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山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited
(A joint stock company established in the People's Republic of China with limited liability)
(Stock Code: 00719)

2025 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) and directors (“**Directors**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2025 (the “**Reporting Period**”). The following financial information has been prepared in accordance with China Accounting Standards for Business Enterprises (the “**CASBE**”).

This announcement is published in Chinese and English. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

I. COMPANY INFORMATION

Chinese Name of the Company: 山東新華製藥股份有限公司

English Name of the Company: SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED

Legal Representative: Mr. He Tongqing

Secretary to the Board: Mr. Cao Changqiu

Telephone Number: 86-533-2196024

Facsimile Number: 86-533-2287508

E-mail Address of Secretary to the Board: cqcao@xhzy.com

Registered Address: Chemical Industry Area of Zibo Hi-tech Industry Development Zone, Zibo City, Shandong Province, the People's Republic of China (the “**PRC**”)

Office Address: No. 1 Lutai Ave., Hi-tech Industry Development Zone, Zibo City, Shandong Province, the PRC

Postal Code: 255086

Website of the Company: <http://www.xhzy.com>

E-mail Address of the Company: xhzy@xhzy.com

PRC newspaper for information disclosure: Securities Times

PRC website for information disclosure: <http://www.cninfo.com.cn>

Listing Information:

H Shares: The Stock Exchange of Hong Kong Limited (the “SEHK”)

Stock Short Name: Shandong Xinhua

Stock Code: 00719

A Shares: Shenzhen Stock Exchange

Stock Short Name: Xinhua Pharm

Stock Code: 000756

II. FINANCIAL SUMMARY

Principal financial data prepared in accordance with CASBE (audited)

Unit: Renminbi (“RMB”)

Item	2025	2024	Change as compared to previous year	2023
Operating income	8,754,721,987.78	8,466,309,803.08	3.41%	8,100,844,707.33
Total profit	358,916,503.18	533,653,423.32	(32.74%)	532,685,725.02
Income tax expense	52,612,585.03	46,938,849.44	12.09%	26,578,700.01
Net profit	306,303,918.15	486,714,573.88	(37.07%)	506,107,025.01
Minority shareholders’ profit or loss	16,415,063.15	16,690,827.80	(1.65%)	9,594,823.76
Net profit attributable to shareholders of listed company	289,888,855.00	470,023,746.08	(38.32%)	496,512,201.25
Net profit attributable to shareholders of listed company after deduction of non-recurring profit or loss	268,343,425.04	448,006,721.77	(40.10%)	461,535,415.37
Net cash flow from operating activities	533,728,707.74	367,610,448.95	45.19%	265,278,895.87
Basic earnings per share (RMB/share)	0.42	0.69	(39.13%)	0.74
Diluted earnings per share (RMB/share)	0.42	0.68	(38.24%)	0.72
Ratio of weighted average return on net assets	5.66%	9.79%	Decreased by 4.13 percentage points	11.41%

Item	As at 31 December 2025	As at 31 December 2024	Change as compared to previous year	As at 31 December 2023
Total assets	9,185,695,768.16	9,019,601,567.53	1.84%	8,286,166,330.90
Total liabilities	3,729,969,264.92	3,802,101,150.19	(1.90%)	3,510,413,044.14
Minority interest	246,973,258.72	225,911,892.56	9.32%	222,649,417.20
Net assets attributable to shareholders of listed company	5,208,753,244.52	4,991,588,524.78	4.35%	4,553,103,869.56

Note:

From the end of the Reporting Period to the date of this announcement, 6.9069 million new A-shares had been issued pursuant to exercise of share options following completion of the third exercise period of the initial grant of the share option scheme of the Company adopted on 31 December 2021 (the “**2021 Share Option Scheme**”).

III. CHANGES IN SHARE CAPITAL STRUCTURE AND SHAREHOLDERS' INFORMATION

1. Table of changes in share capital structure

Unit: share

Item	31 December 2025		31 December 2024	
	Number of shares	Proportion of total share capital (%)	Number of shares	Proportion of total share capital (%)
1. Total number of conditional tradable shares	2,251,999	0.33	38,633,274	5.66
State-owned shares	-	-	-	-
Shares owned by domestic legal persons	-	-	37,091,988	5.44
Number of executive shares in A shares with limited sale conditions	2,251,999	0.33	1,541,286	0.22
Others	-	-	-	-
2. Total number of unconditional tradable shares	687,524,536	99.67	643,774,361	94.34
RMB-denominated ordinary shares (A shares)	492,524,536	71.40	448,774,361	65.76
Overseas listed foreign shares (H shares)	195,000,000	28.27	195,000,000	28.58
3. Total number of shares	689,776,535	100.00	682,407,635	100.00

Notes:

- During the Reporting Period, a total of 7,368,900 new A-shares were issued pursuant to the exercise of share options that were exercisable under the second exercise period of the initial grant of the 2021 Share Option Scheme. The 7,368,900 new A-shares were registered and listed for circulation on 14 January 2025.
- 37,091,988 RMB-denominated ordinary shares issued by the Company to Hualu Investment Development Co., Ltd. by way of non-public offering had been released from lock-up restrictions and have been listed for circulation on 14 April 2025.

2. Shareholders' information

- As at 31 December 2025, the Company had a total of 77,529 registered shareholders, including 38 registered holders of H shares and 77,491 holders of A shares. As at 28 February 2026, the Company had a total of 76,979 registered shareholders, including 38 registered holders of H shares and 76,941 holders of A shares. Such information excludes non-registered shareholders who hold H shares through HKSCC (Nominees) Limited.
- As at 31 December 2025, the top ten registered shareholders of the Company were as follows:

Unit: share

Name of shareholders	Nature of shareholders	% of the total share capital	Number of shares held at the end of the Reporting Period	Change over the Reporting Period	Number of conditional tradable shares held	Number of unconditional tradable shares
華魯控股集團有限公司(Hualu Holdings Group Co. Ltd.*) ⁽ⁱ⁾ (“HHC”)	State-owned	29.70	204,864,092	-	-	204,864,092
香港中央結算(代理人)有限公司(HKSCC (Nominees) Limited)	H shares	28.05	193,516,087	201,940	-	193,516,087

華魯投資發展有限公司(Hualu Investment Development Co. Ltd) ⁽ⁱ⁾	State-owned	5.38	37,091,988	-	-	37,091,988
香港中央結算有限公司(HKSCC Limited)	Overseas Legal Person	0.43	2,984,786	1,038,379	-	2,984,786
招商銀行股份有限公司—南方中證1000交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.39	2,713,600	291,100	-	2,713,600
招商銀行股份有限公司—華夏中證1000交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.25	1,721,000	424,100	-	1,721,000
中國工商銀行股份有限公司—廣發中證1000交易型開放式指數證券投資基金(Industrial and Commercial Bank of China Limited - Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.18	1,230,130	221,300	-	1,230,130
劉長城 Liu Changcheng	Domestic natural person	0.17	1,187,400	1,187,400	-	1,187,400
馬強 Ma Qiang	Domestic natural person	0.17	1,154,500	642,200	-	1,154,500
趙能平 Zhao Nengping	Domestic natural person	0.09	603,333	320,000	-	603,333

(3) As at 31 December 2025, the ten registered largest shareholders of unconditional tradable shares of the Company were as follows:

Unit: share

Name of shareholders	Number of unconditional tradable shares at the end of the Reporting Period	Nature of shares
華魯控股集團有限公司(HHC) (i)	204,864,092	RMB ordinary share
香港中央結算(代理人)有限公司 HKSCC (Nominees) Limited	193,516,087	Overseas listed foreign share
華魯投資發展有限公司(Hualu Investment Development Co. Ltd) ⁽ⁱ⁾	37,091,988	RMB ordinary share
香港中央結算有限公司(HKSCC Limited)	2,984,786	RMB ordinary share
招商銀行股份有限公司—南方中證1000交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	2,713,600	RMB ordinary share
招商銀行股份有限公司—華夏中證1000交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	1,721,000	RMB ordinary share
中國工商銀行股份有限公司—廣發中證1000交易型開放式指數證券投資基金(Industrial and Commercial Bank of China Limited - Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	1,230,130	RMB ordinary share
劉長城 Liu Changcheng	1,187,400	RMB ordinary share
馬強 Ma Qiang	1,154,500	RMB ordinary share
趙能平 Zhao Nengping	603,333	RMB ordinary share

Notes:

(i) The shareholding of HHC represented excludes the 37,091,988 A shares which are directly held by Hualu Investment Development Co. Ltd (“**Hualu Investment**”), a direct wholly owned subsidiary of HHC. As of 31 December 2025, Hualu Investment and Well Bring Limited (“**Well Bring**”) are a direct wholly owned subsidiary and an indirect wholly owned subsidiary of HHC, respectively. Hualu Investment holds 37,091,988 A shares of the Company, representing approximately 5.38% of the issued share capital of the Company. Well Bring holds 20,827,800 H shares (being overseas listed foreign shares) of the Company, representing approximately 3.02% of the issued share capital of the Company.

(ii) The following is a description of the association relationship among above shareholders or whether they are regarded as persons acting in concert under applicable PRC laws and regulations:

Except for Hualu Investment which is a wholly owned subsidiary of HHC, to the best of the knowledge of the Directors, there is no association relationship (as defined in the *Rules Governing Listing of Stocks On Shenzhen Stock Exchange*) amongst the other above mentioned shareholders and none of them are persons acting in concert (as defined in the *Measures for the Administration of the Takeover of Listed Companies*) (“**Administration Measures for Takeover**”) issued by the China Securities Regulatory Commission (the “**CSRC**”). In addition, the Directors are not aware of any association amongst the shareholders of H Shares of the Company or that any of them are persons acting in concert as defined in the Administration Measures for Takeover.

Except for Hualu Investment which is a wholly owned subsidiary of HHC, the Directors are not aware of any association relationship among the other shareholders holding shares without selling restrictions, nor are they aware of any association relationship between such shareholders and other shareholders of the Company, or that any of them are persons acting in concert as defined under the Administration Measures for the Takeover of Listed Companies.

(iii) Save as disclosed above and so far as the Company is aware, no other domestic shareholder directly held more than 5% of the total issued shares of the Company.

(iv) Save as disclosed above and so far as the Directors are aware, as at 31 December 2025, no other person (other than the Directors, chief executives or members of senior management (the “**Senior Management**”) of the Company) had an interest or short position in the Company’s shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the “**SEHK**”) under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”) and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as the term is defined in the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”)) of the Company.

3. As far as the Company is aware, there had been no change of Controlling Shareholder (as defined under the Listing Rules) of the Company during the Reporting Period.

IV. DIVIDENDS

The following is the final profit distribution plan proposed by the Board for the year 2025: The total number of issued shares of the Company as at the date of this announcement was 696,683,435 (of which 501,683,435 shares were A shares and 195,000,000 shares were H shares). Based on such total issued share capital of the Company, it is proposed that a dividend in the amount of RMB 0.15 (tax inclusive) per share shall be paid to shareholders of the Company. In the event the total issued share capital of the Company changes due to the exercise of share options or the listing of new shares for refinancing actions of the Company before the implementation of the Company’s 2025 final profit distribution plan, the distribution plan will be adjusted accordingly on the principle that the distribution proportion per share shall remain unchanged. The above mentioned proposed final dividends distribution for the year 2025 is subject to obtaining approval from shareholders of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

An announcement containing further details as to, amongst others, the payment currency and applicable foreign exchange rate, the relevant record date and book closure period in connection with the proposed cash dividend will be disclosed in due course.

V. INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Set out below are changes in Directors and members of senior management of the Company and their respective interests in the securities of the Company during the relevant periods indicated:

Name	Position	As at 31 December 2025	Change in shareholding	As at 31 December 2024
Directors				
Mr. He Tongqing	Chairman	397,550	105,600 ^(Note2)	291,950
Mr. Xu Wenhui	Executive Director, General Manager	347,600	105,600 ^(Note2)	242,000
Mr. Xu Lie	Non-executive Director	397,550	105,600 ^(Note2)	291,950
Mr. Zhang Chengyong	Non-executive Director	Nil	-	Nil
Mr. Hou Ning	Executive Director, Financial Controller	434,400	105,600 ^(Note2)	328,800
Mr. Pan Guangcheng	Independent non-executive Director	Nil	-	Nil
Mr. Zhu Jianwei	Independent non-executive Director	Nil	-	Nil
Mr. Ling Peixue	Independent non-executive Director	Nil	-	Nil
Ms. Cheung Ching Ching, Daisy	Independent non-executive Director	Nil	-	Nil
Other senior Management				
Mr. Wei Changsheng	Deputy General Manager	347,600	105,600 ^(Note2)	242,000
Mr. Liu Xuesong	Deputy General Manager	157,100	66,000 ^(Note2)	91,100
Mr. Kou Zuxing	Deputy General Manager	123,600	49,500 ^(Note2)	74,100
Mr. Cao Changqiu	Secretary to the Board	267,200	66,000 ^(Note2)	201,200
Mr. Zheng Zhonghui	Former Deputy General Manager(Resigned on 5 September 2025)	397,550	105,600 ^(Note2)	291,950
Total		2,870,150	815,100^(Note2)	2,055,050

Notes:

- (1) All interests in the securities of the Company owned by the Directors and Senior Management of the Company are long position in A Shares.
- (2) The relevant Shares were issued pursuant to the second exercise of share options under the initial grant of the 2021 Share Option Scheme.
- (3) So far as the Directors and the Senior Management of the Company are aware, as at 31 December 2025, no Director or Senior Management of the Company had any interest or short position in the shares, underlying shares and / or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which any such Director or Senior Management is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise

required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

VI. MAIN BUSINESS AND FINANCIAL SITUATION

The Group is mainly engaged in the development, production and sale of chemical bulk drugs, preparations, medical intermediates and other products.

Analysis of operating results and financial situation in accordance with CASBE

(I) Analysis of Assets and Liabilities

1. Assets constitute changes

Item	As at 31 December 2025		As at 31 December 2024		Percentage increase or decrease
	Amounts	Proportion of total assets	Amounts	Proportion of total assets	
Monetary funds	1,396,482,926.22	15.20%	1,245,022,873.47	13.80%	1.40%
Accounts receivable	862,388,584.20	9.39%	868,204,001.79	9.63%	(0.24%)
Contract assets	427,899.59	0.00%	439,963.12	0.00%	0.00%
Inventories	1,318,099,539.03	14.35%	1,272,856,947.10	14.11%	0.24%
Investment real estate	29,714,671.93	0.32%	31,797,104.69	0.35%	(0.03%)
Long-term equity investment	58,191,097.56	0.63%	58,730,419.65	0.65%	(0.02%)
Fixed assets	3,783,252,309.59	41.19%	3,511,461,272.20	38.93%	2.26%
Projects under construction	366,170,853.13	3.99%	781,095,104.92	8.66%	(4.67%)
Right-of-use assets	2,364,683.50	0.03%	3,086,649.43	0.03%	0.00%
Short-term borrowing	433,638,538.34	4.72%	580,155,616.42	6.43%	(1.71%)
Contract liability	149,301,833.29	1.63%	96,837,598.29	1.07%	0.56%
Long-term borrowings	695,319,527.08	7.57%	771,540,739.20	8.55%	(0.98%)
Lease liabilities	744,839.50	0.01%	1,105,117.40	0.01%	0.00%

Unit: RMB Yuan

2. Analysis of major changes of items

Unit: RMB Yuan

Items	As at 31 December 2025	As at 31 December 2024	Change as compared to the end of 2025	Description of significant changes
Notes receivable	26,847,465.76	40,915,665.41	(34.38%)	(1)
Receivable financing	319,240,231.72	210,085,781.65	51.96%	(2)
Prepayments	45,125,129.87	33,378,429.50	35.19%	(3)
Construction in progress	366,170,853.13	781,095,104.92	(53.12%)	(4)
Long-term deferred expenses	5,995,928.71	9,985,697.02	(39.95%)	(5)
Other non-current assets	18,101,386.70	58,952,192.85	(69.29%)	(6)
Contract liabilities	149,301,833.29	96,837,598.29	54.18%	(7)
Lease liabilities	744,839.50	1,105,117.40	(32.60%)	(8)
Special reserves	12,163,037.82	6,267,199.72	94.07%	(9)

Reasons for the changes of the relevant date for more than 30% over the beginning of the year:

- (1) The main reason for the decrease in notes receivable in 2025 compared to the end of 2024 was a decrease in bank acceptance bills that have not been terminated for recognition during the Reporting Period.
- (2) The main reason for the increase in receivable financing in 2025 compared to the end of 2024 was an increase in bank acceptance bills received during the Reporting Period.
- (3) The main reason for the increase in prepayments in 2025 compared to the end of 2024 was due to an increase in prepaid purchase payments during 2025 to ensure production and operations.
- (4) The main reason for the decrease in construction in progress in 2025 compared to the end of 2024 was that some engineering projects of the Group that have been completed has been reclassified as capital during the Reporting Period, as they have reached the expected usable state.
- (5) The main reason for the decrease in long-term deferred expenses in 2025 compared to the end of 2024 was that some of the long-term expenses of the Group have been fully amortized during the Reporting Period.
- (6) The main reason for the decrease in other non-current assets in 2025 compared to the end of 2024 was that some of the purchased non patented technologies have reached conditions for use and were reclassified as intangible assets during the Reporting Period.
- (7) The main reason for the increase in contract liabilities in 2025 compared to the end of 2024 was an increase in advance payments received from customers during the Reporting Period.
- (8) The main reason for the decrease in lease liabilities in 2025 compared to the end of 2024 was the timely payment of lease fees during the reporting period, resulting in a decrease in lease payments.
- (9) The main reason for the increase in special reserves in 2025 compared to the end of 2024 was an increase in unused safety production fees that have been provisioned for the Reporting Period.

(II) Expense and income statement items

Unit: RMB Yuan

Items	2025	2024	Change as compared to the same period last year	Description of significant changes
Selling expenses	341,082,001.85	584,739,997.94	(41.67%)	(1)
Administration expenses	457,662,218.64	437,070,533.59	4.71%	
Financial expenses	34,572,846.51	12,140,626.62	184.77%	(2)
Cost of research and development (R&D)	381,617,425.73	413,182,811.71	(7.64%)	
Credit impairment loss	(5,351,752.99)	(9,462,280.63)	(43.44%)	(3)
Gain from disposal of assets	1,990,589.09	1,419,533.61	40.23%	(4)
Non-operating income	5,415,769.48	8,481,488.89	(36.15%)	(5)
Operating profit	363,984,851.26	534,370,670.27	(31.89%)	
Total profit	358,916,503.18	533,653,423.32	(32.74%)	(6)
Net profit	306,303,918.15	486,714,573.88	(37.07%)	

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

- (1) The main reason for the year-on-year decrease in selling expenses in 2025 was that during this Reporting Period, with the normalization of national centralized procurement, the Company achieved an increase in the proportion of revenue from centralized procurement varieties, while expenses incurred for market development and terminal sales decreased year-on-year.
- (2) The main reason for the year-on-year increase in financial expenses in 2025 was the decrease in foreign exchange earnings due to exchange rate fluctuations during the Reporting Period.
- (3) The main reason for the year-on-year decrease in credit impairment losses in 2025 was due to a reduction in provision for bad debt losses on accounts receivable during the Reporting Period.
- (4) The main reason for the year-on-year increase in gain from disposal of assets in 2025 was an increase in income from the disposal of fixed assets during this Reporting Period.
- (5) The main reason for the year-on-year decrease in non-operating income in 2025 was a reduction in income due to write-off of long-term liabilities during this Reporting Period.
- (6) The main reason for the year-on-year decrease in operating profit, total profit, and net profit in 2025 was due to the necessity of the Group to proactively react to severe competition in the international and domestic markets in which it operates. In order to consolidate and enhance its product market share, the Group expanded its business scale and lowered the prices of some of its products sold, which affected the profitability of the Group.

(III) Cash flow

Unit: RMB Yuan

Items	2025	2024	Change as compared to the same period last year	Description of significant changes
Cash inflows from operating activities	7,931,827,672.46	8,190,329,183.85	(3.16%)	
Cash outflows from operating activities	7,398,098,964.72	7,822,718,734.90	(5.43%)	
Net cash flow generated from operating activities	533,728,707.74	367,610,448.95	45.19%	(1)
Cash inflows from investing activities	12,098,525.77	8,836,905.00	36.91%	(2)
Cash outflows from investing activities	115,602,127.29	221,047,627.59	(47.70%)	
Net cash flow generated from investing activities	(103,503,601.52)	(212,210,722.59)	51.23%	(3)
Cash inflows from financing activities	1,041,232,461.00	979,178,520.78	6.34%	
Cash outflows from financing activities	1,332,360,679.02	794,399,946.60	67.72%	(4)
Net cash flow generated from financing activities	(291,128,218.02)	184,778,574.18	(257.56%)	(5)
Net increase in cash and cash equivalents	146,333,903.73	355,190,755.19	(58.80%)	(6)

Reasons for changes of more than 30% compared with the same period last year:

- (1) The year-on-year increase in net cash flow generated from operating activities in 2025 was due to the strengthening of accounts receivable and inventory management during the reporting period, which has improved the efficiency of capital operations.
- (2) The main reason for the year-on-year increase in cash inflows from investment activities in 2025 was an increase in cash that were received from the disposal of fixed assets of the Group in the Reporting Period.
- (3) The year-on-year decrease in cash outflows from investment activities in 2025 and the year-on-year increase in net cash flows generated from investment activities was due to a decrease in cash that were paid for purchasing fixed assets for the Group in the Reporting Period.
- (4) The year-on-year increase in cash outflows from financing activities in 2025 was due to an increase in the amount paid to repay debts that matured during the Reporting Period.
- (5) The year-on-year decrease in net cash flow generated from financing activities was due to the reasonable fundraising carried out by the Group and the optimization of its debt structure during the Reporting Period.
- (6) The main reasons for the year-on-year decrease in net increase in cash and cash equivalents were due to the matter described in (1), (3), and (5) above.

(IV) The Group's operating revenue classified by industry, by product and by geographical location in accordance with CASBE in 2025 is as follow:

Unit: RMB Yuan						
Item	Operating revenue	Operating costs	Gross profit rate	Change in operating income as compared to 2024	Change in operating costs as compared to 2024	Change in gross profit rate as compared to 2024
By industry						
Chemical bulk drugs	2,645,585,755.49	1,700,837,409.54	35.71%	(3.30%)	(4.93%)	Increase by 1.10 percentage points
Preparations	3,985,519,069.87	3,345,883,204.61	16.05%	(2.13%)	11.43%	Decrease by 10.22 percentage points
Medical intermediates and other products	2,123,617,162.42	2,063,459,012.58	2.83%	28.07%	26.34%	Increase by 1.33 percentage points
Total	8,754,721,987.78	7,110,179,626.73	18.78%	3.41%	10.67%	Decrease by 5.33 percentage points
By product						
Raw material pharmaceuticals such as antipyretic and analgesic	2,645,585,755.49	1,700,837,409.54	35.71%	(3.30%)	(4.93%)	Increase by 1.10 percentage points
Preparations such as tablet, injection, capsule etc.	3,985,519,069.87	3,345,883,204.61	16.05%	(2.13%)	11.43%	Decrease by 10.22 percentage points
Medical intermediates and others	2,123,617,162.42	2,063,459,012.58	2.83%	28.07%	26.34%	Increase by 1.33 percentage points
Total	8,754,721,987.78	7,110,179,626.73	18.78%	3.41%	10.67%	Decrease by 5.33 percentage points
By geographical location						
China (including Hong Kong)	6,785,211,744.85	5,453,890,548.34	19.62%	7.15%	15.02%	Decrease by 5.50 percentage points
Americas	745,574,626.89	580,322,933.85	22.16%	(19.09%)	(17.78%)	Decrease by 1.24 percentage points
Europe	712,823,661.12	599,356,803.04	15.92%	(10.72%)	(1.81%)	Decrease by 7.63 percentage points
Others	511,111,954.92	476,609,341.50	6.75%	23.38%	29.91%	Decrease by 4.68 percentage points
Total	8,754,721,987.78	7,110,179,626.73	18.78%	3.41%	10.67%	Decrease by 5.33 percentage points
Sub-sales model						
Direct selling	2,899,441,750.49	2,414,504,138.78	16.73%	(4.82%)	5.26%	Decrease by 7.97 percentage points
Distribution selling	5,855,280,237.29	4,695,675,487.95	19.80%	8.03%	13.67%	Decrease by 3.98 percentage points
Total	8,754,721,987.78	7,110,179,626.73	18.78%	3.41%	10.67%	Decrease by 5.33 percentage points

(V) Liquidity and analysis of financial resources and capital structure

As at 31 December 2025, the current ratio was 143.48% and the quick ratio of the Group was 96.59% while the accounts receivable turnover rate (accounts receivable turnover rate = operating revenue/average trade and bill receivables ×100%) was 1,011.76% and the inventory turnover rate (inventory turnover rate = cost of sales/ net amount of average inventories×100%) was 548.85%.

The current ratio and the quick ratio of our Group increased in 2025 compared to the end of the previous year, mainly due to an improvement of management of our operations which increased the efficiency of sales receipts and fund recovery resulting in an increase in current assets. At the same time, we optimized our liability structure, effectively reducing liquidity risk. Separately, the Group's demand for working capital did not record significant seasonal fluctuation.

The Group did not have any loans to other entities outstanding as at the end of the Reporting Period.

The Group's main sources of funds were loans and operating profits. As at 31 December 2025, the Group's total amount of outstanding loans amounted to RMB1,478,298,000. As at 31 December 2025, currency funds of the Group amounted to RMB1,396,483,000. The Group has a good credit record with banks and has sufficient credit lines from banks at its disposal. Therefore, it can readily meet liquidity requirements.

As at 31 December 2025, (i) the Company recorded a housing loan deposit in the amount of RMB661,000; (ii) the Company and its subsidiary charged currency funds in the amount of RMB82,203,000 and RMB21,236,000 respectively to a bank for the processing of bank acceptance of foreign exchange deposits; (iii) a subsidiary of the Company had RMB9,174,000 in restricted funds as fixed deposits and deposit for funding of migrant workers; and (iv) the Group's notes receivable in the amount of RMB21,428,000 and accounts receivable in the amount of RMB800,000 of a subsidiary of the Company have not been terminated. Save as disclosed above, the Group did not have other charged assets.

Save as the transactions stated above, the Group did not have other material investment, acquisitions or disposal of assets and subsidiaries, associates and joint ventures during the Reporting Period.

The breakdown of the performance results of the Group is listed in the section headed "*Analysis of operating results and financial situation in accordance with CASBE*".

As at 31 December 2025, the number of staff employed by the Group was 7,240, and the aggregate amount of salaries payable for 2025 amounted to RMB705,357,000.

The asset-liability ratio of the Group (asset-liability ratio = total liabilities/total assets ×100%) was 40.61%.

The current bank deposits of the Group primarily serve as working capital for projects implementation, production and operation.

As at 31 December 2025, the Group had a gross gearing ratio (i.e. gross debt divided by adjusted capital) of 28.38%, and a net gearing ratio (i.e. net debt divided by adjusted capital) of 1.57%. For this purpose, gross debt is defined as total borrowings and net debt is defined as total borrowings less cash and cash equivalents, and adjusted capital defined as all components of equity attributable to shareholders other than designated reserves.

The assets and liabilities of the Group are mainly denominated in RMB. For the year 2025, revenue derived from the Group's exports amounted to approximately US\$277,012,000, and such amounts were subject to risks associated with exchange rate fluctuations. Therefore, the Group has taken the following measures to mitigate the risks arising from exchange rates fluctuations: (1) the Group shall take into account and evaluate the expected impact of exchange rate fluctuations when signing sales contracts in connection with its export business, and accordingly reasonably determine the settlement price; (2) the Group shall promote cross-border RMB settlement; and (3) the Group will pay close attention to changes in exchange rates, settle foreign exchange in a timely manner, and properly control the scale of foreign currency assets and liabilities.

As of the date of this report, the Group had no contingent liabilities.

VII. BUSINESS REVIEW

Although performance indicators of the Group were under pressure due to complex and severe external challenges, the Group remained steadfast in its strategic focus, solidified its market position, accelerated the growth of new drivers, deepened corporate reforms, and continued to strengthen its management fundamentals. The Group has during the Reporting Period consolidated its technological reserves, optimized its industrial layout, hedged against external uncertainties to secure development, and laid a solid foundation for high-quality growth.

1. Accelerated the new growth drivers

During the Report Period, we successfully launched a total of 28 new pharmaceutical preparation products, with a further 27 new products in advanced stage of preparation for market launch. The international pharmaceutical preparation business delivered strong performance, recording a year-on-year increase in sales revenue of 19.86%; with export sales of self-operated preparations having risen by 176.13%, e-commerce sales revenue grew by 12.86%, and animal drug preparations sales revenue rose by 67.12%. In addition, the Group obtained a new medical device manufacturing license and received authorisation to produce 16 categories of Class III ophthalmic medical devices, marketing its entry into the medical devices sector.

2. Consolidation and enhancement of core business operations

The Group made meaningful progress in upgrading its formulation product portfolio. During 2025, three products were selected in the 11th batch of national centralized procurement, and 31 products secured bids in the follow-up volume-based procurement of national alliance centralized procurement programme, establishing a new generation of key formulation product clusters centred by aspirin enteric-coated sustained-release tablets and sevelamer carbonate tablets. By leveraging the Group's comprehensive capabilities in active pharmaceutical ingredients (APIs), domestic sales revenue maintained steady growth, with market shares for key products such as ibuprofen and carbasalate calcium continuing to expand. The Group also capitalised on its product and technical strengths, achieving significant progress in export volume of starch granule series products, including analgin, aspirin, and ibuprofen. The export sales of specialty APIs such as meloxicam, glimepiride, and sevelamer carbonate tablets recorded substantial year-on-year increases. The strategic and development role of pharmaceutical intermediates have also further been strengthened during the period.

3. Significant progress in scientific and technological innovation

During the year, the Group obtained 47 drug approvals, representing a record high. The development pipeline for major innovative drugs continued to advance at any accelerated pace. Subject enrollment for the Phase II clinical trial of OAB-14, a candidate treatment of Alzheimer's disease, is approaching completion. Preparations for the Phase III clinical trial of LXH-2301, a candidate treatment for gout, were formally initiated. LXH-1211, a candidate for the treatment of pulmonary arterial hypertension, obtained approval to commence for Phase I clinical trials. The pre-IND application for the innovative drug candidate LXH-2103, intended for the treatment of moderate to severe pain, has been completed. During the year, 48 patents were granted to the Group. Further, one project was awarded Second Prize in the Shandong Technology Improvement Award, one project received the First Prize in the Shandong Science and Technology Workers Innovation Competition, one project was included in the provincial key research and development plan, and two projects were included in the provincial major innovation task guidelines.

4. Accelerated implementation and realization of key projects

Meaningful progress has been achieved across the Group's major projects during the Reporting Period. The levodopa process improvement project advanced to the process registration stage, the oral solution project was put into operations, and construction of the high-end API Industrial Innovation Center has commenced. The veratraldehyde project at Xinhua Shouguang has achieved commercial production, and the methyl dopa project is undergoing trial production and debugging. The construction of the narcotic and psychotropic drug manufacturing base was accelerated, with 27 products currently under research and development as part of the Group's strategic deployment in this area. Regulatory approvals were obtained for four products during the period, including Pentazocine Injection.

5. Continued deepening of enterprise reform.

The Group formulated a new round of performance assessment measures for new and specialty products, with the objectives of intensifying research and development efforts for new products, and accelerating the commercialisation of scientific and technological achievements. Four members from the Group's personnel were selected for national key talent programs, one expert was granted the State Council Special Allowance, and one individual was recognized as a Chief Technician of Qilu. The Group was recognized as an Outstanding Unit for Talent Development in Shandong Province – the only enterprise in Zibo City to receive such distinction - and the Zibo Pharmaceutical Industry Craftsman Institute was included in the key support list of the Provincial Federation of Trade Unions.

6. Continued strengthened its operational management.

The Group was honored with the 10th Shandong Provincial Governor's Quality Award during the Reporting Period. Its Dopa series products were designated a Shandong Provincial Manufacturing Single Champion. The Group has been rated an excellent organization for three consecutive years during Shandong Province's Safety Production Month, passed 222 quality audits including EUGMP certification, was selected as an Outstanding ESG Case of Shandong Enterprises and among Zibo's first batch of Lean Management Model Enterprises, and was commended as an Advanced Smart Factory of Shandong Province.

VIII. PROSPECTS

The Group faces, and is expected to continue to face, multiple development opportunities. The pharmaceutical industry has received strategic support at a national level, and policy tailwinds are anticipated for core technologies, internationalisation and other area. The Group maintains significant international advantages in APIs, the high-end pharmaceutical preparations industry is undergoing a structural shift towards China, and there is considerable export potential for domestic preparations. Through the progress achieved during the “14th Five-Year Plan”, the Group has achieved world-class standards in both physical infrastructure and operational capabilities with well-established industrial chain advantages. Independent innovative products will be successively launched and implemented during the “15th Five-Year Plan”, and new growth drivers are emerging progressively.

Meanwhile, the Group also faces development challenges. Countries and regions in Europe and the United States are accelerating the restructuring of their pharmaceutical industrial supply chains, making the development of emerging markets an urgent priority. The domestic pharmaceutical industry continues to navigate the challenges inherent in its structural transformation, with overcapacity and intensifying competition remaining prominent concerns.

In response to the dynamics described above, the Company has identified the following priorities for 2026:

1. Addressing key structural challenges and strengthening core market

In regards to domestic preparations, the Group will pursue structural breakthroughs, align with the optimisation strategy of the “Three-Medical Reform” policy, and innovate its marketing models and incentive structures, strengthen team building and performance evaluation, and forge a high-caliber marketing team. In regards to APIs, cost reduction will be the core objective, drawing on accumulated process research expertise and experience, leveraging advanced technology and digital transformation upgrades to reduce costs. The Group will benchmark its performance against advanced industry standards for breakthroughs on a product-by-product basis, embed cost reduction objectives into the innovation framework, and fully develop commercial opportunity on the sales and marketing front. In terms of pharmaceutical intermediates, the Group will enhance its overall comprehensive capabilities, draw on best-practice project experience, pursue parallel development across domestic and international markets, and strengthen market-oriented operations. The commercial division of the Group will focus on profitability, striking an appropriate balance between scale and risk management, whilst driving innovation in business model and commercial operations.

2. Cultivating new growth drivers and establishing new driving forces for development

The Group will accelerate production capabilities and effectiveness of key projects such as the Merck Project (Phase II), advance the international registration of products, and lay the groundwork for “15th Five-Year Plan” projects. The Group will actively drive continued procurement processes, accelerate the development of characteristic/ differentiated products and the launch of new products, and increase the development of controlled and narcotic specialty drugs as well as the production and sales of new APIs products. The Group will also focus on exploring potential emerging markets such as Japan and India, and will introduce high-quality pharmaceutical preparation partnership opportunities and projects, and leverage the export of core preparations supported by advantageous APIs. The Group seek to enter the broader healthcare industry by leveraging its existing strengths, advantages and e-commerce platforms and capabilities, develop and layout new business lines across multiple areas, and continue to peruse and promote mergers and acquisitions to secure further development resources.

3. Strengthening scientific and technological innovation and transforming innovative development capabilities

The Group targets and will strive to obtain more than 10 drug approvals during the year and will accelerate the clinical research and approval of multiple innovative drugs. The Group will also pursue targeted deployment across in innovative areas, and with continuous production and biotechnology serve as its pivotal points for breakthroughs, we will integrate technical resources to establish dedicated working groups and task forces to drive process upgrading and technological breakthroughs, which will in turn provide the technical foundation for cost reduction initiatives. The Group will further refine its innovation incentive and appraisal mechanisms, implement coordinated/integrated assessment systems linking research and development performance with product growth and cost reduction, and promote close collaboration across the entire research, development, production, marketing and commercialization value chain, with commensurate benefit-sharing and risk-sharing mechanisms in place.

4. Broadening talent development pathways and building new platforms for organisation growth

The Group will enhance its promotion mechanisms across all functional domains, including research and development, production, and marketing operations, and establish dual career pathways that support both professional specialisation and managerial advancement, providing employees with well-defined and clear career progression frameworks. Full-lifecycle incentives for scientific and technological innovation will be implemented, alongside the exploration of market-oriented reward mechanisms for the commercialisation of research outcomes, enhanced incentives for major innovation breakthroughs, and further refinement of the innovation roadmap and corresponding incentive mechanisms. Upholding the principle that “performance is the sole criterion for evaluation”, we will strengthen our competition and performance evaluation system, promote open competition for positions and last-place elimination mechanisms, and intensify the cultivation and selection of young talent to ensure high-potential or outstanding individuals are identified and advanced.

5. Upholding the “Three-Efficiency” principle and reinforcing the foundations for high-quality development

The Group will strengthen internal management, strictly enforce all disciplinary and institutional requirements, and leverage informatisation to optimize resource allocation. We will deepen reform of the three institutional systems, streamline redundant staffing, and enhance operational quality and efficiency. We will reinforce the bottom line of safety and quality, further our “dual carbon” strategy, and ensure zero reportable or above threshold safety, environmental protection and quality incidents throughout the year. We will strengthen refined management of funds, inventories, and other key resources, promote the integration of risk management, internal control, and compliance, and deliver tangible results in loss-reduction initiatives. Subsidiary management will be optimised in alignment with “penetrative” supervision requirements, coordinating strategic development with risk control, maintaining focus on performance indicators, improving incentive and constraint mechanisms, enhancing resource coordination and intensive utilisation, strictly upholding safety and compliance bottom lines, and delivering a unified improvement in management efficiency and operational vitality.

The year 2026 is the inaugural year of the “15th Five-Year Plan” period, and successfully accomplishing the annual target goals of the Group carries considerable strategic significance. We firmly believe that, with our management and employees working in unity under the leadership of the Board of Directors, we will be able to seize available opportunities, overcome and address prevailing difficulties and challenges, accelerate innovation-driven breakthroughs, and successfully accomplish our targets and objectives set for 2026.

IX. IMPORTANT ISSUES

Staff and Remuneration

The remuneration of the Group's employees was determined in accordance with applicable national regulatory requirements and policies, taking into account the Group's financial condition as well as prevailing market remuneration levels for comparable roles and industries.

As at 31 December 2025, the Group employed 7,240 staff and the amount of wages paid or payable to staff for the year 2025 amounted to RMB 705,357,000 in total.

Purchase, Sale and Redemption of the Company's Listed Securities

During the year ended 31 December 2025, none of the Company or its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Auditors

The accounts of the Company and the Group for the year was prepared in accordance with CASBE and have been audited by Grant Thornton Zhitong Certified Public Accountants LLP (certified public accountants in the PRC).

The Company have approved the appointment of Grant Thornton Zhitong Certified Public Accountants LLP as the Group's auditor for the year 2025 and the adaptation of the CASBE to prepare its financial statements as of 31 December 2025 at the 2024 annual general meeting on 13 June 2025. The Company intends to re-appoint Grant Thornton Zhitong Certified Public Accountants LLP as the auditor of the Group for the year 2026 at the 2025 annual general meeting to be held in 2026.

Corporate Governance Code

The Directors (including the independent non-executive Directors) confirmed that for the year ended 31 December 2025, the Company complied with all provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to Listing Rules.

The Company has always strived to comply with best corporate governance practices in the Corporate Governance Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions conducted by the Directors. Having made specific enquiry with all the Directors of the Company, each of the Directors have confirmed that they have complied with the prescribed standard set out in the Model Code throughout the year ended 31 December 2025.

Sale and Purchase of Assets

In 2025, save as disclosed under the "Liquidity and analysis of financial resources and capital structure" section above in this announcement, the Group did not have any material acquisitions or disposal of assets or mergers during the Reporting Period.

Amendments to the Articles

A resolution to amend the articles of association (to change the business cope and issued share capital of the Company) was considered and approved by the annual general meeting of 2024 held on 13 June 2025. For details, please refer to the circular of the Company dated 14 May 2025.

A resolution to amend the articles of association (for, with limitation, compliance with new requirements under PRC law and guidelines of the CSRC) was considered and approved by the first extraordinary general meeting of 2025 held on 24 October 2025. For details of the amendments, please refer to the circular of the Company dated 2 October 2025.

The foregoing amendments to the articles of association of the Company conform to the articles of association of the Company, relevant provisions of related PRC laws, administrative regulations and regulatory documents and requirements of the Listing Rules.

Audit Committee

Pursuant to Rule 3.21 of the Listing Rules, the Company has set up an audit committee of the Board (the “**Audit Committee**”).

The Audit Committee has, in tandem with the management of the Company, reviewed the accounting principles, accounting standards and methods adopted by the Group and the auditing, internal control and financial reporting matters of the Group. The Audit Committee has convened four meetings in total in connection with the review of the audited financial statements for 2024, the unaudited first quarter financial statements for 2025, the unaudited interim statements for 2025 and the unaudited third quarter financial statements for 2025.

The Audit Committee convened a meeting on 27 March 2026 to review the audited accounts for the financial year 2025 and this announcement.

Changes in Accounting Policies

Details of the accounting policy changes reviewed by the Group during the end of the Reporting Period to the date of this announcement are as follows:

Content and reason of accounting policy changes	Approval procedures	Remarks
<p>The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 18 (hereinafter referred to as "Interpretation No. 18") on 31 December 2024.</p> <p>Interpretation No. 18 provides for "Accounting Treatment for Warranty-Type Quality Guarantees Not Constituting a Separate Performance Obligation" and "Subsequent measurement of investment properties held as underlying projects under the floating fee method" with effect from the date of issuance. In accordance with the requirements of Interpretation No. 18, the Company changes its current accounting policies accordingly.</p>	<p>Relevant accounting policy changes were approved at the sixth meeting of the 11th Board of the Company on 28 March 2025.</p>	<p>Changes in relevant accounting policies have no significant impact on the Group's financial statements.</p>

For details, please also refer to the Announcement on Accounting Policy Changes numbered 2025-17 on March 31, 2025 on the CNINFO website <http://www.cninfo.com.cn> (巨潮資訊網).

Events after the Reporting Period

1. From the end of the Reporting Period to the date of this announcement, a total of 6,906,900 new A-shares have been issued due to the exercise of share options that were exercisable under the third exercise period of the initial grant of the 2021 Share Option Scheme. The 6,906,900 new A-shares were registered and listed for circulation on 14 January 2026.
2. Changes in Accounting Policies

Details of the accounting policy changes reviewed by the Group after the end of the Reporting Period to the date of this announcement are as follows:

Content and reason of accounting policy changes	Approval procedures	Remarks
<p>The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 19 (hereinafter referred to as "Interpretation No. 19") on 5 December 2025.</p> <p>Interpretation No. 19 specifically involves updates on "Accounting Treatment of Compensatory Assets in Business Combinations under Non Common Control", "Accounting Treatment of Related Capital Reserves when Disposing of Subsidiaries Obtained through Business Combinations under Common Control", "Termination Recognition of Financial Liabilities Settled by Electronic Payment Systems", "Evaluation and Disclosure of Cash Flow Characteristics of Financial Asset Contracts", and "Disclosure of Equity Instruments Designated as Measured at Fair Value with Changes Recognized in Other Comprehensive Income", with effect from 1 January 2026. In accordance with the requirements of Interpretation No. 19, the Company changes its current accounting policies accordingly.</p>	<p>Relevant accounting policy changes were approved at the tenth meeting of the 11th Board of the Company on 27 March 2026.</p>	<p>Changes in relevant accounting policies have no significant impact on the Group's financial statements.</p>

For details, please also refer to the Announcement on Accounting Policy Changes numbered 2026-15 on 31 March 2026 on the CNINFO website <http://www.cninfo.com.cn> (巨潮資訊網).

Save as disclosed in this announcement, there were no significant events affecting the Group that have occurred from the end of the Reporting Period to the date of this announcement.

X. FINANCIAL REPORTS PREPARED IN ACCORDANCE WITH CASBE

Consolidated Balance Sheet (audited)

Unit: RMB Yuan

Assets	Notes	31 December 2025 (audited)	31 December 2024 (audited)
Current assets:			
Monetary funds		1,396,482,926.22	1,245,022,873.47
Notes receivable		26,847,465.76	40,915,665.41
Accounts receivable	3	862,388,584.20	868,204,001.79
Receivables financing		319,240,231.72	210,085,781.65
Prepayments		45,125,129.87	33,378,429.50
Other accounts receivable	4	7,978,709.35	9,501,094.17
Including: Dividend receivable		-	1,495,894.40
Inventories		1,318,099,539.03	1,272,856,947.10
Contract assets		427,899.59	439,963.12
Other current assets		56,882,119.72	46,435,406.70
Total current assets		4,033,472,605.46	3,726,840,162.91
Non-current assets:			
Long-term equity investment		58,191,097.56	58,730,419.65
Other equity instrument investment		280,078,103.48	247,694,480.94
Investment real estate		29,714,671.93	31,797,104.69
Fixed assets		3,783,252,309.59	3,511,461,272.20
Projects under construction		366,170,853.13	781,095,104.92
Right-of-use assets		2,364,683.50	3,086,649.43
Intangible assets		577,399,466.60	565,037,971.63
Development cost		9,764,150.95	-
Long-term deferred expenses		5,995,928.71	9,985,697.02
Deferred income tax assets		21,190,510.55	24,920,511.29
Other non-current assets		18,101,386.70	58,952,192.85
Total non-current assets		5,152,223,162.70	5,292,761,404.62
Total assets		9,185,695,768.16	9,019,601,567.53

Consolidated Balance Sheet (audited) (continued)

Unit: RMB Yuan

Liabilities and Shareholders' Equity	Notes	31 December 2025 (audited)	31 December 2024 (audited)
Current liabilities:			
Short-term borrowing		433,638,538.34	580,155,616.42
Notes payable		525,783,642.79	444,139,945.47
Accounts payable	5	785,335,090.07	714,539,658.65
Contract liability		149,301,833.29	96,837,598.29
Payroll payable	6	64,892,697.34	73,108,770.91
Taxes and dues payable		24,120,526.47	23,704,353.06
Other payables		437,385,479.24	507,637,306.85
Including: Interest payable		-	-
Dividends payable		5,310,599.53	14,292,599.53
Non-current liabilities due within one year		352,157,956.11	313,667,062.97
Other current liabilities		38,586,676.11	41,823,799.77
Total current liabilities		2,811,202,439.76	2,795,614,112.39
Non-current liabilities:			
Long-term borrowings		695,319,527.08	771,540,739.20
Lease liabilities		744,839.50	1,105,117.40
Long-term payables		24,500,000.00	21,500,000.00
Deferred income		68,970,978.58	83,245,913.19
Deferred income tax liabilities		125,669,980.00	122,533,768.01
Other non-current liabilities		3,561,500.00	6,561,500.00
Total non-current liabilities		918,766,825.16	1,006,487,037.80
Total liabilities		3,729,969,264.92	3,802,101,150.19
Owners' equity (or Shareholders' equity):			
Capital Stock		689,776,535.00	682,407,635.00
Capital reserve	7	1,204,650,327.11	1,144,555,095.24
Other comprehensive income	8	195,957,428.58	169,597,400.06
Special reserve		12,163,037.82	6,267,199.72
Surplus reserve		459,449,822.02	438,326,844.39
Undistributed profits	9	2,646,756,093.99	2,550,434,350.37
Total of equity assigned to the shareholders of parent company		5,208,753,244.52	4,991,588,524.78
Minority shareholders' equity		246,973,258.72	225,911,892.56
Total owners' equity		5,455,726,503.24	5,217,500,417.34
Total of liabilities and owners' equity		9,185,695,768.16	9,019,601,567.53

Consolidated Income Statement (audited)

Item	Notes	For the 12 months ended 31 December 2025 (audited)	Unit: RMB Yuan For the 12 months ended 31 December 2024 (audited)
I. Gross revenue	10	8,754,721,987.78	8,466,309,803.08
Including: Operating revenue		8,754,721,987.78	8,466,309,803.08
II. Total operating costs		8,390,212,699.23	7,940,307,572.72
Including: Operating costs	10	7,110,179,626.73	6,424,760,721.71
Taxes and surcharges	11	65,098,579.77	68,412,881.15
Selling expenses		341,082,001.85	584,739,997.94
Administration expenses		457,662,218.64	437,070,533.59
R&D cost		381,617,425.73	413,182,811.71
Financial expenses		34,572,846.51	12,140,626.62
Including: Interest expense		42,431,327.39	39,739,279.77
Interest income		7,685,444.95	11,125,515.61
Add: Other income		42,466,344.69	58,188,339.60
Investment income (losses to be listed with brackets)		7,764,521.27	9,836,416.05
Including: Return on investment on joint ventures and joint ventures (losses to be listed with brackets)		(539,322.09)	158,321.65
Credit impairment loss(losses to be listed with brackets)		(5,351,752.99)	(9,462,280.63)
Assets impairment loss (losses to be listed with brackets)	12	(47,394,139.35)	(51,613,568.72)
Gains from asset disposal (losses to be listed with brackets)		1,990,589.09	1,419,533.61
III. Operating profits (losses to be listed with brackets)		363,984,851.26	534,370,670.27
Add: non-operating income		5,415,769.48	8,481,488.89
Less: non-operating expenditure		10,484,117.56	9,198,735.84
IV. Total profits (total loss to be listed with brackets)		358,916,503.18	533,653,423.32
Less: income tax expense	13	52,612,585.03	46,938,849.44
V. Net profits (net loss to be listed with brackets)		306,303,918.15	486,714,573.88
I. According to operation continuity			

1. Net profit from continued operations (net losses to be listed in brackets)	306,303,918.15	486,714,573.88
2. Net profit from discontinued operations (net losses to be listed in brackets)	-	-
II. According to ownership		
1. Net profit attributable to shareholders of parent company	289,888,855.00	470,023,746.08
2. Minority interest income or loss	16,415,063.15	16,690,827.80
VI. Net amount of other comprehensive income after tax	26,020,010.31	56,232,510.23
Net amount of other comprehensive income after tax attributable to the shareholders of parent company	26,360,028.52	55,979,397.24
I. Other comprehensive income not subject to reclassification to profit or loss	27,526,079.16	55,162,801.59
Changes in fair value of other equity instruments investment	27,526,079.16	55,162,801.59
II. Other comprehensive income to be reclassified to profit or loss	(1,166,050.64)	816,595.65
Conversion difference of foreign currency statement	(1,166,050.64)	816,595.65
Net amount of other consolidated income after tax attributable to the minority shareholders	(340,018.21)	253,112.99
VII. Total comprehensive income	332,323,928.46	542,947,084.11
Total comprehensive income attributable to the shareholders of parent company	316,248,883.52	526,003,143.32
Total comprehensive income attributable to the minority shareholders	16,075,044.94	16,943,940.79
VIII. Earnings per share:		
	<i>14</i>	
(I) Basic earnings per share(yuan/share)	0.42	0.69
(II) Diluted earnings per share(yuan/share)	0.42	0.68

SUMMARY NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

NOTES:

1. Preparation basis of the financial statements

Preparation basis

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

Going concern

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

2. Segment information

(a) Description of segments

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

The Group’s business segments are as follows:

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

Information regarding the above segments is as follows:

(b) Segment information for the year ended 31 December 2025 and the year ended 31 December 2024 is presented below(audited):

Year ended 31 December 2025 (audited)

Item	Unit: RMB Yuan					
	<u>Chemical bulk drugs</u>	<u>Preparations</u>	<u>Medical intermediate and other products</u>	<u>Unallocated</u>	<u>Offset</u>	<u>Total</u>
Operating revenue	2,659,451,442.66	4,854,095,111.82	3,134,576,199.55	-	(1,893,400,766.25)	8,754,721,987.78
Comprising: revenue from external customers	2,645,585,755.49	3,985,519,069.87	2,123,617,162.42	-	-	8,754,721,987.78
Inter-segment transaction income	13,865,687.17	868,576,041.95	1,010,959,037.13	-	(1,893,400,766.25)	-
Operating cost	1,887,515,193.80	4,233,755,218.02	2,884,072,101.62	-	(1,895,162,886.71)	7,110,179,626.73
Comprising: cost from external customers	1,700,837,409.54	3,345,883,204.61	2,063,459,012.58	-	-	7,110,179,626.73
Inter-segment transaction cost	186,677,784.26	887,872,013.41	820,613,089.04	-	(1,895,162,886.71)	-
Expenses for the period	391,154,662.27	486,243,035.06	97,530,522.25	240,504,780.16	(498,507.01)	1,214,934,492.73
Total profit(loss)	494,100,816.97	117,653,587.37	(60,299,251.27)	(190,926,585.01)	3,456,283.20	363,984,851.26
Total assets	3,388,985,059.36	3,752,602,271.26	1,817,935,208.71	2,412,659,288.47	(2,186,486,059.64)	9,185,695,768.16
Total liability	1,200,940,459.65	1,794,777,454.64	618,413,583.44	1,516,903,683.11	(1,401,065,915.92)	3,729,969,264.92

Year ended 31 December 2024(audited)

Item	Unit: RMB Yuan					
	<u>Chemical bulk drugs</u>	<u>Preparations</u>	<u>Medical intermediate and other products</u>	<u>Unallocated</u>	<u>Offset</u>	<u>Total</u>
Operating revenue	2,750,678,662.90	5,214,830,869.78	2,550,160,581.14	-	(2,049,360,310.74)	8,466,309,803.08
Comprising: revenue from external customers	2,735,954,202.75	4,072,208,527.22	1,658,147,073.11	-	-	8,466,309,803.08
Inter-segment transaction income	14,724,460.15	1,142,622,342.56	892,013,508.03	-	(2,049,360,310.74)	-
Operating cost	1,958,934,644.38	4,142,106,344.33	2,359,610,320.48	-	(2,035,890,587.48)	6,424,760,721.71
Comprising: cost from external customers	1,788,950,185.65	3,002,579,189.52	1,633,231,346.54	-	-	6,424,760,721.71
Inter-segment transaction cost	169,984,458.73	1,139,527,154.81	726,378,973.94	-	(2,035,890,587.48)	-
Expenses for the period	370,846,378.12	742,528,328.91	97,061,844.85	237,698,409.79	(1,000,991.81)	1,447,133,969.86
Total profit (loss)	514,920,041.48	285,329,573.68	(98,034,655.30)	(152,300,893.56)	(15,543,396.03)	534,370,670.27
Total assets	3,516,564,593.73	3,917,873,307.10	1,621,764,972.17	2,031,517,956.88	(2,068,119,262.35)	9,019,601,567.53
Total liability	1,076,939,638.32	1,794,436,353.60	550,825,250.15	1,671,794,970.63	(1,291,895,062.51)	3,802,101,150.19

3. Accounts receivable

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Accounts receivable	908,700,955.37	908,057,487.07
Less: Provision for bad debts of accounts receivable	<u>46,312,371.17</u>	<u>39,853,485.28</u>
	<u>862,388,584.20</u>	<u>868,204,001.79</u>

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

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	852,155,566.33	862,843,801.59
1 to 2 years (including 2 years)	9,924,315.57	5,359,642.16
2 to 3 years (including 3 years)	<u>308,702.30</u>	<u>558.04</u>
Total	<u>862,388,584.20</u>	<u>868,204,001.79</u>

4. Other accounts receivable

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Other accounts receivable	16,898,641.59	19,457,143.41
Less: Provision for bad debts of other accounts receivable	<u>8,919,932.24</u>	<u>9,956,049.24</u>
	<u>7,978,709.35</u>	<u>9,501,094.17</u>

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

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	6,253,498.88	7,987,658.81
1 to 2 years (including 2 years)	1,481,290.47	1,101,319.73
2 to 3 years (including 3 years)	<u>243,920.00</u>	<u>412,115.63</u>
Total	<u>7,978,709.35</u>	<u>9,501,094.17</u>

5. Accounts payable

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Payable for goods	<u>785,335,090.07</u>	<u>714,539,658.65</u>
Total	<u>785,335,090.07</u>	<u>714,539,658.65</u>

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

Item	<u>31 December 2025</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	756,808,203.62	691,498,845.36
1-2 years (including 2 years)	20,178,109.36	11,086,959.72
2-3 years (including 3 years)	1,710,342.38	4,229,049.44
Over 3 years	<u>6,638,434.71</u>	<u>7,724,804.13</u>
Total	<u>785,335,090.07</u>	<u>714,539,658.65</u>

6. Payroll payable

(1) Classification of payroll payable

Item	<u>31 December 2024</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>31 December 2025</u>
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Short-term wages	73,108,770.91	888,107,674.75	896,323,748.32	64,892,697.34
Post-employment welfare - defined contribution plan	-	115,916,902.63	115,916,902.63	-
Dismissal welfare	<u>-</u>	<u>127,501.49</u>	<u>127,501.49</u>	<u>-</u>
Total	<u>73,108,770.91</u>	<u>1,004,152,078.87</u>	<u>1,012,368,152.44</u>	<u>64,892,697.34</u>

(2) Short-term wages

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Salary, bonus, allowance and subsidy	69,005,400.83	697,198,454.56	705,356,828.88	60,847,026.51
Employee welfare expenses	-	32,559,078.27	32,559,078.27	-
Social insurance charges	-	60,495,999.03	60,495,999.03	-
Comprising: Medical insurance premiums	-	55,445,398.85	55,445,398.85	-
Work injury insurance premiums	-	5,050,600.18	5,050,600.18	-
Housing provident fund	-	63,434,666.55	63,434,666.55	-
Labour union expenditure & personnel education fund	4,095,370.08	13,746,266.86	13,795,966.11	4,045,670.83
Other Short-term wages	<u>8,000.00</u>	<u>20,673,209.48</u>	<u>20,681,209.48</u>	<u>-</u>
Total	<u>73,108,770.91</u>	<u>888,107,674.75</u>	<u>896,323,748.32</u>	<u>64,892,697.34</u>

(3) Defined contribution plan

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Basic retirement insurance	-	111,084,904.98	111,084,904.98	-
Unemployment insurance premium	<u>-</u>	<u>4,831,997.65</u>	<u>4,831,997.65</u>	<u>-</u>
Total	<u>-</u>	<u>115,916,902.63</u>	<u>115,916,902.63</u>	<u>-</u>

7. Capital surplus

Item	31 December 2024	Increase during the year	Decrease during the year	31 December 2025
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Capital stock premium*	845,908,900.64	88,023,826.94	-	933,932,727.58
Other capital reserves**	<u>298,646,194.60</u>	<u>15,426,017.09</u>	<u>43,354,612.16</u>	<u>270,717,599.53</u>
Total	<u>1,144,555,095.24</u>	<u>103,449,844.03</u>	<u>43,354,612.16</u>	<u>1,204,650,327.11</u>

* The capital stock premium increased by RMB88,023,826.94 in total this year, which was attributable to as to (i) RMB46,681,981.50 due to the exercise of 7,368,900 stock options; (ii) RMB40,381,572.00 due to the carryover of other capital reserves after the exercise of stock options; and (iii) RMB960,273.44 due to the capital increase of minority shareholders of the Company's subsidiary Shandong Xinhua Health Technology Co., Ltd.

**Other capital reserves increased by RMB15,426,017.09 in total this year, of which (i) RMB12,517,620.50 was attributable to the expense of waiting period equity instruments according to the Company's 2021 equity incentive plan; (ii) RMB648,396.59 was attributable to the amount of the 2021 stock option grant incentive plan that is estimated to be deductible before tax in the future based on the stock price at the end of the period, and is limited to the taxable income that is likely to be obtained in the future period; and (iii) RMB2,260,000.00 was transferred from funds within the central budget. Other capital reserves decreased by RMB43,354,612.16 in total during the year, of which (i) RMB 2,973,040.16 was due to the capital reserves corresponding to the write-down of the remaining deferred tax assets after the full exercise of the equity incentive plan granted in 2021; and (ii) RMB 40,381,572.00 was due to the carryover of other capital reserves after the exercise of stock options.

8. Other comprehensive income

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

Item	Amount incurred this year			31 December 2025 RMB Yuan(audited) (4) = (1) + (2) - (3)
	31 December 2024 RMB Yuan(audited) (1)	Attributable to the parent company after tax(RMB Yuan) (2)	Less: Amount recorded into other comprehensive income in previous year transferred to retained earnings(RMB Yuan) (3)	
I. Other comprehensive income unable to be reclassified into profit or loss in future	166,998,788.50	27,526,079.16	-	194,524,867.66
Fair value variation of other equity instrument investments	166,998,788.50	27,526,079.16	-	194,524,867.66
II. Other comprehensive income to be reclassified into profit or loss in future	2,598,611.56	(1,166,050.64)	-	1,432,560.92
Conversion difference of financial statement in foreign currency	2,598,611.56	(1,166,050.64)	-	1,432,560.92
Total Other comprehensive income	169,597,400.06	26,360,028.52	-	195,957,428.58

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

Item	Amount incurred this year				Attributable to the parent company after tax (RMB Yuan) (5) = (1) - (2) - (3) - (4)
	Income tax incurred this year (RMB Yuan) (1)	Less: Amount recorded into other comprehensive income in previous year transferred to profit or loss this year(RMB Yuan) (2)	Less: income tax expense(RMB Yuan) (3)	Less: Attributable to minority shareholders after tax (RMB Yuan) (4)	
I. Other comprehensive income unable to be reclassified into profit or loss in future	32,383,622.54	-	4,857,543.38	-	27,526,079.16
Fair value variation of other equity instrument investments	32,383,622.54	-	4,857,543.38	-	27,526,079.16
II. Other comprehensive income to be reclassified into profit or loss in future	(1,506,068.85)	-	-	(340,018.21)	(1,166,050.64)
Conversion difference of financial statement in foreign currency	(1,506,068.85)	-	-	(340,018.21)	(1,166,050.64)
Total Other comprehensive income	30,877,553.69	-	4,857,543.38	(340,018.21)	26,360,028.52

9. Undistributed profits

Item	<u>Year 2025</u>	<u>Year 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Ending balance of previous year	2,550,434,350.37	2,305,438,893.92
Add: Beginning adjustment for undistributed profit	-	-
Beginning balance of the current period	2,550,434,350.37	2,305,438,893.92
Add: Net profits attributable to the parent company's shareholders in the current period	289,888,855.00	470,023,746.08
Less: appropriation of statutory surplus reserve	21,122,977.63	37,366,190.00
Common stock dividends payable	172,444,133.75	187,662,099.63
Total	<u>2,646,756,093.99</u>	<u>2,550,434,350.37</u>

10. Operating revenues and cost

(1) Operating revenue and costs

Item	<u>12 months as of 31 December 2025</u>		<u>12 months as of 31 December 2024</u>	
	(audited)		(audited)	
	Revenue	Cost	Revenue	Cost
Main operation	8,631,021,396.96	6,954,818,442.67	8,323,869,470.49	6,256,915,119.15
Other operation	<u>123,700,590.82</u>	<u>155,361,184.06</u>	<u>142,440,332.59</u>	<u>167,845,602.56</u>
Total	<u>8,754,721,987.78</u>	<u>7,110,179,626.73</u>	<u>8,466,309,803.08</u>	<u>6,424,760,721.71</u>

(2) Revenues from contracts

Classification of contract	Operating revenue	Operating costs
Commodity type		
Among : Chemical bulk drugs	2,645,585,755.49	1,700,837,409.54
Preparations	3,985,519,069.87	3,345,883,204.61
Medical intermediate and other products	<u>2,123,617,162.42</u>	<u>2,063,459,012.58</u>
Classification by operating regions		
Among : China (including Hong Kong)	6,785,211,744.85	5,453,890,548.34
Americas	745,574,626.89	580,322,933.85
Europe	712,823,661.12	599,356,803.04
Others	<u>511,111,954.92</u>	<u>476,609,341.50</u>

Classification of contract	Operating revenue	Operating costs
Classification by contract performance obligation		
Among : Recognition of revenue at a certain point in time	8,673,669,277.25	7,046,591,978.40
Recognition of revenue within a certain period	75,326,278.76	59,555,859.42
Rental income	<u>5,726,431.77</u>	<u>4,031,788.91</u>
Classification by sales model		
Among : Direct selling model	2,899,441,750.49	2,414,504,138.78
Distribution model	<u>5,855,280,237.29</u>	<u>4,695,675,487.95</u>
Total	<u>8,754,721,987.78</u>	<u>7,110,179,626.73</u>

(3) Information related to compliance obligations

According to the relevant contracts, the Group, being the main responsible entity, fulfils its supply obligations in accordance with the categories and standards required by the customers. For sales contracts in China, control of the goods shall be taken to have been transferred to the customer after the Group has delivered the goods to the agreed place and the customer has confirmed receipt of the goods. [For overseas sales contracts in China, control of the goods shall be taken to have been transferred to the customer when the product is declared for export, the customs declaration and bill of lading (waybill) have been obtained, and the customer obtains the control of the relevant goods.

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

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

At the end of the Reporting Period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB 149,301,833.29, and of this amount RMB 139,906,543.53 is expected to be recognized in 2026.

(5) The recognized income of the Reporting Period includes the amount of RMB 87,442,308.53 that has been included into the contract liabilities at the end of the previous year.

(6) There were no significant contract changes or significant transaction price adjustments in the Group in 2025.

11. Taxes and surcharges

Item	<u>12 months as of 31 December 2025(audited)</u>	<u>12 months as of 31 December 2024(audited)</u>
Property tax	22,460,244.11	20,257,609.56
City maintenance and construction tax	17,079,988.82	18,614,798.54
Educational surcharges	12,197,019.98	13,296,122.83
Land use tax	6,336,025.26	9,422,416.12
Stamp duty, etc	<u>7,025,301.60</u>	<u>6,821,934.10</u>
Total	<u>65,098,579.77</u>	<u>68,412,881.15</u>

12. Assets impairment loss

Item	<u>12 months as of 31</u> <u>December 2025(audited)</u>	<u>12 months as of 31</u> <u>December 2024(audited)</u>
Loss from contract assets impairment	263,083.53	21,383.72
Inventory impairment loss	(47,590,653.64)	(51,558,077.33)
Loss from fixed assets impairment	<u>(66,569.24)</u>	<u>(76,875.11)</u>
Total	<u>(47,394,139.35)</u>	<u>(51,613,568.72)</u>

13. Income tax expenses**(1) Income tax expenses**

Item	<u>12 months as of 31</u> <u>December 2025</u> <u>(audited)</u>	<u>12 months as of 31</u> <u>December 2024</u> <u>(audited)</u>
The current income tax calculated in accordance with the tax law and related regulations	46,511,818.58	26,003,992.50
-PRC Mainland enterprise income tax	43,627,594.19	24,191,027.82
-PRC Hong Kong profits tax	52,095.24	103,076.83
-USA federal and state tax	308,786.21	6,521.65
-Dutch corporation tax	2,523,342.94	1,703,366.20
-Deferred income tax expense	(315,974.22)	14,752,093.29
Income tax adjustment in previous years	<u>6,416,740.67</u>	<u>6,182,763.65</u>
Total	<u>52,612,585.03</u>	<u>46,938,849.44</u>

(2) Adjustment process between accounting profit and income tax expense

Item	<u>12 months as of 31</u> <u>December 2025</u> <u>(audited)</u>
Annual total profit from amalgamation	358,916,503.18
Income tax expense calculated in accordance with statutory/applicable tax rate	53,837,475.48
Effect of different tax rate applicable to subsidiaries	9,425,402.64
Effect of adjustments to previous years' income tax	6,416,740.67
Effect of non-assessable income	(1,164,678.19)
Effect of nondeductible cost, expense and loss	30,062,636.36
Effect of using deductible loss of unrecognized deferred income tax assets in previous period	(5,577,557.98)

Item	<u>12 months as of 31</u> <u>December 2025</u> <u>(audited)</u>
Deductible temporary difference or effect of deductible loss of unrecognized deferred income tax assets in the current year	957,345.34
Tax impact of additional deduction for research and development expenses	(39,138,858.66)
Share payment pre-tax deduction	<u>(2,205,920.63)</u>
Income tax expenses	<u>52,612,585.03</u>

14. Earnings per share

(1)The basic earnings per share

The calculation of the basic earnings per share is based on the net profit of RMB289,888,855.00 (2024: RMB470,023,746.08) for the current period attributable to shareholders of the parent company and based on the weighted average of 689,514,081 outstanding ordinary shares in issue (2024: 682,112,151 shares) during the Reporting Period.

Item	<u>Year 2025</u>	<u>Year 2024</u>
	RMB Yuan	RMB Yuan
Net profit attributable to shareholders of the parent company	289,888,855.00	470,023,746.08
Weighted average number of the Company's issued outstanding ordinary shares	689,514,081.00	682,112,151.00
Basic earnings per share (yuan/share)	<u>0.42</u>	<u>0.69</u>

(2)The diluted earnings per share

The calculation of the diluted earnings per share is based on the net profit of RMB 289,888,855.00 (2024: RMB 470,023,746.08) for the current period attributable to shareholders of the parent company and based on the adjusted weighted average of 691,619,726 outstanding ordinary shares in issue (2024: 688,196,743.00 shares) during the Report Period.

Item	<u>Year 2025</u>	<u>Year 2024</u>
	RMB Yuan	RMB Yuan
Net profit attributable to shareholders of the parent company	289,888,855.00	470,023,746.08
Weighted average number of the Company's issued outstanding ordinary shares	689,514,081.00	682,112,151.00
Dilution of potential common shares	2,105,645.00	6,084,592.00
Adjusted weighted average number of the Company's issued outstanding ordinary shares	691,619,726.00	688,196,743.00
Diluted earnings per share (yuan/share)	<u>0.42</u>	<u>0.68</u>

15. Dividends

Item	<u>Year 2025</u>	<u>Year 2024</u>
	RMB Yuan	RMB Yuan
Dividends recognized as distribution in the financial statements of the relevant the year:		
2023 final dividend: RMB 0.25 per share	-	170,601,908.75
2024 interim dividend: RMB 0.025 per share	-	17,060,190.88
2024 final dividend: RMB 0.25 per share	<u>172,444,133.75</u>	<u>-</u>
	<u>172,444,133.75</u>	<u>187,662,099.63</u>

The following is the profit distribution plan proposed by the Board for the year 2025: The total number of shares of the Company at the date of the announcement was 696,683,435 (of which 501,683,435 shares were A shares and 195,000,000 shares were H shares). Based on such total issued shares of the Company, it is proposed that a dividend of RMB0.15 (tax inclusive) per share shall be paid to shareholders of the Company. In the event that the total share capital of the Company changes due to exercise of share options or the listing of new shares for refinancing before the implementation of the Company's 2025 profit distribution plan, the distribution plan will be adjusted accordingly on the principle that the distribution proportion per share shall remain unchanged. The aforementioned amounts are not included in the 2025 annual financial statements. Please also refer to the section headed "IV. DIVIDENDS" of this announcement.

XI. DOCUMENTS FOR INSPECTION AND PLACE OF INSPECTION

1. Documents for inspection

- (1) The original copy of the Company's 2025 annual results announcement signed by the chairman of the Board.
- (2) Financial statements signed and stamped by the legal representative, the financial controller and the manager of the accounting department of the Company.

2. Place of inspection

Office of the Secretary to the Board of the Company, No. 1 Lutai Ave., Hi-tech Industry Development Zone, Zibo City, Shandong Province, the PRC

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

27 March 2026, Zibo, PRC

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

Executive Directors:

Mr. He Tongqing (Chairman)
Mr. Xu Wenhui
Mr. Hou Ning

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chengyong

Independent Non-executive Directors:

Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy