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山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(a joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 00719)

2025 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) and directors (“**Directors**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) hereby announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”). The following financial information has been prepared in accordance with China Accounting Standards for Business Enterprises (“**CASBE**”) as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

This announcement is published in Chinese and English. If there are any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

I. COMPANY INFORMATION

Chinese name:	山東新華製藥股份有限公司
English name:	SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED
Legal representative:	Mr. He Tongqing
Secretary to the Board:	Mr. Cao Changqiu
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Postal code:	255086
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E-mail address: xhzy@xhzy.com

PRC newspaper for information disclosure: Securities Times

PRC website for the publication of the interim report: <http://www.cninfo.com.cn>

Listing information:

H Shares: The Stock Exchange of Hong Kong Limited (the “SEHK”)
Stock short name: Shandong Xinhua
Stock code: 00719

A Shares: Shenzhen Stock Exchange
Stock short name: Xinhua Pharm
Stock code: 000756

II. SUMMARY OF PRINCIPAL FINANCIAL DATA (PREPARED IN ACCORDANCE WITH CASBE)

Unit: Renminbi Yuan (“RMB”)

Item	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	Change as compared to the same period last year
Operating revenue	4,638,804,042.98	4,732,481,467.24	(1.98%)
Total profits	263,527,198.08	303,363,837.69	(13.13%)
Income tax expense	32,358,726.29	30,597,489.83	5.76%
Net profits	231,168,471.79	272,766,347.86	(15.25%)
Minority interest in profit and loss	7,411,941.36	7,361,930.18	0.68%
Net profits attributable to shareholders of listed company	223,756,530.43	265,404,417.68	(15.69%)
Net profits attributable to shareholders of listed company after deduction of non-recurring profit and loss	210,859,939.48	249,366,401.77	(15.44%)
Net cash flow from operating activities	234,132,352.73	77,401,054.87	202.49%
Basic earnings per share	0.32	0.39	(17.95%)
Diluted earnings per share	0.32	0.38	(15.79%)
Return on equity	4.33%	5.58%	Decreased by 1.25 percentage points
Item	As at 30 June 2025 (unaudited)	As at 31 December 2024 (the “End of Last Year”) (audited)	Change as compared to the End of Last Year
Total assets	9,237,653,787.32	9,019,601,567.53	2.42%
Total liabilities	3,872,661,261.75	3,802,101,150.19	1.86%
Minority shareholders’ equity	238,249,228.25	225,911,892.56	5.46%
Total net assets attributable to the shareholders of listed company	5,126,743,297.32	4,991,588,524.78	2.71%

III. CHANGES IN SHARE CAPITAL STRUCTURE AND INFORMATION ON SHAREHOLDERS

1. Share capital structure

Unit: shares

Item Class of shares	30 June 2025		1 January 2025	
	Number of shares	Percentage of the total share capital (%)	Number of shares	Percentage of the total share capital (%)
1. Total number of conditional tradable shares	2,152,611	0.31	38,633,274	5.66
State-owned shares	-	-	-	-
Shares owned by domestic legal persons	-	-	37,091,988	5.44
Conditional tradable shares owned by senior management (A Shares)	2,152,611	0.31	1,541,286	0.22
Others	-	-	-	-
2. Total number of unconditional tradable shares	687,623,924	99.69	643,774,361	94.34
Renminbi-denominated ordinary shares (A Shares)	492,623,924	71.42	448,774,361	65.76
Overseas listed foreign shares (H Shares)	195,000,000	28.27	195,000,000	28.58
3. Total number of shares	689,776,535	100.00	682,407,635	100.00

Note:

- (1) Share options exercisable under the second exercise period of the initial grant of the Company's 2021 A-share stock option incentive plan resulted in the issuance of 7,368,900 shares on 14 January 2025.
- (2) The Company issued 37,091,988 ordinary shares to a specific target, Hualu Investment Development Co., Ltd., through a non-public offering, which were released from lock up and listed for circulation on 14 April 2025.

2. Shareholders' information

- (1) As at 30 June 2025, the Company had on record a total of 76,508 shareholders (the "Shareholders"), including 40 holders of H Shares and 76,468 holders of A Shares.

(2) As at 30 June 2025, details of the ten largest Shareholders that held the Company's shares were as follows:

Unit: share

Name of Shareholders	Nature of Shareholders	% of total issued share capital	Number of shares held as at the end of the Reporting Period	Class of shares
華魯控股集團有限公司(「華魯控股」) ⁽¹⁾ (Hualu Holdings Group Co. Ltd.) ⁽⁶⁾ (“HHC”)	State-owned	29.70	204,864,092	RMB-denominated ordinary shares
香港中央結算(代理人)有限公司 HKSCC Nominees Limited	H Shares	28.03	193,314,037	Overseas listed foreign shares
華魯投資發展有限公司(「華魯投資」) Hualu Investment Development Co., Ltd (“Hualu Investment”)	State-owned	5.38	37,091,988	RMB-denominated ordinary shares
香港中央結算有限公司 HKSCC Limited	Overseas Legal Person	0.49	3,409,353	RMB-denominated ordinary shares
招商銀行股份有限公司－南方中證1000交易 型開放式指數證券投資基金 China Merchants Bank Co., LTD-Southern China Securities 1000 exchange-type open Index securities Investment Fund	Others	0.40	2,736,000	RMB-denominated ordinary shares
周文傑 Zhou Wenjie	Natural person in the territory	0.26	1,824,000	RMB-denominated ordinary shares
招商銀行股份有限公司－華夏中證1000交易 型開放式指數證券投資基金 China Merchants Bank Co., LTD-Huaxia China Securities 1000 exchange-type open Index securities Investment Fund	Others	0.23	1,617,900	RMB-denominated ordinary shares
中國工商銀行股份有限公司－廣發中證1000 交易型開放式指數證券投資基金 Industrial and Commercial Bank of China Limited - Guangfa China Securities 1000 exchange-type open Index securities Investment Fund	Others	0.19	1,292,630	RMB-denominated ordinary shares
於海濤 Yu Haitao	Natural person in the territory	0.18	1,275,300	RMB-denominated ordinary shares
盛麗 Sheng Li	Natural person in the territory	0.13	900,800	RMB-denominated ordinary shares

(3) As at 30 June 2025, the ten largest Shareholders of the unconditional tradable shares of the Company were as follows:

Name of Shareholders	Nature of Shareholder	% of total issued share capital	Number of unconditional listed shares as at the end of the Reporting Period	Unit: share Class of shares
華魯控股 HHC ⁽ⁱ⁾	State-owned	29.70	204,864,092	RMB-denominated ordinary shares
香港中央結算(代理人)有限公司 HKSCC Nominees Limited	H Shares	28.03	193,314,037	Overseas listed foreign shares
華魯投資 Hualu Investment	State-owned	5.38	37,091,988	RMB-denominated ordinary shares
香港中央結算有限公司 HKSCC Limited	Overseas Legal Person	0.49	3,409,353	RMB-denominated ordinary shares
招商銀行股份有限公司－南方中證1000交易型開放式指數證券投資基金 China Merchants Bank Co., LTD-Southern China Securities 1000 exchange-type open Index securities Investment Fund	Others	0.40	2,736,000	RMB-denominated ordinary shares
周文傑 Zhou Wenjie 招商銀行股份有限公司－華夏中證1000交易型開放式指數證券投資基金 China Merchants Bank Co., LTD-Huaxia China Securities 1000 exchange-type open Index securities Investment Fund	Natural person in the territory	0.26	1,824,000	RMB-denominated ordinary shares
中國工商銀行股份有限公司－廣發中證1000交易型開放式指數證券投資基金 Industrial and Commercial Bank of China Limited - Guangfa China Securities 1000 exchange-type open Index securities Investment Fund	Others	0.23	1,617,900	RMB-denominated ordinary shares
於海濤 Yu Haitao	Natural person in the territory	0.19	1,292,630	RMB-denominated ordinary shares
盛麗 Sheng Li	Natural person in the territory	0.18	1,275,300	RMB-denominated ordinary shares
		0.13	900,800	RMB-denominated ordinary shares

Notes:

- (i) Such figure excludes the following shareholding interests held by corporations controlled by HHC as at 30 June 2025: (i) 37,091,988 A shares (representing approximately 5.38% of the total issued share capital of the Company) held by Hualu Investment, a direct wholly owned subsidiary of HHC; and (ii) 20,827,800 H shares (being overseas listed foreign shares) (representing approximately 3.02% of the total issued share capital of the Company) held by Well Bring Limited (“Well Bring”), an indirect wholly-owned subsidiary of HHC. Well Bring is directly wholly-owned by China Shandong Group Limited (華魯集團有限公司) which is in turn held as to 99.75% by HHC. Well Bring owns H Shares of the Company, representing approximately 3.02% of the issued share capital of the Company, the legal title of which are deposited into the clearing system of the SEHK and held by HKSCC Nominees Limited.

- (ii) The following is a description of association relationship and party acting in concert in relation to the above Shareholders under applicable PRC laws and regulations: Except for Hualu Investment which is a subsidiary of HHC, to the best of their knowledge, the Directors are not aware as to whether there is any association relationship (as defined in the Rules Governing Listing of Stocks On Shenzhen Stock Exchange) amongst the remaining of the above mentioned Shareholders, nor are any of them persons acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies (“**Administration Measures for Takeover**”) issued by the China Securities Regulatory Commission (the “**CSRC**”). In addition, the Directors are not aware of any association amongst the Shareholders of H Shares of the Company or if any of them are persons acting in concert as defined in the Administration Measures for Takeover. Except for Hualu Investment which is a subsidiary of HHC, to the best of their knowledge, the Directors are not aware of any association amongst the other abovementioned Shareholders of unconditional tradable shares of the Company, or any association between the Shareholders of unconditional tradable shares and the other Shareholders, or that any of them are persons acting in concert as defined in the Administration Measures for Takeover.
- (iii) Save as disclosed above and so far as the Company is aware, no other domestic shareholder directly held more than 5% of the total issued shares of the Company.
- (iv) Save as disclosed above and so far as the Directors are aware, as at 30 June 2025, no other person (other than the Directors, supervisors of the Company (the “**Supervisors**”), chief executive (if applicable) or members of senior management of the Company (the “**Senior Management**”) had an interest or short position in the Company’s shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”) and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial Shareholder (as defined in the Listing Rules) of the Company.

3. Change of controlling Shareholder (as defined under the Listing Rules) of the Company during the Reporting Period

There was no change in the controlling Shareholder and actual controller of the Company during the Reporting Period.

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

The Directors, Supervisors and Senior Management and the number of shares of the Company (“Shares”) held by them on the date so indicated were as follows:

Unit: share

Name	Position	Number of Shares as at 30 June 2025	Number of Shares as at 1 January 2025
Directors:			
Mr. He Tongqing	Chairman	397,550	291,950
Mr. Xu Wenhui	Executive Director, General Manager	347,600	242,000
Mr. Xu Lie	Non-executive Director	397,550	291,950
Mr. Zhang Chengyong	Non-executive Director	Nil	Nil
Mr. Hou Ning	Executive Director, Financial Controller	434,400	328,800
Mr. Pan Guangcheng	Independent non-executive Director	Nil	Nil
Mr. Zhu Jianwei	Independent non-executive Director	Nil	Nil
Mr. Ling Peixue	Independent non-executive Director	Nil	Nil
Ms. Cheung Ching Ching, Daisy	Independent non-executive Director	Nil	Nil
Supervisors:			
Mr. Liu Chengtong	Chairman of Supervisory Committee	Nil	Nil
Mr. Tao Zhichao	Independent Supervisor	Nil	Nil
Ms. Hu Yanhua	Employee Supervisor	Nil	Nil
Mr. Wang Jianping	Employee Supervisor	Nil	Nil
Mr. Xiao Fangyu	Independent Supervisor	Nil	Nil
Other Senior Management:			
Mr. Zheng Zhonghui	Deputy General Manager	397,550	291,950
Mr. Wei Changsheng	Deputy General Manager	347,600	242,000
Mr. Liu Xuesong	Deputy General Manager	157,100	91,100
Mr. Kou Zuxing	Deputy General Manager	123,600	74,100
Mr. Cao Changqiu	Secretary to the Board	267,200	201,200
Total		2,870,150	2,055,050

Notes:

- (i) All interests in the Shares of the Company owned by the Directors, Supervisors and Senior Management of the Company are long position in A Shares.
- (ii) The increase in shareholding of the Shares held by Directors and Senior Management resulted from the exercise of share options under the second exercise period of the initial grant of the 2021 A-share stock option incentive plan.
- (iii) So far as the Directors, the Senior Management and Supervisors are aware, save as disclosed above, as at 30 June 2025, no Director, Senior Management and Supervisor had any interest or short position in the shares, underlying shares and /or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the SFO (Chapter 571 of the Laws of Hong Kong)) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which any such Director, Senior Management or Supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

V. CHAIRMAN'S STATEMENT

To all Shareholders:

We hereby report to the Shareholders on the operational results of the Company for the first half of the year 2025.

In the first half of the year 2025, the operating revenue of the Company and its subsidiaries (collectively referred to as the "Group") prepared under the CASBE was RMB4,638,804,000. The Group recorded net profits attributable to the Shareholders of RMB223,757,000. The Board recommends not to distribute dividends for the first half of 2025, not to give bonus shares, and not to implement capitalization of public capital reserves. In the face of a complex and challenging external environment, combined with multiple adverse factors, the Group remained strategically focused and took on challenges with a proactive mindset. By overcoming difficulties and actively adapting to change, we effectively stabilized our market position and continued to strengthen our technological reserves as well as optimize key development elements such as production capacity layout. Despite growth from the perspectives of certain operational indicators facing pressure, the market share of the Company's core products bucked the trend and continued to increase. Our scientific research achievements made significant breakthroughs in high-end areas, the transformation of growth drivers accelerated across the board, and notable results were achieved in cost reduction and efficiency enhancement, with a substantial increase in cash inflows from operating activities. By leveraging on resoluteness of our own development to offset the uncertainties of the external environment, the Group has further consolidated its development foundation, stimulated internal momentum, and provided stronger support for high-quality development.

BUSINESS REVIEW

1. Firmly advancing the strategy of innovation-driven breakthrough, and accelerating the development of new products and business

In the first half of the year, 10 new preparations products have been launched. As of the end of the Reporting Period, a total of 19 products in 25 specifications had won bids in the national centralized procurement program. Preparation processing and export businesses maintained steady growth, with significant progress achieved in connection with the export of self-operated formulations.

The Company vigorously promoted cost reduction by leveraging the advantages of its ancillary production of key APIs. Production of 11 key APIs, including Ibuprofen and aspirin, increased, leading to an expanded market share as well as further consolidation of the Company's global market position. Sales of specialty APIs also experienced rapid growth.

2. Making every effort to advance scientific and technological innovation and accelerate development capacity

In the first half of the year, we obtained 21 drug approvals (including 19 new preparations products such as Pentazocine Injection and Empagliflozin Tablets as well as 2 APIs for Eicosapentaenoic Acid Ethyl Ester and Sacubitril Valsartan Sodium). We obtained 3 consistency evaluations, including for Tramadol Hydrochloride Sustained-Release Tablets, in respect of which one was first in China and another was second nationwide to pass the evaluation. The Company also initialed Phase II clinical trials for OAB-14, a Class I innovative drug for the treatment of Alzheimer's Disease. During the same period, the Company was granted 18 patents, including 8 invention patents. One project received the Second Prize for Scientific and Technological Progress of Shandong Province in 2024, and another was included in the 2025 Provincial Major Scientific and Technological Innovation Project list.

3. Accelerating project execution and maximizing resource utilization

Merck Glucophage® has demonstrated sustained growth in terms of production volume since its commercial launch. The modern pharmaceutical logistics facility project has also officially commenced operations, whilst the production capacity of the isobutylbenzene series project has gradually been brought into play. The levodopa process optimization project has completed its construction phase, whilst construction of Shouguang Company's specialty APIs project remains on schedule. Separately, the Company has successfully finalized the absorption and merger of Xinhua Pharmaceutical with Ronghua (Zibo) Property Services Co., Ltd. and completed the industrial and commercial registration for the capital increase of Xinhua Pharmaceutical Trading.

4. Strengthening professional management and deepening development determination

In the first half of the year, the Company's lifeline operations remained stable and has not recorded any safety, environmental, or quality incidents that is classified as general or above. We conducted nine specialized safety inspections and successfully passed close to 140 on-site audits and inspections. The integrated digital carbon emission platform design has been completed, while 20 digitalization and intelligent upgrade initiatives across 7 key areas have been implemented. We further advanced the construction of integrated risk control and compliance. Focusing on quality and efficiency improvement, the Company strengthened budget oversight and cost control, achieving year-on-year reductions in raw material procurement costs and energy consumption during the Reporting Period.

PROSPECTS

Despite the anticipated challenges, including a complex global trade environment and intensified domestic market competition, in the second half of the year, the Group shall actively leverage its well-established industrial chain, large-scale production capabilities, and stable customer base to mitigate risks and seize opportunities, with a view to thereby enhance its momentum for sustainable development. The Company will continue to mobilize resources across all fronts, adjust its operational strategies flexibly and swiftly in response to market changes, allocate resources efficiently, and further tap into its internal potential to ensure steady progress across all key operational indicators.

1. Unwavering commitment to innovation breakthroughs and accelerating the cultivation of new growth drivers to elevate the Company's comprehensive development enhancement

We will proactively expand into three key markets, including South America, as well as two potential markets in the Middle East and Africa. Leveraging on its industrial chain advantages, the Company will intensify efforts in the development of specialty APIs, such as the levodopa series and fish oil series, to cultivate new drivers for market growth. A differentiated marketing strategy will be adopted to further consolidate and expand the Company's market share in the domestic market.

We will strengthen the market development of new preparations products such as Clarithromycin Granules and Lactulose Oral Solution, exert every effort to ensure continued procurement, and carry out follow-up work in connection with products in the Xinjiang-led 26-Province Alliance and the Guangdong-led 22-Province Alliance in respect of which we have successful tendered. We will accelerate the development of specialty and exclusive products, such as Jiening, Etofesalamide, and Changjia (Pipemidic Acid Tablets), and speed up the registration and promotion of preparations products in international markets.

2. Accelerating technological innovation to drive product upgrades and technical breakthroughs

In the second half of the year, we will strive to obtain more than 10 drug approvals for APIs and new preparations products.

We will focus on carrying out Phase II clinical research for OAB-14, our innovative drug for treatment of Alzheimer's disease, and effectively implement R&D strategies for the development of a new batch of major innovative drugs.

We will accelerate key technology research, conduct company-wide technological advancement activities, implement lean production and quality improvements as well as continue to promote and enhance production continuity and informatization levels with a view to enhance the core competitiveness of our products through technological advancements.

3. Accelerating the achievement of project production and effectiveness, fully tapping into resource potential, and formulate our “15th Five-Year Plan” scientifically

We shall complete the construction of the Merck Project (Phase II) as soon as possible, accelerate the implementation of the Levodopa process improvement project, and fully leverage efficiency of modern pharmaceutical logistics. We will strive to accelerate the launch of key projects, such as the oral liquid project, to create new sources of economic growth. We will initiate the construction of the High-end API Industry Innovation Center project.

We will conduct an in-depth analysis of external conditions and industry development and comprehensively analyze the Company's growth potential. We will also seek to clarify strategic goals and key initiatives and formulate a high-quality “15th Five-Year Plan” for the Company.

4. Continuously strengthening basic management to ensure the Company's development safety

We will deepen 7S management, strengthen on-site inspections and hazard rectification, improve intrinsic safety, environmental protection, and quality standards, ensuring that the lifeline projects are foolproof.

We will launch company-wide cost reduction and efficiency enhancement activities, strengthen process technology research, enhance energy conservation and consumption reduction, lower procurement costs, implement the “six-specific” optimization, and strengthen control over three major expenses to decisively win the battle for improving competitiveness.

We will further improve the treasury management system, strengthen control and management over key financial items (accounts receivable, inventory, and prepayments), budgets, costs, credit, and inventory, and continuously deepen the integrated management of risk, internal control, and compliance to ensure safe development.

Chairman
He Tongqing
26 August 2025

VI. MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the development, manufacturing and sale of chemical bulk drugs, preparations, medical intermediates and other products. The Group's profits are mainly attributable to its principal operations.

Analysis of financial conditions and operating results in accordance with CASBE

1. Analysis of Assets and Liabilities

Assets and liabilities constituting changes

Unit: RMB Yuan

Item	As at 30 June 2025 (unaudited)		As at 31 December 2024 (the "End of Last Year") (audited)		Percentage increase or decrease	Description of changes
	Amounts	Proportion of total assets	Amounts	Proportion of total assets		
Monetary funds	1,275,011,109.26	13.80%	1,245,022,873.47	13.80%	-	-
Accounts receivable	1,095,964,861.83	11.86%	868,204,001.79	9.63%	2.23%	-
Contract assets	286,277.52	0.003%	439,963.12	0.005%	(0.002%)	-
Inventories	1,228,936,025.50	13.30%	1,272,856,947.10	14.11%	(0.81%)	-
Investment real estate	30,213,992.72	0.33%	31,797,104.69	0.35%	(0.02%)	-
Long-term equity investment	57,590,319.83	0.62%	58,730,419.65	0.65%	(0.03%)	-
Fixed assets	3,542,376,410.38	38.35%	3,511,461,272.20	38.93%	(0.58%)	-
Projects under construction	695,988,166.39	7.53%	781,095,104.92	8.66%	(1.13%)	-
Right-of-use assets	3,159,011.69	0.03%	3,086,649.43	0.03%	-	-
Short-term borrowing	252,925,995.11	2.74%	580,155,616.42	6.43%	(3.69%)	-
Contract liability	59,783,672.70	0.65%	96,837,598.29	1.07%	(0.42%)	-
Long-term borrowings	490,319,527.08	5.31%	771,540,739.20	8.55%	(3.24%)	-
Lease liabilities	1,432,596.27	0.02%	1,105,117.40	0.01%	0.01%	-

Analysis of major changes of items

Unit: RMB Yuan

Items	As at 30 June 2025 (unaudited)	As at 31 December 2024 (the "End of Last Year") (audited)	Change as compared to the End of Last Year	Description of changes (Note ref.)
Prepayments	48,729,404.72	33,378,429.50	45.99%	(1)
Other receivables	17,937,300.70	9,501,094.17	88.79%	(2)
Contract assets	286,277.52	439,963.12	(34.93%)	(3)
Contract liabilities	59,783,672.70	96,837,598.29	(38.26%)	(4)
Employee benefits payable	35,889,415.31	73,108,770.91	(50.91%)	(5)
Taxes payable	33,404,035.88	23,704,353.06	40.92%	(6)
Other payable	708,332,192.20	507,637,306.85	39.54%	(7)
Short-term loans	252,925,995.11	580,155,616.42	(56.40%)	
Non-current liabilities due within one year	706,316,828.87	313,667,062.97	125.18%	(8)
Long-term loans	490,319,527.08	771,540,739.20	(36.45%)	
Special reserve	12,877,284.97	6,267,199.72	105.47%	(9)

Reasons for the change of more than 30% as the end of last year:

- (1) The increase in the amount of prepayments as compared with the end of last year was mainly due to the prepayments for certain raw materials in accordance with the contract terms during the Reporting Period.
- (2) The increase in other receivables as compared with the end of last year was mainly attributable to dividend receivables that had not been received by the end of the Reporting Period.
- (3) The main reason for the decrease in contract assets compared with the end of last year is that most of the contracts previously classified as contract assets were fulfilled during the Reporting Period.
- (4) The main reason for the decrease in contract liabilities compared with the end of last year is that the Company fulfilled contractual obligations under relevant contracts during the Reporting Period, leading to a reduction in advance payments from customers.
- (5) The decrease in employee benefits payable compared with the end of last year was mainly due to a decrease in the amount of unpaid employee benefits by the end of the Reporting Period.
- (6) The main reason for the increase in taxes payable compared with the end of last year is that the amount of payable value-added tax and income tax increased during the Reporting Period.
- (7) The main reason for the increase in other payable compared with the end of last year is that the Company's final dividend for the end of 2024 had not been distributed by the end of the Reporting Period (it will be fully distributed in July 2025 in accordance with the dividend distribution plan).
- (8) Changes in short-term loans, non-current liabilities due within one year, and long-term loans compared with the end of last year was mainly due to efforts made to reduce financing costs and further optimize the debt structure of the Company during the Reporting Period.
- (9) The main reason for the increase in special reserve compared with the end of last year is that the accrual of work safety fees during the Reporting Period contributed to an increase in special reserves.

2. Analysis of major changes in income statement items and research input

Unit: RMB Yuan

Items	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	Change as compared to the same period last year	Description of changes (Note ref.)
Operating revenue	4,638,804,042.98	4,732,481,467.24	(1.98%)	-
Operating costs	3,709,265,385.35	3,547,931,805.24	4.55%	-
Income tax expense	32,358,726.29	30,597,489.83	5.76%	-
Selling expenses	172,609,904.66	403,565,129.41	(57.23%)	(1)
Administration expenses	215,097,968.70	181,073,486.83	18.79%	-
Financial expenses	9,877,946.58	1,617,907.90	510.54%	(2)
Gain from disposal of assets	1,711,209.17	1,240,258.42	37.97%	(3)
Other income	20,754,218.59	35,032,548.75	(40.76%)	(4)
Investment income	5,879,082.58	9,516,606.83	(38.22%)	(5)
Non-operating income	2,897,371.44	326,560.85	787.24%	(6)
Research and Development input	202,782,438.85	231,912,142.60	(12.56%)	-

Reasons for the change of more than 30% over the same period:

- (1) The main reason for the decrease in selling expenses compared with the same period last year is that, during the Reporting Period, with normalization of national centralized procurement, the proportion of the Company's revenue from centralized procurement varieties increased and market development and terminal sales expenses decreased compared with the same period last year.
- (2) The increase in financial expenses compared with the same period last year was mainly due to the appropriate increase in interest-bearing liabilities and the impact of exchange rate fluctuations during the Reporting Period.
- (3) The increase in gains from disposal of assets compared with the same period last year was mainly attributable to an increase in gains from the disposal of fixed assets, etc., during the Reporting Period.
- (4) The main reason for the decrease in other income compared with the same period last year is that the amount of value-added tax credit and deduction enjoyed by the Company during the Reporting Period has decreased.
- (5) The decrease in investment income compared with the same period last year was mainly due to a decrease in Company's investment income derived from associates during the Reporting Period.
- (6) The main reason for the year-on-year increase in non-operating income is that the Company wrote off some long-term unpayable liabilities during the Reporting Period.

3. Analysis of significant changes in cash flow statement items

Unit: RMB Yuan

Items	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)	Change as compared to the same period last year	Description of changes (Note ref.)
Net cash flow generated from operating activities	234,132,352.73	77,401,054.87	202.49%	(1)
Net cash flow generated from investing activities	(76,239,459.99)	(96,628,089.24)	(21.10%)	-
Net cash flow generated from financing activities	(136,716,259.62)	76,657,016.10	(278.35%)	(2)
Net increase in cash and cash equivalents	26,955,253.96	69,237,444.48	(61.07%)	(3)

Reasons for the change of more than 30% over the same period:

- (1) The main reasons for the increase in net cash flow from operating activities compared with the same period of last year are as follows: first, the management of accounts receivable and inventory occupation was strengthened during the Reporting Period to improve the efficiency of capital operation; second, the cash flow management was strengthened during the Reporting Period to appropriately increase the proportion of bill settlement and payment.
- (2) The main reason for the decrease in the net cash flow generated from financing activities compared with the same period last year is that, during the Reporting Period, the Company was rational in its capital raising activities which optimized its debt structure.
- (3) The key reasons for the year-over-year net decrease in cash and cash equivalents are as set forth under (1) and (2) above.

The Group's main operations classified by industry, product and geographical location in accordance with CASBE are as follows (RMB):

Items	Operating revenue	Operating costs	Gross profit rate	Change in operating revenue as compared to the same period last year	Change in operating costs as compared to the same period last year	Change in gross profit rate as compared to the same period last year
By industry						
Chemical bulk drugs	1,489,371,455.93	937,447,707.60	37.06%	(3.76%)	(6.31%)	Increased by 1.72 percentage points
Preparations	2,057,915,530.85	1,676,918,880.50	18.51%	(9.01%)	1.93%	Decreased by 8.75 percentage points
Medical intermediates and other products	1,091,517,056.20	1,094,898,797.25	(0.31%)	18.24%	21.37%	Decreased by 2.59 percentage points
Total	4,638,804,042.98	3,709,265,385.35	20.04%	(1.98%)	4.55%	Decreased by 4.99 percentage points

Items	Operating revenue	Operating costs	Gross profit rate	Change in operating revenue as compared to the same period last year	Change in operating costs as compared to the same period last year	Change in gross profit rate as compared to the same period last year
By product						
Antipyretic and analgesic active pharmaceutical ingredients	1,489,371,455.93	937,447,707.60	37.06%	(3.76%)	(6.31%)	Increased by 1.72 percentage points
Preparations such as tablets, injections, capsules etc.	2,057,915,530.85	1,676,918,880.50	18.51%	(9.01%)	1.93%	Decreased by 8.75 percentage points
Medical intermediates and others	1,091,517,056.20	1,094,898,797.25	(0.31%)	18.24%	21.37%	Decreased by 2.59 percentage points
Total	4,638,804,042.98	3,709,265,385.35	20.04%	(1.98%)	4.55%	Decreased by 4.99 percentage points
By geographical location						
PRC (including Hong Kong)	3,550,830,971.11	2,825,903,096.05	20.42%	(0.87%)	7.31%	Decreased by 6.07 percentage points
Americas	435,746,784.80	366,944,898.84	15.79%	0.49%	6.33%	Decreased by 4.63 percentage points
Europe	401,448,595.07	284,925,176.13	29.03%	(20.20%)	(24.81%)	Increased by 4.36 percentage points
Others	250,777,692.00	231,492,214.33	7.69%	17.37%	21.46%	Decreased by 3.11 percentage points
Total	4,638,804,042.98	3,709,265,385.35	20.04%	(1.98%)	4.55%	Decreased by 4.99 percentage points
By sales model						
Direct selling	1,464,957,469.41	1,244,296,053.85	15.06%	(5.77%)	8.47%	Decreased by 11.15 percentage points
Distribution selling	3,173,846,573.57	2,464,969,331.50	22.33%	(0.13%)	2.67%	Decreased by 2.12 percentage points
Total	4,638,804,042.98	3,709,265,385.35	20.04%	(1.98%)	4.55%	Decreased by 4.99 percentage points

Analysis of profit composition as compared to 2024 is as follows:

Items	Amount (RMB Yuan)		Percentage of the total profit (%)	
	Six months ended 30 June 2025 (unaudited)	2024 (audited)	Six months ended 30 June 2025 (unaudited)	2024 (audited)
Operating profits	264,247,207.11	534,370,670.27	100.27	100.13
Net non-operating revenue	(720,009.03)	(717,246.95)	(0.27)	(0.13)
Total profits	263,527,198.08	533,653,423.32	100.00	100.00

There was no significant change in the profit composition in the Reporting Period compared to the same period in the previous year.

Liquidity and analysis of financial resources and capital structure

As at 30 June 2025, the Group's (i) current ratio was 126.64%; (ii) the quick ratio was 87.66%; and (iii) the turnover rate of accounts receivable (calculated as annualized operating revenue / average net accounts receivable $\times$ 100%) and the rate of inventory turnover (calculated as annualized operating costs / average net inventories $\times$ 100%) were 944.69% and 593.06% respectively.

The group's current ratio decreased compared with the end of last year, mainly due to changes in the Group's debt structure; the quick ratio was basically flat compared with the end of last year, and the group's capital demand did not have obvious seasonal patterns.

The Group's main sources of funds were loans and operating profits. As at 30 June 2025, the Group's total borrowing amounted to RMB 1,449,388,000. As at 30 June 2025, the Group's monetary funds amounted to RMB 1,275,011,000. The Group is in good credit condition and has sufficient bank credit line available to meet the demand for working capital.

As of June 30, 2025, the Company and its subsidiaries have allocated RMB 78,762,000 and RMB 22,402,000 respectively as bank acceptance bill margin deposits. The subsidiaries have also utilized RMB 10,017,000 in restricted funds such as time deposits. The Group's receivable notes amount to RMB 25,686,000 and accounts receivable total RMB 2,434,000, both remaining unconfirmed. Apart from these, the Group holds no other collateral assets.

The Group did not have any material investment, acquisitions or any disposals of assets during the Reporting Period.

The breakdown of the Group's results is set out in the section headed "Analysis of financial conditions and operating results in accordance with CASBE".

As at 30 June 2025, the number of the Group's employees was 7,159. The total employee salaries in the first half of 2025 amounted to RMB 378,972,000.

As at 30 June 2025, the Group's asset-liability ratio (i.e., total liabilities / total assets $\times$ 100%) was 41.92%.

The Group's current bank deposits will mainly be used as working capital for project construction, production and operation.

As at 30 June 2025, the Group had a gross gearing ratio (i.e., gross liabilities divided by adjusted capital) of 28.27%, and a net gearing ratio (i.e., net liabilities divided by adjusted capital) of 3.40%. For this purpose, "gross liabilities" is defined as total borrowings and "net liabilities" is defined as total borrowings less cash and cash equivalents, and "adjusted capital" is defined as all components of equity attributable to Shareholders, other than designated reserves.

The Group's assets and liabilities were recorded in RMB. In the first half of 2025, the Group recorded export revenue in the amount of USD 152,475,000, which exposed the Group to the risks associated with exchange rate fluctuations. Therefore, the Group has taken the following major measures to lower the risks of exchange rate fluctuations: (1) the Group will adequately consider the impact of exchange rate fluctuations when signing sales contracts for export business, and set settlement price reasonably; (2) the Group will promote cross-border RMB settlement and increase the proportion of RMB settlement in its export business; and (3) the Group will pay close attention to changes in exchange rates, settle foreign exchange in a timely manner, and properly control the scale of foreign currency assets and liabilities.

VII. IMPORTANT MATTERS

Save as disclosed herein:

1. The Company has generally complied with PRC regulatory documents concerning corporate governance applicable to listed companies.
2. The Plan for Profit Distribution for Year 2024 has been approved at the annual general meeting of the Company for the year 2024.
3. The Board recommends not to distribute dividends for the first half of 2025, not to give bonus shares, and not to implement capitalization of public capital reserves.

The half-year dividend plan for 2024 as follows: a half-year dividend of RMB0.25 per 10 Shares for 2024 will be paid to all Shareholders based on the total issued share capital of the Company of 682,407,635 shares. No bonus shares will be paid out, or no capitalization from capital reserves has been implemented.

4. The Group was not involved in any material litigation or arbitration, whether pending or threatened during the Reporting Period.
5. Save as disclosed under the section headed “Liquidity and analysis of financial resources and capital structure”, the Group did not have any material acquisitions or disposals of assets or mergers during the Reporting Period.
6. During the Reporting Period, the Group did not have nor entered into any trust, escrow or contracting arrangements concerning the assets of the Group or that of other companies. During the Reporting Period, the Group leased assets with a value of RMB 3,159,000 from other companies; and other companies leased assets in the amount of RMB 30,214,000 from the Group.
7. The independent opinion and directions of the independent non-executive Directors in respect of the use of funds from related parties and status of external guarantees are as follows:

During the Reporting Period, there was no appropriation of the Company’s funds for non-operating uses by the controlling Shareholder and other related parties.

The Company did not provide any guarantee in favor of the controlling Shareholder, non-legal entities or individuals, and did not prejudice the interests of the Company and its Shareholders (in particular the minority Shareholders). As of 30 June 2025, the Company did not provide any external guarantee in connection with overdue debt and the Company did not have any liability arising from any guarantee as a result of the default of a guaranteed party.

8. The Company issued 37,091,988 ordinary Shares to a specific target, Hualu Investment Development Co., Ltd., through a non-public offering, which were released from lock up and listed for circulation on 14 April 2025. For details, please refer to the Reminder Announcement of No. 2025-19 on the Release of Restricted Shares for Non Public Issuance of A-shares for Listing and Circulation dated 10 April 2025 on the website (www.cninfo.com.cn).

9. Disclosures that the Company or Shareholders holding more than 5% of the total number of issued shares has/have committed to make:

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
Undertaking made on initial public offering or refinancing	HHC	Other	1. Within six months before the price determination date for the non-public issuance of A Shares of the Company (the announcement date of the resolution of the second extraordinary meeting of the 10th session of the Board of Directors of the Company in 2021), HHC and its concert parties shall not reduce their shareholding in the Company. 2. HHC does not have any plan for the reduction its shareholding in the Company within six months after the completion of the non-public issuance of A Shares from the price determination date for the non-public issuance of A Shares. 3. HHC undertakes to strictly comply with the laws and regulations including the Securities Law of the People's Republic of China, Management Measures on Takeover of Listed Companies and the relevant regulations of the stock exchanges of the places where the shares of HHC are listed in connection with any reduction in its shares and to perform relevant information disclosure obligations concerning any changes in rights and interests. 4. If HHC violates the above-mentioned commitment and reduced its shareholding, HHC undertakes that all the proceeds from the reduction shall be owned by the Company and HHC shall bear all legal liabilities and consequences arising therefrom.	9 August 2021	Long-term	In progress
	HHC	Business competition	1. There shall be no business competition between HHC and other enterprises controlled by HHC and the Company. 2. At all times when HHC is the controlling shareholder of the Company, HHC shall take necessary and possible measures in accordance with the law to avoid business or activities that are in competition or in conflict with the interest of the principal business of the Company, and shall procure other enterprises controlled by HHC to avoid business or activities that are in competition and conflict of interest with the principal business of the Company. 3. When HHC and other enterprises controlled by HHC intend to carry out new business, investment and research that may compete with the principal business of the Company, HHC shall promptly notify the Company, and the Company will have priority to develop and participate in the project. HHC shall use best endeavors to ensure that the terms of relevant transactions are fair and reasonable and on normal commercial terms with independent third parties. HHC has the ability to fulfill the above commitments. The letter of commitment took effect from the time it was signed by HHC and shall remain valid during the period when HHC has control over the Company.	9 August 2021	Long-term	In progress

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
	HHC	Other	- HHC undertakes not to act beyond its powers to interfere with the Company's operating and management activities or misappropriate the Company's interests. - From the date of issuance of the undertaking to the completion of the Company's non-public issuance of A Shares, if the State and securities regulatory authorities make other new regulatory requirements on measures for listed companies to compensate the diluted current returns, and the undertaking cannot meet the requirements of the State and securities regulations, HHC promises to issue an undertaking in accordance with the latest regulations of the State and securities regulatory authorities. - HHC undertakes to take relevant measures to compensate for the diluted current returns formulated by the Company and fulfill this undertaking. If any loss is caused to the Company or investors due to the breach of this undertaking or the refusal to fulfill this undertaking, HHC is willing to assume the corresponding liability and compensate the losses in accordance with the law.	14 April 2021	Long-term	In progress
	HHC	Commitment on industry competition, related transactions and capital occupation	- HHC shall not use the voting rights attached to its shares in the Company to manipulate the general meeting of shareholders of the Company; nor instruct the Company or its directors, supervisors or senior management personnel to cause the Company to provide or accept funds, commodities, services or other assets on unfair terms; nor engage in any conduct prejudicial to the interests of the Company and shareholders holding less than 5% of the Company's shares. - HHC and other companies, enterprises and entities controlled by HHC shall follow the principles of equality, altruism, fair value and fair compensation when conducting transactions with the Company and its controlled subsidiaries, ensure the fairness of transactions, and safeguard the legitimate rights and interests of the Company. The Company shall perform deliberation procedures and make timely disclosure in accordance with laws, administrative regulations, relevant provisions of China Securities Regulatory Commission and domestic stock exchanges, and the Company's articles of association in effect at that time.	25 June 2021	Long-term	In progress

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
	The Company	Other	- From 1 January 2018 to the date of issuance of the undertaking: except for the “Jinding Huajun” developed by Xinhua (Zibo) Real Estate Co., Ltd.* (hereinafter referred to as “Xinhua Real Estate”), neither the Company nor any of its subsidiaries within the scope of its consolidated statements had engaged in real estate development and operation. - Subject to the government’s land supply and other issues, in 2019, the Party Committee of the Company resolved to reserve no more than 80 houses of the “Jinding Huajun” developed by Xinhua Real Estate as apartments for its experts and talents. Xinhua Real Estate canceled its qualification certificate as a real estate development enterprise on 29 June 2021, and its business scope changed on 5 July 2021 which no longer included real estate development and operation business. On 1 August 2021, the executive directors of Xinhua Real Estate resolved to approve the remaining units of the completed properties to be used as apartments for its experts and talents in accordance with the preliminary planning, and no longer be sold to external parties. On 16 December 2021, the general manager office of the Company resolved to approve the specific use plan. The Company and its subsidiaries will not use the commodity housing pre-sale permit to engage in the pre-sale and sale of properties and other related businesses. - Upon completion of the above clearance work, the Company and the enterprises controlled by the Company will no longer apply for the relevant business qualifications for real estate development and operation, and will no longer engage in real estate development and operation business in the future. - Upon implementation of subsequent procedural matters, Xinhua Real Estate will focus on the management of self-owned real estate properties, or initiate liquidation and cancellation procedures to ensure that it will no longer engage in real estate development and operation business. - The Company shall use the proceeds from the issuance in strict compliance with laws and regulations and the requirements of regulatory authorities, and will not use the proceeds from the issuance for real estate development and operation. - If relevant laws and regulations or regulatory authorities have other requirements for the Company to clean up the real estate development and operation business, the Company will strictly comply with relevant regulations and requirements. - The Company will strictly comply with the above undertakings and agree to bear the legal responsibility for breach of the undertakings.	20 December 2021	Long-term	In progress

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
	The Company	Other	1. The Company will urge Xinhua Real Estate to proceed with the building ownership registration of the “Jinding Huajun” to ensure that Xinhua Real Estate will assist and cooperate with the purchaser to complete the building ownership registration in strict accordance with the provisions of the commodity housing sale and purchase contract. 2. In the event that the sold-out houses of the “Jinding Huajun” items are returned, Xinhua Real Estate will change such houses into self-owning in accordance with the preliminary planning and internal resolution, which will be included in the Company’s expert and talent apartment plan and will not be sold to external parties. The Company will make supplemental arrangements for the properties in accordance with the specific implementation plan of the talent apartment plan. 3. In the event of future controversies or disputes in relation to the “Jinding Huajun” items, the Company will urge Xinhua Real Estate to properly handle the disputes in accordance with the provisions of relevant laws and regulations and the agreement of the commodity housing sale and purchase contract, and assist Xinhua Real Estate in implementing the relevant risk response mechanism.	24 December 2021	Long-term	In progress
	Xinhua Real Estate	Other	1. Xinhua Real Estate shall actively promote the building ownership registration of the “Jinding Huajun” items without illegal impediment and to obtain the building ownership certificate. Xinhua Real Estate will strictly comply with the provisions of the commodity housing sale and purchase contract, assist and cooperate with the purchaser in the registration of the transfer of building ownership. 2. In the event that the sold houses of the “Jinding Huajun” items are returned, Xinhua Real Estate will transfer such houses to being self-owned according to the preliminary planning and internal resolution, which will be included in the Xinhua Real Estate’s expert and talent apartment plan and will not be sold to external parties. 3. In the event of future disputes or disputes in relation to the “Jinding Huajun” items, Xinhua Real Estate will properly handle the disputes in accordance with the provisions of relevant laws and regulations and the agreement of the commodity housing sale and purchase contract. Xinhua Real Estate has formulated relevant risk response mechanism, including but not limited to setting up internal risk control specialists, and promptly reporting controversies or disputes to take specific countermeasures when they occur or may occur, and if necessary, Xinhua Real Estate will engage professional external agencies to assist in the handling.	24 December 2021	Long-term	In progress

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
	Zhang Daiming Du Deping Xu Lie He Tongqing Cong Kechun Pan Guangcheng Zhu Jianwei Lo Wah Wai Wang Xiaolong Du Deqing Hou Ning Zheng Zhouhui Wei Changsheng Xu Wenhui Cao Changqiu	Other	- Undertake not to transfer benefits received to other entities or individuals at nil consideration or on unfair terms, nor otherwise damage the interests of the Company. - Undertake to restrain his/her consumption and expenditures in discharge of duties. - Undertake not to use the assets of the Company for investment and consumption activities unrelated to the performance of his/her duties. - Undertake that the remuneration system formulated by the Board or the Remuneration Committee will be linked to the implementation of the Company's remedial measures for diluted current returns. - If the Company implements equity incentives in the future, undertake that the exercise conditions of the equity incentives will be linked to the implementation of the Company's remedial measures for returns. (From the date of this undertaking to the completion of the non-public issuance of A Shares of the Company, if the State and securities regulatory authorities impose other new regulatory requirements on the remedial measures for the dilution of immediate returns by listed companies, and this undertaking fails to meet such requirements of the State and securities regulatory authorities) undertake to make specific commitments in accordance with the latest requirements of the State and securities regulatory authorities at that time. - As one of the responsible parties for the remedial measures, if violate or refuse to perform the undertakings, agree that the State or securities regulatory authorities shall impose relevant penalties or take relevant regulatory measures on me in accordance with the relevant regulations and rules formulated or issued by them.	14 July 2021	Long-term	In progress

*Xinhua (Zibo) Real Estate Co., Ltd. had been renamed Ronghua (Zibo) Property Services Co., Ltd. and absorbed and merged by Xinhua Pharmaceutical.

10. Purchase, sale and redemption of shares:

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Reporting Period.

11. Entrusted management of funds

During the Reporting Period, the Company has not proceeded with any entrusted management of funds. There was no entrusted management of funds that was made before the Reporting Period and was carried over to the Reporting Period.

12. Information on the equity interest in financial institutions (in RMB Yuan):

Stock Code	Stock short name	Initial investment amount	Proportion of equity interest in investee	Book value at the end of the Reporting Period	Profit/loss over the Reporting Period	Change in shareholder's equity over the Reporting Period
601328	BANKCOMM	14,225,318.00	0.01%	65,753,600.00	1,619,182.40	1,606,853.60
601601	China Pacific Insurance	7,000,000.00	0.05%	187,550,000.00	5,400,000.00	14,577,500.00
Total		21,225,318.00		253,303,600.00	7,019,182.40	16,184,353.60

13. There was no penalty or remedial action imposed on the Group during the Reporting Period.
14. Please refer to the Company's announcements dated 27 April and 15 May 2025 on the website (www.cninfo.com.cn) for the details of Investor Relations management Information of Xinhua Pharmaceutical.
15. The Group had no material contingent liabilities as at 30 June 2025.
16. On 14 January 2025, 7.3689 million stock options that have been exercised during the second exercise period of the initial grant of the Company's A share stock option incentive plan in 2021 have been registered and listed for circulation respectively. For details, please refer to the overseas regulatory announcement of the Company dated 9 January 2025, and announcement on the website (www.cninfo.com.cn) on and before 10 January 2025.
17. During the Reporting Period, there was no forfeited contribution (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) under the defined contribution plans of the Group which may be used by the Group to reduce the existing level of contributions.
18. There are no prior period adjustments due to correction of material errors in relation to the financial results of the Group during the Reporting Period.
19. For details of the accounting policy changes reviewed by the Group during this reporting period, please refer to the Announcement on Accounting Policy Changes numbered 2025-17 on March 31, 2025 on the website of Juchao Information.
20. Save as disclosed in this announcement, there were no other significant events or material changes affecting the Company and its subsidiaries after the Reporting Period up to the date of this announcement.

VIII. CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors confirmed that the Company was in compliance with the Corporate Governance Code (the “Code”) and has not deviated from the Code during the Reporting Period. The Code includes the provisions contained in Part 2 of Appendix C1 to the Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee under the Board in accordance with Rule 3.21 of the Listing Rules.

The audit committee along with the management of the Company has reviewed the accounting standards, accounting treatments, principles and methods adopted by the Group, and considered matters regarding auditing, internal control and financial reporting; the audit committee has reviewed the unaudited interim accounts and results for the six months ended 30 June 2025.

The audit committee agreed to the accounting standards, accounting treatments, principles and methods adopted by the Group for the unaudited interim accounts and results for the six months ended 30 June 2025 and that sufficient disclosures have been made.

REMUNERATION AND EXAMINATION COMMITTEE

During the Reporting Period, there are no material matters relating to share schemes mentioned in Chapter 17 of the Listing Rules that were reviewed and/or approved by the Remuneration Committee and the Company did not have matters relating to any grants of options or awards to the Directors or Senior Management of the Company as set out in Rule 17.03(F) and Rules 17.06B(7) and (8) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of independent non-executive Directors and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four independent non-executive Directors including one female member with financial management expertise, of whom the biographical details were set out in the 2024 Annual Report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

During the Reporting Period, the Company has maintained a code of conduct regarding transactions by Directors on terms no less exacting than the required standards set out in the Model Code. After having made specific enquiries to the Directors and the Supervisors, the Company confirms that during the Reporting Period, all Directors and Supervisors have complied with the required standard set out in the Model Code in relation to securities transactions and there were no instances of non-compliance with the Model Code.

IX. FINANCIAL REPORTS PREPARED IN ACCORDANCE WITH CASBE

Consolidated Balance Sheet

		Unit: RMB Yuan	
Assets	Notes	30 June 2025 (unaudited)	31 December 2024 (audited)
Current assets:			
Monetary funds		1,275,011,109.26	1,245,022,873.47
Notes receivable		40,854,404.70	40,915,665.41
Accounts receivable	3	1,095,964,861.83	868,204,001.79
Receivables financing		240,664,014.73	210,085,781.65
Prepayments		48,729,404.72	33,378,429.50
Other accounts receivable	4	17,937,300.70	9,501,094.17
Including: Dividends receivable		5,400,000.00	1,495,894.40
Inventories		1,228,936,025.50	1,272,856,947.10
Contact assets		286,277.52	439,963.12
Other current assets		43,703,252.04	46,435,406.70
Total current assets		3,992,086,651.00	3,726,840,162.91
Non-current assets:			
Long-term equity investment		57,590,319.83	58,730,419.65
Other equity instrument investment		265,305,975.48	247,694,480.94
Investment real estate		30,213,992.72	31,797,104.69
Fixed assets		3,542,376,410.38	3,511,461,272.20
Projects under construction		695,988,166.39	781,095,104.92
Right-of-use assets		3,159,011.69	3,086,649.43
Intangible assets		542,570,073.69	565,037,971.63
Development expenditure		7,075,471.70	-
Long-term unamortized expenses		7,693,919.94	9,985,697.02
Deferred income tax assets		18,278,099.87	24,920,511.29
Other non-current assets		75,315,694.63	58,952,192.85
Total non-current assets		5,245,567,136.32	5,292,761,404.62
Total assets		9,237,653,787.32	9,019,601,567.53

Consolidated Balance Sheet (Continued)

Unit: RMB Yuan

Liabilities and Shareholders' Equity	Notes	30 June 2025 (unaudited)	31 December 2024 (audited)
Current liabilities:			
Short-term borrowing		252,925,995.11	580,155,616.42
Notes payable		534,481,204.40	444,139,945.47
Accounts payable	5	786,613,407.52	714,539,658.65
Contract liability		59,783,672.70	96,837,598.29
Payroll payable	6	35,889,415.31	73,108,770.91
Taxes and dues payable		33,404,035.88	23,704,353.06
Other payables		708,332,192.20	507,637,306.85
Including: Dividends payable		177,754,733.28	14,292,599.53
Non-current liabilities due within one year		706,316,828.87	313,667,062.97
Other current liabilities		34,446,293.89	41,823,799.77
Total current liabilities		3,152,193,045.88	2,795,614,112.39
Non-current liabilities:			
Long-term borrowings		490,319,527.08	771,540,739.20
Lease liabilities		1,432,596.27	1,105,117.40
Long-term payables		23,500,000.00	21,500,000.00
Deferred income		77,755,960.85	83,245,913.19
Deferred income tax liabilities		123,898,631.67	122,533,768.01
Other non-current liabilities		3,561,500.00	6,561,500.00
Total non-current liabilities		720,468,215.87	1,006,487,037.80
Total liabilities		3,872,661,261.75	3,802,101,150.19
Shareholders' equity:			
Capital Stock		689,776,535.00	682,407,635.00
Capital reserve	7	1,199,765,410.64	1,144,555,095.24
Other comprehensive income	8	184,250,475.27	169,597,400.06
Special reserve		12,877,284.97	6,267,199.72
Surplus reserve		438,326,844.39	438,326,844.39
Undistributed profits	9	2,601,746,747.05	2,550,434,350.37
Total equity attributable to the shareholders of parent company		5,126,743,297.32	4,991,588,524.78
Minority shareholders' equity		238,249,228.25	225,911,892.56
Total shareholders' equity		5,364,992,525.57	5,217,500,417.34
Total of liabilities and shareholders' equity		9,237,653,787.32	9,019,601,567.53

Consolidated Income Statement

Unit: RMB Yuan

Six months ended 30 June

Item	Notes	2025(unaudited)	2024(unaudited)
I Gross revenue	10	4,638,804,042.98	4,732,481,467.24
Including: Operating revenue		4,638,804,042.98	4,732,481,467.24
II Total operating costs		4,343,477,881.12	4,414,193,942.13
Including: Operating costs	10	3,709,265,385.35	3,547,931,805.24
Taxes and surcharges	11	34,201,506.79	36,899,978.55
Selling expenses		172,609,904.66	403,565,129.41
Administration expenses		215,097,968.70	181,073,486.83
R&D cost		202,425,169.04	243,105,634.20
Financial expenses		9,877,946.58	1,617,907.90
Including: Interest expenses		21,449,091.61	17,868,283.95
Interest income		4,546,837.79	4,581,339.55
Add: Other income		20,754,218.59	35,032,548.75
Investment income (losses to be listed with brackets)		5,879,082.58	9,516,606.83
Including: Investment return from associated corporations and joint ventures (losses to be listed with brackets)		(1,140,099.82)	1,334,406.83
Credit impairment loss (losses to be listed with brackets)		(9,135,931.30)	(8,193,415.41)
Assets impairment loss (losses to be listed with brackets)	12	(50,287,533.79)	(48,313,538.64)
Gains from asset disposal (losses to be listed with brackets)		1,711,209.17	1,240,258.42
III Operating profits (losses to be listed with brackets)		264,247,207.11	307,569,985.06
Add: non-operating revenue		2,897,371.44	326,560.85
Less: non-operating expenditure		3,617,380.47	4,532,708.22
IV Total profits (total loss to be listed with brackets)		263,527,198.08	303,363,837.69
Less: income tax expenses	13	32,358,726.29	30,597,489.83
V Net profits (net loss to be listed with brackets)		231,168,471.79	272,766,347.86
(I) According to operation continuity			
1. Net profits from continued operations (net losses to be listed in brackets)		231,168,471.79	272,766,347.86
2. Net profits from discontinued operations (net losses to be listed in brackets)		-	-
(II) According to ownership			
1. Net profits attributable to shareholders of parent company		223,756,530.43	265,404,417.68
2. Minority interest in profit or loss		7,411,941.36	7,361,930.18
VI Net amount of other comprehensive income after tax		14,538,742.98	27,326,906.39
Net amount of other comprehensive income after tax attributable to the shareholders of parent company		14,653,075.21	27,600,823.60
(I) Other comprehensive income not subject to reclassification into profit or loss		14,969,770.36	27,972,212.08
Changes in fair value of other equity instruments investment		14,969,770.36	27,972,212.08
(II) Other comprehensive income to be reclassified into profit or loss		(316,695.15)	(371,388.48)
Conversion difference of foreign currency statement		(316,695.15)	(371,388.48)
Net amount of other comprehensive income after tax attributable to the minority shareholders		(114,332.23)	(273,917.21)
VII Total comprehensive income		245,707,214.77	300,093,254.25
Total comprehensive income attributable to the shareholders of parent company		238,409,605.64	293,005,241.28
Total comprehensive income attributable to the minority shareholders		7,297,609.13	7,088,012.97
VIII Earnings per share:	14		
(I) Basic earnings per share		0.32	0.39
(II) Diluted earnings per share		0.32	0.38

SUMMARY NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

NOTES:

1. Preparation basis of the financial statements

Preparation basis

The financial statements of the Company have been prepared on a going-concern basis, based on transactions and items that have actually occurred and in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and other relevant regulations (hereinafter referred to as “ASBE”), and the disclosure requirements stipulated under the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 — General Rules on Financial Reporting* (2023 revised) issued by the China Securities Regulatory Commission and related provisions, relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules, and the Company’s accounting policies and accounting estimates.

Going concern

The Group has evaluated its ability to continue operating for 12 months from the end of the Reporting Period and has not found any matter or situation raising significant doubts of its ability to operate as a going concern. Accordingly, the financial statements are prepared on a going concern basis.

2. Segment information

(a) Description of segments

The Group determines business segments based on the structure of internal organization, management requirements and internal reporting system and determines reporting segments for disclosure purposes based on business segments. Business segment refers to each different business unit within the Group which satisfies the following conditions: (1) the business unit should be able to generate income and incur expenses in its regular operation; (2) the management of the Group would be able to evaluate the operating results of such business unit at regular intervals so as to decide resources allocation and conduct performance evaluation; (3) the Company would be able to obtain the relevant accounting information of such business unit, such as financial position, operating results and cash flow. If two or more business units share similar economic characteristics and meet certain conditions, these business segments would be merged into one business segment.

The Group’s reporting segments are as follows:

Chemical bulk drugs	Development, production and sales of chemical bulk drugs
Preparations	Development, production and sales of preparations (e.g. tablets and injections)
Medical intermediate and other products	Production and sales of medical intermediate and other products

Information regarding the above mentioned segments is set out below.

(b) Segment information for six months ended 30 June 2025 and six months ended 30 June 2024 are as follows (unaudited):

Six months ended 30 June 2025 and As at 30 June 2025(unaudited)

Unit: RMB Yuan

Item	Chemical bulk drugs	Preparations	Medical intermediate and other products	Unallocated	Offset	Total
Operating revenue	1,494,428,514.78	2,554,579,769.29	1,651,990,017.75		(1,062,194,258.84)	4,638,804,042.98
Include : Revenue from external customers	1,489,371,455.93	2,057,915,530.85	1,091,517,056.20			4,638,804,042.98
Inter-segment transaction income	5,057,058.85	496,664,238.44	560,472,961.55		(1,062,194,258.84)	
Operating costs	1,034,911,989.50	2,192,907,493.09	1,558,509,595.63		(1,077,063,692.87)	3,709,265,385.35
Include : External transaction cost	937,447,707.60	1,676,918,880.50	1,094,898,797.25			3,709,265,385.35
Inter segment transaction cost	97,464,281.90	515,988,612.59	463,610,798.38		(1,077,063,692.87)	
Expenses for the period	187,229,752.22	251,438,857.97	45,290,680.15	116,482,632.31	(430,933.67)	600,010,988.98
Total operating profit(total loss)	320,510,416.62	102,684,616.64	(70,159,791.08)	(89,849,331.14)	1,061,296.07	264,247,207.11
Total assets	3,566,716,921.31	4,024,201,712.95	1,772,293,876.78	2,092,785,181.65	(2,218,343,905.37)	9,237,653,787.32
Total liabilities	1,099,955,766.13	1,860,713,507.61	674,234,038.47	1,678,791,694.27	(1,441,033,744.73)	3,872,661,261.75

Six months ended 30 June 2024(unaudited) and As at 31 December 2024(audited)

Unit: RMB Yuan

Item	<u>Chemical bulk drugs</u>	<u>Preparations</u>	<u>Medical intermediate and other products</u>	<u>Unallocated</u>	<u>Offset</u>	<u>Total</u>
Operating revenue	1,552,557,230.09	2,770,441,232.69	1,376,146,170.73	-	(966,663,166.27)	4,732,481,467.24
Include : Revenue from external customers	1,547,528,345.16	2,261,818,403.94	923,134,718.14	-	-	4,732,481,467.24
Inter-segment transaction income	5,028,884.93	508,622,828.75	453,011,452.59	-	(966,663,166.27)	
Operating costs	1,087,037,699.67	2,165,425,585.82	1,272,806,817.02	-	(977,338,297.27)	3,547,931,805.24
Include : External transaction cost	1,000,611,722.71	1,645,196,746.51	902,123,336.02	-	-	3,547,931,805.24
Inter segment transaction cost	86,425,976.96	520,228,839.31	370,683,481.00	-	(977,338,297.27)	-
Expenses for the period	172,171,316.90	479,650,641.84	46,088,506.81	132,026,467.43	(574,774.64)	829,362,158.34
Total operating profit(total loss)	335,196,130.30	99,726,666.35	(45,946,903.34)	(78,506,707.25)	(2,899,201.00)	307,569,985.06
Total assets	3,516,564,593.73	3,917,873,307.10	1,621,764,972.17	2,031,517,956.88	(2,068,119,262.35)	9,019,601,567.53
Total liabilities	1,076,939,638.32	1,794,436,353.60	550,825,250.15	1,671,794,970.63	(1,291,895,062.51)	3,802,101,150.19

3. Accounts receivable

Item	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan(unaudited)	RMB Yuan(audited)
Accounts receivable	1,144,225,267.85	908,057,487.07
Less: provision for bad debts for accounts receivable	<u>48,260,406.02</u>	<u>39,853,485.28</u>
Total	<u>1,095,964,861.83</u>	<u>868,204,001.79</u>

Ageing analysis of accounts receivable based on transaction date is as follows:

Account age	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan(unaudited)	RMB Yuan(audited)
0-1 year (including 1 year)	1,085,634,064.99	862,843,801.59
Over 1 year to 2 years (including 2 years)	10,249,413.86	5,359,642.16
Over 2 year to 3 years (including 3 years)	<u>81,382.98</u>	<u>558.04</u>
Total	<u>1,095,964,861.83</u>	<u>868,204,001.79</u>

4. Other accounts receivable

Item	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan (unaudited)	RMB Yuan (audited)
Other accounts receivable	28,613,587.01	19,457,143.41
Less: provision for bad debts of other accounts receivable	<u>10,676,286.31</u>	<u>9,956,049.24</u>
Total	<u>17,937,300.70</u>	<u>9,501,094.17</u>

Ageing analysis of other receivables based on transaction date is as follows:

Account age	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan (unaudited)	RMB Yuan (audited)
0-1 year (including 1 year)	16,687,303.90	7,987,658.81
Over 1 year to 2 years (including 2 years)	1,021,006.95	1,101,319.73
Over 2 years to 3 years (including 3 years)	<u>228,989.85</u>	<u>412,115.63</u>
Total	<u>17,937,300.70</u>	<u>9,501,094.17</u>

5. Accounts payable

Item	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan (unaudited)	RMB Yuan (audited)
Payment for goods	<u>786,613,407.52</u>	<u>714,539,658.65</u>
Total	<u>786,613,407.52</u>	<u>714,539,658.65</u>

Ageing analysis of accounts payable based on transaction date is as follows:

Account age	<u>30 June 2025</u>	<u>31 December 2024</u>
	RMB Yuan (unaudited)	RMB Yuan (audited)
0-1 year (including 1 year)	754,786,554.76	691,498,845.36
Over 1 year to 2 years (including 2 years)	23,311,323.02	11,086,959.72
Over 2 years to 3 years (including 3 years)	2,490,834.45	4,229,049.44
Over 3 years	<u>6,024,695.29</u>	<u>7,724,804.13</u>
Total	<u>786,613,407.52</u>	<u>714,539,658.65</u>

6. Payroll payable

(1) Classification of payroll payable

Item	<u>31 December 2024</u>	<u>Increase during the first half of 2025</u>	<u>Decrease during the first half of 2025</u>	<u>30 June 2025</u>
	RMB Yuan (audited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Short-term remuneration	73,108,770.91	439,686,540.60	476,905,896.20	35,889,415.31
Post-employment welfare - Defined contribution plan	-	57,911,248.27	57,911,248.27	-
Termination benefits	-	62,142.92	62,142.92	-
Total	<u>73,108,770.91</u>	<u>497,659,931.79</u>	<u>534,879,287.39</u>	<u>35,889,415.31</u>

(2) Short-term remuneration

Item	<u>31 December 2024</u>	<u>Increase during the first half of 2025</u>	<u>Decrease during the first half of 2025</u>	<u>30 June 2025</u>
	RMB Yuan (audited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Salaries, bonuses, allowances and subsidies	69,005,400.83	340,890,110.76	378,971,893.81	30,923,617.78
Employee welfare expenses	-	16,125,419.52	16,125,419.52	-
Social insurance premiums	-	30,374,764.26	30,374,764.26	-
Including: Medical insurance premiums	-	27,851,834.16	27,851,834.16	-
Work-related injury insurance premiums	-	2,522,930.10	2,522,930.10	-
Housing provident fund	-	31,922,236.50	31,922,236.50	-
Labour union expenditure & personnel education fund	4,095,370.08	7,746,605.49	6,876,178.04	4,965,797.53
Labour costs	<u>8,000.00</u>	<u>12,627,404.07</u>	<u>12,635,404.07</u>	-
Total	<u>73,108,770.91</u>	<u>439,686,540.60</u>	<u>476,905,896.20</u>	<u>35,889,415.31</u>

(3) Defined contribution plan

Item	<u>31 December 2024</u>	<u>Increase during the first half of 2025</u>	<u>Decrease during the first half of 2025</u>	<u>30 June 2025</u>
	RMB Yuan (audited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Basic endowment insurance	-	55,494,233.70	55,494,233.70	-
Unemployment insurance premium	-	<u>2,417,014.57</u>	<u>2,417,014.57</u>	-
Total	<u>-</u>	<u>57,911,248.27</u>	<u>57,911,248.27</u>	<u>-</u>

7. Capital reserve

Item	<u>31 December 2024</u>	<u>Increase during the first half of 2025</u>	<u>Decrease during the first half of 2025</u>	<u>30 June 2025</u>
	RMB Yuan (audited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Capital stock premium*	845,908,900.64	86,771,113.94	-	932,680,014.58
Other capital reserves**	<u>298,646,194.60</u>	<u>7,568,060.46</u>	<u>39,128,859.00</u>	<u>267,085,396.06</u>
Total	<u>1,144,555,095.24</u>	<u>94,339,174.40</u>	<u>39,128,859.00</u>	<u>1,199,765,410.64</u>

*The capital stock premium increased by RMB86,771,113.94 in this period, of which the increase of RMB46,681,981.50 was due to the exercise of 7.3689 million stock options under the second exercise period of the initial grant of the 2021 A-share stock option incentive plan, the increase of RMB39,128,859.00 is due to the premium of other capital reserves converted into capital stock premium after the exercise of stock options and the increase of RMB960,273.44 is due to the capital increase of a minority shareholder of Shandong Xinhua Health Technology Co., Ltd.

**The increase in other capital reserves of RMB 7,568,060.46 in the current period was attributable to the expense of accrual of the equity instrument in accordance with the Company's 2021 A-share stock option incentive plan. The decrease of RMB39,128,859.00 in other capital reserves for the current period was attributable to the result of other capital reserves converted into capital stock premium following the exercise of stock options.

8. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	Amount incurred this period			30 June 2025 RMB Yuan(unaudited) (4) = (1) + (2) - (3)
	<u>31 December 2024</u> <u>RMB Yuan(audited)</u> (1)	<u>Attributable to the</u> <u>parent company</u> <u>after tax(RMB Yuan)</u> (2)	<u>Less: Amount recorded</u> <u>into other</u> <u>comprehensive</u> <u>income in previous</u> <u>period</u> <u>transferred to retained</u> <u>earnings(RMB Yuan)</u> (3)	
I. Other comprehensive income				
unable to be reclassified into	166,998,788.50	14,969,770.36	-	181,968,558.86
profit or loss in future				
Fair value variation of other equity instrument investments	166,998,788.50	14,969,770.36	-	181,968,558.86
II. Other comprehensive				
income to be reclassified into	2,598,611.56	(316,695.15)	-	2,281,916.41
profit or loss in future				
Conversion difference of financial statement in foreign currency	2,598,611.56	(316,695.15)	-	2,281,916.41
Total Other comprehensive income	<u>169,597,400.06</u>	<u>14,653,075.21</u>	<u>-</u>	<u>184,250,475.27</u>

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount incurred this period				Attributable to the parent company after tax (RMB Yuan) (5) = (1) - (2) - (3) - (4)
	<u>Income tax</u> <u>incurred this</u> <u>period(RMB Yuan)</u> (1)	<u>Less: Amount</u> <u>recorded</u> <u>into other</u> <u>comprehensive</u> <u>income in previous</u> <u>period</u> <u>transferred to profit</u> <u>or loss this</u> <u>year(RMB Yuan)</u> (2)	<u>Less: income</u> <u>tax</u> <u>expense(RMB</u> <u>Yuan)</u> (3)	<u>Less:</u> <u>Attributable</u> <u>to minority</u> <u>shareholders</u> <u>after tax</u> <u>(RMB Yuan)</u> (4)	
I. Other comprehensive					
income unable to be	17,611,494.54	-	2,641,724.18	-	14,969,770.36
reclassified into profit or loss					
in future					
Fair value variation of other equity instrument investments	17,611,494.54	-	2,641,724.18	-	14,969,770.36
II. Other comprehensive					
income to be reclassified into	(431,027.38)	-	-	(114,332.23)	(316,695.15)
profit or loss in future					
Conversion difference of financial statement in foreign currency	(431,027.38)	-	-	(114,332.23)	(316,695.15)
Total Other comprehensive income	<u>17,180,467.16</u>	<u>-</u>	<u>2,641,724.18</u>	<u>(114,332.23)</u>	<u>14,653,075.21</u>

9. Undistributed profits

Item	Six months ended 30 June 2025	Six months ended 30 June 2024
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Ending balance of previous year	2,550,434,350.37	2,305,438,893.92
Beginning balance of the current period	2,550,434,350.37	2,305,438,893.92
Add: Net profits attributable to the parent company's shareholders in the current period	223,756,530.43	265,404,417.68
Less: Common stock dividends payable	172,444,133.75	170,601,908.75
Ending balance of current period	<u>2,601,746,747.05</u>	<u>2,400,241,402.85</u>

10. Operating revenue and costs

(1) Operating revenue and costs

Item	<u>Six months ended 30 June 2025</u>		<u>Six months ended 30 June 2024</u>	
	RMB Yuan (unaudited)		RMB Yuan (unaudited)	
	Revenue	Cost	Revenue	Cost
Main operation	4,578,726,106.58	3,628,713,872.16	4,656,597,533.24	3,467,660,690.93
Other operation	<u>60,077,936.40</u>	<u>80,551,513.19</u>	<u>75,883,934.00</u>	<u>80,271,114.31</u>
Total	<u>4,638,804,042.98</u>	<u>3,709,265,385.35</u>	<u>4,732,481,467.24</u>	<u>3,547,931,805.24</u>

(2) Revenue from contracts

Classification of contract	Unit: RMB Yuan	
	<u>Six months ended 30 June 2025</u> Operating revenue (unaudited)	<u>Six months ended 30 June 2025</u> Operating costs (unaudited)
Commodity type		
Among : Chemical bulk drugs	1,489,371,455.93	937,447,707.60
Preparations	2,057,915,530.85	1,676,918,880.50
Medical intermediate and other products	<u>1,091,517,056.20</u>	<u>1,094,898,797.25</u>
Classification by operating regions		
Among : China (including Hong Kong)	3,550,830,971.11	2,825,903,096.05
Americas	435,746,784.80	366,944,898.84
Europe	401,448,595.07	284,925,176.13
Others	<u>250,777,692.00</u>	<u>231,492,214.33</u>
Classification by contract performance obligation		
Among : Recognition of revenue at a certain point in time	4,599,027,893.04	3,683,130,329.40
Recognition of revenue within a certain period	35,854,049.10	25,015,853.98
Rental income	<u>3,922,100.84</u>	<u>1,119,201.97</u>
Classification by sales model		
Among : Direct selling model	1,464,957,469.41	1,244,296,053.85
Distribution model	<u>3,173,846,573.57</u>	<u>2,464,969,331.50</u>
Total	<u>4,638,804,042.98</u>	<u>3,709,265,385.35</u>

(3) Information related to performance of contractual obligations

According to the contractual stipulations, the Group, being the principal responsible party, fulfills its obligations to supply goods in a timely manner in accordance with the categories and standards demanded by the customers. For sales contracts within the PRC, when the Group delivers the goods to the customer or the carrier, the contractual obligation is deemed to be fulfilled when the customer takes control of the relevant goods; for sales contracts outside the PRC territory, the contractual obligation is fulfilled when the goods are issued and shipped at the port of shipment and the customer takes control over the relevant goods.

The payment terms of different customers and products are different. Some sales of the Group are carried out in the form of advance receipts, while the rest of the sales are granted with a credit period of a certain duration.

(4) Information related to the transaction price allocated to remaining performance obligations

At the end of the Reporting Period, the amount of revenue where contracts were signed but unfulfilled or with uncompleted performance obligation was RMB59,783,672.70, and of this amount RMB47,846,018.37 is expected to be recognized within the next 1 year.

(5) The recognized income of the current period includes the amount of RMB73,220,979.50 which has been included in the contractual liabilities at the end of the previous year.

11. Taxes and surcharges

Item	Six months ended 30 June 2025	Six months ended 30 June 2024
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
City maintenance and construction tax	9,908,264.94	11,149,498.31
Property tax	11,146,442.92	9,882,353.38
Educational surcharges	7,074,124.31	8,005,188.95
Land use tax	2,383,350.59	4,692,143.75
Stamp duty	3,652,895.29	3,136,133.74
Vehicle and vessel use tax	36,428.74	34,660.42
Total	<u>34,201,506.79</u>	<u>36,899,978.55</u>

12. Assets impairment loss

Item	Six months ended 30 June 2025	Six months ended 30 June 2024
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Impairment loss of contract assets	193,664.40	211,281.86
Inventory impairment loss	(50,481,198.19)	(48,524,820.50)
Total	<u>(50,287,533.79)</u>	<u>(48,313,538.64)</u>

13. Income tax expenses

(1) Income tax expenses

Item	Six months ended 30 June 2025	Six months ended 30 June 2024
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
The current income tax calculated in accordance with the tax law and related regulations	17,068,653.22	11,979,103.13
-PRC enterprise income tax	17,058,890.57	11,979,078.01
-Hong Kong profits tax China	9,762.65	25.12
Deferred income tax expenses	5,365,550.90	18,530,636.24
Prior annual income tax adjustments	9,924,522.17	87,750.46
Total	<u>32,358,726.29</u>	<u>30,597,489.83</u>

(2) Adjustment process between accounting profits and income tax expenses

Item	Six months ended 30 June 2025
	RMB Yuan (unaudited)
Total consolidated profits for the current period	263,527,198.08
Income tax expenses calculated in accordance with statutory /applicable tax rate	39,529,079.71
Effect of different tax rate applicable to subsidiaries	4,758,272.81
Effect of adjusting income tax for the previous period	9,924,522.17
Effect of non-taxable income	(881,862.38)
Effect of using deductible losses from previously unrecognized deferred tax assets	(3,742,859.09)
Effect of deductible temporary difference or deductible loss of the unrecognized deferred income tax assets in the current year	370,882.61
Impact of super-deduction of research and development expenses	(17,599,309.54)
Income tax expenses	<u>32,358,726.29</u>

14. Earnings per share

(1) Basic earnings per share

The basic earnings per share was calculated by dividing the net profit attributable to the shareholders of the parent company, RMB 223,756,530.43 (the same period in 2024: RMB265,404,417.68) by the weighted average of outstanding ordinary shares issued by the Company of 689,247,277.00 shares (the same period in 2024: 681,813,420.00 shares).

Item	Six months ended 30 June 2025	Six months ended 30 June 2024
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Net profits attributable to shareholders of the parent company	223,756,530.43	265,404,417.68
Weighted average of outstanding ordinary shares issued by the Company	689,247,277.00	681,813,420.00
Basic earnings per share	0.32	0.39

(2) Diluted earnings per share

Diluted earnings per share is defined as net profit attributable to the shareholders of the parent company of RMB223,756,530.43 (the same period in 2024: RMB265,404,417.68) divided by the adjusted weighted average of the outstanding common shares of the Company of 691,262,120.00 (the same period in 2024: 691,232,723.00 shares).

The specific calculation of diluted earnings per share is as follows:

Item	<u>Six months ended 30 June 2025</u>	<u>Six months ended 30 June 2024</u>
	RMB Yuan (unaudited)	RMB Yuan (unaudited)
Net profit attributable to shareholders of the parent company	223,756,530.43	265,404,417.68
A weighted average of the company's outstanding common shares	689,247,277.00	681,813,420.00
Dilutive potential ordinary share	2,014,843.00	9,419,303.00
Adjusted weighted average of the company's outstanding common shares	691,262,120.00	691,232,723.00
Diluted earnings per share	0.32	0.38

15. Dividends

The Board has not recommended any interim dividend for the six months ended 30 June 2025 (the same period in 2024: RMB 0.25(tax-inclusive) per 10 shares in the issued share capital of the Company for the six months ended 30 June 2024).

Item	<u>2025</u>	<u>2024</u>
Dividends recognised as distribution in the current financial statements during the year:		
2023 final dividend: RMB 0.25 per share	-	170,601,908.75
2024 interim dividend: RMB 0.025 per share	-	17,060,190.88
2024 final dividend: RMB 0.25 per share*	<u>172,444,133.75</u>	<u>-</u>
Total	<u>172,444,133.75</u>	<u>187,662,099.63</u>

*The 2024 final dividend was paid in late July 2025.

X. DOCUMENTS AVAILABLE FOR INSPECTION AND PLACE FOR INSPECTION

(1) DOCUMENTS AVAILABLE FOR INSPECTION

- (i) The Company's 2025 interim results announcement signed by the chairman of the Board.
- (ii) Financial reports signed and stamped by the legal representative, the financial controller and the manager of the finance department of the Company.

(2) PLACE FOR INSPECTION

Office of the secretary to the Board of the Company.

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited
He Tongqing
Chairman

26 August 2025, Zibo, PRC

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. He Tongqing (Chairman)

Mr. Xu Wenhui

Mr. Hou Ning

Independent Non-executive Directors:

Mr. Pan Guangcheng

Mr. Zhu Jianwei

Mr. Ling Peixue

Ms. Cheung Ching Ching, Daisy

Non-executive Directors:

Mr. Xu Lie

Mr. Zhang Chengyong

In this announcement, the English names of the PRC entities or individuals are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.