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國藥控股股份有限公司 SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)
(Stock Code: 01099)

ANNOUNCEMENT ON 2025 INTERIM RESULTS

The board of directors (the “**Board**”) of Sinopharm Group Co. Ltd. (the “**Company**” or “**Sinopharm Group**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) together with the comparative figures for the corresponding period of last year as follows:

* *The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name “Sinopharm Group Co. Ltd.”.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

| | | For the six months ended 30 June | |
|--|-------|----------------------------------|-------------------|
| | Notes | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 5 | 286,042,998 | 294,726,810 |
| Cost of sales | 8 | (265,696,092) | (272,783,515) |
| Gross profit | | 20,346,906 | 21,943,295 |
| Other income | 6 | 241,099 | 150,603 |
| Selling and distribution expenses | 8 | (7,844,858) | (8,479,217) |
| Administrative expenses | 8 | (3,668,488) | (3,915,156) |
| Expected credit losses on financial and contract assets | | (1,386,864) | (1,315,125) |
| Losses on derecognition of financial assets measured at amortised cost | | (242,106) | (162,770) |
| Operating profit | | 7,445,689 | 8,221,630 |
| Other gains/(losses) – net | 7 | 71,592 | (179,074) |
| Other expenses | 7 | 136 | 3,079 |
| Finance income | | 254,851 | 389,448 |
| Finance costs | | (1,250,228) | (1,463,313) |
| Finance costs – net | 10 | (995,377) | (1,073,865) |
| Share of profits and losses of: | | | |
| Associates | | 686,627 | 623,030 |
| Joint ventures | | 1,226 | 1,689 |
| | | 687,853 | 624,719 |
| Profit before tax | | 7,209,893 | 7,596,489 |
| Income tax expense | 11 | (1,872,648) | (1,697,273) |
| PROFIT FOR THE PERIOD | | 5,337,245 | 5,899,216 |
| Attributable to: | | | |
| Owners of the parent | | 3,465,686 | 3,703,875 |
| Non-controlling interests | | 1,871,559 | 2,195,341 |
| | | 5,337,245 | 5,899,216 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share) | | | |
| – Basic and diluted | 12 | 1.11 | 1.19 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | For the six months ended 30 June | |
|--|----------------------------------|-------------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| PROFIT FOR THE PERIOD | 5,337,245 | 5,899,216 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| <i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Remeasurements of post-employment benefit obligations, net of tax | 2,503 | (22,014) |
| Equity investments designated at fair value through other comprehensive income: | | |
| Changes in fair value | 451 | (11,369) |
| Income tax effect | (113) | 2,842 |
| Fair value gains/(losses) on financial asset, net of tax | 338 | (8,527) |
| <i>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax</i> | <u>2,841</u> | <u>(30,541)</u> |
| <i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | (2,529) | 3,652 |
| Share of other comprehensive (loss)/income of associates | (799) | 686 |
| <i>Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax</i> | <u>(3,328)</u> | <u>4,338</u> |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | <u>(487)</u> | <u>(26,203)</u> |
| TOTAL COMPREHENSIVE INCOME, NET OF TAX | <u><u>5,336,758</u></u> | <u><u>5,873,013</u></u> |
| Attributable to: | | |
| Owners of the parent | 3,464,978 | 3,679,348 |
| Non-controlling interests | <u>1,871,780</u> | <u>2,193,665</u> |
| | <u><u>5,336,758</u></u> | <u><u>5,873,013</u></u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

| | Notes | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|--|-------|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Right-of-use assets | | 6,769,670 | 7,246,238 |
| Investment properties | | 386,961 | 393,033 |
| Property, plant and equipment | | 12,075,909 | 12,386,202 |
| Intangible assets | | 8,830,242 | 8,948,873 |
| Investments in joint ventures | | 23,214 | 22,530 |
| Investments in associates | | 10,475,766 | 10,145,325 |
| Equity investments designated at fair value through other comprehensive income | | 50,642 | 50,638 |
| Financial assets at fair value through profit or loss | | 668,445 | 675,648 |
| Finance lease receivables | | 109,841 | 111,701 |
| Deferred tax assets | | 2,883,373 | 2,408,387 |
| Other non-current assets | | 2,860,840 | 2,995,098 |
| Total non-current assets | | 45,134,903 | 45,383,673 |
| CURRENT ASSETS | | | |
| Inventories | | 66,814,415 | 62,352,812 |
| Trade and notes receivables | 14 | 242,931,041 | 200,254,553 |
| Contract assets | | 1,198,457 | 1,218,317 |
| Prepayments, other receivables and other assets | | 17,089,247 | 16,549,885 |
| Financial assets at fair value through profit or loss | | 127 | 158 |
| Finance lease receivables | | 3,250 | 5,751 |
| Pledged deposits, restricted cash and bank deposits with an initial term of over three months | | 11,918,838 | 12,752,736 |
| Cash and cash equivalents | | 35,238,139 | 54,313,359 |
| Total current assets | | 375,193,514 | 347,447,571 |
| Total assets | | 420,328,417 | 392,831,244 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

| | <i>Notes</i> | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|--|--------------|---|---|
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 3,120,656 | 3,120,656 |
| Treasury shares | | (3,838) | (3,838) |
| Other reserves | | 22,027,487 | 22,022,096 |
| Retained earnings | | 55,088,521 | 53,744,881 |
| | | 80,232,826 | 78,883,795 |
| Non-controlling interests | | 49,028,650 | 47,803,507 |
| Total equity | | 129,261,476 | 126,687,302 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

| | <i>Notes</i> | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|--|--------------|---|---|
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | | 4,435,575 | 8,637,231 |
| Lease liabilities | | 2,945,054 | 3,259,280 |
| Deferred tax liabilities | | 660,375 | 638,754 |
| Post-employment benefit obligations | | 396,763 | 412,884 |
| Contract liabilities | | 55,093 | 54,776 |
| Other non-current liabilities | | 2,723,765 | 2,765,429 |
| Total non-current liabilities | | 11,216,625 | 15,768,354 |
| CURRENT LIABILITIES | | | |
| Trade and notes payables | 15 | 152,672,957 | 151,109,247 |
| Contract liabilities | | 6,740,967 | 6,828,857 |
| Accruals and other payables | | 29,217,417 | 26,262,003 |
| Dividends payable | | 2,341,899 | 238,557 |
| Tax payable | | 1,355,976 | 1,447,301 |
| Interest-bearing bank and other borrowings | | 85,913,900 | 62,729,048 |
| Lease liabilities | | 1,607,200 | 1,760,575 |
| Total current liabilities | | 279,850,316 | 250,375,588 |
| Total liabilities | | 291,066,941 | 266,143,942 |
| Total equity and liabilities | | 420,328,417 | 392,831,244 |

Notes:

(All amounts in Renminbi thousands unless otherwise stated)

1. GENERAL INFORMATION

Sinopharm Group Co. Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 8 January 2003 as a company with limited liability under the PRC Company Law.

On 6 October 2008, the Company was converted into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserves as at 30 September 2007 with the proportion of 1: 0.8699 into 1,637,037,451 shares of RMB1 each. In September 2009, the Company issued overseas-listed foreign-invested shares (“**H Shares**”), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) on 23 September 2009. The Company issued 204,561,102 domestic shares to China National Pharmaceutical Group Co., Ltd. (“**CNPGC**”) under general mandate at the issue price of RMB24.97 per consideration share on 13 December 2018. On 23 January 2020, the Company placed and issued 149,000,000 new H shares at the price of HKD27.30 per H share. The actual net proceeds of the placing were HKD4,026,710,000, equivalent to RMB3,567,383,000.

The address of the Company’s registered office is 1st and 11th to 15th Floors, No.385 East Longhua Road, Huangpu District, Shanghai, the PRC.

The Company and its subsidiaries (together, the “**Group**”) are mainly engaged in: (1) the distribution of pharmaceutical products to hospitals, other distributors, retail pharmacy stores and clinics, (2) the distribution of medical devices, (3) the operation of chain pharmacy stores, and (4) the distribution of laboratory supplies, manufacture and distribution of chemical reagents, production and sale of pharmaceutical products.

The ultimate holding company of the Company is CNPGC, which was established in the PRC.

This interim condensed consolidated financial statements is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand, unless otherwise stated. This interim condensed consolidated financial statements has not been audited.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 34 Interim Financial Reporting and the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2024, which has been prepared in accordance with HKFRS Accounting Standards (“**HKFRSs**”).

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards and Interpretation in the current interim period has had no material impact on the Group's consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the Group's business types, overall strategic planning, internal organisational structure and management requirements. The reportable operating segments derive their revenue primarily from the following four business types:

- (i) Pharmaceutical distribution – distribution of medicine and pharmaceutical products to hospitals, other distributors, retail drug stores and clinics;
- (ii) Medical device distribution – distribution of medical devices, and installation and maintenance services;
- (iii) Retail pharmacy – operation of medicine chain stores;
- (iv) Other business – distribution of laboratory supplies, manufacture and distribution of chemical reagents, and production and sale of pharmaceutical products.

Although the retail pharmacy and other business segments do not meet the quantitative thresholds required by HKFRS 8 Operating segments, management has concluded that these segments should be reported, as they are considered to be as potential growth segments and are expected to materially contribute to group revenue in the future.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets consist primarily of investment properties, property, plant and equipment, intangible assets, right-of-use assets, investments in associates and joint ventures, inventories, receivables and operating cash.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings, deferred tax liabilities and other liabilities that are incurred for financing rather than operating purpose.

Unallocated assets mainly represent deferred tax assets. Unallocated liabilities mainly represent corporate borrowings and deferred tax liabilities.

Capital expenditure comprises mainly additions to right-of-use assets, investment properties, property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Inter-segment revenues are conducted at prices and terms mutually agreed upon amongst those business segments. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

(1) For the six months ended 30 June 2025 and 2024

| | Pharmaceutical distribution RMB'000 | Medical device distribution RMB'000 | Retail pharmacy RMB'000 | Other business RMB'000 | Eliminations RMB'000 | Group RMB'000 |
|---|---|---|-------------------------------|------------------------------|-------------------------|--------------------|
| Six months ended 30 June 2025 | | | | | | |
| (unaudited) | | | | | | |
| Segment results | | | | | | |
| External segment revenue | 209,253,090 | 56,869,466 | 16,903,658 | 3,016,784 | - | 286,042,998 |
| Inter-segment revenue | 9,274,265 | 183,263 | 258,462 | 1,059,243 | (10,775,233) | - |
| Revenue | <u>218,527,355</u> | <u>57,052,729</u> | <u>17,162,120</u> | <u>4,076,027</u> | <u>(10,775,233)</u> | <u>286,042,998</u> |
| Operating profit | 5,645,589 | 1,097,505 | 460,084 | 326,487 | (83,976) | 7,445,689 |
| Other gains, net | 19,757 | 62,779 | (11,095) | 151 | - | 71,592 |
| Other expenses | (545) | 681 | - | - | - | 136 |
| Share of profits and losses of associates and joint ventures | 1,278 | 15,525 | (1,546) | 672,596 | - | 687,853 |
| | <u>5,666,079</u> | <u>1,176,490</u> | <u>447,443</u> | <u>999,234</u> | <u>(83,976)</u> | <u>8,205,270</u> |
| Finance costs, net | | | | | | (995,377) |
| Profit before tax | | | | | | 7,209,893 |
| Income tax expense | | | | | | (1,872,648) |
| Profit for the period | | | | | | <u>5,337,245</u> |
| Other segment items included in the consolidated statement of profit or loss | | | | | | |
| Expected credit losses on financial and contract assets | 1,017,832 | 360,494 | 6,606 | 1,932 | - | 1,386,864 |
| Reversal of provision for impairment of prepayment | (262) | (85) | - | - | - | (347) |
| Provision for impairment of inventories | 18,714 | 4,647 | 3,152 | (2,393) | - | 24,120 |
| Provision for impairment of other non-current assets | 807 | (596) | - | - | - | 211 |
| Depreciation of property, plant and equipment | 477,805 | 264,651 | 122,109 | 25,936 | - | 890,501 |
| Depreciation of investment properties | 5,024 | 5,523 | 186 | 2,609 | - | 13,342 |
| Depreciation of right-of-use assets | 249,877 | 158,956 | 610,928 | 94,938 | - | 1,114,699 |
| Amortisation of intangible assets | <u>148,724</u> | <u>41,346</u> | <u>20,498</u> | <u>4,279</u> | <u>-</u> | <u>214,847</u> |
| Capital expenditures | <u>647,147</u> | <u>229,385</u> | <u>572,640</u> | <u>357,919</u> | <u>-</u> | <u>1,807,091</u> |

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

(1) For the six months ended 30 June 2025 and 2024 (continued)

| | Pharmaceutical distribution RMB'000 | Medical device distribution RMB'000 | Retail pharmacy RMB'000 | Other business RMB'000 | Eliminations RMB'000 | Group RMB'000 |
|---|---|---|-------------------------------|------------------------------|-------------------------|---------------------|
| Six months ended 30 June 2024 | | | | | | |
| (unaudited) | | | | | | |
| Segment results | | | | | | |
| External segment revenue | 217,119,317 | 58,259,633 | 16,242,915 | 3,104,945 | – | 294,726,810 |
| Inter-segment revenue | 9,374,697 | 234,664 | 314,929 | 1,000,421 | (10,924,711) | – |
| Revenue | <u>226,494,014</u> | <u>58,494,297</u> | <u>16,557,844</u> | <u>4,105,366</u> | <u>(10,924,711)</u> | <u>294,726, 810</u> |
| Operating profit | 6,230,168 | 1,316,185 | 256,098 | 401,454 | 17,725 | 8,221,630 |
| Other losses, net | (222,881) | 4,682 | 4,739 | 34,386 | – | (179,074) |
| Other expenses | 3,079 | – | – | – | – | 3,079 |
| Share of profits and losses of associates and joint ventures | 2,596 | 11,831 | (458) | 610,750 | – | 624,719 |
| | <u>6,012,962</u> | <u>1,332,698</u> | <u>260,379</u> | <u>1,046,590</u> | <u>17,725</u> | <u>8,670,354</u> |
| Finance costs, net | | | | | | (1,073,865) |
| Profit before tax | | | | | | 7,596,489 |
| Income tax expense | | | | | | (1,697,273) |
| Profit for the period | | | | | | <u>5,899,216</u> |
| Other segment items included in the consolidated statement of profit or loss | | | | | | |
| Expected credit losses on financial and contract assets | 840,391 | 466,706 | 3,680 | 4,348 | – | 1,315,125 |
| Provision for impairment of prepayment | 3,623 | 1,087 | – | – | – | 4,710 |
| Provision for impairment of inventories | 11,579 | 709 | 3,292 | 297 | – | 15,877 |
| Reversal of provision for impairment of other non-current assets | (7,789) | – | – | – | – | (7,789) |
| Depreciation of property, plant and equipment | 526,854 | 268,048 | 110,917 | 18,486 | – | 924,305 |
| Depreciation of investment properties | 6,387 | 8,907 | 336 | 1,176 | – | 16,806 |
| Depreciation of right-of-use assets | 282,162 | 199,864 | 611,350 | 82,297 | – | 1,175,673 |
| Amortisation of intangible assets | <u>160,478</u> | <u>18,757</u> | <u>25,010</u> | <u>4,168</u> | <u>–</u> | <u>208,413</u> |
| Capital expenditures | <u>976,042</u> | <u>345,964</u> | <u>863,669</u> | <u>539,820</u> | <u>–</u> | <u>2,725,495</u> |

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

(2) At 30 June 2025 and 31 December 2024

| | Pharmaceutical distribution RMB'000 | Medical device distribution RMB'000 | Retail pharmacy RMB'000 | Other business RMB'000 | Eliminations RMB'000 | Group RMB'000 |
|---|---|---|-------------------------------|------------------------------|-------------------------|------------------|
| As at 30 June 2025 (unaudited) | | | | | | |
| Segment assets and liabilities | | | | | | |
| Segment assets | 294,948,411 | 102,227,917 | 16,700,885 | 24,327,397 | (20,759,566) | 417,445,044 |
| Segment assets include: | | | | | | |
| Investments in associates and joint ventures | 237,126 | 135,672 | 39,212 | 10,086,970 | – | 10,498,980 |
| Unallocated assets – Deferred tax assets | | | | | | 2,883,373 |
| Total assets | | | | | | 420,328,417 |
| Segment liabilities | 132,252,512 | 69,352,705 | 13,493,591 | 5,035,593 | (20,077,310) | 200,057,091 |
| Unallocated liabilities – Deferred tax liabilities and borrowings | | | | | | 91,009,850 |
| Total liabilities | | | | | | 291,066,941 |
| As at 31 December 2024 (audited) | | | | | | |
| Segment assets and liabilities | | | | | | |
| Segment assets | 282,050,861 | 96,579,756 | 16,806,935 | 23,962,825 | (28,977,520) | 390,422,857 |
| Segment assets include: | | | | | | |
| Investments in associates and joint ventures | 240,369 | 120,147 | 40,773 | 9,766,566 | – | 10,167,855 |
| Unallocated assets – Deferred tax assets | | | | | | 2,408,387 |
| Total assets | | | | | | 392,831,244 |
| Segment liabilities | 138,766,503 | 67,408,956 | 10,565,011 | 5,128,433 | (27,729,994) | 194,138,909 |
| Unallocated liabilities – Deferred tax liabilities and borrowings | | | | | | 72,005,033 |
| Total liabilities | | | | | | 266,143,942 |

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

The Group's operations are mainly located in the PRC and substantially all non-current assets are located in the PRC.

Information about major customers

No revenue from a singular customer in the Reporting Period amounted to over 10% of the total revenue of the Group.

5. REVENUE

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|----------------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| <i>Revenue from contracts with customers</i> | | |
| Sales of goods (at a point in time) | 284,076,565 | 292,737,529 |
| Logistics service income (over time) | 639,014 | 634,853 |
| Marketing and service income (over time) | 904,786 | 887,524 |
| Import agency income (at a point in time) | 22,497 | 19,118 |
| Others (at a point in time) | 299,596 | 347,555 |
| <i>Revenue from other sources</i> | | |
| Operating lease income | 100,540 | 100,231 |
| | 286,042,998 | 294,726,810 |

6. OTHER INCOME

| | For the six months ended 30 June | |
|-------------------|----------------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Government grants | <u>241,099</u> | <u>150,603</u> |

Government grants mainly represent subsidy income received from various government authorities as incentives to certain members of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

7. OTHER GAINS/(LOSSES) NET/OTHER EXPENSES

| | For the six months ended 30 June | |
|---|----------------------------------|------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Other gains/(losses) net | | |
| Write-back of certain liabilities | 50,090 | 11,126 |
| Gain on disposal of equity investment in an associate | – | 8,358 |
| Gain on disposal of investment properties, property, plant and equipment, intangible assets and right-of-use assets | 11,787 | 4,898 |
| Gain on disposal of subsidiaries | – | 1,075 |
| Foreign exchange loss, net | (9,579) | (9,019) |
| Donation | (1,807) | (15,793) |
| Dividend from equity investments at fair value through other comprehensive income | 396 | 563 |
| Fair value gain on equity investments at fair value through profit or loss, net | 2,478 | 3,155 |
| Others, net | <u>18,227</u> | <u>(183,437)</u> |
| | <u>71,592</u> | <u>(179,074)</u> |
| Other expenses | | |
| (Provision)/reversal of provision for impairment of other non-current assets | (211) | 7,789 |
| Reversal of provision/(provision) for impairment of prepayment | <u>347</u> | <u>(4,710)</u> |
| | <u>136</u> | <u>3,079</u> |

8. EXPENSES BY NATURE

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Raw materials and trading merchandise consumed | 264,702,385 | 271,922,670 |
| Employee benefit expenses (Note 9) | 6,691,460 | 7,211,294 |
| Provision for impairment of inventories | 24,120 | 15,877 |
| Lease payments not included in the measurement of lease liabilities | 237,110 | 260,747 |
| Depreciation of property, plant and equipment | 890,501 | 924,305 |
| Depreciation of investment properties | 13,342 | 16,806 |
| Depreciation of right-of-use assets | 1,114,699 | 1,175,673 |
| Amortisation of intangible assets | 214,847 | 208,413 |
| Auditor's remuneration | 10,000 | 10,000 |
| Advisory and consulting fees | 102,290 | 150,528 |
| Transportation expenses | 1,002,185 | 1,104,474 |
| Travel expenses | 87,015 | 115,282 |
| Market development and business promotion expenses | 1,191,267 | 1,358,405 |
| Utilities | 127,442 | 151,525 |
| Others | 800,775 | 551,889 |
| | <hr/> | <hr/> |
| Total cost of sales, selling and distribution expenses, and administrative expenses | <u>277,209,438</u> | <u>285,177,888</u> |

9. EMPLOYEE BENEFIT EXPENSES

| | For the six months ended 30 June | |
|---|----------------------------------|------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Salaries, wages, allowances and bonus (i) | 4,969,987 | 5,509,214 |
| Contributions to pension plans (ii) | 734,902 | 746,422 |
| Post-employment benefits | 2,175 | 1,987 |
| Housing benefits (iii) | 306,902 | 300,465 |
| Other benefits (iv) | 677,494 | 653,206 |
| | <u>6,691,460</u> | <u>7,211,294</u> |

- (i) Bonus was determined based on the performance of the Group as well as employees' performance and contribution to the Group.
- (ii) As stipulated by the related regulations in the PRC, the Group makes contributions to state-sponsored retirement schemes for its employees in Mainland China. The Group has also made contributions to another retirement scheme managed by an insurance company from 2011 for its employees of the Company and certain subsidiaries. The Group's employees make monthly contributions to the schemes at approximately 8%(2024: 8%) of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group makes contributions of 12% to 20% (2024: 12% to 20%) of such relevant income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. These retirement schemes are responsible for the entire post-retirement benefit obligations to the retired employees. Contributions totalling RMB15,398,000(31 December 2024: RMB15,021,000) were payable to the fund pension plan of China National Pharmaceutical Group at 30 June 2025.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

- (iii) Housing benefits represent contributions to the government-supervised housing funds in Mainland China at rates ranging from 5% to 12% (2024: 5% to 12%) of the employees' relevant income.
- (iv) Other benefits mainly represent expenses incurred for medical insurance, employee welfare, employee education and training, and for union activities.

10. FINANCE INCOME AND COSTS

| | For the six months ended 30 June | |
|---|----------------------------------|------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest expense: | | |
| – Interest-bearing bank and other borrowings | 1,056,055 | 1,247,820 |
| – Net interests on net defined benefit liability | 3,530 | 4,910 |
| – Lease liabilities | 92,404 | 114,125 |
| | <u>1,151,989</u> | <u>1,366,855</u> |
| Gross interest expense | 1,151,989 | 1,366,855 |
| Bank charges | 103,363 | 102,890 |
| Less: capitalised interest expense | <u>(5,124)</u> | <u>(6,432)</u> |
| | <u>1,250,228</u> | <u>1,463,313</u> |
| Finance costs | | |
| Finance income: | | |
| – Interest income on deposits in bank or other financial institutions | (203,823) | (349,729) |
| – Interest income on long-term deposits | <u>(51,028)</u> | <u>(39,719)</u> |
| | <u>995,377</u> | <u>1,073,865</u> |
| Net finance costs | | |

11. TAXATION

| | For the six months ended 30 June | |
|---------------------|----------------------------------|-------------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Current income tax | 2,326,980 | 2,064,692 |
| Deferred income tax | (454,332) | (367,419) |
| | <u>1,872,648</u> | <u>1,697,273</u> |

During the six months ended 30 June 2025, enterprises incorporated in the PRC are normally subject to enterprise income tax (“EIT”) at the rate of 25%, while certain subsidiaries enjoy preferential EIT at a rate of 15% as approved by the relevant tax authorities or due to their operation in designated areas with preferential EIT policies.

Two of the Group’s subsidiaries were subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the year, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HKD2,000,000 (2024: HKD2,000,000) of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

12. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,120,656,000 (31 December 2024: 3,120,656,000) in issue excluding treasury shares at the end of the Reporting Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 30 June 2024.

12. EARNINGS PER SHARE (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

| | For the six months ended 30 June | |
|--|---|-------------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Earnings | | |
| Profit attributable to equity holders of the parent used in the basic and diluted earnings per share calculation ('000) | <u>3,465,686</u> | <u>3,703,875</u> |
| Shares | | |
| Weighted average number of ordinary shares outstanding used in the basic and diluted earnings per share calculation ('000) | <u>3,120,532</u> | <u>3,120,532</u> |
| Basic and diluted earnings per share (RMB per share) | <u>1.11</u> | <u>1.19</u> |

13. DIVIDENDS

The final dividend for year 2024 of RMB0.68 per share (tax inclusive), amounting to approximately RMB2,122,046,000 in total, was approved by the shareholders at the annual general meeting of the Company held on 12 June 2025 (“**2024 AGM**”). Pursuant to the relevant resolution passed at 2024 AGM, the final dividend for year 2024 was paid on 12 August 2025 to the shareholders whose names appeared on the register of members of the Company on 23 June 2025.

No interim dividend was proposed for the six-month period ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

14. TRADE AND NOTES RECEIVABLES

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|--|---|---|
| Trade receivables | 235,339,607 | 187,635,430 |
| Notes receivable held both to collect cash flows and to sell | 11,483,307 | 12,781,306 |
| Notes receivable | 2,464,540 | 4,830,839 |
| | 249,287,454 | 205,247,575 |
| Less: Expected credit losses | (6,356,413) | (4,993,022) |
| | 242,931,041 | 200,254,553 |

The fair value of trade receivables approximates to their carrying amounts.

The term of bills receivable are less than 12 months mostly. Retail sales at the Group's medicine chain stores are generally made in cash or by debit or credit cards. For medicine and device distribution business, sales are made on credit terms ranging from 30 to 210 days mostly. The ageing analysis of trade receivables, based on the invoice date and net of provisions, as at the end of the Reporting Period, is as follows:

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | 210,055,285 | 169,957,622 |
| 1 to 2 years | 15,094,945 | 10,185,212 |
| Over 2 years | 3,888,583 | 2,616,934 |
| | 229,038,813 | 182,759,768 |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade and notes receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing.

15. TRADE AND NOTES PAYABLES

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|----------------|---|---|
| Trade payables | 120,242,903 | 112,450,243 |
| Notes payable | 32,430,054 | 38,659,004 |
| | <u>152,672,957</u> | <u>151,109,247</u> |

The trade payables are non-interest-bearing and are normally settled within 90 days. The fair value of trade payables approximates to their carrying amount.

The ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|-----------------------------|---|---|
| Below 3 months | 104,638,240 | 103,692,249 |
| Between 3 and 6 months | 26,652,615 | 26,334,770 |
| Between 6 months and 1 year | 11,708,413 | 12,135,380 |
| Between 1 and 2 years | 5,828,069 | 6,060,875 |
| Over 2 years | 3,845,620 | 2,885,973 |
| | <u>152,672,957</u> | <u>151,109,247</u> |

16. MATERIAL SUBSEQUENT EVENTS

There are no significant subsequent events after the end of Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Macro economy operated smoothly and monetary policy gradually yielded results

In the first half of 2025, China's economy withstood the pressure and overcame difficulties, demonstrating strong resilience and vitality through the implementation of more proactive and promising macro policies. According to the preliminary accounting data released by the National Bureau of Statistics, the GDP was RMB66.05 trillion in the first half of 2025, representing a year-on-year increase of 5.3% at constant prices. On a quarterly basis, GDP in the first quarter increased by 5.4% year-on-year and GDP in the second quarter increased by 5.2% year-on-year. When compared with the previous quarter, the GDP increased by 1.1% in the second quarter, and the economic operation was generally stable and showed a steady improvement.

In the first half of 2025, China adopted a series of effective measures to promote sustained and healthy economic development. The People's Bank of China issued a package of financial support measures, such as lowering the reserve requirement ratio and reducing interest rates, and implemented a moderately loose monetary policy to guide the downward trend of market interest rates and reduce the financing costs of enterprises. As of the end of June 2025, the stock of social financing scale increased by 8.9% year-on-year, the weighted average interest rate of newly issued corporate loans decreased by about 45 basis points compared with the same period of last year, the cost of comprehensive social financing declined at a low level, and a package of financial policies continued to show their effectiveness.

Medical demand continued to grow and policy drove channel differentiation

According to the main indicators of the basic medical insurance pooling fund and maternity insurance published by the National Healthcare Security Administration from January to June 2025, the income of basic medical insurance (including maternity insurance) was RMB1.48 trillion, and the expenditure of basic medical insurance (including maternity insurance) was RMB1.18 trillion, representing an increase in both income and expenditure compared to the same period of the previous year. The public's demand for medicine and medical services has maintained a growing trend, coupled with the acceleration of population aging, the expansion of medical insurance coverage and other trends, the medical insurance fund payment is still under relatively high pressure, but in the long run, the growth potential of the pharmaceutical and healthcare industry will continue to be unleashed.

In the first half of 2025, the National Healthcare Security Administration actively promoted the reform of real-time settlement between medical insurance funds and designated medical institutions and the reform of direct settlement between medical insurance funds and pharmaceutical manufacturers, and optimized the medical insurance payment mechanism. According to the information released by the National Healthcare Security Administration, China will substantially realize the direct settlement of the centralized procurement drugs and consumables and national medical insurance negotiated drugs in 2025. As of July 2025, real-time settlement has covered 91% of the overall planning areas in China. Through the construction of the top-level system, the fund settlement norms and management efficiency of the pharmaceutical supply chain have been further optimized. The implementation of this policy has pointed out the direction for pharmaceutical distribution enterprises to improve the efficiency and process of fund settlement, and has a far-reaching impact on the reform of the service model of the pharmaceutical distribution industry.

The continuous implementation of centralized procurement and national medical insurance negotiation for drugs policies have promoted the change in the demand for the category structure of drugs and medical devices in hospitals. The selected varieties in the centralized procurement quickly replaced the non-selected varieties in hospitals, and the proportion of the use of national negotiated drugs and just-needed consumables in hospitals continued to increase. China's strong support for innovative drugs has prompted retail terminals and out-of-hospital channels to usher in incremental opportunities. The change of the demand for product structure in terminal channels is pushing pharmaceutical distribution enterprises to accelerate the adjustment of varieties, the optimization of channels and the strategic transformation. On the basis of scale advantage, diversified channel coverage ability, efficient resource allocation efficiency and innovative service undertaking ability are becoming new driving forces for pharmaceutical distribution enterprises to build differentiated competitive advantages and long-term development potential.

Business Review

In the first half of 2025, faced with the rapidly changing policies and market environment, the Group, under the firm leadership by the Board and the management, focused on the stable recovery of its business, continuously improved various operational indicators, and strove to build the ability of sustainable business development in the new environment while strengthening compliance management and prudently managing risks. As of the end of June 2025, the Group recorded an operating income of RMB286,043.00 million, representing a decrease of 2.95% compared with the same period of the previous year; the net profit and the net profit attributable to the parent company were RMB5,337.25 million and RMB3,465.69 million respectively, representing year-on-year decreases of 9.53% and 6.43% respectively.

In the first half of the year, in line with the new industry environment and policy regulatory requirements, the Group actively explored the business growth momentum of channel collaboration and derivative services, further established the value-driven concept, and strengthened the assessment of core business indicators such as profitability and cash recovery. The year-on-year growth rates of the business revenue from major segments showed differentiated performance. Among which, the pharmaceutical distribution segment basically maintained steady development, with the revenue proportion decreasing by 0.48 percentage point year-on-year to 73.62%; the revenue size of the medical device distribution segment declined, with the revenue proportion increased slightly by 0.08 percentage point year-on-year to 19.22%; the retail pharmacy segment showed a contrarian growth trend, with the revenue proportion increasing by 0.36 percentage point year-on-year to 5.78%.

During the Reporting Period, the Group achieved remarkable results in expense control, due to the reduction of financing costs, integrated control measures and the reduction of business costs. The selling expense ratio, the administrative expense ratio and the financial expense ratio continued to decline to 2.74%, 1.28% and 0.35% respectively, and the ratio of the three expenses in aggregate improved by 0.2 percentage point, providing strong support for narrowing the decline in profits.

Pharmaceutical Distribution: Developed steadily in line with the trend, analyzed the demand and adjusted the category structure

During the Reporting Period, the policies of centralized procurement of drugs and national medical insurance negotiation for drugs were steadily promoted, the coverage of varieties continued to expand, and the year-on-year growth rate of the industry still slowed down. In the first quarter of 2025, the total sale volume of seven categories of pharmaceutical products in the national pharmaceutical distribution market was about RMB771 billion (tax inclusive), representing a decrease of 2.0% year-on-year after deducting incomparable factors. At the same time, the new medical insurance catalogue implemented since January 2025 added 91 kinds of drugs, representing an average decline of 63%. The eleventh batch of the centralized procurement of drugs was launched in July 2025, including 55 varieties, covering anti-tumor, cardiovascular and cerebrovascular diseases, anti-infection and other treatment categories. The policy of the centralized procurement of drugs continued to expand and deepen, and the concentration of the pharmaceutical distribution industry was further improved in an orderly manner.

As of the end of June 2025, the Group's pharmaceutical distribution segment recorded an operating income of RMB218,527.36 million, representing a year-on-year decrease of 3.52% and an increase of about 0.3% compared with the second half of 2024, maintaining the same development trend as the pharmaceutical distribution industry as a whole, and maintaining a steady growth trend in key business regional markets such as East China and North China. During the Reporting Period, the operating profit margin of the pharmaceutical distribution business was 2.58%, representing a decrease of 0.17 percentage point compared with the same period of the previous year, mainly because the overall environment of the industry led to a year-on-year decrease of the business income and the profitability of the segment.

In the first half of 2025, the Group accurately grasped the trend of drug use in the terminal market, effectively adjusted the category structure, actively increased the market share of centralized procurement drugs and national medical insurance negotiated drugs, strengthened communication and cooperation with upstream suppliers, and improved the ability to obtain varieties. Benefiting from the advantages of the Group's nationwide distribution network and the positive measures to respond quickly to market demand, during the Reporting Period, the subsidiaries of the Group continued to pay attention to and accelerate the introduction of national medical insurance negotiated varieties, and the sales of national medical insurance negotiated varieties maintained rapid growth, with double-digit year-on-year growth in sales revenue and gross profit, effectively supporting the stable development of the segment business. In addition, in terms of channel structure, on the one hand, the Group actively promoted the growth of core market varieties of grade hospitals; on the other hand, the Group grasped the urgent needs of the primary medical market to drive the growth of the overall share, and both types of channel markets achieved good growth performance.

Medical Device Distribution: Compliance governance solidifies the foundation, and service-driven strategies propel market share growth

During the Reporting Period, the policy of the centralized volume-based procurement of medical devices was comprehensively deepened, and the centralized volume-based procurement of medical consumables achieved full coverage at the provincial level nationwide, and the gross profit margin of supply chain services continued to decline. The normalization promotion of special rectification in the medical field, strict control of purchase and sale links and standardized service behavior continuously demonstrated the importance of compliance services, further purifying the ecological environment of the industry. Under the cumulated influence of various policies, the demand for medical devices in hospital terminals has undergone structural adjustment, and the cost-effective selection of consumables in centralized procurement and innovative medical devices with high clinical value were further favored, and the clearance of high-priced non-selected varieties was accelerated.

In the first half of 2025, under the new compliance regulatory environment, the demand for hospital equipment bidding for “replacing the old for new ones” was not fully released. At the same time, the Group strengthened the risk management and compliance management of the medical device business, and proactively strengthened supervision on business with long credit period and high collection risk and distribution business with low added value and large capital occupation, so as to control the proportions of the revenues of such businesses. The active business governance strategy coupled with the price reduction factor of centralized volume-based procurement products affected the current revenue of the medical device distribution segment. During the Reporting Period, the Group’s medical device distribution segment recorded a sales revenue of RMB57,052.73 million, representing a year-on-year decrease of 2.46%. Among which, the sales of medical devices and IVD decreased significantly, but the sales of medical consumables increased steadily, demonstrating the effectiveness of the Group’s strategy of promoting the development of the segment with high-stickiness terminal services. The operating profit margin of the medical device distribution business was 1.92%, representing a decrease of 0.33 percentage point compared with the same period of the previous year, mainly due to the slowdown of income growth and the decline of gross profit margin during the Reporting Period.

In the first half of 2025, by optimizing the channel structure, the Group accelerated the investment in businesses and services that can create long-term value, accelerated the transformation of medical device business model, and actively built its core competitiveness. Under the new environment, the Group accelerated the undertaking of the demand for services from suppliers and hospital terminals, continuously enhanced the service quality, and actively led the professional service transformation of the supply chain system. The Group continued to focus on intelligent supply chain projects of medical devices with strong business synergy, and relied on strong hospital terminals’ penetration ability to further enhance the market share of medical devices such as consumables with professional services. As of the end of June 2025, the Group had a net increase of seven SPD projects, eighteen single hospital centralised distribution projects and one medical associations/medical communities centralised distribution project. In the first half of 2025, the revenue of the medical device business driven by SPD and centralised distribution projects increased by 13% compared with the same period of the previous year, and the synergistic effect of newly added intelligent supply chain projects gradually appeared. In addition, the Group continued to empower the business development of hospital terminals by leveraging its advanced experience and innovative capability in the field of intelligent supply chain services. During the Reporting Period, the Group focused on repair and maintenance services and SPD services, and 35 service software copyrights were newly added.

Retail Pharmacy: Segment's development rose against the trend, and retail pharmacy governance achieved remarkable results

In the first half of 2025, under the influence of the promotion of policy for the medical insurance personal account reform, changes in consumer demand and intensified industry competition, the retail pharmacy industry faced new development environment and challenges. According to the data of the MENET, the overall scale of the industry showed a downward trend from January to May 2025 year-on-year. The optimization of store network layout and the improvement of management and governance efficiency are becoming a brand-new driving force for the future high-quality sustainable development of the retail industry. At the same time, the policy system of electronic prescription circulation has been comprehensively deepened. Since 1 January 2025, electronic prescription circulation has been fully implemented for “dual-channel” drugs, accelerating the coverage of the electronic prescription circulation platform in China and promoting the transformation of prescription circulation to standardization, digitalization and safety.

During the Reporting Period, the Group's retail pharmacy segment grew against the trend, achieving a sales revenue of RMB17,162.12 million, representing a year-on-year increase of 3.65%. In the first half of 2025, the major listed chain pharmacies in the retail pharmacy industry continued their store closing strategy as a whole and slowed down their expansion. Comprehensively influenced by market environment, competition landscape and other factors, Guoda Drugstore's revenues in the first half of the year decreased year-on-year, but the growth rate of existing stores of Guoda Drugstore outperformed the market. As of the end of June 2025, the number of stores of Guoda Drugstore was 8,591, representing a net decrease of 978 stores compared with the end of 2024. During the Reporting Period, the number and proportion of loss-making stores decreased significantly compared with the same period of last year. At the same time, benefiting from China's support for innovative drugs, the growth rate of specialty pharmacy was still above double digits. As of the end of June 2025, the number of the stores of specialty pharmacy was 1,516, representing a net decrease of 128 stores compared with the end of 2024, and the same-store growth rate maintained a double-digit high-speed growth.

During the Reporting Period, benefiting from the revenue growth of the retail segment, network optimization strategies, and significant cost reduction effects, the operating profit margin of the Group's retail pharmacy business was 2.68%, representing an increase of 1.13 percentage points compared with the same period of the previous year. In particular, Guoda Drugstore focused on improving the quality of store operation, decisively optimized the network layout, and actively promoted the transformation by improving the commercial procurement system and business structure, accelerating the construction of proprietary brand and increasing the proportion of centralized procurement. Guoda Drugstore maintained a good trend of sustainable profitability during the Reporting Period, with the net profit increasing by 215.81% year-on-year, fully verifying the Group's business transformation concept in the new environment.

Operation Management and Control and Service Transformation: Integrated construction enhanced management and control, and service transformation drove growth

Driven by policies such as medical insurance reform, deepening centralized procurement and strengthening supervision, the Group focused on its core business, analyzed the trend of policy changes, continuously promoted the improvement of operation efficiency and business innovation and transformation, and deepened the integration construction. In the first half of 2025, on the basis of solidly promoting digital transformation, the Group further strengthened the integrated vertical management and control of all business lines, promoted the system construction of centralized procurement integration, logistics integration and financial integration, strengthened business penetration management, and achieved optimized allocation and efficient utilization of resources.

In terms of operation management and control, in order to improve the operation efficiency and smooth the downward pressure on gross profit margin, the Group carried out a series of effective measures to ensure the sustainable and steady development of various businesses. During the Reporting Period, the Group carried out special management of accounts receivable and implemented risk control measures such as comprehensive reconciliation and right confirmation of accounts receivable. At the same time, the Group seized the opportunity of the direct settlement policy for medical insurance funds, clarified key work arrangements to its subsidiaries, strengthened the fund collection management and increased the market share. As of the end of June 2025, the growth rate of receivables of more than half of the Group's major second-tier subsidiaries was lower than the sales growth rate in the same period. Benefiting from the lean cost reduction measures, the Group's various expense ratio indicators continued to be optimized, among which the selling and administrative expense ratio decreased by 0.19 percentage point, the financial expense ratio excluding factoring decreased by 0.01 percentage point, and the overall expense ratio decreased by 0.2 percentage point, effectively improving the utilization rate of funds. As of the end of the Reporting Period, the Group's net cash outflow from operating activities decreased by RMB6,882.58 million compared with the same period of the previous year, indicating the effectiveness of the accounts receivable control measures.

In terms of service transformation, the Group insisted on expanding the service business that permeates the upstream and downstream of the industrial chain, and relied on three main business segments to forge personalized and professional service capabilities and overall solutions. During the Reporting Period, the Group continued to carry out service projects such as marketing services, third-party logistics and SPD services. As of the end of June 2025, the service income continued to grow, continuously contributing to the Group's performance. In addition, relying on a strong distribution network, the Group continuously tapped the growth momentum of services, and at the same time strengthened the synergy among the main business segments, the main business and the service business, and promoted the share of the three business segments with services, fully tapping and giving play to the Group's nationwide network advantages.

Future Prospects

Looking forward to the second half of 2025, the Group will actively adapt to the in-depth implementation of industry policies and the evolving demand in the terminal market, focus on its core business, adhere to compliance operation, consolidate integrated management and control measures, and forge core competitiveness under the new situation.

In terms of the pharmaceutical and medical device distribution segments, in the second half of the year, the Group will promote the differentiated business development strategy by region. On the one hand, the Group will focus on the core market, make every effort to expand the market coverage and cooperation depth of core customers, and maintain the continuous and effective investment of resources. At the same time, the Group will continuously increase its market share according to the market competition landscape, and continue to pay attention to the variety structure adjustment of hospital-end drugs. On the other hand, the Group will comply with the market demand, actively enhance the supply chain derivative service capabilities of target regional markets and key customers, and form an efficient linkage business ecosystem. In addition, the Group will accelerate the optimization and adjustment of business structure, continue to increase the introduction of innovative drug and medical device, national medical insurance negotiated products and clinical high-value products, actively deepen the dimension and breadth of cooperation with strategic customers, increase the proportion of revenue from high value-added businesses, promote the transformation of segment businesses to high quality, and actively consolidate the Group's leading position in the industry.

In terms of the retail pharmacy segment, the Group will continue to deepen the “dual-brand” strategy of specialty pharmacy and Guoda Drugstore, optimize the collaborative integration of offline stores and online channels around professional services and compliance and efficient operation, and promote the high-quality growth of businesses. Among which, specialty pharmacy system will focus on undertaking the circulation of hospital outpatient prescriptions and strive to tap the business increment. At the same time, specialty pharmacy system will continue to deeply cultivate the building of personalized and specialized pharmacy service capacities, broaden the sources of service revenues through innovative service models, provide patients with full-cycle health management support, and forge the differentiated core competitiveness. Guoda Drugstore will continue to focus on improving the quality of operation, strengthen the integration of procurement and the capability of industrial and commercial collaboration within the Group, optimize the structure of varieties, continuously increase the proportion of high-selling varieties and hugely popular varieties, and expand diversified business models. In the future, the retail pharmacy segment of the Group will take specialization, compliance and digitalization as the starting point, and comprehensively enhance service value and market competitiveness.

In terms of operation management and control and service transformation, the Group will continue to deepen the integrated penetrating management and control, take digitalization as an important starting point, rely on the integrated management platform to achieve the penetrating management of data in the whole process, and strengthen the capability of centralized monitoring and overall management of risks, so as to provide a solid guarantee for high-quality development of businesses. At the same time, the Group will focus on reducing costs and improving efficiency, strengthen systematic management of accounts receivable through continuous optimization of cost control, continuously improve the quality of assets and enhance the overall operating efficiency.

Relying on the regulatory requirements and the development trend of the industry under the new situation, the Group will actively promote the transformation and innovation of services, strive to explore the second curve of performance growth, and continuously inject new momentum into the sustainable development of the Group. At the same time, the Group will continue to seize the service opportunities such as innovative drug marketing, improve the operational efficiency of third-party logistics, optimize the SPD service model, and drive the performance growth of the main business segments with services, so as to lay a solid foundation for the long-term and steady development of the Group.

Looking forward to the future, the Group will actively grasp the opportunity period of transformation and reform of the pharmaceutical distribution industry, conform to the policy trend, focus on our core business, strictly adhere to the risk bottom line, and give full play to our own advantages to promote various core business objectives, so as to create greater value for society and shareholders. We will also actively fulfill our social responsibilities and continue to lead the sustainable and high-quality development of the pharmaceutical distribution industry.

Financial Summary

The financial summary set out below is extracted from the unaudited financial statements of the Group for the Reporting Period which were prepared in accordance with the HKASs 34 Interim Financial Reporting.

During the Reporting Period, the Group recorded revenue of RMB286,043.00 million, representing a decrease of RMB8,683.81 million or 2.95% as compared with the corresponding period of last year.

During the Reporting Period, the Group recorded a net profit of RMB5,337.25 million, representing a decrease of RMB561.97 million or 9.53% as compared with the corresponding period of last year; profit attributable to owners of the parent amounted to RMB3,465.69 million, representing a decrease of RMB238.19 million or 6.43% as compared with the corresponding period of last year.

During the Reporting Period, basic earnings per share of the Company amounted to RMB1.11, representing a decrease of 6.72% as compared with the corresponding period of last year.

Unit: in millions of RMB unless otherwise stated

| | Six months ended 30 June 2025 | Six months ended 30 June 2024 | Change |
|---|--|-------------------------------------|--------------------------------------|
| Operating result | | | |
| Revenue | 286,043.00 | 294,726.81 | (8,683.81) |
| Earnings before interest and tax | 8,205.27 | 8,670.35 | (465.08) |
| Profit attributable to owners of the parent | 3,465.69 | 3,703.88 | (238.19) |
| Profitability | | | |
| Gross margin | 7.11% | 7.45% | decrease by 0.34 percentage point |
| Operating margin | 2.60% | 2.79% | decrease by 0.19 percentage point |
| Net profit margin | 1.87% | 2.00% | decrease by 0.13 percentage point |
| Earnings per share – Basic (RMB) | 1.11 | 1.19 | (0.08) |

Unit: in millions of RMB unless otherwise stated

| | Six months ended 30 June 2025 | Six months ended 30 June 2024 | Change |
|---|--|-------------------------------------|--------|
| Key operational indicators | | | |
| Trade receivables turnover ratio (days) | 143 | 132 | 11 |
| Inventory turnover ratio (days) | 44 | 43 | 1 |
| Trade payables turnover ratio (days) | 103 | 101 | 2 |
| Current ratio (times) | 1.34 | 1.35 | (0.01) |

Unit: in millions of RMB unless otherwise stated

| | 30 June 2025 | 31 December 2024 | Change |
|---|-------------------------|---------------------|---------------------------------------|
| Asset position | | | |
| Total assets | 420,328.42 | 392,831.24 | 27,497.18 |
| Equity attributable to owners of the parent | 80,232.83 | 78,883.80 | 1,349.03 |
| Gearing ratio | 69.25% | 67.75% | increase by 1.50 percentage points |
| Cash and cash equivalents | 35,238.14 | 54,313.36 | (19,075.22) |

Revenue

During the Reporting Period, the Group recorded revenue of RMB286,043.00 million, representing a decrease of 2.95% as compared with RMB294,726.81 million for the six months ended 30 June 2024. This decrease was due to the decrease in revenue from the Group's pharmaceutical distribution business and medical device distribution business.

- **Pharmaceutical distribution segment:** During the Reporting Period, the revenue from pharmaceutical distribution of the Group was RMB218,527.36 million, representing a decrease of 3.52% as compared with RMB226,494.01 million for the six months ended 30 June 2024 and accounting for 73.62% of the total revenue of the Group. The decrease was mainly because the implementation of policies such as volume-based procurement and price reduction of national medical insurance negotiated varieties has led to a decreased volume in the pharmaceutical distribution business.
- **Medical device distribution segment:** During the Reporting Period, the revenue from medical device distribution of the Group was RMB57,052.73 million, representing a decrease of 2.46% as compared with RMB58,494.30 million for the six months ended 30 June 2024 and accounting for 19.22% of the total revenue of the Group. Such decrease was mainly due to the implementation of policies of volume-based procurement, the decline of sales revenue of medical devices categories with higher gross profit margin and the stable growth of revenue of medical consumables affected by changes in the structure of terminal demand.
- **Retail pharmacy segment:** During the Reporting Period, the revenue from retail pharmacy of the Group was RMB17,162.12 million, representing an increase of 3.65% as compared with RMB16,557.84 million for the six months ended 30 June 2024 and accounting for 5.78% of the total revenue of the Group. The increase was primarily due to the increase in sales revenue of the specialty pharmacy of the Group.
- **Other business segment:** During the Reporting Period, the revenue from other business of the Group was RMB4,076.03 million, representing a decrease of 0.71% as compared with RMB4,105.37 million for the six months ended 30 June 2024, primarily due to the decrease in revenue from industrial products.

Cost of Sales

During the Reporting Period, the cost of sales of the Group was RMB265,696.09 million, representing a decrease of 2.60% as compared with RMB272,783.52 million for the six months ended 30 June 2024, which was comparable to the decline in the sales revenue.

Gross Profit

During the Reporting Period, the gross profit of the Group was RMB20,346.91 million, representing a decrease of 7.28% as compared with RMB21,943.30 million for the six months ended 30 June 2024, which was mainly due to the decline in the revenue scale of the Group.

The gross profit margin of the Group for the six months ended 30 June 2025 was 7.11%, and the gross profit margin for the corresponding period in 2024 was 7.45%.

Other Income

During the Reporting Period, the other income of the Group was RMB241.10 million, representing an increase of 60.09% as compared with RMB150.60 million for the six months ended 30 June 2024, primarily due to the increase in subsidies obtained by the Group from the central and local governments.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were RMB7,844.86 million, representing a decrease of 7.48% as compared with RMB8,479.22 million for the six months ended 30 June 2024.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were RMB3,668.49 million, representing a decrease of 6.30% from RMB3,915.16 million for the six months ended 30 June 2024.

The proportion of the administrative expenses of the Group to the total revenue of the Group decreased from 1.33% for the six months ended 30 June 2024 to 1.28% for the Reporting Period.

Operating Profit

As a result of the above-mentioned factors, during the Reporting Period, the operating profit of the Group was RMB7,445.69 million, representing a decrease of 9.44% from RMB8,221.63 million for the six months ended 30 June 2024.

Other Gains/(Losses) – Net

During the Reporting Period, the other net gains of the Group were RMB71.59 million, representing an increase of RMB250.66 million as compared with other net losses of RMB179.07 million for the six months ended 30 June 2024. The increase was mainly due to the increase in the reversal of unpayable amounts in the current period.

Other Expenses

During the Reporting Period, the reversal of other expenses of the Group were RMB0.14 million, representing a decrease of RMB2.94 million as compared with the reversal of other expenses of the Group for the six months ended 30 June 2024 of RMB3.08 million.

Finance Costs – Net

During the Reporting Period, the finance costs – net of the Group were RMB995.38 million, representing a decrease of RMB78.49 million as compared with RMB1,073.87 million for the six months ended 30 June 2024, mainly due to a lowered interest rate, resulting in a reduction in financial costs.

Share of Profits and Losses of Associates

During the Reporting Period, the Group's share of profits and losses of associates was RMB686.63 million, representing an increase of 10.21% as compared with RMB623.03 million for the six months ended 30 June 2024.

Share of Profits and Losses of Joint Ventures

During the Reporting Period, the Group's share of profits and losses of joint ventures was RMB1.23 million, representing a decrease of 27.41% as compared with RMB1.69 million for the six months ended 30 June 2024, mainly due to the decline in business results of joint ventures.

Income Tax Expense

During the Reporting Period, the income tax expense of the Group was RMB1,872.65 million, representing an increase of 10.33% as compared with RMB1,697.27 million for the six months ended 30 June 2024, primarily due to the Group's make-up payments for income taxes from prior years.

Profit for the Period

As a result of the above-mentioned factors, the profit for the Reporting Period of the Group was RMB5,337.25 million, representing a decrease of 9.53% from RMB5,899.22 million for the six months ended 30 June 2024. The Group's net profit margin for the Reporting Period and for the corresponding period of 2024 was 1.87% and 2.00%, respectively.

Profit Attributable to Owners of the Parent

During the Reporting Period, profit attributable to owners of the parent was RMB3,465.69 million, representing a decrease of 6.43% or RMB238.19 million from RMB3,703.88 million for the six months ended 30 June 2024.

Profit Attributable to Non-controlling Interests

During the Reporting Period, profit attributable to non-controlling interests was RMB1,871.56 million, representing a decrease of 14.75% from RMB2,195.34 million for the six months ended 30 June 2024.

Liquidity and Capital Sources

Working capital

As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB35,238.14 million (31 December 2024: RMB54,313.36 million), primarily comprising cash, bank savings and cash generated from operating activities during the current period.

Cash flow

The cash of the Group is primarily used for financing working capital, repaying credit interest and principal due, financing acquisitions and providing funds for capital expenditures, growth and expansion of the Group's facilities and operations.

Net cash used in operating activities

The Group's cash outflow from operations primarily derives from payments for the purchase of raw material and provision of services in its pharmaceutical distribution, retail pharmacy, medical device distribution and other business segments. During the Reporting Period, the Group's net cash used in operating activities amounted to RMB34,111.09 million. The net cash used in operating activities of the Group was RMB40,993.67 million for the six months ended 30 June 2024. Such decrease was primarily attributable to the collection of trade receivables and the decreased payment in trade payables during the Reporting Period.

Net cash used in investment activities

During the Reporting Period, the net cash used in investment activities of the Group was RMB531.24 million. The net cash used in investment activities for the six months ended 30 June 2024 was RMB1,038.51 million. Such decrease was primarily due to decrease in payment of prices for land use rights.

Net cash generated from financing activities

During the Reporting Period, the net cash generated from financing activities of the Group was RMB15,579.00 million, representing a decrease of RMB5,972.74 million as compared with RMB21,551.76 million for the six months ended 30 June 2024. Such decrease was primarily due to the decrease in bond issuances during the Reporting Period.

Capital Expenditure

The Group's capital expenditures were primarily utilised for the development and expansion of distribution channels, upgrading of its logistic delivery systems and decoration of new stores and equipment purchase. The Group's capital expenditures for the Reporting Period amounted to RMB1,807.09 million, representing a decrease of RMB918.41 million as compared with RMB2,725.50 million for the six months ended 30 June 2024, mainly due to the decrease in the expenditure on the purchase of property, plant and equipment.

The Group's current plans with respect to its capital expenditures may be modified according to the progress of its operation plans (including changes in market conditions, competition and other factors). As the Group continues to expand, it may incur additional capital expenditures. The Group's ability to obtain additional funding in the future is subject to a variety of uncertain factors, including the future operating results, financial condition and cash flows of the Group, economic, political and other conditions in mainland China and Hong Kong, and the PRC government's policies relating to foreign currency borrowings.

Capital Structure

Fiscal resources and fiscal policies

During the Reporting Period, the Group made certain improvement and adjustments to its capital structure, so as to relieve fiscal risks and reduce finance costs. The businesses of the Group faced a variety of fiscal risks: market risk (including foreign exchange risks, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instrument to hedge its risk exposures on changes in foreign currency exchange rates and interest rates.

The Group had successfully issued super short-term financing bonds in an aggregate amount of RMB0.8 billion during the Reporting Period for the purposes of broadening financing channels and reducing financing costs, so as to repay bank loans as well as to replenish working capital.

The Group's borrowings are mainly denominated in RMB.

As at 30 June 2025, the cash and cash equivalents of the Group were mainly denominated in RMB, with certain amount denominated in Hong Kong Dollars (“**HKD**”) and small amount denominated in United States Dollars (“**USD**”), Euro (“**EUR**”), Swiss Franc, Great Britain Pound and Japanese Yen.

Indebtedness

As at 30 June 2025, the Group had aggregated banking facilities of RMB326,491.61 million (31 December 2024: RMB310,604.69 million), of which RMB191,139.46 million (31 December 2024: RMB173,910.33 million) were not yet utilised and are available to be drawn down at any time. Such banking facilities are primarily short-term loans for working capital. Among the Group's total borrowings as at 30 June 2025, RMB85,913.90 million (31 December 2024: RMB62,729.05 million) will be due within one year and RMB4,435.58 million (31 December 2024: RMB8,637.23 million) will be due after one year. During the Reporting Period, the Group did not experience any difficulties in renewing the bank loans with its lenders. As at 30 June 2025, all of the Group's borrowings from banks and other financial institutions were carried at floating interest rates and the weighted average effective annual interest rate for the six months ended 30 June 2025 was 2.73% (for the year ended 31 December 2024: 2.62%).

Gearing ratio

As at 30 June 2025, the Group's gearing ratio was 69.25% (31 December 2024: 67.75%), which was calculated based on the total liabilities divided by the total assets as at 30 June 2025.

Credit Risk

The Group will focus on the recovery of account receivables with a maturity of more than one year, inventory risk and liquidity control, credit exposure and other potential risks, coordinate development and safety, continuously improve the level of compliance supervision, and prevent and control business operation risks. Meanwhile, the Group will continue to review the credit risk of trade receivables and fully consider changes in business structure and customer structure, changes in the macroeconomic environment and specific industry factors. At the same time, the Group will also continue to review the Group's customer credit risk characteristic portfolios to ensure that the division of credit risk characteristic portfolios can fully reflect the risk characteristics of different types of customers, and the Group will assess the accounting estimates such as historical observed default rates and forward-looking adjustments in a more prudent manner to ensure that the provision matrix of the Group's expected credit loss can fully reflect the impairment provisions for trade receivables. As at 30 June 2025, the trade and notes receivables of the Group in aggregate amounted to RMB242,931.04 million (31 December 2024: RMB200,254.55 million) and its ageing analysis is set out in note 14 to the consolidated financial statements.

The Group has established a sound customer credit management system and trade receivables management measures to prevent credit risks and improve the turnover efficiency of trade receivables, and major measures included but not limited to: (i) establishing a scientific and rational credit evaluation model to strictly review and approve customers' credit limits and terms; (ii) reviewing the actual sales, collection of trade receivables and financial information of customers on a regular basis, and implementing a dynamic management on customers' credit limits and terms; (iii) strengthening the regular monitoring and analysis of several indicators such as the balance of trade receivables with a maturity of more than one year, balance of trade receivables overdue and turnover days of trade receivables based on different customer bases; and (iv) strengthening the reconciliation and collection of trade receivables, especially receivables with a maturity of more than one year and overdue receivables, developing practical collection measures and repayment terms, and other necessary measures.

Foreign Exchange Risks

The Group's operations are mainly located in the PRC and most of its transactions are denominated and settled in RMB. However, the Group is exposed to foreign exchange risks to a certain extent as certain cash and cash equivalents, borrowings from banks and other financial institutions and trade payables are denominated in foreign currencies, the majority of which are USD, HKD and EUR. During the Reporting Period, the Group had no corresponding hedging arrangements.

Pledge of Assets

As at 30 June 2025, part of the Group's borrowings and notes payable were secured by trade and notes receivables with book value of RMB3,469.27 million (31 December 2024: RMB2,214.32 million), bank deposits of RMB11,918.84 million (31 December 2024: RMB12,752.74 million), properties, plant and equipment with book value of RMB0.00 (31 December 2024: RMB14.90 million).

Going Concern

Based on the current financial forecast and available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a going concern basis.

CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS

As at 30 June 2025, the Group neither had any material contingent liabilities, nor had any material litigations.

SIGNIFICANT INVESTMENT

During the Reporting Period, the Group had no significant investments. As at the date of this announcement, the Board has not approved any plans for material investments or purchase of capital assets.

MAJOR ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no material acquisitions and disposals with respect to subsidiaries, associates and joint ventures.

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 100,251 (as at 30 June 2024: 113,635) employees. In order to meet the development needs and support and promote the realisation of its strategic objectives, the Group has integrated existing human resources, made innovations in management model and optimised management mechanism in accordance with the requirements of specialised operation and integrated management, so as to actively advance the organisational reform and accelerate the cultivation and recruitment of the talents. The Group has established a strict selection process for recruitment of employees and adopted a number of incentive mechanisms to enhance their efficiency, conducted periodic performance reviews on its employees and adjusted their salaries and bonuses accordingly. In addition, the Group has provided training programs to employees with different functions.

For remuneration and performance, the Group has established a normative salary management system based on the principle of “performance-oriented compensation, prioritising efficiency and considering fairness”. The Group has implemented top-down performance assessment to establish a compensation system with position and ability as basis and performance as the cornerstone. The employee remunerations include basic salary, performance-based remuneration, bonus and piece rate wage. Remuneration is adjusted based on factors such as the results of the corporation, work performance and capabilities as well as job responsibilities of employees.

The Group has followed the performance-oriented principle while giving consideration to balance. The Group has adopted a diversified structure and makes dynamic adjustments. For the value created, the Group has distributed the incremental value. The Group has shared benefits and risks with our employees. Based on the principle of aligning with market benchmarks and international standards, the Group has adopted a combination of short-term and medium- and long-term incentives to determine directors’ remuneration incentive policies, and designed a compensation structure comprising “basic remuneration, performance-based remuneration, and medium and long-term incentives”. The basic remuneration is the basic fixed annual income. The performance-based remuneration is the immediate floating income based on the completion of the annual performance goals, which is paid after evaluation. The “medium and long-term incentive” is the share incentive scheme, which is contingent on the excellent performance in the medium- and long-term, designed to bind interests and share benefits and risks with shareholders. Details of the employee benefit expenses of the Group during the Reporting Period are set out in note 9 to the consolidated financial statement.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (the **"Treasury Shares"**) within the meaning under the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (the **"Listing Rules"**)). As at 30 June 2025, the Company did not hold any Treasury Shares.

DIVIDENDS

Pursuant to the relevant resolution passed at the 2024 annual general meeting of the Company convened on 12 June 2025, the Company paid the final dividend for the year ended 31 December 2024 to the shareholders of the Company on 12 August 2025, totaling approximately RMB2,122,046,000.

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprises three directors, including three independent non-executive directors, namely Mr. Wu Tak Lung, Mr. Li Peiyu and Mr. Shi Shenghao. Mr. Wu Tak Lung currently serves as the chairman. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and agreed on the accounting treatment adopted by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE **"CORPORATE GOVERNANCE CODE") SET OUT IN APPENDIX C1 TO THE LISTING RULES**

The Company has adopted all the code provisions contained in the Corporate Governance Code as the code of corporate governance of the Company. During the Reporting Period, the Company had complied with the code provisions as set out in the Corporate Governance Code.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules as the code of practice for directors and supervisors in respect of their trading in the listed securities of the Company. Having made specific enquiries with all the directors and supervisors, all of them confirmed that they had complied with the requirements for securities transactions of directors and supervisors as set out in the Model Code during the Reporting Period.

DISCLOSURE OF INFORMATION

This results announcement will be published on the websites of the Company (<http://www.sinopharmgroup.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The Company's interim report for 2025 which contains all the information required under the Listing Rules will be despatched to the shareholders according to the manner in which the shareholders of the Company have elected to receive corporate communications and published on the websites of the Company and the Hong Kong Stock Exchange in due course.

By order of the Board
Sinopharm Group Co. Ltd.
Zhao Bingxiang
Chairman

Shanghai, the PRC
22 August 2025

As at the date of this announcement, the executive Directors are Mr. Lian Wanyong and Mr. Sun Jinglin; the non-executive Directors are Mr. Zhao Bingxiang, Mr. Chen Qiyu, Mr. Zu Jing, Mr. Xing Yonggang, Mr. Chen Yuqing, Mr. Wen Deyong and Ms. Feng Rongli; and the independent non-executive Directors are Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru.