August 2025		100.00%[Note7]
Changsha Tianxin District Xinshaoxi Jinkang Medical Industry Management Co., Ltd.	Establishment	May 2025	10,000.00	100.00%[Note7]
Changsha Kaifu District Jinbei Jinkang Medical Industry Management Co., Ltd.	Establishment	November 2025		100.00%[Note7]
Changsha Furong District Yijinkang Medical Industry Management Co., Ltd.	Establishment	September 2025		100.00%[Note7]
Changsha Tianxin District ZhongyiErlu Jinkang Medical Industry Management Co., Ltd.	Establishment	June 2025		100.00%[Note7]
Changsha Tianxin District Jinkang Medical Industry Management Co., Ltd.	Establishment	August 2025		100.00%[Note7]
Changsha Yuhua District Jinkang Medical Industry Management Co., Ltd.	Establishment	July 2025		100.00%[Note7]
Xiangtan Yuhu District Jinkang Medical Industry Management Co., Ltd.	Establishment	July 2025		100.00%[Note7]
Lengshuijiang Jinkang Medical Industry Management Co., Ltd.	Establishment	June 2025	10,000.00	100.00%[Note7]
Nanchang Yangzai Lane Jinkang Clinic Co., Ltd.	Establishment	February 2025		100.00%[Note8]
Yichang Jinkang Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	October 2025		100.00%[Note9]
Wuhan Jiangxia Jinkang Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	August 2025		100.00%[Note9]
Lichuan City Jinkang Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	September 2025		100.00%[Note9]

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution
Wuhan Jiang'an District Juncai Street Jinkang Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	August 2025		100.00%[Note9]
Jingzhou Jinkang Traditional Chinese Medicine Clinic Co., Ltd.	Establishment	November 2025		100.00%[Note9]
Shijiazhuang Meiyang Jinkang Medical Service Co., Ltd.	Establishment	March 2025	10,000.00	100.00%[Note10]
Shijiazhuang Chang'an District Fubo Jinkang Medical Service Co., Ltd.	Establishment	March 2025	10,000.00	100.00%[Note10]
Handan Jinkang Medical Health Co., Ltd.	Establishment	October 2025	10,000.00	100.00%[Note10]
Shijiazhuang Chunuo Jinkang Medical Health Co., Ltd.	Establishment	April 2025	10,000.00	100.00%[Note10]
Shijiazhuang Shanghai Jinkang Medical Service Co., Ltd.	Establishment	September 2025	10,000.00	100.00%[Note10]
Tangshan Lubei District Chaoyang Jinkang Medical Service Co., Ltd.	Establishment	March 2025		70.00%[Note10]
Guangping Jinkang Medical Health Co., Ltd.	Establishment	December 2025		100.00%[Note10]
Haikou Jinkang Internet Hospital Co., Ltd.	Establishment	February 2025	100,000.00	100.00%[Note11]
Hainan Jinkang Digital Intelligence Health Technology Co., Ltd.	Establishment	December 2025		100.00%[Note11]

Note 1: The Company holds 100% of equity of Hunan Yifeng Medicine, Hunan Yifeng Medicine holds 100% of equity of Hengxiutang Pharmaceutical Co., Ltd., and Hengxiutang Pharmaceutical Co., Ltd. holds 100% of equity of Hengxiutang (Hunan) Health Technology Co., Ltd.

Note 2: The Company holds 100% of equity of Jiangsu Yifeng, Jiangsu Yifeng holds 80% of equity of Rudong Yifeng, and Rudong Yifeng holds 100% of equity of Rugao Yifeng Bencao Traditional Chinese Medicine Clinic Co., Ltd.

Note 3: The Company holds 100% of equity of Jiangsu Yifeng, and Jiangsu Yifeng holds 100% of equity of Shuyang Yifeng Pharmacy Co., Ltd.

Note 4: The Company holds 93% of equity of Shanghai Yifeng, and Shanghai Yifeng holds 100% of equity of Shanghai Yifeng Lijian Pharmacy Co., Ltd.

Note 5: The Company holds 100% of equity of Hubei Yifeng Pharmacy Chain Co., Ltd., and Hubei Yifeng Pharmacy Chain Co., Ltd. holds 100% of equity of Huanggang Yifeng Pharmacy Chain Co., Ltd.

Note 6: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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., Nanjing Jinkang Medical Management Co., Ltd. holds 100% of equity of Xuzhou Jinkang Medical Management Co., Ltd., 65% of equity of Taizhou Jinkang Qiming Clinic Co., Ltd., 65% of equity of Taizhou Jinkang Qijian Clinic Co., Ltd., 51% of equity of Nantong Haimen District Jinkang Clinic Co., Ltd., and 51% of equity of Zhenjiang Jurong Jinkang Clinic Co., Ltd.

Note 7: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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 Changsha Purui Jinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Tianxin District Xinshaoxi Jinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Kaifu District Jinbei Jinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Furong District Yijinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Tianxin District ZhongyiErlu Jinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Tianxin District Jinkang Medical Industry Management Co., Ltd., 100% of equity of Changsha Yuhua District Jinkang Medical Industry Management Co., Ltd., 100% of equity of Xiangtan Yuhu District Jinkang Medical Industry Management Co., Ltd., and 100% of equity of Lengshuijiang Jinkang Medical Industry Management Co., Ltd.

Note 8: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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 Yangzai Lane Jinkang Clinic Co., Ltd.

Note 9: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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 Yichang Jinkang Traditional Chinese Medicine Clinic Co., Ltd., 100% of equity of Wuhan Jiangxia Jinkang Traditional Chinese Medicine Clinic Co., Ltd., 100% of equity of Lichuan City Jinkang Traditional Chinese Medicine Clinic Co., Ltd., 100% of equity of Wuhan Jiang'an District Juncai Street Jinkang Traditional Chinese Medicine Clinic Co., Ltd., and 100% of equity of Jingzhou Jinkang Traditional Chinese Medicine Clinic Co., Ltd.

Note 10: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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 100% of equity of Shijiazhuang Meiyang Jinkang Medical Service Co., Ltd., 100% of equity of Shijiazhuang Chang'an District Fubo Jinkang Medical Service Co., Ltd., 100% of equity of Handan Jinkang Medical Health Co., Ltd., 100% of equity of Shijiazhuang Chunuo Jinkang Medical Health Co., Ltd., 100% of equity of Shijiazhuang Shanhai Jinkang Medical Service Co., Ltd., 70% of equity of Tangshan Lubei District Chaoyang Jinkang Medical Service Co., Ltd. and 100% of equity of Guangping Jinkang Medical Health Co., Ltd.

Note 11: The Company holds 100% of equity of Jinkang Medical Technology (Hainan) Co., Ltd., Jinkang Medical Technology (Hainan) 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 Haikou Jinkang Internet Hospital Co., Ltd., and 100% of equity of Hainan Jinkang Digital Intelligence Health Technology 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
Wuxi Deci Clinic Co., Ltd.	Cancellation	September 2025		39,856.48
Zhenjiang Zhilin Pharmacy Co., Ltd.	Cancellation	July 2025		-812.13
Guangzhou Gangqian Jinkang Medical Health Industry Co., Ltd.	Cancellation	August 2025		
Guangzhou Kangli Jinkang Medical Health Industry Co., Ltd.	Cancellation	August 2025		-68,648.72
Tangshanlubei District Chaoyang Jinkang Medical Service Co., Ltd.	Cancellation	March 2025		
Hainan Yifeng Telemedicine Center Co., Ltd.	Cancellation	November 2025		530.00
Leiyang Siyanjing Chinese Medicine Clinic Co., Ltd.	Cancellation	June 2025		13,374.54
Guangzhou Yifeng Clinic Co., Ltd.	Cancellation	August 2025		

6. Other remarks

Applicable Not Applicable

V. Interest in other entities

1. Interest in subsidiaries

(1) Composition of the consolidation scope

Applicable Not Applicable

Unit: Ten Thousand Yuan

Subsidiaries	Main operating place	Registration capital	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

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

Presented under	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	53,632,642.01		440,711.64	
Subtotal	53,632,642.01		440,711.64	

(Continued)

Items	Amount offsetting expenses	Amount offsetting assets	Other changes	Closing balance	Related to assets/Related to income
Deferred income				53,191,930.37	Related to assets
Subtotal				53,191,930.37	

3. Government grants included into profit or loss

Applicable Not Applicable

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	24,692,056.86	15,324,139.22
Government grants included into non-operating revenue	75,182.60	47,326.50
Total	24,767,239.46	15,371,465.72

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 V (I) 3, V (I) 4, V (I) 6 and V (I) 9 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances 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, 2025, 30.22% (December 31, 2024: 28.28%) 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 bank borrowings due within one year)					

Notes payable	6,869,615,126.92	6,869,615,126.92	6,869,615,126.92		
Accounts payable	1,960,279,650.50	1,960,279,650.50	1,960,279,650.50		
Other payables	581,808,183.42	581,808,183.42	581,808,183.42		
Lease liabilities (including lease liabilities due within one year)	2,746,867,683.97	2,876,589,046.40	1,201,780,991.01	1,590,168,768.98	84,639,286.41
Bonds payable (including bonds payable due within one year)	1,658,793,654.49	1,919,535,403.61	8,985,857.06	45,005,084.55	1,865,544,462.00
Subtotal	13,817,364,299.30	14,207,827,410.85	10,622,469,808.91	1,635,173,853.53	1,950,183,748.41

(Continued)

Items	December 31, 2024				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings (including bank borrowings 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 payables	772,207,599.54	772,207,599.54	772,207,599.54		
Lease liabilities (including lease liabilities 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 bonds payable 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

(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 rates. 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			5,854,854,200.51	5,854,854,200.51
Financial assets classified as at fair value through profit or loss			5,854,854,200.51	5,854,854,200.51
Financial products			5,853,790,200.51	5,854,854,200.51
Equity instrument investments			1,064,000.00	1,064,000.00
2. Receivables financing			23,916,796.03	23,916,796.03
Total assets at recurring fair value measurement			5,878,770,996.54	5,878,770,996.54

2. Basis for determining level 1 fair value at recurring and non-recurring fair measurement

Applicable Not Applicable.

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 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

Unit: Ten Thousand Yuan

Parent company	Place of registration	Business nature	Capital contribution (in ten thousand yuan)	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	19.88	19.88

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

Please refer to notes to the financial statements for details on the Company's significant joint ventures and associates.

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 47.57% of equity of Jiuzhitang Medicine, which is a subsidiary of the Company
Jiuzhitang Pharmaceutical Trading Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Hunan Siqi 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.
Jiuzhitang (Hunan) Health Management Co., Ltd.	Subsidiary of Jiuzhitang Co., Ltd.
Heilongjiang Dilong Pharmaceutical Co., Ltd.	Sub-subsidiary of Jiuzhitang Co., Ltd.

Other remarks

None

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	52,066,444.62	68,409,189.63
Jiuzhitang Co., Ltd.	Purchase of utilities, etc.	18,111.34	235,277.69
Jiuzhitang Pharmaceutical Trading Co., Ltd.	Purchase of medicine	16,584,555.08	17,550,237.16
Hunan Siqi Biopharmaceutical Co., Ltd.	Purchase of medicine	1,009,181.84	1,361,316.86
Chengdu Jiuzhitang Jinding Pharmaceutical Co., Ltd.	Purchase of medicine	5,712,905.42	10,844,228.53
Hainan Jiuzhitang Pharmaceutical Co., Ltd.	Purchase of medicine	808,405.01	676,741.07
Jiuzhitang (Hunan) Health Management Co., Ltd.	Purchase of medicine	128,242.23	1,649,240.09
Heilongjiang Dilong Pharmaceutical Co., Ltd.	Purchase of medicine	43,097.90	

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	14,066,131.57	17,585,464.73

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 2024 and the Estimation on Daily Related Transactions in 2025” deliberated and approved by the 16th meeting of the fifth session of the Board of Directors dated April 28, 2025, it was estimated that the total amount of purchases from and sales to the related party Jiuzhitang Co., Ltd. and its subsidiaries, will not exceed 158 million yuan in 2025. The actual amount incurred in 2025 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	Current period cumulative			
		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	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenditures recognized
Jiuzhitang Co., Ltd.	Buildings and structures		603,254.40	532,022.61	3,807.11

(Continued)

Lessors	Types of assets leased	Preceding period comparative			
		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	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenditures recognized
Jiuzhitang Co., Ltd.	Buildings and structures		2,835,548.70	2,458,656.05	12,609.94

Remarks on related party leases

Applicable Not Applicable

(4). Related party guarantees

The Company and its subsidiaries as guarantors

Applicable Not Applicable

The Company and its subsidiaries as guaranteed parties

Applicable Not Applicable

Remarks on related party guarantees

Applicable Not Applicable

(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: in ten thousand yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	2,637.51	2,375.71

(8). Other related party transactions

Applicable Not Applicable

6. Balances due to or from related parties

(1). Balances due from related parties

Applicable Not Applicable

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Jiuzhitang (Hunan) Health Management Co., Ltd.	1,068,328.37	53,416.42	2,219,643.99	110,982.20
Subtotal		1,068,328.37	53,416.42	2,219,643.99	110,982.20

(2). Balances due to related parties

Applicable Not Applicable

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Jiuzhitang Co., Ltd.	120,265.31	6,411,610.09
	Jiuzhitang Pharmaceutical Trading Co., Ltd.	1120,097.59	3,146,163.64
	Hunan Siqi Biopharmaceutical Co., Ltd.	298,364.02	443,492.00
	Chengdu Jiuzhitang Jinding Pharmaceutical Co., Ltd.	2,388,665.53	2,507,682.91
	Hainan Jiuzhitang Pharmaceutical Co., Ltd.	245,868.40	162,805.60
	Jiuzhitang (Hunan) Health Management Co., Ltd.	39,690.39	137,761.56
	Heilongjiang Dilong Pharmaceutical Co., Ltd.	13,540.00	
Subtotal		4,226,491.24	12,809,515.80
Other payables			

Items	Related parties	Closing balance	Opening balance
	Jiuzhitang Co., Ltd.		671.43
Subtotal			671.43

(3). Others

Applicable Not Applicable

7. Related party commitments

Applicable Not Applicable

8. Others

Applicable Not Applicable

XV. Share-based payment**1. Equity instruments****(1) Overall information**

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					196,838.00	3,108,400.08	42,204.00	656,135.50
Total					196,838.00	3,108,400.08	42,204.00	656,135.50

(2). Share options and other equity instruments outstanding at the balance sheet date

Applicable Not Applicable

(1) Basic information

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 and key parameters of grant-date fair value of equity instruments	Difference between 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	74,057,336.80

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	582,191.30	
Total	582,191.30	

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	484,956,932.40
Profit or dividend approved to be distributed	

Pursuant to the Proposal of Profit Distribution Plan of 2025 deliberated and approved by the 28th 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 0.40 yuan (tax inclusive) per share to all shareholders. As at March 31, 2026, cash dividend of 484,956,932.40 yuan (tax inclusive) would be distributed, based on the total share capital of 1,212,392,331 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 by the Board of Directors and the date of equity registration for the implementation of equity distribution, the Company will maintain the proportion of distribution (conversion) per share and adjust the total amount of distribution (conversion) accordingly. In the event of any subsequent change in the Company's total share capital, the specific adjustments will be announced separately.

3. Sales return Applicable Not Applicable**4. Other remarks** Applicable Not Applicable**XVIII. Other significant events****1. Corrections of prior period errors**

Please refer to the "analysis and explanation of the reasons for and effects of changes in accounting policies, changes in accounting estimates, or corrections of significant accounting errors" under "Significant Matters."

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

(I) Identification basis for reportable segments

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 wholesales 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	Pharmaceutical retail business	Pharmaceutical wholesale business	Inter-segment offsetting	Total
Revenue from main operations	21,305,833,263.83	5,771,363,928.37	-3,344,366,394.01	23,732,830,798.19
Operating cost of main operations	12,609,419,002.32	5,182,487,610.39	-2,999,721,063.89	14,792,185,548.82
Total assets	25,261,665,897.32	10,139,393,216.57	-7,949,135,065.31	27,451,924,048.58
Total liabilities	1,811,063,995.77	6,623,527,522.56	6,638,724,246.49	15,073,315,764.82

(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	521,924,940.83	519,764,222.37
1-2 years	398,049.41	45,004.89
3-4 years		593.33
4-5 years	2.65	2,715.09
Book balance	522,322,992.89	519,812,535.68
Less: Provision for bad debts	7,013,900.67	7,056,646.89
Carrying amount	515,309,092.22	512,755,888.79

(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 (%)	
Portfolio grouped with balances due from related parties within the consolidation scope	788,518.16	0.15			788,518.16
Portfolio grouped with medical insurance payments	381,654,534.75	73.07			381,654,534.75
Portfolio grouped with ages	139,879,939.98	26.78	7,013,900.67	5.01	132,866,039.31
Total	522,322,992.89	100.00	7,013,900.67	1.34	515,309,092.22

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
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

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	788,518.16		

from related parties within the consolidation scope			
Portfolio grouped with medical insurance payments	381,654,534.75		
Portfolio grouped with ages	139,879,939.98	7,013,900.67	5.01
Subtotal	522,322,992.89	7,013,900.67	1.34

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	139,481,887.92	6,974,094.40	5.00
1-2 years	398,049.41	39,804.94	10.00
4-5 years	2.65	1.33	50.00
Subtotal	139,879,939.98	7,013,900.67	5.01

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	7,056,646.89	-42,746.22						7,013,900.67
Total	7,056,646.89	-42,746.22						7,013,900.67

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 of accounts receivable and contract assets

Applicable Not Applicable

Debtors	Book balance	Proportion to the total balance of accounts receivable(%)	Provision for bad debts
Changsha Medical Security Affairs Center	149,405,788.16	28.60	
Pukang (Hangzhou) Health Technology Co., Ltd.	27,831,417.00	5.33	1,391,570.85
Hengyang Medical Security Bureau	21,093,898.33	4.04	
Changsha Medical Security Affairs Center	18,834,093.98	3.61	
Jianyi Information Technology (Shanghai) Co., Ltd.	16,453,360.44	3.15	
Subtotal	233,618,557.91	44.73	1,391,570.85

Other remarks

None

Other remarks

Applicable Not Applicable

2. Other receivables

Details

Applicable Not Applicable

Items	Closing balance	Opening balance
Dividend receivable	791,087,125.05	1,124,634,282.78
Other receivables	1,434,455,070.83	602,384,559.13
Total	2,225,542,195.88	1,727,018,841.91

Other remarks

Applicable Not Applicable

Interest receivable

(1) Classification of interest receivables

Applicable Not Applicable

(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	Opening balance
Interest on borrowings from subsidiaries receivable	791,087,125.05	1,124,634,282.78
Subtotal	791,087,125.05	1,124,634,282.78

(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

Applicable Not Applicable

Ages	Closing book balance	Opening book balance
Within 1 year	1,421,188,404.68	595,083,423.31
1-2 years	7,124,953.13	5,597,594.20
2-3 years	4,745,011.95	2,712,226.44
3-4 years	2,312,044.51	337,612.88
4-5 years	282,519.00	62,048.83
Over 5 years	61,327.30	
Book balance	1,435,714,260.57	603,792,905.66
Less: Provision for bad debts	1,259,189.74	1,408,346.53
Carrying amount	1,434,455,070.83	602,384,559.13

(14) Other receivables categorized by nature
 Applicable Not Applicable

Nature of receivables	Closing book balance	Opening book balance
Security deposits	21,082,564.10	25,325,800.14
Medical insurance reserves	43,084,029.34	34,363,692.56
Store petty cash	1,360,666.77	1,499,954.77
Balances due from related parties within the consolidation scope	1,366,807,880.87	540,134,484.36
Others	3,379,119.49	2,468,973.83
Book balance	1,435,714,260.57	603,792,905.66

(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	1,380,399.73	9,609.10	18,337.70	1,408,346.53
Opening balance in the current period	—	—	—	
--Transferred to stage 2	-5,879.53	5,879.53		
--Transferred to stage 3		-5,577.10	5,577.10	
Provision made in the current period	-164,476.17	1,847.53	13,471.85	-149,156.79
Provision written off in the current period				
Closing balance	1,210,044.03	11,759.06	37,386.65	1,259,189.74

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 (%)	0.08	10.00	26.11	0.09

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
Jiangsu Yifeng	Balances due from related parties within the consolidation scope	559,852,156.13	Within 1 year	38.99	
Jiangsu Yifeng Medicine Co., Ltd.	Balances due from related parties within the consolidation scope	326,247,341.08	Within 1 year	22.72	
Shanghai Yifeng Pharmacy Medicine Co., Ltd.	Balances due from related parties within the consolidation scope	200,122,406.53	Within 1 year, 1-2 years	13.94	
Guangshengtang	Balances due from related parties within the consolidation scope	66,282,922.75	Within 1 year	4.62	
Hunan Yifeng Pharmaceutical Holding Co., Ltd.	Balances due from related parties within the consolidation scope	54,603,508.17	Within 1 year, 1-2 years	3.80	
Total		1,207,108,334.66		84.08	

(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			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	2,650,765,329.68		2,650,765,329.68	2,650,755,329.68		2,650,755,329.68
Total	2,650,765,329.68		2,650,765,329.68	2,650,755,329.68		2,650,755,329.68

(1) Investments in subsidiaries

Applicable Not Applicable

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Others	Carrying amount	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	
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	

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Others	Carrying amount	Provision for impairment
Hunan Yifeng Core Technology Co., Ltd.			10,000.00				10,000.00	
Subtotal	2,650,755,329.68		10,000.00				2,650,765,329.68	

(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	4,839,816,919.43	3,220,589,137.50	4,829,194,629.39	3,140,663,612.56
Other operations	353,756,939.27	3,749,606.68	340,438,944.46	13,840,211.04
Total	5,193,573,858.70	3,224,338,744.18	5,169,633,573.85	3,154,503,823.60

(2) Breakdown of revenue and cost

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	754,867,085.49	1,157,626,900.72
Investment income from financial instruments	93,658,657.89	51,263,378.57
Including: Financial assets classified as at fair value through profit or loss	93,658,657.89	51,263,378.57
Total	848,525,743.38	1,208,890,279.29

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	66,576,882.11	
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)	24,326,527.82	
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		
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		

Items	Amount	Remarks
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	5,613,329.26	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	96,516,739.19	
Less: Enterprise income tax affected	20,833,389.63	
Non-controlling interest affected (after tax)	8,763,719.81	
Net non-recurring profit or loss attributable to shareholders of the parent company	66,919,629.75	

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” as recurring profit or loss based on relevant definition and principle are as follows:

Items	Amount	Reasons
Investment income	110,605,264.17	Related to daily 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	14.98	1.38	1.36
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	14.38	1.33	1.30

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 22, 2026