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上海醫藥集團股份有限公司
Shanghai Pharmaceuticals Holding Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02607)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025. These interim results are prepared in accordance with the Chinese Accounting Standards for Business Enterprises and have not been audited. The Board and the Audit Committee have reviewed and confirmed the interim results.

The full content of the Company’s interim report for the six months ended 30 June 2025 is attached to this announcement. The formal interim report will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.sphchina.com) at an appropriate time.

By order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.*
YANG Qiuhua
Chairman

Shanghai, the PRC, 29 August 2025

As of the date of this announcement, the executive Directors of the Company are Mr. YANG Qiuhua, Mr. SHEN Bo, Mr. LI Yongzhong and Mr. DONG Ming; the non-executive Director is Mr. ZHANG Wenxue; and the independent non-executive Directors are Mr. GU Zhaoyang, Mr. FOK Manson, Mr. WANG Zhong and Ms. MAN Kwan.

* For identification purpose only

Important Notice

1. The board of directors, the board of supervisors and the directors, supervisors and senior management of the Company hereby warrant that the information contained in this interim report is true, accurate and complete and contains no false representations, misleading statements or material omissions and assume joint and several legal liabilities therefor.
2. All directors of the Company attended the meeting of the board of directors.
3. This interim report is unaudited.
4. Yang Qihua, the person in charge of the Company, Shen Bo, the principal in charge of accounting, and Zhou Yadong, head of the Accounting Department (Chief Financial Officer), hereby declare that they warrant the truthfulness, accuracy and completeness of the financial report contained in this interim report.
5. The plan for profit distribution or conversion of capital reserve fund into share capital for the Reporting Period considered by the board of directors
Not involved
6. Risk statements regarding the forward-looking statements
☒Applicable ☐Not applicable

The forward-looking statements, such as future plans and development strategies, contained in this report do not constitute any substantive commitment by the Company to the investors. Investors are advised to be aware of the investment risks involved.
7. Is there any appropriation of funds by the controlling shareholders and their connected parties that is unrelated to operation
No
8. Is there any instance of providing external guarantee that is in breach of the established decision making procedure
No
9. Is there an existence of more than half of the directors being unable to warrant the truthfulness, accuracy and completeness of the content of this interim report
No
10. Significant Risks

During the Reporting Period, there are no significant risks that have substantive significant effect on production and operation of the Company. The Company has already explained all the risks that the Company might face in the operation and management and corresponding measures in this report. Please refer to the "Potential Risk Factors" set out in the Management Discussion and Analysis, Chapter 3.



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Catalogue of
Documents
Available for
Inspection

The financial statements signed and sealed by the legal representative, the principal in charge of accounting and head of accounting department

The original documents of the Company and the original draft announcements disclosed in the designated newspapers of CSRC during the Reporting Period





Chapter 1 Definitions

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

Definitions of Common Terms	
"the Group", "Group", "the Company", "Company" or "Shanghai Pharmaceuticals"	Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (shares of which are listed on the Shanghai Stock Exchange with stock code 601607, and on the Main Board of The Stock Exchange of Hong Kong Limited with stock code 02607) or Shanghai Pharmaceuticals Holding Co., Ltd. and its subsidiaries, where applicable
"Articles of Association" or "Articles"	the articles of association of Shanghai Pharmaceuticals (as amended from time to time)
"the Reporting Period", "Reporting Period" or "Period"	the 6-month period from 1 January 2025 to 30 June 2025
"YOY"	year-on-year
"PRC", "China" or "State"	the People's Republic of China; unless the context otherwise requires, references to the PRC or China in this report do not include Hong Kong, Macau or Taiwan
"Shares"	shares of Shanghai Pharmaceuticals with a nominal value of RMB1.00 each, comprising both A Shares and H Shares
"A Shares"	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
"H Shares"	overseas shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"US\$"	US dollars, the lawful currency of the United States of America
"AUD"	Australian dollars, the lawful currency of Australia
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Shanghai Listing Rules"	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"SFO"	the Securities and Futures Ordinance, Chapter 571, the Laws of Hong Kong, as amended from time to time
"NHSa"	National Healthcare Security Administration of the People's Republic of China (中華人民共和國國家醫療保障局)



"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"SIIC"	Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司)
"Shanghai Shangshi"	Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司)
"Shanghai Pharmaceutical (Group)"	Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司)
"Yunnan Baiyao"	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司)
"Shanghai Tandong"	Shanghai Tandong Enterprise Consulting Services Co., Ltd. (上海潭東企業諮詢服務有限公司)
"NMPA"	National Medical Products Administration of the People's Republic of China (中華人民共和國國家藥品監督管理局)
"CDE"	Center For Drug Evaluation of NMPA (中華人民共和國國家藥品監督管理局藥品審評中心)
"WHO"	World Health Organization
"FDA"	Food and Drug Administration of the United States
"Hutchison Pharmaceuticals"	Shanghai Hutchison Pharmaceuticals Co., Ltd. (上海和黃藥業有限公司)
"Shanghai Frontier"	Shanghai Biomedical Frontier Industry Innovation Center
"SHAPHAR"	Shanghai Pharmaceutical Co., Ltd. (上藥控股有限公司)
"Shanghai Pharma Sales"	Shanghai Pharma Sales Co., Ltd.
"SPH Sine"	SPH Sine Pharmaceutical Factory Co., Ltd. (上海上藥信誼藥廠有限公司)
"Sine Micro-ecological"	SPH Sine Micro-ecological Technology Co., Ltd. (上海上藥信誼微生物科技有限公司)
"Boan Biotechnology"	Shandong Boan Biotechnology Co., Ltd.
"SPH Cloud Health"	Shanghai Pharmaceuticals Grand Health Cloud Commerce Company Limited (上海醫藥大健康雲商股份有限公司)
"MediTrust Health"	Shanghai Meditrust Health Technology Group Co., Ltd. (上海鎂信健康科技集團股份有限公司)



Chapter 2 Basic Corporate Information and Major Financial Indicators

I. CORPORATE INFORMATION

Name of the Company in Chinese	上海醫藥集團股份有限公司
Chinese abbreviation of the name of the Company	上海醫藥
Name of the Company in English	Shanghai Pharmaceuticals Holding Co., Ltd.
English abbreviation of the name of the Company	Shanghai Pharma
Legal representative of the Company	Yang Qiuhua

II. CONTACT PERSON AND CONTACT DETAILS

	Secretary of the board of directors	Securities Affairs Representative
Name	Zhong Tao	Liu Yongtao, Sun Shiyi
Contact address	Shanghai Pharmaceutical Building, No. 200 Taicang Road, Shanghai, China	Shanghai Pharmaceutical Building, No. 200 Taicang Road, Shanghai, China
Telephone	+8621-63730908	+8621-63730908
Facsimile	+8621-63289333	+8621-63289333
E-mail	boardoffice@sphchina.com	boardoffice@sphchina.com

III. CHANGES IN BASIC CORPORATE INFORMATION

Registered address of the Company	No. 92 Zhangjiang Road, Pilot Free Trade Zone, China (Shanghai)
Historical changes in the registered address of the Company	Nil
Office address of the Company	Shanghai Pharmaceutical Building, No. 200 Taicang Road, Shanghai, China
Postal code for office address of the Company	200020
Website of the Company	http://www.sphchina.com
E-mail	pharm@sphchina.com
Search index for changes during the Reporting Period	Not involved

IV. INFORMATION DISCLOSURE AND PLACE WHERE INFORMATION IS AVAILABLE FOR INSPECTION

Newspapers designated by the Company for disclosure of information	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Websites for publishing interim reports	http://www.sse.com.cn http://www.hkexnews.hk
Places where the Company's interim report is available for inspections	Office of the Board of Directors of the Company, Shanghai Stock Exchange
Search index for changes during the Reporting Period	Not involved

V. STOCK INFORMATION OF THE COMPANY

Type of stock	Stock exchange on which shares are listed	Stock abbreviation	Stock code	Prior to the change of stock code
A Shares	Shanghai Stock Exchange	上海醫藥	601607	600849
H Shares	Hong Kong Stock Exchange	SH PHARMA	02607	Not Applicable

VI. OTHER RELEVANT INFORMATION

☐Applicable ☒Not applicable



Chapter 2 Basic Corporate Information and Major Financial Indicators

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major Accounting Data

Unit: Yuan Currency: RMB

Major accounting data	Reporting Period (January to June)	Corresponding period of last year	Increase/decrease of the Reporting Period compared to the corresponding period of last year (%)
Operating revenue	141,592,782,502.79	139,413,145,524.43	1.56
Total profit	6,820,820,702.73	4,822,020,675.99	41.45
Net profit attributable to equity holders of the listed company	4,458,864,876.61	2,941,911,373.69	51.56
Net profit after deduction of non- recurring profit or loss attributable to equity holders of the listed company	2,099,764,932.53	2,705,163,523.17	-22.38
Net cash flows from operating activities	989,256,988.89	515,303,383.03	91.98

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period compared to the end of last year (%)
Net assets attributable to equity holders of the listed company	75,095,652,523.33	71,675,619,971.97	4.77
Total assets	238,067,056,071.37	221,209,430,148.17	7.62

(II) Major Financial Indicators

Major financial indicators	Reporting Period (January to June)	Corresponding period of last year	Increase/decrease of the Reporting Period compared to the corresponding period of last year (%)
Basic earnings per share (RMB per share)	1.20	0.79	51.90
Diluted earnings per share (RMB per share)	1.20	0.79	51.90
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.57	0.73	-21.92
Weighted average return on net assets (%)	6.03	4.20	Increased by 1.83 percentage points
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	2.84	3.86	Decreased by 1.02 percentage points

Note on major accounting data and financial indicators of the Company

☐Applicable ☒Not applicable

VIII.DISCREPANCIES IN ACCOUNTING DATA UNDER THE DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

☐Applicable ☒Not applicable



Chapter 2 Basic Corporate Information and Major Financial Indicators

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount
Profit or loss on disposal of non-current assets, including write-off of provision for asset impairment	2,993,321,946.93
Government grants recognised in profit or loss for the current period excluding those closely related to the Company's ordinary operations and granted under the national policies according to established standards, and which have a continuing impact on the profit or loss of the Company	137,412,698.68
Except for the effective hedging activities related to the Company's ordinary operations, profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities	-4,105,898.43
Reversal of provisions on impairment for receivables assessed for impairment on an individual basis	35,630,063.43
Other non-operating income and expenses other than the aforesaid items	-12,798,921.82
Less: Effect on income tax	-757,320,870.75
Effect on minority interests (after tax)	-33,039,073.96
Total	2,359,099,944.08

Explanation on the reasons for the Company's identification of items not listed under the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Profit or Losses as non-recurring profit or loss items with significant amount, and the identification of non-recurring profit or loss items listed in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Profit or Losses as recurring profit or loss items.

☐ Applicable ☒ Not applicable

X. COMPANIES THAT HAVE EQUITY INCENTIVE OR EMPLOYEE SHARE SCHEMES MAY CHOOSE TO DISCLOSE THE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

☐ Applicable ☒ Not applicable

XI. OTHERS

☐ Applicable ☒ Not applicable

Chapter 3 Management Discussion and Analysis

I. INTRODUCTION OF INDUSTRY SITUATION AND THE MAIN BUSINESSES OF THE COMPANY FOR THE REPORTING PERIOD

(I) Main business and operating mode

The Company's main business covers both pharmaceutical manufacturing and pharmaceutical service. During the Reporting Period, the Company continued to accelerate innovation and transformation, deepened intensive development, achieved the steady improvement of business quality, profitability, operation efficiency and industry status, and created value for people's health constantly.

1. *Pharmaceutical manufacturing*

The Company adheres to the orientation of satisfying clinical needs and continuously provides patients with high-quality drugs and health products by constructing an industrial system with advantages in pharmaceutical research and development, clinical research, drug pilot production, industrialization manufacturing and marketing and promotion. In order to respond to the national "Healthy China 2030" strategy actively and the call for accelerating innovation of the biomedical industry, the Company has continuously optimized its product structure by developing product strategy, increasing investment in innovation, implementing open innovation modes, utilizing combination of industry and finance, and focusing on international development, enriching its product system of innovative drugs with differentiated advantages and improved innovative drugs to promote the sustained and healthy development of the Company's pharmaceutical manufacturing.

2. *Pharmaceutical service*

Pharmaceutical service is the core force to ensure the efficient and stable supply of medical materials and drugs. With business channels and retail networks covering 25 provinces, municipalities and autonomous regions in the PRC, the Company, as the second largest pharmaceutical commercial enterprise and the largest service provider of imported drugs, vaccines and medical devices in China, continuously provides efficient, convenient and reliable services to medical institutions, retail institutions, partners and patients at all levels. The Company has established strategic partnerships with major pharmaceutical manufacturers at home and abroad. With its strong supply chain service network to provide integrated pharmaceutical supply chain solutions, the Company has become the preferred partner for domestic pharmaceutical distribution and innovative product launch. In addition, the Company actively promotes the upgrade of the supply chain of pharmaceutical and health products, and continues to explore and innovate models for the supply and payment of medical and health products by means of information technology.



Chapter 3 Management Discussion and Analysis

(II) Industry situation

China has taken the biopharmaceutical industry as its national development strategy. Such industry is a strategic industry related to the national economy and people's livelihood and national security, and it is an important foundation for building a healthy China. The pharmaceutical industry in China is at a critical stage of industrial restructuring and scientific and technological self-reliance, and the policies are focused on "encouraging innovative development, optimizing centralized procurement rules, and improving medical insurance payment". In the medium and long term, the construction of a multi-level medical security system and industrial ecology is accelerating and the development of the pharmaceutical market continues to improve under the multiple drivers of comprehensive factors such as national policies, economic development, population aging and biopharmaceutical technology development.

Explanations on new major non-principal business of the Company during the Reporting Period

☐Applicable ☒Not applicable

II. DISCUSSION AND ANALYSIS ON OPERATIONS

(I) Details of Results

In the first half of 2025, Shanghai Pharmaceuticals persisted in striving for progress while maintaining stability, deepened reform and innovation, took "building a solid chassis, strengthening the core and making breakthroughs in innovation" as the main line, solidly promoted the development system of "Three Horizontals and Three Verticals", enhanced our development momentum, and made efforts to enhance our core competitiveness. The Company was selected again into the Fortune Global 500 and the Global Top 25 Most Valuable Pharmaceutical Brands, ranking 407th and 19th respectively.

During the Reporting Period, the operating income of the Company amounted to RMB141.593 billion (the currency is RMB, the same below), representing a year-on-year increase of 1.56%, of which, the revenue from pharmaceutical manufacturing amounted to RMB12.160 billion, representing a year-on-year decrease of 4.50%, and the revenue from pharmaceutical service amounted to RMB129.433 billion, representing a year-on-year increase of 2.17%.

During the Reporting Period, the Company recorded the net profit attributable to equity holders of the listed company of RMB4.459 billion. Among which, the pharmaceutical manufacturing contributed profits of RMB1.150 billion, the pharmaceutical service contributed profits of RMB1.794 billion, and the major shareholding enterprises contributed profits of RMB338 million, representing a year-on-year increase of 51.56%, mainly due to the one-off special gains arising from the change of the accounting treatment for Hutchison Pharmaceuticals from equity method accounting for a joint venture to subsidiary accounting. Net profit attributable to the owner of parent company after deduction of the above-mentioned one-off special profit or loss amounted to RMB2.782 billion, representing a year-on-year decrease of 2.06%.

(II) Operating Highlights

- **Took solid steps in R&D and innovation**

1. Solidly promoted the pipeline of new drug research and development

During the Reporting Period, the Company's R&D investment reached RMB1.148 billion, accounting for 9.44% of the sales revenue from pharmaceutical manufacturing. The R&D expenditure amounted to RMB959 million.

As of the end of the Reporting Period, the Company had a total of 56 new drug pipelines that had either been accepted for clinical trial applications or entered the clinical trial stage, including 44 innovative drug pipelines. Among innovative drug pipelines:

I001 Project: I001 (i.e. SPH3127; class 1 of chemical drug) is a new generation of oral non-peptide small molecule renin inhibitors independently researched and developed by the Company. The application for marketing NDA for hypertension indications has been accepted. As of the end of the Reporting Period, the Company has completed the registration inspection and verification according to the requirements of CDE, which is expected to provide more abundant treatment methods for patients with mild and moderate hypertension in the future.

Shenqi Sherong Pill: Shenqi Sherong Pill is a new drug of class 1.1 of traditional Chinese medicine, which is clinically intended to be used to treat mild and moderate cervical spondylotic myelopathy (the syndrome of qi deficiency, blood stasis and kidney depletion). As of the end of the Reporting Period, the project was in the phase III clinical trial stage.

SRD4610 Project: SRD4610 (Huoling Shengji Granules) is a new drug of class 1.1 of traditional Chinese medicine, which is used to treat amyotrophic lateral sclerosis (ALS). During the Reporting Period, the Company promoted the improvement of research plans and has officially launched the phase III clinical trial. It is expected to bring more help to ALS patients in terms of delaying disease progression and improving quality of life. At the same time, a pre-IND application for this project has been submitted in the United States and has been accepted by the FDA.

B001 Project/B007 Project: B001 (intravenous injection) and B007 (subcutaneous injection) are global innovative anti-CD20 antibody drugs independently researched and developed by the Company. As of the end of the Reporting Period, all subjects in B007 myasthenia gravis indication phase II clinical trial and pemphigus indication phase II clinical trial have been enrolled.



Chapter 3 Management Discussion and Analysis

SHPL-49 Project: SHPL-49 injection is a new drug of class 1 of chemical drug, which is clinically intended to be used to treat acute ischemic stroke (AIS). SHPL-49 has a multi-target and multi-channel neuroprotective mechanism. In the early stage of the disease, SHPL-49 injection can inhibit the toxicity of excitatory amino acids, resist oxidative stress, and quickly improve the blood flow in ischemic penumbra. In the middle and late stage of the disease, it can inhibit the inflammatory reaction of microglia, increase the expression of neurotrophic factors, inhibit the apoptosis of nerve cells and improve microcirculation. As of the end of the Reporting Period, the phase II clinical trial of this project has been completed.

2. Continued to optimize the R&D management system

During the Reporting Period, the Company accelerated the reconstruction of the funnel of R&D projects, focused on six major disease treatment areas, namely immunity, psychoneurology, tumor, cardiovascular system, digestion and anti-infection, and formed a ladder layout covering drug discovery, pre-clinical research, phase I/phase II/phase III clinical and new drug marketing applications. The Company accelerated the construction of a R&D technology platform, and made phased progress in the early research platform of macromolecules, the platform of small molecular peptides, the platform of PROTAC and the platform of transformation evaluation. The Company continued to strengthen the construction of the national key laboratory, and achieved phased results in the identification of personalized original candidate new drugs with new targets and new mechanisms. Six projects have been approved and their studies have been carried out. In addition, the Company further improved the working mechanism of special classes, promoted the construction of research institutes of APIs, preparations, biochemistry and anti-infection technologies and made positive progress.

3. Accelerated the construction of open source innovation ecology

During the Reporting Period, the Company accelerated the construction of an open source innovation ecosystem based on Shanghai Frontier, and the value of innovation empowerment gradually emerged. In terms of the construction of an innovation platform, Shanghai Frontier and Shanghai Jiao Tong University School of Medicine jointly established the "Frontier New Drug Technology Concept Verification Center" to build a full-chain operation service platform covering early discovery of scientific and technological achievements, concept verification and technology transfer, and strengthen the deep integration of "companies, universities and research institutes".

During the Reporting Period, 8 high-growth enterprises, including Secretech and Huihegu, settled in Shanghai Frontier, and Shanghai Frontier provided multi-faceted services such as operating system construction, business qualification declaration, human resources support and brand promotion and construction for the incubated enterprises. Taking the opening of the "Frontier New Drug Technology Concept Verification Center" as an opportunity, Shanghai Frontier held three special roadshows for biomedicine, and collected 24 exhibition projects for the Concept Verification Center, giving full play to the engine role of biomedical innovation incubation and transformation.

- ***Continuously advanced industrial transformation in depth***

1. Positive transformation of industrial marketing

During the reporting period, the Company continued to promote the transformation and upgrading of the Shanghai Pharma Sales, improved the professional allocation of functions of core businesses such as BUs, commercial operation and business development, strengthened compliance management, intensive management and digital management, improved operational efficiency and management effectiveness, and further enhanced the capabilities of self-operated terminals. The Company established and improved the product classification management system to promote the standardization and transparency of the business. The Company strengthened the coordination of production and marketing and achieved good results in preventing operation risks, optimizing resource allocation and promoting industrial and commercial collaboration.

2. Lean management to reduce costs and increase efficiency

Guided by value stream analysis, the Company explored the potential of cost reduction in the whole process of the Company, and implemented cost reduction and efficiency improvement through comprehensive lean method. During the Reporting Period, the Company implemented 35 black belt projects and key improvement projects and 112 green belt projects. In addition, the Company optimized the cost and improved the procurement efficiency through centralized procurement. During the Reporting Period, the Company organized 35 centralized inquiry purchases of Chinese herbal medicines, saving the procurement cost by about RMB6.98 million and reducing the cost by 8.6%.

3. Deeply cultivated and developed the traditional Chinese medicine business

During the Reporting Period, the Company successfully completed the acquisition and closing of the equity interests of Hutchison Pharmaceuticals, promoted the implementation of the "100-Day Plan", fully supported the efficient operation and high-quality development of Hutchison Pharmaceuticals, and promoted the complementary advantages and collaborative empowerment of Hutchison Pharmaceuticals and other Chinese medicine resources of the Company. In the first half of 2025, the income, net profit and other core indicators of Hutchison Pharmaceuticals' main business all increased, and its core advantages in terminal coverage, evidence-based research and academic promotion were continuously consolidated.



Chapter 3 Management Discussion and Analysis

During the Reporting Period, the Company continued to adhere to the evidence-based medicine research of large varieties of traditional Chinese medicine, and made the following progress:

(1) Weifuchun: The RCT (randomized controlled trial) study of Weifuchun in the treatment of chronic atrophic gastritis was in the later stage. The prospective real-world study of weifuchun in the treatment of atrophic gastritis and precancerous lesions also entered the middle stage, and 1,199 subjects were enrolled. As of the end of the Reporting Period, Weifuchun had been included in the Management Guide for Chronic Atrophic Gastritis in the Elderly (2025).

(2) Guanxinning: The evidence-based medicine research of the Guanxinning Tablet relies on the "Consensus of Clinical Experts on the Treatment of Coronary Heart Disease with the Guanxinning Tablet" to convey the concept of integrated prevention and treatment of coronary heart disease based on the "GAP (Guanxinning Tablet Phase IV Clinical Study)". During the Reporting Period, progress was made in two key trials: 381 subjects of stable angina pectoris (blood stasis syndrome) were enrolled in the multicenter randomized double-blind positive control trial; 239 subjects of angina pectoris after PCI were enrolled in the study, providing support for its application in the treatment of ischemic heart disease.

(3) GBE50: A total of 74 subjects were enrolled in the national multi-center clinical and pharmacological research project on the prevention and treatment of vascular cognitive impairment with GBE50. The results of the pharmacological mechanism study of multi-target improvement of cognitive and vascular dysfunction in Alzheimer's disease model mice by GBE50 jointly conducted by the Company and Shanghai Jiao Tong University School of Medicine were published in *Phytomedicine* (IF 8.3, the First Quartile of the Chinese Academy of Sciences).

(4) Yangxinshi: The pharmaceutical research article on Yangxinshi Tablet jointly prepared by the Company and Tianjin University of Traditional Chinese Medicine was published in *Talanta* (the double first-quartile journal)(IF: 5.6). The project "Establishment of Identification System for Chinese Herbal Efficacy Substances and Its Application in Improving the Quality of Large Varieties" won the second prize of Tianjin Science and Technology Progress Award, and the Yangxinshi Tablet was included in China's Guidelines for Percutaneous Coronary Intervention (2025) based on the research results of HEARTRIP.

4. New expansion in the field of big health

During the Reporting Period, the Company strengthened the strategic layout of “Great Health OTC + New Retail”, built a micro-ecological dual platform of SPH Long Hu GSP and Sine GSP, sorted out the business segments of pharmaceutical retail, non-pharmaceutical e-commerce and big health new retail, accelerated the establishment of a professional live broadcast team, revitalized traditional brands, explored new models and new tracks, and expanded through new channels to provide growth momentum for the Company’s big health OTC products. Among which, Sine Micro-ecological successfully created a single live broadcast record of GMV (Gross Merchandise Volume) of RMB38 million in Tik Tok during the “618” period, and the GMV of Tmall Platform increased by 302% compared with the same period of the previous year. After successfully entering the baby probiotics and nutrition track, Micro-ecological has newly expanded the women’s anti-aging track, and the GMV of the first marketing of the new product of “Bifidobacterium adolescentis” was RMB13 million. The product development and operation capabilities of the Company in different segments have been effectively verified.

- *The pharmaceutical service adhered to the innovation-orientation*

The Company’s pharmaceutical business led the development with scientific and technological innovation and digital intelligence, and continued to maintain good growth during the Reporting Period. On the one hand, the Company implemented digital transformation, promoted cost reduction and efficiency improvement internally, and built an intelligent benchmark externally. On the other hand, the Company continued to promote model innovation, actively played the role of supplementing the chain and strengthening the chain, extended the health service link upstream and downstream, continued to promote the whole life cycle solution, helped partners accelerate the commercialization process at the industrial end, and promoted the development of a number of innovative businesses.

1. CSO business

During the Reporting Period, the number of cooperative products in the Company’s contract sales organization (CSO) business continued to increase, and the service scale continued to grow. In April 2025, the Company cooperated with Organon to provide marketing services for products such as Livial, Edaravone and Etonogestrel Implants in the national hospital channels. In the same month, the Company and Ipsen reached a strategic cooperation around Diphereline products. Both parties will rely on Diphereline’s good clinical recognition and the Company’s professional medical promotion capability to strengthen the deep coverage of products in cooperation channels. In June 2025, the Company signed a strategic cooperation agreement with Boan Biotechnology, and obtained the exclusive omni-channel terminal promotion and exclusive distribution right of Boan Biotechnology’s self-developed GLP-1 receptor agonist dulaglutide injection (BA5101) in Chinese mainland.



Chapter 3 Management Discussion and Analysis

2. Import under general agency

During the Reporting Period, the Company took advantage of the global supply chain to improve the construction of multi-port import service system, added 25 product varieties under general agency, and achieved the sales revenue of RMB17.5 billion, representing a year-on-year increase of 11.7%.

3. Innovative drugs business

During the Reporting Period, the Company reached strategic cooperation with a number of innovative pharmaceutical companies, such as Astellas, Akeso, Lepu Biopharma, Cutia Therapeutics and Chugai Pharmaceutical, and the sales revenue of innovative pharmaceutical business was RMB24.2 billion, representing a year-on-year increase of 22.6%.

4. Devices and big health business

During the Reporting Period, the company introduced 5 new products, and the devices and big health business achieved the sale revenue of RMB22.57 billion. In addition, in the field of the medical cosmetology business, the Company achieved the sales revenue of RMB1.4 billion, representing a year-on-year increase of 18.8%.

5. New retail integration

During the Reporting period, the Company issued the “SPH New Retail Integration Strategy”, and by relying on its retail network and mature supply chain system, deepened the coordination between wholesale and retail, upgraded the strategic level of new retail, accelerated the layout with the focus on “Hospital Side Pharmacies + DTP Specialised Pharmacies”, and built a “patient-centered” professional integrated, one-stop, closed-loop new retail system through four business segments, namely SPH Cloud Health, Huashi Pharmacy, SPH Hospital Side Pharmacy and MediTrust Health.

Significant changes in the Company’s operations during the Reporting Period and matters that had or expected to have significant influence in the future on the Company’s operations during the Reporting Period

☐Applicable ☒Not applicable

III. PROGRESS REPORT ON THE ACTION PLAN FOR “IMPROVING QUALITY, INCREASING EFFICIENCY AND ENHANCING RETURNS”

In order to implement the “investor-oriented” development concept, enhance investor returns, safeguard the interests of all shareholders of the Company, improve the operating quality of listed companies, standardize the level of governance and operation, and promote the long-term sustainable development of listed companies, Shanghai Pharmaceuticals has formulated the Action Plan for Improving Quality, Increasing Efficiency and Enhancing Returns in combination with its own development vision and strategy, operating conditions and financial situation (for details, please refer to the Company’s announcement Lin No. 2024-012). The progress on the implementation of this action plan by the Company in the first half of 2025 is hereby reported as follows:

(I) Maintain long-term stable cash dividends and focus on shareholder returns

The Company attaches importance to the reasonable return on investment to investors, actively enhances its intrinsic value through share repurchase and stable dividends, and shares the achievements of operation development with investors. The Company’s 2024 annual profit distribution plan was determined as below: the Company distributed a cash dividend of RMB2.90 (the currency is RMB, the same below) (tax inclusive) for every 10 shares, and total cash dividend of RMB1,075,424,924.61 (tax inclusive) was distributed. The Company distributed the cash dividends of RMB296,335,103.60 (tax inclusive) for the first half of 2024, and cumulatively distributed the cash dividends of RMB1,371,760,028.21 (tax inclusive) for the year 2024.

As of the disclosure date of this report, the Company has completed the distribution of the interests in 2024.

(II) Implement the other measures for “improving quality, increasing efficiency and enhancing returns”

1. *Standardized operation*

The Company has established and continuously improved its corporate governance structure in strict accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules of Shanghai Stock Exchange Governing the Listing of Shares, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, regulations and rules as well as the Articles of Association.



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In the first half of 2025, in order to continuously lay a solid foundation for corporate governance, improve the standard operation level, and actively adapt to changes in the market environment and new regulatory requirements, the Company carried out the following work: in terms of improving the governance structure, according to the requirements of the diversification policy of the Stock Exchange of Hong Kong, the Board of Directors of the Company added a female independent director and such director served as a member of the Nomination Committee; in terms of establishing rules and regulations, the Company added the Company Market Value Management System, the Company Bond Information Disclosure Management System and other related systems, and revised the Articles of Association and the Implementation Rules of the Company Nomination Committee in line with the addition of the female independent director.

In the second half of 2025, according to the regulatory requirements, the Company cancelled the Board of Supervisors and completed the revision of the Articles of Association, and continued to pay close attention to the latest laws, regulations and policy requirements, and continued to promote the construction of corporate governance system. At the same time, the Company gave full play to the role of independent directors, strengthened the guarantee of performance of duties, and improved the scientific, efficient and forward-looking decision-making of the Board of Directors.

2. *Sustainable development*

As of the disclosure date of this report, the Company has published the Social Responsibility Report for 15 consecutive years (revised as the Sustainable Development Report and Environmental, Social and Governance Report in 2022). This report further identified 6 dual important issues, namely “compliance operation, product quality and safety, R&D innovation, employees, supply chain management and pollution prevention”. The Company thoroughly implements the idea of ecological civilization and vigorously promotes the construction of a green manufacturing system. As of the end of 2024, Shanghai Pharmaceuticals had 11 national-level green factories, 10 provincial-level green factories, 8 “waste-free factories” and 5 “water-saving enterprises”, 2 units were awarded the title of green supply chain demonstration enterprises, 32 subordinate enterprises passed ISO14001 certification, and 26 subordinate enterprises passed ISO50001 certification. With its outstanding performance in sustainable development, Shanghai Pharmaceuticals has won many honors and awards, leading the industry in authoritative ratings both domestically and internationally. In 2025, Shanghai Pharmaceuticals will continue to promote responsible management, strengthen communication and exchanges with stakeholders, and continuously enhance its core competitiveness.

3. *Communication with investors*

The Company has always been committed to improving the quality of investor relations management, actively establishing a good interactive relationship with investors, ensuring that investors' right to know is fully guaranteed, conveying the Company's value concept to the investors and providing accurate investment decision-making reference for shareholders. The Company has continuously improved the communication methods with investors, and conducted in-depth exchanges with various investors through various channels, such as performance release, roadshow exchange, answering investors' hotline, participating in the SSE e-interaction, and email reply.

In the first half of 2025, the Company organized and implemented the 2024 annual results presentation and the 2025 first quarter results presentation, and completed the corresponding text briefings simultaneously. At the same time, the Company actively responded to the call of the Shanghai Municipal State-owned Assets Supervision and Administration Commission, and participated in the 2024 collective annual results briefing of Shanghai state-owned holding listed companies, strengthening communication and exchange with investors. In addition, the Company ensures by relying on the SSE e-interaction platform and investor hotline that all investors, including small and medium-sized investors, can obtain the Company's information fairly.

In the second half of 2025, the Company will continue to focus on meeting the needs of investors, and strengthen two-way interaction with investors and convey the investment value of the Company through diversified communication channels.

IV. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

1. **Integrated advantages of pharmaceutical manufacturing and service research and investment**

Shanghai Pharmaceuticals is a leading integrated industrial group in China's industry and commerce industry. Its business covers pharmaceutical manufacturing and pharmaceutical service, which enables the Company to have unique business model with shared and mutual benefits. Therefore, it enables the Company to be continuously driven by major links of the value chain of the pharmaceutical industry. The Company is able to integrate resources to break through the industry development bottlenecks and continuously provide quality product, service and solution for patients, medical institutions and partners. Due to integrated development advantages of pharmaceutical manufacturing and service research and investment, the Company is able to constantly create extra synergetic profits and value for its shareholders and the society and lower the risks and uncertainties of individual fields.



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2. Product structure advantages

The Company has profound history. Over the years, it owns rich product resources. It produces approximately 800 specifications of drugs each year regularly, which have formed the portfolio echelon of key products and basic and common drug products. The Company has production lines with a full range of dosage forms and insists on comprehensive lean management. By building a production information management MES system and a quality information management LIMS system, the Company is able to achieve lean optimization of all aspects of drug production and manufacturing, focus on improvement of its ability in technological innovation, industrialization and quality control, maintain leading quality and cost advantages, and ensure that it can consistently and steadily produce drugs that meet the intended use and registration requirements. The Company actively explores the international development for its products. Several Active Pharmaceutical Ingredients (APIs) passed the quality certification of WHO, FDA, EU and other developed countries, and several preparation products have been approved by FDA.

3. R&D resources advantages

The Company attaches importance to R&D innovation, maintains industry-leading R&D investment intensity, adheres to the two-wheel drive of independent R&D and BD introduction to build a product chain that meets clinical needs, and has technological advantages through the organic integration of internal resources and external cooperation. The Company insists on the open R&D model, accelerates product introduction and R&D cooperation, promotes in-depth industry-academia-research cooperation, and builds new R&D cooperation platforms with scientific research institutes and their affiliated colleges, such as Shanghai Institute of Materia Medica of Chinese Academy of Sciences, Fudan University, Shanghai Jiaotong University, Sichuan University, East China University of Science and Technology, Shenyang Pharmaceutical University, Tianjin University of Traditional Chinese Medicine, Shanghai University of Traditional Chinese Medicine, etc. The Company continues to build forward-looking innovative drug research and development product groups and improved innovative drug product groups with clinical value and technical characteristics. At the same time, the Company's useful attempt in R&D model innovation has been selected as the excellent case of industrial enterprises in the PRC's pharmaceutical R&D product pipeline released by the China National Pharmaceutical Industry Information Center.

4. Business network advantages

The Company has an intensive and informational modern drug circulation system, with a direct coverage of 25 provinces and cities nationwide, thus, forming an effective, quick, and intelligent modern supply chain service channel. Therefore, the Company has a broad customer network. Meanwhile, our integrated shared and mutually beneficial manufacturing and business model provided more professional and comprehensive services to customers in the field of product promotion.

5. Service innovation advantages

The Company insists on innovative drug circulation models, keeps providing services for reform of public medical institutions, meets the needs of the public and medical institutions with leading supply chain management, information technology and logistics technology, and continuously improves service efficiency and experience. The Company is in a nationally leading position in terms of innovative business model, such as supply chain extension service within hospitals, the third-party logistics service, direct delivery of drug service, one-stop service for imported drugs, vaccine services, information management of drug stocks, and clinical support service. The Company's online and offline integrated pharmaceutical retail business is among the leading in China, enabling the Company to continue to provide efficient, professional and safe services to its customers.

6. Advantages of financial and industrial integration

The Company has a sound financial structure and good control of its asset to liability ratio. By virtue of A+H shares listing platform, international and domestic investment platform and various M&A funds, the Company has a relatively optimized capital operation ability, and thus it can fully combine industrial capital with financial capital to drive the industrial development.

7. Brand matrix advantages

Building on a fine culture steeped in history, the Company upholds the fundamental principle of safety, reliability and innovation, and adheres to the main brand-oriented development strategy. It owns a group of established brands with long history and rich connotation, which creates effective synergy with the main brand, "Shanghai Pharmaceuticals".



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V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. Analysis on changes in relevant items of financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)
Operating income	141,592,782,502.79	139,413,145,524.43	1.56
Operating cost	126,660,060,598.69	123,245,160,906.41	2.77
Selling expenses	6,164,987,968.04	6,565,066,731.16	-6.09
Administration expenses	2,662,454,335.70	2,869,292,396.18	-7.21
Finance costs	749,774,716.63	705,939,203.68	6.21
R&D expenditure	958,949,406.87	1,105,025,665.85	-13.22
Asset impairment loss	410,078,463.89	36,526,101.71	1,022.70
Credit impairment loss	423,970,881.72	293,255,759.06	44.57
Other income	313,695,950.14	137,740,088.49	127.74
Investment income	3,257,333,100.37	246,362,833.06	1,227.17
Gains arising from changes in fair value	75,751,833.73	114,288,629.44	-33.72
Gains on disposal of assets	39,986,393.32	139,310,426.73	-71.30
Non-operating income	21,837,269.63	15,062,616.90	44.98
Non-operating expenses	34,636,191.45	23,938,822.28	44.69
Net cash flow generated from operating activities	989,256,988.89	515,303,383.03	91.98
Net cash flow generated from investing activities	-1,240,265,624.86	2,033,177,715.21	-161.00
Net cash flow generated from financing activities	3,753,377,137.76	3,763,100,064.99	-0.26

Reasons for changes in operating income: Increase in sales income during the Reporting Period

Reasons for changes in operating cost: Increase in sales income during the Reporting Period

Reasons for changes in selling expenses: Decrease in selling expenses during the Reporting Period

Reasons for changes in administration expenses: Decrease in operation and administration expense during the Reporting Period

Reasons for changes in finance costs: Decrease in interest income during the Reporting Period

Reasons for changes in R&D expenditure: Decrease in investment in R&D during the Reporting Period

Reasons for changes in asset impairment losses: Increase in provisions for assets impairment during the Reporting Period

Reasons for changes in credit impairment loss: Increase in provision for bad debts of receivables during the Reporting Period

Reasons for changes in other income: Increase in government grants received during the Reporting Period

Reasons for changes in investment income: Increase in investment gains arising from deemed disposal of joint ventures during the Reporting Period

Reasons for changes in gains arising from changes in fair value: Decrease in fair value of financial assets measured at fair value during the Reporting Period

Reasons for changes in gains on disposal of assets: Decrease in gains from disposal of fixed assets and intangible assets during the Reporting Period

Reasons for changes in non-operating income: Increase in compensation received during the Reporting Period

Reasons for changes in non-operating expenses: Increase in compensation expenses during the Reporting Period

Reasons for changes in net cash flow generated from operating activities: Increase in cash relating to operating activities received during the Reporting Period

Reasons for changes in net cash flow generated from investing activities: Increase in cash paid for investment in financial assets held for trading during the Reporting Period

Reasons for changes in net cash flow generated from financing activities: Increase in dividends paid to minority shareholders during the Reporting Period



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2. *Detailed Explanations on Significant Changes in the Business Type, the Composition of Profits or the Source of Profits of the Company during the Period*

☒ Applicable ☐ Not applicable

On 25 April 2025, the Company completed the closing for the acquisition of 10% equity interest in Shanghai Hutchison Pharmaceuticals Limited (for details, please refer to the announcement of the Company (Lin No. 2025-050)). As a result, the Company's total equity interest in Hutchison Pharmaceuticals increased from 50% to 60%, and the financial results of Hutchison Pharmaceuticals were consolidated into the consolidated financial statements of the Group. The accounting treatment has changed from equity method accounting for a joint venture to subsidiary accounting. According to accounting standards, when control over an investee under non-common control is obtained through additional investment or other means, the equity interest held in the investee prior to the acquisition date shall be remeasured at its fair value on the acquisition date. The difference between the fair value and the carrying amount shall be recognized in the current period's investment income.

(II) **Explanations on Significant Changes in Profit Resulting from Non-principal Business**

☐ Applicable ☒ Not applicable

(III) Analysis on Assets and Liabilities

✓Applicable ☐Not applicable

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Items	Current Ending Amount	Percentage of Ending Amount to Total Assets (%)	Last Ending Amount	Percentage of Last Ending Amount to Total Assets (%)	Change Ratio of Current Ending Amount to Last Ending Amount (%)	Description
Derivative financial assets	4,918,514.43	0.0021	16,224,786.35	0.0073	-69.69	Decrease in derivative financial assets held during the Reporting Period
Advances to suppliers	2,652,933,938.80	1.11	1,947,402,427.71	0.88	36.23	Increase in payment in advance during the Reporting Period
Bearer biological assets	8,461,853.96	0.0036	133,381,840.87	0.060	-93.66	Increase in impairment provision for bearer biological assets during the Reporting Period
Intangible assets	9,164,485,474.51	3.85	5,617,462,430.33	2.54	63.14	Increase in intangible assets due to business combinations during the Reporting Period
Derivative financial liabilities	3,289,903.19	0.0014	1,598,178.46	0.00072	105.85	Increase in fair value of derivative financial liabilities held during the Reporting Period
Non-current liabilities due within one year	3,423,071,751.58	1.44	842,162,528.36	0.38	306.46	Increase in long-term borrowings due within one year during the Reporting Period
Long-term borrowings	4,698,141,763.96	1.97	8,331,334,115.57	3.77	-43.61	Increase in non-current liabilities due within one year transferred in during the Reporting Period
Long-term payables	/	/	9,153,417.88	0.0041	-100.00	Decrease in long-term current accounts payable during the Reporting Period



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Items	Current Ending Amount	Percentage of Ending Amount to Total Assets (%)	Last Ending Amount	Percentage of Last Ending Amount to Total Assets (%)	Change Ratio of Current Ending Amount to Last Ending Amount (%)	Description
Long-term employee benefits payable	56,795,866.12	0.024	39,161,175.37	0.018	45.03	Increase in termination benefits payable during the Reporting Period
Deferred tax liabilities	2,023,974,550.06	0.85	816,452,826.21	0.37	147.90	Increase in deferred tax liabilities recognized due to business combinations during the Reporting Period

Other information

Nil

2. Overseas assets

☒ Applicable ☐ Not applicable

(1) Asset size

Among which, overseas assets amounted to 69.30 (Unit: '00 million Currency: RMB), the proportion to the total assets is 2.91%.

(2) Explanation on high proportion of overseas assets

☐ Applicable ☒ Not applicable

Other information

Nil

3. Major assets restriction as at the end of the Reporting Period

☒ Applicable ☐ Not applicable

As at 30 June 2025, the balance of the Group's other monetary funds was RMB3,725 million, among which, RMB1,757 million was the margin deposit for security for applying to the bank for issuing bank acceptance bills.

As at 30 June 2025, houses, buildings, machinery and equipment with a book value of RMB1,577 million (original price: RMB1,649 million) and land use rights of 557,200 square meters (original price: RMB577 million, book value: RMB530 million) were used as collateral for RMB179 million of short-term borrowings, RMB1,360 million of long-term borrowings, and RMB3 million of long-term borrowings due within one year.

As at 30 June 2025, the bank pledged borrowings of RMB1,049 million were short-term borrowings obtained by discounting commercial acceptance bills of RMB63 million, the short-term borrowings obtained by discounting bank acceptance bills of RMB0.33 million and the short-term borrowings obtained by using the accounts receivable with book value of RMB1,110 million as collaterals.

As at 30 June 2025, the Group pledged the accounts receivable with the book value of RMB142 million to the bank as a guarantee for borrowings of RMB76 million and long-term borrowings due within one year of RMB66 million.

As at 30 June 2025, guaranteed borrowings of RMB68 million were mainly secured by the minority shareholders of subsidiaries of the Group.

4. *Other information*

☐Applicable ☒Not applicable

(IV) Analysis on Investment Conditions

1. *Overall Analysis on External Equity Investments*

☒Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Amount of Investments during the Reporting Period	163,056.40
Increase or Decrease in Amount of Investment	108,531.08
Amount of Investment in the Same Period over Prior Year	54,525.32
Percentage of Increase/decrease in Amount of Investments (%)	199.05



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(1) Significant Equity Investments

✓Applicable ☐Not applicable

Unit: '00 million Yuan Currency: RMB

Name of Investee	Principal business	Whether the target is principally engaged in the investment business	Investment method	Investment amount	Shareholding percentage	Whether consolidated in the financial statements	Items of financial statement (if applicable)	Sources of funds	Partner (if applicable)	Investment period (if any)	Progress as at the balance sheet date	Expected gain (if any)	Impact on profit or loss for the current period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Shanghai Hutchison Pharmaceuticals Co., Ltd.	Manufacturing	No	Acquisition	43.25	60%	Yes		Self-owned funds			Completed		21.67	No	2025-04-28	Lin No. 2025-050

(2) Significant Non-equity Investments

☐Applicable ✓Not applicable

(3) Financial Assets Measured at Fair Value

✓Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Category of Assets	Opening Amount	Profit or Loss Arising from the Changes in Fair Values during the Period	Accumulated Changes in Fair Value Included in Equity	Impairment Provision for the Period	Purchase Amount for the Current Period	Sales/ Redemption Amount for the Current Period	Other Changes	Closing Amount
Share	4,835.51	13.19	-5,331.45	-	-	-	-	3,912.50
Others (Other non-current financial assets — equity in unlisted companies)	172,021.23	-708.24	-	-	-	-	-	171,312.99
Others (Financial assets held for trading)	863,293.00	8,356.06	-	-	3,602,769.60	3,633,928.30	-	840,490.36
Total	1,040,149.74	7,661.01	-5,331.45	-	3,602,769.60	3,633,928.30	-	1,015,715.85

Investment in Securities

✓Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Types of Securities	Stock code	Short name	Initial Investment Cost	Sources of capital	Opening Carrying Amount	Profit or Loss Arising from the Changes in Fair Values during the Period	Accumulated Changes in Fair Value Included in Equity	Purchase Amount for the Current Period	Sales Amount for the Current Period	Investment Gains or Losses for the Current Period	Closing Carrying Amount	Accounting Items
Shares	601328	BANK OF COMMUNICATIONS	472.01	Self-owned funds	445.58	13.19	/	-	-	13.19	458.77	Other non-current financial assets
Shares	00455(HK)	Tianda Pharma	8,785.19	Self-owned funds	4,389.93	/	-5,331.45	-	-	-	3,453.73	Other equity instruments investment
Total	/	/	9,257.20	/	4,835.51	13.19	-5,331.45	-	-	13.19	3,912.50	/

Explanation on Securities Investment

✓Applicable ☐Not applicable

For details of other financial assets measured at fair value, please refer to Note (13) to the Financial Statements.

Investment in Private Funds

☐Applicable ✓Not applicable

Investment in Derivatives

✓Applicable ☐Not applicable



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- ①. Investment in Derivatives for Hedging Purposes during the Reporting Period
☒ Applicable ☐ Not applicable

Unit: 0'000 Yuan Currency: RMB

Category of Investment in Derivatives	Initial Investment Amount	Opening Carrying Amount	Profit or Loss Arising from the Changes in Fair Values during the Period	Accumulated Changes in Fair Value Included in Equity	Purchase Amount for the Reporting Period	Sales Amount for the Reporting Period	Closing Carrying Amount	Percentage of Closing Carrying Amount to the End of Net Assets of the Company as at the End of the Reporting Period (%)
Forward contract	53,708.34	28,893.19	-87.99	-142.84	24,815.15	-20,184.25	33,293.26	0.38%
Swap deposits	306,282.65	-	54.51	-	306,282.65	-2,887.70	303,449.46	3.41%
Swap borrowings	-38,920.68	-38,920.68	-52.34	-	-	38,973.02	-	-
Total	321,070.31	-10,027.49	-85.82	-142.84	331,097.80	15,901.07	336,742.72	3.79%
Explanation as to whether there has been a material change in the accounting policy and specific accounting and auditing principles for the hedging business during the Reporting Period as compared to last reporting period	The calculation was conducted in accordance with the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments", "Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement" and other relevant provisions. There were no significant changes in accounting policies.							
Explanation of actual profit or loss during the Reporting Period	The actual profit or loss for the period was RMB-858,200.							
Explanation of hedging effectiveness	The transactions of the Company's foreign exchange derivatives were conducted around its actual foreign exchange revenue and expenditure business, adopting the principle of exchange rate neutrality and relying on specific business operations to prevent the adverse impact of large exchange rate fluctuations on the Company and avoid foreign exchange market risks.							
Source of funds for investment in derivatives	Self-owned funds							

Category of Investment in Derivatives	Initial Investment Amount	Opening Carrying Amount	Profit or Loss Arising from the Changes in Fair Values during the Period	Accumulated Changes in Fair Value Included in Equity	Purchase Amount for the Reporting Period	Sales Amount for the Reporting Period	Closing Carrying Amount	Percentage of Closing Carrying Amount to the End of Net Assets of the Company as at the End of the Reporting Period (%)
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)			The Company conducted foreign exchange hedging business based on the prudent principle, and did not conduct foreign exchange transactions for the purpose of speculation. All foreign exchange hedging businesses were based on normal production and operation, and relied on specific business, aiming at avoiding and preventing exchange rate risks. However, there are certain risks in conducting the foreign exchange hedging business, mainly including: <div><div>1. Market risk: Unpredictability exists in the changes of domestic and international economic situation, which may lead to significant deviations between exchange rate or interest rate trends and expectations, thus causing the corresponding businesses to face certain price fluctuations and market judgment risks.</div><div>2. Transaction default risk: When the counterparty of financial derivatives defaults, it can't pay the Company's hedging profit as agreed, so the Company's actual exchange loss cannot be hedged, which will cause losses to the Company.</div><div>3. Customer default risk: The accounts receivable by the customers are overdue, and the loans cannot be recovered within the predicted payback period, which will lead to delayed closing, thus causing losses to the Company.</div><div>4. Internal control risk: The financial derivatives business is highly specialized and complicated, and losses may still be caused by imperfect internal control system and improper operation in the process of handling the foreign exchange hedging business.</div><div>5. Legal risk: The changes in laws, regulations or administrative rules or the counterparty's violation of relevant laws and regulations may cause the contract to be unable to be performed normally, thus causing losses to the Company.</div><div>6. Operational risk: The derivatives trading is highly specialized, and in the course of conducting a specific business, if the operator fails to examine and approve the business according to the prescribed procedures, or the transaction is not accurately and timely conducted, it may result in losses or loss of the transaction opportunity.</div></div> <div>The Risk control plan formulated by the Company: <div><div>1. The transaction business of all the financial derivatives of the Company is based on the actual businesses of the Company, relies on the specific business and adopts hedging means, aiming at avoiding and preventing exchange rate risks, and prohibiting the financial derivatives trading business that is purely for profit and has risky speculation.</div><div>2. At present, the Company has selected low-risk financial derivatives with simple structure to carry out the above business, and the counterparties are all financial institutions with legal business qualifications, good credit and long-term cooperation with the Company.</div><div>3. In order to prevent the financial derivatives business from defaulting, the Company will further strengthen the management of foreign exchange-related accounts receivable to avoid overdue accounts receivable.</div><div>4. The Company has established a foreign exchange-related management system, clearly stipulating the transaction examination and approval authority, internal audit process, decision-making procedures, information confidentiality, risk prevention and other matters. The Company will strictly require enterprises and relevant personnel to operate in accordance with the provisions of the above system.</div><div>5. The Company will continue to pay attention to the market information of the financial derivatives business, track the changes in the open market price or fair value of derivatives, and timely assess the risk exposure of the financial derivatives trading businesses that have been carried out. The Company will check the actual operations, fund use and profits and losses of financial derivatives transactions regularly or irregularly, and check whether the transactions are conducted according to internal rules and regulations.</div></div></div>					



Chapter 3 Management Discussion and Analysis

Category of Investment in Derivatives	Initial Investment Amount	Opening Carrying Amount	Profit or Loss Arising from the Changes in Fair Values during the Period	Accumulated Changes in Fair Value Included in Equity	Purchase Amount for the Reporting Period	Sales Amount for the Reporting Period	Closing Carrying Amount	Percentage of Closing Carrying Amount to the End of Net Assets of the Company as at the End of the Reporting Period (%)
Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value	The fair value changes of the Company during the Reporting Period was calculated based on the difference between contract price and the price of the financial institution as at the balance sheet date determined according to the trading data on the public market, so as to determine the profits or losses of derivatives for the period.							
Litigation involved (if applicable)	Not applicable							
Date of announcement regarding the approval of investment in derivatives by the Board (if any)	28 March 2025							
Date of announcement regarding the approval of investment in derivatives at the shareholders' general meeting (if any)	Not applicable							

②. Investment in Derivatives for Speculation Purposes during the Reporting Period

☐Applicable ☒Not applicable

Other information

Nil

(V) Disposal of Major Assets and Equities

☒Applicable ☐Not applicable

Nil

(VI) Analysis on Companies under Control or in which the Company has Shares

☒Applicable ☐Not applicable

Major subsidiaries and shareholding companies affecting 10% or more of the Company's net profit

☒Applicable ☐Not applicable

Unit: '00 million Yuan Currency: RMB

Company Name	Company Type	Principal Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Shanghai Pharmaceutical Co., Ltd.	Subsidiary	Sales of drugs	50.00	980.29	215.32	801.20	18.12	13.27
SPH Keyuan Xinhai Pharmaceutical Co., Ltd.	Subsidiary	Sales of drugs	13.00	399.95	104.35	314.11	7.15	5.28
SPH Sine Pharmaceutical Factory Co., Ltd.	Subsidiary	Production and sales of drugs	11.92	75.84	44.56	25.14	4.73	3.75
SPH No. 1 Biochemical & Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	3.24	23.96	7.85	6.26	1.55	1.22
SPH New Asia Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	10.52	15.19	8.79	2.47	-2.11	-2.17
Shanghai TCM Co., Ltd.	Subsidiary	Production and sales of drugs	14.76	82.72	50.75	34.91	2.01	1.71
Chiatai Qingchunbao Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	1.29	37.68	27.24	6.03	0.04	0.06
SPH Changzhou Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	1.58	55.64	31.37	32.43	1.51	1.23
SPH Zhongxi Sunve Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	5.46	36.19	27.26	4.78	2.73	2.24
SPH Qingdao Guofeng Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	0.93	22.42	14.68	11.17	1.53	1.39



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Company Name	Company Type	Principal Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Hangzhou Huqingyutang Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	1.35	15.68	12.63	6.80	1.89	1.60
Xiamen TCM Factory Co., Ltd.	Subsidiary	Production and sales of drugs	2.00	6.85	5.69	2.43	0.27	0.24
Liaoning Herbex Pharmaceutical (Group) Co., Ltd.	Subsidiary	Production and sales of drugs	1.02	12.49	5.04	4.73	0.61	0.50
Shanghai Zhonghua Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	0.94	5.25	2.80	1.84	0.25	0.21
Shanghai Medical Instruments Co., Ltd.	Subsidiary	Production and sales of medical instruments	3.27	5.63	4.15	2.68	-0.15	-0.16
Shanghai Pharma Sales Co., Ltd.	Subsidiary	Sales of drugs	0.50	14.31	1.00	6.19	-0.09	-0.10
TECHPOOL Bio-pharma Co., Ltd.	Subsidiary	Production and sales of drugs	1.00	27.98	22.34	8.52	2.19	1.82
SPH Changzhou Kony Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of drugs	0.15	3.55	2.62	1.26	0.21	0.18

Acquisition and disposal of subsidiaries during the Reporting Period

☒ Applicable ☐ Not applicable

Company Name	Methods to Acquire and Dispose of Subsidiaries during the Reporting Period	Impact on the Overall Production and Operation, and Operating Results
Shanghai Hutchison Pharmaceuticals Co., Ltd.	Acquisition	Upon the completion of the transaction with respect to acquisition of 10% equity interests in Shanghai Hutchison Pharmaceuticals Co., Ltd., the Group held a total of 60% equity interests in Hutchison Pharmaceuticals and the financial results of Hutchison Pharmaceuticals was consolidated into the consolidated financial statements.

Other information

☐ Applicable ☒ Not applicable

(VII) The Structural Entity Controlled by the Company

☐Applicable ☒Not applicable

VI. OTHER DISCLOSURES**(I) Potential risk factors**

☒Applicable ☐Not applicable

The normalization of medical insurance cost control and payment reform will lead to further price reductions for some drugs. The Company will take the initiative to adjust its market strategy according to market changes, and strived to put key new products on the market as scheduled.

Innovative drug research and development projects have long lead time and large investment, the related progress and approval results and time to market are subject to certain uncertainties, and there is a risk that the progress or clinical trial results of the project are not as expected. The Company will vigorously introduce market-oriented innovative talents, and steadily improve its innovation competitiveness by paying close attention to changes in the industry, continuing to increase investment in R&D, and optimizing the allocation of innovation resources.

The goodwill impairment test is based on future cash flow projections and contains relevant assumptions and professional judgments made by management, and therefore goodwill is exposed to certain risks of impairment. The Company will propose proactive plans for possible contingent risks to reduce the overall impact on the Company's business operations.

(II) Other disclosures

☐Applicable ☒Not applicable



VII. DISCLOSURES REQUIRED BY THE HONG KONG LISTING RULES

(I) Capital Structure

As at the end of the Reporting Period, the asset-liability ratio (total liabilities/total assets) of Shanghai Pharmaceuticals was 62.68%, representing an increase of 0.54 percentage point over the beginning of the period. The interest coverage ratio (EBIT/interest expenses) was 8.68 times (same period of 2024: 6.25 times). The gearing ratio (net amount of debts/total capital) of the Company was 22.51%.

During the Reporting Period, Shanghai Pharmaceuticals had a good liquidity and financial resources. As at the end of the Reporting Period, the balance of bank loans of the Company was RMB53.184 billion and the balance of extra short-term financing bill was RMB6.028 billion, of which the balance of loans in New Zealand Dollar amounted to RMB218 million, the balance of loans in AUD amounted to RMB104 million, the balance of loans and extra short-term financing bill payable at a fixed interest rate amounted to approximately RMB55.885 billion. The net amount of accounts receivable and notes receivable (including receivables financing) was RMB89.131 billion, representing an increase of 8.41% on a YOY basis. The increase in accounts receivable was mainly due to the expanded operation scale of the Company. The balance of accounts payable and notes payable of the Company was RMB63.012 billion, representing an increase of 5.93% on a YOY basis.

The Group's objective on capital management is to safeguard the Group's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders, and also to maintain an optimal capital structure to lower capital cost. In order to maintain or adjust capital structure, the Group may adjust dividends amount payable to shareholders, return capital to shareholders, issue new shares or dispose assets to reduce debts.

(II) Exchange Rate Fluctuation Risk and Any Related Hedging

Shanghai Pharmaceuticals conducts its operations mainly in China and makes settlements in RMB for its principal businesses. However, foreign exchange risks still exist in recognized assets and liabilities denominated in foreign currencies and future foreign currency transactions (the main currencies denominating are US dollar, Hong Kong dollar, Australian dollar and New Zealand dollar). The Company is not involved in any related hedging.

(III) Contingent Liabilities

During the Reporting Period, the Company had no major action or arbitration pending to be disclosed.

(IV) Significant Investment

As at 30 June 2025, the Company did not have any significant investment under paragraph 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

(V) Employees, Remuneration Policy and Training Scheme

As of 30 June 2025, Shanghai Pharmaceuticals had a total of 50,120 employees (including 1,790 R&D personnels).

The Company adheres to the payment concept of “Position, Ability, Performance and Market” which improved annual and term performance evaluation system of senior management of the Company and management of the subsidiaries, with upgraded performance-based incentive and restraint mechanism. Based on the characteristics of positions, the Company constructs differentiated remuneration systems for management staff, marketing staff, R&D staff, technical quality management staff and production staff with reasonable docking between the various remuneration systems, so as to effectively motivate the employees and stimulate their creativity, continually improve the Company’s business results and enhance the achievement of the Company’s strategic goals. The Company carries out market research on remuneration, improving the staff revenue growth and underpinning mechanisms related to the Company’s operating performance, so that employees can share the achievements of enterprise development.

The remuneration and compensation package of the employees generally includes salary, allowance and bonus, as well as pension, medical insurance, housing fund, work-related injury insurance and other benefits from the Company. The Company participates in various employee welfare schemes, such as pension, medical insurance, housing fund, maternity and unemployment insurance organized by the provincial and municipal governments in accordance with the relevant regulations of China. Moreover, the Company establishes the enterprise pension system and improves the corporate welfare system, which will enhance the cohesion and competitiveness of the enterprise.

During the Reporting Period, closely focusing on the strategic plan and strategic empowerment of the Group, the Company continued to carry out multi-dimensional training and empowerment programs, and comprehensively strengthened the strategic dissemination and cultural communication. The Company focused on enhancing the capabilities of employees of the Group, updating the knowledge of professional teams and optimizing the operation of digital learning platforms, and strengthening the construction of learning-oriented organizations.

During the Reporting Period, the Company made steady progress in building its training system, successfully held the second training courses for young and middle-aged reserve cadres, and carried out the specialized trainings for enhancing the capabilities of first-level and middle-level managers. Trainings on functional lines such as legal affairs, manufacturing, research and development, safety and environmental, compliance and finance were progressed as planned. A total of 20 classes of course projects were completed online and offline, with a total of 6,350 participants. Such efforts provided a solid talent support for the high-quality development of the Group.



Chapter 3 Management Discussion and Analysis

(VI) Option Incentive Scheme

On 18 December 2019, the Company's 2019 share option incentive scheme (the "Option Incentive Scheme") was considered and approved by the shareholders of the Company at the 2019 first extraordinary general meeting, the 2019 second H-share class meeting, and the 2019 second A-share class meeting (the "General Meetings") and adopted by the Company. On 19 December 2019 (the "Initial Options Grant Date") pursuant to the authorization at the general meeting, the Board approved the grant of 25,680,000 share options to 211 participants. Due to the resignation of employee, the Company considered and approved at the meeting of the Board on 10 February 2020 to adjust the number of the initial participants from 211 to 210 and the number of initial granted options was adjusted from 25,680,000 to 25,600,000 accordingly. On 15 December 2020 ("Reserved Options Grant Date", together with "Initial Options Grant Date" collectively referred to as "Grant Date"), pursuant to the authorization at the general meeting, the Board approved the grant of 2,730,000 share options to 28 participants.

Due to the resignation or unfulfillment of performance assessment requirements of some employees, on 5 January 2022, the Board considered and approved to adjust the number of the initial participants from 210 to 190 and the number of initial granted options was adjusted from 25,600,000 to 23,258,120 accordingly; on 9 January 2023, the Board considered and approved to adjust the number of the initial participants from 190 to 182 and the number of initial granted options was adjusted from 23,258,120 to 22,735,520 accordingly and on 9 January 2023, the Board considered and approved to adjust the number of participants of reserved options from 28 to 23 and the number of reserved options was adjusted from 2,730,000 to 2,290,000 accordingly; on 21 December 2023, the Board considered and approved to adjust the number of the initial participants from 182 to 170 and the number of initial granted options was adjusted from 22,735,520 to 22,065,720 accordingly; on 31 December 2024, the Board considered and approved to adjust the number of participants of reserved options from 23 to 20 and the number of reserved options was adjusted from 2,290,000 to 2,191,400 accordingly.

Due to fulfillment of the exercise conditions for the first exercise period, the second exercise period and the third exercise period of the initial granted share options and fulfillment of the exercise conditions for the first exercise period, the second exercise period and the third exercise period of the reserved share options of the Option Incentive Scheme, on 5 January 2022, the Company considered and approved at the Board meeting that 190 participants can exercise 7,667,220 share options during the first exercise period of the initial granted share options; on 9 January 2023, the Company considered and approved at the Board meeting that 182 participants can exercise 7,421,700 share options during the second exercise period of the initial granted share options and 23 participants can exercise 755,700 share options during the first exercise period of reserved share options; on 21 December 2023, the Company considered and approved at the Board meeting that 170 participants can exercise 6,976,800 share options during the third exercise period of the initial granted share options and 23 participants can exercise 755,700 share options during the second exercise period of reserved options; on 31 December 2024, the Company considered and approved at the Board meeting that 20 participants can exercise 680,000 share options during the third exercise period of the reserved share options.

The exercise and share transfer registration in respect of total 3,342,561 shares have completed during the first exercise period for the initial granted share options under the Option Incentive Scheme which has expired on 13 February 2023. On 30 March 2023, the Company considered and approved at the Board meeting that 4,324,659 share options that had expired but not been exercised during the first exercise period for the initial granted options have been cancelled. The exercise and share transfer registration in respect of total 4,972,629 shares have completed during the second exercise period for the initial granted share options under the Option Incentive Scheme which has expired on 13 February 2024. The exercise and share transfer registration in respect of total 269,746 shares have completed during the first exercise period for the reserved share options which has expired on 7 February 2024. On 28 March 2024, the Company considered and approved at the Board meeting that 2,449,071 share options that had expired but not been exercised during the second exercise period for the initial granted options and 485,954 share options that had expired but not been exercised during the first exercise period for the reserved granted options have been cancelled. The exercise and share transfer registration in respect of total 4,828,870 shares have completed during the third exercise period for the initial granted share options under the Option Incentive Scheme which has expired on 13 February 2025. The exercise and share transfer registration in respect of total 231,885 shares have completed during the second exercise period for the reserved share options which has expired on 7 February 2025. On 27 March 2025, the Company considered and approved at the Board meeting that 2,147,930 share options that had expired but not been exercised during the third exercise period for the initial granted options and 523,815 share options that had expired but not been exercised during the second exercise period for the reserved granted options have been cancelled. For the six months ended 30 June 2025, a total of 389,970 A-share share options were exercised by the Company.

In conclusion, as at 30 June 2025, 680,000 A-share share options were granted by the Company, which had not been exercised.

1. PURPOSE OF THE OPTION INCENTIVE SCHEME

To further optimize the corporate governance structure of the Company, create long-term incentive and restrictions on the senior management, mid-level management and key technical and business staff and other employee participants of the Company, fully encourage their initiative and creativity, effectively align their interests with the Company's long-term development, prevent the loss of talents, and achieve sustainable development of the Company, as proposed by the Remuneration and Assessment Committee of the Board, Shanghai Pharmaceuticals formulated the Option Incentive Scheme in accordance with relevant laws, administrative regulations and regulatory documents, and the Articles of Association.



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2. DETERMINATION OF AND DISTRIBUTION TO PARTICIPANTS UNDER THE OPTION INCENTIVE SCHEME

The participants under the Option Incentive Scheme, comprise the senior management, mid-level management and key technical and business staff of the Company. The participants do not include non-executive Directors, independent non-executive Directors, members of the Remuneration and Assessment Committee, Supervisors, and any substantial shareholders or actual controller individually or jointly holding more than 5% of the Shares of the Company and their respective spouse, parents and children. All participants are employed by the Company or its holding subsidiaries and branches, and have entered into labour contracts with and received remuneration from the Company or its holding subsidiaries.

As at 30 June 2025, the distribution of the share options to participants is as follows:

Name	Position(s)	Number of the share options granted (in 10,000 A Shares)	Percentage to total number of the share options granted	Percentage to total share capital of the Company as of the Grant Date
Cho Man ^{Note 1}	Executive Director, President (resigned)	48.00	1.979%	0.017%
Shen Bo	Executive Director, President	39.00	1.608%	0.014%
Li Yongzhong	Executive Director, Executive President	39.00	1.608%	0.014%
Zhao Yong	Vice President	33.00	1.360%	0.012%
Mao Jianyi	Vice President	33.00	1.360%	0.012%
Gu Haoliang ^{Note 2}	Vice President (resigned)	33.00	1.360%	0.012%
Zhang Yaohua ^{Note 3}	Vice President (resigned)	33.00	1.360%	0.012%
Chen Jinzhu ^{Note 4}	Vice President, Secretary to the Board, Joint Company Secretary (resigned)	33.00	1.360%	0.012%
Pan Deqing ^{Note 5}	Vice President (resigned)	18.00	0.742%	0.006%
Maimaiti Aili ^{Note 6}	Vice President	8.00	0.330%	0.003%
Middle level management and core employees of the Company (160 persons in total after adjustment) under the initial grant		1,889.572	77.898%	0.665%
Middle level management and core employees (20 persons in total) under the reserved options grant		219.14	9.034%	0.077%
Total		2,425.712	100.000%	0.853%

- Note 1: Mr. Cho Man ceased to be the executive director and vice president of the Company from 29 June 2023 (for details, please refer to the Company's announcement dated 30 June 2023). As at 30 June 2025, his share options that granted but not exercised during the first exercise period, the second exercise period and the third exercise period for the initial granted options have been cancelled by the Company, and he shall no longer hold any share options.
- Note 2: Mr. Gu Haoliang ceased to be the vice president of the Company from 29 March 2022 (for details, please refer to the Company's overseas regulatory announcement dated 30 March 2022 (A share announcement Lin No. 2022-025)). His share options that granted but not exercised during the first exercise period and the second exercise period for the initial granted options have been cancelled by the Company. Due to unfulfillment of exercise conditions, his share options granted during the third exercise period for the initial granted options have been cancelled by the Company, for details, please refer to the Company's overseas regulatory announcement dated 22 December 2023 (A share announcement Lin No. 2023-100).
- Note 3: Mr. Zhang Yaohua has resigned from all positions including the vice president of the Company since 5 August 2024, for details, please refer to the Company's overseas regulatory announcement dated 6 August 2024 (A share announcement Lin No. 2024-074). As at 30 June 2025, his share options that granted but not exercised during the first exercise period, the second exercise period and the third exercise period for the initial granted options have been cancelled by the Company, and he shall no longer hold any share options.
- Note 4: Ms. Chen Jinzhu ceased to be the vice president of the Company from 29 March 2022, and ceased to be the secretary to the Board and joint company secretary of the Company from 29 August 2022. For details, please refer to the Company's overseas regulatory announcement dated 30 March 2022 (A share announcement Lin No. 2022-025) and the Announcement on Proposed Re-election and Election of Directors and Supervisors, etc dated 29 August 2022 (A share announcement Lin No. 2022-066). Her share options that granted but not exercised during the first exercise period and the second exercise period for the initial granted options have been cancelled by the Company. Due to unfulfillment of exercise conditions, her share options granted during the third exercise period for the initial granted options have been cancelled by the Company, for details, please refer to the Company's overseas regulatory announcement dated 22 December 2023 (A share announcement Lin No. 2023-100).
- Note 5: Mr. Pan Deqing ceased to be the vice president of the Company on 2 September 2023 (for details, please refer to the Company's overseas regulatory announcement dated 2 September 2023 (A share announcement Lin No. 2023-071)). His share options that granted but not exercised during the first exercise period and the second exercise period for the initial granted options have been cancelled by the Company. Due to unfulfillment of exercise conditions, his share options granted during the third exercise period for the initial granted options have been cancelled by the Company, for details, please refer to the Company's overseas regulatory announcement dated 22 December 2023 (A share announcement Lin No. 2023-100).
- Note 6: Mr. Maimaiti Aili was appointed as the vice president of the Company on 5 November 2024 (for details, please refer to the Company's overseas regulatory announcement dated 6 November 2024 (A share announcement Lin No. 2024-100)). His share options that granted but not exercised during the first exercise period and the second exercise period for the initial granted options have been exercised by the Company and share options that granted but not exercised during the third exercise period for the initial granted options have been cancelled by the Company. As at 30 June 2025, he shall no longer hold any share options.



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3. *NUMBER OF SHARE OPTIONS GRANTED UNDER THE OPTION INCENTIVE SCHEME*

The number of A-share share options granted under the Option Incentive Scheme is 24,257,120, representing not more than 1% of the total number of Shares of the Company in issue as of the date of this report.

4. *MAXIMUM NUMBER OF SHARE OPTIONS GRANTED TO EACH PARTICIPANT UNDER THE OPTION INCENTIVE SCHEME*

The total number of Shares to be granted to the participants under the Option Incentive Scheme which are still in the Validity Period of the Option Incentive Scheme shall not exceed 1% of the Company's total share capital at the time of the approval of the Option Incentive Scheme by the General Meetings (being 18 December 2019) on a cumulative basis.

5. *VESTING PERIOD*

The vesting period shall be the period commencing from the registration date of the grant of share options to the first exercise date. The vesting period for the Option Incentive Scheme shall be 24 months.

6. *EXERCISE PERIOD AND EXERCISE DATE*

The share options granted to the participants can be exercised after the vesting period. The exercise date must be a trading day and shall not fall into the following periods:

- (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and end on one day prior to the actual announcement date;
- (ii) the period commencing on 10 days prior to the announcements of results forecast and preliminary results of the Company;
- (iii) the period commencing on the date of the occurrence of material events that may have significant impacts on price of Shares and derivatives of the Company, or the date of entering into the decision-making process, and end on two business days after such events have been lawfully disclosed; and
- (iv) other periods prescribed by the CSRC and the Shanghai Stock Exchange.

During the exercise period, the participants are able to exercise the options according to the following exercising arrangement upon the fulfillment of the exercise conditions under the Option Incentive Scheme. The exercise period of the share options and timetable for each exercise are set out below:

Exercise Period	Time Arrangement	Proportion of Exercisable Share Option to the Number of Share Option Granted
First exercise period	Commencing from the first trading day upon the expiry of 24 months from the Grant Date to the last trading day upon the expiry of 36 months from the Grant Date	33%
Second exercise period	Commencing from the first trading day upon the expiry of 36 months from the Grant Date to the last trading day upon the expiry of 48 months from the Grant Date	33%
Third exercise period	Commencing from the first trading day upon the expiry of 48 months from the Grant Date to the last trading day upon the expiry of 60 months from the Grant Date	34%

The participants shall exercise the share options during the exercise period. If the exercise conditions are not fulfilled, such share options shall not be exercised. If the exercise conditions are fulfilled nevertheless not all of the relevant share options have been exercised during the above period, such share options shall be cancelled by the Company.

7. EXERCISE PRICE

The exercise price of the share options under the Option Incentive Scheme is RMB18.41 per A Share for the initial grant, i.e. upon the fulfillment of the exercise conditions, the participants are able to purchase the A Shares issued by the Company to the participants at the price of RMB18.41 per A Share. In cases of capitalization of capital reserves, bonus issue and shares subdivision, rights issue, and share consolidation, exercise price of the share options shall be adjusted accordingly.

The exercise price of the share options for the initial grant under the Option Incentive Scheme shall not be less than the nominal value of the A Shares and shall not be lower than the higher of:

- (i) the average trading price of the A Shares on the trading day immediately preceding the date of the announcement in relation to the Option Incentive Scheme, being RMB18.20 per A Share;
- (ii) the average trading price of the A Shares for 60 trading days immediately preceding the date of the announcement in relation to the Option Incentive Scheme, being RMB18.41 per A Share.



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The share options for the reserved grant shall be approved by the meetings of the Board before each grant, among whom, the directors who are proposed to be participants or directors in relation thereto shall abstain from voting. The exercise price shall be not be less than the nominal value of the A Shares and determined with reference to the higher of:

- (i) the average trading price of the A Shares on the trading day immediately preceding the date of the announcement of the Board's resolution of granting the reserved options;
- (ii) the average trading price of the A Shares for 20, 60 or 120 trading days immediately preceding the preceding the date of the announcement of the Board's resolution of granting the reserved options.

8. *VALIDITY PERIOD*

(1) Validity period of the Option Incentive Scheme

The Option Incentive Scheme will take effect after it has been considered and approved by the General Meetings, and will expire on the date on which the share options granted under the Option Incentive Scheme have been exercised or cancelled.

(2) Validity period of the share options

The validity period of the share options granted under the Option Incentive Scheme commences from the registration date of the grant, which shall not exceed 60 months.

9. CHANGES IN OPTIONS GRANTED UNDER THE OPTION INCENTIVE SCHEME

Details of changes in options granted under the Option Incentive Scheme as of 30 June 2025 are as follows:

Name	Position(s)	Number of option outstanding at the beginning of the Reporting Period (in 10,000 A Shares)	Number of options granted during the Reporting Period (in 10,000 A Shares)	Number of exercisable options during the Reporting Period (in 10,000 A Shares)	Number of option exercised during the Reporting Period (in 10,000 A Shares)	Number of option cancelled during the Reporting Period (in 10,000 A Shares)	Number of options lapsed during the Reporting Period (in 10,000 A Shares)	Number of options outstanding during the Reporting Period (in 10,000 A Shares)	Grant Date	Exercise period	Exercise price	The weighted average closing price of A shares of the Company immediately before the Exercise date during the Reporting Period
Shen Bo	Executive Director, President,	13.26	0	13.26	0	-13.26	0	0	19 December 2019	From 14 February 2022 to 13 February 2025	RMB18.41 per A Share	
Li Yongzhong	Executive Director, Executive President	13.26	0	13.26	0	-13.26	0	0				
Zhao Yong	Vice President	11.22	0	11.22	0	-11.22	0	0				
Mao Jianyi	Vice President	11.22	0	11.22	0	-11.22	0	0				
Maimaiti Aili	Vice President	2.72	0	2.72	0	-2.72	0	0				
Resigned senior executives (2 persons)		27.54	0	27.54	0	-27.54	0	0				
Middle level management and core employees of the Company (160 persons in total) under the initial grant		174.5700	0	174.5700	-38.9970	-135.5730	0	0				RMB21.91
Middle level management and core employees (20 persons in total) under the reserved options grant		120.3815	0	120.3815	0	-52.3815	0	68.0000	15 December 2020	From 8 February 2023 to 7 February 2026	RMB20.16 per A Share	RMB22.60
Total		374.1715	0	374.1715	-38.9970	-267.1745	0	68.0000				



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Note: Immediately prior to the Initial Options Grant Date (namely 18 December 2019), the closing price of the Company's A Shares was RMB18.07 per A Share; immediately prior to the Reserved Options Grant Date (namely 14 December 2020), the closing price of the Company's A Shares was RMB19.22 per A Share.

According to the Option Incentive Scheme, please refer to the paragraphs above for the Grant Date, validity period, vesting period, exercise period, and exercise price of the above share options.

As of 30 June 2025, there were 680,000 share options exercisable during the third exercise period of reserved share options with the exercise period commencing on 8 February 2025 and ending on 7 February 2026.

As of the beginning and end of the Reporting Period, no options were granted by the Company according to the Option Incentive Scheme.

10. VALUE OF SHARE OPTIONS AND ACCOUNTING POLICIES IN RELATION THERETO

(1) Value of share options

According to the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments and Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments issued by the Ministry of Finance, the Company elected the Black-Scholes model (B-S model) for the calculation of the fair value of shares options. As the valuation of options are subject to a number of assumptions and with regard to the limitation of the B-S model, the Company would like to remind all the shareholders and potential investors of the Company that the estimation of such value is subjective and uncertain.

Initial Grant

The Company estimated the fair value of shares options initially granted using B-S model on 19 December 2019 (Initial Options Grant Date). Particulars are as follows:

The initial options granted by Shanghai Pharmaceuticals on 19 December 2019 were vested in three batches. The fair values per share of the first, second and third batch of vested options are RMB3.21 per A Share, RMB3.53 per A Share, and RMB5.04 per A Share, respectively.

Based on various data on 19 December 2019, the values and descriptions of the parameters of the valuation model are as follows:

- (i) Market price of underlying shares: RMB18.08 per A Share (the closing price of the Company's Shares on the Initial Options Grant Date is RMB18.08 per A Share)
- (ii) Exercise price: RMB18.41 per A Share
- (iii) Validity period: 2.5 years, 3.5 years, and 4.5 years (depending on the weighted average exercise period of options vested in each period)

- (iv) Volatility rate: 29.14%, 26.86%, and 34.76% (using the Company's volatility rate in the past 2.5 years, 3.5 years, and 4.5 years)
- (v) Risk-free interest rates: 2.76%, 2.86%, and 2.96% (using the 2.5-year, 3.5-year, and 4.5-year benchmark deposit interest rate of government bonds)
- (vi) Expected dividend yield: 1.72% (using the Company's average dividend yield in the past three years)

Reserved Options Grant

The Company estimated the fair value of reserved options granted using B-S model on 15 December 2020 (Reserved Options Grant Date). Particulars are as follows:

The options granted by Shanghai Pharmaceuticals on 15 December 2020 were vested in three batches. The fair values per share of the first, second and third batch of vested options are RMB3.37 per A Share, RMB3.83 per A Share, and RMB4.06 per A Share, respectively.

Based on various data on 15 December 2020, the values and descriptions of the parameters of the valuation model are as follows:

- (i) Market price of underlying shares: RMB19.00 per A Share (the closing price of the Company's Shares on the Reserved Options Grant Date is RMB19.00 per A Share)
- (ii) Exercise price: RMB20.16 per A Share
- (iii) Validity period: 2.5 years, 3.5 years, and 4.5 years (depending on the weighted average exercise period of options vested in each period)
- (iv) Volatility rate: 32.20%, 30.71% and 28.66% (using the Company's volatility rate in the past 2.5 years, 3.5 years, and 4.5 years)
- (v) Risk-free interest rates: 2.94%, 3.02%, and 3.09% (using the 2.5-year, 3.5-year, and 4.5-year benchmark deposit interest rate of government bonds)
- (vi) Expected dividend yield: 2.03% (using the Company's average dividend yield in the past three years)



Chapter 3 Management Discussion and Analysis

(2) Accounting policies in relation to share options

According to the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, the Company will measure and account for the cost of the Company's Option Incentive Scheme as per the following accounting methods:

(i) Grant Date

As share options are not exercisable on the Grant Date, accounting treatment is not required. The Company shall determine the fair value of the share options on the Grant Date.

(ii) Vesting period

On each balance sheet date during the vesting period, the services obtained in the current period shall, based on the best estimate of the number of the exercisable share options, be included in cost of the relevant assets or expenses and the other capital reserves in capital reserves at the fair value of the share options on the Grant Date.

(iii) Exercise period

No adjustment shall be made to the relevant costs or expense, and the total amount of the owner's equities, which have been recognized.

(iv) Exercise date

Share capital and share premium shall be recognized with reference to the actual exercise of the share options, and upon which, the amount recognized as "Capital Reserves – Other capital reserves" during the vesting period shall be transferred to "Capital Reserves – Capital premium".

11. *Shares to be issued due to grant of share options and awards under all share schemes*

During the Reporting Period, there were 3,741,715 A Shares to be issued under all schemes of the Company, representing 0.134% of the weighted average number of issued A Shares during the Reporting Period.

(VII) Outlook for the Second half of 2025

In the second half of the year, the Company will adhere to the principle of striving for progress while maintaining stability, take "stabilising growth, improving quality and efficiency, and promoting innovation" as the top priority, make solid and refined efforts on implementation of a series of measures which focus on the three aspects of "building a solid chassis, strengthening the core and making breakthroughs in innovation", further deepen and promote the pharmaceutical foundation enhancement and reform improvement, accelerate the upgrading of innovative service of pharmaceutical service, and continue to build a leading technology platform. The Company will also strengthen the synergy and leap-forward development of the traditional Chinese medicine business, rigorously enhance operation compliance and risk management, seize opportunities brought by digitalization and AI technology to improve efficiency and empower, formulate the "Fifth Five-Year Plan" at a high level, and make every effort to accomplish the annual operational objectives and key tasks.

Chapter 4 Corporate Governance, Environmental and Society

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

✓ Applicable ☐ applicable

Name	Position	Change situation
Man Kwan	Independent Director	Election
Li Dongming	Vice President	Resignation
Zhou Yadong	Vice President and Chief Financial Officer	Appointment
Shen Bo	Chief Financial Officer	Resignation

Information on changes in Directors, Supervisors and Senior Management of the Company

✓ Applicable ☐ applicable

On 13 March 2025, Ms. Man Kwan was elected as an independent director of the eighth session of the Board of the Company at the first extraordinary general meeting of 2025 of the Company. On 27 March 2025, Ms. Man Kwan was elected as a member of the Nomination Committee of the Board at the 20th meeting of the eighth session of the Board of the Company. For details, please refer to the announcements of the Company dated 13 March 2025 and 27 March 2025, respectively (A share announcement Lin No. 2025-023, 030).

Since 1 April 2025, Mr. Li Dongming ceased to act as the vice president of the Company or hold any positions at its subsidiaries. For details, please refer to the Company's overseas regulatory announcement dated 1 April 2025 (A share announcement Lin No. 2025-041).

On 8 April 2025, Ms. Zhou Yadong was appointed as the vice president and chief financial officer of the Company at the 21st meeting of the eighth session of the Board of the Company. At the same time, Mr. Shen Bo ceased to be the chief financial officer of the Company. For details, please refer to the Company's overseas regulatory announcement dated 9 April 2025 (A share announcement Lin No. 2025-045).

II. PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

Profit Distribution Proposal, Proposal for the Conversion of Capital Reserve Fund into Share Capital for the Half Year

Profit distribution or conversion of capital reserve fund into share capital	No
Bonus share for every 10 Shares (shares)	N/A
Dividend for every 10 Shares (Yuan) (tax inclusive)	N/A
Conversion into share capital for every 10 Shares (shares)	N/A
Explanation on proposal for profit distribution or conversion of capital reserve fund into share capital	
	N/A



III. EQUITY INCENTIVE PLANS, EMPLOYEE SHARE SCHEMES AND OTHER EMPLOYEE INCENTIVE SCHEMES OF THE COMPANY AND THEIR IMPACT

(I) Relevant equity incentive matters disclosed in the interim announcement without subsequent development or changes during implementation

✓Applicable ☐applicable

Description	Search Index
The number of participants of the third exercise period of reserved shares options was adjusted from 23 to 20, and the number of share options granted for the third exercise period was adjusted from 778,600 to 680,000.	For details, please refer to the announcement of the Company (Lin No. 2025-005)
680,000 share options were available for exercise during the third exercise period of reserved shares options with a price of RMB20.16 per share.	For details, please refer to the announcement of the Company (Lin No. 2025-006)
In the fourth quarter of 2024, the exercise and share transfer registration in respect of total 3,130,522 shares have completed during the third exercise period of the initial granted share options of the Company, and the participants of the second exercise period of reserved shares options completed the exercise and share transfer registration in respect of total 230,459 shares.	For details, please refer to the announcement of the Company (Lin No. 2025-008)
The Company shall adopted independent exercise model for the third exercise period of reserved share options under the 2019 A-Share Stock Option Incentive Plan.	For details, please refer to the announcement of the Company (Lin No. 2025-013)
According to relevant regulations and based on the disclosure plan of the 2024 annual report of the Company, the restriction period of the third exercise period of reserved share options commenced from 26 February 2025 and ended on 27 March 2025. During this period, all participants were restricted to exercise the share options.	For details, please refer to the announcement of the Company (Lin No. 2025-017)

Description	Search Index
<p>The number of share options available for exercise during the third exercise period of the initial granted share options was 6,976,800, with the exercise period commencing from 14 February 2024 and ending on 13 February 2025, and the exercise model is independent exercise. As at 13 February 2025, the participants completed the exercise and share transfer registration in respect of total 4,828,870 shares, representing 69.21% of the total number of share options available for exercise during the period.</p> <p>The number of share options available for exercise during the second exercise period of reserved share options was 755,700, with the exercise period commencing from 8 February 2024 and ending on 7 February 2025, and the exercise model is independent exercise. As at 7 February 2025, the participants completed the exercise and share transfer registration in respect of total 231,885 shares, representing 30.68% of the number of share options available for exercise during the period.</p>	<p>For details, please refer to the announcement of the Company (Lin No. 2025-022)</p>
<p>According to relevant regulations and based on the disclosure plan of the 2025 first quarterly report of the Company, the restriction period of the third exercise period of reserved share options commenced from 30 March 2025 and ended on 28 April 2025. During this period, all participants was restricted to exercise the share options.</p>	<p>For details, please refer to the announcement of the Company (Lin No. 2025-029)</p>
<p>The third exercise period of the initial granted share options commenced from 14 February 2024 and ended on 13 February 2025, and the second exercise period of reserved share options commenced from 8 February 2024 and ended on 7 February 2025. Both of two exercise periods have expired.</p> <p>The number of share options to be cancelled: 2,147,930 share options for the third exercise period of the initial granted share options; 523,815 share options for the second exercise period of reserved share options.</p>	<p>For details, please refer to the announcement of the Company (Lin No. 2025-033)</p>
<p>In the first quarter of 2025, the participants of the third exercise period of reserved share options of the Company did not exercise the share options.</p>	<p>For details, please refer to the announcement of the Company (Lin No. 2025-042)</p>



Chapter 4 Corporate Governance, Environmental and Society

(II) Incentives not disclosed in the interim announcement or with subsequent development

Equity incentives

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

Employee share schemes

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

IV. Environment information of the listed company and its major subsidiaries included in the list of enterprises that are legally required to disclose environmental information

☒ Applicable ☐ applicable

Number of enterprises included in the list of enterprises that are legally required to disclose environmental information		20
No.	Company name	Search Index for the report on disclosure of environmental information in accordance with laws
1	General factory of SPH Sine Pharmaceutical Factory Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
2	Shanghai Sine Wanxiang Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
3	Shanghai Sine Tianping Pharmaceutical Co., Ltd.,	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
4	SPH Pharmaceutical Technology Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
5	SPH New Asia Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp

No.	Company name	Search Index for the report on disclosure of environmental information in accordance with laws
6	Shanghai SPH New Asiatic Minghang Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
7	Shanghai SPH Biological Medicine Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
8	Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
9	Shanghai SPH Zhong Xi Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
10	Shanghai Jinhe Bio-pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shanghai) https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
11	Tianjin Jinjin Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Tianjin) https://111.33.173.33:10800/#/gkwz/ndpl/index?areaCode=120111
12	Shandong Sine Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/
13	Changzhou Pharmaceutical Factory Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
14	Nantong Changyou Chemicals Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js



Chapter 4 Corporate Governance, Environmental and Society

		Search Index for the report on disclosure of environmental information in accordance with laws
No.	Company name	
15	Chifeng Aike Pharmaceutical Technology Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Inner Mongolia) http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&cantonCode=150000
16	SPH Changzhou Kony Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
17	Liaoning Meiya Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Liaoning) https://sthj.deing.cn:8180/home/public
18	SPH Qingdao Guofeng Pharmaceutical Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/
19	SPH (Benxi) North Pharmaceuticals Co., Ltd.	System for enterprise environmental information disclosure in accordance with law (Liaoning) https://sthj.deing.cn:8180/home/public
20	TECHPOOL Bio-Pharma Co., Ltd.	Department of Ecology and Environment of Guangdong Province – System for enterprise environmental information disclosure in accordance with law https://www-app.gdeei.cn/gdeepub/front/dal/dal/newindex

Other explanation

☐ Applicable ☒ Not applicable

V. PARTICULARS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

✓Applicable ☐applicable

Common prosperity is the concentrated reflection of the superiority of the socialist system with Chinese characteristics. The Company thoroughly implemented the spirits of the 20th National Congress of the Communist Party of China and the second and third plenary sessions of the 20th CPC Central Committee and the Overall Rural Revitalization Plan (2024-2027) issued by the Central Committee of the Communist Party of China and the State Council, and solidly promoted the “Five Revitalizations” (Rural Industrial Revitalization, Rural Talent Revitalization, Rural Cultural Revitalization, Rural Ecological Revitalization, and Rural Organizational Revitalization).

Since 2018, Shanghai Pharmaceuticals has joined the projects of “Hundred Enterprises Helping Hundred Villages” and “Hundred Enterprises Joining Hundred Villages” under the guidance of the SASAC and SIIC in accordance with the deployment of the Shanghai Municipal Party Committee and Shanghai Municipal Government on exchanges and cooperation between Shanghai and Yunnan. In combination with its own advantages, the Company integrated relevant resources, comprehensively implemented the work of tackling poverty and rural revitalization, and continued to strictly implement the work requirements of “shaking off poverty rather than responsibility, policies, assistance and supervision” after the overall victory in tackling poverty, forming a situation where the Company’s headquarters took the lead and its subsidiaries were propelled to jointly advance. Based on the general principle of complementary advantages, mutual benefit and win-win and common development, Shanghai Pharmaceuticals’ counterpart support work in Yunnan has entered a new stage of high-quality development.

SHAPHAR, SPH Sine and Shanghai Traditional Chinese Medicine Co., Ltd. (上藥藥材), subsidiaries of Shanghai Pharmaceuticals, were paired with Xianfeng Village in Juli Town, Shijia Village in Micheng Town and Kanglang Village in Niujie Township in Midu County, Dali Prefecture, Yunnan Province respectively to provide assistance, and the assistance measures focused on the dimensions of “Five Revitalizations”.

SHAPHAR helped Xianfeng Village: The industrial line continued to focus on the Yunhong No.7 safflower planting project. This year, the planting scale of Yunhong No.7 was further expanded to 1,200 mu from the pilot planting of original 200 mu of safflower. At the same time, a high-yield cultivation technology with “standardization, normalization and topping at seedling stage” as the core was integrated, making the yield of safflower per mu increase by more than 5% compared with the traditional planting methods. The field yield measurement made in the “Demonstration and Application of High-yield Cultivation Techniques of Yunhong No.7 in Midu County” implemented by the Economic Crops Research Institute, Yunnan Academy of Agricultural Sciences and other institutions and units showed that the yield per mu of demonstration plots increased by 55.73% compared with the non-demonstration plots, and the effect of increasing farmers’ income was remarkable.



Chapter 4 Corporate Governance, Environmental and Society

Shanghai Traditional Chinese Medicine Co., Ltd. (上藥藥材) helped Kanglang Village: The industrial line continued to focus on the cultivation of authentic medicinal herbs, and the agricultural output value of directional acquisition was RMB3.2 million in the first half of the year. Among which, the subsidized planting area of safflower in Kanglang Village was 1,045 mu, involving 800 people from 211 households, including 640 people from 160 registered impoverished households. 20,000 kilograms of safflower were purchased, with a total purchase amount of RMB2 million. The subsidized planting area of Angelica sinensis was 150 mu, involving 200 people from 50 households, including 160 people from 40 registered impoverished households. 20,000 kilograms of Angelica sinensis were purchased, with a total purchase amount of RMB1.2 million. In terms of the talent line, multiple support projects have been implemented around the local Kanglang Primary School, and the "Intelligence Scholarship" and the "Aspiration Scholarship" which are granted every year have been established. In the first half of the year, Shanghai Traditional Chinese Medicine Co., Ltd. (上藥藥材) worked out three assistance projects with the local government, namely, the renovation of the classrooms, the ground renovation of the small playground, and the purchase of uniforms and daily necessities for resident students of Kanglang Primary School. It is estimated that the assistance fund will be RMB200,000.

SPH Sine helped Shijia Village: The industrial line focused on supporting characteristic aquaculture. The company invested RMB380,000 to build breeding facilities such as sheepfolds, warehouses and kitchens, which have completed the acceptance inspection and put into use in July 2025. At present, there are 182 black goats and sheep, and the subsequent work will focus on building a unified feed purchase, improving breeding standards and unifying the quality and efficiency of sales channels. The ecological line focused on the construction project of a characteristic village. Since the project was launched in 2023, a total assistance fund of RMB310,000 has been invested to promote the development of Yingshanhong characteristic cultural tourism industry in this village mainly through the renovation of the road sections leading to the village along the bus stop points, and at the same time improve the convenience for villagers to travel and students to go to school. The talent line implemented the scholarship program, and 10 students were awarded scholarships in the first half of 2025.

In the second half of the year, Shanghai Pharmaceuticals will continue to exert its subjective initiative and accumulated successful experience to make greater contributions in constructing modern agriculture, increasing farmers' income, cultivating rural talents, prospering rural culture, building beautiful countrysides that are desirable to live and work in, and promoting comprehensive rural revitalization.

VI. DISCLOSURES REQUIRED BY THE HONG KONG LISTING RULES

(I) Compliance with the Corporate Governance Code

During the Reporting Period, following Ms. Man Kwan's election as an independent non-executive director on 13 March 2025, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. On 10 January 2025, Ms. Man Kwan was nominated as a candidate of the independent non-executive director of the eighth session of the Board of the Company. After Ms. Man Kwan was officially elected as the independent non-executive director of the eighth session of the Board of the Company by the shareholders of the Company at the extraordinary general meeting on 13 March 2025, the Company has complied with the requirement in relation to gender diversity of the board of directors under Rule 13.92 of the Hong Kong Listing Rules. On 27 March 2025, Ms. Man Kwan was appointed as a member of the Nomination Committee of the Board and the Implementation Rules of the Nomination Committee of the Board of Directors of the Company was amended in response to the amendments to the Hong Kong Listing Rules and Corporate Governance Code.

(II) Compliance with the Model Code

The board of directors of the Company has confirmed that the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") for securities transactions by Directors. After sufficient enquiry, all the directors and supervisors have confirmed that they complied with the Model Code in all aspects during the Reporting Period.

(III) Change in Details of Biographies

Latest biographical details of Mr. Shen Bo: Born in March 1973. He obtained a master degree in professional accountancy from Chinese University of Hong Kong and is a Chinese Certified Public Accountant. He is currently the executive director and president of the Company, and holds directorships in subsidiaries of the Company. Mr. Shen Bo currently serves as the non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company listed on the Hong Kong Stock Exchange and the science and technology innovation board of the Shanghai Stock Exchange with stock codes 01349 and 688505, respectively). His previous positions included the non-executive director of Tianda Pharmaceuticals Limited (a company listed on the Hong Kong Stock Exchange) (stock code 00455), the general manager of the finance department of Shanghai Pharmaceutical (Group) Co., Ltd., the chief financial officer of Shanghai Industrial Pharmaceutical Investment Co., Ltd. and the deputy general manager of the finance department of Shanghai Jinling Co., Ltd., etc.



Chapter 4 Corporate Governance, Environmental and Society

Latest biographical details of Mr. Gu Zhaoyang: Born in February 1966. He obtained a B.A. degree in English from Tsinghua University, an M.A. degree in Management from Renmin University of China, and a M.A. degree in Economics and Ph.D. degree in Accounting from Tulane University U.S.A. He is a CPA (non-practicing) in the U.S.A. He is currently an independent non-executive director of the Company. He is also an independent non-executive director of Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司, a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange with stock codes 00177 and 600377, respectively), Nongfu Spring Co., Ltd. (農夫山泉股份有限公司, a company listed on the Hong Kong Stock Exchange with stock code 09633), Bank of Tianjin CO., LTD. (天津銀行股份有限公司, a company listed on the Hong Kong Stock Exchange with stock code 01578), Luda Technologies Group Ltd. (a company listed on the NYSE with stock code LUD) and X.J. ELECTRICS (Hu Bei) Co., Ltd. (湖北香江電器股份有限公司, a company listed on the Hong Kong Stock Exchange with stock code 02619) and a Professor of Accountancy and the director of the MBA Program in Finance at the Chinese University of Hong Kong (CUHK). Previously, he was an Assistant and Associate Professor at Carnegie Mellon University, and an Associate Professor and Honeywell Professor in Accounting at the Carlson School of Management, University of Minnesota, where he was also the person in charge of the Accounting Ph.D. program. He is the dean of the School of Accountancy at the Chinese University of Hong Kong (CUHK).

(IV) Audit Committee's Review on the Interim Report

The audit committee under the board of directors of the Company has reviewed the Company's 2025 interim report and agreed with the accounting treatment adopted by the Company.

(V) Articles of Association

During the Reporting Period, the proposal regarding the amendments to the Articles of Association was considered and passed at the extraordinary general meeting held by the Company on 13 March 2025. For details of amendments, please refer to the circular of the Company dated 21 February 2025. The full text of the latest Articles of Association is available on the websites of the Hong Kong Stock Exchange and the Company.

I. FULFILMENT STATUS OF COMMITMENTS

(I) Commitments by De Facto Controller, Shareholders, Related Parties, Acquirers and the Company to Relevant Parties during or lasting to the Reporting Period

✓Applicable □Not applicable

Background of commitments	Type of commitments	Undertaking party	Details of commitments	Time of commitments	Whether there is a term for commitments	Term of commitments	Whether the Commitment is fulfilled in a timely and strict manner
Undertakings stated in acquisition report or report of changes in equity	Lock-up of shares	Yunnan Baiyao	Yunnan Baiyao undertakes that the subscribed additional shares of Shanghai Pharmaceuticals shall be subject to a lock-up period of 36 months from the date of completion of the issuance. Any shares to be acquired by Yunnan Baiyao after the completion of the above transaction due to bonus issue, conversion of capital reserve into share capital of Shanghai Pharmaceuticals, etc. shall also be subject to the lock-up arrangement mentioned above. If the CSRC and the Shanghai Stock Exchange have other requirements for the lock-up period for the subscription of additional shares of Shanghai Pharmaceuticals by Yunnan Baiyao, the parties will adjust the lock-up period in accordance with such requirements of the CSRC and the Shanghai Stock Exchange.	11 May 2021	Yes	Within 36 months from the date of completion of the non-public issuance of A Shares of the Company in 2021.	Yes
The commitment in relation to major assets restructuring	Solving horizontal competition	Shanghai Pharmaceutical (Group) and SINC	1. In the event it acquires, procures or otherwise comes to possess businesses or assets that compete or could potentially compete with the businesses of the Company, it shall, pursuant to its non-competition deed, irrevocably grant the Company the pre-emptive right to acquire all of such businesses or assets at any time; 2. It and its subsidiaries shall avoid any business or operations that may compete with the Company; 3. It shall avoid investing companies or enterprises that compete with the business and operations of the Company; and 4. It shall bear all losses and expenses directly and indirectly incurred by the Company as a result of a breach by it of its undertakings set forth in its non-competition deed.	22 December 2009	Yes	Long term	Yes
The commitment in relation to the initial public offering	Solving horizontal competition	Shanghai Pharmaceutical (Group) and SINC	Please refer to "The commitment in relation to major assets restructuring" described above for details.	22 December 2009	Yes	Long term	Yes



Chapter 5 Significant Events

Background of commitments	Type of commitments	Undertaking party	Details of commitments	Time of commitments	Whether there is a term for commitments	Term of commitments	Whether the Commitment is fulfilled in a timely and strict manner
The commitment in relation to the refinancing	Other	SILC, Shanghai Shangshi and Shanghai Pharmaceutical (Group)	<ol style="list-style-type: none"> 1. The Company undertakes not to exceed its authority to interfere with the operation and management activities of the Company and not to encroach on the interests of the Company; 2. If the Company violates such commitments and causes losses to the Company or investors, the Company is willing to bear the responsibility of compensation to the Company or investors in accordance with the law; 3. From the issue date of the commitment to the completion of the implementation of the Company's non-public issuance of A Shares, if the CSRC makes other new regulatory provisions on the remedial measures on returns and its commitment, and if the above commitment cannot meet such provisions of the CSRC, the Company undertakes to issue additional commitment in accordance with the latest provisions of the CSRC at that time; as one of the responsible subjects in relation to the remedial measures on returns, if the Company violates the above commitments or refuses to fulfill the above commitments, the Company agrees that the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities shall impose relevant penalties or take relevant regulatory measures against the Company in accordance with the relevant regulations and rules formulated or issued by them. 	11 May 2021	Yes	Long term	Yes
	Other	The Company	<ol style="list-style-type: none"> 1. Strictly implements the management system of the proceeds to prevent the risk of using the proceeds; 2. Further strengthens the Company's operation management and internal control to improve operational efficiency and profitability; 3. Strictly implements the profit distribution policy and ensure the implementation of the investor return mechanism. 	11 May 2021	Yes	Long term	Yes

Background of commitments	Type of commitments	Undertaking party	Details of commitments	Time of commitments	Whether there is a term for commitments	Term of commitments	Whether the Commitment is fulfilled in a timely and strict manner
	Other	Directors and senior management of the Company	<p>1. Undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the Company;</p> <p>2. Undertake to exercise restraint on my official consumption behavior;</p> <p>3. Undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of duties;</p> <p>4. Undertake to link the remuneration system formulated by the Board or the Remuneration and Evaluation Committee of the Board to the implementation of the Company's remedial measures on returns;</p> <p>5. Undertake that if the Company subsequently launches the equity incentive policy, the exercise conditions of the Company's equity incentive to be announced will be linked to the implementation of the Company's remedial measures on returns;</p> <p>6. From the issue date of the commitment to the completion of the implementation of the Company's non-public issuance of A Shares, if the CSRC makes other new regulatory provisions on the remedial measures on returns and its commitment, and if the above commitment cannot meet such provisions of the CSRC, I undertake to issue additional commitment in accordance with the latest provisions of the CSRC at that time;</p> <p>7. Undertake to effectively implement the relevant return remedial measures formulated by the Company and any commitments made by me in relation to return remedial measures, and if I violate such commitments and cause losses to the Company or investors, I am willing to bear the compensation to the Company or investors in accordance with the law; as one of the responsible subjects in relation to the remedial measures on returns, if I violate the above commitments or refuse to fulfill the above commitments, I agree that the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities shall impose relevant penalties or take relevant regulatory measures against me in accordance with the relevant regulations and rules formulated or issued by them.</p>	11 May 2021	Yes	Long term	Yes
The commitment in relation to the option incentive	Other	The Company	Not to provide loans and financial support in other forms, including providing guarantee for loans to the participants for acquiring the relevant entitlement under the Scheme.	30 September 2019	Yes	Long term	Yes



Chapter 5 Significant Events

II. APPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSE DURING THE REPORTING PERIOD

☐Applicable ☒Not applicable

III. IRREGULAR GUARANTEES

☐Applicable ☒Not applicable

IV. AUDIT OF THE INTERIM REPORT

☐Applicable ☒Not applicable

V. CHANGES AND SETTLEMENTS OF MATTERS INVOLVED IN THE NONSTANDARD AUDIT OPINION SET OUT IN THE ANNUAL REPORT OF LAST YEAR

☐Applicable ☒Not applicable

VI. ISSUES RELEVANT TO INSOLVENCY AND RESTRUCTURING

☐Applicable ☒Not applicable

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

☒ Material litigations and arbitrations occurred during the Reporting Period

☐ No material litigations and arbitrations occurred during the Reporting Period

(I) Litigations and arbitrations disclosed in the interim announcements without subsequent development

☒Applicable ☐Not applicable

Overview and Type of Events	Search Index
Case of Techpool Bio-Pharma Co., Ltd. (the "Plaintiff") against Guangzhou Baotian Biotechnology Co., Ltd. (the "Defendant") for dispute over private lending. On 5 November 2021, Guangzhou Tianhe District People's Court handed down its first-instance judgment in respect of the case, ruling that the Defendant shall repay the principal amount of RMB83.50 million and the interests accrued on within 15 days from the date when this judgement takes effect, and dismissed other requests of the Plaintiff. The case is still in progress.	Please refer to the Announcement of Shanghai Pharmaceuticals Holding Co., Ltd. in relation to Material Litigations and Arbitrations and interim announcement (Lin No. 2021-091) disclosed by the Company on the website of Shanghai Stock Exchange for details.

(II) Litigations and arbitrations not disclosed in the interim announcement or with subsequent development

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

During the Reporting Period:									
Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of Litigation	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Techpool Bio-Pharma Co., Ltd.	Guangzhou Tianhe Hi-tech Industrial Zone Industrial Development Corporation, Guangzhou Huashi Industrial Co., Ltd. (廣州化十 實業有限公司)	Nil	Litigation	Case of Techpool Bio- Pharma Co., Ltd. against two parties including Guangzhou Tianhe Hi-tech Industrial Zone Industrial Development Corporation for dispute over recovery of unpaid capital contribution.	94,031,566.02	No	The court ruled to terminate the enforcement procedure	The second- instance court supported the requests of the prosecutor, which did not impose significant impact on the Company.	Since the case did not meet the conditions for continuous enforcement, the court ruled to terminate the enforcement procedure. When the conditions for applying for enforcement are met, an application can be made to the court for resumption of enforcement.

(III) Other information

□Applicable ✓Not applicable



Chapter 5 Significant Events

VIII. ALLEGED VIOLATION OF LAWS AND REGULATIONS, PUNISHMENT AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

☒ Applicable ☐ Not applicable

Due to constituting the act of reaching and implementing monopoly agreements, Shanghai Municipal Administration for Market Regulation ordered Shanghai Sine United Medicinal Herbs Co., Ltd. ("Sine United"), a subsidiary of the Company, to immediately cease the illegal activities, forfeited the illegal income of RMB115,471,142.40, and imposed on Sine United a fine of 10% of its revenue generated in 2023, and the fine is mitigated by 80%. After the mitigation, the actual penalty is RMB50,335,849.29. The total amount of the fined money is RMB165,806,991.69.

The Company has deeply recognized the negative impact of monopolistic behavior on the industry ecosystem and corporate sustainable development. In response to the issues exposed, the following measures have been taken:

1. Improve institutional framework and deepen compliance training. The Company has formulated regulations such as the "Anti-Monopoly Management Measures of Shanghai Pharmaceuticals Holding Co., Ltd." and the "Anti-Monopoly Guidelines of Shanghai Pharmaceuticals Holding Co., Ltd.", clarifying the specific requirements and operational standards for anti-monopoly compliance management. Through tiered and categorized specialized training, the Company continuously strengthened the anti-monopoly compliance awareness of all employees and systematically enhanced the enterprise's ability to identify and prevent risks.
2. Conduct comprehensive risk screening and strengthen compliance mechanisms. The Company has established a regular risk screening mechanism. Through multiple rounds of special verification, the Company has systematically reviewed historical business risks and actively eliminated potential hidden dangers. The Company has focused on optimizing and adjusting business segments that are prone to monopoly risks. At the same time, the Company has strictly regulated the operating behavior of employees to ensure the compliance of the entire business operation process.

In addition to consolidating the compliance foundation comprehensively, the Company is committed to optimizing its operating model, increasing innovation investment, and actively cultivating strategic emerging businesses. The Company is dedicated to safeguarding the rights and interests of investors and maintaining market fairness, and strives to build a sustainable development pattern with core competitiveness.

For details, please refer to the announcement of the Company (Lin No. 2025-027).

IX. STATEMENTS ON THE INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

X. SIGNIFICANT RELATED TRANSACTIONS

(I) Related transactions relating to daily operations

- Events disclosed in the interim announcement without subsequent development or changes during implementation
☐ Applicable ☒ Not applicable
- Events disclosed in interim announcement with subsequent development or changes during implementation
☒ Applicable ☐ Not applicable

Unit: 0'000 Yuan Currency: RMB

Related party	Particulars of the related transaction	Pricing principle of the related transaction	Amount of the related transaction	Proportion in the amount of transaction of the same type (%)	Settlement method of the related transaction	Available market price of similar transactions	Reason for the difference between trading price and market price
SIIC and its subsidiaries	Purchase of goods and receipt of services from the related party ^①	Negotiated based on the market price	2,807.82	100.00	Cash	2,807.82	N/A
Shanghai Pharmaceutical (Group) and its subsidiaries	Selling products and offering labor services to the related party		33.40	100.00		33.40	
	Leasing housing and equipment and receiving property services from related party ^②		1,857.05	100.00		1,857.05	
	Leasing housing to related parties		231.53	100.00		231.53	
Tianda Pharmaceuticals Limited	Purchase of goods and receipt of distribution services from the related party		843.29	100.00		843.29	
Fudan Zhangjiang	Receipt of entrusted sales of the products for the related party		4,782.19	100.00		4,782.19	
Yunnan Baiyao	Purchase of goods from the related party		28,283.96	100.00		28,283.96	
	Selling products to the related party		33,032.93	100.00		33,032.93	



Chapter 5 Significant Events

- Notes:
- ① The amount of the related transaction under such transaction included the purchase amount under the Procurement Framework Agreement and the daily related transactions entered into between the Group and Wing Fat Printing Co., Ltd. (for details, please refer to announcement of the Company (Lin No. 2024-095)).
 - ② The amount of the related transaction under such transaction included the amount of leasing business under the Property Leasing Framework Agreement and the daily related transactions entered into between the Group and Shanghai Pharmaceutical (Group) (for details, please refer to announcement of the Company (Lin No. 2023-084)).
 - ③ For details about matters not disclosed in interim announcements, please refer to Note (VIII) to financial statements.

3. *Events not disclosed in interim announcements*

☐Applicable ☒Not applicable

(II) Related transactions relating to acquisition and disposal of assets and equity

1. *Events disclosed in the interim announcement without subsequent development or changes during implementation*

☐Applicable ☒Not applicable

2. *Events disclosed in interim announcement with subsequent development or changes during implementation*

☐Applicable ☒Not applicable

3. *Events not disclosed in interim announcement*

☐Applicable ☒Not applicable

4. *Performance with agreed target shall be disclosed during the Reporting Period*

☐Applicable ☒Not applicable

(III) Material related transactions relating to joint external investment

1. *Events disclosed in the interim announcement without subsequent development or changes during implementation*

☒ Applicable ☐ Not applicable

Overview of Events	Search Index
Shanghai Pharmaceuticals (as a limited partner) participated in the establishment of Shanghai Biomedical Merger and Acquisition Equity Investment Partnership (Limited Partnership) (上海生物醫藥併購股權投資合夥企業(有限合夥))(approved by the industrial and commercial authority, hereinafter referred to as "Target Fund"), with the capital commitment of RMB1.0 billion.	Please refer to the announcements of the Company (Lin No. 2025-014 and Lin No. 2025-047) for details.
On 26 March 2025, Shanghai Pharmaceuticals entered into the Limited Partnership Agreement for Shanghai Biomedical Merger and Acquisition Equity Investment Partnership (Limited Partnership) with 13 partners including Shanghai Shangshi Capital Management Co., Ltd., pursuant to which, the Target Fund completed the industrial and commercial registration procedures.	
In April 2025, the Company received the notice from Shanghai Shangshi Capital Management Co., Ltd. (as the fund manager) that the M&A fund has completed the filing procedures with the Asset Management Association of China (中國證券投資基金業協會).	

2. *Events disclosed in interim announcement with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in interim announcement*

☐ Applicable ☒ Not applicable



Chapter 5 Significant Events

(IV) Credits and liabilities with related parties

1. *Events disclosed in the interim announcement without subsequent development or changes during implementation*
☐Applicable ☒Not applicable
2. *Events disclosed in interim announcement with subsequent development or changes during implementation*
☐Applicable ☒Not applicable
3. *Events not disclosed in interim announcement*
☐Applicable ☒Not applicable

(V) Financial business between the Company and related financial companies, holding financial companies and related parties

☒Applicable ☐Not applicable

1. *Deposit business*
☒Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Related party	Related relationship	Daily maximum deposit limit	Deposit interest rate range	The balance at the beginning of the Period	The amount for the Period			The balance at the end of the Period
					Total amount deposited during the Period	Total amount withdrew during the Period		
Shanghai Shangshi Group Finance Co., Ltd. (上海上實集團財務有限公司)	Subsidiary of Controlling Shareholder	500,000	0.15%-1.55%	477,104.58	3,380,990.07	3,539,254.94		318,839.71

2. *Loan business*✓Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Related party	Related relationship	Loan limit	Loan interest rate range	The amount for the Period			
				The balance at the beginning of the Period	Total amount lent during the Period	Total amount repaid during the Period	The balance at the end of the Period
Shanghai Shangshi Group Finance Co., Ltd. (上海上實集團財務有限公司)	Subsidiary of Controlling Shareholder	700,000	2.30%-5.00%	408,748.76	230,057.91	204,458.02	434,348.65

3. *Credit business or other financial business*✓Applicable ☐Not applicable

Unit: 0'000 Yuan Currency: RMB

Related party	Related relationship	Business type	Total amount	Actual amount
Shanghai Shangshi Group Finance Co., Ltd. (上海上實集團財務有限公司)	Subsidiary of Controlling Shareholder	Liquidity loans, project loans, discount of bank acceptance notes, discount of trade acceptance notes, factoring of trade receivables, bill acceptance and entrust loans	856,850.00	230,057.91

4. *Other information*☐Applicable ☒Not applicable



Chapter 5 Significant Events

(VI) Other significant related transaction

☐Applicable ☒Not applicable

(VII) Others

☐Applicable ☒Not applicable

XI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Trusteeship, contracting and leasing

☐Applicable ☒Not applicable

(II) Material guarantees fulfilled and to be fulfilled during the Reporting Period

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding those provided to its subsidiaries)															
Relationship between the guarantor and the listed company		Guaranteed party	Value of guarantee	Date of guarantee (date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Guarantee fully fulfilled	Guarantee overdue	Overdue amount of guarantee	Any counter guarantee	Guarantee provided to related parties	Connected relationship	
Guarantor	company	party	guarantee	agreement	guarantee	guarantee	Principal debts	(if any)							
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Total value guaranteed during the Reporting Period (excluding those provided to its subsidiaries)															—
Total remaining balance guaranteed at the end of the Reporting Period (A) (excluding those provided to its subsidiaries)															—

Guarantees provided by the Company to its subsidiaries	
Total value guaranteed for its subsidiaries during the Reporting Period	1,958,331,447.12
Total remaining balance guaranteed for its subsidiaries at the end of the Reporting Period (B)	2,137,117,337.50
Total value guaranteed by the Company (including guarantees to subsidiaries)	
Total value guaranteed (A+B)	2,137,117,337.50
Proportion of total value guaranteed in the Company's net assets (%)	2.85%
Among which:	
Value guaranteed for shareholders, de facto controller and related parties (C)	–
Value directly or indirectly guaranteed for guaranteed parties whose gearing ratio exceeds 70% (D)	1,680,100,837.28
Amount of total value guaranteed exceeding 50% of net assets (E)	–
Total of value guaranteed for the above three items (C+D+E)	1,680,100,837.28
Details of possible joint settlement liabilities for undue guarantee	/
Details of guarantee	/

(III) Other material contracts

☐Applicable ☒Not applicable

XII. PROGRESS OF THE USE OF FUND RAISED

☐Applicable ☒Not applicable

XIII.STATEMENT ON OTHER SIGNIFICANT EVENTS

☐Applicable ☒Not applicable



Chapter 6 Changes in Shares and Information about Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in Shares

1. Table of changes in Shares

Unit: share

	Before current change		Current increase or decrease (+,-)					After current change	
	Number of Shares	Percentage (%)	Issue of new Shares	Bonus Shares	Conversion of capital reserve fund into share capital	Others	Subtotal	Number of Shares	Percentage (%)
I. Trade-restricted Shares	852,708,396	22.997	0	0	0	-852,626,796	-852,626,796	81,600	0.002
1. State-held Shares	0	0	0	0	0	0	0	0	0
2. Shares held by state-owned legal persons	187,000,000	5.043	0	0	0	-187,000,000	-187,000,000	0	0
3. Other domestically held Shares	665,708,396	17.953	0	0	0	-665,626,796	-665,626,796	81,600	0.002
Of which: Shares held by domestic non-state-owned legal persons	665,708,396	17.953	0	0	0	-665,626,796	-665,626,796	81,600	0.002
Shares held by domestic natural persons	0	0	0	0	0	0	0	0	0
4. Foreign-held Shares	0	0	0	0	0	0	0	0	0
Of which: Shares held by foreign legal persons	0	0	0	0	0	0	0	0	0
Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0
II. Shares without trade restrictions	2,855,263,443	77.003	+389,970	0	0	+852,626,796	+853,016,766	3,708,280,209	99.998
1. RMB ordinary shares	1,936,190,739	52.217	+389,970	0	0	+852,626,796	+853,016,766	2,789,207,505	75.214
2. Domestically listed foreign Shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign Shares	919,072,704	24.786	0	0	0	0	0	919,072,704	24.784
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of Shares	3,707,971,839	100	+389,970	0	0	0	+389,970	3,708,361,809	100

Note: Any discrepancies in above table between part of the total shown and the sum of the breakdown figures are due to rounding.

2. Explanation of changes in Shares

✓Applicable ☐Not applicable

On 8 April 2022, 187,000,000 A Shares and 665,626,796 A Shares that have been respectively issued by the Company to Shanghai Tandong and Yunan Baiyao through private placement completed the share registration procedure at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Such Shares shall be subject to a lock-up period of 36 months. On 8 April 2025, the above aggregated 852,626,796 trade-restricted Shares have been released for trading.

The additional 389,970 Shares arising from issuance of new shares represent the number of Shares that have been exercised by participants of the third exercise period of the initial granted share options under the 2019 Option Incentive Scheme of the Company and completed the share transfer registration prior to expiration of the exercise period in the first quarter of 2025. The total share capital of the Company increased from 3,707,971,839 Shares at the beginning of the Reporting Period to 3,708,361,809 Shares at the end of the Reporting Period. However, there was no change in the Company's control and controlling shareholders.

3. Impacts (if any) of changes in Shares occurred during the Period from the end of the Reporting Period to disclosure date of the interim report on financial indicators such as earnings per share and net asset per share

☐Applicable ✓Not applicable

4. Other information that the Company deems necessary or the securities regulators require disclosing

☐Applicable ✓Not applicable

(II) Changes in trade-restricted Shares

✓Applicable ☐Not applicable

Unit: share

Name of shareholders	Number of trade-restricted Shares at the beginning of the period	Number of Shares with restriction released during the Reporting Period	Increase in trade-restricted Shares during the Reporting Period	Number of trade-restricted Shares at the end of the Reporting Period	Reasons for trade restriction	Expiry date for trade restriction
Shanghai Tandong	187,000,000	187,000,000	0	0	When subscribing for A Shares issued by the Company through private placement in 2022, they undertook that such Shares shall be subject to a lock-up period of 36 months from the date of completion of the issuance.	8 April 2025
Yunnan Baiyao	665,626,796	665,626,796	0	0		
Total	852,626,796	852,626,796	0	0		/



Chapter 6 Changes in Shares and Information about Shareholders

II. INFORMATION ABOUT SHAREHOLDERS

(I) Number of shareholders:

The total number of ordinary shareholders as at the end of the Reporting Period	85,127
The total number of shareholders of preference Shares with voting rights restored as at the end of the Reporting Period	0

(II) Top ten shareholders and top ten shareholders for shares in circulation (or without trade restrictions) and their shareholdings at the end of the Reporting Period

Unit: share

Shareholdings of the top ten shareholders (excluding the shares lent under refinancing business)							
Name of shareholder (in full)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Period	Shareholding percentage (%)	Number of trade- restricted Shares held	Pledged, labelled or frozen		Nature of shareholders
					Status	Number	
HKSCC NOMINEES LIMITED [®]	9,200	918,233,449	24.761	0	Unknown		Foreign legal person
Shanghai Pharmaceutical (Group) Co., Ltd.	0	716,516,039	19.322	0	Nil		State-owned legal person
Yunnan Baiyao Group Co., Ltd.	0	665,626,796	17.949	0	Nil		Domestic non-state-owned legal person
SIIC International Investment Company Limited	62,429,500	300,438,000	8.102	0	Nil		State-owned legal person
Shanghai Shangshi (Group) Co., Ltd.	0	221,801,798	5.981	0	Nil		State-owned legal person
Shanghai Tandong Enterprise Consulting Services Co., Ltd.	0	187,000,000	5.043	0	Nil		State-owned legal person
New China Life Insurance Company Ltd. – Traditional – General Insurance Products – 018L – CT001Hu	5,204,922	153,696,726	4.145	0	Nil		State-owned legal person
Hong Kong Securities Clearing Company Limited [®]	1,937,577	78,715,053	2.123	0	Unknown		Foreign legal person
China Securities Finance Corporation Limited	0	41,330,543	1.115	0	Unknown		State-owned legal person
New China Life Insurance Company Ltd. – Dividends – Individual Dividends – 018L – FH002Hu	0	29,020,495	0.783	0	Nil		State-owned legal person

Shareholdings of top ten shareholders without trade restrictions (excluding the shares lent under refinancing business)			
Name of shareholders	Number of Shares in circulation without trade restrictions	Class and number of Shares	
		Class	Number
HKSCC NOMINEES LIMITED	918,233,449	Overseas listed foreign Shares	918,233,449
Shanghai Pharmaceutical (Group) Co., Ltd.	716,516,039	RMB ordinary Shares	716,516,039
Yunnan Baiyao Group Co., Ltd.	665,626,796	RMB ordinary Shares	665,626,796
SIIC International Investment Company Limited	300,438,000	Overseas listed foreign Shares	300,438,000
Shanghai Shangshi (Group) Co., Ltd.	221,801,798	RMB ordinary Shares	221,801,798
Shanghai Tandong Enterprise Consulting Services Co., Ltd.	187,000,000	RMB ordinary Shares	187,000,000
New China Life Insurance Company Ltd. – Traditional – General Insurance Products – 018L – CT001Hu	121,809,226	RMB ordinary Shares	153,696,726
	31,887,500	Overseas listed foreign Shares	
Hong Kong Securities Clearing Company Limited	78,715,053	RMB ordinary Shares	78,715,053
China Securities Finance Corporation Limited	41,330,543	RMB ordinary Shares	41,330,543
New China Life Insurance Company Ltd. – Dividends – Individual Dividends – 018L – FH002Hu	29,020,495	RMB ordinary Shares	29,020,495
Description of special account for repurchase among the top ten shareholders	Not available		
Explanations on the entrusting voting right, entrusted voting right and waive of voting right of the above shareholders	Not available		
Note on connected relations or concerted actions of the above shareholders	SIIC is a controlling shareholder of the Company and SIIC International Investment Company Limited is a wholly-owned subsidiary of SIIC. SIIC is authorized by Shanghai SASAC to operate and manage Shang Shangshi, therefore, SIIC has control over Shanghai Shangshi. Shanghai Shangshi holds 100% equity interest in Shanghai Tandong and 60% equity interest in Shanghai Pharmaceutical (Group). The Company is not aware of any affiliation among other shareholders or whether they are persons acting in concert as stipulated under the “Measures for the Administration of the Takeover of Listed Companies”.		
Note on shareholders of preference Shares with voting rights restored and number of Shares held	Not available		

Notes:

- ① Shares held by HKSCC NOMINEES LIMITED are held on behalf of its clients and the number of Shares it holds as shown in the table above includes 300,438,000 H Shares held by SIIC International Investment Company Limited and 31,887,500 H Shares held by New China Life Insurance Company Ltd. – Traditional – General Insurance Products – 018L – CT001Hu.



Chapter 6 Changes in Shares and Information about Shareholders

- ② Hong Kong Securities Clearing Company Limited is the nominee holder of the RMB ordinary Shares under Shanghai-Hong Kong Stock Connect.
- ③ As at the end of the Reporting Period, SIIC indirectly held 500,000 A Shares and 300,438,000 H Shares of the Company through Shanghai SIIC Investment Management Consulting Co., Ltd. (上海上實投資管理諮詢有限公司) and SIIC International Investment Company Limited, respectively. According to the Decision on Authorising Shanghai Industrial Investment (Holdings) Co., Ltd. to Operate the State-owned Assets of Shanghai Overseas Companies, its Major Overseas Group Companies and Shanghai Shangshi (Group) Co., Ltd. (Hu Guo Zi Wei Shou [1998] No. 6) issued by Shanghai SASAC in 1998, SIIC is authorised by Shanghai SASAC to operate and manage Shanghai Shangshi, therefore, SIIC has control over Shanghai Shangshi. As at the end of the Reporting Period, Shanghai Shangshi directly held 221,801,798 A Shares of the Company and indirectly controlled 187,000,000 A Shares of the Company through Shanghai Tandong. Shanghai Shangshi held 60% equity interest in Shanghai Pharmaceutical (Group) and was the controlling shareholder of Shanghai Pharmaceutical (Group). As at the end of the Reporting Period, Shanghai Pharmaceutical (Group) held 716,516,039 A Shares of the Company. In conclusion, SIIC held/controlled a total of 1,426,255,837 Shares of the Company, representing 38.461% of the total share capital of the Company.

Shares lent under refinancing business by shareholders holding 5% shares or above, top ten shareholders and top ten shareholders for shares in circulation with trade restrictions

☐Applicable ☒Not applicable

Change compared to the previous period as a result of lending/return under refinancing by top ten shareholders and top ten shareholders for shares in circulation with trade restrictions

☐Applicable ☒Not applicable

Number of and the trade restrictions on the Shares held by the top ten shareholders holding trade-restricted shares

✓Applicable ☐Not applicable

Unit: share

The listing and trading of trade-restricted Shares					
No.	Name of shareholders holding trade-restricted Shares	Number of trade-restricted Shares held	Time available for listing and trading	Number of additional Shares available for listing and trading	Trade restrictions
1	Hainan Zhong Wang Investment and Management Company Limited	81,600	To be confirmed	0	The consideration payable to Shanghai Pharmaceutical (Group) in the equity division reform remained outstanding.
Note on connected relations or concerted actions of the above shareholders			Not available		

(III) Strategic investors or general legal person becoming top ten shareholders because of new share placing

☐Applicable ✓Not applicable

III. INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in shareholdings of existing and resigned directors, supervisors and senior management during the Reporting Period

☐Applicable ✓Not applicable

Explanation on other situations

☐Applicable ✓Not applicable



Chapter 6 Changes in Shares and Information about Shareholders

(II) Equity incentives granted to directors, supervisors and senior management during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: 0'000 shares

Name	Position	Number of options held at the beginning of the period	Number of options newly granted during the Reporting Period	Number of exercisable shares during the Reporting Period	Number of share options exercised during the Reporting Period	Number of shares under share option cancelled during the Reporting Period	Number of options held at the end of the period
Shen Bo	Director	13.26	0	13.26	0	13.26	0
Li Yongzhong	Director	13.26	0	13.26	0	13.26	0
Zhao Yong	Senior management	11.22	0	11.22	0	11.22	0
Mao Jianyi	Senior management	11.22	0	11.22	0	11.22	0
Maimaiti Aili	Senior management	2.72	0	2.72	0	2.72	0
Total	/	51.68	0	51.68	0	51.68	0

Note: In this table, the share options held by the directors and senior management in this table are from the third exercise period of the Company's 2019 Option Incentive Scheme with an exercisable period from 14 February 2024 to 13 February 2025. Upon expiration of the exercise period, all unexercised options have been cancelled by the Company upon consideration and approval by the Board of the Company.

(III) Other information

☐ Applicable ☒ Not applicable

IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

☐ Applicable ☒ Not applicable

V. INFORMATION RELATED TO PREFERENCE SHARES

☐ Applicable ☒ Not applicable

VI. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF THE SFO AND THE HONG KONG LISTING RULES

(I) Interests and short positions of directors, supervisors, chief executive, substantial shareholders and other persons in the Shares and underlying Shares

As at 30 June 2025, according to the information available to the Company and to the knowledge of the directors, the following shareholders had interests or short positions in the Shares or underlying Shares which were subject to disclosure by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 5% or more of the voting rights of the total number of the issued H Shares or A Shares at the shareholders' general meetings of the Company.

Name of shareholder	Class of Shares	Nature of interests in Shares	Number of Shares	Percentage of A Shares/H Shares held as at the end of the Reporting Period to the entire issued A Shares/H Shares	Percentage in total share capital of the Company as at the end of the Reporting Period (%)
				(%)	Period (%)
SIIC Group ^{Note 1(1), Note 2(1)}	A Shares/ H Shares	Interests of controlled corporation, beneficial owner	1,125,817,837(L)/ 300,438,000(L)	40.36/ 32.69	38.46
Shanghai Shangshi Group ^{Note 1(2), Note 2(1)}	A Shares	Interests of controlled corporation, beneficial owner	1,125,317,837(L)	40.35	30.35
Shanghai Pharmaceutical (Group) ^{Note 2(1)}	A Shares	Beneficial owner	716,516,039(L)	25.69	19.32
Yunnan Baiyao ^{Note 2(1)}	A Shares	Beneficial owner	665,626,796(L)	23.86	17.95
New China Asset Management Co., Ltd. ^{Note 1(3), Note 2(2)}	A Shares/	Investment manager	167,357,500(L)/	6.00/	5.75
	H Shares		45,954,600(L)	5.00	
New China Life Insurance Company Ltd. ^{Note 1(3), Note 2(2)}	A Shares/	Beneficial owner, interests of controlled corporation/ beneficial owner	167,440,100(L)/	6.00/	5.75
	H Shares		45,954,600(L)	5.00	

(L) represents long position, (S) represents short position, (P) represents shares in lending pool

Note 1: (1) SIIC is a wholly-owned subsidiary of Shanghai SASAC. SIIC Group refers to SIIC and its wholly-owned subsidiaries. According to the Decision on Authorising Shanghai Industrial Investment (Holdings) Co., Ltd. to Operate the State-owned Assets of Shanghai Overseas Companies, its Major Overseas Group Companies and Shanghai Shangshi (Group) Co., Ltd. (Hu Guo Zi Wei Shou [1998] No. 6) issued by Shanghai SASAC in 1998, SIIC was authorised to be the de facto controller of Shanghai Shangshi and is therefore deemed to hold Shares of the Company through Shanghai Shangshi. As at the end of the Reporting Period, SIIC held 1,426,255,837 Shares of the Company in total (including A Shares and H Shares), of which 500,000 A Shares and 300,438,000 H Shares were directly held by SIIC Group, and 1,125,317,837 A Shares were indirectly held by SIIC through Shanghai Shangshi Group.



Chapter 6 Changes in Shares and Information about Shareholders

- (2) Shanghai Shangshi is a wholly-owned subsidiary of Shanghai SASAC. Shanghai Shangshi Group refers to Shanghai Shangshi and its wholly-owned subsidiaries. Shanghai Shangshi directly holds 60% equity interests in Shanghai Pharmaceutical (Group) and is therefore deemed to hold Shares of the Company through Shanghai Pharmaceutical (Group). As at the end of the Reporting Period, out of the 1,125,317,837 A Shares held by Shanghai Shangshi Group in the Company, 221,801,798 A Shares were directly held by Shanghai Shangshi, while 716,516,039 A Shares were indirectly held by Shanghai Shangshi through Shanghai Pharmaceutical (Group) and 187,000,000 A Shares were indirectly held by Shanghai Shangshi through Shanghai Tandong.
- (3) According to the disclosure of interests published on the website of the Hong Kong Stock Exchange, New China Asset Management Co., Ltd. ("NCAM") is the asset manager of certain investors, including but not limited to New China Life Insurance Company Ltd. ("NCLI"). On 14 May 2025, NCAM assisted NCLI in purchasing 355,000 A Shares of the Company, which constituted NCLI's client assets managed by NCAM. Accordingly, the total number of A Shares of the Company held by NCAM increased to 167,357,500 Shares. On the same date, NCAM assisted NCLI in purchasing 248,000 H Shares of the Company, which constituted NCLI's client assets managed by NCAM; accordingly, the total number of H Shares held by NCAM increased to 45,954,600 Shares.

- Note 2:
- (1) Figures disclosed above are based on the knowledge of the Company.
 - (2) Figures disclosed above are based on the information provided on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
 - (3) Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file a disclosure of interests form when certain conditions are fulfilled. When a shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Hong Kong Stock Exchange unless certain conditions have been fulfilled, therefore a shareholder's latest shareholding in the Company at the end of the Reporting Period may be different from the shareholding filed with the Hong Kong Stock Exchange.
 - (4) Save as disclosed above, as at the end of the Reporting Period, the Company was not aware of any other person (other than the Directors, Supervisors and Chief Executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered in the register maintained by the Company.

As at 30 June 2025, Mr. Shen Bo, executive director and president, held 71,700 A Shares of the Company.

Save as disclosed in this report, as at 30 June 2025, according to the information available to the Company and to the knowledge of the directors, none of the directors, supervisors and chief executive of the Company has interests or short positions in the Company or its associated corporation (within the meaning of Part XV of the SFO) which will be required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or will be required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

(II) Purchase, sales or redemption of Shares

During the Reporting Period, none of the Company or its subsidiaries purchased, sold or redeemed any listed Shares of Shanghai Pharmaceuticals (including sales of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

Chapter 7 Relevant Information of the Corporate Bonds

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

☒Applicable ☐Not applicable

(I) Corporate bonds (including enterprise bonds)

☐Applicable ☒Not applicable

(II) Fund raised from corporate bonds

- ☐ Corporate bonds involved in the use or rectification of funds raised during the Reporting Period
- ☒ All the corporate bonds of the Company did not involve in the use or rectification of funds raised during the Reporting Period

(III) Other events for special variety bonds that shall be disclosed

☐Applicable ☒Not applicable

(IV) Significant Events related to corporate bonds during the Reporting Period

☐Applicable ☒Not applicable



Chapter 7 Relevant Information of the Corporate Bonds

(V) Inter-bank bond market debt-financing instruments of non-financial businesses

☒ Applicable ☐ Not applicable

1. Basic situation of debt-financing instruments of non-financial businesses

Unit: '00 million Yuan Currency: RMB

Name of bonds	Abbreviation	Code	Issue date	Value date	Maturity date	Bond balance	Interest rate (%)	Method for repayment of principal and interest	Trading place	Appropriate arrangements of the Investor (if any)	Trading mechanism	Is there any risk of termination of listing and trading
2025 extra short-term financing bill (first tranche) issued by Shanghai Pharmaceuticals Holding Co., Ltd.	25 SPH SCP001	012580196	2025-1-15	2025-1-15	2025-9-26	30.00	1.75%	The principal and interest shall be payable in a lump sum upon expiry	Inter-bank bond market	Trading with qualified investors	The extra short-term financing bill can be traded and transferred in the national interbank bond market on the next working day following the registration date, which will be carried out in accordance with relevant requirement promulgated by the National Interbank Funding Center.	No
2025 extra short-term financing bill (second tranche) issued by Shanghai Pharmaceuticals Holding Co., Ltd.	25 SPH SCP002	012581278	2025-6-3	2025-6-4	2026-2-27	30.00	1.53%		Inter-bank bond market	Trading with qualified investors		No

The Company's response measures to the risks of termination of listing and trading of bonds

☐ Applicable ☒ Not applicable

Overdue bonds

☐ Applicable ☒ Not applicable

Notes on overdue debts

☐ Applicable ☒ Not applicable

2. *Trigger and execution of issuer or investor option terms and investor protection terms*

☐Applicable ☒Not applicable

3. *Adjustment of credit rating results*

☐Applicable ☒Not applicable

Other explanations

None

4. *Execution, changes and the impact of guarantees, debt repayment plans and other debt repayment guarantee measures during the Reporting Period*

☐Applicable ☒Not applicable

Other explanations

None

5. *Other situation of debt-financing instruments of non-financial businesses*

☐Applicable ☒Not applicable

(VI) Loss of the Company in consolidated statement during the Reporting Period exceeds 10% of net assets at the end of last year

☐Applicable ☒Not applicable



Chapter 7 Relevant Information of the Corporate Bonds

(VII) Key accounting data and financial indicators

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

Primary indicators	At the end of the Reporting Period	At the end of the previous year	Increase or decrease at the end of the Reporting Period compared to the end of the previous year (%)	Reasons for change
Current ratio	1.32	1.36	-3.44	/
Quick ratio	1.02	1.04	-2.75	/
Assets-liabilities ratio (%)	62.68	62.14	Increased by 0.54 percentage point	/

	The Reporting Period (January to June)	Same period of the previous year	Increase or decrease for the Reporting Period compared to the same period of the previous year (%)	Reasons for change
Net profit after deducting non-recurring profit or loss	2,099,764,932.53	2,705,163,523.17	-22.38	/
EBITDA-Debt ratio	0.06	0.05	/	/
Interest coverage ratio	8.68	6.25	38.85	Increase in investment income from deemed disposal of joint ventures during the Reporting Period
Cash interest coverage ratio	3.77	3.02	25.00	
EBITDA interest coverage ratio	10.33	7.61	35.71	Increase in investment income from deemed disposal of joint ventures during the Reporting Period
Loan repayment ratio (%)	100	100	/	/
Interest repayment ratio (%)	100	100	/	/

II. CONVERTIBLE CORPORATE BONDS

□Applicable ✓Not applicable

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025

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SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

THE CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS
AT 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

ASSETS	NOTES	30 June 2025 The Consolidated	31 December 2024 The Consolidated	30 June 2025 The Company	31 December 2024 The Company
Current Assets:					
Cash and bank balances	(IV)1	39,094,785,250.94	35,744,328,038.57	6,577,657,063.79	9,052,869,451.72
Held-for-trading financial assets	(IV)2	8,404,903,589.04	8,632,930,000.00	8,404,903,589.04	8,632,930,000.00
Derivative financial assets	(IV)3	4,918,514.43	16,224,786.35	-	10,803,283.33
Notes receivable	(IV)4	841,716,223.13	1,122,105,045.23	-	-
Accounts receivable	(IV)5, (XV)1	86,377,845,330.26	79,129,205,739.16	69,966,054.61	78,949,325.65
Receivables financing	(IV)6	1,911,121,780.41	1,965,669,770.02	-	-
Prepayments	(IV)7	2,652,933,938.80	1,947,402,427.71	2,856,162.35	7,336,544.65
Other receivables	(IV)8, (XV)2	3,076,379,090.27	3,106,695,609.03	18,877,862,055.66	15,261,964,084.43
Including: Interest receivable		-	-	86,984,662.28	83,191,834.79
Dividends receivable		8,012,649.82	94,189,935.96	179,019,418.38	217,888,925.96
Inventories	(IV)9	40,899,076,963.47	38,943,669,737.08	-	-
Non-current assets due within one year	(IV)13	59,048,697.08	83,611,615.14	9,828,979.86	9,621,930.57
Other current assets	(IV)10	1,134,024,657.50	1,131,264,653.68	3,524,300.70	292,871.95
Total Current Assets		184,456,754,035.33	171,823,107,421.97	33,946,598,206.01	33,054,767,492.30
Non-current Assets:					
Long-term receivables	(IV)13	342,376,568.05	386,244,506.89	20,959,240.50	20,517,730.17
Long-term equity investments	(IV)14, (XV)3	6,895,330,823.14	8,066,844,872.89	32,600,158,589.62	31,291,629,163.29
Investments in other equity instruments	(IV)11	34,537,342.18	43,899,340.70	-	-
Other non-current financial assets	(IV)12	1,717,717,621.06	1,724,668,131.23	1,630,012,079.11	1,633,986,486.47
Investment properties	(IV)15	422,069,186.59	366,010,300.23	2,687,897.07	2,923,909.21
Fixed assets	(IV)16	14,951,135,063.63	14,911,045,205.84	83,483,872.12	91,596,657.81
Construction in progress	(IV)17	2,382,163,131.76	2,148,651,608.60	18,533,486.14	27,889,758.21
Bearer biological assets	(IV)18	8,461,853.96	133,381,840.87	-	-
Right-of-use assets	(IV)19	1,895,536,449.93	1,981,731,618.35	50,271,037.45	51,096,058.44
Intangible assets	(IV)20	9,164,485,474.51	5,617,462,430.33	45,083,118.38	47,117,394.09
Development expenditure	(IV)21	222,370,286.93	215,324,899.96	-	-
Goodwill	(IV)22	12,836,417,573.07	11,145,586,135.68	-	-
Long-term prepaid expenses	(IV)23	556,439,540.26	534,566,477.24	40,312,131.51	30,620,117.46
Deferred tax assets	(IV)24	1,718,921,891.13	1,627,529,013.21	-	-
Other non-current assets	(IV)26	462,339,229.84	483,376,344.18	24,601.77	24,601.77
Total Non-current Assets		53,610,302,036.04	49,386,322,726.20	34,491,526,053.67	33,197,401,876.92
TOTAL ASSETS		238,067,056,071.37	221,209,430,148.17	68,438,124,259.68	66,252,169,369.22

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

THE CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS - continued
AT 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	30 June 2025 The Consolidated	31 December 2024 The Consolidated	30 June 2025 The Company	31 December 2024 The Company
Current Liabilities:					
Short-term borrowings	(IV)27	45,621,718,368.07	38,064,098,967.71	2,001,130,555.56	1,692,970,602.62
Derivative financial liabilities	(IV)3	3,289,903.19	1,598,178.46	-	-
Notes payable	(IV)28	7,112,113,974.40	9,241,133,347.89	-	-
Accounts payable	(IV)29	55,899,521,877.02	50,241,787,131.40	33,734,448.21	45,377,268.08
Contract liabilities	(IV)30	1,212,865,778.27	1,562,036,773.57	20,097,189.17	20,097,189.17
Employee benefits payable	(IV)31	1,564,385,094.13	1,796,347,060.73	91,495,358.31	109,781,309.99
Taxes payable	(IV)32	1,239,722,518.23	1,264,015,312.92	8,340,291.52	1,373,466.06
Other payables	(IV)33	17,889,183,683.53	16,797,359,516.09	18,141,799,910.31	14,909,584,759.17
Including: Dividends payable		1,710,839,497.10	381,062,451.26	1,075,424,924.61	-
Non-current liabilities due within one year	(IV)35	3,423,071,751.58	842,162,528.36	1,926,161,153.34	31,247,571.45
Other current liabilities	(IV)36	6,165,149,161.23	6,227,847,461.97	6,027,749,509.14	6,031,879,726.03
Total Current Liabilities		140,131,022,109.65	126,038,386,279.10	28,250,508,415.56	22,842,311,892.57
Non-current Liabilities:					
Long-term borrowings	(IV)37	4,698,141,763.96	8,331,334,115.57	-	2,896,400,000.00
Lease liabilities	(IV)38	1,409,387,957.81	1,396,299,515.58	17,020,238.49	20,882,387.70
Long-term payables	(IV)39	-	9,153,417.88	-	-
Long-term employee benefits payable	(IV)41	56,795,866.12	39,161,175.37	-	-
Provisions	(IV)34	38,768,731.17	36,025,175.59	-	-
Deferred income	(IV)40	603,627,624.16	550,991,222.67	26,649,897.91	35,676,880.07
Deferred tax liabilities	(IV)24	2,023,974,550.06	816,452,826.21	5,859,736.77	5,859,736.77
Other non-current liabilities	(IV)42	247,432,904.79	249,262,699.13	-	-
Total Non-current Liabilities		9,078,129,398.07	11,428,680,148.00	49,529,873.17	2,958,819,004.54
TOTAL LIABILITIES		149,209,151,507.72	137,467,066,427.10	28,300,038,288.73	25,801,130,897.11
SHAREHOLDERS' EQUITY:					
Share capital	(IV)43	3,708,361,809.00	3,707,971,839.00	3,708,361,809.00	3,707,971,839.00
Capital reserve	(IV)44, (XV)4	29,695,514,631.31	29,647,771,271.51	32,486,001,866.67	32,479,270,792.86
Other comprehensive income	(IV)45, (XV)5	(530,117,954.13)	(534,279,925.88)	(361,929.78)	(420,774.15)
Surplus reserve	(IV)46	2,306,949,383.63	2,306,949,383.63	1,931,158,581.45	1,931,158,581.45
Retained profits	(IV)47, (XV)6	39,914,944,653.52	36,547,207,403.71	2,012,925,643.61	2,333,058,032.95
Total equity attributable to shareholders of the Company		75,095,652,523.33	71,675,619,971.97	40,138,085,970.95	40,451,038,472.11
Minority interests		13,762,252,040.32	12,066,743,749.10	N/A	N/A
TOTAL SHAREHOLDERS' EQUITY		88,857,904,563.65	83,742,363,721.07	40,138,085,970.95	40,451,038,472.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		238,067,056,071.37	221,209,430,148.17	68,438,124,259.68	66,252,169,369.22

The accompanying notes form an integral part of these financial statements.

Legal representative:
Yang Qiuhua

Principal in charge of accounting:
Shen Bo

Head of accounting department:
Zhou Yadong

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

THE CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

ITEMS	NOTES	For the period from 1 January 2025 to 30 June 2025 The Consolidated	For the period from 1 January 2024 to 30 June 2024 The Consolidated	For the period from 1 January 2025 to 30 June 2025 The Company	For the period from 1 January 2024 to 30 June 2024 The Company
I. Operating income	(IV)48, (XV)7	141,592,782,502.79	139,413,145,524.43	1,325,708.46	4,668,114.53
Less: Operating costs	(IV)48, (XV)7	(126,660,060,598.69)	(123,245,160,906.41)	-	(2,420,081.42)
Taxes and levies	(IV)49	(415,653,784.26)	(399,683,856.73)	(1,092,765.65)	(624,083.46)
Selling expenses	(IV)50	(6,164,987,968.04)	(6,565,066,731.16)	-	-
Administrative expenses	(IV)51	(2,662,454,335.70)	(2,869,292,396.18)	(134,398,777.65)	(130,965,784.49)
R&D expenses	(IV)52	(958,949,406.87)	(1,105,025,665.85)	(185,527,458.12)	(310,204,906.12)
Financial expenses	(IV)53	(749,774,716.63)	(705,939,203.68)	(129,746,245.37)	(114,428,656.39)
Including: Interest expenses		(887,687,766.56)	(917,770,462.06)	(136,301,661.03)	(157,820,858.91)
Interest income		176,380,262.05	256,781,245.84	14,161,231.69	31,641,421.72
Add: Other income	(IV)56	313,695,950.14	137,740,088.49	16,825,223.00	8,508,872.25
Investment income	(IV)57, (XV)8	3,257,333,100.37	246,362,833.06	1,111,595,353.11	602,800,824.38
Including: Investment income in associates and joint ventures		380,664,499.15	365,612,589.49	78,087,850.31	45,572,944.43
Losses on derecognition of financial assets at amortised cost		(73,800,728.05)	(58,792,491.04)	-	-
Gains from changes in fair value	(IV)58	75,751,833.73	114,288,629.44	79,062,753.79	63,465,728.48
Impairment losses of credit	(IV)55	(423,970,881.72)	(293,255,759.06)	(2,129,114.85)	(9,607,482.23)
Impairment losses of assets	(IV)54	(410,078,463.89)	(36,526,101.71)	-	-
Gains (Losses) on disposal of assets	(IV)59	39,986,393.32	139,310,426.73	(453,918.16)	(323,805.85)
II. Operating profit		6,833,619,624.55	4,830,896,881.37	755,460,758.56	110,868,739.68
Add: Non-operating income	(IV)60	21,837,269.63	15,062,616.90	164,745.51	200,603.26
Less: Non-operating expenses	(IV)61	(34,636,191.45)	(23,938,822.28)	(332,968.80)	(1,813,961.00)
III. Total profit		6,820,820,702.73	4,822,020,675.99	755,292,535.27	109,255,381.94
Less: Income tax expenses	(IV)62	(1,826,036,672.44)	(1,224,657,639.37)	-	-
IV. Net profit		4,994,784,030.29	3,597,363,036.62	755,292,535.27	109,255,381.94
(I)Classified by the continuity of operations					
1.Net profit from continuing operations		4,994,784,030.29	3,597,363,036.62	755,292,535.27	109,255,381.94
2.Net profit from discontinued operations		-	-	-	-
(II)Classified by the ownership					
1.Net profit attributable to shareholders of the Company		4,458,864,876.61	2,941,911,373.69	N/A	N/A
2.Profit or loss attributable to minority interests		535,919,153.68	655,451,662.93	N/A	N/A
V. Other comprehensive income, net of tax	(IV)45	19,680,758.31	(35,643,937.69)	58,844.37	18,957.81
(I)Other comprehensive income attributable to shareholders of the Company, net of tax		4,161,971.75	(32,412,529.77)	58,844.37	18,957.81
1.Other comprehensive income that cannot be reclassified to profit or loss		(9,361,998.52)	11,150,691.75	-	-
(1)Changes in fair value of investments in other equity instruments		(9,361,998.52)	11,150,691.75	-	-
2.Other comprehensive income that will be reclassified to profit or loss		13,523,970.27	(43,563,221.52)	58,844.37	18,957.81
(1)Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss		52,257.08	(3,622,688.02)	58,844.37	18,957.81
(2)Allowance for credit impairment of receivables financing		(218,133.48)	(1,516,358.69)	-	-
(3)Effective portion of gains or losses on hedging instruments in a cash flow hedge		(851,521.98)	(3,263,455.76)	-	-
(4)Exchange differences on translation of financial statements denominated in foreign currencies		14,541,368.65	(35,160,719.05)	-	-
(II)Other comprehensive income attributable to minority interests, net of tax		15,518,786.56	(3,231,407.92)	-	-
VI. Total comprehensive income		5,014,464,788.60	3,561,719,098.93	755,351,379.64	109,274,339.75
(I)Total comprehensive income attributable to shareholders of the Company		4,463,026,848.36	2,909,498,843.92	N/A	N/A
(II)Total comprehensive income attributable to minority interests		551,437,940.24	652,220,255.01	N/A	N/A
VII. Earnings per share	(IV)63				
(I)Basic earnings per share (RMB/share)		1.20	0.79	N/A	N/A
(II)Diluted earnings per share (RMB/share)		1.20	0.79	N/A	N/A

The accompanying notes form an integral part of these financial statements.

Legal representative:
Yang Qiuhua

Principal in charge of accounting:
Shen Bo

Head of accounting department:
Zhou Yadong

THE CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

ITEMS	NOTES	For the period from 1 January 2025 to 30 June 2025 The Consolidated	For the period from 1 January 2024 to 30 June 2024 The Consolidated	For the period from 1 January 2025 to 30 June 2025 The Company	For the period from 1 January 2024 to 30 June 2024 The Company
I. Cash Flows from/(Used in) Operating Activities:					
Cash receipts from the sale of goods and the rendering of services		148,688,702,663.69	143,040,840,673.35	11,224,026.46	10,484,505.27
Receipts of tax refunds		106,985,906.88	109,651,206.45	-	-
Other cash receipts relating to operating activities	(IV)64(1)	2,295,146,319.36	1,692,189,000.81	24,002,867.48	357,633,919.51
Sub-total of cash inflows from operating activities		151,090,834,889.93	144,842,680,880.61	35,226,893.94	368,118,424.78
Cash payments for goods purchased and services received		(133,530,822,206.41)	(127,982,487,400.74)	(70,274,076.04)	(109,396,865.23)
Cash payments to and on behalf of employees		(5,836,065,054.48)	(5,633,875,615.09)	(192,149,318.36)	(192,590,644.98)
Payments of various types of taxes		(3,962,697,333.33)	(3,763,146,129.92)	(1,165,106.02)	(676,461.46)
Other cash payments relating to operating activities	(IV)64(2)	(6,771,993,306.82)	(6,947,868,351.83)	(58,612,117.35)	(77,844,064.47)
Sub-total of cash outflows from operating activities		(150,101,577,901.04)	(144,327,377,497.58)	(322,200,617.77)	(380,508,036.14)
Net Cash Flow from/(Used in) Operating Activities	(IV)65(1)	989,256,988.89	515,303,383.03	(286,973,723.83)	(12,389,611.36)
II. Cash Flows (Used in)/from Investing Activities:					
Cash receipts from disposals and recovery of investments	(IV)64(3)	36,312,602,000.00	11,350,000,000.00	36,312,602,000.00	11,350,000,000.00
Cash receipts from investment income		169,259,831.45	701,767,577.55	1,088,888,509.09	1,008,064,730.33
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		67,276,784.19	138,689,186.29	9,275.94	-
Net cash receipts from disposals of subsidiaries and other business units		16,865,471.79	-	71,883,359.34	-
Other cash receipts relating to investing activities	(IV)64(5)	1,125,180,875.51	705,238,031.66	437,772,165.21	128,909,363.58
Sub-total of cash inflows from investing activities		37,691,184,962.94	12,895,694,795.50	37,911,155,309.58	12,486,974,093.91
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(1,124,571,482.54)	(1,393,196,297.47)	(22,056,671.28)	(25,773,397.85)
Cash payments to acquire investments	(IV)64(4)	(36,028,414,840.00)	(8,400,000,000.00)	(36,027,696,000.00)	(8,400,000,000.00)
Net cash payments for acquisitions of subsidiaries and other business units	(IV)65(2)	(626,709,265.26)	(83,508,582.82)	(1,262,982,485.00)	-
Other cash payments relating to investing activities	(IV)64(6)	(1,151,755,000.00)	(985,812,200.00)	(3,234,358,207.99)	(3,351,818,175.18)
Sub-total of cash outflows from investing activities		(38,931,450,587.80)	(10,862,517,080.29)	(40,547,093,364.27)	(11,777,591,573.03)
Net Cash Flow (Used in)/from Investing Activities		(1,240,265,624.86)	2,033,177,715.21	(2,635,938,054.69)	709,382,520.88
III. Cash Flows from/(Used in) Financing Activities:					
Cash receipts from capital contributions		7,378,175.70	3,743,691.91	7,378,175.70	3,743,691.91
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		-	-	-	-
Cash receipts from borrowings		35,773,622,565.68	35,603,636,632.05	2,000,000,000.00	692,470,326.00
Cash receipts from issue of bonds		5,997,825,000.00	5,998,726,666.67	5,997,825,000.00	5,998,726,666.67
Other cash receipts relating to financing activities	(IV)64(7)	176,698,086.40	126,620,000.00	1,279,310,511.31	-
Sub-total of cash inflows from financing activities		41,955,523,827.78	41,732,726,990.63	9,284,513,687.01	6,694,940,684.58
Cash repayments of borrowings		(36,315,299,388.00)	(35,828,520,541.97)	(8,678,342,147.90)	(7,002,200,000.00)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(1,347,824,733.59)	(1,102,901,126.35)	(141,266,102.44)	(174,158,957.65)
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		(488,040,452.90)	(151,114,751.28)	-	-
Other cash payments relating to financing activities	(IV)64(8)	(539,022,568.43)	(1,038,205,257.32)	(17,183,273.89)	(13,809,231.45)
Sub-total of cash outflows from financing activities		(38,202,146,690.02)	(37,969,626,925.64)	(8,836,791,524.23)	(7,190,168,189.10)
Net Cash Flow from/(Used in) Financing Activities		3,753,377,137.76	3,763,100,064.99	447,722,162.78	(495,227,504.52)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(13,772,678.98)	(8,187,361.97)	(1,724.35)	314.17
V. Net Increase/(Decrease) in Cash and Cash Equivalents	(IV)65(1)	3,488,595,822.81	6,303,393,801.26	(2,475,191,340.09)	201,765,719.17
Add: Opening balance of cash and cash equivalents		31,881,272,794.87	27,499,809,001.20	9,052,842,915.74	7,929,731,394.02
VI. Closing Balance of Cash and Cash Equivalents	(IV)65(4)	35,369,868,617.68	33,803,202,802.46	6,577,651,575.65	8,131,497,113.19

The accompanying notes form an integral part of these financial statements.

Legal representative:
Yang Qiuhua

Principal in charge of accounting:
Shen Bo

Head of accounting department:
Zhou Yadong

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

ITEMS	NOTES	Attributable to shareholders of the Company						Minority interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits		
Balance at 1 January 2024		3,703,301,054.00	29,187,649,155.53	-	(496,089,430.12)	2,306,949,383.63	33,822,332,888.31	11,801,949,913.58	80,326,092,964.93
Changes for the period from 1 January 2024 to 30 June 2024		222,437.00	75,539,475.95	-	(32,412,529.77)	-	1,423,191,718.76	435,987,128.19	1,902,528,230.13
Total comprehensive income									
Net profit	(IV)47	-	-	-	-	-	2,941,911,373.69	655,451,662.93	3,597,363,036.62
Other comprehensive income	(IV)45	-	-	-	(32,412,529.77)	-	-	(3,231,407.92)	(35,643,937.69)
Total comprehensive income		-	-	-	(32,412,529.77)	-	2,941,911,373.69	652,220,255.01	3,561,719,098.93
Shareholders' contributions and reduction in capital									
Capital contributions from shareholders	(IV)43	222,437.00	15,276,596.26	-	-	-	-	-	15,499,033.26
Share-based payments recognised in shareholders' equity	(IV)44	-	(11,053,763.41)	-	-	-	-	-	(11,053,763.41)
Others	(IV)44	-	71,316,643.10	-	-	-	-	(78,117,711.25)	(6,801,068.15)
Profit distribution									
Transfer to surplus reserve	(IV)46	-	-	-	-	-	-	-	-
Distribution to shareholders	(IV)47	-	-	-	-	-	(1,518,487,050.73)	(138,115,415.57)	(1,656,602,466.30)
Others	(IV)47	-	-	-	-	-	(232,604.20)	-	(232,604.20)
Balance at 30 June 2024		3,703,523,491.00	29,263,188,631.48	-	(528,501,959.89)	2,306,949,383.63	35,245,524,607.07	12,237,937,041.77	82,228,621,195.06
Balance at 1 January 2025		3,707,971,839.00	29,647,771,271.51	-	(534,279,925.88)	2,306,949,383.63	36,547,207,403.71	12,066,743,749.10	83,742,363,721.07
Changes for the period from 1 January 2025 to 30 June 2025		389,970.00	47,743,359.80	-	4,161,971.75	-	3,367,737,249.81	1,695,508,291.22	5,115,540,842.58
Total comprehensive income									
Net profit	(IV)47	-	-	-	-	-	4,458,864,876.61	535,919,153.68	4,994,784,030.29
Other comprehensive income	(IV)45	-	-	-	4,161,971.75	-	-	15,518,786.56	19,680,758.31
Total comprehensive income		-	-	-	4,161,971.75	-	4,458,864,876.61	551,437,940.24	5,014,464,788.60
Shareholders' contributions and reduction in capital									
Capital contributions from shareholders	(IV)43	389,970.00	21,586,605.15	-	-	-	-	-	21,976,575.15
Share-based payments recognised in shareholders' equity	(IV)44	-	(14,797,227.45)	-	-	-	-	-	(14,797,227.45)
Others	(IV)44	-	40,953,982.10	-	-	-	-	1,488,341,893.57	1,529,295,875.67
Profit distribution									
Transfer to surplus reserve	(IV)46	-	-	-	-	-	-	-	-
Distribution to shareholders	(IV)47	-	-	-	-	-	(1,075,424,924.61)	(344,271,542.59)	(1,419,696,467.20)
Others	(IV)47	-	-	-	-	-	(15,702,702.19)	-	(15,702,702.19)
Balance at 30 June 2025		3,708,361,809.00	29,695,514,631.31	-	(530,117,954.13)	2,306,949,383.63	39,914,944,653.52	13,762,252,040.32	88,857,904,563.65

The accompanying notes form an integral part of these financial statements.

Legal representative: Yang Qiuhua

Principal in charge of accounting: Shen Bo

Head of accounting department: Zhou Yadong

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

ITEMS	NOTES	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
Balance at 1 January 2024		3,703,301,054.00	32,391,530,937.71	-	(390,780.10)	1,931,158,581.45	2,074,708,835.61	40,100,308,628.67
Changes for the period from 1 January 2024 to 30 June 2024		222,437.00	9,892,288.03	-	18,957.81	-	(1,409,231,668.79)	(1,399,097,985.95)
Total comprehensive income								
Net profit	(XV)6	-	-	-	-	-	109,255,381.94	109,255,381.94
Other comprehensive income	(XV)5	-	-	-	18,957.81	-	-	18,957.81
Total comprehensive income		-	-	-	18,957.81	-	109,255,381.94	109,274,339.75
Shareholders' contributions and reduction in capital								
Capital contributions from shareholders		222,437.00	15,276,596.26	-	-	-	-	15,499,033.26
Share-based payments recognised in shareholders' equity	(XV)4	-	(11,053,763.41)	-	-	-	-	(11,053,763.41)
Others	(XV)4	-	5,669,455.18	-	-	-	-	5,669,455.18
Profit distribution								
Transfer to surplus reserve	(XV)6	-	-	-	-	-	-	-
Distribution to shareholders	(XV)6	-	-	-	-	-	(1,518,487,050.73)	(1,518,487,050.73)
Balance at 30 June 2024		3,703,523,491.00	32,401,423,225.74	-	(371,822.29)	1,931,158,581.45	665,477,166.82	38,701,210,642.72
Balance at 1 January 2025		3,707,971,839.00	32,479,270,792.86	-	(420,774.15)	1,931,158,581.45	2,333,058,032.95	40,451,038,472.11
Changes for the period from 1 January 2025 to 30 June 2025		389,970.00	6,731,073.81	-	58,844.37	-	(320,132,389.34)	(312,952,501.16)
Total comprehensive income								
Net profit	(XV)6	-	-	-	-	-	755,292,535.27	755,292,535.27
Other comprehensive income	(XV)5	-	-	-	58,844.37	-	-	58,844.37
Total comprehensive income		-	-	-	58,844.37	-	755,292,535.27	755,351,379.64
Shareholders' contributions and reduction in capital								
Capital contributions from shareholders		389,970.00	21,586,605.15	-	-	-	-	21,976,575.15
Share-based payments recognised in shareholders' equity	(XV)4	-	(14,797,227.45)	-	-	-	-	(14,797,227.45)
Others	(XV)4	-	(58,303.89)	-	-	-	-	(58,303.89)
Profit distribution								
Transfer to surplus reserve	(XV)6	-	-	-	-	-	-	-
Distribution to shareholders	(XV)6	-	-	-	-	-	(1,075,424,924.61)	(1,075,424,924.61)
Balance at 30 June 2025		3,708,361,809.00	32,486,001,866.67	-	(361,929.78)	1,931,158,581.45	2,012,925,643.61	40,138,085,970.95

The accompanying notes form an integral part of these financial statements.

Legal representative: Yang Qiuhua

Principal in charge of accounting: Shen Bo

Head of accounting department: Zhou Yadong

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(I) BASIC INFORMATION ABOUT THE COMPANY

Shanghai Pharmaceuticals Holding Co., Ltd. (the "Company") was formerly known as Shanghai No. 4 Pharmaceutical Co., Ltd. ("No. 4 Pharmaceutical"). In October 1993, Shanghai Pharmaceutical (Group) Corporation, now known as Shanghai Pharmaceutical (Group) Co., Ltd. ("Shanghai Pharma Group") initiated solely and issued 15,000,000 ordinary shares (A shares) to public with par value of RMB1 per share upon the approval of the Hu Zheng Ban (1993) No. 119, a document issued by Shanghai Securities Management Office. After that, No. 4 Pharmaceutical was established through fundraising on 18 January 1994. On 24 March 1994, shares of No. 4 Pharmaceutical were listed on the Shanghai Stock Exchange, the stock code of which was 600849. In 1998, No. 4 Pharmaceutical was renamed as Shanghai Pharmaceutical Co., Ltd.

Pursuant to the "Approval on Shanghai Pharmaceutical Co., Ltd. Issuing Shares to Purchase Assets from Shanghai Pharmaceutical (Group) Co., Ltd. and Merging with Shanghai Industrial Pharmaceutical Investment Co. Ltd. and Shanghai Zhongxi Pharmaceutical Co. Ltd." (Zheng Jian Xu Ke [2010] No.132 document) issued by China Securities Regulatory Commission ("CSRC"), the Company merged with Shanghai Industrial Pharmaceutical Investment Co. Ltd. ("Shangshi Pharmaceutical") and Shanghai Zhongxi Pharmaceutical Co. Ltd. ("Zhongxi Pharmaceutical"), and issued shares to purchase pharmaceutical assets from Shanghai Pharma Group, and issued shares to raise funds from Shanghai Shangshi (Group) Co., Ltd. ("Shanghai Shangshi") and used the funds to purchase the pharmaceutical assets from Shanghai Industrial Holdings Limited ("Shangshi Holdings"). After the completion of above significant asset restructuring, the total share capital of the Company was increased to 1,992,643,338 shares. Shanghai Pharmaceutical Co., Ltd. was renamed as Shanghai Pharmaceuticals Holding Co., Ltd. The Company's stock code was changed from 600849 to 601607. The Company's shares were referred to as "Shanghai Pharmaceuticals".

As at 17 June 2011, the Company has completed the issuance of 696,267,200 shares (including 32,053,200 shares of overallotment) listed overseas (H shares) at RMB1 per share to overseas investors. The shares were listed on the Stock Exchange of Hong Kong Limited on 20 May 2011, the stock code of which was 02607, and the shares were referred to as "Shanghai Pharmaceuticals".

On 26 January 2018, the Company issued 153,178,784 H shares to overseas investors, and was listed on the Stock Exchange of Hong Kong.

Pursuant to the "Approval on the Non-public Issuance of Shares by Shanghai Pharmaceuticals Holding Co., Ltd." (Zheng Jian Xu Ke [2022] No. 584 document) issued by CSRC on 22 March 2022, the Company was approved to issue 852,626,796 A shares to Yunnan Baiyao Group Co., Ltd. and Shanghai Tandong Enterprise Consulting Service Co., Ltd. (hereinafter referred to as "Shanghai Tandong") at RMB16.39 per share. On 25 March 2022, Yunnan Baiyao and Shanghai Tandong completed the non-public issuance payments. PricewaterhouseCoopers Zhong Tian LLP has issued a report, PwC ZT Yan Zi (2022) No. 0271, for capital verification. As at 8 April 2022, the Company completed the share registration of non-public issuance of A shares.

As at 30 June 2025, according to the stock option incentive plan, the Company has totally issued 13,645,691 A shares, with 13,144,060 shares at an exercise price of RMB18.41 per share and 501,631 shares at an exercise price of RMB20.16 per share.

On 30 June 2025, the Company's share capital was RMB3,708,361,809.00, with a total number of 3,708,361,809 shares, with 2,789,289,105 RMB-denominated ordinary shares (A shares) listed in China and 919,072,704 overseas listed foreign shares (H shares).

The unified social credit code of the Company is 9131000013358488X7; the legal representative is Yang Qiuhua; the place of registration is No. 92 Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone; headquarters of the Company is Shanghai Pharmaceutical Building, No.200 Taicang Road, Shanghai; industry of the Company is pharmaceuticals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(I) BASIC INFORMATION ABOUT THE COMPANY - continued

Business operations of the Company and its subsidiaries (collectively, "the Group") are mainly as follows:

- research and development, manufacturing and sale of a broad range of pharmaceutical and healthcare products;
- distribution, warehousing, logistics and other value-added pharmaceutical supply chain solutions and related services to pharmaceutical manufacturers and dispensers, such as hospitals, distributors and retail pharmacies; and
- operation and franchising of a network of retail pharmacy stores.

The parent company of the Company is Shanghai Pharmaceutical Group. Shanghai Shangshi is a state-owned enterprise, and its actual controller is Assets Supervision and Administration Commission of Shanghai Municipal Government ("SASAC"). Shanghai Shangshi is the controlling shareholder of Shanghai Pharma Group and Shanghai Tandong. Shanghai Industrial Investment (Holdings) Co., Ltd. ("SIIC") is registered in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter referred to as "Hong Kong"), and its actual controller is SASAC. SIIC is authorised to manage Shanghai Shangshi by SASAC. SIIC indirectly holds equity interests in the Company through its subordinate companies, Shanghai Shangshi, Shanghai Tandong and Shanghai Pharmaceutical Group, and SIIC is the ultimate holding company of the Company.

Significant subsidiaries which are included in the scope of consolidation in the current period are disclosed in Note (VI).

The financial statements were authorised for issue by the Board of Directors of the Company on 28 August 2025.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group applies the accounting policies and accounting estimates based on its business operating characteristics, including allowance for expected credit loss ("ECL") on accounts receivables (Note (II)10), valuation of inventories (Note (II)11), valuation of investment properties (Note (II)13), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note (II)14, Note (II)18, Note (II)27), recognition and measurement of revenue (Note (II)24), etc.

Significant judgements, accounting estimates and key assumptions to determine the significant accounting policies are disclosed in Note (II)32.

1. Basis of preparation of financial statements

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, as well as the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (collectively, "the Accounting Standard for Business Enterprises"), while follow the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 - General Rules on Financial Reporting (2023 Revised) issued by CSRC to disclose relevant financial information.

The financial statements have been prepared on a going concern basis.

The new Hong Kong Companies Ordinance has come into force since 3 March 2014. Certain disclosures in the financial statements have been included to reflect the requirements under the new Hong Kong Companies Ordinance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

2. Statement of compliance with the Accounting Standards for Business Enterprises ("ASBE")

The financial statements of the Company for the for the period from 1 January 2025 to 30 June 2025 have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company's financial position as at 30 June 2025, the consolidated and the Company's results of operations, and the consolidated and the Company's cash flows for the period then ended.

3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Functional currency

The Company's functional currency is Renminbi (RMB). The functional currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

5. Methodology for determining materiality and basis for selection

Item	Criteria for materiality
Significant construction in progress	The amount is more than RMB30 million at the beginning or end of the period
Significant non-wholly owned subsidiaries	Net assets attributable to minority shareholders account for more than 1% of the Group's net assets
Significant joint ventures or associates	Investment income under the equity method accounts for more than 2% of the net profit attributable to shareholders of the Company, net of non-recurring profit or loss

6. Business combinations

6.1 Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the merged party was acquired by the final control party from a third party in the previous year, then the consideration was measured based on carrying amount of assets and liabilities of the merged party (including the goodwill arising from acquisition by the final control party) in the final control party's consolidated financial statements. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Business combinations - continued

6.2 Business combinations not involving enterprises under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

When the Group becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, the equity interest held in the acquiree before the acquisition date shall be remeasured at fair value on the acquisition date, with any difference between fair value and carrying amount recognised as investment income in the current period. Where the equity interest held in the acquiree before the acquisition date relates to other comprehensive income measured under the equity method and other changes in owners' equity except net profit or loss, other comprehensive income and profit distribution ("other changes in owners' equity"), corresponding other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement on net liabilities or net assets of defined benefit plans of the acquiree or from changes in fair value of investments in other equity instruments) shall be transferred to income for the period in which the acquisition date falls.

7. Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations not involving enterprises under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Preparation of consolidated financial statements - continued

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive income for the period not attributable to the Company are recognised as minority interests, net profit attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. If the loss of current period shared by the minority shareholders of a subsidiary exceeds the minority shareholders' share of the beginning balance of owners' equity of the subsidiary, the balance shall be offset against the minority shareholders' equity. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

The difference between additional long-term equity investments for purchase of minority interests in subsidiaries and shares of net assets calculated at the proportion of increased part of shares which the Group is entitled to as of the date of purchase or consolidation is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Under the circumstance that the Group partially disposed its long-term equity investments in subsidiaries without losing control, the difference between disposal proceeds and shares of net assets which the Group is entitled to from disposal of long-term equity investments is treated as an adjustment to capital reserve (share premium) in the consolidated financial statements. If the capital reserve (share premium) is not sufficient to cover the difference, retained earnings are adjusted.

If an enterprise loses control over an investee due to the disposal of a portion of equity investment or other reasons, the remaining equity investment shall be remeasured at fair value in the consolidated financial statements at the date when control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. The other comprehensive income related to the original subsidiary is included in investment income for the current period or retained earnings at the date of losing control.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term (generally due within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Foreign currency translation

9.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

9.2 Translation of financial statements denominated in foreign currencies

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "retained profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statements.

10. Financial instruments

A financial instrument refers to any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another. The Group recognises a financial asset, a financial liability or equity instrument when the Group becomes a party to the contractual provisions of the financial instrument.

10.1 Financial assets

10.1.1 Classification and measurement

Based on the entity's business model for managing the financial assets and the contractual terms of the cash flows, the Group classifies its financial assets in the following measurement categories: 1) financial assets at amortised cost; 2) financial assets at fair value through other comprehensive income ("FVTOCI"); and 3) financial assets at fair value through profit or loss ("FVTPL").

Financial assets are initially measured at fair value. For financial assets at FVTPL, transaction costs are immediately recognised in profit or loss. For other financial assets, transaction costs are included in their initial recognised amounts. The Group measures accounts receivable and notes receivable arising from sales of goods or provision of services based on the consideration that the Group is expected to be entitled, if the notes receivable and accounts receivable do not contain a significant financing component.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Financial assets - continued

10.1.1 Classification and measurement - continued

10.1.1.1 Debt instruments

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the perspective of the issuers, and are measured by the following three ways:

At amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met: it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of such financial asset is calculated by using the effective interest method. Such financial assets mainly include cash and bank balances, notes receivable, accounts receivable, other receivables, debt investments and long-term receivables, etc. Debt investments and long-term receivables due within one year (inclusive) at the balance sheet date are presented as non-current assets due within one year; debt investments with maturities within one year (inclusive) at acquiring date are presented as other current assets.

At FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met: it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If a financial asset is measured at FVTOCI, all changes in fair value should be included in other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses, and interest income calculated with the effective interest method, which are recognised in profit or loss. Such financial assets are presented as other debt investments. The debt investments with maturity within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year; at acquiring date, debts investments with maturity within one year (inclusive) are presented as other current assets and receivables financing.

At FVTPL:

If the financial asset does not meet the criteria for amortised cost or FVTOCI, it is measured at FVTPL. At initial recognition, the Group designates part of financial assets as measured at FVTPL in order to eliminate or significantly reduce an accounting mismatch. The financial assets with maturity more than one year and expected to be held for more than one year are presented as other non-current financial assets, and others are presented as held-for-trading financial assets.

10.1.1.2 Equity instruments

The Group measures its equity instruments that have no control, joint control or significant influence at FVTPL and presents such equity instruments as held-for-trading financial assets. The financial assets expected to be held for more than one year since the balance sheet date are presented as other non-current financial assets.

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(II) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

10. Financial instruments - continued

10.1 Financial assets - continued

10.1.1 Classification and measurement - continued

10.1.1.2 Equity instruments - continued

Besides, the Group designates part of financial assets which are not held for trading at FVTOCI and presents them as investments in other equity instruments. The dividend income is recognised in profit or loss.

10.1.2 Impairment

For financial asset at amortised cost, debt investments at FVTOCI, contract assets, lease receivable, financial liabilities that are not at FVTPL and financial guarantee contracts that are not qualified for derecognition due to the transfer of financial assets or financial liabilities arising from continuing involvement of the transferred financial assets, the Group accounts for the impairment and recognises the loss allowance on the basis of expected credit loss ("ECL").

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, and using default risk as weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivable, accounts receivable, receivables financing and contract assets arising from the sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether a significant financing component exists. For lease receivable, the Group measures the loss allowance according to the lifetime ECL.

At each balance sheet date, the ECL of financial instruments other than aforesaid notes receivable, accounts receivable, receivables financing, contract assets and lease receivable are measured based on different stages. A 12-month ECL allowance is recognised for financial instruments in Stage 1, that have not had a significant increase in credit risk since initial recognition, lifetime ECL allowance is recognised for financial instruments in Stage 2, that have had a significant increase in credit risk without credit impairment since initial recognition, and lifetime ECL allowance is recognised for financial instruments in Stage 3, that have had a credit impairment since initial recognition.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL allowance.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before net of ECL allowance). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of ECL allowance).

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Financial assets - continued

10.1.2 Impairment - continued

10.1.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) An actual or expected significant change in the financial instrument's external credit rating;
- (2) An actual or expected decrease in the internal credit rating for the debtor;
- (3) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (4) An actual or expected significant change in the operating results of the debtor;
- (5) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (6) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (7) Significant changes in expected performance and repayment of the debtor;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly when contractual payments are more than 30 days (inclusive) past due.

10.1.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

Irrespective of the outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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10. Financial instruments - continued

10.1 Financial assets - continued

10.1.2 Impairment - continued

10.1.2.3 Determination of ECL

The various types of financial assets that are calculated for ECL on an individual basis have credit risk characteristics that are significantly different from those of other financial assets in the same category. In cases where the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group categorises the receivables into different groups based on their shared risk characteristics, and calculates the ECL for each group respectively. The basis for the determination of grouping and the method of provision are as follows:

Group 1	Accounts receivable aging, taken initial recognition time as aging calculation start
Group 2	Notes receivable - bank acceptances
Group 3	Notes receivable - commercial acceptances
Group 4	Receivables financing
Group 5	Compensation receivable from suppliers
Group 6	Guarantees (including deposits)
Group 7	Other receivables
Group 8	Amount due from subsidiaries

For accounts receivable, notes receivable and receivables financing resulting from transactions of daily operations such as sales of goods and provision of services on grouping basis, the Group considers the historical credit loss experience, current situation and forecasts of economic conditions to measure the ECL based on exposure at default and lifetime ECL ratio.

For notes receivable, receivables financing not resulting from transactions of daily operation, other receivables and long-term receivables in groups, the Group considers the historical credit loss experience, current situation, and forecasts of economic conditions to measure the ECL based on exposure at default and 12-month or lifetime ECL ratio.

Loss allowance (and reversal of loss allowance) are recognised in profit or loss. For debt investments measured at FVTOCI, the Group recognises loss allowance (and reversal of loss allowance) in profit or loss and adjusts other comprehensive income in the meanwhile.

10.1.3 Derecognition

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of investments in other equity instruments, the difference between the carrying amount and the sum of the consideration received and the accumulated changes in fair value recognised directly in other comprehensive income, shall be transferred to retained earnings. On derecognition of other financial assets, the difference between the carrying amount and the sum of the consideration received and the accumulated changes recognised in other comprehensive income, shall be recognised in profit or loss.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Financial liabilities

Financial liabilities are classified into financial liabilities at amortised cost and financial liabilities at FVTPL at initial recognition.

The financial liabilities of the Group are mainly measured at amortised cost, including notes payable, accounts payable, other payables, borrowings, bonds payable and long-term payables, etc. These financial liabilities are measured at its fair value minus transaction costs at initial recognition and subsequently measured using effective interest rate method. Financial liabilities with maturity within one year (inclusive) are presented as current liabilities. Financial liabilities with maturity more than one year but due within one year (inclusive) since the balance sheet date are presented as non-current liabilities due within one year. Other financial liabilities are presented as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

10.3 Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is based on quoted market prices at the balance sheet date. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique when it is applicable under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs that a market participant would use when pricing the asset or liability, and should maximise the use of relevant observable inputs. When related observable inputs cannot be acquired or are not feasible to be acquired, then unobservable inputs are used.

11. Inventories

11.1 Classification

Inventories include raw materials, turnover materials, finished goods, work in progress, consigned processing materials and consumable biological assets, which are measured at the lower of cost and net realisable value.

11.2 Valuation method of inventories upon delivery

Cost is determined using the first-in-first-out method or weighted average method. The Company uses the individual valuation method to determine the cost of inventories that cannot be used as substitutes and that are purchased or manufactured specifically for a specific project. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

11.3 Basis for determining net realisable value of inventories and provision methods for decline in value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. For inventories that are produced and sold in the same region and have the same or similar use, the Group makes a consolidated provision for inventory valuation. For finished goods, the Group makes provision for decline in value of inventories based on factors such as the period of near expiration, state of storage, historical sales discounts and expected future sales.

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11. Inventories - continued

11.4 The Group adopts the perpetual inventory system.

11.5 Amortisation method of turnover materials

Turnover materials include low value consumables and packaging materials. Low value consumables and packaging materials are amortised using the immediate write-off method.

12. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances; An associate is the investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

12.1 Determination of investment cost

For long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost is the ultimate controlling party's share of the carrying amount of owners' equity of the merged party at the combination date; For long-term equity investments acquired through a business combination not involving enterprises under common control, the investment cost shall be the cost of combination.

For the long-term equity investments acquired through other means other than business combinations and long-term equity investments acquired through cash payments, the initial investment cost is the actually paid purchase price; Long-term equity investments acquired through the issuance of securities are recognised at initial investment cost based on the fair value of the securities issued.

12.2 Subsequent measurement and recognition of profit or loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost, and cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is initially measured at that cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

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12. Long-term equity investments - continued

12.2 Subsequent measurement and recognition of profit or loss - continued

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or loss according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net loss of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognizing the expected losses. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income, and profit distribution, the Group records its proportionate share directly into capital reserve. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.

The unrealised profit or loss arising from the intra-group transactions amongst the Group and its investees is eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment income or loss of the Company's financial statements is recognised. When preparing the consolidated financial statements, for unrealised gains or losses attributable to the Group on downstream transactions from the Group to investees on investment or sale of assets, the Group eliminates the transactions on the Company's financial statements, eliminates the unrealised revenues and costs or gains or losses on disposal of assets attributable to the Group, and adjust the investment income accordingly. For unrealised gains or losses attributable to the Group on upstream transactions from investees to the Group on investment or sale of assets, the Group eliminates the transactions on the Company's financial statements, eliminates the unrealised gains or losses attributable to the Group in the carrying amount of the related assets, and adjust the carrying amount of long-term equity investments accordingly. For the loss on the intra-group transactions amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

12.3 Basis for determining existence of control, joint control, and significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

12.4 Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note (II)20).

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12. Long-term equity investments - continued

12.5 Disposal of long-term equity investments

When the Group ceases the use of the equity method, the Group shall account for all amounts previously recognised in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Any movements of owner's equity are transferred to investment income in the period with the exception of net profit or loss, other comprehensive income and retained earnings shared by investees when the equity method is terminated. For a portion of long-term equity investment accounted for using the equity method by the Group, the relevant other comprehensive income under equity method previously is determined as if the relevant assets or liabilities are derecognised directly by the Group if the equity method is applied to the residual part of the equity investments on a pro-rata basis according to the proportion of disposal; other owner's equity with the exception of net profit or loss, other comprehensive income and retained earnings shared by investees is transferred to investment income in the current period on a pro-rata basis.

12.6 Partial disposal of a subsidiary or other reason resulting in loss of control of a subsidiary

On disposal of a long-term equity investment in the Group's separate financial statements, the difference between the proceeds actually received and its carrying amount is recognised in profit or loss for the current period; meanwhile, for the remaining equity investment, it shall be recognised as a long-term equity investment at its carrying amount or other relevant financial assets at its fair value. If the remaining equity after disposal can exercise joint control or have a significant influence over the original subsidiary, it shall be accounted for in accordance with the relevant provisions of the transfer of the cost method to the equity method.

13. Investment properties

Investment properties, including land use rights and buildings that have already been leased out, and land use rights that are held for transfer upon capital appreciation, are initially recognised at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group applies the cost model for subsequent measurement of investment properties. For buildings and land use rights, depreciation or amortisation is made based on their estimated useful lives and net residual value rates. As for investment properties measured by cost model, depreciation policy on similar fixed assets is applicable to buildings for lease purpose, and amortisation policy on similar intangible assets is applicable to land use rights for lease purpose.

When an investment property is transferred to owner-occupied property, it is reclassified to a fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties at the date of the transfer. The carrying amount before and after transfer is the same at the date of the transfer.

The estimated useful lives and estimated net residual values of investment properties and depreciation (amortisation) methods applied to the investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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13. Investment properties - continued

The carrying amount of investment properties shall be reduced to the recoverable amount if the recoverable amount is lower than the carrying amount. (Note (II)20).

14. Fixed assets

14.1 Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, transportation vehicles, electronic equipment and other equipment.

Fixed assets are recognised when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. Fixed assets injected by the state-owned shareholders during the restructuring are initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

14.2 Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives (year(s))	Estimated net residual value rates (%)	Annual depreciation rates (%)
Buildings	5-50	2-10	1.80-19.60
Machinery and equipment	4-20	2-10	4.50-24.50
Transportation vehicles	4-14	2-10	6.43-24.50
Electronic equipment	3-14	2-10	6.43-32.67
Other equipment	2-20	2-10	4.50-49.00

The estimated useful lives and the estimated net residual values of fixed assets and the depreciation method applied to the assets are reviewed, and adjusted as appropriate at each year-end.

14.3 The carrying amount of the fix assets shall be reduced to the recoverable amount if the recoverable amount is lower than the carrying amount (Note (II)20).

14.4 Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month. When the recoverable amount of construction in progress is lower than its carrying amount, the carrying amount is reduced to the recoverable amount (Note (II)20).

16. Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally, and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

If the borrowing is specific to the qualifying asset, the borrowing costs eligible for capitalisation are the actual cost during the period of construction less any investment income or interest income on the temporary investment of the borrowings.

The amount of borrowing costs eligible for capitalisation, in cases where the funds are borrowed generally, should be determined based on the weighted average of the expenditures incurred in obtaining a qualifying asset. The costs incurred should first be allocated to the specific borrowings. The capitalisation rate relating to general borrowings should be the weighted average effective interest rate applicable to the entity's borrowings. The effective interest rate is the interest rate used when the future cash flows of the borrowings over the estimated remaining deposit period or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

17. Biological assets

Biological assets comprise bearer biological assets and consumable biological assets. A biological asset is initially measured at cost.

Expenditures incurred are included in the cost of the bearer biological assets before achieving the expected operation purpose. Subsequent expenditures such as maintenance or administration cost after achieving the expected operation purpose are recognised in profit or loss for the period in which they are incurred.

The actual expense of the consumable biological assets before closure constitutes the cost of the consumable biological assets, and the subsequent expenses such as management and protection after closure shall be recognised in profit or loss for the period.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Biological assets - continued

Bearer biological assets are depreciated using the straight-line method over their estimated useful lives after achieving the expected operation purpose. The estimated useful life and the estimated net residual value of a bearer biological asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate if the useful life and the estimated net residual value differ from the previous estimates, or there are significant changes in the pattern in which the asset's economic benefits are expected to be realised, the Group will adjust the useful life, estimated net residual value, or the depreciation method as changes in accounting estimate.

At the end of each reporting period, bearer biological assets and consumable biological assets are reviewed and the carrying amount shall be reduced to the recoverable amount or net realisable value if the recoverable amount of bearer biological assets or the net realisable value of the consumable biological assets is lower than the carrying amount. The reduction is an impairment loss which is recognised in profit or loss. Once the provision for bearer biological assets impairment is made, it will not be reversed; when the factor of depreciation of consumable biological asset disappears, it shall be reversed within the amount of provision for depreciation originally withdrawn, and the reversal amount shall be recognised in profit or loss for the period.

18. Intangible assets

Intangible assets include land use rights, business network, brands and trademarks, know-how, patent rights, software and others, and are measured at cost method. Intangible assets injected by the state-owned shareholders during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

18.1 Land use rights

Land use rights are amortised on the straight-line basis over the useful lives of 30-50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

18.2 Business network

Business network acquired in a business combination are recognised at fair value at the acquisition date. Business network is amortised using the straight-line method over its estimated useful lives of 5-20 years.

18.3 Brands and trademarks

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Brands with indefinite useful lives are not amortised and are assessed for impairment on an annual basis. Trademarks are amortised using the straight-line method over their estimated useful lives of 10-20 years.

18.4 Know-how

Know-how is amortised using the straight-line method over its estimated useful lives of 2-20 years.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Intangible assets - continued

18.5 Patent rights

Patent rights are amortised using the straight-line method over its protection period of 10-20 years as stipulated by law.

18.6 Software

Software is amortised using the straight-line method over its estimated useful lives of 2-10 years.

18.7 Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

18.8 Research and development

The Group's research and development expenditures mainly include expenditures on materials consumed for the implementation of the Group's research and development activities, salaries of employees in the research and development department, depreciation and amortisation of assets used in research and development, such as equipment and software, research and development inspection fees, outsourcing of licensing rights and research and development technical service fees.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the management has the intention to complete the intangible asset and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

18.9 Impairment of intangible assets

When the recoverable amount of an intangible asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount (Note (II)20).

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

20. Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, bearer biological assets carried at cost model, investment properties carried at cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows. For intangible assets with uncertain useful lives, the useful lives of intangible assets shall be reviewed at least annually. If there is any indication that the useful lives of the intangible assets are finite, the intangible assets shall be amortised over its estimated useful lives in the future periods.

Goodwill and intangible assets with indefinite lives that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

21. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits and termination benefits, etc.

21.1 Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, union running costs and employee education costs and others. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Employee benefits - continued

21.2 Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the basic pensions and unemployment insurance, both of which belong to defined contribution plans.

21.2.1 Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets.

21.3 Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

21.3.1 Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

22. Profit distribution

Proposed cash profit distribution is recognised as a liability in the period in which it is approved by the shareholders' meeting.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Provisions

Provisions for product warranties, onerous contracts and etc., are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the best estimate for the current period.

Loss allowance for financial guarantee contracts and allowance for loan commitments as determined based on the ECL model are recognised as provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

24. Revenue recognition

Sales are recognised when control of goods or provision of services has been transferred to customers. The amount of revenue is determined in accordance with the consideration that the Group is expected to be entitled.

24.1 Sales of goods

Revenue is recognised when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected and accepted the products. The sales are made with a credit term varied by customers' credit risk characteristics, which is consistent with market practices. The Group's obligation to transfer goods to customers for consideration received or receivable from customers is presented as contract liabilities in the balance sheet.

Any consideration payable to customers with no distinct good or service received from those customers, the consideration is recognised as a reduction of the revenue.

24.2 Rendering services

Revenue from providing services to external parties is recognised over a period of time based on the stage of completion of such service, which is determined by the proportion of costs incurred to the estimated total costs. As at the balance sheet date, the Group reassesses the stage of completion so as to better reflect the changes in obligation performance.

Revenue is recognised by the proportion that costs incurred to date bear to the estimated total costs of the transaction. Trade receivables are recognised when the Group has an unconditional right to collection. For the remaining part of the services, a contract asset is recognised. The Group recognises the loss allowance using the ECL model (Note (II)10) for its accounts receivable and contract assets. If the payments received or receivable exceed the services rendered, a contract liability is recognised for the excess. Contract assets and contract liabilities under the same contract are presented on a net basis.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government at no consideration, including tax return, financial subsidy and etc., excluding capital invested in the Group by the government as a business owner.

Government grants are recognised when the grants can be received, and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the borrowing expenses by loan principals and the favourable interest rates. The fiscal interest discounts directly received by the Group offset the relevant borrowing expenses.

26. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Deferred tax assets and deferred tax liabilities - continued

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same taxpayer within the Group and the same taxation authority; and,
- that taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

27. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

27.1 The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments during the lease term that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Rents that are variable based on the revenue are not included in the lease payments and are recognised in the profit or loss of the period when the revenue is earned. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are presented as non-current liabilities due within one year.

Right-of-use assets of the Group include buildings, machinery and equipment, etc. Right-of-use assets are measured initially at cost which consists of the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is lower than the carrying amount.

For short-term leases with a term of twelve months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, recognise on a straight-line basis over the period of the lease, and either capitalise as part of the cost of related assets, or charge as an expense for the current period.

The Group shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use of one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification and remeasure the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes directly resulting from conditions permitted by the Ministry of Finance are accounted for by applying the practical expedient. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other leases which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Leases - continued

27.2 The Group as the lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

When the Group's rents its self-owned buildings, rental income from an operating lease is recognised on a straight-line basis over the period of the lease. Rental income that are variable based on the revenue of the lessee is recognised when the revenue is earned.

27.2.1 Operating leases

When a lease is changed, the Group regards it as a new lease from the effective date of the change and treats the advance or receivable lease payments related to the lease before the charge as the receipts for the new lease.

27.2.2 Finance lease

At the commencement date, finance lease receivable is recognised as long-term receivables and the relevant asset is derecognised. Finance lease receivable due within one year (inclusive) as from the balance sheet date are presented as non-current assets due within one year.

28. Debt restructuring

Debt restructuring refers to a transaction where the terms of debt repayment, such as timing, amount, or method, are renegotiated through an agreement between the creditor and debtor or a court ruling without changing the counterparty to the transaction.

28.1 The Group as creditor

For debtors to offset the debt of the Group using non-financial assets such as inventory and fixed assets, the initial cost of the acquired non-financial assets is determined based on the fair value of the abandoned claims, as well as other costs directly attributable to the asset that occur before it reaches its current location and condition or its intended use, including taxes and other relevant expenses. The difference between the fair value and the carrying amount of the claims abandoned by the Group is recognised in profit or loss for the period.

In addition, when debt restructuring is carried out by modifying other terms, resulting in the derecognition of the original claim, the Group initially measures the restructured claim at fair value in accordance with the modified terms. The difference between the amount recognised for the restructured claim and the carrying amount of the original claim on the derecognition date is recognised in profit or loss for the period. If the modification of other terms does not lead to the derecognition of the original claim, the original claim continues to be measured subsequently in its original classification, and any gains or losses arising from the modification are recognised in profit or loss for the period.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Debt restructuring - continued

28.2 The Group as debtor

If the Group as debtor conducts debt restructuring through asset repayment of debts, it shall be derecognised when the relevant assets and settled debts meet the derecognition conditions. The difference between the carrying amount of settled debts and the carrying amount of transferred assets shall be recognised in profit or loss for the period.

In addition, when debt restructuring is conducted by modifying other terms, leading to the derecognition of the original debt, the Group initially measures the restructured debt at fair value in accordance with the modified terms. The difference between the amount recognised for the restructured debt and the carrying amount of the original debt on the derecognition date is recognised in the profit or loss for the period. If the modification of other terms does not result in the derecognition of the original debt, the original debt continues to be measured subsequently in its original classification, and any gains or losses arising from the modification are recognised in profit or loss for the period.

29. Share-based payments

Share-based payments are categorised into equity-settled share-based payment transactions and cash-settled share-based payment transactions. The share-based payment transactions implemented by the Group is accounted for as equity-settled.

The equity-settled share-based payments in exchange for employee services shall be measured at the fair value of the equity instruments granted to the employees. Where the equity-settled share-based payments are exercisable immediately after the grant is completed, the payments shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date, with capital reserve increased accordingly; where the equity-settled share-based payments are exercisable after the service in the waiting period is completed or specified performance conditions are met, the service obtained in the current period shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date based on the best estimate on the quantity of exercisable equity instruments made by the Group in accordance with the latest changes in the number of exercisable employees, satisfaction of specified performance conditions and other subsequent information at each balance sheet date within the waiting period.

Where the equity-settled share-based payments cannot be exercised in the end, its costs or expenses shall not be recognised by the Group unless that the payments are exercisable under the market conditions or non-exercisable conditions. In this regard, whether the market conditions or non-exercisable conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

When the Group modifies the terms of the share-based payment plan, if the modification increases the fair value of the granted equity instruments, the Group shall recognise the increase in services received based on the difference between the fair value of the equity instruments before and after the modification on the modification date. If the Group revises the exercisable conditions in a manner favourable to employees, the Group shall account for the payment according to the revised exercisable conditions; if the Group revises the exercisable conditions in a manner unfavourable to employees, the Group shall not consider that in the accounting, unless the Group cancels part or all of the granted equity instruments. If the Group cancels the granted equity instruments, the payments shall be accelerated for exercise on the cancellation date, and the amount that should have been recognised during the remaining waiting period shall be immediately included in profit or loss for the current period, and capital reserve shall be also recognised.

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(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or has been classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

31. Segment information

The Group determines operating segments based on internal organisational structure, management requirements and internal reporting systems, and determines reporting segments and discloses segment information on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

32. Significant accounting estimates and judgements

The Group continually evaluates the significant accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

32.1 Significant accounting estimates and key assumptions

The significant accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

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(II) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

32. Significant accounting estimates and judgements - continued

32.1 Significant accounting estimates and key assumptions - continued

32.1.1 Estimated useful lives and estimated net residual values of fixed assets

The management of the Group reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at each financial year-end. The estimated useful lives are determined by reference to the Group's business model, asset management policy and expected lifespan of the assets. The estimated useful lives could change significantly as a result of certain factors. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write down technically obsolete or non-strategic assets that have been abandoned or sold. The estimated residual values are determined based on all relevant factors (including but not limited to by reference to the industry practice and estimated residual values).

The depreciation expense will change where the estimated useful lives or estimated residual values of the assets are different from the previous estimates.

32.1.2 Estimated useful lives of business network

The Group needs to determine the estimated useful lives and consequently the related amortisation charges for its business network. These estimates are based on the historical experience of the actual useful lives of business network of similar nature and functions. Management will increase the amortisation charges where useful lives are less than previously estimated lives, which may also result in impairment of intangible assets. Actual economic lives may differ from estimated useful lives.

The amortisation charges will change where the estimated useful lives of the intangible assets are different from the previous estimates.

32.1.3 Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups or groups of asset groups is the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require use of accounting estimates (Note (IV)22). There are uncertainties in the following parameters when the Group determines the recoverable amount based on the present value of the expected future cash flows.

If management revises the growth rate that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised growth rate is lower than the one currently used, the Group may need to recognise further impairment against goodwill.

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised gross margin is lower than the one currently used, the Group may need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group may need to recognise further impairment against goodwill.

If the actual revenue growth rate and gross margin is higher or the pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously recognised is not allowed to be reversed by the Group.

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(II) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

32. Significant accounting estimates and judgements - continued

32.1 Significant accounting estimates and key assumptions - continued

32.1.4 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion, selling expense and related tax. For inventories with expiration management, management determined the provision for decline in value of inventories based on the level of inventories close to expiration date taking into consideration of good return arrangement with suppliers and estimated probability of selling. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

32.1.5 Measurement of ECL

The Group determines ECL based on assumptions about risk of default and ECL rates. The Group determines the ECL rates based on the probability of default and default loss rate. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts the historical data based on current condition and forward-looking information.

When considering forward-looking information, the Group takes into account different macroeconomic scenarios. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, technological environment, Gross Domestic Product ("GDP") and Consumer Price Index ("CPI"), etc. The key macroeconomic parameters are set differently in favourable, benchmark and unfavourable economic scenario. For the mostly used parameter GDP, are 5.20%, 4.50% and 3.40% respectively (for the period from 1 January 2024 to 30 June 2024: 5.65%, 4.40% and 3.00%). The Group monitors and reviews assumptions related to the calculation of ECL on a regular basis. For the period from 1 January 2025 to 30 June 2025, the Group had considered the uncertainties arising from different macroeconomic scenarios and updated relevant assumptions and parameters accordingly.

32.1.6 Income tax and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. In the normal course of operations, the ultimate tax determination is uncertain for some transactions and events. The Group needs to make significant judgements when calculate the income tax expenses in numerous jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and deferred tax expenses in the period in which such determination is made.

As stated in Note (III)2, some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to relevant government authorities. Based on the past experience of reassessment for high-tech enterprises upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprises upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

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(II) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

32. Significant accounting estimates and judgements - continued

32.1 Significant accounting estimates and key assumptions - continued

32.1.6 Income tax and deferred income tax - continued

Deferred tax assets are recognised for the deductible losses that can be carried forward to subsequent years to the extent that it is probable that the taxable profit will be available in the future period against which the deductible losses can be utilised. Taxable profit that will be available in the future period includes the taxable income that will be realised through normal production and operation and the taxable income that will be increased in the future period upon the reversal of taxable temporary differences incurred in the previous period. Estimates and judgements are required to determine the time and amount of taxable profit in the future period. Any difference between the actual amounts and the estimate may result in adjustment to the carrying amount of deferred tax assets.

32.2 Key judgements in applying the accounting policies

32.2.1 Classification of financial assets

Significant judgements involved in the classification of financial assets include the business model within which they are held and their contractual cash flow characteristics.

The Group uses judgements when it assesses its business model for managing financial assets on financial assets grouping basis. The assessment is determined by relevant evidence such as how the performance the financial assets are evaluated and reported to the Group's key management personnel; the risks that affect the performance of the business model and the financial assets held within that business model and the way in which those risks are managed; and how managers of the business are compensated etc.

When the Group assesses contractual cash flows are consistent with a basic lending arrangement, significant judgements used are as below: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance, whether the interest only reflects consideration for the time value of money, for the credit risk associated with the instrument during the term of the instrument and for other basic lending risks and costs, as well as a profit margin. For example, prepayments represent unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for the early termination of the contract.

32.2.2 Determination of significant increase in credit risk and credit impairment

When the Group classifies the stages of financial instruments into different stages, its determination for significant increase in credit risk and credit impairment are as follows:

The Group considers the 30 days past due as main indicator in determining a significant increase in credit risk. Also, the Group considers a significant increase in credit risk if there is significant change in one or several indicators, such as significant change in the business conditions of the borrower, the internal or external credit rating for the borrower and actual or expected operating results of the borrower; and significant decrease in the value of collateral or the credit rating of the guarantor, which will influence the possibility of default.

The Group considers the 90 days past due as main indicator that a financial asset is credit-impaired (i.e., the default of the financial asset occurs). Also, the Group considers that a financial asset is credit-impaired if one or several indicators as below is met: significant financial difficulty of the borrower; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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(III) TAXATION

1. The main categories and rates of taxes applicable to the Group are set out below:

Category	Taxation basis	Tax rate
Enterprise income tax (1)	Taxable income	15%, 16.5%, 25%, 30%
Value-added taxes ("VAT") (2)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)	3%, 5%, 6%, 9%, 10%, 13%
City maintenance and construction tax	The payment amount of VAT and consumption tax	1%, 5%, 7%

- (1) In accordance with the "Announcement on the Relevant Enterprise Income Tax Policies for the Deduction of Equipment and Instruments" (Announcement No. 37 [2023] of the Ministry of Finance and the State Taxation Administration) issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2024 to 31 December 2027, the cost of newly purchased equipment and instruments with unit value no more than RMB5 million can be fully deducted against taxable profit and recorded in expenses for the current period, instead of being depreciated annually; the cost of newly purchased equipment and instruments with unit value more than RMB5 million shall be accounted for in accordance with relevant provisions such as "Regulation on the Implementation of the Enterprise Income Tax Law", "Notice of the Ministry of Finance and the State Taxation Administration on Improving the Enterprise Income Tax Policies for the Accelerated Depreciation of Fixed Assets" (Cai Shui No.75 [2014]), "Notice of the Ministry of Finance and the State Taxation Administration on Further Improving the Enterprise Income Tax Policies for the Accelerated Depreciation of Fixed Assets" (Cai Shui No.106 [2015]).
- (2) In accordance with the "Announcement on the Policy of Value Added Tax Deduction for Advanced Manufacturing Enterprises" issued by the Ministry of Finance and the State Taxation Administration (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), the Company's subsidiaries Shanghai Jinhe Bio-pharmaceutical Co., Ltd., Shanghai SPH Zhong Xi Pharmaceutical Co., Ltd., Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd., Shanghai Zhonghua Pharmaceutical Nantong Co., Ltd., Shanghai Zhonghua Pharmaceutical Co., Ltd., Shanghai SPH Shen Xiang Health Pharmaceutical Co., Ltd., SHP Xingling Sci.&Tech. Pharmaceutical Co., Ltd., Zhejiang Jiuxu Pharmaceutical Co., Ltd., Shanghai Leiyunshang Pharmaceutical Co., Ltd., Shandong Sine Pharmaceutical Co., Ltd., Shanghai Harvest Pharmaceutical Co., Ltd., SPH Sine Pharmaceutical Factory Co., Ltd., Shanghai Sine Jinzhu Pharmaceutical Co., Ltd., Shanghai Sine Tianping Pharmaceutical Co., Ltd., Shanghai Sine Wanxiang Pharmaceutical Co., Ltd., Shanghai Sine Yanan Pharmaceutical Co., Ltd., Tianjin Jinjin Pharmaceutical Co., Ltd., Shanghai Haichang Medical Plastic Plant, SPH New Asia Pharmaceutical Co., Ltd., Shanghai SPH New Asiatic Minghang Pharmaceutical Co., Ltd., Hangzhou Huqingyutang Pharmaceutical Co., Ltd., Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd., Xiamen TCM Factory Co., Ltd., Chia Tai Qingchunbao Pharmaceutical Co. Ltd., SPH Qingdao Guofeng Pharmaceutical Co., Ltd., Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd., SPH No. 1 Biochemical & Pharmaceutical Co., Ltd., Guangdong Techpool Biochemical Pharmaceutical Co., Ltd., Changzhou Pharmaceutical Factory Co., Ltd., Nantong Changyou Chemicals Co., Ltd., Shanghai Hutchison Pharmaceutical Co., Ltd. as advanced manufacturing enterprises, from 1 January 2023 to 31 December 2027, offset the VAT payable by deductible input VAT for the current period plus 5%.

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(III) TAXATION - continued

2. Preferential tax rate policy and approval documents

Enterprise income tax

The actual income tax rate applicable to the Company was 25% for the period from 1 January 2025 to 30 June 2025 (for the period from 1 January 2024 to 30 June 2024: 25%).

Main subsidiaries of the Group enjoy preferential enterprise income tax policies as follows:

Subsidiaries Shanghai SPH Zhong Xi Pharmaceutical Co., Ltd., Shanghai Zhonghua Pharmaceutical Co., Ltd., Shanghai SPH Shen Xiang Health Pharmaceutical Co., Ltd., SHP Xingling Sci.&Tech. Pharmaceutical Co., Ltd., Shanghai Leiyunshang Pharmaceutical Co., Ltd., Shandong Sine Pharmaceutical Co., Ltd., SPH Sine Pharmaceutical Factory Co., Ltd., Shanghai Sine Jinzhu Pharmaceutical Co., Ltd., Shanghai Sine Tianping Pharmaceutical Co., Ltd., Shanghai Sine Wanxiang Pharmaceutical Co., Ltd., SPH New Asia Pharmaceutical Co., Ltd., Shanghai SPH New Asiatic Minghang Pharmaceutical Co., Ltd., Hangzhou Huqingyutang Pharmaceutical Co., Ltd., Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd., Xiamen TCM Factory Co., Ltd., SPH Qingdao Guofeng Pharmaceutical Co., Ltd., Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd., Guangdong Techpool Biochemical Pharmaceutical Co., Ltd., SPH No. 1 Biochemical & Pharmaceutical Co., Ltd., Changzhou Pharmaceutical Factory Co., Ltd., Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd., Chia Tai Qingchunbao Pharmaceutical Co. Ltd., Shanghai Hutchison Pharmaceutical Co., Ltd. have been recognised as high-tech enterprises. In accordance with Article 28 of the "Enterprise Income Tax Law of the People's Republic of China", the applicable enterprise income tax rate for these companies for the period from 1 January 2025 to 30 June 2025 was 15%.

(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2025	31 December 2024
Cash on hand	4,480,457.45	2,406,335.55
Bank deposits	32,176,991,101.29	27,107,820,684.40
Finance company deposits	3,188,397,058.94	4,771,045,774.92
Other cash and bank balances	3,724,916,633.26	3,863,055,243.70
Total	39,094,785,250.94	35,744,328,038.57
Including: Total amount deposited overseas	4,847,616,670.80	1,706,348,114.57

As at 30 June 2025, the Group has no restricted cash and bank balances in bank deposits and finance company deposits (31 December 2024: Nil); other cash and bank balances of RMB1,756,541,186.79 are pledged as collateral by the Group for the purpose of bank acceptances (31 December 2024: RMB1,919,405,525.13); other cash and bank balances of RMB42,288,838.76 are pledged as collateral by the Group for the purpose of letters of credit (31 December 2024: RMB8,260,071.62); other cash and bank balances of RMB1,790,000,000.00 are time deposits due over three months (31 December 2024: RMB1,740,000,000.00); other restricted cash and bank balances are RMB136,086,607.71 (31 December 2024: RMB195,389,646.95).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Held-for-trading financial assets

	30 June 2025	31 December 2024
Structured deposits	7,389,809,589.04	8,632,930,000.00
Treasury bond	1,015,094,000.00	-
Total	8,404,903,589.04	8,632,930,000.00

3. Derivative financial assets and derivative financial liabilities

	30 June 2025	31 December 2024
Derivative financial assets		
- Forward exchange contracts (1)	4,918,514.43	5,421,503.02
- Foreign exchange swap contracts (1)	-	10,803,283.33
Total	4,918,514.43	16,224,786.35
Derivative financial liabilities		
- Forward exchange contracts (2)	3,289,903.19	1,598,178.46

- (1) As at 30 June 2025, derivatives financial assets are mainly forward exchange contracts held by the Group (31 December 2024: forward exchange contracts and foreign exchange swap contracts held by the Group).
- (2) As at 30 June 2025 and 31 December 2024, the derivatives financial liabilities are mainly forward exchange contracts held by the Group.

4. Notes receivable

	30 June 2025	31 December 2024
Bank acceptances	466,252,883.91	624,551,624.60
Commercial acceptances	379,025,801.53	504,547,863.95
Less: Bad debt allowance	(3,562,462.31)	(6,994,443.32)
Total	841,716,223.13	1,122,105,045.23

- (1) As at 30 June 2025, notes receivable endorsed or discounted but unmatured for the Group are listed as follows:

	Not derecognised
Bank acceptances	99,144,375.83
Commercial acceptances	103,086,912.95
Total	202,231,288.78

For the period from 1 January 2025 to 30 June 2025, the commercial acceptances receivable unqualified for derecognition were endorsed or discounted by the Group, and were categorised as financial assets at amortised cost. Bank acceptances were grouped based on bank types, credit level, etc. for management. Bank acceptances unqualified for derecognition were categorised as notes receivable at amortised cost to hold for collection of contractual cash flows.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Notes receivable - continued

(2) Bad debt allowance

For notes receivable generated from business activities such as selling goods and providing services, regardless of whether there is a significant financing component, the Group measures loss allowance based on lifetime ECL.

The bad debt allowance for notes receivable is analysed by category as follows:

	30 June 2025				31 December 2024			
	Gross carrying amount		Bad debt allowance		Gross carrying amount		Bad debt allowance	
	Amount	Proportion to total amount (%)	Amount	Proportion (%)	Amount	Proportion to total amount (%)	Amount	Proportion (%)
Bad debt allowance made on an individual basis (i)	-	-	-	-	-	-	-	-
Bad debt allowance made on a collective basis (ii)	845,278,685.44	100.00	(3,562,462.31)	0.42	1,129,099,488.55	100.00	(6,994,443.32)	0.62
Total	845,278,685.44	100.00	(3,562,462.31)	0.42	1,129,099,488.55	100.00	(6,994,443.32)	0.62

(i) As at 30 June 2025, the Group has no notes receivable with bad debt allowance made on an individual basis (31 December 2024: Nil).

(ii) As at 30 June 2025, notes receivable for which the bad debt allowance is made on a collective basis is analysed as follows:

Portfolio - Bank acceptances:

As at 30 June 2025, the Group measures the bad debt allowance for bank acceptances based on lifetime ECL, amounting to RMB1,591,427.35 (31 December 2024: RMB3,691,839.09), including RMB-2,100,411.74 (for the period from 1 January 2024 to 30 June 2024: RMB-6,846,701.84) recognised in profit or loss for the period. The Group considers that the bank acceptances within the portfolio has no significant credit risk and there will be no significant losses due to bank defaults.

Portfolio - Commercial acceptances:

As at 30 June 2025, the Group measures the bad debt allowance for commercial acceptances based on lifetime ECL, amounting to RMB1,971,034.96 (31 December 2024: RMB3,302,604.23), including RMB-1,331,569.27 (for the period from 1 January 2024 to 30 June 2024: RMB284,407.07) recognised in profit or loss for the period.

(iii) The amount of bad debt allowance reversed for the current period is RMB3,431,981.01.

(iv) No notes receivable is written off by the Group in the current period.

5. Accounts receivable

	30 June 2025	31 December 2024
Accounts receivable	89,239,495,849.79	81,551,728,010.97
Less: Bad debt allowance	(2,861,650,519.53)	(2,422,522,271.81)
Total	86,377,845,330.26	79,129,205,739.16

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Accounts receivable - continued

Retail sales at the Group's medicine and pharmaceutical chain stores are usually made in cash or by debit or credit cards. For medicine and pharmaceutical distribution and manufacturing business segments, credit periods no more than 360 days are usually granted to customers.

(1) The aging analysis of accounts receivable is as follows:

	30 June 2025	31 December 2024
Within 1 year	83,854,727,441.75	77,229,865,369.59
1 to 2 years	3,563,656,172.92	2,706,275,563.74
Over 2 years	1,821,112,235.12	1,615,587,077.64
Total	89,239,495,849.79	81,551,728,010.97

(2) As at 30 June 2025, the top five accounts receivable based on the balance of the debtors are summarised and analysed as follows:

	Closing balance	Proportion to total accounts receivable (%)	Closing balance of bad debt allowance
Total top five accounts receivable	5,985,508,298.18	6.71	(21,868,076.41)

(3) Accounts receivable derecognised due to the transfer of financial assets are analysed as follows:

For the period from 1 January 2025 to 30 June 2025, the Group conducted non-recourse factoring for a few accounts receivable, and almost all risks and rewards of ownership were transferred to other parties. The cost of accounts receivable that was derecognised due to factoring without resource was RMB7,209,227,165.53, and related losses of RMB73,800,728.05 were included in investment loss (for the period from 1 January 2024 to 30 June 2024: RMB8,561,125,820.76 and RMB58,792,491.04) (Note (IV)57).

(4) Bad debt allowance

For accounts receivable, regardless of whether there is a significant financing component, the Group measures loss allowance based on lifetime ECL.

The bad debt allowance for accounts receivable is analysed by category as follows:

	30 June 2025				31 December 2024			
	Gross carrying amount		Bad debt allowance		Gross carrying amount		Bad debt allowance	
	Amount	Proportion to total amount (%)	Amount	Proportion (%)	Amount	Proportion to total amount (%)	Amount	Proportion (%)
Bad debt allowance made on an individual basis (i)	948,769,688.67	1.06	(539,669,270.31)	56.88	965,273,333.45	1.18	(555,921,695.63)	57.59
Bad debt allowance made on a collective basis (ii)	88,290,726,161.12	98.94	(2,321,981,249.22)	2.63	80,586,454,677.52	98.82	(1,866,600,576.18)	2.32
Total	89,239,495,849.79	100.00	(2,861,650,519.53)	3.21	81,551,728,010.97	100.00	(2,422,522,271.81)	2.97

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Accounts receivable - continued

(4) Bad debt allowance - continued

The bad debt allowance for accounts receivable is analysed by category as follows: - continued

- (i) As at 30 June 2025, accounts receivable for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL rate (%)	Bad debt allowance	Reasons
Accounts receivable 1	285,903,828.34	11.98	(34,251,278.64)	Provided based on estimated recoverable amount
Accounts receivable 2	166,074,303.16	18.00	(29,893,374.57)	Provided based on estimated recoverable amount
Accounts receivable 3	121,053,445.32	100.00	(121,053,445.32)	Upon assessment, it is expected to be unrecoverable
Accounts receivable 4	32,217,861.48	100.00	(32,217,861.48)	Upon assessment, it is expected to be unrecoverable
Others	343,520,250.37	93.81	(322,253,310.30)	Provided based on estimated recoverable amount
Total	948,769,688.67		(539,669,270.31)	

- (ii) As at 31 December 2024, accounts receivable for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL rate (%)	Bad debt allowance	Reasons
Accounts receivable 1	285,903,828.34	11.98	(34,251,278.64)	Provided based on estimated recoverable amount
Accounts receivable 2	161,534,870.51	18.00	(29,076,276.69)	Provided based on estimated recoverable amount
Accounts receivable 3	121,103,445.32	100.00	(121,103,445.32)	Upon assessment, it is expected to be unrecoverable
Accounts receivable 4	32,217,861.48	100.00	(32,217,861.48)	Upon assessment, it is expected to be unrecoverable
Others	364,513,327.80	93.08	(339,272,833.50)	Provided based on estimated recoverable amount
Total	965,273,333.45		(555,921,695.63)	

- (iii) As at 30 June 2025 and 31 December 2024, accounts receivable for which bad debt allowance is made on a collective basis are analysed as follows:

	30 June 2025		
	Accounts receivable	Lifetime ECL rate (%)	Bad debt allowance
Within 6 months	69,346,812,328.46	0.36	(246,241,394.91)
6 - 12 months	14,440,885,892.14	1.84	(265,296,285.66)
1 - 2 years	3,451,132,390.97	22.58	(779,273,289.57)
Over 2 years	1,051,895,549.55	98.03	(1,031,170,279.08)
Total	88,290,726,161.12		(2,321,981,249.22)

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Accounts receivable - continued

(4) Bad debt allowance - continued

The bad debt allowance for accounts receivable is analysed by category as follows: - continued

(iii) As at 30 June 2025 and 31 December 2024, accounts receivable for which bad debt allowance is made on a collective basis are analysed as follows: - continued

	31 December 2024		
	Accounts receivable	Lifetime ECL rate (%)	Bad debt allowance
Within 6 months	64,091,906,397.90	0.31	(200,356,385.52)
6 - 12 months	13,044,511,423.29	2.02	(264,111,870.37)
1 - 2 years	2,579,183,965.06	22.29	(574,945,714.27)
Over 2 years	870,852,891.27	94.99	(827,186,606.02)
Total	80,586,454,677.52		(1,866,600,576.18)

(iv) For the period from 1 January 2025 to 30 June 2025, the bad debt allowance made on an individual basis amounts to RMB19,593,519.35 (for the period from 1 January 2024 to 30 June 2024: RMB8,269,931.63), including recovery or reversal of bad debt allowance of RMB35,630,063.43 (for the period from 1 January 2024 to 30 June 2024: RMB11,756,871.29), with corresponding carrying amount of RMB59,816,268.19 (for the period from 1 January 2024 to 30 June 2024: RMB11,756,871.29). The accounts receivable with significant recovery or reversal are as follows:

	Reasons for reversal/recovery	Basis and appropriateness for determining the original bad debt allowance	Amount reversed or recovered	Recovery method
Accounts receivable 1	Recovered in the current period	Provided based on estimated recoverable amount	24,072,162.59	Cash
Accounts receivable 2	Recovered in the current period	Upon assessment, it is expected to be unrecoverable	8,551,080.00	Cash
Accounts receivable 3	Recovered in the current period	Upon assessment, it is expected to be unrecoverable	5,653,878.36	Cash
Others	Recovered in the current period	Provided based on estimated recoverable amount	21,539,147.24	Cash
Total			59,816,268.19	

(5) The Group has no accounts receivable written off in the current period.

6. Receivables financing

	30 June 2025	31 December 2024
Bank acceptances	1,911,121,780.41	1,965,669,770.02

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Receivables financing - continued

Certain bank acceptances of the Group are discounted and endorsed for the purpose of daily capital management, and are qualified for derecognition. Therefore, such bank acceptances are classified as financial assets at FVTOCI. For the period from 1 January 2025 to 30 June 2025, the Group derecognised bank acceptances with carrying amount of RMB4,548,480,835.52 and RMB5,057,924,845.48 (for the period from 1 January 2024 to 30 June 2024: RMB2,710,544,362.59 and RMB6,148,536,508.66) due to endorsement and discounting, and almost all risks and rewards of ownership have been transferred to other parties. The related discounting losses amounted to RMB20,454,522.59 and were included in investment loss (for the period from 1 January 2024 to 30 June 2024: RMB36,865,311.64) (Note (IV)57).

As at 30 June 2025, the Group believes that the bank acceptances held are with common credit risk characteristics, and there are no bank acceptances for which loss allowance is made on an individual basis. In addition, the Group believes that the bank acceptances held have no significant credit risks and will not incur significant losses due to bank defaults. The Group measures bad debt allowance based on lifetime ECL and the related amount is RMB9,069,186.98 (31 December 2024: RMB9,361,859.07), and RMB-292,672.09 is included in profit or loss for the period (for the period from 1 January 2024 to 30 June 2024: RMB-1,996,690.68).

For the period from 1 January 2025 to 30 June 2025, there was no write-off of significant receivables financing in the Group (for the period from 1 January 2024 to 30 June 2024: Nil).

As at 30 June 2025, the receivables financing endorsed or discounted but unmatured are as follows:

	Derecognised
Bank acceptances	3,060,395,058.35

As at 30 June 2025, the Group has no pledged receivables financing (31 December 2024: Nil).

7. Prepayments

(1) The aging analysis of prepayments is as follows:

	30 June 2025		31 December 2024	
	Amount	Proportion to total amount (%)	Amount	Proportion to total amount (%)
Within 1 year	2,509,843,497.49	94.61	1,834,340,888.73	94.19
Over 1 year	143,090,441.31	5.39	113,061,538.98	5.81
Total	2,652,933,938.80	100.00	1,947,402,427.71	100.00

As at 30 June 2025, prepayments aged over 1 year are RMB143,090,441.31 (31 December 2024: RMB113,061,538.98), which are mainly prepayments for raw materials.

(2) As at 30 June 2025, the top five prepayments based on the balance of the debtors are summarised and analysed as follows:

	Amount	Proportion to total prepayments (%)
Total top five prepayments	359,436,421.25	13.55

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Other receivables

	30 June 2025	31 December 2024
Compensation receivable from suppliers	1,512,085,402.95	1,637,318,559.00
Guarantees (including deposits)	967,236,913.85	953,194,927.62
Receivables from enterprises	205,682,475.58	228,580,611.56
Dividends receivable	8,039,108.46	94,425,064.16
Reserves	45,467,434.76	34,360,844.07
Others	1,131,173,944.47	954,506,305.34
Gross carrying amount	3,869,685,280.07	3,902,386,311.75
Less: Bad debt allowance	(793,306,189.80)	(795,690,702.72)
Carrying amount	3,076,379,090.27	3,106,695,609.03

The Group has no funds pooled with other parties and classified as other receivables due to centralised fund management.

(1) The aging analysis of other receivables is as follows:

	30 June 2025	31 December 2024
Within 1 year	2,492,821,349.14	2,452,639,120.23
1 to 2 years	212,124,508.69	379,259,004.42
Over 2 years	1,164,739,422.24	1,070,488,187.10
Total	3,869,685,280.07	3,902,386,311.75

(2) Loss allowance and movements in gross carrying amount

The bad debt allowance for other receivables is analysed by category as follows:

	30 June 2025				31 December 2024			
	Gross carrying amount		Bad debt allowance		Gross carrying amount		Bad debt allowance	
	Amount	Proportion to total amount (%)	Amount	Proportion (%)	Amount	Proportion to total amount (%)	Amount	Proportion (%)
Bad debt allowance made on an individual basis (i)	580,192,090.30	14.99	(580,192,090.30)	100.00	573,795,790.64	14.70	(573,795,790.64)	100.00
Bad debt allowance made on a collective basis (ii)	3,289,493,189.77	85.01	(213,114,099.50)	6.48	3,328,590,521.11	85.30	(221,894,912.08)	6.67
Total	3,869,685,280.07	100.00	(793,306,189.80)	20.50	3,902,386,311.75	100.00	(795,690,702.72)	20.39

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Other receivables - continued

(2) Loss allowance and movements in gross carrying amount - continued

The bad debt allowance for other receivables is analysed by category as follows: - continued

- (i) As at 30 June 2025, other receivables for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Stage 3 - Lifetime ECL rate (%)	Bad debt allowance	Reasons
Other receivables 1	120,000,000.00	100.00	(120,000,000.00)	It is expected to be unrecoverable
Other receivables 2	46,975,257.94	100.00	(46,975,257.94)	It is expected to be unrecoverable
Other receivables 3	41,505,667.35	100.00	(41,505,667.35)	It is expected to be unrecoverable
Other receivables 4	34,033,754.45	100.00	(34,033,754.45)	It is expected to be unrecoverable
Others	337,677,410.56	100.00	(337,677,410.56)	It is expected to be unrecoverable
Total	580,192,090.30		(580,192,090.30)	

As at 31 December 2024, other receivables for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Stage 3 - Lifetime ECL rate (%)	Bad debt allowance	Reasons
Other receivables 1	120,000,000.00	100.00	(120,000,000.00)	It is expected to be unrecoverable
Other receivables 2	46,975,257.94	100.00	(46,975,257.94)	It is expected to be unrecoverable
Other receivables 3	41,505,667.35	100.00	(41,505,667.35)	It is expected to be unrecoverable
Other receivables 4	34,033,754.45	100.00	(34,033,754.45)	It is expected to be unrecoverable
Others	331,281,110.90	100.00	(331,281,110.90)	It is expected to be unrecoverable
Total	573,795,790.64		(573,795,790.64)	

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Other receivables - continued

(2) Loss allowance and movements in gross carrying amount - continued

The bad debt allowance for other receivables is analysed by category as follows: - continued

- (ii) As at 30 June 2025 and 31 December 2024, other receivables for which bad debt allowance is made on a collective basis are analysed as follows:

	30 June 2025			31 December 2024		
	Gross carrying amount	Loss allowance		Gross carrying amount	Loss allowance	
	Amount	Amount	Proportion (%)	Amount	Amount	Proportion (%)
Stage 1 - 12-month ECL						
Compensation receivable from suppliers	1,475,727,486.93	(9,638,919.37)	0.65	1,611,459,873.08	(10,869,853.07)	0.67
Guarantees (including deposits)	962,066,746.21	(17,954,597.04)	1.87	951,369,750.31	(15,653,176.94)	1.65
Dividends receivable	8,039,108.46	(26,458.64)	0.33	94,425,064.16	(235,128.20)	0.25
Receivables from enterprises	79,343,791.72	(702,634.24)	0.89	90,686,514.02	(592,182.57)	0.65
Reserves	44,665,449.55	(701,886.89)	1.57	33,374,704.40	(633,601.22)	1.90
Others	535,619,551.77	(2,833,691.14)	0.53	346,758,269.19	(2,814,078.82)	0.81
Sub-total	3,105,462,134.64	(31,858,187.32)		3,128,074,175.16	(30,798,020.82)	
Stage 3 - Lifetime ECL rate						
Receivables from enterprises	9,848,788.84	(9,724,620.23)	98.74	21,410,402.52	(20,437,388.88)	95.46
Compensation receivable from suppliers	26,819,609.95	(25,752,069.39)	96.02	16,320,379.85	(15,876,202.77)	97.28
Reserves	791,985.21	(789,258.66)	99.66	976,139.67	(945,116.60)	96.82
Others	146,570,671.13	(144,989,963.90)	98.92	161,809,423.91	(153,838,183.01)	95.07
Sub-total	184,031,055.13	(181,255,912.18)		200,516,345.95	(191,096,891.26)	
Total	3,289,493,189.77	(213,114,099.50)		3,328,590,521.11	(221,894,912.08)	

As at 30 June 2025 and 31 December 2024, the Group has no other receivables at stage 2.

- (3) For the period from 1 January 2025 to 30 June 2025, RMB1,060,166.50 and RMB11,145,047.99 were provided and reversed separately in bad debt allowance for other receivables at stage 1 and stage 3, mainly representing the impact of changes in the current loss rate and the recovery or reversal of other receivables on measurement of ECL.

For the period from 1 January 2025 to 30 June 2025, the Group did not reverse or recover bad debt allowance made on an individual basis.

- (4) The Group has no other receivables written off in the current period.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Other receivables - continued

(5) As at 30 June 2025, the top five other receivables based on the balance of the debtors are summarised and analysed as follows:

	Nature	Balance	Aging	Proportion to total other receivables (%)	Bad debt allowance
Other receivables 1	Compensation from suppliers	195,763,725.02	Within 1 year	5.06	(1,076,700.49)
Other receivables 2	Others	120,000,000.00	Over 5 years	3.10	(120,000,000.00)
Other receivables 3	Compensation from suppliers	105,262,246.12	Within 1 year	2.72	(578,942.35)
Other receivables 4	Compensation from suppliers	87,167,844.83	Within 1 year to Over 2 years	2.25	(8,006,878.64)
Other receivables 5	Guarantees	85,000,000.00	Over 4 years	2.20	(51,000.00)
Total		593,193,815.97		15.33	(129,713,521.48)

(6) As at 30 June 2025 and 31 December 2024, the Group has no overdue dividends receivable.

9. Inventories

(1) Inventories are classified as follows:

	30 June 2025			31 December 2024		
	Gross carrying amount	Provision for decline in value of inventories	Carrying amount	Gross carrying amount	Provision for decline in value of inventories	Carrying amount
Raw materials	1,822,997,739.72	(127,399,589.97)	1,695,598,149.75	1,496,481,236.49	(145,946,935.45)	1,350,534,301.04
Turnover materials	49,973,838.97	-	49,973,838.97	55,518,199.25	-	55,518,199.25
Consigned processing materials	7,533,208.59	-	7,533,208.59	6,408,260.26	-	6,408,260.26
Work in progress	1,182,366,761.22	-	1,182,366,761.22	870,398,995.57	-	870,398,995.57
Finished goods	39,137,984,737.15	(1,174,765,353.05)	37,963,219,384.10	37,941,047,673.68	(1,280,623,313.56)	36,660,424,360.12
Consumable biological assets	385,620.84	-	385,620.84	385,620.84	-	385,620.84
Total	42,201,241,906.49	(1,302,164,943.02)	40,899,076,963.47	40,370,239,986.09	(1,426,570,249.01)	38,943,669,737.08

(2) The analysis of provision for decline in value of inventories is as follows:

	31 December 2024	Reversal	Write-off	30 June 2025
Raw materials	145,946,935.45	(15,525,553.50)	(3,021,791.98)	127,399,589.97
Finished goods (i)	1,280,623,313.56	(61,683,016.41)	(44,174,944.10)	1,174,765,353.05
Total	1,426,570,249.01	(77,208,569.91)	(47,196,736.08)	1,302,164,943.02

(i) Among which, the near-expired finished goods for which the provision for decline in value is made collectively are analysed as follows:

	30 June 2025			31 December 2024		
	Gross carrying amount	Provision for decline in value of inventories		Gross carrying amount	Provision for decline in value of inventories	
	Amount	Proportion (%)	Amount	Amount	Proportion (%)	Amount
Within 1 year	2,922,295,229.21	21.61	(631,612,213.33)	4,611,775,388.43	15.70	(724,169,658.16)
Over 1 year	33,179,409,555.75	0.16	(54,083,499.37)	29,020,669,216.51	0.05	(15,955,816.64)
Total	36,101,704,784.96		(685,695,712.70)	33,632,444,604.94		(740,125,474.80)

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Other current assets

	30 June 2025	31 December 2024
Taxes to be deducted and prepaid	1,008,045,764.80	969,122,605.01
Input VAT to be certified	125,978,892.70	162,142,048.67
Total	1,134,024,657.50	1,131,264,653.68

11. Investments in other equity instruments

	30 June 2025	31 December 2024
Investments in equity instruments (i)	34,537,342.18	43,899,340.70

	30 June 2025	31 December 2024
Investments in equity instruments		
Shares of listed companies		
- Tianda Pharmaceuticals Limited ("Tianda Pharma")	34,537,342.18	43,899,340.70

	30 June 2025	31 December 2024
Tianda Pharma		
- Cost	87,851,852.85	87,851,852.85
- Accumulated changes in fair value	(53,314,510.67)	(43,952,512.15)
	34,537,342.18	43,899,340.70

- (i) The Group, out of strategic investment concern, designated such equity investments as financial assets at FVTOCI under investments in other equity instruments.

12. Other non-current financial assets

	30 June 2025	31 December 2024
Investments in equity instruments		
- Shares of listed companies (a)	4,587,728.00	4,455,830.81
- Equity of unlisted companies (b)	1,713,129,893.06	1,720,212,300.42
	1,717,717,621.06	1,724,668,131.23

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Other non-current financial assets - continued

Details of other non-current financial assets are as follows:

	30 June 2025	31 December 2024
(a) Shares of listed companies		
- Cost	1,372,977.16	1,372,977.16
- Accumulated changes in fair value	3,214,750.84	3,082,853.65
- Accumulated exchange differences on translation of financial statements denominated in foreign currencies	-	-
	4,587,728.00	4,455,830.81
(b) Equity of unlisted companies		
- Cost	1,710,834,338.62	1,710,834,338.62
- Accumulated changes in fair value	2,295,554.44	9,377,961.80
	1,713,129,893.06	1,720,212,300.42

13. Long-term receivables

	30 June 2025	31 December 2024
Guarantees receivable (Note) - total amount	175,294,250.00	176,368,005.00
Medical equipment receivable - total amount	95,640,855.10	123,298,919.04
Receivables from enterprises - total amount	225,890,546.63	294,583,979.86
Unrealised finance income	(49,787,346.43)	(70,737,963.09)
Less: Bad debt allowance	(45,613,040.17)	(53,656,818.78)
Less: Long-term receivables due within one year	(59,048,697.08)	(83,611,615.14)
Long-term receivables due after one year	342,376,568.05	386,244,506.89

Note: The amounts are the Group's paid guarantees with recovery period of over one year.

(1) Loss allowance and movements in gross carrying amount

The bad debt allowance for long-term receivables is analysed by category as follows:

	30 June 2025				31 December 2024			
	Gross carrying amount		Bad debt allowance		Gross carrying amount		Bad debt allowance	
	Amount	Proportion to total amount (%)	Amount	Proportion (%)	Amount	Proportion to total amount (%)	Amount	Proportion (%)
Bad debt allowance made on an individual basis (i)	12,893,490.33	2.88	(12,893,490.33)	100.00	12,893,490.33	2.46	(12,893,490.33)	100.00
Bad debt allowance made on a collective basis (ii)	434,144,814.97	97.12	(32,719,549.84)	7.54	510,619,450.48	97.54	(40,763,328.45)	7.98
Total	447,038,305.30	100.00	(45,613,040.17)	10.20	523,512,940.81	100.00	(53,656,818.78)	10.25

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**13. Long-term receivables - continued****(1) Loss allowance and movements in gross carrying amount - continued**

The bad debt allowance for long-term receivables is analysed by category as follows: - continued

- (i) As at 30 June 2025, long-term receivables for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Stage 3 - Lifetime ECL rate (%)	Bad debt allowance	Reasons
Long-term receivables 1	12,893,490.33	100.00	(12,893,490.33)	It is expected to be unrecoverable

- (ii) As at 30 June 2025 and 31 December 2024, long-term receivables of the Group on a collective basis are all at stage 1.

14. Long-term equity investments

	30 June 2025	31 December 2024
Joint ventures (1)	755,302,652.34	2,301,104,882.67
Associates (2)	6,360,691,893.03	5,986,403,712.45
Less: Provision for impairment of long-term equity investments	(220,663,722.23)	(220,663,722.23)
Total	6,895,330,823.14	8,066,844,872.89

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(1) Joint ventures

	31 December 2024	Changes for the period								30 June 2025	Impairment provision	
		Investment made in the current period	Decrease in investment	Net profit or loss adjusted using equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends declared	Impairment provision	Others		30 June 2025	31 December 2024
SPH-BIOPAD (HK) Limited	1,262,715,012.57	-	(1,082,039,351.03)	(14,849,090.13)	-	-	-	-	(2,072,024.17)	163,754,547.24	-	-
Jiangxi Nanhua Medicines Co., Ltd.	432,954,645.69	-	-	14,331,180.96	-	-	-	-	(3,128,299.65)	444,157,527.00	-	-
Shanghai Hutchison Pharmaceutical Co., Ltd.	558,157,921.19	-	-	184,220,863.37	-	-	(367,022,215.57)	-	(375,356,568.99)	-	-	-
Zhejiang Shangyao Jiuzhou Biopharmaceutical Co., Ltd.	-	-	-	-	-	-	-	-	-	-	(25,428,136.44)	(25,428,136.44)
Shanghai Shangshi Biomedical Phase II Innovation and Transformation Private Investment Fund LLP	-	100,000,000.00	-	-	-	-	-	-	-	100,000,000.00	-	-
Other investments	20,101,801.42	-	-	113,274.88	-	-	-	-	-	20,215,076.30	(1,747,365.36)	(1,747,365.36)
Total	2,273,929,380.87	100,000,000.00	(1,082,039,351.03)	183,816,229.08	-	-	(367,022,215.57)	-	(380,556,892.81)	728,127,150.54	(27,175,501.80)	(27,175,501.80)

Related information of equity in joint ventures of the Group is set out in Note (VI) 2.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(2) Associates

	31 December 2024	Changes for the period								30 June 2025	Impairment provision	
		Investment made in the current period	Decrease in investment	Net profit or loss adjusted using equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends declared	Impairment provision	Others		30 June 2025	31 December 2024
Shanghai Pharma Health Commerce Co., Ltd.	1,407,670,586.64	-	-	(4,589,163.67)	-	(3,497.16)	-	-	(2,587,675.07)	1,400,490,250.74	-	-
Shanghai Roche Pharmaceutical Co., Ltd.	1,107,361,408.93	-	-	83,419,016.33	-	2,778,900.00	-	-	1,226,283.67	1,194,785,608.93	-	-
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	467,202,102.43	-	-	1,158,884.36	52,257.08	(4,929.52)	(6,304,276.80)	-	-	462,104,037.55	-	-
Shanghai Industrial Group Finance Co., Ltd.	429,353,783.47	-	-	8,426,013.50	-	-	-	-	-	437,779,796.97	-	-
Beijing Lianxin Pharmaceutical Co., Ltd.	307,523,243.09	-	-	24,820,153.63	-	-	(31,500,000.00)	-	-	300,843,396.72	-	-
Shanghai Biomedical Merger & Acquisition Private Equity Fund Partnership (Limited Partnership)	-	267,945,919.00	-	(808,483.97)	-	-	(6,310,720.04)	-	-	260,826,714.99	-	-
Sino-American Shanghai Squibb Pharmaceuticals Ltd.	213,111,202.67	-	-	42,900,561.02	-	-	-	-	116,715.08	256,128,478.77	-	-
Shanghai Tsumura Pharmaceuticals Co., Ltd.	237,982,173.86	-	-	8,704,156.89	-	-	-	-	-	246,686,330.75	-	-
Shanghai Lianyi Investment Center (limited Partnership)	241,914,060.08	-	-	11,815,986.40	-	-	(25,003,165.72)	-	-	228,726,880.76	-	-
Hangzhou Huqing Yutang Pharmaceutical Co., Ltd.	166,926,748.80	-	-	11,363,969.74	-	-	-	-	-	178,290,718.54	-	-
Shanghai Bracco Sine Pharmaceutical Corp., Ltd.	140,624,836.24	-	-	16,329,491.63	-	-	-	-	1,518,765.32	158,473,093.19	-	-
Shanghai Ajinomoto Amino Acid Co., Ltd.	128,805,940.07	-	-	7,276,448.99	-	-	(4,210,406.34)	-	-	131,871,982.72	-	-
Chengdu Wesker Biomedical Co., Ltd.	118,984,679.52	-	-	(3,766,495.42)	-	-	-	-	-	115,218,184.10	-	-
Shanghai Shangshi Biomedical Innovation and Transformation Private Investment Fund LLP	109,858,571.79	-	-	814,554.25	-	-	-	-	-	110,673,126.04	-	-
West China Precision Medicine Industrial Innovation Center	94,867,777.61	-	-	(1,853,062.90)	-	-	-	-	-	93,014,714.71	-	-
Shanghai Good Health Capital LLP	81,555,167.64	-	-	3,296,721.50	-	-	(7,536,698.92)	-	-	77,315,190.22	-	-
Shanghai Leiyunshang Northern Area Medicine General Co., Ltd.	62,465,570.44	-	-	14,332,518.85	-	-	(2,433,200.00)	-	-	74,364,889.29	-	-

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(2) Associates - continued

	31 December 2024	Changes for the period								30 June 2025	Impairment provision	
		Investment made in the current period	Decrease in investment	Net profit or loss adjusted using equity method	Adjustment to other comprehensi ve income	Other equity changes	Cash dividends declared	Impairment provision	Others		30 June 2025	31 December 2024
Sichuan Greentech Bio-technology Co., Ltd.	66,308,281.18	-	-	181,517.12	-	-	-	-	-	66,489,798.30	-	-
Chongqing Pharmaceuticals Shanghai Medicine Sales Co., Ltd.	61,015,138.26	-	-	1,799,687.67	-	-	(1,803,200.00)	-	-	61,011,625.93	-	-
Shanghai Chest Medical Instruments Co., Ltd.	55,050,485.55	-	-	4,547,183.94	-	-	(3,060,000.00)	-	-	56,537,669.49	-	-
Shanghai Huashi Pharmaceutical Storage & Transportation Co., Ltd.	54,817,824.61	-	-	(5,094,240.92)	-	-	-	-	-	49,723,583.69	-	-
Shanghai Xuniao Biotechnology Co., Ltd.	51,749,779.64	-	-	(4,933,839.03)	-	-	-	-	-	46,815,940.61	-	-
Shanghai Huiyong Medicine Research Co., Ltd.	40,112,211.09	-	-	(14,800,111.32)	-	-	-	-	-	25,312,099.77	-	-
Shanghai Sine Promod Pharmaceutical Co., Ltd.	23,819,315.27	-	-	600,000.00	-	-	-	-	-	24,419,315.27	-	-
A.M.Pappas Life Science Venture V, LP	16,827,122.63	718,840.00	-	(9,628,345.82)	-	-	-	-	-	7,917,616.81	-	-
Shangshi Commercial Factoring Co., Ltd.	-	-	-	-	-	-	-	-	-	-	(154,799,830.72)	(154,799,830.72)
Shanghai Shangyao Kangxinuo Biopharmaceutical Co., Ltd.	-	-	-	-	-	-	-	-	-	-	(25,874,404.13)	(25,874,404.13)
Other investments	107,007,480.51	4,800,000.00	(8,460,000.00)	535,147.30	-	-	(2,500,000.07)	-	-	101,382,627.74	(12,813,985.58)	(12,813,985.58)
Total	5,792,915,492.02	273,464,759.00	(8,460,000.00)	196,848,270.07	52,257.08	2,770,473.32	(90,661,667.89)	-	274,089.00	6,167,203,672.60	(193,488,220.43)	(193,488,220.43)

(i) Related information of equity in the associates of the Group is set out in Note (VI) 2.

(ii) Shanghai Fudan-Zhangjiang Bio-pharmaceutical Co., Ltd. is a domestic and Hong Kong listed company. As at 30 June 2025, the market value of the equity investments held by the Group amounts to RMB1,417,890,558.95.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2024	650,330,545.08	25,835,071.05	676,165,616.13
Transfer from fixed assets	113,004,640.00	-	113,004,640.00
Transfer to fixed assets	(7,646,910.56)	-	(7,646,910.56)
Purchases from external suppliers	742,910.72	-	742,910.72
Translation differences of financial statements denominated in foreign currencies	(132,317.70)	-	(132,317.70)
30 June 2025	756,298,867.54	25,835,071.05	782,133,938.59
Accumulated depreciation			
31 December 2024	(301,006,978.30)	(9,148,337.60)	(310,155,315.90)
Charged for the period	(8,051,404.95)	(1,239,423.71)	(9,290,828.66)
Transfer from fixed assets	(47,933,484.38)	-	(47,933,484.38)
Transfer to fixed assets	7,265,563.73	-	7,265,563.73
Translation differences of financial statements denominated in foreign currencies	49,313.21	-	49,313.21
30 June 2025	(349,676,990.69)	(10,387,761.31)	(360,064,752.00)
Carrying amount			
30 June 2025	406,621,876.85	15,447,309.74	422,069,186.59
31 December 2024	349,323,566.78	16,686,733.45	366,010,300.23

For the period from 1 January 2025 to 30 June 2025, the depreciation of investment properties amounted to RMB9,290,828.66 (for the period from 1 January 2024 to 30 June 2024: RMB12,435,275.88).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Fixed assets

	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Other equipment	Total
Cost						
31 December 2024	13,533,572,790.60	8,181,692,006.86	412,326,159.93	1,367,905,151.91	1,461,771,309.92	24,957,267,419.22
Increase in the current period						
Additions	13,415,165.30	97,081,383.50	9,849,543.81	40,779,872.69	6,041,540.14	167,167,505.44
Transfer from construction in progress	56,914,173.58	132,537,512.11	2,953,015.33	13,895,767.43	11,224,867.80	217,525,336.25
Transfer from investment properties	7,646,910.56	-	-	-	-	7,646,910.56
Increase due to business combinations	425,919,335.46	80,460,023.36	532,561.91	5,305,090.81	15,907,269.88	528,124,281.42
Decrease in the current period						
Disposals	(26,373,360.53)	(90,862,446.06)	(15,960,703.54)	(27,291,826.19)	(35,264,209.15)	(195,752,545.47)
Transfer to investment properties	(113,004,640.00)	-	-	-	-	(113,004,640.00)
Exchange differences on translation of financial statements denominated in foreign currencies	-	10,257,958.84	4,385.16	1,750,789.30	4,584,402.54	16,597,535.84
30 June 2025	13,898,090,374.97	8,411,166,438.61	409,704,962.60	1,402,344,845.95	1,464,265,181.13	25,585,571,803.26
Accumulated depreciation						
31 December 2024	(3,589,026,775.45)	(4,135,094,808.58)	(312,566,842.69)	(996,066,241.67)	(813,726,891.67)	(9,846,481,560.06)
Increase in the current period						
Charged for the period	(219,084,728.92)	(338,705,605.60)	(18,412,748.48)	(79,948,246.53)	(102,053,984.65)	(758,205,314.18)
Transfer from investment properties	(7,265,563.73)	-	-	-	-	(7,265,563.73)
Decrease in the current period						
Disposals	15,410,615.51	76,546,480.21	13,754,618.92	27,100,141.34	17,875,157.31	150,687,013.29
Transfer to investment properties	47,933,484.38	-	-	-	-	47,933,484.38
Exchange differences on translation of financial statements denominated in foreign currencies	-	(4,404,650.27)	(19,495.94)	(1,147,431.65)	(2,019,434.32)	(7,591,012.18)
30 June 2025	(3,752,032,968.21)	(4,401,658,584.24)	(317,244,468.19)	(1,050,061,778.51)	(899,925,153.33)	(10,420,922,952.48)
Impairment provision						
31 December 2024	(78,360,842.86)	(108,170,823.73)	(1,247,725.43)	(5,103,154.00)	(6,858,107.30)	(199,740,653.32)
Increase in the current period						
Charged for the period	(19,535,981.08)	(5,076,144.94)	(196,975.51)	(431,797.39)	(407,445.96)	(25,648,344.88)
Decrease in the current period						
Disposals	2,825,835.02	8,644,918.38	-	191,388.12	213,069.53	11,875,211.05
30 June 2025	(95,070,988.92)	(104,602,050.29)	(1,444,700.94)	(5,343,563.27)	(7,052,483.73)	(213,513,787.15)
Carrying amount						
30 June 2025	10,050,986,417.84	3,904,905,804.08	91,015,793.47	346,939,504.17	557,287,544.07	14,951,135,063.63
31 December 2024	9,866,185,172.29	3,938,426,374.55	98,511,591.81	366,735,756.24	641,186,310.95	14,911,045,205.84

As at 30 June 2025, buildings, machinery and equipment with carrying amount of RMB1,576,806,847.03 (Cost: RMB1,648,884,497.67) and 557,231.22 square metres of land use rights (Cost: RMB577,392,440.71, Carrying amount: RMB529,884,880.64) (Note (IV)20) are pledged as collaterals for short-term borrowings of RMB178,850,000.00 (Note (IV)27(1)), long-term borrowings of RMB1,359,928,683.69 (Note (IV)37(1)) and long-term borrowings due within one year of RMB3,000,000.00 (Note (IV)35).

As at 31 December 2024, buildings, machinery and equipment with carrying amount of RMB1,536,404,521.95 (Cost: RMB1,600,587,535.07) and 563,475.25 square metres of land use rights (Cost: RMB565,071,709.05, Carrying amount: RMB524,993,936.22) (Note (IV)20) are pledged as collaterals for short-term borrowings of RMB200,753,638.89 (Note (IV)27(1)), long-term borrowings of RMB1,225,904,916.33 (Note (IV)37(1)), and long-term borrowings due within one year of RMB1,000,000.00 (Note (IV)35).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Fixed assets - continued

For the period from 1 January 2025 to 30 June 2025, depreciation charged to fixed assets amounted to RMB758,205,314.18 (for the period from 1 January 2024 to 30 June 2024: RMB592,421,081.45), of which RMB353,258,770.62, RMB99,848,731.89, RMB205,905,902.45 and RMB99,191,909.22 (for the period from 1 January 2024 to 30 June 2024: RMB240,037,439.37, RMB81,894,183.74, RMB183,446,484.55 and RMB87,042,973.79) were charged to operating costs, selling expenses, administrative expenses and R&D expenses respectively.

For the period from 1 January 2025 to 30 June 2025, the cost of fixed assets transferred from construction in progress amounted to RMB217,525,336.25 (for the period from 1 January 2024 to 30 June 2024: RMB139,107,868.75).

(1) Temporarily idle fixed assets

As at 30 June 2025, the Group has no significant temporarily idle fixed assets (31 December 2024: Nil).

(2) Fixed assets with pending certificates of ownership:

	Carrying amount	Reasons for not obtaining certificates of ownership yet
Buildings	259,098,317.64	Still in process

17. Construction in progress

	30 June 2025			31 December 2024		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Construction in progress	2,519,779,267.93	(137,616,136.17)	2,382,163,131.76	2,161,447,743.90	(12,796,135.30)	2,148,651,608.60

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Construction in progress - continued

(1) Changes in significant construction in progress projects

Name	Budget (RMB 0'000)	31 December 2024	Increase in the current period	Transfer to fixed assets	Other decrease	30 June 2025	Proportion of construction input to budget (%)	Construction progress (%)	Accumulative amount of capitalised borrowing costs	Including: Capitalised borrowing costs in the current period	Capitalisation rate in the current period (%)	Sources of funds
Hangzhou Qingchun Zhechuang Industrial Investment Co., Ltd. Project Land	114,742.00	276,341,626.23	109,118,729.53	-	-	385,460,355.76	33.59	33.59	-	-	-	Self-owned funds
Suide Road Phase II Project of Shanghai Pharmaceutical Logistics Center	84,921.25	65,443,902.32	13,264,430.81	(252,956.46)	-	78,455,376.67	63.46	63.46	16,520,677.60	1,069,506.70	2.65	Self-owned funds/Borrowings
SPH Sine Jiangchang West Road New Construction Project	76,799.00	368,282,717.79	73,012,960.99	-	-	441,295,678.78	57.46	57.46	-	-	-	Self-owned funds
Liaoning Meiya Pharmaceutical Co., Ltd. relocation project	64,884.55	123,946,185.77	873,815.10	-	-	124,820,000.87	21.18	32.10	-	-	-	Self-owned funds
SPH Lingang Phase I Project	57,180.00	261,056,112.87	46,939,172.23	-	-	307,995,285.10	64.82	64.82	7,337,050.03	2,944,355.52	2.80	Self-owned funds/Borrowings
SPH Shandong Holdings Head Office Construction Project	44,178.00	88,347,553.82	19,301,011.53	-	-	107,648,565.35	24.37	24.37	-	-	-	Self-owned funds
SPH No.1 Biochemical and Pharmaceutical Jinshan Green Pharmaceutical Quality Base	42,121.00	97,682,910.63	18,057.35	-	(4,416,566.97)	93,284,401.01	102.01	100.00	-	-	-	Self-owned funds
Nantong Changyou Chemicals Co., Ltd. Phase III Project	27,345.46	106,944,707.17	59,892,893.11	(1,235,101.43)	-	165,602,498.85	61.01	61.01	-	-	-	Self-owned funds
SPH Sine Microecological Innovation Drug Transformation Center and Industrialisation Project	19,675.00	148,896,458.44	14,978,808.18	(70,619.46)	-	163,804,647.16	83.29	83.29	-	-	-	Self-owned funds
SPH Cloud Data Center Construction Project	17,850.00	42,428,083.28	465,296.46	-	-	42,893,379.74	29.19	29.19	-	-	-	Self-owned funds
SPH Anhui Logistics Phase II Construction Project	18,899.00	37,250,466.02	54,518,144.50	-	-	91,768,610.52	50.32	50.32	-	-	-	Self-owned funds
Others		544,827,019.56	278,034,720.24	(215,966,658.90)	(90,144,612.78)	516,750,468.12						
Total		2,161,447,743.90	670,418,040.03	(217,525,336.25)	(94,561,179.75)	2,519,779,267.93						

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Construction in progress - continued

(2) Provision for impairment of construction in progress

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Liaoning Meiya Pharmaceutical Co., Ltd. relocation project	-	(124,820,000.87)	-	(124,820,000.87)
Others	(12,796,135.30)	-	-	(12,796,135.30)
Total	(12,796,135.30)	(124,820,000.87)	-	(137,616,136.17)

(3) As at 30 June 2025, the progress of the construction in progress in the Group is estimated based on the proportion of construction input to budget.

18. Bearer biological assets

	Mature biological assets	Immature biological assets	Total
Cost			
31 December 2024	438,841,973.27	5,266,314.04	444,108,287.31
Increase in the current period			
Purchase	-	-	-
Transfer from immature biological assets	-	-	-
Others	-	-	-
Decrease in the current period			
Others	(37,351.33)	-	(37,351.33)
30 June 2025	438,804,621.94	5,266,314.04	444,070,935.98
Accumulated depreciation			
31 December 2024	(52,433,489.68)	-	(52,433,489.68)
Increase in the current period			
Charged for the year	(2,043,836.37)	-	(2,043,836.37)
Decrease in the current period			
Others	1,760.21	-	1,760.21
30 June 2025	(54,475,565.84)	-	(54,475,565.84)
Impairment provision			
31 December 2024	(258,292,956.76)	-	(258,292,956.76)
Charged for the period	(122,840,559.42)	-	(122,840,559.42)
30 June 2025	(381,133,516.18)	-	(381,133,516.18)
Carrying amount			
30 June 2025	3,195,539.92	5,266,314.04	8,461,853.96
31 December 2024	128,115,526.83	5,266,314.04	133,381,840.87

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Right-of-use assets

	Buildings	Machinery and equipment	Total
Cost			
31 December 2024	4,595,013,695.48	30,441,625.68	4,625,455,321.16
Increase in the current period			
New lease contracts	255,963,644.97	47,053,951.54	303,017,596.51
Increase due to business combinations	2,712,830.35	-	2,712,830.35
Decrease in the current period			
Decrease in lease contracts	(401,904,378.18)	-	(401,904,378.18)
Exchange differences on translation of financial statements denominated in foreign currencies	33,132,959.02	-	33,132,959.02
30 June 2025	4,484,918,751.64	77,495,577.22	4,562,414,328.86
Accumulated depreciation			
31 December 2024	(2,539,400,802.10)	(2,620,201.05)	(2,542,021,003.15)
Increase in the current period			
Charged for the period	(310,062,441.29)	(31,677,564.32)	(341,740,005.61)
Decrease in the current period			
Decrease in lease contracts	323,189,961.54	-	323,189,961.54
Exchange differences on translation of financial statements denominated in foreign currencies	(8,879,367.89)	-	(8,879,367.89)
30 June 2025	(2,535,152,649.74)	(34,297,765.37)	(2,569,450,415.11)
Impairment provision			
31 December 2024	(101,702,699.66)	-	(101,702,699.66)
Decrease in the current period			
Decrease in lease contracts	4,275,235.84	-	4,275,235.84
30 June 2025	(97,427,463.82)	-	(97,427,463.82)
Carrying amount			
30 June 2025	1,852,338,638.08	43,197,811.85	1,895,536,449.93
31 December 2024	1,953,910,193.72	27,821,424.63	1,981,731,618.35

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Intangible assets

	Land use rights	Business network	Brands and trademarks	Know-how and patents	Software and others	Total
Cost						
31 December 2024	4,659,496,323.72	2,318,319,558.80	617,667,286.36	1,018,250,412.05	1,035,188,147.74	9,648,921,728.67
Increase in the current period						
Additions	-	-	-	9,600,885.84	26,724,439.16	36,325,325.00
Transfer from development expenditure and other non-current assets	-	-	-	129,386,947.40	8,864,673.14	138,251,620.54
Transfer from construction in progress	-	-	-	-	8,559,229.07	8,559,229.07
Increase due to business combinations	138,605,000.00	1,022,000,000.00	547,000,000.00	1,144,389,637.62	806,227,545.48	3,658,222,183.10
Decrease in the current period						
Disposals and write-off	-	-	-	-	(8,417,163.42)	(8,417,163.42)
Exchange differences on translation of financial statements denominated in foreign currencies	-	-	21,245,627.49	652,347.00	1,544,176.88	23,442,151.37
30 June 2025	4,798,101,323.72	3,340,319,558.80	1,185,912,913.85	2,302,280,229.91	1,878,691,048.05	13,505,305,074.33
Accumulated amortisation						
31 December 2024	(776,134,965.08)	(1,682,025,649.56)	(48,409,615.42)	(547,971,623.09)	(768,407,441.57)	(3,822,949,294.72)
Increase in the current period						
Charged for the period	(51,493,809.83)	(78,220,529.90)	-	(49,187,853.04)	(76,381,519.90)	(255,283,712.67)
Decrease in the current period						
Disposals and write-off	-	-	-	-	2,033,258.48	2,033,258.48
Exchange differences on translation of financial statements denominated in foreign currencies	-	-	(1,322,024.44)	(1,147,028.46)	(702,881.64)	(3,171,934.54)
30 June 2025	(827,628,774.91)	(1,760,246,179.46)	(49,731,639.86)	(598,306,504.59)	(843,458,584.63)	(4,079,371,683.45)
Impairment provision						
31 December 2024	(16,650,838.77)	-	(101,447,890.97)	(86,719,484.23)	(3,691,789.65)	(208,510,003.62)
Increase in the current period						
Charged for the period	(49,434,738.75)	-	-	-	-	(49,434,738.75)
Decrease in the current period						
Disposals and write-off	-	-	-	-	-	-
Exchange differences on translation of financial statements denominated in foreign currencies	-	-	(3,503,174.00)	-	-	(3,503,174.00)
30 June 2025	(66,085,577.52)	-	(104,951,064.97)	(86,719,484.23)	(3,691,789.65)	(261,447,916.37)
Carrying amount						
30 June 2025	3,904,386,971.29	1,580,073,379.34	1,031,230,209.02	1,617,254,241.09	1,031,540,673.77	9,164,485,474.51
31 December 2024	3,866,710,519.87	636,293,909.24	467,809,779.97	383,559,304.73	263,088,916.52	5,617,462,430.33

As at 30 June 2025, certificates of ownership for land use rights with carrying amount of RMB194,556,484.18 (Cost: RMB209,556,449.00) (31 December 2024: Carrying amount: RMB237,127,901.47 (Cost: RMB261,116,259.09)) are still in progress.

As at 30 June 2025 and 31 December 2024, details of land use rights, buildings and machinery and equipment pledged as collateral for short-term borrowings, long-term borrowings and long-term borrowings due within one year are set out in Note (IV)16.

As at 30 June 2025, the proportion of intangible assets formed through internal research and development within the Group to the carrying amount of intangible assets is 1.66% (31 December 2024: 2.02%).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Development expenditure

The analysis of changes in development expenditure qualified for capitalisation for the period from 1 January 2025 to 30 June 2025 is as follows:

	31 December 2024	Input in the current period	Transfer to intangible assets and others in the current period	30 June 2025
R&D project	215,324,899.96	55,705,014.06	(48,659,627.09)	222,370,286.93

For the period from 1 January 2025 to 30 June 2025, there was no impairment in the development expenditure projects of the Group (for the period from 1 January 2024 to 30 June 2024: Nil).

22. Goodwill

	31 December 2024	Increase in the current period	Decrease in the current period	Other changes	30 June 2025
Goodwill -					
Shanghai Pharma Co., Ltd.'s subsidiaries	3,679,245,949.91	-	-	-	3,679,245,949.91
China Health System Ltd. and its subsidiaries	2,869,596,124.06	-	-	-	2,869,596,124.06
Shanghai Pharmaceuticals (HK) Investment Limited's subsidiaries	2,543,895,939.53	-	-	-	2,543,895,939.53
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	-	1,846,347,601.54	-	-	1,846,347,601.54
Guangdong Techpool Biochemical Pharmaceutical Co., Ltd. and its subsidiaries	1,399,888,707.64	-	-	-	1,399,888,707.64
Zeus Investment Limited and its subsidiaries	934,969,978.11	-	-	42,235,660.88	977,205,638.99
Big Global Limited and its subsidiaries	445,109,447.21	-	-	-	445,109,447.21
Shanghai TCM Co., Ltd.'s subsidiaries	322,265,997.71	-	-	-	322,265,997.71
Liaoning Pharmaceutical Foreign Trading Co., Ltd. and its subsidiaries	231,543,003.13	-	-	-	231,543,003.13
Star Fountain Global Limited and its subsidiaries	188,057,733.96	-	-	-	188,057,733.96
SPH Sine Pharmaceutical Factory Co., Ltd.'s subsidiaries	159,340,834.18	-	-	-	159,340,834.18
Shanghai Medical Instruments Co., Ltd.'s subsidiaries	138,131,837.94	-	-	-	138,131,837.94
Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd.	107,285,726.91	-	-	-	107,285,726.91
Others	157,094,963.30	-	-	-	157,094,963.30
	13,176,426,243.59	1,846,347,601.54	-	42,235,660.88	15,065,009,506.01
Less: Impairment provision (1)					
Zeus Investment Limited and its subsidiaries	(856,728,203.06)	-	-	(33,208,435.15)	(889,936,638.21)
Big Global Limited and its subsidiaries	(445,109,447.21)	-	-	-	(445,109,447.21)
Star Fountain Global Limited and its subsidiaries	(188,057,733.96)	-	-	-	(188,057,733.96)
Shanghai Pharma Co., Ltd.'s subsidiaries	(5,633,332.98)	-	-	-	(5,633,332.98)
SPH Sine Pharmaceutical Factory Co., Ltd.'s subsidiaries	(122,808,233.97)	-	-	-	(122,808,233.97)
Shanghai TCM Co., Ltd.'s subsidiaries	(72,109,261.31)	(164,543,389.88)	-	-	(236,652,651.19)
Shanghai Medical Instruments Co., Ltd.'s Subsidiaries	(138,131,837.94)	-	-	-	(138,131,837.94)
Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd.	(90,468,682.53)	-	-	-	(90,468,682.53)
Others	(111,793,374.95)	-	-	-	(111,793,374.95)
	(2,030,840,107.91)	(164,543,389.88)	-	(33,208,435.15)	(2,228,591,932.94)
Total	11,145,586,135.68	1,681,804,211.66	-	9,027,225.73	12,836,417,573.07

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22. Goodwill - continued

(1) Impairment

The Group's goodwill was allocated to related asset groups and groups of asset groups at acquisition date. For the period from 1 January 2025 to 30 June 2025, there was no change in the allocation of goodwill and the allocation is summarised by reporting segments (Note VII) as follows:

	30 June 2025		31 December 2024	
	Cost	Impairment	Cost	Impairment
Production -				
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	1,846,347,601.54	-	-	-
Guangdong Techpool Biochemical Pharmaceutical Co., Ltd. and its subsidiaries	1,399,888,707.64	-	1,399,888,707.64	-
Zeus Investment Limited and its subsidiaries	977,205,638.99	(889,936,638.21)	934,969,978.11	(856,728,203.06)
Big Global Limited and its subsidiaries	445,109,447.21	(445,109,447.21)	445,109,447.21	(445,109,447.21)
Star Fountain Global Limited and its subsidiaries	188,057,733.96	(188,057,733.96)	188,057,733.96	(188,057,733.96)
Chongqing SPH Huiyuan Pharmaceutical Co., Ltd. and its subsidiaries	164,543,389.88	(164,543,389.88)	164,543,389.88	-
Shanghai Medical Instruments Co., Ltd.'s subsidiaries	138,131,837.94	(138,131,837.94)	138,131,837.94	(138,131,837.94)
Others	480,983,128.32	(315,193,427.32)	480,983,128.32	(315,193,427.32)
	5,640,267,485.48	(2,140,972,474.52)	3,751,684,223.06	(1,943,220,649.49)
Distribution -				
Distribution business of Shanghai Pharma Co., Ltd. and Cardinal Health (L) Co., Ltd.	6,011,277,586.90	-	6,011,277,586.90	-
Distribution business of China Health System Ltd. and Liaoning Pharmaceutical Foreign Trading Co., Ltd.	3,101,139,127.19	-	3,101,139,127.19	-
Others	75,421,257.56	(75,421,257.56)	75,421,257.56	(75,421,257.56)
	9,187,837,971.65	(75,421,257.56)	9,187,837,971.65	(75,421,257.56)
Retail and others	236,904,048.88	(12,198,200.86)	236,904,048.88	(12,198,200.86)
Total	15,065,009,506.01	(2,228,591,932.94)	13,176,426,243.59	(2,030,840,107.91)

When conducting a goodwill impairment test, the Group compares the carrying amount of related assets or groups of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the related difference is recognised in profit or loss for the period.

23. Long-term prepaid expenses

	31 December 2024	Increase in the current period	Amortisation in the current period	Other changes	30 June 2025
Improvement of right-of-use assets	369,795,845.04	8,929,950.75	(12,881,588.54)	(9,089,184.73)	356,755,022.52
Others	164,770,632.20	124,505,442.03	(85,524,359.58)	(4,067,196.91)	199,684,517.74
Total	534,566,477.24	133,435,392.78	(98,405,948.12)	(13,156,381.64)	556,439,540.26

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

	30 June 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	3,814,211,094.86	881,094,230.46	3,707,400,511.65	859,902,388.98
Accrued expenses	3,079,302,258.90	711,267,197.07	2,187,745,379.92	533,952,021.18
Lease liabilities	1,783,552,499.21	435,172,112.22	1,926,270,195.77	473,962,045.11
Deductible losses	852,443,877.17	180,151,909.27	876,011,752.85	183,110,697.62
Elimination of intra-group unrealised profit	498,639,512.55	108,743,990.79	531,413,709.29	121,851,709.44
Others	470,590,320.23	94,483,778.20	459,866,595.79	89,659,775.13
Total	10,498,739,562.92	2,410,913,218.01	9,688,708,145.27	2,262,438,637.46

(2) Deferred tax liabilities before offset

	30 June 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Differences between the fair value and the carrying amount of the identifiable net assets of the acquiree arising from business combinations not involving enterprises under common control	5,996,846,652.40	1,094,017,086.41	2,170,966,177.49	549,994,153.08
Temporary differences arising from the deemed disposal of joint ventures	2,953,335,553.61	738,333,888.40	-	-
Right-of-use assets	1,895,536,449.93	462,571,560.44	2,065,180,445.19	510,215,816.47
Investment income arising from disposal of subsidiaries	943,589,429.47	235,897,357.37	946,985,653.07	236,746,413.27
Depreciation of fixed assets	901,098,781.32	139,174,080.57	788,829,941.81	121,509,057.66
Changes in fair value of other non-current financial assets	5,510,305.28	1,377,576.32	3,082,853.65	770,713.41
Others	178,232,288.89	44,594,327.43	127,881,116.15	32,126,296.57
Total	12,874,149,460.90	2,715,965,876.94	6,102,926,187.36	1,451,362,450.46

(3) The net amount of deferred tax assets and liabilities after offset are as follows:

	30 June 2025		31 December 2024	
	Offsetting amount	Amount after offset	Offsetting amount	Amount after offset
Deferred tax assets	(691,991,326.88)	1,718,921,891.13	(634,909,624.25)	1,627,529,013.21
Deferred tax liabilities	691,991,326.88	2,023,974,550.06	634,909,624.25	816,452,826.21

(4) Deductible losses, for which no deferred tax assets are recognised, are analysed as follows:

	30 June 2025	31 December 2024
Deductible losses	9,222,068,731.65	8,407,656,365.08

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Deferred tax assets and deferred tax liabilities - continued

(5) Deductible losses, for which no deferred tax assets are recognised, will be expired in following years:

	30 June 2025	31 December 2024
2025	1,121,760,089.15	1,171,957,182.45
2026	1,781,016,379.51	1,782,341,061.40
2027	1,458,023,410.49	1,461,581,777.17
2028	1,585,965,312.72	1,618,136,213.96
2029	1,412,784,475.14	1,523,394,718.41
2030	641,788,147.64	573,495,670.90
2031 and subsequent years	1,220,730,917.00	276,749,740.79
Total	9,222,068,731.65	8,407,656,365.08

25. Asset impairment and loss allowance

	31 December 2024	Increase in the current period	Decrease in the current period	Other changes in the current period	30 June 2025
Bad debt allowance for notes receivable	6,994,443.32	3,562,462.31	(6,994,443.32)	-	3,562,462.31
Including: Bad debt allowance made on an individual basis	-	-	-	-	-
Bad debt allowance made on a collective basis	6,994,443.32	3,562,462.31	(6,994,443.32)	-	3,562,462.31
Bad debt allowance for accounts receivable	2,422,522,271.81	473,544,103.16	(35,630,063.43)	1,214,207.99	2,861,650,519.53
Including: Bad debt allowance made on an individual basis	555,921,695.63	19,593,519.35	(35,630,063.43)	(215,881.24)	539,669,270.31
Bad debt allowance made on a collective basis	1,866,600,576.18	453,950,583.81	-	1,430,089.23	2,321,981,249.22
Bad debt allowance for receivables financing	9,361,859.07	9,069,186.98	(9,361,859.07)	-	9,069,186.98
Bad debt allowance for other receivables	795,690,702.72	7,456,466.16	(11,145,047.99)	1,304,068.91	793,306,189.80
Bad debt allowance for long-term borrowings	53,656,818.78	5,933,753.70	(12,463,676.78)	(1,513,855.53)	45,613,040.17
Sub-total	3,288,226,095.70	499,565,972.31	(75,595,090.59)	1,004,421.37	3,713,201,398.79
Provision for decline in value of inventories	1,426,570,249.01	-	(77,208,569.91)	(47,196,736.08)	1,302,164,943.02
Provision for impairment of long-term equity investments	220,663,722.23	-	-	-	220,663,722.23
Provision for impairment of fixed assets	199,740,653.32	25,648,344.88	-	(11,875,211.05)	213,513,787.15
Provision for impairment of construction in progress	12,796,135.30	124,820,000.87	-	-	137,616,136.17
Provision for impairment of intangible assets	208,510,003.62	49,434,738.75	-	3,503,174.00	261,447,916.37
Provision for impairment of goodwill	2,030,840,107.91	164,543,389.88	-	33,208,435.15	2,228,591,932.94
Provision for impairment of right-of-use assets	101,702,699.66	-	-	(4,275,235.84)	97,427,463.82
Provision for impairment of long-term prepaid expenses	3,347,859.94	-	-	-	3,347,859.94
Provision for impairment of bearer biological assets	258,292,956.76	122,840,559.42	-	-	381,133,516.18
Sub-total	4,462,464,387.75	487,287,033.80	(77,208,569.91)	(26,635,573.82)	4,845,907,277.82
Total	7,750,690,483.45	986,853,006.11	(152,803,660.50)	(25,631,152.45)	8,559,108,676.61

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25. Asset impairment and loss allowance - continued

	31 December 2023	Increase in the current period	Decrease in the current period	Other changes in the current period	30 June 2024
Bad debt allowance for notes receivable	12,555,301.97	5,993,007.20	(12,555,301.97)	821,188.49	6,814,195.69
Including: Bad debt allowance made on an individual basis	-	-	-	-	-
Bad debt allowance made on a collective basis	12,555,301.97	5,993,007.20	(12,555,301.97)	821,188.49	6,814,195.69
Bad debt allowance for accounts receivable	2,226,761,040.00	316,683,454.10	(11,756,871.29)	(31,164,589.14)	2,500,523,033.67
Including: Bad debt allowance made on an individual basis	422,039,147.36	8,269,931.63	(11,756,871.29)	-	418,552,207.70
Bad debt allowance made on a collective basis	1,804,721,892.64	308,413,522.47	-	(31,164,589.14)	2,081,970,825.97
Bad debt allowance for receivables financing	9,110,039.80	7,113,349.12	(9,110,039.80)	-	7,113,349.12
Bad debt allowance for other receivables	835,950,075.72	13,399,324.17	(17,103,364.29)	-	832,246,035.60
Bad debt allowance for long-term borrowings	17,986,152.73	592,201.82	-	31,145,312.79	49,723,667.34
Sub-total	3,102,362,610.22	343,781,336.41	(50,525,577.35)	801,912.14	3,396,420,281.42
Provision for decline in value of inventories	1,406,765,108.52	35,542,097.71	-	(23,810,587.31)	1,418,496,618.92
Provision for impairment of long-term equity investments	195,235,585.79	-	-	-	195,235,585.79
Provision for impairment of fixed assets	136,048,730.90	984,004.00	-	(431,268.08)	136,601,466.82
Provision for impairment of construction in progress	17,264,328.89	-	-	(6,791,911.72)	10,472,417.17
Provision for impairment of intangible assets	221,572,485.49	-	-	441,441.00	222,013,926.49
Provision for impairment of goodwill	1,865,262,139.73	-	-	(15,029,960.27)	1,850,232,179.46
Provision for impairment of right-of-use assets	18,438,778.48	-	-	(184,905.66)	18,253,872.82
Provision for impairment of long-term prepaid expenses	2,153,185.50	-	-	(20,000.00)	2,133,185.50
Provision for impairment of bearer biological assets	258,292,956.76	-	-	-	258,292,956.76
Sub-total	4,121,033,300.06	36,526,101.71	-	(45,827,192.04)	4,111,732,209.73
Total	7,223,395,910.28	380,307,438.12	(50,525,577.35)	(45,025,279.90)	7,508,152,491.15

The Group performs impairment tests on long-term assets for which there are indications of impairment as at the balance sheet date, and assesses the recoverable amount of the assets taking into account the current usage of the assets and the future business plans. If the results of the impairment tests indicate that the recoverable amount of an asset is less than its carrying amount, provision for impairment is made for the difference and recognised as asset impairment loss.

26. Other non-current assets

	30 June 2025	31 December 2024
Prepayments for construction and equipment	162,108,526.99	129,764,121.10
Advances for license	95,925,660.62	184,968,302.27
Others	204,305,042.23	168,643,920.81
Total	462,339,229.84	483,376,344.18

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. Short-term borrowings

	30 June 2025	31 December 2024
Mortgaged borrowings (1)	178,850,000.00	200,753,638.89
Pledged borrowings (2)	1,049,434,710.21	740,334,684.08
Guaranteed borrowings (3)	67,900,000.00	155,900,000.00
Credit borrowings	44,237,204,958.36	36,905,077,939.69
Accrued interest	88,328,699.50	62,032,705.05
Total	45,621,718,368.07	38,064,098,967.71

(1) As at 30 June 2025 and 31 December 2024, details of land use rights, buildings and machinery and equipment pledged as collaterals for short-term borrowings, long-term borrowings and long-term borrowings due within one year are set out in Note (IV)16.

(2) As at 30 June 2025, pledged bank borrowings of RMB1,049,434,710.21 are short-term borrowings secured by commercial acceptances of RMB63,216,750.97, bank acceptances of RMB330,000.00 and accounts receivable with carrying amount of RMB1,109,587,378.48.

As at 31 December 2024, pledged bank borrowings of RMB740,334,684.08 are short-term borrowings secured by commercial acceptances of RMB15,497,761.22, bank acceptances of RMB20,862,329.55 and accounts receivable with carrying amount of RMB723,511,829.24.

(3) As at 30 June 2025, guaranteed borrowings of RMB67,900,000.00 (31 December 2024: RMB155,900,000.00) are mainly guaranteed by the minority shareholders of subsidiaries of the Group.

(4) As at 30 June 2025, the Group has no overdue short-term borrowings, and the interest rate of short-term borrowings ranges from 1.45% to 5.75% (31 December 2024: 1.02% to 5.75%).

28. Notes payable

	30 June 2025	31 December 2024
Commercial acceptances	82,051,629.73	255,767,350.54
Bank acceptances	7,030,062,344.67	8,985,365,997.35
Total	7,112,113,974.40	9,241,133,347.89

As at 30 June 2025, the Group has no overdue unpaid notes payable (31 December 2024: Nil).

29. Accounts payable

	30 June 2025	31 December 2024
Purchase payable	55,899,521,877.02	50,241,787,131.40

(1) As at 30 June 2025, accounts payable aged over one year are RMB4,012,304,641.87 (31 December 2024: RMB3,412,793,777.18).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29. Accounts payable - continued

(2) The aging analysis of accounts payables is as follows:

	30 June 2025	31 December 2024
Within 1 year	51,887,217,235.15	46,828,993,354.22
1 to 2 years	2,075,845,589.27	1,930,902,187.81
Over 2 years	1,936,459,052.60	1,481,891,589.37
Total	55,899,521,877.02	50,241,787,131.40

30. Contract liabilities

	30 June 2025	31 December 2024
Advance received from customers	1,212,865,778.27	1,562,036,773.57

For the period from 1 January 2025 to 30 June 2025, contract liabilities at the beginning of the period with carrying amount of RMB1,403,011,683.19 (for the period from 1 January 2024 to 30 June 2024: RMB1,786,618,660.09) were transferred to operating income, all of which were income from sales of goods.

31. Employee benefits payable

	30 June 2025	31 December 2024
Short-term employee benefits payable (1)	1,526,039,308.94	1,760,978,085.80
Defined contribution plan payable (2)	34,874,712.60	31,824,508.56
Termination benefits payable (3)	3,471,072.59	3,544,466.37
Total	1,564,385,094.13	1,796,347,060.73

(1) Short-term employee benefits

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Wages and salaries, bonus, allowances and subsidies	1,529,064,414.73	4,204,158,065.06	(4,441,779,480.65)	1,291,442,999.14
Staff welfare	-	147,193,682.35	(147,193,682.35)	-
Social insurance	13,543,043.09	257,271,838.04	(255,082,916.20)	15,731,964.93
Including: Medical insurance	12,747,693.16	239,021,312.19	(237,044,424.83)	14,724,580.52
Work injury insurance	497,682.61	14,225,243.47	(13,959,985.88)	762,940.20
Maternity insurance	297,667.32	4,025,282.38	(4,078,505.49)	244,444.21
Housing funds	2,752,241.36	269,680,393.55	(267,770,112.48)	4,662,522.43
Union running costs and employee education costs	70,964,909.03	70,139,622.74	(73,302,737.46)	67,801,794.31
Others	144,653,477.59	59,689,054.97	(57,942,504.43)	146,400,028.13
Total	1,760,978,085.80	5,008,132,656.71	(5,243,071,433.57)	1,526,039,308.94

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Employee benefits payable - continued

(2) Defined contribution plan

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Basic pension insurance	30,606,454.28	451,258,770.82	(448,448,313.27)	33,416,911.83
Unemployment insurance	1,218,054.28	15,473,114.86	(15,233,368.37)	1,457,800.77
Total	31,824,508.56	466,731,885.68	(463,681,681.64)	34,874,712.60

Monthly payments of basic pension insurance and unemployment insurance are calculated according to prescribed bases and percentage by the relevant local authorities, which cannot be used to offset any future payments that the Group is required to make for employees.

(3) Termination benefits payable

	30 June 2025	31 December 2024
Termination benefits payable (current portion)	3,471,072.59	3,544,466.37

32. Taxes payable

	30 June 2025	31 December 2024
Enterprise income tax payable	721,291,483.53	835,873,309.17
VAT payable	318,459,099.15	212,098,804.88
Individual income tax payable	40,541,005.33	52,251,548.86
Education surcharge payable	30,303,559.98	26,578,977.09
Property tax payable	22,706,651.64	20,970,222.29
City maintenance and construction tax payable	38,024,853.85	39,227,176.69
Others	68,395,864.75	77,015,273.94
Total	1,239,722,518.23	1,264,015,312.92

33. Other payables

	30 June 2025	31 December 2024
Accrued expenses	9,641,341,510.13	8,465,019,861.47
Deposits and guarantees payable	2,327,088,919.94	2,486,649,967.28
Amounts due to other companies	545,655,793.05	2,005,524,001.54
Construction and equipment payable	948,992,560.96	1,127,904,420.18
Dividends payable	1,710,839,497.10	381,062,451.26
Equity acquisition payable	161,593,295.47	165,122,649.80
Others	2,553,672,106.88	2,166,076,164.56
Total	17,889,183,683.53	16,797,359,516.09

(1) As at 30 June 2025, other payables aged over one year are RMB3,626,152,479.95 (31 December 2024: RMB4,585,650,860.32).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Provisions

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Pending litigations	27,431,081.85	632,253.56	-	28,063,335.41
Others	8,594,093.74	2,146,076.93	(34,774.91)	10,705,395.76
Total	36,025,175.59	2,778,330.49	(34,774.91)	38,768,731.17

35. Non-current liabilities due within one year

	30 June 2025	31 December 2024
Long-term borrowings due within one year (Note (IV)37)	2,864,359,530.56	191,801,162.87
Lease liabilities due within one year (Note (IV)38)	558,712,221.02	649,073,044.47
Long-term payables due within one year (Note (IV)39)	-	1,288,321.02
Total	3,423,071,751.58	842,162,528.36

36. Other current liabilities

	30 June 2025	31 December 2024
Super & Short-term Commercial Paper ("SCP") (1)	6,027,749,509.14	6,031,879,726.03
Output VAT to be recognised	137,399,652.09	195,967,735.94
Total	6,165,149,161.23	6,227,847,461.97

(1) Details of the SCP are as follows:

	31 December 2024	Issuance for the period	Accrued interest	Amortisation of premiums or discounts	Repayment for the period	30 June 2025
2024 SCP stage 3	3,018,779,178.08	-	26,156,712.33	-	(3,044,935,890.41)	-
2024 SCP stage 4	3,013,100,547.95	-	2,722,191.78	-	(3,015,822,739.73)	-
2025 SCP stage 1	-	2,998,941,666.67	24,354,166.67	1,058,333.33	-	3,024,354,166.67
2025 SCP stage 2	-	2,998,883,333.33	3,395,342.47	1,116,666.67	-	3,003,395,342.47
Total	6,031,879,726.03	5,997,825,000.00	56,628,413.25	2,175,000.00	(6,060,758,630.14)	6,027,749,509.14

	Face value	Issuing date	Bond maturity	Issuing amount	Coupon rate (%)	Default or not
2025 SCP stage 1	3,000,000,000.00	15 January 2025	254 days	2,998,941,666.67	1.75	N
2025 SCP stage 2	3,000,000,000.00	3 June 2025	268 days	2,998,883,333.33	1.53	N

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term borrowings

	30 June 2025	31 December 2024
Mortgaged borrowings (1)	1,362,928,683.69	1,226,904,916.33
Credit borrowings	6,056,473,476.90	7,150,927,560.65
Pledged borrowings (2)	141,986,495.64	141,987,619.59
Accrued interest	1,112,638.29	3,315,181.87
Sub-total	7,562,501,294.52	8,523,135,278.44
Less: Long-term borrowings due within one year		
Mortgaged borrowings (1)	(3,000,000.00)	(1,000,000.00)
Credit borrowings	(2,794,358,000.00)	(151,489,614.73)
Pledged borrowings (2)	(65,988,507.64)	(37,489,798.59)
Accrued interest	(1,013,022.92)	(1,821,749.55)
Sub-total	(2,864,359,530.56)	(191,801,162.87)
Total	4,698,141,763.96	8,331,334,115.57

(1) As at 30 June 2025 and 31 December 2024, details of land use rights, buildings and machinery and equipment pledged as collaterals for short-term borrowings, long-term borrowings and long-term borrowings due within one year are set out in Note (IV)16.

(2) As at 30 June 2025, pledged bank borrowings of RMB75,997,988.00 and long-term borrowings due within one year of RMB65,988,507.64 (Note (IV)35) are secured by accounts receivable with carrying amount of RMB141,986,495.64.

As at 31 December 2024, pledged bank borrowings of RMB104,497,821.00 and long-term borrowings due within one year of RMB37,489,798.59 (Note (IV)35) are secured by accounts receivable with carrying amount of RMB141,987,619.59.

(3) As at 30 June 2025, the Group has no overdue long-term borrowings, and the interest rate of long-term borrowings ranges from 1.65% to 5.00% (31 December 2024: 1.75% to 5.00%).

38. Lease liabilities

	30 June 2025	31 December 2024
Lease liabilities	1,968,100,178.83	2,045,372,560.05
Less: Non-current liabilities due within one year (Note (IV)35)	(558,712,221.02)	(649,073,044.47)
Net amount	1,409,387,957.81	1,396,299,515.58

As at 30 June 2025, the Group has no lease payments related to lease contracts that are signed but not yet commenced (31 December 2024: Nil).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Long-term payables

	30 June 2025	31 December 2024
Forest use rights payable	-	10,441,738.90
Less: Long-term payables due within one year (Note (IV)35)	-	(1,288,321.02)
Net amount	-	9,153,417.88

40. Deferred income

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Compensation for demolition and construction	63,371,001.12	-	(119,575.70)	63,251,425.42
Government grants (1)	487,620,221.55	84,118,114.19	(31,362,137.00)	540,376,198.74
Total	550,991,222.67	84,118,114.19	(31,481,712.70)	603,627,624.16

(1) Government grants

	31 December 2024	Increase in the current period	Amount included in other income	30 June 2025
Government grants related to assets	246,870,158.03	38,156,648.62	(20,381,730.15)	264,645,076.50
Government grants related to income	240,750,063.52	45,961,465.57	(10,980,406.85)	275,731,122.24
Total	487,620,221.55	84,118,114.19	(31,362,137.00)	540,376,198.74

41. Long-term employee benefits payable

	30 June 2025	31 December 2024
Termination benefits payable	59,444,240.49	41,709,549.74
Less: Portion to be paid within one year (Note (IV)31)	(2,648,374.37)	(2,548,374.37)
Net amount	56,795,866.12	39,161,175.37

Termination benefits payable to be paid within one year are disclosed in employee benefits payable.

42. Other non-current liabilities

	30 June 2025	31 December 2024
Medical reserve funds	114,812,729.03	113,075,173.45
Stock repurchase option	102,275,542.50	102,275,542.50
Others	30,344,633.26	33,911,983.18
Total	247,432,904.79	249,262,699.13

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

43. Share capital

	31 December 2024	Changes for the period				30 June 2025
		Issue new shares (1)	Unlock non-tradable shares	Others	Sub-total	
Shares subject to trading restriction -						
Ordinary shares denominated in RMB	852,708,396.00	-	(852,626,796.00)	-	(852,626,796.00)	81,600.00
Shares not subject to trading restriction -						
Ordinary shares denominated in RMB	1,936,190,739.00	389,970.00	852,626,796.00	-	853,016,766.00	2,789,207,505.00
Foreign shares listed overseas	919,072,704.00	-	-	-	-	919,072,704.00
	2,855,263,443.00	389,970.00	852,626,796.00	-	853,016,766.00	3,708,280,209.00
Total	3,707,971,839.00	389,970.00	-	-	389,970.00	3,708,361,809.00

	31 December 2023	Changes for the period				30 June 2024
		Issue new shares (1)	Unlock non-tradable shares	Others	Sub-total	
Shares subject to trading restriction -						
Ordinary shares denominated in RMB	852,708,396.00	-	-	-	-	852,708,396.00
Shares not subject to trading restriction -						
Ordinary shares denominated in RMB	1,931,519,954.00	222,437.00	-	-	222,437.00	1,931,742,391.00
Foreign shares listed overseas	919,072,704.00	-	-	-	-	919,072,704.00
	2,850,592,658.00	222,437.00	-	-	222,437.00	2,850,815,095.00
Total	3,703,301,054.00	222,437.00	-	-	222,437.00	3,703,523,491.00

- (1) For the periods from 1 January 2025 to 30 June 2025 and from 1 January 2024 to 30 June 2024, the increase in share capital represents the share capital issued by the exercise of share options under the Group's A-share share incentive plan.

44. Capital reserve

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Share premium (1)	29,587,725,772.78	57,691,573.94	-	29,645,417,346.72
Other capital reserve -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method (2)	374,301,695.22	2,770,473.32	-	377,072,168.54
Share-based payment (3)	17,157,711.45	-	(14,797,227.45)	2,360,484.00
Others	(331,413,907.94)	2,078,539.99	-	(329,335,367.95)
Total	29,647,771,271.51	62,540,587.25	(14,797,227.45)	29,695,514,631.31

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve - continued

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Share premium (1)	29,466,404,525.92	18,319,191.83	-	29,484,723,717.75
Other capital reserve -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method (2)	300,875,792.61	68,274,047.53	-	369,149,840.14
Share-based payment (3)	50,792,867.95	350,204.68	(11,403,968.09)	39,739,104.54
Others	(630,424,030.95)	-	-	(630,424,030.95)
Total	29,187,649,155.53	86,943,444.04	(11,403,968.09)	29,263,188,631.48

- (1) For the period from 1 January 2025 to 30 June 2025, the increase in capital reserve was mainly the difference between the total funds receivable from the exercise of stock options under the Group's A-share incentive plan, less the total nominal value of the shares issued, and the difference between the consideration paid for the transaction between the Group and its minority shareholders and identifiable net assets of the subsidiaries based on continuous calculation from the acquisition date at proportion of shareholding after transaction.

For the period from 1 January 2024 to 30 June 2024, the increase in capital reserve was mainly the difference between the total funds receivable from the exercise of stock options under the Group's A-share incentive plan, less the total nominal value of the shares issued, and the difference between the consideration paid for the transaction between the Group and its minority shareholders and identifiable net assets of the subsidiaries based on continuous calculation from the acquisition date at proportion of shareholding after transaction.

- (2) For the period from 1 January 2025 to 30 June 2025 and from 1 January 2024 to 30 June 2024, the change in the capital reserve was mainly the share of changes in equity other than comprehensive income and profit distribution of investees under the equity method.

- (3) Share-based payment

- (i) Summary

According to the 2019 Stock Option Incentive Plan of Shanghai Pharmaceuticals Holding Co., Ltd. ("Incentive Plan") approved by the resolution of the 2019 first extraordinary shareholders' meeting held on 18 December 2019, the Company would grant stock options to its directors, senior management, middle management and core technical and business backbones ("incentive recipients"), and it was estimated that approximately 28,420,000.00 stock options would be granted. On 19 December 2019, 25,680,000.00 stock options were granted for the first time ("First Granting").

Pursuant to the Proposal of Granting Reserved Stock Options to Incentive Recipients approved by resolutions of the 15th meeting of the 7th Board of Directors and the 12th meeting of the 7th Board of Supervisors held on 15 December 2020, the Company granted a total of 2,730,000.00 stock options to incentive recipients ("Reserved Granting").

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve - continued

(3) Share-based payment - continued

(i) Summary - continued

Pursuant to the Announcement on Adjusting the List of Incentive Objects and the Quantity of Options in the 2019 A-Share Stock Option Incentive Plan and Cancelling of Part of Options approved by resolutions of the 28th meeting of the 7th Board of Directors held on 5 January 2022, the Company adjusted the total number of stock options of First Granting to 23,258,120.00 shares.

Pursuant to the Proposal on Adjusting the List of Incentive Objects and the Quantity of Options Granted in the 2019 A-Share Stock Option Incentive Plan and Cancelling of Part of Options approved by resolutions of the 36th meeting of the 7th Board of Directors held on 9 January 2023, the Company adjusted the total number of stock options of First Granting to 22,735,520.00 shares and adjusted the total number of stock options of Reserved Granting to 2,290,000.00 shares.

Pursuant to the Proposal on Cancellation of Expired and Unexercised Stock Options for the First Exercise Period of First Granting of the Company's 2019 A-share Stock Option Incentive Plan approved by resolutions of the 37th meeting of the 7th Board of Directors held on 30 March 2023, the Company cancelled a total of 4,324,659.00 expired and unexercised stock options for the first exercise period of First Granting.

Pursuant to the Proposal on Adjusting the List of Incentive Objects and the Quantity of Options Granted in the 2019 A-Share Stock Option Incentive Plan and Cancelling of Part of Options approved by resolutions of the 5th meeting of the 8th Board of Directors held on 21 December 2023, the Company adjusted the number of stock options for the third exercise period of First Granting from 7,646,600.00 shares to 6,976,800.00 shares.

Pursuant to the Proposal on Cancellation of Expired and Unexercised Stock Options for the Second Exercise Period of First Granting and the First Exercise Period of Reserved Granting of the Company's 2019 A-share Stock Option Incentive Plan approved by resolutions of the 8th meeting of the 8th Board of Directors held on 28 March 2024, the Company cancelled the expired and unexercised stock options of 2,449,071.00 shares for the second exercise period of First Granting and 485,954.00 shares for the first exercise period of Reserved Granting.

Pursuant to the Proposal on Adjusting the List of Incentive Recipients and the Number of Options Granted of the 2019 A-Share Stock Option Incentive Plan and Cancelling Part of Options approved by resolutions of the 16th meeting of the 8th Board of Directors held on 31 December 2024, the Company adjusted the number of stock options for the third exercise period of Reserved Granting from 778,600.00 shares to 680,000.00 shares.

Pursuant to the Proposal on Cancelling Expired and Unexercised Stock Options for the Third Exercise Period of First Granting and the Second Exercise Period of Reserved Granting of the Company's 2019 A-share Stock Option Incentive Plan approved by resolutions of the 20th meeting of the 8th Board of Directors held on 27 March 2025, the Company cancelled the expired and unexercised stock options of 2,147,930.00 shares for the third exercise period of First Granting and 523,815.00 shares for the second exercise period of Reserved Granting.

The Company's and incentive recipients' performance will be assessed in the above Incentive Plan. The percentage of stock options can be exercised is 33%, 33% and 34% respectively since working for 2 years, 3 years and 4 years from the granting date.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve - continued

(3) Share-based payment - continued

(ii) Statement of changes in stock options during the period

	For the period from 1 January 2025 to 30 June 2025		For the period from 1 January 2024 to 30 June 2024	
	Number	Amount	Number	Amount
Outstanding stock options issued at the beginning of the period	3,741,715.00	70,991,649.40	11,446,125.00	214,258,605.75
Stock options exercised in the current period	(389,970.00)	(7,179,347.70)	(222,437.00)	(4,095,065.17)
Stock options expired in the current period	(2,671,745.00)	(50,103,501.70)	(2,935,025.00)	(54,884,229.75)
Outstanding stock options issued at the end of the period	680,000.00	13,708,800.00	8,288,663.00	155,279,310.83
Including: stock options that met the exercisable conditions at the end of the period	680,000.00	13,708,800.00	7,510,063.00	139,582,734.83
Share-based payment expenses in the current period		-		350,204.68
Accumulated share-based payment expenses		94,175,289.20		94,217,273.22

For the period from 1 January 2025 to 30 June 2025, the amount of share-based payment expenses included in administrative expenses is RMB0.00 (for the period from 1 January 2024 to 30 June 2024: RMB350,204.68).

As at 30 June 2025, the outstanding stock options issued are those from Reserved Granting (30 June 2024: First Granting and Reserved Granting). The exercise price of stock options from First Granting is RMB18.41. As at 30 June 2025, the stock option contracts have been expired. The exercise price of stock options from Reserved Granting is RMB20.16. As at 30 June 2025, the remaining term of the stock option contract is up to 7 February 2026.

The weighted average price of the stock options exercised in the current period is RMB18.41, calculated using the price on the exercise day.

(iii) Method for determining the fair value of stock options at the grant date

The Group adopts the Black-Scholes option pricing model to determine the fair value of stock options. The main parameters are as follows:

	Reserved Granting	First Granting
Exercise price of stock options	20.16	18.41
Price of the underlying stocks at the grant date	19.00	18.08
Estimated volatility of the share price	28.65% ~ 32.18%	29.14% ~ 34.76%
Estimated dividend yields	2.03%	1.72%
Risk-free interest rate	2.92% ~ 3.06%	2.75% ~ 2.95%
Validity period of options	The validity period of options is from the registration date of granting to the date of exercise or cancellation of all options in each batch and shall not exceed 5 years.	

The estimated volatility is based on the volatility of the Group's share price over the last 2.5, 3.5 and 4.5 years.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the consolidated income statement for the period from 1 January 2025 to 30 June 2025				
	31 December 2024	Converted from other comprehensive income into retained earnings	30 June 2025	Amount before income tax	Less: other comprehensive income transferred out for the period	Less: Income tax expenses	Attributable to the Company after tax	Attributable to minority shareholders after tax
Other comprehensive income that cannot be reclassified subsequently to profit or loss								
Changes in fair value of investments in other equity instruments	(43,952,512.15)	-	(53,314,510.67)	(9,361,998.52)	-	-	(9,361,998.52)	-
Other comprehensive income that will be reclassified to profit or loss								
Share of the other comprehensive income under the equity method that will be reclassified to profit and loss	(4,399,112.98)	-	(4,346,855.90)	52,257.08	-	-	52,257.08	-
Effective portion of hedging instruments in a cash flow hedge	7,449,071.88	-	6,597,549.90	(851,521.98)	-	-	(851,521.98)	-
Allowance for credit impairment of receivables financing	6,003,223.17	-	5,785,089.69	5,710,551.08	(6,003,223.17)	73,168.02	(218,133.48)	(1,370.59)
Translation differences arising on translation of financial statements denominated in foreign currencies	(499,380,595.80)	-	(484,839,227.15)	30,061,525.80	-	-	14,541,368.65	15,520,157.15
Total	(534,279,925.88)	-	(530,117,954.13)	25,610,813.46	(6,003,223.17)	73,168.02	4,161,971.75	15,518,786.56

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Other comprehensive income - continued

	Other comprehensive income in the balance sheet			Other comprehensive income in the consolidated income statement for the period from 1 January 2024 to 30 June 2024				
	31 December 2023	Converted from other comprehensive income into retained earnings	30 June 2024	Amount before income tax	Less: other comprehensive income transferred out for the period	Less: Income tax expenses	Attributable to the Company after tax	Attributable to minority shareholders after tax
Other comprehensive income that cannot be reclassified subsequently to profit or loss								
Changes in fair value of investments in other equity instruments	(32,435,127.65)	-	(21,284,435.90)	11,150,691.75	-	-	11,150,691.75	-
Other comprehensive income that will be reclassified to profit or loss								
Share of the other comprehensive income under the equity method that will be reclassified to profit and loss	(705,080.67)	-	(4,327,768.69)	(3,622,688.02)	-	-	(3,622,688.02)	-
Effective portion of hedging instruments in a cash flow hedge	9,670,190.74	-	6,406,734.98	(3,263,455.76)	-	-	(3,263,455.76)	-
Allowance for credit impairment of receivables financing	6,472,540.27	-	4,956,181.58	4,475,849.59	(6,472,540.27)	410,593.23	(1,516,358.69)	(69,738.76)
Translation differences arising on translation of financial statements denominated in foreign currencies	(479,091,952.81)	-	(514,252,671.86)	(38,322,388.21)	-	-	(35,160,719.05)	(3,161,669.16)
Total	(496,089,430.12)	-	(528,501,959.89)	(29,581,990.65)	(6,472,540.27)	410,593.23	(32,412,529.77)	(3,231,407.92)

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

46. Surplus reserve

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Statutory surplus reserve	2,189,186,256.07	-	-	2,189,186,256.07
Discretionary surplus reserve	117,763,127.56	-	-	117,763,127.56
Total	2,306,949,383.63	-	-	2,306,949,383.63

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Statutory surplus reserve	2,189,186,256.07	-	-	2,189,186,256.07
Discretionary surplus reserve	117,763,127.56	-	-	117,763,127.56
Total	2,306,949,383.63	-	-	2,306,949,383.63

According to the Company Law of the People's Republic of China and Articles of Association, the Company makes appropriation to statutory surplus reserve at 10% of the net profit for the year, and may cease the appropriation when the accumulated statutory surplus reserve reaches 50% and more of the registered capital. The statutory surplus reserve may be used to make up for losses or increase the share capital upon approval. For the current period, the Company makes no more appropriation to surplus reserve (For the period from 1 January 2024 to 30 June 2024: Nil).

47. Retained profits

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Retained profits at the beginning of the period	36,547,207,403.71	33,822,332,888.31
Add: Net profit attributable to shareholders of the Company	4,458,864,876.61	2,941,911,373.69
Less: Appropriation to statutory surplus reserve	-	-
Dividends declared (1)	(1,075,424,924.61)	(1,518,487,050.73)
Others	(15,702,702.19)	(232,604.20)
Retained profits at the end of the period	39,914,944,653.52	35,245,524,607.07

- (1) On 26 June 2025, through consideration and approval at the Company's Annual General Meeting of year 2024, based on the total share capital on the date of equity distribution registration, cash dividends of RMB1,075,424,924.61 were distributed to all shareholders at RMB0.29 per share (including tax).

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48. Operating income and operating costs

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Income from main operating activities	141,111,630,865.92	138,987,921,948.99
Income from other operating activities	481,151,636.87	425,223,575.44
Total	141,592,782,502.79	139,413,145,524.43

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Costs of main operating activities	126,401,542,369.91	123,105,281,853.61
Costs of other operating activities	258,518,228.78	139,879,052.80
Total	126,660,060,598.69	123,245,160,906.41

(1) Income from main operating activities and costs of main operating activities

	For the period from 1 January 2025 to 30 June 2025		For the period from 1 January 2024 to 30 June 2024	
	Income from main operating activities	Costs of main operating activities	Income from main operating activities	Costs of main operating activities
Domestic sales	139,069,119,631.78	124,794,613,152.87	136,972,863,233.28	121,547,215,108.15
Foreign sales	2,042,511,234.14	1,606,929,217.04	2,015,058,715.71	1,558,066,745.46
Total	141,111,630,865.92	126,401,542,369.91	138,987,921,948.99	123,105,281,853.61

(2) Income from main operating activities and costs of main operating activities are analysed by industry as follows:

	For the period from 1 January 2025 to 30 June 2025		For the period from 1 January 2024 to 30 June 2024	
	Income from main operating activities	Costs of main operating activities	Income from main operating activities	Costs of main operating activities
Production	12,160,381,107.04	5,376,310,988.39	12,733,982,916.71	4,893,288,350.21
Distribution	129,563,548,476.20	122,057,100,240.39	127,031,193,089.10	119,504,655,367.31
Retail	4,208,274,231.11	3,729,819,143.07	4,070,219,733.94	3,573,399,316.73
Others	114,419,578.44	87,227,132.87	192,958,469.55	171,945,745.98
Elimination	(4,934,992,526.87)	(4,848,915,134.81)	(5,040,432,260.31)	(5,038,006,926.62)
Total	141,111,630,865.92	126,401,542,369.91	138,987,921,948.99	123,105,281,853.61

The Company and its subsidiaries are mainly engaged in sale of products and recognise revenue when control of goods has been transferred to customers.

The Company and its subsidiaries primarily generate other operating income from services provided to third parties, which is recognised over a period of time based on the progress of the completed services.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

49. Taxes and levies

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
City maintenance and construction tax	146,290,138.95	142,622,814.19
Education surcharge	115,165,320.33	114,303,752.97
Stamp duty	80,393,040.46	79,495,977.34
Property tax	53,888,429.18	45,272,406.85
Land use tax	13,823,043.05	12,458,549.00
Others	6,093,812.29	5,530,356.38
Total	415,653,784.26	399,683,856.73

50. Selling expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Promotion and advertising costs	2,284,625,166.06	2,843,955,468.44
Employee benefits expenses	2,223,446,574.41	2,182,248,816.27
Travelling and meeting expenses	349,193,418.82	348,437,098.85
Depreciation of right-of-use assets	168,118,074.86	153,491,867.52
Storage costs	108,698,339.33	142,756,067.01
Rental fees	89,386,877.76	92,296,644.41
Amortisation of intangible assets	91,736,160.84	89,644,007.32
Depreciation of fixed assets	99,848,731.89	81,894,183.74
Office expenses	95,670,340.02	74,595,784.34
Others	654,264,284.05	555,746,793.26
Total	6,164,987,968.04	6,565,066,731.16

51. Administrative expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Employee benefits expenses	1,593,632,428.56	1,685,519,136.19
Depreciation of fixed assets	205,905,902.45	183,446,484.55
Depreciation of right-of-use assets	105,618,757.44	105,100,252.23
Travelling and meeting expenses	105,907,166.33	97,813,425.04
Office expenses	66,865,042.62	79,077,868.15
Amortisation of intangible assets	77,466,150.09	67,931,334.00
Rental fees	47,999,119.18	60,407,084.96
Maintenance expenses	43,892,014.29	55,942,464.24
Others	415,167,754.74	534,054,346.82
Total	2,662,454,335.70	2,869,292,396.18

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. R&D expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Employee benefits expenses	434,708,879.42	511,422,026.09
Technical development expenses	161,603,439.56	205,871,979.06
Depreciation and amortisation	122,867,418.56	103,922,119.52
Materials consumption fee	89,723,494.98	101,440,734.97
Test fees	39,952,681.36	38,592,924.89
Depreciation of right-of-use assets	19,303,683.86	15,739,899.54
Others	90,789,809.13	128,035,981.78
Total	958,949,406.87	1,105,025,665.85

53. Financial expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Loan interest expenses (1)	782,366,543.04	800,983,544.22
Debenture interest expenses	58,803,413.25	67,050,851.01
Lease liabilities interest expenses	46,517,810.27	49,736,066.83
	887,687,766.56	917,770,462.06
Less: Interest income	(176,380,262.05)	(256,781,245.84)
Exchange losses (gains)	8,698,261.39	(12,155,552.11)
Others	29,768,950.73	57,105,539.57
Total	749,774,716.63	705,939,203.68

- (1) The Group recognised the cash obtained from the discount of notes receivable that did not satisfy the derecognition criteria as short-term borrowings (Note (IV)27), calculated the interest expense according to the effective interest rate method and included it in the loan interest expenses.

54. Impairment losses of assets

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
(Gain) Loss on decline in value of inventories	(77,208,569.91)	35,542,097.71
Impairment loss on fixed assets	25,648,344.88	984,004.00
Impairment loss on intangible assets	49,434,738.75	-
Impairment loss on construction in progress	124,820,000.87	-
Impairment loss on goodwill	164,543,389.88	-
Impairment loss on bearer biological assets	122,840,559.42	-
Total	410,078,463.89	36,526,101.71

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

55. Impairment losses of credit

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Impairment loss on accounts receivable	437,914,039.73	304,926,582.81
Impairment gain on other receivables	(3,688,581.83)	(3,704,040.12)
Impairment (gain) loss on long-term receivables	(6,529,923.08)	592,201.82
Impairment gain on notes receivable	(3,431,981.01)	(6,562,294.77)
Bad debt gain on receivables financing	(292,672.09)	(1,996,690.68)
Total	423,970,881.72	293,255,759.06

56. Other income

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Government grants related to assets	20,381,730.15	16,276,971.61
Other government grants and subsidies	293,314,219.99	121,463,116.88
Total	313,695,950.14	137,740,088.49

57. Investment income

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Long-term equity investment income calculated by equity method	380,664,499.15	365,612,589.49
Dividend income gained when other non-current financial assets are held	269,100.00	422,518.20
Dividend income gained when investments in other equity instruments are held	-	663,194.40
Investment income (loss) on disposal of subsidiaries and other business units	2,953,335,553.61	(1,575,630.00)
Loss on discount of receivables financing	(20,454,522.59)	(36,865,311.64)
Loss on derecognition of financial assets measured at amortised cost (1)	(73,800,728.05)	(58,792,491.04)
Others	17,319,198.25	(23,102,036.35)
Total	3,257,333,100.37	246,362,833.06

- (1) As stated in Note (IV) 5 (3), the Group factored and derecognised a few accounts receivable. The loss included in investment income for the period from 1 January 2025 to 30 June 2025 was RMB73,800,728.05 (for the period from 1 January 2024 to 30 June 2024: RMB58,792,491.04).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

58. Gains from changes in fair value

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Structural deposits	83,560,578.38	103,597,342.46
Other non-current financial assets	(6,950,510.17)	12,060,964.57
Foreign exchange swap contracts	21,660.97	(1,369,677.59)
Forward exchange contracts	(879,895.45)	-
Total	75,751,833.73	114,288,629.44

59. Gains on disposal of assets

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024	Amount classified to non-recurring profit or loss for the period from 1 January 2025 to 30 June 2025
Gains on disposal of fixed assets and intangible assets	37,297,500.40	139,078,635.01	37,297,500.40
Others	2,688,892.92	231,791.72	2,688,892.92
Total	39,986,393.32	139,310,426.73	39,986,393.32

60. Non-operating income

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024	Amount classified to non-recurring profit or loss for the period from 1 January 2025 to 30 June 2025
Penalty and compensation from suppliers	2,716,257.00	1,549,298.97	2,716,257.00
Others	19,121,012.63	13,513,317.93	19,121,012.63
Total	21,837,269.63	15,062,616.90	21,837,269.63

61. Non-operating expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024	Amount classified to non-recurring profit or loss for the period from 1 January 2025 to 30 June 2025
Penalty cost	7,490,979.78	-	7,490,979.78
Donation	8,387,173.17	5,049,593.79	8,387,173.17
Litigation compensation	-	2,607,952.88	-
Others	18,758,038.50	16,281,275.61	18,758,038.50
Total	34,636,191.45	23,938,822.28	34,636,191.45

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

62. Income tax expenses

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Current income tax calculated according to tax law and related regulations	1,248,470,059.68	1,294,650,118.49
Deferred income tax	577,566,612.76	(69,992,479.12)
Total	1,826,036,672.44	1,224,657,639.37

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Total profit	6,820,820,702.73	4,822,020,675.99
Income tax expenses calculated at applicable tax rate	1,705,205,175.68	1,205,505,169.00
Effect of favourable tax rates	(210,628,274.77)	(154,618,607.25)
Income not subject to tax	(120,329,145.20)	(91,418,168.02)
Costs, expenses and losses not deductible for tax purposes	212,768,880.76	131,684,975.73
Additional deduction	(34,162,204.67)	(37,695,506.80)
Utilisation of previously deductible losses not recognised as deferred tax assets	(12,961,999.56)	(5,356,224.22)
Deductible losses and temporary differences for which no deferred income tax asset was recognised	286,144,240.20	176,556,000.93
Income tax expenses	1,826,036,672.44	1,224,657,639.37

63. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding:

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Consolidated net profit attributable to ordinary shareholders of the Company	4,458,864,876.61	2,941,911,373.69
Weighted average numbers of the Company's ordinary shares outstanding	3,708,262,536.17	3,703,309,114.50
Basic earnings per share	1.20	0.79

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average numbers of ordinary shares outstanding. For the period from 1 January 2025 to 30 June 2025, the Company had no potentially diluted ordinary shares (for the period from 1 January 2024 to 30 June 2024: no potentially diluted ordinary shares).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Notes to items in the cash flow statement

The Group's significant cash flow items are set out below:

(1) Other cash receipts relating to operating activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Guarantees, deposits, current accounts and advances	1,722,578,286.79	1,258,975,178.14
Interest income	181,116,844.50	254,961,826.02
Specific funds and government grants	346,907,176.15	131,022,960.17
Non-operating income	11,308,105.22	15,062,616.90
Others	33,235,906.70	32,166,419.58
Total	2,295,146,319.36	1,692,189,000.81

(2) Other cash payments relating to operating activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Daily expenses	3,942,601,368.36	6,139,385,057.99
Guarantees, deposits, current accounts and advances	2,700,258,366.06	662,809,482.79
Bank charge	25,895,654.86	54,316,802.03
Non-operating expenses	33,837,377.70	26,175,890.29
Others	69,400,539.84	65,181,118.73
Total	6,771,993,306.82	6,947,868,351.83

(3) Cash payments to acquire investments

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Cash receipts from redemption of held-for-trading financial assets	36,312,602,000.00	11,350,000,000.00

(4) Cash payments to acquire investments

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Cash payments to acquire held-for-trading financial assets	36,027,696,000.00	8,400,000,000.00
Additional capital contribution to associates and joint ventures	718,840.00	-
Total	36,028,414,840.00	8,400,000,000.00

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Notes to items in the cash flow statement - continued

The Group's significant cash flow items are set out below: - continued

(5) Other cash receipts relating to investing activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Withdrawal of time deposits due over three months	1,108,348,675.99	705,238,031.66
Others	16,832,199.52	-
Total	1,125,180,875.51	705,238,031.66

(6) Other cash payments relating to investing activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Time deposits due over three months	1,151,755,000.00	980,000,000.00
Borrowings to related parties	-	5,812,200.00
Total	1,151,755,000.00	985,812,200.00

(7) Other cash receipts relating to financing activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Subsidiaries borrowings from their minority shareholders	21,548,086.40	126,620,000.00
Others	155,150,000.00	-
Total	176,698,086.40	126,620,000.00

(8) Other cash payments relating to financing activities

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Refund from subsidiaries to their shareholders	34,243,995.75	550,706,902.43
Repayment for lease liabilities	334,335,756.49	349,127,244.87
Acquisition of minority shares	135,676,971.94	80,263,786.70
Repayments of amounts due to related parties	34,765,844.25	58,107,323.32
Total	539,022,568.43	1,038,205,257.32

For the period from 1 January 2025 to 30 June 2025, the Group has cash outflows relating to leases totalling to RMB501,976,785.73 (For the period from 1 January 2024 to 30 June 2024: RMB533,202,831.55), including payments for settlement of lease liabilities included in financing activities and the remainder of the cash outflows included in operating activities.

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Net profit	4,994,784,030.29	3,597,363,036.62
Add: Impairment losses of assets	410,078,463.89	36,526,101.71
Impairment losses of credit	423,970,881.72	293,255,759.06
Depreciation of right-of-use assets	341,740,005.61	357,940,705.81
Depreciation of fixed assets and investment properties	767,496,142.84	604,856,357.33
Amortisation of intangible assets	255,283,712.67	198,802,167.05
Amortisation of long-term prepaid expenses	98,405,948.12	85,945,173.34
Depreciation of biological assets	2,043,836.37	1,437,920.38
Gain on disposal of fixed assets, intangible assets and other long-term assets	(39,986,393.32)	(139,310,426.73)
Gains from changes in fair value	(75,751,833.73)	(114,288,629.44)
Financial expenses	894,866,769.55	915,719,792.37
Investment income	(3,353,837,518.88)	(342,020,635.74)
Increase in deferred tax assets	(41,775,560.74)	(38,384,896.92)
Increase/(Decrease) in deferred tax liabilities	614,055,777.38	(31,607,582.20)
(Increase)/Decrease in inventories	(727,190,985.67)	1,335,453,749.85
Increase in operating receivables	(7,208,369,490.15)	(7,868,733,874.13)
Increase in operating payables	3,633,443,202.94	1,622,348,664.67
Net cash flow from operating activities	989,256,988.89	515,303,383.03

Net changes in cash and cash equivalents

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Closing balance of cash and cash equivalents	35,369,868,617.68	33,803,202,802.46
Less: Opening balance of cash and cash equivalents	31,881,272,794.87	27,499,809,001.20
Net increase in cash and cash equivalents	3,488,595,822.81	6,303,393,801.26

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Supplementary information to the cash flow statement - continued

(2) Acquisition of subsidiaries

	For the period from 1 January 2025 to 30 June 2025
Cash and cash equivalents paid in the current period for business combination that occurred in the current period	995,036,566.00
Including: Shanghai Hutchison Pharmaceutical Co., Ltd.	995,036,566.00
Less: Cash and cash equivalents held by the subsidiaries on the date of purchase	(741,073,219.74)
Including: Shanghai Hutchison Pharmaceutical Co., Ltd.	(741,073,219.74)
Add: Cash and cash equivalents paid in the current period for business combination that occurred in the prior period	-
Net cash paid for acquisitions of subsidiaries	253,963,346.26

Price of acquiring the subsidiaries for the period from 1 January 2025 to 30 June 2025

Shanghai Hutchison Pharmaceutical Co., Ltd.	4,324,940,338.28
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Price of acquiring the subsidiaries in the prior period

SPH (Yingkou) Pharmaceutical Co., Ltd.	14,735,000.00
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Net assets of subsidiaries acquired for the period from 1 January 2025 to 30 June 2025 at the acquisition date

	For the period from 1 January 2025 to 30 June 2025
Current assets	1,908,138,933.34
Non-current assets	479,426,038.07
Current liabilities	(1,596,782,299.89)
Non-current liabilities	(37,646,234.18)
Total	753,136,437.34

(3) Changes in liabilities arising from financing activities

	Bank borrowings (Including within one year)	SCP (Including within one year)	Lease liabilities (Including within one year)	Total
31 December 2024	46,587,234,246.15	6,031,879,726.03	2,045,372,560.05	54,664,486,532.23
Cash inflows from financing activities	35,773,622,565.68	5,997,825,000.00	-	41,771,447,565.68
Cash outflows from financing activities	(31,114,325,038.55)	(6,060,758,630.14)	(334,335,756.49)	(37,509,419,425.18)
Interest accrued for the period	782,366,543.04	58,803,413.25	46,517,810.27	887,687,766.56
Changes that do not involve cash receipts and payments	-	-	303,017,596.51	303,017,596.51
Others	1,155,321,346.27	-	(92,472,031.51)	1,062,849,314.76
30 June 2025	53,184,219,662.59	6,027,749,509.14	1,968,100,178.83	61,180,069,350.56

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Supplementary information to the cash flow statement - continued

(4) Cash and cash equivalents

	30 June 2025	31 December 2024
Cash	35,369,868,617.68	31,881,272,794.87
Including: Cash on hand	4,480,457.45	2,406,335.55
Bank deposits that can be readily drawn on demand	35,365,388,160.23	31,878,866,459.32
Cash and cash equivalents at the end of the period/year	35,369,868,617.68	31,881,272,794.87

As in Note (IV)1, on 30 June 2025, other cash and bank balances of RMB3,724,916,633.26 (31 December 2024: RMB3,863,055,243.70), were not classified as cash and cash equivalents.

66. Foreign currency items

	30 June 2025		
	Balance in foreign currency	Exchange rate	Balance in RMB
Cash and bank balances -			
USD	247,941,705.73	7.1586	1,774,915,494.64
HKD	1,798,774,016.26	0.9120	1,640,481,902.83
EUR	1,046,278.16	8.4024	8,791,247.61
AUD	3,696,631.62	4.6817	17,306,520.26
Others	98,717,487.56		30,415,083.22
			3,471,910,248.56
Accounts receivable -			
USD	4,523,882.20	7.1586	32,384,663.12
HKD	1,327,216.30	0.9120	1,210,421.27
EUR	698,337.35	8.4024	5,867,709.75
AUD	16,500,069.25	4.6817	77,248,374.21
NZD	18,562,138.95	4.3475	80,698,899.09
SDG	1,610,213,728.42	0.0119	19,209,849.78
Others	52,687,577.52		2,612,987.72
			219,232,904.94
Other receivables -			
USD	3,865,240.47	7.1586	27,669,710.43
HKD	3,827,963.65	0.9120	3,491,102.85
EUR	598,846.95	8.4024	5,031,751.61
Others	1,853,635.29		296,832.57
			36,489,397.46
Short-term borrowings -			
AUD	22,278,359.67	4.6817	104,300,596.47
NZD	50,222,869.50	4.3475	218,343,925.15
			322,644,521.62

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

66. Foreign currency items - continued

	30 June 2025		
	Balance in foreign currency	Exchange rate	Balance in RMB
Accounts payable -			
USD	22,729,497.38	7.1586	162,711,379.94
EUR	1,962,585.67	8.4024	16,490,429.83
AUD	3,563,842.71	4.6817	16,684,842.42
NZD	18,129,942.50	4.3475	78,819,925.02
Others	75,003,128.43		4,273,234.06
			278,979,811.27
Other payables -			
USD	1,182,693.72	7.1586	8,466,431.26
HKD	120,397,129.87	0.9120	109,802,182.44
EUR	953,399.99	8.4024	8,010,848.08
AUD	12,554,648.78	4.6817	58,777,099.19
NZD	9,048,328.54	4.3475	39,337,608.33
Others	134,476,659.84		1,722,559.54
			226,116,728.84
Lease liabilities due within one year -			
USD	233,338.72	7.1586	1,670,378.56
NZD	3,671,697.06	4.3475	15,962,702.97
Others	457,623.21		2,142,454.58
			19,775,536.11
Lease liabilities -			
AUD	375,118.09	4.6817	1,756,190.36
NZD	58,301,808.16	4.3475	253,467,110.98
			255,223,301.34

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB (the scope of which is different from those in Note (XII) 1(1)).

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(IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

67. Lease

(1) The Group as lessee

Lease expenses for short-term leases or low-value assets that are treated under simplified methods:

Rental fees for short-term leases and low-value leases that are treated under simplified methods recognised in profit or loss for the period from 1 January 2025 to 30 June 2025 amounted to RMB167,641,029.24 (for the period from 1 January 2024 to 30 June 2024: RMB184,075,586.68).

As at 30 June 2025, the Group's future minimum lease payable for short-term leases and low-value asset leases that are treated under simplified methods amounted to RMB113,445,693.26 and RMB474,537.26 (31 December 2024: RMB114,180,149.02 and RMB1,748,837.79), respectively, both of which are payable within one year.

For the period from 1 January 2025 to 30 June 2025, the total cash outflows paid by the Group related to leases amounted to RMB501,976,785.73 (for the period from 1 January 2024 to 30 June 2024: RMB533,202,831.55), and the cash outflows were included in operating activities, except for the amount paid for the lease liabilities which was included in financing activities.

The Group has leased several assets, mainly including buildings and machinery equipment. The lease terms are negotiated on an individual basis, encompassing various clauses and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the contract's definition and identifies the period during which the contract is enforceable.

As at 30 June 2025, apart from the deposits paid by the Group to the lessors as security interests for the leased assets, the lease agreements do not include any other security provisions. The right-of-use assets cannot be used for purposes such as collateral for borrowing or guarantees.

(2) The Group as lessor

The undiscounted cash amount of lease payments receivable by the Group as lessor after the balance sheet date is summarised below:

	30 June 2025	31 December 2024
Within 1 year	28,789,718.32	36,175,665.50
1 to 2 years	19,655,991.79	12,716,459.82
2 to 5 years	21,059,487.39	5,635,362.96
Over 5 years	8,964,654.68	8,948,994.76
	78,469,852.18	63,476,483.04

The business operations of the Group as a lessor are primarily related to the leasing of buildings and structures. The Group believes that the unsecured balance of these assets does not pose a significant risk to the Group.

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(V) CHANGES IN SCOPE OF CONSOLIDATION**1. Business combinations not involving enterprises under common control****(1) Business combinations not involving enterprises under common control incurred in the current period**

Name of acquiree	Timing of equity acquisition	acquisition cost	Proportion acquired (%)	Acquisition approach	Acquisition date	Determination basis of acquisition date	Revenue of the acquiree from the date of purchase to the period-end	Net Loss of the acquiree from the date of purchase to the period-end	Cash flow of the acquiree from the date of purchase to the period-end
Shanghai Hutchison Pharmaceutical Co., Ltd. (Note 1)	25 April 2025	4,324,940,338.28	60.00	Acquiring the equity of the target company held by the original shareholder	25 April 2025	Date of acquisition of control	518,381,366.82	(80,315,222.24)	(427,481,518.51)

Note 1: Shanghai Hutchison Pharmaceutical Co., Ltd. ("Hutchison Pharmaceutical") is a company jointly established by Shanghai TCM Co., Ltd. and Shanghai Hutchison Chinese Medicine (HK) Investment Limited ("Hutchison Investment"), subsidiaries of the Group, with each shareholder holding 50.00% and 50.00% of the equity respectively. During the period, Hutchison Investment transferred its 45.00% equity in Hutchison Pharmaceutical to the Company (10.00%), Shanghai Jinpu Zhicheng Private Investment Fund Partnership (Limited Partnership) (25.1247%), and Shanghai Jinpu Zhibaihe Enterprise Management Partnership (Limited Partnership) (9.8753%). Upon completion of this transaction, the Group will hold a total of 60.00% equity in Hutchison Pharmaceutical, thereby obtaining control over it and including it in the scope of consolidation of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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(V) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combinations not involving enterprises under common control - continued

(2) Combination cost and goodwill

Item	Hutchison Pharmaceutical
Combination cost -	
- Cash	995,036,566.00
- Fair value of equity at the date of acquisition held prior to acquisition date	3,329,903,772.28
Total	4,324,940,338.28
Less: Share of fair value of identifiable net asset acquired	2,478,592,736.74
Goodwill	1,846,347,601.54

(3) The assets and liabilities of the acquiree at the date of acquisition are as follows:

Item	Hutchison Pharmaceutical	
	Fair value at acquisition date (Note)	Carry amount at acquisition date
Assets:		
Cash and bank balances	741,073,219.74	741,073,219.74
Notes receivable	19,710,687.18	19,710,687.18
Accounts receivable	166,695,938.11	166,695,938.11
Inventories	1,151,007,670.81	964,060,949.79
Prepayments	7,265,089.24	7,265,089.24
Other receivables	5,825,040.95	5,825,040.95
Other current assets	3,508,008.33	3,508,008.33
Fixed assets	528,124,281.42	356,018,814.96
Right-of-use assets	2,712,830.35	2,712,830.35
Construction in progress	1,027,220.13	1,018,069.81
Intangible assets	3,658,222,183.10	60,843,877.78
Long-term prepaid expenses	478,884.02	478,884.02
Deferred tax assets	49,617,317.18	52,378,969.05
Other non-current assets	5,974,592.10	5,974,592.10
Liabilities:		
Accounts payable	119,982,349.53	119,982,349.53
Contract liabilities	8,723,254.16	8,723,254.16
Employee benefits payable	192,015,589.50	192,015,589.50
Taxes payable	27,001,325.82	27,001,325.82
Other payables	1,244,945,565.76	1,244,945,565.76
Non-current liabilities due within one year	2,989,412.78	2,989,412.78
Other current liabilities	1,124,802.34	1,124,802.34
Deferred income	-	17,639,412.44
Lease liabilities	464,249.34	464,249.34
Long-term employee benefits payable	19,542,572.40	19,542,572.40
Deferred tax liabilities	593,465,946.47	-
Net assets	4,130,987,894.56	753,136,437.34
Less: Minority interests	1,652,395,157.82	301,254,574.94
Net assets obtained	2,478,592,736.74	451,881,862.40

Note: The fair value of identifiable assets and liabilities at the date of acquisition is determined based on the valuation report.

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(V) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combinations not involving enterprises under common control - continued

(4) Gains or losses arising from equity held prior to the date of acquisition remeasured at fair value

Transactions involving the acquisition of control of an enterprise through multiple transactions during the reporting period

Name of acquiree	Timing of equity held prior to the acquisition date	Proportion acquired of equity held prior to the acquisition date (%)	Acquisition cost of equity held prior to the acquisition date	Acquisition approach of equity held prior to the acquisition date	Carrying amount of equity at the acquisition date held prior to the acquisition date	Fair value of equity at the acquisition date held prior to the acquisition date (Note)	Gains or losses of equity arising from re-measurement at fair value prior to the acquisition date	Other comprehensive income related to equity previously held but then transferred to investment income or retained earnings
Shanghai Hutchison Pharmaceutical Co., Ltd.	30 April 2001	50.00	RMB114,500,000	Establishment of capital contribution	376,568,218.67	3,329,903,772.28	2,953,335,553.61	-

Note: The above fair value of equity at the acquisition date held is determined based on the valuation report.

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(VI) EQUITY IN OTHER ENTITIES

1. Equity in significant subsidiaries

(1) The structure of the Group

Name of significant subsidiaries	Place of operation	Place of incorporation	Nature of business	Registered capital	Shareholding proportion (%)		Acquisition method
					Direct	Indirect	
Shanghai Pharma Co., Ltd.	Shanghai	Shanghai	Sales of pharmaceutical products	5,000,000,000.00	100.00	-	Subsidiaries established through establishment or investment
Shanghai Pharma Sales Co., Ltd.	Shanghai	Shanghai	Sales of pharmaceutical products	50,000,000.00	100.00	-	Subsidiaries established through establishment or investment
China International Pharmaceutical (Holding) Corporation Limited	Hong Kong	Hong Kong	Sales of pharmaceutical products	22,508,000.00	100.00	-	Subsidiaries established through establishment or investment
SPH Sine Pharmaceutical Factory Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	1,191,611,000.00	100.00	-	Subsidiaries obtained through business combinations involving enterprises under common control
SPH No. 1 Biochemical & Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	323,800,000.00	100.00	-	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	545,800,000.00	65.13	34.87	Subsidiaries established through establishment or investment
SPH Changzhou Pharmaceutical Co., Ltd.	Changzhou	Changzhou	Production and sales of pharmaceutical products	157,580,506.00	57.36	18.53	Subsidiaries obtained through business combinations involving enterprises under common control
SPH New Asia Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	1,052,429,000.00	96.90	-	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd.	Changzhou	Changzhou	Production and sales of pharmaceutical products	14,946,380.00	100.00	-	Subsidiaries obtained through business combinations not involving enterprises under common control
Shanghai TCM Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	1,476,070,000.00	100.00	-	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Zhonghua Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	93,642,000.00	100.00	-	Subsidiaries obtained through business combinations involving enterprises under common control
SPH Qingdao Guofeng Pharmaceutical Co., Ltd.	Qingdao	Qingdao	Production and sales of pharmaceutical products	93,000,000.00	67.52	-	Subsidiaries obtained through business combinations involving enterprises under common control
Chia Tai Qingchunbao Pharmaceutical Co. Ltd.	Huzhou	Huzhou	Production and sales of pharmaceutical products	128,500,000.00	20.00	55.00	Subsidiaries obtained through business combinations involving enterprises under common control
Hangzhou Huqingyutang Pharmaceutical Co., Ltd.	Hangzhou	Hangzhou	Production and sales of pharmaceutical products	135,000,000.00	-	51.01	Subsidiaries obtained through business combinations involving enterprises under common control
Xiamen TCM Factory Co., Ltd.	Xiamen	Xiamen	Production and sales of pharmaceutical products	200,000,000.00	-	61.00	Subsidiaries obtained through business combinations involving enterprises under common control
Liaoning SPH Herpax Pharmaceutical (Group) Co., Ltd.	Benxi	Benxi	Production and sales of pharmaceutical products	102,000,000.00	55.00	-	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Sunve Bio-Tech Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	USD 15,343,300	-	100.00	Subsidiaries established through establishment or investment
Guangdong Techpool Biochemical Pharmaceutical Co., Ltd.	Guangzhou	Guangzhou	Production and sales of pharmaceutical products	100,000,000.00	39.28	27.86	Subsidiaries obtained through business combinations not involving enterprises under common control
Zeus Investment Limited	Hong Kong	Hong Kong	Equity investment	AUD 319,208,250	-	59.61	Subsidiaries established through establishment or investment
Shanghai Medical Instruments Co., Ltd.	Shanghai	Shanghai	Production and sales of medical instruments	327,000,000.00	99.21	0.79	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Sine Tianping Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	154,700,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control

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(VI) EQUITY IN OTHER ENTITIES - continued

1. Equity in significant subsidiaries - continued

(1) The structure of the Group - continued

Name of significant subsidiaries	Place of operation	Place of incorporation	Nature of business	Issued and paid up capital/registered capital	Shareholding proportion (%)		Acquisition method
					Direct	Indirect	
Shanghai Sine Jinzhu Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	50,000,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Sine Wanxiang Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	100,000,000.00	-	89.92	Subsidiaries obtained through business combinations involving enterprises under common control
Shandong Sine Pharmaceutical Co., Ltd.	Dezhou	Dezhou	Production and sales of pharmaceutical products	177,406,159.00	-	67.00	Subsidiaries obtained through business combinations not involving enterprises under common control
Shanghai SPH New Asiatic Minghang Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	57,500,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control
SPH Chongqing Huiyuan Pharmaceutical Co., Ltd.	Chongqing	Chongqing	Production and sales of pharmaceutical products	23,809,522.00	-	100.00	Subsidiaries obtained through business combinations not involving enterprises under common control
Shanghai SPH Zhong Xi Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	148,200,000.00	-	90.00	Subsidiaries established through establishment or investment
Shanghai SPH Hua Yu Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	270,060,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Leiyunshang Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	465,070,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai SPH Shen Xiang Health Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	150,000,000.00	-	100.00	Subsidiaries obtained through business combinations involving enterprises under common control
SHP Xingling Sci.&Tech. Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	80,000,000.00	-	86.31	Subsidiaries obtained through business combinations involving enterprises under common control
Zhejiang Jiuxu Pharmaceutical Co., Ltd.	Jinhua	Jinhua	Production and sales of pharmaceutical products	25,000,000.00	-	51.00	Subsidiaries obtained through business combinations not involving enterprises under common control
Changzhou Pharmaceutical Factory Co., Ltd.	Changzhou	Changzhou	Production and sales of pharmaceutical products	108,000,000.00	-	77.78	Subsidiaries obtained through business combinations involving enterprises under common control
Chifeng Aike Pharmaceutical Technology Co., Ltd.	Chifeng	Chifeng	Production and sales of pharmaceutical products	40,900,000.00	-	58.19	Subsidiaries obtained through business combinations involving enterprises under common control
Shanghai Pharmaceutical Import and Export Co., Ltd.	Shanghai	Shanghai	Sales of pharmaceutical products	90,140,000.00	100.00	-	Subsidiaries obtained through business combinations involving enterprises under common control

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(VI) EQUITY IN OTHER ENTITIES - continued

1. Equity in significant subsidiaries - continued

(1) The structure of the Group - continued

Name of significant subsidiaries	Place of operation	Place of incorporation	Nature of business	Issued and paid up capital/registered capital	Shareholding proportion (%)		Acquisition method
					Direct	Indirect	
Shanghai Shangyao Ruier Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	100,000,000.00	100.00	-	Subsidiaries established through establishment or investment
Shanghai Innovation Center for Biopharmaceuticals	Shanghai	Shanghai	Production and sales of pharmaceutical products	500,000,000.00	48.08	-	Subsidiaries established through establishment or investment
SPH Jiangsu Co., Ltd.	Wuxi	Wuxi	Sales of pharmaceutical products	119,224,505.00	-	98.11	Subsidiaries obtained through business combinations not involving enterprises under common control
SPH Biotherapeutics Limited	Shanghai	Shanghai	Production and sales of pharmaceutical products	100,000,000.00	100.00	-	Subsidiaries established through establishment or investment
SPH Shandong Pharmaceutical Co., Ltd.	Jinan	Jinan	Sales of pharmaceutical products	200,000,000.00	-	75.00	Subsidiaries obtained through business combinations not involving enterprises under common control
Shanghai Pharma Zhejiang Co., Ltd.	Hangzhou	Hangzhou	Sales of pharmaceutical products	106,780,000.00	-	67.00	Subsidiaries obtained through business combinations not involving enterprises under common control
SPH Sichuan Co., Ltd.	Chengdu	Chengdu	Sales of pharmaceutical products	102,040,816.00	-	51.00	Subsidiaries obtained through business combinations not involving enterprises under common control
Liaoning Pharmaceutical Foreign Trading Co., Ltd.	Shenyang	Shenyang	Sales of pharmaceutical products	282,012,500.00	53.86	-	Subsidiaries obtained through business combinations not involving enterprises under common control
SPH Pharmaceutical Technology Co., Ltd.	Shanghai	Shanghai	Sales of pharmaceutical products	100,000,000.00	-	100.00	Subsidiaries established through establishment or investment
Shanghai Hutchison Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	229,000,000.00	10.00	50.00	Subsidiaries obtained through business combinations not involving enterprises under common control

Note 1: Except SPH Changzhou Pharmaceutical Co., Ltd., SPH Qingdao Guofeng Pharmaceutical Co., Ltd., Guangdong Techpool Biochemical Pharmaceutical Co., Ltd., Shanghai Sine Wanxiang Pharmaceutical Co., Ltd., SHP Xingling Sci.&Tech. Pharmaceutical Co., Ltd., Shanghai Medical Instruments Co., Ltd., Chifeng Aike Pharmaceutical Technology Co., Ltd. and SPH Jiangsu Co., Ltd., whose corporate category is incorporated company by shares, all of the above-mentioned subsidiaries are limited liability companies. As at 30 June 2025, none of the subsidiaries of the Company has issued bonds.

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(VI) EQUITY IN OTHER ENTITIES - continued**1. Equity in significant subsidiaries - continued****(2) Subsidiaries with significant minority interests**

The Group has comprehensively considered factors such as whether the subsidiary is a listed company, the proportion of minority shareholder equity to the consolidated shareholder equity of the Group, and the proportion of minority shareholder gains and losses to the consolidated net profit of the Group. The subsidiaries with significant minority shareholder equity are determined as follows:

Name of significant subsidiaries	Shareholding proportion of minority interests (%)	Comprehensive income attributable to minority interests for the period from 1 January 2025 to 30 June 2025	Dividends distributed to minority interests for period from 1 January 2025 to 30 June 2025	Minority interests as at 30 June 2025
SPH Changzhou Pharmaceutical Co., Ltd. and its subsidiaries	24.11	55,991,508.85	34,617,000.00	1,192,358,116.01
Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. and its subsidiaries	49.00	25,192,510.02	-	1,111,634,483.22
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries (i)	40.00	(32,126,088.90)	169,303,101.60	1,450,965,967.32

- (i) On 25 April 2025, the Group obtained control of Hutchison Pharmaceutical and included it in the scope of consolidation of the consolidated financial statements. Therefore, for the period from 25 April to 30 June 2025, the comprehensive income attributable to minority interests and dividends distributed to minority interests are disclosed.

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(VI) EQUITY IN OTHER ENTITIES - continued**1. Equity in significant subsidiaries - continued****(2) Subsidiaries with significant minority interests - continued**

The key financial information of the above significant non-wholly-owned subsidiaries is as follows:

	30 June 2025					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SPH Changzhou Pharmaceutical Co., Ltd. and its subsidiaries	3,768,720,043.14	1,795,339,064.66	5,564,059,107.80	(2,142,988,960.06)	(284,275,622.14)	(2,427,264,582.20)
Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. and its subsidiaries	2,846,981,635.96	505,123,682.04	3,352,105,318.00	(1,094,326,141.94)	(10,749,436.48)	(1,105,075,578.42)
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	1,537,577,920.83	4,177,567,684.68	5,715,145,605.51	(1,504,121,789.23)	(583,608,897.98)	(2,087,730,687.21)

	31 December 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SPH Changzhou Pharmaceutical Co., Ltd. and its subsidiaries	3,673,269,224.29	1,797,453,775.92	5,470,723,000.21	(2,196,143,021.29)	(225,924,151.40)	(2,422,067,172.69)
Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. and its subsidiaries	2,653,210,535.07	520,610,780.93	3,173,821,316.00	(965,408,899.89)	(9,350,184.75)	(974,759,084.64)

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(VI) EQUITY IN OTHER ENTITIES - continued**1. Equity in significant subsidiaries - continued****(2) Subsidiaries with significant minority interests - continued**

Note 1: As for the period from 1 January 2025 to 30 June 2025, the equity and comprehensive income of SPH Changzhou Pharmaceutical Co., Ltd. to minority interests presented in the consolidated financial statement were RMB574,617,150.99 and RMB34,750,245.05, respectively.

Note 2: As for the period from 1 January 2025 to 30 June 2025, the equity and comprehensive income of Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. to minority interests presented in the consolidated financial statement were RMB20,764,531.03 and RMB3,310,649.00, respectively.

	For the period from 1 January 2025 to 30 June 2025			
	Operating income	Net profit (loss)	Total comprehensive income	Net cash flow from operating activities
SPH Changzhou Pharmaceutical Co., Ltd. and its subsidiaries	3,242,648,515.16	122,965,453.03	122,851,712.49	(32,596,748.51)
Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. and its subsidiaries	2,548,715,822.41	47,961,915.03	47,967,508.22	(27,405,371.75)
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries (i)	518,381,366.82	(80,315,222.24)	(80,315,222.24)	82,028,344.56

(i) On 25 April 2025, the Group obtained control of Hutchison Pharmaceutical and included it in the scope of consolidation of the consolidated financial statements. Therefore, the disclosed period is from 25 April 2025 to 30 June 2025.

	For the period from 1 January 2024 to 30 June 2024			
	Operating income	Net profit	Total comprehensive income	Net cash flow from operating activities
SPH Changzhou Pharmaceutical Co., Ltd. and its subsidiaries	3,369,485,128.20	155,369,392.02	155,369,392.02	(48,319,653.46)
Shanghai Pharmaceutical Huaxi (Sichuan) Pharmaceutical Co., Ltd. and its subsidiaries	2,040,265,136.90	64,818,853.49	64,869,028.24	(170,283,557.24)

2. Equity in joint ventures and associates**(1) Summarised basic information of significant joint ventures and associates**

The Group identifies significant associates by taking into account factors such as whether the joint ventures and associates are listed companies, the proportion of their carrying amounts to the Group's consolidated total assets, and the proportion of the income from long-term equity investments accounted for under the equity method to the Group's consolidated net profit, as set out below:

	Place of operation	Place of incorporation	Nature of business	Strategic for group activities?	Shareholding proportion (%)	
					Direct	Indirect
Associates -						
Shanghai Roche Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	Yes	-	30.00
Sino-American Shanghai Squibb Pharmaceuticals Ltd.	Shanghai	Shanghai	Production and sales of pharmaceutical products	Yes	30.00	-

NOTES TO THE FINANCIAL STATEMENTS
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(VI) EQUITY IN OTHER ENTITIES - continued

2. Equity in joint ventures and associates - continued

(2) Summarised financial information of significant associates

RMB'000

	30 June 2025		31 December 2024	
	Shanghai Roche Pharmaceutical Co., Ltd.	Sino-American Shanghai Squibb Pharmaceuticals Ltd.	Shanghai Roche Pharmaceutical Co., Ltd.	Sino-American Shanghai Squibb Pharmaceuticals Ltd.
Current assets	5,594,823	1,211,749	5,251,852	1,329,846
Non-current assets	1,670,172	329,439	1,699,786	366,501
Total assets	7,264,995	1,541,188	6,951,638	1,696,347
Current liabilities	3,225,531	686,744	3,203,684	984,870
Non-current liabilities	56,845	682	56,749	1,106
Total liabilities	3,282,376	687,426	3,260,433	985,976
Owners' equity	3,982,619	853,762	3,691,205	710,371
Share of net assets in proportion of shareholdings (i)	1,194,786	256,129	1,107,362	213,111
Carrying amount of equity investments in associates	1,194,786	256,129	1,107,362	213,111
Fair value of investments in associates with quoted price	N/A	N/A	N/A	N/A

RMB'000

	For the period from 1 January 2025 to 30 June 2025		For the period from 1 January 2024 to 30 June 2024	
	Shanghai Roche Pharmaceutical Co., Ltd.	Sino-American Shanghai Squibb Pharmaceuticals Ltd.	Shanghai Roche Pharmaceutical Co., Ltd.	Sino-American Shanghai Squibb Pharmaceuticals Ltd.
Operating income	4,892,206	877,434	3,913,941	869,944
Net profit	282,151	143,391	208,189	121,255
Total comprehensive income	282,151	143,391	208,189	121,255
Dividends declared by the associates to the Group	-	-	474,203	87,451

- (i) The Group calculated the shares of assets in proportion of the shareholdings and based on the amount attributable to the parent company of the associates in their consolidated financial statements. The impacts of fair value of identifiable assets and liabilities of associates at the time of acquisition and the unification of accounting policies are considered the amount in the consolidated financial statements of associates. None of the assets involved in transactions between the Group and its associates constitute business.

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(VI) EQUITY IN OTHER ENTITIES - continued**2. Equity in joint ventures and associates - continued****(3) Summarised financial information of non-significant joint ventures and associates**

RMB'000

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Joint ventures:		
Total carrying amount of investments	728,127	1,753,878
Total of the following by shareholding ratio		
Net profit (loss) (i)	183,816	(5,679)
Total comprehensive income	183,816	(5,679)
Associates:		
Total carrying amount of investments	4,716,290	4,585,891
Total of the following by shareholding ratio		
Net profit (i)	70,529	33,889
Other comprehensive income (i)	52	29
Total comprehensive income	70,581	33,918

- (i) The impacts of fair value of identifiable assets and liabilities at the time of investment and the unification of accounting policies are considered for the net profit (loss) and other comprehensive income.

(VII) SEGMENT INFORMATION

The Group derives its business primarily from the PRC and determines its operating segments on a business perspective. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each operating segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 4 reportable segments as follows:

- Production segment, which is mainly engaged in research and development, production and sales of a broad range of pharmaceutical and healthcare products;
- Distribution segment, which is mainly engaged in distribution, warehousing, and other value-added pharmaceutical supply chain solutions and related services to pharmaceutical manufacturers and dispensers;
- Retail segment, which is mainly engaged in operation of a network of retail pharmacy stores; and
- Other segment, which is mainly engaged in other businesses.

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(VII) SEGMENT INFORMATION - continued

Inter-segment transfer prices are measured by reference to selling prices to third parties. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(1) Segment information for the period from 1 January 2025 to 30 June 2025 and at 30 June 2025 is as follows:

	Production	Distribution	Retail	Other	Elimination	Total
Operating income	12,160,381,107.04	129,563,548,476.20	4,208,274,231.11	704,872,268.07	(5,044,293,579.63)	141,592,782,502.79
Including: External income	10,261,269,230.33	126,722,202,438.40	4,186,149,618.51	423,161,215.55	-	141,592,782,502.79
Inter-segment income	1,899,111,876.71	2,841,346,037.80	22,124,612.60	281,711,052.52	(5,044,293,579.63)	-
Less: Operating costs	(5,376,310,988.39)	(122,057,100,240.39)	(3,729,819,143.07)	(419,697,208.07)	4,922,866,981.23	(126,660,060,598.69)
Taxes and levies	(143,750,551.57)	(248,477,523.70)	(10,680,476.54)	(12,745,232.45)	-	(415,653,784.26)
Selling expenses	(3,434,511,248.24)	(2,448,781,369.72)	(310,216,109.02)	(24,896,620.86)	53,417,379.80	(6,164,987,968.04)
Administrative expenses	(1,077,195,069.76)	(1,255,937,131.73)	(121,805,693.64)	(230,663,127.69)	23,146,687.12	(2,662,454,335.70)
R&D expenses	(958,949,406.87)	-	-	-	-	(958,949,406.87)
Segment profit	1,169,663,842.21	3,553,252,210.66	35,752,808.84	16,870,079.00	(44,862,531.48)	4,730,676,409.23
Unallocated:						
Financial expenses						(749,774,716.63)
Impairment losses of assets						(410,078,463.89)
Impairment losses of credit						(423,970,881.72)
Add: Gains from changes in fair value						75,751,833.73
Investment income						3,257,333,100.37
Other income						313,695,950.14
Gains on disposal of assets						39,986,393.32
Operating profit						6,833,619,624.55
Depreciation and amortisation	659,373,089.80	667,512,465.00	55,826,411.02	82,257,679.79	-	1,464,969,645.61
Capital expenditures	530,731,170.19	284,032,978.35	10,620,206.11	100,541,735.13	-	925,926,089.78
Long-term equity investments - associates - net	3,451,088,732.81	1,799,069,765.80	617,544.00	916,427,629.99	-	6,167,203,672.60
Long-term equity investments - joint ventures - net	283,969,623.55	444,157,526.99	-	-	-	728,127,150.54
Other assets	48,268,124,588.45	169,957,567,389.83	3,104,475,261.00	42,161,545,897.30	(34,038,909,779.48)	229,452,803,357.10
Unallocated:						
Deferred tax assets						1,718,921,891.13
Total assets						238,067,056,071.37
Liabilities	22,914,165,715.59	130,917,324,734.50	2,376,329,943.57	29,540,194,810.78	(39,284,129,730.31)	146,463,885,474.13
Unallocated:						
Deferred tax liabilities						2,023,974,550.06
Income tax payable						721,291,483.53
Total liabilities						149,209,151,507.72

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(VII) SEGMENT INFORMATION - continued

(2) Segment information for the period from 1 January 2024 to 30 June 2024 and at 31 December 2024 is as follows:

	Production	Distribution	Retail	Other	Elimination	Total
Operating income	12,733,982,916.71	127,031,193,089.10	4,070,219,733.94	758,029,230.48	(5,180,279,445.80)	139,413,145,524.43
Including: External income	10,715,202,834.97	124,163,193,699.40	4,043,264,476.03	491,484,514.03	-	139,413,145,524.43
Inter-segment income	2,018,780,081.74	2,867,999,389.70	26,955,257.91	266,544,716.45	(5,180,279,445.80)	-
Less: Operating costs	(4,893,288,350.21)	(119,504,655,367.31)	(3,573,399,316.73)	(403,768,550.28)	5,129,950,678.12	(123,245,160,906.41)
Taxes and levies	(135,767,778.80)	(245,454,301.85)	(8,781,194.88)	(9,680,581.20)	-	(399,683,856.73)
Selling expenses	(3,891,275,693.48)	(2,355,090,497.66)	(351,136,086.37)	(47,407,825.93)	79,843,372.28	(6,565,066,731.16)
Administrative expenses	(1,170,648,729.49)	(1,354,229,333.96)	(109,483,970.93)	(271,688,754.41)	36,758,392.61	(2,869,292,396.18)
R&D expenses	(1,105,025,665.85)	-	-	-	-	(1,105,025,665.85)
Segment profit	1,537,976,698.88	3,571,763,588.32	27,419,165.03	25,483,518.66	66,272,997.21	5,228,915,968.10
Unallocated:						
Financial expenses						(705,939,203.68)
Impairment losses of assets						(36,526,101.71)
Impairment losses of credit						(293,255,759.06)
Add: Gains from changes in fair value						114,288,629.44
Investment income						246,362,833.06
Other income						137,740,088.49
Gains on disposal of assets						139,310,426.73
Operating profit						4,830,896,881.37
Depreciation and amortisation	654,627,774.85	502,407,357.83	59,296,534.82	43,015,537.56	-	1,259,347,205.06
Capital expenditures	831,882,732.63	209,360,854.86	13,679,641.82	197,122,856.70	-	1,252,046,086.01
Long-term equity investments - associates - net	3,170,970,199.86	1,798,883,294.97	627,418.54	822,434,578.65	-	5,792,915,492.02
Long-term equity investments - joint ventures - net	1,840,974,735.18	432,954,645.69	-	-	-	2,273,929,380.87
Other assets	43,286,717,970.94	154,453,621,671.85	3,172,709,688.57	41,249,688,025.26	(30,647,681,094.55)	211,515,056,262.07
Unallocated:						
Deferred tax assets						1,627,529,013.21
Total assets						221,209,430,148.17
Liabilities	22,174,942,695.24	118,275,668,393.10	2,480,648,271.94	27,948,609,456.30	(35,065,128,524.86)	135,814,740,291.72
Unallocated:						
Deferred tax liabilities						816,452,826.21
Income tax payable						835,873,309.17
Total liabilities						137,467,066,427.10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS**1. The parent company****(1) General information of the parent company**

	Place of incorporation	Nature of business
Shanghai Pharma Group	No 92, Zhangjiang Road, Shanghai	Pharmaceutical products manufacture

The Company's ultimate controlling party is SIIC, incorporated in Hong Kong.

(2) Registered capital and changes in registered capital of the parent company

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Shanghai Pharma Group	3,158,720,000.00	-	-	3,158,720,000.00

(3) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2025		31 December 2024	
	Shareholding proportion (%)	Voting rights proportion (%)	Shareholding proportion (%)	Voting rights proportion (%)
Shanghai Pharma Group	19.32	19.32	19.32	19.32

2. Subsidiaries

For basic and related information of significant subsidiaries, please refer to Note (VI)1.

3. Joint ventures and associates

Except for the important joint ventures and associates disclosed in Note (IV)14, the other joint ventures and associates that have related party transactions with the Group are as follows:

	Relationship with the Group
Shanghai Huaren Pharmaceutical Co., Ltd.	Associate
Shanghai Huayu Saffron Planting Professional Cooperative	Associate
Shanghai Bracco Sine Pharmaceutical Corp., Ltd.	Associate

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued**4. Other related parties**

	Relationship with the Group
Yunnan Baiyao Group Co., Ltd. and its subsidiaries	Shareholder with more than 5% of the Company's shares
Wing Fat Printing Limited and its subsidiaries	Controlled by the same ultimate controlling party
Shanghai Shiyu Urban Construction Management Co., Ltd.	Controlled by the same ultimate controlling party
Chongqing Quanzhidao Pharmaceutical Co., Ltd.	Controlled by the same ultimate controlling party
Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership)	Significantly influenced by the ultimate controlling party

5. Related party transaction

Except for the items disclosed in other items of the financial statements, other related party transactions of the Group include:

(1) Purchase and sales of goods, rendering and receipts of services

Purchase of goods and receipts of services:

	Related party transaction	Pricing policies	Amount of transactions approved	Exceeding the transaction limit?	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
					RMB'000	
Shanghai Roche Pharmaceutical Co., Ltd.	Purchase of goods	By negotiation	N/A	N/A	445,142.47	711,380.02
Yunnan Baiyao Group Co., Ltd. and its subsidiaries	Purchase of goods	By negotiation	700,000.00	No	282,839.62	296,906.68
Sino-American Shanghai Squibb Pharmaceuticals Ltd.	Purchase of goods	By negotiation	N/A	N/A	207,917.79	197,064.88
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries (Note 1)	Purchase of goods	By negotiation	N/A	N/A	140,072.18	201,266.61
Shanghai Pharma Health Commerce Co., Ltd. and its subsidiaries	Purchase of goods	By negotiation	N/A	N/A	98,903.13	77,983.31
Shanghai Bracco Sine Pharmaceutical Corp., Ltd.	Purchase of goods	By negotiation	N/A	N/A	147,457.77	70,782.95
Shanghai Leiyunshang Northern Area Medicine General Co., Ltd. and its subsidiaries	Purchase of goods	By negotiation	N/A	N/A	11,967.01	27,381.31
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	Purchase of goods	By negotiation	N/A	N/A	47,821.92	47,607.74
Wing Fat Printing Limited and its subsidiaries	Purchase of goods	By negotiation	90,000.00	No	24,260.53	27,206.22
Shanghai Sine Promod Pharmaceutical Co., Ltd. and its subsidiaries	Purchase of goods	By negotiation	N/A	N/A	6,488.22	-
Chongqing Pharmaceuticals Shanghai Medicine Sales Co., Ltd.	Purchase of goods	By negotiation	N/A	N/A	6,569.53	4,404.47
Others	Purchase of goods and service received	By negotiation	N/A	N/A	23,211.88	26,510.41
Total					1,442,652.05	1,688,494.60

Note 1: On 25 April 2025, the Group acquired control of Hutchison Pharmaceutical through the acquisition of other shareholders' equity and included it in the scope of consolidation of the consolidated financial statements. Therefore, the related party transactions disclosed occurred before 25 April 2025.

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued

5. Related party transaction - continued

(1) Purchase and sales of goods, rendering and receipts of services - continued

Sales of goods and rendering of services:

RMB'000

	Related party transaction	Pricing policies	Amount of transactions approved	Exceeding the transaction limit?	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Jiangxi Nanhua Medicines Co., Ltd. and its subsidiaries	Sales of goods	By negotiation	N/A	N/A	2,118,456.43	2,271,591.30
Shanghai Pharma Health Commerce Co., Ltd. and its subsidiaries	Sales of goods	By negotiation	N/A	N/A	864,910.61	581,135.90
Yunnan Baiyao Group Co., Ltd. and its subsidiaries	Sales of goods	By negotiation	1,200,000.00	No	330,329.27	384,427.58
Beijing Lianxin Pharmaceutical Co., Ltd.	Sales of goods	By negotiation	N/A	N/A	67,673.85	88,415.38
Shanghai Leiyunshang Northern Area Medicine General Co., Ltd. and its subsidiaries	Sales of goods	By negotiation	N/A	N/A	29,000.10	32,234.95
Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries (Note 1)	Sales of goods	By negotiation	N/A	N/A	38,097.00	50,057.55
Chongqing Pharmaceuticals Shanghai Medicine Sales Co., Ltd.	Sales of goods	By negotiation	N/A	N/A	35,331.78	37,954.19
Others	Sales of goods and rendering of services	By negotiation	N/A	N/A	15,963.58	11,516.81
Total					3,499,762.62	3,457,333.66

(2) Leases

The rental income recognised by the Group as the lessor:

RMB'000

Lessee	Leased asset	Rental income recognised for the period from 1 January 2025 to 30 June 2025	Rental income recognised for the period from 1 January 2024 to 30 June 2024
Shanghai Bracco Sine Pharmaceutical Corp., Ltd.	Buildings	3,714.60	3,752.31
Shanghai Pharma Group and its subsidiaries	Buildings	2,315.25	2,549.69
Total		6,029.85	6,302.00

The Group as lessee:

RMB'000

Lessor	Leased assets	Lease payable for the period from 1 January 2025 to 30 June 2025	Lease payable for the period from 1 January 2024 to 30 June 2024
Shanghai Pharma Group and its subsidiaries	Buildings	18,570.46	18,403.62

Right-of-use assets added by the Group as lessee during the period:

RMB'000

Lessor	Leased assets	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Pharma Group and its subsidiaries	Buildings	5,899.47	1,170.94

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued**5. Related party transaction - continued****(2) Leases - continued**

Interest expense on lease liabilities assumed by the Group as lessee:

RMB'000

Lessor	Leased assets	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Pharma Group and its subsidiaries	Buildings	670.15	858.57

Rental expense for short-term leases and low-value leases that are recognised directly in profit or loss by the Group as lessee:

RMB'000

Lessor	Leased assets	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Pharma Group and its subsidiaries	Buildings	-	4,707.45

(3) Research and development expenses

RMB'000

Services provider	Pricing principles of related party transactions	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Huiyong Medicine Research Co., Ltd.	The amount incurred shall be determined through negotiation by both parties	754.72	-

(4) Key management compensation

RMB'000

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Salary, bonus and other compensation	5,708.42	15,695.48

(5) Interest

Interest income

RMB'000

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Industrial Group Finance Co., Ltd.	18,147.00	9,583.81

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued**5. Related party transaction - continued****(5) Interest - continued**

Interest expenses

RMB'000

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Shanghai Industrial Group Finance Co., Ltd.	63,665.14	58,717.20

(6) Deposits and borrowings

RMB'000

		For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Changes in deposit balances	Shanghai Industrial Group Finance Co., Ltd.	(1,582,648.72)	(1,232,062.48)
Loan received from related party	Shanghai Industrial Group Finance Co., Ltd.	2,300,579.13	2,092,578.85
Loan repayment to related parties	Shanghai Industrial Group Finance Co., Ltd.	2,044,580.25	1,577,780.00
	SPH-Biocad (HK) Limited	34,765.84	58,107.32
	Total	2,079,346.09	1,635,887.32
Funds lent to related parties	Shanghai Shangyao Kangxinuo Biopharmaceutical Co., Ltd.	-	5,812.20

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued

6. Balance of receivables and payables of related parties

RMB'000

		30 June 2025		31 December 2024	
		Gross carrying amount	Bad debt allowance	Gross carrying amount	Bad debt allowance
Accounts receivable	Jiangxi Nanhua Medicines Co., Ltd. and its subsidiaries	1,106,047.89	(1,781.67)	946,768.37	(1,403.42)
	Shanghai Pharma Health Commerce Co., Ltd. and its subsidiaries	253,704.16	(829.09)	189,547.14	(578.95)
	Yunnan Baiyao Group Co., Ltd. and its subsidiaries	66,658.28	(398.24)	86,515.42	(461.95)
	Shanghai Leiyunshang Northern Area Medicine General Co., Ltd. and its subsidiaries	23,086.19	(880.33)	28,387.43	(620.48)
	Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	-	-	23,730.00	(54.58)
	Chongqing Pharmaceuticals Shanghai Medicine Sales Co., Ltd.	13,509.97	(2,262.51)	975.24	(0.29)
	Others	21,189.75	(1,374.45)	8,046.04	(1,766.15)
	Total	1,484,196.24	(7,526.29)	1,283,969.64	(4,885.82)
Other receivables	Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	-	-	50,750.17	(4.13)
	Sino-American Shanghai Squibb Pharmaceuticals Ltd.	177.81	(0.98)	42,455.40	(231.51)
	Shanghai Shangyao Kangxinuo Biopharmaceutical Co., Ltd.	35,818.51	(35,818.51)	35,818.51	(35,818.51)
	Shanghai Roche Pharmaceutical Co., Ltd.	25,827.96	(339.25)	26,818.70	(374.80)
	Others	25,719.24	(5,235.17)	20,717.80	(6,112.48)
	Total	87,543.52	(41,393.91)	176,560.58	(42,541.43)
Prepayments	Yunnan Baiyao Group Co., Ltd. and its subsidiaries	15,223.97	-	18,275.23	-
	Shanghai Huayu Saffron Planting Professional Cooperative	16,243.87	-	15,341.00	-
	Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	-	-	1,560.29	-
	Others	2,210.17	-	1,043.44	-
	Total	33,678.01	-	36,219.96	-

RMB'000

		30 June 2025	31 December 2024
Accounts payable	Jiangxi Nanhua Medicines Co., Ltd. and its subsidiaries	95,800.82	3,769.43
	Shanghai Roche Pharmaceutical Co., Ltd.	53,654.15	84,563.54
	Shanghai Hutchison Pharmaceutical Co., Ltd. and its subsidiaries	-	25,437.18
	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	26,963.75	17,591.29
	Sino-American Shanghai Squibb Pharmaceuticals Ltd.	4,569.59	33,939.52
	Yunnan Baiyao Group Co., Ltd. and its subsidiaries	27,725.41	9,543.28
	Wing Fat Printing Limited and its subsidiaries	23,250.70	20,691.52
	Shanghai Bracco Sine Pharmaceutical Corp., Ltd.	3,024.89	26,632.93
	Shanghai Pharma Health Commerce Co., Ltd. and its subsidiaries	18,638.03	25,972.56
	Shanghai Leiyunshang Northern Area Medicine General Co., Ltd. and its subsidiaries	13,674.02	13,341.87
	Others	32,588.46	10,822.63
	Total	299,889.82	272,305.75
Notes payable	Shanghai Roche Pharmaceutical Co., Ltd.	154,584.18	10,000.00
	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	-	10,529.64
	Yunnan Baiyao Group Co., Ltd. and its subsidiaries	39,612.13	-
	Jiangxi Nanhua Medicines Co., Ltd. and its subsidiaries	14,480.00	-
	Wing Fat Printing Limited and its subsidiaries	1,581.68	-
	Total	210,257.99	20,529.64

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(VIII) RELATED PARTIES AND RELATED PARTY TRANSACTIONS - continued**6. Balance of receivables and payables of related parties - continued**

RMB'000

		30 June 2025	31 December 2024
Other payables	SPH-Biocad (HK) Limited	-	1,118,220.78
	Shanghai Pharma Group and its subsidiaries	207,789.65	6,100.25
	Shanghai Shangshi (Group) Co., Ltd.	380,712.52	161,240.00
	Yunnan Baiyao Group Co., Ltd. and its subsidiaries	193,031.77	-
	Shanghai Tandong Enterprise Consulting Service Co., Ltd.	54,230.00	-
	Shanghai Sine Promod Pharmaceutical Co., Ltd. and its subsidiaries	9,127.13	9,120.11
	Others	9,757.39	8,066.07
	Total	854,648.46	1,302,747.21
Other non-current liabilities	Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership)	72,662.37	72,662.37
Contract liabilities	Shanghai Pharma Health Commerce Co., Ltd. and its subsidiaries	2,304.21	-
	Shanghai Xun Yao Biotechnology Co., Ltd.	1,709.25	1,709.25
	Chongqing Quanzhidao Pharmaceutical Co., Ltd.	442.48	5,326.14
	Jiangxi Nanhua Medicines Co., Ltd. and its subsidiaries	11.15	290.35
	Zhejiang Shangyao Jiuzhou Biopharmaceutical Co., Ltd.	-	62.85
	Others	1,499.78	1,939.73
	Total	5,966.87	9,328.32
Lease liabilities	Shanghai Pharma Group and its subsidiaries	27,359.62	42,021.28
Employee benefits payable	Key management personnel	10,273.60	31,641.26
Short-term and long-term borrowings	Shanghai Industrial Group Finance Co., Ltd.	4,343,486.50	4,087,487.62
Cash and bank balances	Shanghai Industrial Group Finance Co., Ltd.	3,188,397.06	4,771,045.77

(IX) CONTINGENCIES

The Group has no significant contingencies that need to be disclosed.

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(X) COMMITMENTS**1. Capital expenditure commitments**

	30 June 2025	31 December 2024
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition and construction of long-term assets	839,241,171.74	1,407,163,546.97
- External investment commitment		
Including: Unrecognised commitments related to investments in joint ventures	882,054,081.00	995,036,566.00
Total	1,721,295,252.74	2,402,200,112.97

(XI) EVENTS AFTER THE BALANCE SHEET DATE

The Group has no significant events after the balance sheet date for the period.

(XII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's operating activities expose it to a variety of financial risks: market risk (primarily including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1. Market risk**(1) Currency risk**

The Group's major operating activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and Hong Kong dollars. The Group continuously monitors the size of the Group's transactions, assets and liabilities denominated in foreign currencies to minimise exposure to foreign exchange risk.

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(XII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Market risk - continued****(1) Currency risk - continued**

The financial assets and the financial liabilities denominated in foreign currencies, which are held by the Group, whose recording currencies are RMB, are expressed in RMB as at 30 June 2025 and 31 December 2024 as follows:

	30 June 2025		
	USD and HKD	Others	Total
Financial assets denominated in foreign currency -			
Cash and bank balances	206,698,379.14	3,019,627.01	209,718,006.15
Accounts receivable	23,372,688.06	2,352,672.00	25,725,360.06
Total	230,071,067.20	5,372,299.01	235,443,366.21
Financial liabilities denominated in foreign currency -			
Accounts payable	135,035,456.13	1,209,109.81	136,244,565.94
Total	135,035,456.13	1,209,109.81	136,244,565.94

	31 December 2024		
	USD and HKD	Others	Total
Financial assets denominated in foreign currency -			
Cash and bank balances	143,571,074.48	21,443,904.22	165,014,978.70
Accounts receivable	12,906,529.24	1,571,366.15	14,477,895.39
Total	156,477,603.72	23,015,270.37	179,492,874.09
Financial liabilities denominated in foreign currency -			
Short-term borrowings	392,088,491.49	-	392,088,491.49
Accounts payable	66,035,381.37	1,848,129.61	67,883,510.98
Total	458,123,872.86	1,848,129.61	459,972,002.47

As at 30 June 2025, for various financial assets and liabilities denominated in USD and HKD in the Group, if the USD and HKD strengthens/weakens by 5% against the RMB while holding all other variables constant, the Group's profit before income tax for the year would have been lower/higher by approximately RMB4,751,780.55 (31 December 2024: higher/lower by approximately RMB15,082,313.46).

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(XII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Market risk - continued

(2) Interest rate risk

The Group's interest rate risk mainly arises from interest-bearing debts, including short-term borrowings, borrowings due within one year and long-term bank borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2025, the Group's short-term, due within one year and long-term interest-bearing debts mainly include floating rate contracts, amounting to RMB3,326,587,718.50 (31 December 2024: RMB2,433,142,823.33).

Increases in interest rates will increase the cost of new interest-bearing debts and the interest expenses with respect to the Group's outstanding floating rate interest-bearing debts, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions. For the period from 1 January 2025 to 30 June 2025 and from 1 January 2024 to 30 June 2024, the Group did not enter into any interest rate swap agreements.

As at 30 June 2025, if interest rates on the floating rate borrowings rise/fall by 10% while holding all other variables constant, the Group's profit before tax would decrease/increase by approximately RMB3,799,183.85 (31 December 2024: approximately RMB5,264,603.88).

(3) Other price risk

The Group's other price risk arises mainly from financial assets at fair value through profit or loss and investments in other equity instruments.

As at 30 June 2025, if the price of above financial assets rise/fall by 10% while holding all other variables constant, the Group's profit before tax would increase/decrease by approximately RMB171,771,762.11 (31 December 2024: approximately RMB172,466,813.12), other comprehensive income would increase/decrease by approximately RMB3,453,734.22 (31 December 2024: approximately RMB4,389,934.07).

2. Credit risk

The Group's credit risk mainly arises from bank deposits, notes receivable, accounts receivable, other receivables, financial guarantee contracts, receivables financing, long-term receivables, etc.

The Group expects that there is no significant credit risk associated with bank deposits and on hand since they are deposited at state-owned banks, finance company and other medium or large size listed banks with good reputation and high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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(XII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

2. Credit risk - continued

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, other receivables, receivables financing and long-term receivables, the Group sets relevant policies to control credit risk exposure. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

In addition, financial guarantees and loan commitments may pose risks due to the default of the counterparty. The Group has established strict application and approval requirements for financial guarantees and loan commitments, taking into account a comprehensive set of information including internal and external credit ratings. The Group continuously monitors the credit risk exposure, changes in the credit ratings of counterparties, and other relevant information to ensure that the overall credit risk remains within a controllable range.

As at 30 June 2025, the Group has no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2024: Nil).

3. Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow forecasts. On the basis of summarising the cash flow forecasts of subsidiaries, the finance department of the headquarters continuously monitors short-term and long-term funding requirements at the Group level to ensure that adequate cash reserves and readily realisable marketable securities are maintained, and continuously monitors compliance with the borrowing agreements and obtains commitments from major financial institutions to provide sufficient standby funds to meet both short-term and long-term funding requirements.

As at the balance sheet date, the financial liabilities of the Group are presented below based on the undiscounted contractual cash flows by maturity date:

	30 June 2025				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	45,621,718,368.07	-	-	-	45,621,718,368.07
Derivative financial liabilities	3,289,903.19	-	-	-	3,289,903.19
Notes payable	7,112,113,974.40	-	-	-	7,112,113,974.40
Accounts payable	55,899,521,877.02	-	-	-	55,899,521,877.02
Other payables	17,889,183,683.53	-	-	-	17,889,183,683.53
Long-term borrowings due within one year	2,864,359,530.56	-	-	-	2,864,359,530.56
Lease liabilities due within one year	799,075,413.69	-	-	-	799,075,413.69
Other current liabilities	6,027,749,509.14	-	-	-	6,027,749,509.14
Other non-current liabilities	-	102,275,542.50	-	-	102,275,542.50
Long-term borrowings	-	2,349,142,097.19	688,684,940.00	1,660,314,726.77	4,698,141,763.96
Lease liabilities	-	540,240,957.36	714,225,707.45	569,183,029.01	1,823,649,693.82
Borrowing interests	290,625,445.54	59,024,957.72	152,799,190.21	342,860,501.19	845,310,094.66
Total	136,507,637,705.14	3,050,683,554.77	1,555,709,837.66	2,572,358,256.97	143,686,389,354.54

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(XII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

3. Liquidity risk - continued

As at the balance sheet date, the financial liabilities of the Group are presented below based on the undiscounted contractual cash flows by maturity date: - continued

	31 December 2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	38,064,098,967.71	-	-	-	38,064,098,967.71
Derivative financial liabilities	1,598,178.46	-	-	-	1,598,178.46
Notes payable	9,241,133,347.89	-	-	-	9,241,133,347.89
Accounts payable	50,241,787,131.40	-	-	-	50,241,787,131.40
Other payables	16,797,359,516.09	-	-	-	16,797,359,516.09
Long-term payables due within one year	1,288,321.02	-	-	-	1,288,321.02
Long-term borrowings due within one year	191,801,162.87	-	-	-	191,801,162.87
Lease liabilities due within one year	670,133,878.12	-	-	-	670,133,878.12
Other current liabilities	6,031,879,726.03	-	-	-	6,031,879,726.03
Other non-current liabilities	-	-	102,275,542.50	-	102,275,542.50
Long-term borrowings	-	4,869,501,210.88	2,094,373,000.00	1,367,459,904.69	8,331,334,115.57
Lease liabilities	-	443,598,073.17	658,468,886.97	505,164,142.31	1,607,231,102.45
Long-term payables	-	548,661.60	1,657,265.62	43,119,878.64	45,325,805.86
Borrowing interests	564,361,932.39	89,746,633.41	134,009,415.01	307,119,792.98	1,095,237,773.79
Total	121,805,442,161.98	5,403,394,579.06	2,990,784,110.10	2,222,863,718.62	132,422,484,569.76

As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

	30 June 2025				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Guarantee	-	-	-	-	-

	31 December 2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Guarantee	-	-	-	-	-

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2025		31 December 2024	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	48,486,077,898.63	6,027,749,509.14	38,255,900,130.58	6,031,879,726.03
1 to 2 years	2,349,142,097.19	-	4,869,501,210.88	-
2 to 5 years	688,684,940.00	-	2,094,373,000.00	-
Over 5 years	1,660,314,726.77	-	1,367,459,904.69	-
	53,184,219,662.59	6,027,749,509.14	46,587,234,246.15	6,031,879,726.03

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(XIII) FAIR VALUE DISCLOSURES

The level of fair value measurement results is determined by the lowest level of inputs that are significant to the fair value measurement as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

1. Assets and liabilities measured at fair value on a recurring basis

As at 30 June 2025, the financial assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets -				
Forward exchange contracts	-	4,918,514.43	-	4,918,514.43
Foreign exchange swap contracts	-	-	-	-
Held-for-trading financial assets	1,015,094,000.00	-	7,389,809,589.04	8,404,903,589.04
Receivables financing	-	-	1,911,121,780.41	1,911,121,780.41
Other non-current financial assets	4,587,728.00	-	1,713,129,893.06	1,717,717,621.06
Investments in other equity instruments	34,537,342.18	-	-	34,537,342.18
Total financial assets	1,054,219,070.18	4,918,514.43	11,014,061,262.51	12,073,198,847.12

As at 30 June 2025, the financial liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities -				
Forward exchange contracts	-	3,289,903.19	-	3,289,903.19
Other non-current liabilities	-	-	102,275,542.50	102,275,542.50
Total financial liabilities	-	3,289,903.19	102,275,542.50	105,565,445.69

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(XIII) FAIR VALUE DISCLOSURES - continued**1. Assets and liabilities measured at fair value on a recurring basis - continued**

As at 31 December 2024, the financial assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets -				
Forward exchange contracts	-	5,421,503.02	-	5,421,503.02
Foreign exchange swap contracts	-	10,803,283.33	-	10,803,283.33
Held-for-trading financial assets	-	-	8,632,930,000.00	8,632,930,000.00
Receivables financing	-	-	1,965,669,770.02	1,965,669,770.02
Other non-current financial assets	4,455,830.81	-	1,720,212,300.42	1,724,668,131.23
Investments in other equity instruments	43,899,340.70	-	-	43,899,340.70
Total financial assets	48,355,171.51	16,224,786.35	12,318,812,070.44	12,383,392,028.30

As at 31 December 2024, the financial liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities -				
Forward exchange contracts	-	1,598,178.46	-	1,598,178.46
Other non-current liabilities	-	-	102,275,542.50	102,275,542.50
Total financial liabilities	-	1,598,178.46	102,275,542.50	103,873,720.96

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(XIII) FAIR VALUE DISCLOSURES - continued**1. Assets and liabilities measured at fair value on a recurring basis - continued**

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no transfer between Level 1 and Level 2 for the current period.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include expected return, estimated discount rate, EV, EBIT, stock volatility and etc.

The changes in Level 3 assets and liabilities are as follows:

	31 December 2024	Increase	Decrease	Transfer into Level 3	Transfer out of Level 3	Gain or loss for the current period		30 June 2025	Changes in unrealised gains or losses included in profit or loss for the period from 1 January 2025 to 30 June 2025 with respect to assets still held as at 30 June 2025 - gains or losses on changes in fair value
						Gain or loss recognised in the current profit or loss	Gain or loss recognised in other comprehensive income		
Held-for-trading financial assets	8,632,930,000.00	3,100,000,000.00	(4,426,680,989.34)	-	-	83,560,578.38	-	7,389,809,589.04	89,809,589.04
Receivables financing	1,965,669,770.02	10,861,630,161.49	(10,895,723,628.51)	-	-	(20,454,522.59)	-	1,911,121,780.41	-
Other non-current financial assets	1,720,212,300.42	-	-	-	-	(7,082,407.36)	-	1,713,129,893.06	(7,082,407.36)
Other non-current liabilities	(102,275,542.50)	-	-	-	-	-	-	(102,275,542.50)	-
Total	12,216,536,527.94	13,961,630,161.49	(15,322,404,617.85)	-	-	56,023,648.43	-	10,911,785,720.01	82,727,181.68

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(XIII) FAIR VALUE DISCLOSURES - continued**1. Assets and liabilities measured at fair value on a recurring basis - continued**

Information about the Level 3 fair value measurement is as follows:

	Fair value as at 30 June 2025	Valuation technique	Inputs			
			Name	Scope	Relationship with fair value	Observable/Unobservable
Held-for-trading financial assets	7,389,809,589.04	Discounted cash flow	Expected return	2.20%-2.60%	Positive	Unobservable
Receivables financing	1,911,121,780.41	Discounted cash flow	Estimated discount rate	0.40%-2.50%	Negative	Unobservable
Other non-current financial assets	1,713,129,893.06	Market method	EV/EBIT, EV/S, etc.	0.26-9.53	Positive	Unobservable
Other non-current liabilities	102,275,542.50	Equity value distribution method	Stock volatility	33.24%-44.11%	Positive	Unobservable

	Fair value as at 31 December 2024	Valuation technique	Inputs			
			Name	Scope	Relationship with fair value	Observable/Unobservable
Held-for-trading financial assets	8,632,930,000.00	Discounted cash flow	Expected return	2.20%-2.60%	Positive	Unobservable
Receivables financing	1,965,669,770.02	Discounted cash flow	Estimated discount rate	0.40%-2.50%	Negative	Unobservable
Other non-current financial assets	1,720,212,300.42	Market method	EV/EBIT, EV/S, etc.	0.26-9.53	Positive	Unobservable
Other non-current liabilities	102,275,542.50	Equity value distribution method	Stock volatility	33.24%-44.11%	Positive	Unobservable

Information about the Level 2 fair value measurement is as follows:

	Fair value as at 30 June 2025	Valuation technique	Observable inputs	
			Name	Scope/weighted average
Assets				
Derivative financial assets -				
Forward exchange contracts	4,918,514.43	Market method	Exchange rate	AUDUSD: 0.6636-0.6894
Liabilities				
Derivative financial liabilities -				
Forward exchange contracts	3,289,903.19	Market method	Exchange rate	AUDNZD: 0.9011-0.9294

	Fair value as at 31 December 2024	Valuation technique	Observable inputs	
			Name	Scope/weighted average
Assets				
Derivative financial assets -				
Forward exchange contracts	5,421,503.02	Market method	Exchange rate	AUDUSD: 0.6235-0.6894
Foreign exchange swap contracts	10,803,283.33	Market method	Exchange rate	USDCNY: 6.9841
Liabilities				
Derivative financial liabilities -				
Forward exchange contracts	1,598,178.46	Market method	Exchange rate	AUDNZD: 0.9071-0.9370

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(XIII) FAIR VALUE DISCLOSURES - continued

2. Assets measured at fair value on a non-recurring basis

The Group's assets measured at fair value on a non-recurring basis are the assets of acquiree at the acquisition date under business combinations not involving enterprises under common control.

3. Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities not measured at fair value mainly include cash and bank balances, notes receivable, accounts receivable, other receivables, long-term receivables, short-term borrowings, notes payable, accounts payable, other payables, other current liabilities, long-term payables, long-term borrowings, long-term borrowings due within one year and long-term payables due within one year, etc.

As at 30 June 2025 and 31 December 2024, the carrying amount of long-term receivables and non-current borrowings is a reasonable approximation of their fair value. The fair value of long-term receivables, long-term payables and long-term borrowings is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms.

(XIV) CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is total owners' equity plus net debt. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (as shown in the consolidated statement of financial position including short-term borrowings, non-current liabilities due within one year, other current liabilities, long-term borrowings, long-term payables and lease liabilities) less cash and cash equivalents.

As at 30 June 2025 and 31 December 2024, the Group's gearing ratios are as follows:

	30 June 2025 (%)	31 December 2024 (%)
Gearing ratio	22.51	21.40

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS**1. Accounts receivable**

	30 June 2025	31 December 2024
Accounts receivable	189,862,824.14	198,851,808.14
Less: Bad debt allowance	(119,896,769.53)	(119,902,482.49)
Total	69,966,054.61	78,949,325.65

(1) The aging analysis of accounts receivables based on the date of entry is as follows:

	30 June 2025	31 December 2024
Within 1 year	70,011,016.00	79,000,000.00
Over 3 years	119,851,808.14	119,851,808.14
Total	189,862,824.14	198,851,808.14

(2) As at 30 June 2025, the top five accounts receivable based on the balance of the debtors are summarised and analysed as follows:

	Balance	Amount of bad debt allowance	% of total balance
Total top five accounts receivables	105,741,517.35	(35,786,418.67)	55.69

(3) As at 30 June 2025, accounts receivable for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL rate (%)	Amount of bad debt allowance	Reasons
Accounts receivable 1	11,546,794.10	100.00	(11,546,794.10)	Upon assessment, it is expected to be unrecoverable
Accounts receivable 2	10,013,149.47	100.00	(10,013,149.47)	Upon assessment, it is expected to be unrecoverable
Accounts receivable 3	8,634,602.83	100.00	(8,634,602.83)	Upon assessment, it is expected to be unrecoverable
Accounts receivable 4	5,546,970.95	100.00	(5,546,970.95)	Upon assessment, it is expected to be unrecoverable
Others	84,110,290.79	100.00	(84,110,290.79)	Upon assessment, it is expected to be unrecoverable
Total	119,851,808.14		(119,851,808.14)	

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Other receivables

	30 June 2025	31 December 2024
Amount due from subsidiaries	18,617,876,042.94	14,963,993,522.85
Guarantees (including deposits)	6,000,670.13	6,059,268.13
Dividends receivable	179,154,484.24	218,233,166.04
Interest receivable	87,040,494.17	83,245,232.24
Receivables from enterprises	46,173.82	553,877.00
Others	257,141,035.97	257,141,035.97
Gross carrying amount	19,147,258,901.27	15,529,226,102.23
Less: Bad debts allowance	(269,396,845.61)	(267,262,017.80)
Carrying amount	18,877,862,055.66	15,261,964,084.43

The Company has no funds pooled with other parties and classified as other receivables due to centralised fund management.

(1) The aging analysis of other receivables is as follows:

	30 June 2025	31 December 2024
Within 1 year	12,546,843,070.73	9,002,186,212.26
1 to 2 years	450,388,717.14	484,958,692.51
2 to 3 years	411,565,806.03	3,320,757,197.38
Over 3 years	5,738,461,307.37	2,721,324,000.08
Total	19,147,258,901.27	15,529,226,102.23

(2) Loss allowance and movements in gross carrying amount

The bad debt allowance for other receivables is analysed by category as follows:

	30 June 2025				31 December 2024			
	Gross carrying amount		Bad debt allowance		Gross carrying amount		Bad debt allowance	
	Amount	Proportion to total amount (%)	Amount	Proportion (%)	Amount	Proportion to total amount (%)	Amount	Proportion (%)
Bad debt allowance made on an individual basis (i)	257,141,035.97	1.34	(257,141,035.97)	100.00	257,141,035.97	1.66	(257,141,035.97)	100.00
Bad debt allowance made on a collective basis (ii)	18,890,117,865.30	98.66	(12,255,809.64)	0.06	15,272,085,066.26	98.34	(10,120,981.83)	0.07
Total	19,147,258,901.27	100.00	(269,396,845.61)	1.41	15,529,226,102.23	100.00	(267,262,017.80)	1.72

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Other receivables - continued

(2) Loss allowance and movements in gross carrying amount - continued

As at 30 June 2025 and 31 December 2024, the Company has no other receivables at stage 2. Other receivables at stage 1 and stage 3 are analysed as follows:

- (i) As at 30 June 2025, other receivables for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Stage 3- Lifetime ECL rate (%)	Bad debt allowance	Reasons
Other accounts receivable 1	120,000,000.00	100.00	(120,000,000.00)	It is expected to be unrecoverable
Other accounts receivable 2	33,375,018.03	100.00	(33,375,018.03)	It is expected to be unrecoverable
Other accounts receivable 3	26,030,686.00	100.00	(26,030,686.00)	It is expected to be unrecoverable
Other accounts receivable 4	22,000,000.00	100.00	(22,000,000.00)	It is expected to be unrecoverable
Others	55,735,331.94	100.00	(55,735,331.94)	It is expected to be unrecoverable
Total	257,141,035.97		(257,141,035.97)	

As at 31 December 2024, other receivables for which bad debt allowance is made on an individual basis are analysed as follows:

	Gross carrying amount	Stage 3- Lifetime ECL rate (%)	Bad debt allowance	Reasons
Other accounts receivable 1	120,000,000.00	100.00	(120,000,000.00)	It is expected to be unrecoverable
Other accounts receivable 2	33,375,018.03	100.00	(33,375,018.03)	It is expected to be unrecoverable
Other accounts receivable 3	26,030,686.00	100.00	(26,030,686.00)	It is expected to be unrecoverable
Other accounts receivable 4	22,000,000.00	100.00	(22,000,000.00)	It is expected to be unrecoverable
Others	55,735,331.94	100.00	(55,735,331.94)	It is expected to be unrecoverable
Total	257,141,035.97		(257,141,035.97)	

- (ii) As at 30 June 2025 and 31 December 2024, other receivables for which bad debt allowance is made on a collective basis are analysed as follows:

	30 June 2025			31 December 2024		
	Gross carrying amount	Bad debt allowance		Gross carrying amount	Bad debt allowance	
	Amount	Amount	Proportion (%)	Amount	Amount	Proportion (%)
Stage 1 - 12-month ECL (on a collective basis)						
Amount due from subsidiaries	18,617,876,042.94	(11,942,389.03)	0.06	14,963,993,522.85	(9,598,615.42)	0.06
Guarantees (including deposits)	6,000,670.13	(122,522.86)	2.04	6,059,268.13	(124,373.60)	2.05
Receivables from enterprises	46,173.82	-	-	553,877.00	(355.28)	0.06
Dividends receivable	179,154,484.24	(135,065.86)	0.08	218,233,166.04	(344,240.08)	0.16
Interest receivable	87,040,494.17	(55,831.89)	0.06	83,245,232.24	(53,397.45)	0.06
Total	18,890,117,865.30	(12,255,809.64)		15,272,085,066.26	(10,120,981.83)	

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments

	30 June 2025	31 December 2024
Subsidiaries (1)	30,240,798,581.78	29,227,995,117.42
Associates (2)	2,519,827,504.43	2,224,101,542.46
Joint venture (3)	25,428,136.44	25,428,136.44
Less: Provision for impairment of long-term equity investments	(185,895,633.03)	(185,895,633.03)
Total	32,600,158,589.62	31,291,629,163.29

The Company has no significant restriction on the realisation of long-term investments.

SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

(1) Subsidiaries

	31 December 2024	Changes during the period				30 June 2025	Impairment provision		Cash dividends declared for the period
		Investment made in the current period	Decrease in investment	Impairment provision	Others		30 June 2025	31 December 2024	
SIIC Medical Science and Technology (Group) Limited	7,157,607,012.94	-	-	-	-	7,157,607,012.94	-	-	-
Shanghai Pharmaceuticals (HK) Investment Limited	5,321,484,935.07	35,386,170.00	-	-	-	5,356,871,105.07	-	-	-
Shanghai Pharma Co., Ltd.	4,785,138,992.45	-	-	-	-	4,785,138,992.45	-	-	-
Shanghai TCM Co., Ltd.	1,896,158,274.10	-	-	-	-	1,896,158,274.10	-	-	209,412,177.00
SPH Sine Pharmaceutical Factory Co., Ltd.	1,418,321,561.86	-	-	-	-	1,418,321,561.86	-	-	245,780,000.00
SPH New Asia Pharmaceutical Co., Ltd.	1,225,981,233.99	-	-	-	-	1,225,981,233.99	-	-	14,312,130.00
Shanghai SPH Biomedical Co., Ltd.	1,218,873,515.07	11,607,143.76	-	-	-	1,230,480,658.83	-	-	-
Shanghai Hutchison Pharmaceutical Co., Ltd.	-	952,710,790.60	-	-	-	952,710,790.60	-	-	-
Liaoning Pharmaceutical Foreign Trading Co., Ltd.	597,322,888.99	-	-	-	-	597,322,888.99	-	-	-
Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	513,419,323.04	-	-	-	-	513,419,323.04	-	-	274,112,631.00
Guangdong Techpool Biochemical Pharmaceutical Co., Ltd.	492,732,445.39	-	-	-	-	492,732,445.39	-	-	-
Shanghai Medical Instruments Co., Ltd.	406,446,400.48	-	-	-	-	406,446,400.48	-	-	-
Shanghai Pharmaceutical (USA), Inc.	440,013,236.30	11,521,920.00	-	-	-	451,535,156.30	-	-	-
SPH (Benxi) North Pharmaceuticals Co., Ltd.	380,000,000.00	-	-	-	-	380,000,000.00	-	-	-
SPH No. 1 Biochemical & Pharmaceutical Co., Ltd.	361,866,971.62	63,000,000.00	-	-	-	424,866,971.62	-	-	-
Shanghai Innovation Center for Biopharmaceuticals	312,599,154.06	-	-	-	-	312,599,154.06	-	-	-
Shanghai Jiaolian Pharmaceutical R&D Co., Ltd.	305,315,023.99	-	-	-	-	305,315,023.99	-	-	-
SPH Qingdao Guofeng Pharmaceutical Co., Ltd.	259,918,653.79	-	-	-	-	259,918,653.79	-	-	-
SPH Changzhou Pharmaceutical Co., Ltd.	207,456,710.09	-	-	-	-	207,456,710.09	-	-	-
Shanghai Industrial United Holdings Pharmaceutical Co., Ltd.	167,500,000.00	-	-	-	-	167,500,000.00	-	-	-
Shanghai SPH Innovative Pharmaceutical Technology Co., Ltd.	101,417,608.00	-	-	-	-	101,417,608.00	-	-	-
Shanghai Zhonghua Pharmaceutical Co., Ltd.	101,049,509.15	-	-	-	-	101,049,509.15	-	-	-
Shanghai Shangyao Ruier Pharmaceutical Co., Ltd.	100,511,914.00	-	-	-	-	100,511,914.00	-	-	-
Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd.	85,847,130.00	-	-	-	-	85,847,130.00	-	-	-
Shanghai Pharma Institute of Traditional Chinese Medicine Co., Ltd.	57,000,000.00	11,000,000.00	-	-	-	68,000,000.00	-	-	-
Shanghai Pharmaceutical Group Industrial Marketing Management Co., Ltd.	19,270,000.00	-	-	-	-	19,270,000.00	-	-	-
SPH Biotherapeutics Limited	100,000,000.00	-	-	-	-	100,000,000.00	-	-	-
Others	1,194,742,623.04	-	(72,422,560.00)	-	-	1,122,320,063.04	-	-	172,128,156.24
Total	29,227,995,117.42	1,085,226,024.36	(72,422,560.00)	-	-	30,240,798,581.78	-	-	915,745,094.24

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(IN RMB, UNLESS OTHERWISE STATED)

(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

(2) Associates

	31 December 2024	Changes during the period								30 June 2025	Impairment provision	
		Investment made in the current period	Decrease in investment	Net profit or loss adjusted using equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profits declared	Impairment provision	Others		30 June 2025	31 December 2024
Shanghai Industrial Group Finance Co., Ltd.	429,353,783.47	-	-	8,426,013.50	-	-	-	-	-	437,779,796.97	-	-
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	310,511,144.62	-	-	769,829.63	58,844.37	(54,806.73)	(4,187,356.80)	-	-	307,097,655.09	-	-
Shanghai Biomedical Merger & Acquisition Private Equity Fund Partnership (Limited Partnership)	-	267,945,919.00	-	(808,483.97)	-	-	(6,310,720.04)	-	-	260,826,714.99	-	-
Shanghai Lianyi Investment Center (limited Partnership)	241,914,060.08	-	-	11,815,986.40	-	-	(25,003,165.72)	-	-	228,726,880.76	-	-
Sino-American Shanghai Squibb Pharmaceuticals Ltd.	213,111,202.67	-	-	43,017,276.10	-	-	-	-	-	256,128,478.77	-	-
Chengdu Wesker Biomedical Co., Ltd.	118,984,679.52	-	-	(3,766,495.42)	-	-	-	-	-	115,218,184.10	-	-
Shanghai Ajinomoto Amino Acid Co., Ltd.	128,805,940.07	-	-	7,276,448.99	-	-	(4,210,406.34)	-	-	131,871,982.72	-	-
Hangzhou Huqing Yutang Pharmaceutical Co., Ltd.	111,726,626.97	-	-	3,884,393.34	-	-	-	-	-	115,611,020.31	-	-
Shanghai Good Health Capital LLP	81,555,167.64	-	-	3,296,721.50	-	-	(7,536,698.92)	-	-	77,315,190.22	-	-
Shanghai Shangshi Biomedical Innovation and Transformation Private Investment Fund LLP	109,858,571.79	-	-	814,554.25	-	-	-	-	-	110,673,126.04	-	-
West China Precision Medicine Industrial Innovation Center	94,867,777.61	-	-	(1,853,062.90)	-	-	-	-	-	93,014,714.71	-	-
Sichuan Greentech Bio-technology Co., Ltd.	66,308,281.18	-	-	181,517.12	-	-	-	-	-	66,489,798.30	-	-
Shanghai Chest Medical Instruments Co., Ltd.	55,050,485.55	-	-	4,547,183.94	-	-	(3,060,000.00)	-	-	56,537,669.49	-	-
Shanghai Pharma Health Commerce Co., Ltd.	53,097,663.26	-	-	(48,533.60)	-	(3,497.16)	-	-	-	53,045,632.50	-	-
Shanghai Biomedical Industry Equity Investment Fund Management Co., Ltd.	19,315,320.87	-	-	1,957,811.42	-	-	-	-	-	21,273,132.29	-	-
Shangshi Commercial Factoring Co., Ltd.	-	-	-	-	-	-	-	-	-	-	(154,799,830.72)	(154,799,830.72)
Others	29,173,340.57	-	-	(1,423,309.99)	-	-	-	-	-	27,750,030.58	(5,667,665.87)	(5,667,665.87)
Total	2,063,634,045.87	267,945,919.00	-	78,087,850.31	58,844.37	(58,303.89)	(50,308,347.82)	-	-	2,359,360,007.84	(160,467,496.59)	(160,467,496.59)

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

(3) Joint venture

	31 December 2024	Changes during the period								30 June 2025	Impairment provision	
		Investment made in the current period	Decrease in investment	Net profit or loss adjusted using equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profits declared	Impairment provision	Others		30 June 2025	31 December 2024
Zhejiang Shangyao Jiuzhou Biopharmaceutical Co., Ltd.	-	-	-	-	-	-	-	-	-	-	(25,428,136.44)	(25,428,136.44)

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Capital reserve

	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Share premium	32,520,299,301.85	21,586,605.15	-	32,541,885,907.00
Other capital reserve -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	231,470,727.08	-	(58,303.89)	231,412,423.19
Share-based payment	17,157,711.45	-	(14,797,227.45)	2,360,484.00
Others	(289,656,947.52)	-	-	(289,656,947.52)
Total	32,479,270,792.86	21,586,605.15	(14,855,531.34)	32,486,001,866.67

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Share premium	32,404,631,759.09	15,276,596.26	-	32,419,908,355.35
Other capital reserve -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	225,763,258.19	5,669,455.18	-	231,432,713.37
Share-based payment	50,792,867.95	350,204.68	(11,403,968.09)	39,739,104.54
Others	(289,656,947.52)	-	-	(289,656,947.52)
Total	32,391,530,937.71	21,296,256.12	(11,403,968.09)	32,401,423,225.74

NOTES TO THE FINANCIAL STATEMENTS
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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

5. Other Comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the Company's income statement for the period from 1 January 2025 to 30 June 2025			
	31 December 2024	Converted from other comprehensive income into retained earnings	30 June 2025	Amount before income tax	Less: other comprehensive income transferred out for the period	Less: Income tax expenses	Net of tax
Other comprehensive income that will be reclassified to profit or loss							
Share of the other comprehensive income under the equity method that will be reclassified to profit and loss	(420,774.15)	-	(361,929.78)	58,844.37	-	-	58,844.37

	Other comprehensive income in the balance sheet			Other comprehensive income in the Company's income statement for the period from 1 January 2024 to 30 June 2024			
	31 December 2023	Converted from other comprehensive income into retained earnings	30 June 2024	Amount before income tax	Less: other comprehensive income transferred out for the period	Less: Income tax expenses	Net of tax
Other comprehensive income that will be reclassified to profit or loss							
Share of the other comprehensive income under the equity method that will be reclassified to profit and loss	(390,780.10)	-	(371,822.29)	18,957.81	-	-	18,957.81

NOTES TO THE FINANCIAL STATEMENTS
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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

6. Retained profits

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Retained profits at the beginning of the period	2,333,058,032.95	2,074,708,835.61
Add: Net profit for the period	755,292,535.27	109,255,381.94
Less: Appropriation to statutory surplus reserve	-	-
Dividends distribution	(1,075,424,924.61)	(1,518,487,050.73)
Retained profits at the end of the period	2,012,925,643.61	665,477,166.82

7. Operating income and operating costs

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Income from main operating activities	-	-
Income from other operating activities (1)	1,325,708.46	4,668,114.53
Total	1,325,708.46	4,668,114.53

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Costs of main operating activities	-	-
Costs of other operating activities (1)	-	2,420,081.42
Total	-	2,420,081.42

(1) Income from other operating activities and costs of other operating activities

	For the period from 1 January 2025 to 30 June 2025		For the period from 1 January 2024 to 30 June 2024	
	Income from other operating activities	Costs of other operating activities	Income from other operating activities	Costs of other operating activities
Management service	1,315,316.00	-	285,309.41	-
Technology transfer, research and development service	10,392.46	-	4,382,805.12	2,420,081.42
Total	1,325,708.46	-	4,668,114.53	2,420,081.42

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(XV) NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Investment income

	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Income from long-term equity investments under cost method	915,745,094.24	413,716,704.00
Income from long-term equity investments under equity method	78,087,850.31	45,572,944.43
Interest income from intra-group loans	103,424,784.73	143,236,175.95
Investment loss on disposal of long-term equity investments	(539,200.66)	-
Others	14,876,824.49	275,000.00
Total	1,111,595,353.11	602,800,824.38

The Company is not subject to significant restriction on repatriation of investment income.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025
(IN RMB, UNLESS OTHERWISE STATED)

(I) SUMMARY OF NON-RECURRING PROFIT OR LOSS

	For the period from 1 January 2025 to 30 June 2025
Gain or loss on disposal of non-current assets, including write-off of provision for impairment of assets	2,993,321,946.93
Government grants recognised in profit or loss, except for those government grants that are closely related to the Group's normal business operations, in conformity with national policies, in accordance with defined criteria, and that have a continuing effect on the Group's profit or loss	137,412,698.68
Gain or loss on changes in fair value of financial assets and financial liabilities held and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging business related to the Group's normal business operations	(4,105,898.43)
Reversal of bad debts allowance for receivables on individual basis	35,630,063.43
Non-operating income and expenses other than the above	(12,798,921.82)
Sub-total	3,149,459,888.79
Impact of income tax expense	(757,320,870.75)
Impact on the minority interests, net of tax	(33,039,073.96)
Total	2,359,099,944.08

(1) Basis for preparation of summary of non-recurring profit or loss for the period from 1 January 2025 to 30 June 2025

CSRC promulgated Explanatory announcement No.1 (2023 Revised) on information disclosure by companies offering securities to the public - non-recurring profit or loss (Hereinafter referred to as Explanatory announcement No.1 (2023 Revised)), the provision shall come into force on the date of promulgation. The Group prepared the summary of non-recurring profit or loss for the period from 1 January 2025 to 30 June 2025 under the requirements in Explanatory announcement No.1 (2023 Revised).

Under the requirements in Explanatory announcement No.1 (2023 Revised) from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

(II) RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024	For the period from 1 January 2025 to 30 June 2025	For the period from 1 January 2024 to 30 June 2024
Net profit attributable to ordinary shareholders of the Company	6.03	4.20	1.20	0.79	1.20	0.79
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.84	3.86	0.57	0.73	0.57	0.73