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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 00874)

SUMMARY OF THE 2024 ANNUAL REPORT

1. IMPORTANT NOTICE

- 1.1** This summary is extracted from the full text of the 2024 annual report of the Company for the year ended 31 December 2024. Investors who wish to know more about the results of operations, financial conditions and plans of future development of the Company are advised to read in details of the full text of the 2024 annual report which will be published on the website of SSE (<http://www.sse.com.cn>), and on the website of HKEX (<https://www.hkexnews.hk/index.htm>).
- 1.2** The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary and confirm that there are no false information, misleading statements or material omissions in this summary.
- 1.3** All Directors were present at the 21st meeting of the ninth session of the Board.
- 1.4** The financial reports of the Group and the Company for the year ended 31 December 2024 are prepared in accordance with the China Accounting Standards for Business Enterprises, which are audited by WUYIGE Certified Public Accountants LLP which had issued an unqualified auditors' report in respect thereof.
- 1.5** Profit distribution plan or plan of carrying over reserved funds to equity shares during the Reporting Period as considered by the Board.

As audited and confirmed by WUYIGE Certified Public Accountants LLP: the consolidated net profit of the Group attributable to the shareholders of the Company amounted to RMB2,835,496,163.51 in 2024. Based on the net profit of the Company of RMB1,114,566,368.85 in 2024, a 10% statutory surplus reserve in the amount of RMB111,456,636.89 is provided, with the addition of the undistributed profit carried over from 2024 in the amount of RMB8,389,265,344.67, and after deducting a total of RMB1,868,033,800.40 in cash dividends for the year 2023 and the mid-term of 2024, the undistributed profits at the end of 2024 amounted to RMB7,524,341,276.23.

Upon deliberation by the Board, the Company is proposed to distribute profits based on the total share capital registered on the record date in respect of the implementation of equity distribution, and distribute cash dividend of RMB0.40 (tax inclusive) to all shareholders for every share. As of 31 December 2024, the total number of shares in issue was 1,625,790,949 shares, based on which a total cash dividend of RMB650,316,379.60 was proposed, and the undistributed profits shall be carried forward to the next distribution. There will not be any capitalization of capital reserve for 2024.

The profit distribution plan will be submitted to the general meeting of shareholders for approval.

1.6 This summary is prepared in both English and Chinese. In the event of discrepancy in interpretation, the Chinese version shall prevail.

1.7 All information required to be contained in this summary pursuant to paragraph 45 of Appendix D2 to the Listing Rules of HKEX shall be published on the website of HKEX (<https://www.hkexnews.hk/index.htm>).

2. DEFINITIONS

In this summary, unless the context otherwise requires, the following terms have the meaning as follows:

Articles of Association	the articles of association of the Company
Baiyunshan Han Fang	Guangzhou Baiyun shan Han Fang Contemporary Pharmaceutical Co., Ltd. (廣州白雲山漢方現代藥業有限公司), subsidiary of the Company
Baiyunshan Hospital	Guangzhou Baiyunshan Hospital Co., Ltd. (廣州白雲山醫院有限公司), subsidiary of Baiyunshan Medical and Healthcare Industry Company
Baiyunshan Jianhu Company	Guangzhou Baiyunshan Jianhu Medical Products Company Limited (廣州白雲山健護醫療用品有限公司), subsidiary of Baiyunshan Yihu Company
Baiyunshan Medical and Healthcare Industry Company	Guangzhou Baiyunshan Medical and Healthcare Industry Investment Co., Ltd. (廣州白雲山醫療健康產業投資有限公司), subsidiary of the Company
Baiyunshan Traditional Chinese Medicine Hospital	Guangzhou Baiyunshan Traditional Chinese Medicine Hospital Co., Ltd. (廣州白雲山中醫醫院有限公司), subsidiary of Baiyunshan Hospital

Baiyunshan Yi Xin Tang	Guangzhou Baiyunshan Yi Xin Tang Pharmaceutical Investment & Development Co., Ltd. (廣州白雲山一心堂醫藥投資發展有限公司), associate of the Company
Baiyunshan Yihu Company	Guangzhou Baiyunshan Yihu Health and Technology Company Limited (廣州白雲山壹護健康科技有限公司), subsidiary of the Company
Board	the board of Directors of the Company
Cai Zhi Lin	Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd. (廣州采芝林藥業有限公司), subsidiary of the Company
Chemical Pharmaceutical Factory	Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan Chemical Pharmaceutical Factory (廣州白雲山醫藥集團股份有限公司白雲山化學製藥廠), branch of the Company
Chen Li Ji	Guangzhou Baiyunshan Chen Li Ji Pharmaceutical Factory Company Limited (廣州白雲山陳李濟藥廠有限公司), subsidiary of the Company
Chuangying Company	Guangzhou Chuangying Guangyao Baiyunshan Intellectual Property Co., Ltd. (廣州創贏廣藥白雲山知識產權有限公司), subsidiary of the Company
Company Law	Company law of the People's Republic of China
Company/The Company/GYBYS	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (廣州白雲山醫藥集團股份有限公司)
CSRC	China Securities Regulatory Commission
Director	The director of the Company
DTP Pharmacy	The abbreviation for “Direct to Patient,” it refers to pharmacies that provide more valuable and professional services directly to patients.
GPC	Guangzhou Pharmaceutical Company Limited (廣州藥業股份有限公司)
GP Corp.	Guangzhou Pharmaceuticals Company Limited (廣州醫藥股份有限公司), subsidiary of the Company

GP Supply Chain Company	Guangzhou Pharmaceutical Baiyunshan Pharmaceutical Great Health Supply Chain (Guangzhou) Co., Ltd. (廣藥白雲山醫藥大健康供應鏈(廣州)有限公司), subsidiary of the Company
GP Venture Capital Fund	Guangzhou GP Industrial Investment Venture Capital Fund (Limited Partnership) (廣州廣藥產投創業投資基金合夥企業(有限合夥))
GPHL	Guangzhou Pharmaceutical Holdings Limited (廣州醫藥集團有限公司), the controlling shareholder of the Company
Group	the Company and its subsidiaries
Guangyao Baiyunshan Hong Kong Company	Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (廣藥白雲山香港有限公司), subsidiary of the Company
HWBYS	Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Co., Ltd. (廣州白雲山和記黃埔中藥有限公司), joint ventures of the Company
Hanchao	Guangdong Hanchao Traditional Chinese Medicine Technology Co., Ltd. (廣東漢潮中藥科技有限公司), subsidiary of the Company
HKEX	The Stock Exchange of Hong Kong Limited
Jing Xiu Tang	Guangzhou Baiyunshan Jing Xiu Tang Pharmaceutical Co., Ltd. (廣州白雲山敬修堂藥業股份有限公司), subsidiary of the Company
Listing Rules of HKEX or Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Medical Instrument Investment Company	Guangzhou Baiyunshan Medical Instrument Investment Company (廣州白雲山醫療器械投資有限公司), subsidiary of the Company
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers under the Appendix C3 of Listing Rules of HKEX

National Essential Drug List	The National Essential Drug List (the 2018 version) (《國家基本藥物目錄(2018年版)》), which is the basis for medical institutions to prepare and use drugs. The drugs in the National Essential Drug List are those adapted to the basic medical and health needs, and are featured by appropriate dosage and form as well as reasonable price and supply and availability are guaranteed to the public
National Medical Insurance Catalogue	a Catalogue of the List of Pharmaceutical Products under the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance of the PRC (the 2024 version) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年版)》), being the national standard payable drugs fees for the basic medical insurance, work-related injury insurance and maternity insurance fund
Pan Gao Shou	Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd. (廣州白雲山潘高壽藥業股份有限公司), subsidiary of the Company
PRC or China	the People's Republic of China
Provincial Medical Insurance Catalogue	a Catalogue of the List of Pharmaceutical Products under the Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance at the provincial level of the PRC (《基本醫療保險、工傷保險和生育保險藥品目錄》) issued by every province of the PRC
Qi Xing	Guangzhou Baiyunshan Qi Xing Pharmaceutical Co., Ltd. (廣州白雲山奇星藥業有限公司), subsidiary of the Company
Reporting Period/Year/ the current year	From 1 January 2024 to 31 December 2024
Runkang Confinement Company	Guangzhou Baiyunshan Runkang Confinement Service Center Co., Ltd (廣州白雲山潤康月子會所有限公司), subsidiary of Baiyunshan Medical and Healthcare Industry Company
SSE	The Shanghai Stock Exchange
Supervisor	The supervisor of the Company

Supervisory Committee	the supervisory committee of the Company
Wang Lao Ji	Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd. (廣州王老吉藥業股份有限公司), subsidiary of the Company
WBA GP Fund	WBA GP (Guangzhou) Equity Investment Partnership (Limited Partnership) (沃博聯廣藥(廣州)股權投資合夥企業(有限合夥))
WLJ Great Health	Guangzhou WLJ Great Health Industry Co., Ltd. (廣州王老吉大健康產業有限公司), subsidiary of the Company
Yixintang Pharmaceutical	Yixintang Pharmaceutical Group Co., Ltd. (一心堂藥業集團股份有限公司)
Zhong Yi	Guangzhou Baiyunshan Zhong Yi Pharmaceutical Company Limited (廣州白雲山中一藥業有限公司), subsidiary of the Company

3. COMPANY PROFILE

3.1 Company profile

Stock abbreviation:	BAIYUNSHAN
Stock abbreviation before the change:	GPC
Stock code:	600332 (A Share)
Stock exchange:	The Shanghai Stock Exchange
Stock abbreviation:	BAIYUNSHAN PH
Stock code:	00874 (H Share)
Stock exchange:	The Stock Exchange of Hong Kong Limited

Contact persons and contact details	Secretary to the Board	Representative of securities affairs
Name	Huang Xuezen	Huang Ruimei
Address	45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC	
Telephone	(8620) 6628 1218	(8620) 6628 1216
Fax	(8620) 6628 1229	
E-mail	huangxz@gybys.com.cn	huangrm@gybys.com.cn

3.2 Introduction of the Company's main business during the Reporting Period

Since its establishment, the Company has been committed to the healthcare industry. After years of development, the Company has continuously grown in both of its scale and efficiency. Currently, the Group is principally engaged in: (1) the research and development (R&D), manufacturing and sales of Chinese patent medicine, Western medicine, chemical raw materials, natural medicine, biological medicine and chemical raw materials intermediates; (2) the wholesale, retail and import and export business of Western medicine, Chinese medicine and medical equipment; (3) the R&D, production and sales of great health products; and (4) the health industry investment in medical care, health management, health maintenance and elderly care, etc.

3.2.1 Great Southern Traditional Chinese Medicine (Pharmaceutical manufacturing business)

There are 28 pharmaceutical manufacturing companies and institutions under the Company (including 3 branches, 23 subsidiaries and 2 joint ventures). The above enterprises or institutions engage in the R&D, manufacturing and sales of Chinese patent medicine and Western medicine, chemical raw materials, chemical raw materials intermediates, biological medicine and natural medicine, etc.

- (1) The Group is an epitome of the southern Traditional Chinese Medicine (TCM). The Company has 12 timehonored brand enterprises in China such as Zhong Yi, Chen Li Ji, Qi Xing, Jing Xiu Tang, Pan Gao Shou, etc., among which, 10 of them are century-old time-honored enterprises. The Group and its joint ventures in aggregate have 323 products which are included in the National Medical Insurance Catalogue, 331 products which are included in the Provincial Medical Insurance Catalogue and 143 products which are included in the National Essential Drug List. The Group's Chinese medicine products mainly include Xiao Chai Hu Granule, Zi Shen Yu Tai Pill, Xiao Ke Pill, Hua Tuo Zai Zao Pill, Qing Kai Ling series, Mi Lian Chuan Bei Pi Pa Gao, Compound Danshen Tablet series, Nao Xin Qing Tablet series, Xia Sang Ju Granule, Zhuang Yao Jian Shen Pill, Bao Ji series, An Gong Niu Huang Pill, Ban Lan Gen Granule series, Da Shen Kou Yan Qing Granule series, Compound Ban Lan Gen Granule series, Yang Yin Qing Fei Pill, Shu Jin Jian Yao Pill, etc. The Group boasts clear brand and variety in propriety Chinese patent medicine in southern China and throughout the country.

- (2) The Group has a complete antibiotic production chain ranging from the production of raw material medicine to that of preparations, with products covering commonly used anti-bacterial and anti-inflammatory varieties, drugs for men and products for relieving pain and heat. The Group integrated the antibiotic brands with the famous trademark “Kang Zhi Ba (抗之霸)”, striving to create a market image as the number one brand of oral anti-bacterial and anti-inflammatory drugs in China. The chemical medicine preparations of the Group and its joint ventures include Sildenafil Citrate Tablets (Trade name “Jin Ge (金戈)”), Cefuroxime Sodium for Injection, Paracetamol Caffeine and Aspirin Powder, Multivitamin For Injection (12), Amoxicillin, Cefixime series (include raw medicine), Amoxicillin and Clavulanate Potassium, Clindamycin Phosphate Injection, Paracetamol, Cefathiamidine, Cefpiramide, Cefprozil, etc.

3.2.2 Great Health Industry

The Great Health Industry of the Group mainly engaged in the production, R&D and sales of beverages, food and healthcare products etc., including the subsidiaries, WLJ Great Health and Wang Lao Ji, and the main products include Wang Lao Ji Herbal Tea, Ci Ning Ji (刺檸吉) series, Li Xiao Ji (荔小吉) series, Ye Rou coconut juice, lozenges and tortoise herb jelly, etc. Wang Lao Ji Herbal Tea, one of the leading brands in the Chinese beverage market, has a relatively strong advantage in terms of brand value and product competitiveness, and accounts for a comparatively large market share of the herbal tea industry in China.

3.2.3 Great Commerce (Pharmaceutical distribution business)

The Great Commerce of the Group mainly engaged in the business of pharmaceutical distribution, including wholesale, retail, and import and export of pharmaceutical products, medical equipment and healthcare products, etc. Its main enterprises include the subsidiaries of the Company namely GP Corp., Guangyao Supply Chain and Cai Zhi Lin, etc. As a leading pharmaceutical logistics company in southern China and a core enterprise of the Great Commerce, GP Corp. mainly engages in the wholesale and retail of pharmaceutical distribution business. Guangyao Supply Chain mainly provides the Group with the centralized procurement of raw materials, auxiliary materials and packaging materials. Cai Zhi Lin leveraged its advantages in the field of TCM to develop the businesses of production and sales of Chinese herbal medicine and TCM decoction-piece products.

3.2.4 Great Medical Care

The Great Medical Care of the Group is at the stage of development and investment expansion. The Group leveraged on Baiyunshan Medical and Healthcare Industry Company and Medical Instrument Investment Company as the main investment vehicles and used various means, including new establishment, joint venture and cooperation to focus on the development of three areas, namely medical services, TCM health maintenance and modern elderly care, as well as the medical device business. Currently, the Group have invested/held equity interest in a number of projects including Baiyunshan Hospital, Baiyunshan Traditional Chinese Medicine Hospital, Runkang Confinement Company, Baiyunshan Yihu Company and Baiyunshan Jianhu Company etc.

3.3 Circumstances of the development of the industry

The pharmaceutical industry constitutes an important part of the national economy of China, and is a strategic emerging industry related to the national economy and people's livelihood, economic development and national security. The pharmaceutical industry has the characteristics of weak periodicity, high investment, high risk, high technical barriers, strict supervision, etc. Following the continuous growth of China's economy and the improvement of people's living standards, the demand for healthcare is constantly growing, and the pharmaceutical industry is receiving increasing attention. The aging population and the increasing awareness of health management are driving the continuous growth of pharmaceutical demand, and the size of the pharmaceutical and health market will continue to expand.

In general, China's pharmaceutical industry will still be in a period of important strategic opportunities in the coming future. The construction of a healthy China, the construction of a strong manufacturing power and the national support for the development of the bio-pharmaceutical industry will help to gain more policies support for developing the pharmaceutical industry, while innovation and transformation are still the theme of the development of pharmaceutical industry and the directions for pharmaceutical enterprises to work on in the long term. As an important direction for the development of new quality productive forces, the bio-pharmaceutical industry has been highly valued by the national and local governments, and relevant supporting policies have been introduced successively, creating sound conditions for the development of the industry. Meanwhile, the application of digital and intelligent technologies as well as the improvement of manufacturing level will also bring new development opportunities to the pharmaceutical industry.

In 2024, the pharmaceutical industry as a whole was in a period of accelerated transformation, the development environment and competition situation of the domestic pharmaceutical industry were still grim, the pace of industrial restructuring was accelerated, and the national and local volume-based procurement continued to expand and deepen. The compliance regulation of medical insurance has been continuously strengthened, coupling with policies such as special governance of industry price and the launch of price comparison systems have further deepened and superimposed the impact on the development of the industry. The pharmaceutical industry was still under overall pressure. In 2024, according to data from the website of the National Bureau of Statistics, the operating revenue of pharmaceutical manufacturing enterprises above designated size in the PRC reached RMB2,529.85 billion, maintaining the same as corresponding period of 2023, and the total profit reached RMB342.07 billion, representing a year-on-year decrease of 1.1%. The operating revenue of liquor, beverage and refined tea manufacturing enterprises above designated size reached RMB1,588.06 billion, representing a year-on-year increase of 2.8%, and the total profit reached RMB328.72 billion, representing a year-on-year increase of 7.1%. However, under the dual drive of technological innovation iteration and the continuous release of new demand, the development of new quality productivity in the pharmaceutical industry was constantly promoted, which became an important support for the innovative and high-quality development of the pharmaceutical industry. The whole industrial chain of drug development, approval, payment and channels to support the gradual implementation of innovative drugs policies, accelerating the review and approval of innovative drugs, assisting in expediting the commercialization of innovative drugs, and boosting the launch of innovative pharmaceutical products.

4. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP

4.1 Principal accounting data

Principal accounting data	2024	2023	Year-on-year	2022	2021	2020
			increase/ (decrease) (%)			
Income from operations <i>(RMB'000)</i>	74,992,820	75,515,404	(0.69)	70,788,155	69,014,052	61,673,702
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	2,835,496	4,055,679	(30.09)	3,966,522	3,719,878	2,915,245
Net profit attributable to the shareholders of the Company after deducting non-recurring items <i>(RMB'000)</i>	2,356,431	3,635,521	(35.18)	3,319,308	3,306,416	2,627,691
Net cash flow from operating activities <i>(RMB'000)</i>	3,442,427	4,103,625	(16.11)	6,999,076	5,673,497	585,185
Total profit <i>(RMB'000)</i>	3,607,580	5,110,498	(29.41)	5,043,244	4,723,071	3,739,082

Principal accounting data	As at	As at	Year-on-year	As at	As at	As at
	31 December	31 December	increase/ (decrease) (%)	31 December	31 December	31 December
	2024	2023		2022	2021	2020
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	35,904,528	34,919,281	2.82	32,065,125	29,062,184	26,144,843
Total assets <i>(RMB'000)</i>	81,683,612	78,586,878	3.94	74,665,299	66,117,790	59,760,063
Total liabilities <i>(RMB'000)</i>	43,913,976	41,909,054	4.78	41,027,441	34,791,121	31,554,796
Equity attributable to the shareholders of the Company per share <i>(RMB)</i>	22.08	21.48	2.82	19.72	17.88	16.08
Total equity as at the end of the Reporting Period <i>(RMB'000)</i>	1,625,791	1,625,791	–	1,625,791	1,625,791	1,625,791

4.2 Principal financial indicators

Principal accounting data	2024	2023	Year-on-year	2022	2021	2020
			increase/ (decrease) (%)			
Basic earnings per share (<i>RMB/share</i>)	1.744	2.495	(30.09)	2.440	2.288	1.793
Diluted earnings per share (<i>RMB/share</i>)	1.744	2.495	(30.09)	2.440	2.288	1.793
Basic earnings per share after deducting non-recurring items (<i>RMB/share</i>)	1.449	2.236	(35.18)	2.042	2.034	1.616
Weighted average return on net assets ratio (%)	7.99	12.07	A decrease of 4.08 percentage points	12.97	13.46	11.55
Ratio of weighted average return on net assets after deducting non-recurring items (%)	6.64	10.82	A decrease of 4.18 percentage points	10.85	11.96	10.41
Ratio of return on total equity attributable to shareholders of the Company (%)	7.90	11.61	A decrease of 3.71 percentage points	12.37	12.80	11.15
Ratio to total equity attributable to shareholders of the Company to total assets (%)	43.96	44.43	A decrease of 0.47 percentage point	42.95	43.96	43.75
Gearing ratio (%)	53.76	53.33	An increase of 0.43 percentage point	54.95	52.62	52.80

Note: The above financial data and indicators are computed based on the consolidated financial statements.

Explanation of principal accounting data and financial indicators

Applicable Not Applicable

4.3 Differences of accounting data under domestic and foreign accounting standards

Applicable Not Applicable

4.4 Principal accounting data of 2024 on quarterly basis

	The first quarter (January – March) <i>(RMB'000)</i>	The second quarter (April – June) <i>(RMB'000)</i>	The third quarter (July – September) <i>(RMB'000)</i>	The fourth quarter (October – December) <i>(RMB'000)</i>
Income from operations	22,946,212	18,096,603	18,017,185	15,932,820
Net profit attributable to the shareholders of the Company	1,958,118	591,447	609,412	(323,481)
Net profit attributable to the shareholders of the Company after deducting non-recurring items	1,833,541	507,291	514,998	(499,400)
Net cash flow from operating activities	(3,138,187)	1,101,446	1,285,378	4,193,789

The explanation for the difference between the quarterly data and the disclosed regularly reported data

Applicable Not Applicable

5. SHAREHOLDERS

5.1 Total number of ordinary shareholders, preferred shareholders whose voting rights were restored and shareholders with special voting rights, and the conditions of the top ten shareholders as at the end of Reporting Period and at the end of last month before the discourse of the annual report

Total number of ordinary shareholders as at the end of the Reporting Period	84,409
Total number of ordinary shareholders as at the end of last month before the discourse date of the annual report	89,367
Total number of preferred shareholders whose voting rights were restored as at the end of the Reporting Period	0
Total number of preferred shareholders whose voting rights were restored as at the end of last month before the discourse date of the annual report	0

The top ten shareholders of the Company
(excluding shares lent through refinancing and securities lending business)

Shareholders (Full name)	Increase/ (Decrease) during the Reporting Period <i>(share)</i>	Number of shares held as at the end of the Reporting Period <i>(share)</i>	Approximate percentage of the total issued share capital <i>(%)</i>	Number of shares subject to selling restrictions held <i>(share)</i>	Number of shares subject to pledge, mark or lock-up <i>(share)</i>	Nature of Shareholders
Guangzhou Pharmaceutical Holdings Limited	0	732,305,103	45.04	0	0	State-owned legal person
HKSCC Nominees Limited	11,852	219,783,142	13.52	0	0	Overseas legal person
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	(5,737,600)	67,576,183	4.16	0	0	Others
China Securities Finance Corporation Limited	0	47,277,962	2.91	0	0	Others
HongKong Securities Clearing Company Limited	7,696,565	35,211,155	2.17	0	0	Overseas legal person
Guangzhou Industrial Investment and Capital Operating Holdings Group Ltd	(829,700)	17,264,052	1.06	0	0	State-owned legal person
China Construction Bank Corporation – E Fund CSI 300 Healthcare Exchange-Traded Open-End Index Securities Investment Fund	2,403,200	12,969,657	0.80	0	0	Others
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Open-End Index Securities Investment Fund	7,007,922	12,179,814	0.75	0	0	Others

The top ten shareholders of the Company
(excluding shares lent through refinancing and securities lending business)

Shareholders (Full name)	Increase/ (Decrease) during the Reporting Period <i>(share)</i>	Number of shares held as at the end of the Reporting Period <i>(share)</i>	Approximate percentage of the total issued share capital <i>(%)</i>	Number of shares subject to selling restrictions held <i>(share)</i>	Number of shares subject to pledge, mark or lock-up <i>(share)</i>	Nature of Shareholders
Huaxia AMC-Agricultural Bank-Huaxia China Securities Financial Asset Management	0	8,795,136	0.54	0	0	Others
Zhongou AMC-Agricultural Bank-Zhongou China Securities Financial Asset Management Plan	0	8,680,636	0.53	0	0	Others
Explanation of the share repurchase account of the top ten shareholders	Not applicable					
Explanation of the proxy voting, fiduciary voting, abstaining from voting among the above shareholders	Not applicable					
Explanation of the connection or person acting in concert among the above shareholders	<p>(1) According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients;</p> <p>(2) The Company was not aware of any connection among the above top ten shareholders, or whether they were persons acting in concert as provided in the “Measures for the Administration of Acquisition of Listed Companies”</p>					
Explanation of preferred shareholders with their voting rights restored and the number of shares they hold	Not applicable					

Information on the shareholders holding more than 5% of shares in issue, the top ten shareholders and the top ten shareholders not subject to selling restrictions participating in the refinancing and securities lending business

Applicable Not Applicable

Information on the shareholders holding more than 5% of shares in issue, the top ten shareholders and the top ten shareholders not subject to selling restrictions participating in the refinancing and securities lending business

Shareholders (Full name)	The shareholdings of ordinary account and credit account at the beginning of the Reporting Period		The outstanding shares of refinancing and securities lending business at the beginning of the Reporting Period		The shareholdings of ordinary account and credit account at the end of the Reporting Period		The outstanding shares of refinancing and securities lending business at the end of the Reporting Period	
	Number of shares <i>(share)</i>	Percentage <i>(%)</i>	Number of shares <i>(share)</i>	Percentage <i>(%)</i>	Number of shares <i>(share)</i>	Percentage <i>(%)</i>	Number of shares <i>(share)</i>	Percentage <i>(%)</i>
Guangzhou Industrial Investment and Capital Operating Holdings Group Ltd	18,093,752	1.11	600,000	0.04	12,264,052	1.06	0	0
China Construction Bank Corporation – E Fund CSI 300 Healthcare Exchange-Traded Open-End Index Securities Investment Fund	10,566,457	0.65	16,200	0.001	12,969,657	0.80	0	0
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Open-End Index Securities Investment Fund	5,171,892	0.32	18,300	0.001	12,179,814	0.75	0	0

Changes of the top ten shareholders and the top ten shareholders not subject to selling restrictions compared with last period due to refinancing lending/restitution

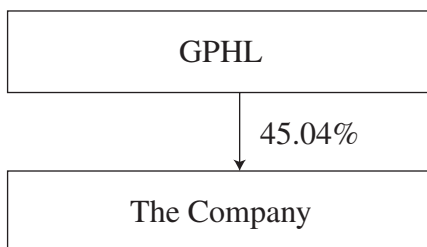
Applicable Not Applicable

The number of shares held by the top ten shareholders subject to selling restrictions and the conditions of selling restrictions

Applicable Not Applicable

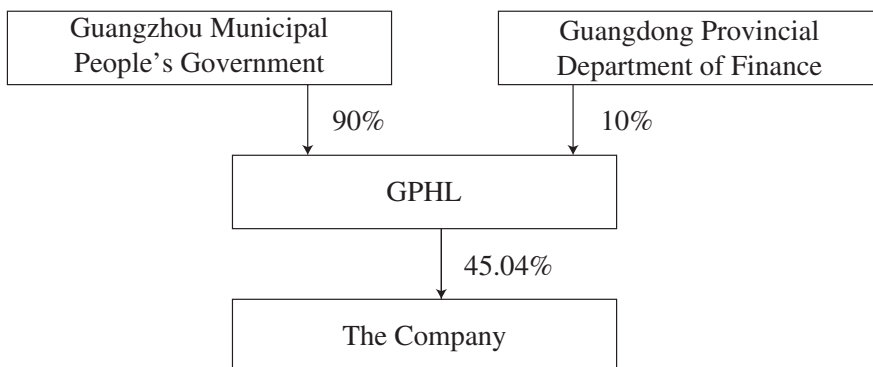
5.2 Relationship between the Company and its controlling shareholder as at the end of the Reporting Period

Applicable Not Applicable



5.3 Relationship between the Company and its actual controller as at the end of the Reporting Period

Applicable Not Applicable



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

5.5 There was no change in the controlling shareholder of the Company during the Reporting Period.

5.6 Total number of preferred shareholders and the conditions of the top ten shareholders as at the end of the Reporting Period

Applicable Not Applicable

5.7 Conditions of the Company's bonds

Applicable Not Applicable

5.8 Public float

Based on the publicly available information and to the best knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the publication of this summary.

5.9 Pre-emptive rights

According to the Articles of Association and the laws of the PRC, there is no pre-emptive right which would oblige the Company to issue new shares to existing shareholders on a pro-rata basis.

6. DISCUSSION AND ANALYSIS OF THE OPERATING ENVIRONMENT

6.1 Management discussion and analysis

In 2024, amid the accelerated transformation of the pharmaceutical and healthcare industry, the Group steadily advanced its various initiatives, actively responded to changes in the economic environment and industry policies, promoted the integrated development of the digital economy and the pharmaceutical and healthcare sector, and drove the sustained growth of its business.

During the Reporting Period, the Group achieved operating revenue of RMB74,992,820,000, a year-on-year decrease of 0.69%; total profit reached RMB3,607,580,000, a year-on-year decrease of 29.41%; and net profit attributable to the Company's shareholders was RMB2,835,496,000, a year-on-year decrease of 30.09%. Compared to 2023, the year-on-year decline in the Group's operating performance is primarily due to: (1) During the Reporting Period, the Group's major business segments experienced a year-on-year decline in operating performance due to persistent factors such as insufficient effective demand, accelerated industry transformation, changes in industry policies, and intense market competition; (2) During the Reporting Period, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company made a provision for asset impairment of RMB386 million on its long-term equity investment in Yixintang Pharmaceutical, thereby reducing the total profit for the Year.

During the Reporting Period, the Group focused on advancing the following key initiatives:

- (1) Actively promoting the development of Great Southern TCM by strengthening the varieties and solidifying foundations. During the Reporting Period, as industry policies such as medicine centralized procurement and healthcare reform continued to deepen, the Great Southern TCM further intensified its focus on resource aggregation, fostered key varieties and product lines, continuously optimized the product portfolio to enhance brand influence; deepened market penetration by accelerating the expansion of terminal sales networks and focusing on e-commerce growth to enhance product turnover; optimized development of specialty active pharmaceutical ingredients and intensified international expansion. During the Reporting Period, the sales revenue of several key products saw significant year-over-year growth, including Yang Yin Qing Fei Gao, Yang Yin Qing Fei Mixture, Paracetamol, Caffein, Artificial Cow-bezoar and Chlorphenamine Maleate Capsules, Cefixime series (including raw materials), Mi Lian Chuan Bei Pi Pa Gao, Qing Kai Ling series, She Dan Chuan Bei Ye, Xiao Chai Hu Granules, and She Dan Chuan Bei Pi Pa Gao.
- (2) Focusing on deepening market penetration and exploring new sources to enhance the development momentum of the Great Health. In 2024, facing macroeconomic fluctuations, a sustained slowdown in consumer growth, increasingly fierce market competition, and weather conditions such as rainy days, the Great Health targeted the ready-to-drink market, expanded dining consumption, seized opportunities in festive banquet scenes, developed mainstream international markets, continued youth-oriented branding, and accelerated channel expansion including e-commerce to actively open up markets and promote product turnover. Meanwhile, the Great Health continued to adhere to the product structure of one core with multi-elements by launching new products such as herbal tea with original flavor, rose flavored herbal tea, freesia flavored herbal tea, and houttuynia flavored herbal tea, to capture emerging consumer scenarios.
- (3) Seizing opportunities and enhancing integration to promote steady growth in the Great Commerce. In 2024, with the deepening of the medical reform, the medical circulation field shows a trend of increasing the concentration degree and intensifying the stock competition. The Great Commerce continuously strengthened its marketing system led by service capabilities, continuously improving the distribution network layout and strengthening the capacity building of variety expansion, terminal access and commercial operation to solidify the foundation of pharmaceutical wholesale business. By leveraging dual-channel operations, the Great Commerce vigorously develop prescription retail business and promote the integration of retail and wholesale, online and offline resources. We also actively expand the medical device retail businesses and venture into healthy products such as aesthetic medicine products, special medical food and nutrition products to enhance the influence of medical devices. Additionally, we continued to drive the development of import and export businesses for medicine, strengthening cooperation with Servier Group of France. Notably, the targeted drug Vorasidenib for treating glioblastoma was successfully applied in Boao Lecheng, Hainan as it was used for treating the first patient in Asia. Furthermore, we continue to expand the drug import and export business in Guangdong, Hong Kong and Macao.

- (4) Strengthening the foundation of the basis for the development of the Great Medical Care by enhancing construction and branding. In 2024, Baiyunshan Hospital continuously improved its discipline construction and service quality by establishing new departments such as Internal Medicine Division III, Hematology Outpatient Clinic, and Oncology Department through collaborative partnerships, enhancing overall medical service capabilities. The Baiyunshan Internet Hospital realized mobile medical insurance settlement. Runkang Confinement Company deepened upstream and downstream industry collaborations, continuously improving brand influence.
- (5) Boosting research and quality management efficiency by expanding pipelines and enhancing innovation. During the Reporting Period, the Group firstly further enhanced its research platform capacity by adding 3 provincial platforms, 5 national qualifications, and 10 provincial qualifications. Notably, Baiyunshan Han Fang was honored as a “Little Giant” enterprise for specialization and innovation by the Ministry of Industry and Information Technology (MIIT), and Han Chao Company received CASL (China Accredited Seed Laboratory) certification for national crop seed quality inspection. Secondly, the Group expanded R&D pipelines. As at the end of 2024, the Group possessed over 200 candidate projects covering new TCM, generic drugs, innovative drugs & chemical drugs, biosimilars, and medical devices. Additionally, the Group and the joint ventures won 1 National Science and Technology Progress Award and 3 provincial awards, including the National Science and Technology Progress Award for HWBYS’s “Integrated Innovation and Support System Creation and Application of Traditional Chinese Medicine Quality Testing Technology.” Thirdly, the Group also strengthened quality management, and promoted the digitalization of quality management tools to improve quality management system. During the year, the Group and the joint ventures received approximately 200 quality management awards, with Zhong Yi winning the 2023 National Pharmaceutical Industry Quality Craftsmanship Enterprise.
- (6) Continuously enhancing capital operations and promoting industrial fund activities. In 2024, GP Corp. continued to push for listing on NEEQ and opportunistically on the Beijing Stock Exchange, and the application for listing on the NEEQ has been accepted. WBA GP Fund added Guangzhou Nansha Science and Technology Venture Capital Fund Co., Ltd. (廣州南沙區科工創業投資基金有限公司) as a limited partner, expanding the fund size to RMB1 billion. GP Venture Capital Fund added Guangzhou State-owned Enterprise Innovation Fund Co., Ltd. (廣州國企創新基金有限公司) as a limited partner.

- (7) Digitalization-empowered upgrading to drive development with digital technologies. During the Reporting Period, the Group launched four digitalization projects, including decision-making, management, operations, and business, actively promoted the “Four Digitalization” platform initiative to empower new industrialization efforts, thereby building a unified data platform to enhance industrial digitalization levels. The Group continued to advance pharmacovigilance system construction, with 14 subsidiaries launching the system and processing over 8,100 individual safety reports. “Traditional Chinese Medicine Networking and Intelligent Integration Innovation Application Project” of Zhong Yi was selected for the MIIT Industrial Internet Pilot Demonstration List, becoming the only short-listed pharmaceutical company in Guangzhou.
- (8) Strengthening foundational management, optimizing and refining operational processes and decision-making mechanisms, enhancing risk prevention and mitigation capabilities, and reinforcing the safety accountability framework, thereby driving stable and orderly operations of the Group.

6.2 Analysis of principal operations during the Reporting Period

6.2.1 Analysis of change in certain items in income statement and cash flow statement

Items	The Reporting Period (RMB'000)	The corresponding period of 2023 (RMB'000)	Increase/ (Decrease)
			over the corresponding period of 2023 (%)
Revenue	74,992,820	75,515,404	(0.69)
Include: income from principal operations	74,778,519	75,274,869	(0.66)
Cost of sales	62,472,769	61,328,110	1.87
Include: cost from principal operations	62,389,614	61,265,910	1.83
Selling and distribution expenses	5,619,619	6,104,738	(7.95)
General and administrative expenses	2,407,634	2,421,540	(0.57)
Research and development expenses	763,770	782,144	(2.35)
Financial expenses	38,229	(19,561)	295.44
Profit before tax	3,607,580	5,110,498	(29.41)
Net profit attributable to shareholders of the Company	2,835,496	4,055,679	(30.09)
Net cash flow from operating activities	3,442,427	4,103,625	(16.11)
Net cash flow from investing activities	(5,963,946)	(3,114,859)	(91.47)
Net cash flow from financing activities	(1,006,221)	(1,978,001)	49.13
Gains from changes in fair value	24,654	38,637	(36.19)
Impairment losses in respect of assets	(407,283)	(3,521)	(11,466.94)
Non-operating income	40,304	29,276	37.67

Notes:

- (1) The year-on-year increase in financial expenses is due to: the impact of declining market interest rates, resulting in a decrease in deposit interest income for the Company and its subsidiaries compared to the same period last year.
- (2) The year-on-year decrease in net profit attributable to the Company's shareholders is due to: (1) reduced profits at the Company's subsidiaries caused by macroeconomic fluctuations and increasingly intense market competition; (2) the Company's provision for impairment of long-term equity investments.
- (3) The year-on-year change in net cash flow from investing activities is due to: the Company's subsidiaries increased their purchases of bank time deposits and large-denomination certificates of deposit compared to the same period last year, resulting in an increase in net cash outflow from investing activities.
- (4) The year-on-year change in net cash flow from financing activities is due to: (1) no redemption of ultra-short-term financing bonds by the Company's subsidiaries during the year; (2) Bank borrowings by the Company's subsidiaries increased year-on-year, resulting in a decrease in net cash outflow from financing activities.
- (5) The year-on-year increase in gains from changes in fair value is due to: a decrease in the fair value of financial assets held by the Company's subsidiaries as of the end of the reporting period compared to the same period last year.
- (6) The year-on-year change in asset impairment losses is due to: (1) During the Reporting Period, the Company made a provision for impairment of long-term equity investments in Yixintang Pharmaceutical of RMB386 million in accordance with the Accounting Standards for Business Enterprises; (2) The year-on-year increase in provisions for inventory write-down by the Company's subsidiaries.
- (7) The year-on-year increase in non-operating income is due to: an increase in litigation compensation received by the Company's subsidiaries compared to the same period last year.

The detailed description of significant changes in the Company's business type, profit composition or profit sources during the Reporting Period

Applicable Not Applicable

6.2.2 Analysis of revenue and cost

(1) Analysis of the operation results by industry, product, region and sales model

Industries	Results of principal operations by industry					
	Income from principal operations	Increase/ (Decrease) over the same period of 2023	Cost of principal operations	Increase/ (Decrease) over the same period of 2023	Gross profit margin of principal operations	Increase/ (Decrease) over the same period of 2023
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Great Southern TCM	9,756,131	(10.40)	5,185,268	(7.10)	46.85	A decrease of 1.89 percentage points
Great Health	9,705,343	(12.70)	5,520,854	(10.67)	43.12	A decrease of 1.29 percentage points
Great Commerce	54,549,541	3.39	51,041,184	4.01	6.43	A decrease of 0.56 percentage point
Others	767,504	51.48	642,308	48.77	16.31	An increase of 1.52 percentage points
Total	74,778,519	(0.66)	62,389,614	1.83	16.57	A decrease of 2.04 percentage points

Types of products	Results of principal operations by product					
	Income from principal operations		Cost of principal operations		Gross profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the period of 2023 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the period of 2023 (%)	Gross profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2023
Chinese patent medicine	6,066,081	(3.26)	3,568,536	1.14	41.17	A decrease of 2.56 percentage points
Chemical medicine	3,690,050	(20.10)	1,616,732	(21.25)	56.19	An increase of 0.64 percentage point
Total of Great Southern TCM	9,756,131	(10.40)	5,185,268	(7.10)	46.85	A decrease of 1.89 percentage points

Regions	Results of principal operations by region					
	Income from principal operations		Cost of principal operations		Gross profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the period of 2023 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the period of 2023 (%)	Gross profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2023
Southern China	55,585,385	(0.50)	47,760,689	1.17	14.08	A decrease 1.42 percentage points
Eastern China	6,237,916	(1.30)	4,712,119	4.06	24.46	A decrease 3.89 percentage points
Northern China	3,338,990	(5.76)	2,464,777	1.36	26.18	A decrease 5.19 percentage points
North-Eastern China	2,104,630	9.87	1,822,961	12.92	13.38	A decrease 2.34 percentage points
South-Western China	5,235,953	4.62	3,797,812	11.85	27.47	A decrease of 4.68 percentage points
North-Western China	2,000,412	(12.28)	1,577,145	(11.19)	21.16	A decrease of 0.97 percentage point
Exports	275,233	(20.06)	254,111	(18.95)	7.67	An increase of 1.27 percentage points

Results of principal operations by sales model						
Sales models	Income from principal operations	Increase/ (Decrease) over the same period of 2023	Cost of principal operations	Increase/ (Decrease) over the same period of 2023	Gross profit margin of principal operations	Increase/ (Decrease) over the same period of 2023
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Industrial model	19,461,474	(11.57)	10,706,121	(8.97)	44.99	A decrease of 1.57 percentage points
Commercial model	54,549,541	3.39	51,041,185	4.01	6.43	A decrease 0.56 percentage point
Other model	767,504	51.48	642,308	48.77	16.31	An increase of 1.52 percentage points

Gross profit margin of principal operations = (Income from principal operations – Cost of principal operations)/Income from principal operations * 100%

(2) Analysis of production, sales and inventory

Main products	Production	Sales	Inventory	Production	Sales	Inventory
				increase/ (decrease) over the same period of 2023 (%)	increase/ (decrease) over the same period of 2023 (%)	increase/ (decrease) over the same period of 2023 (%)
Sildenafil Citrate Tablet (thousand tablets)	95,908.01	87,851.90	24,201.14	1.33	(13.17)	49.78
Xiao Chai Hu Granule (thousand packs)	45,431.56	44,109.96	7,214.96	3.35	1.60	19.50
Zi ShenYu Tai Pill (thousand boxes/thousand bottles)	9,954.54	9,584.85	2,062.54	14.38	19.64	61.00
Xiao Ke Pill (thousand bottles)	33,177.13	31,277.68	7,698.52	(16.12)	(17.63)	27.42
Cefuroxime Sodium for Injection (thousand bottles)	117,234.20	109,094.83	9,997.87	11.90	10.59	11,208.53
Hua TuoZai Zao Pill (thousand boxes)	7,425.79	7,459.72	1,848.14	(0.75)	0.95	5.56
Qing Kai Ling Series (thousand packs/thousand bottles/thousand grains)	625,658.00	599,735.49	138,394.89	(12.32)	0.31	37.88
Paracetamol Caffeine and Aspirin Powder series (thousand boxes)	33,286.59	30,291.42	4,362.07	20.44	1.33	62.77
Mi Lian Chuan Bei Pi Pa Gao (thousand bottles)	21,902.00	22,243.48	3,471.54	(0.78)	19.18	(3.41)
Xia Sang Ju Granule (thousand packs)	261,965.57	288,780.68	52,802.29	(26.62)	(12.95)	(33.88)

Explanation of the significant year-on-year changes in production, sales volume and year-end inventory levels:

- ① The inventory of Sildenafil Citrate Tablet rose year-on-year due to intensified market competition with continuously increase of competing products and changes in the promotion strategy, which lead to the year-on-year decline in sales and a year-on-year increase in inventory.
- ② The reason of year-on-year rise in inventory of Zi Shen Yu Tai Pill is that the product this year to strengthen market promotion and product marketing efforts, boosting both production and sales. Anticipating future demand, the production subsidiary stocked up in advance, leading to a year-on-year increase in inventory.

- ③ The inventory of Cefuroxime Sodium for Injection rose year-on-year as a result of increased demand driven by adjustments to COVID-19 control policies and the ongoing flu season. Increased inventory turnover led to a significant decline in stock by the end of 2023. In 2024, the subordinate enterprises scheduled production and stocking based on sales forecasts, which helped bring inventory to a more balanced level, resulting in a year-on-year increase.
- ④ The year-on-year increase in the inventory of Qing Kai Ling series was driven by the manufacturing subsidiary's anticipation of higher future demand, leading to proactive stockpiling to ensure timely market supply amid the continued high incidence of flu cases, which lead to a year-on-year increase in inventory.
- ⑤ The inventory of Paracetamol Caffeine and Aspirin Powder series rose year-on-year, as the Company's subsidiary adjusted production and stocking based on demand, optimizing inventory levels which led to a year-on-year increase in inventory as at the end of the Reporting Period.
- ⑥ The inventory of Xia Sang Ju Granules decreased year-on-year, as overall demand for the product normalized in 2024, leading to a decline in sales. Consequently, the production subsidiaries adjusted their output, resulting in a decrease in inventory as at the end of the Reporting Period.

(3) Analysis of cost

		Results by industry					Increase/ (decrease) over the same period of 2023 (%)	Explanation of the situation
		2024		2023				
Industrial	Components	Amount (RMB'000)	Proportion of operation cost (%)	Amount (RMB'000)	Proportion of operation cost (%)			
Manufacturing business	Raw material	7,888,378	73.68	8,744,832	74.20	(9.79)	/	
	Fuel	169,028	1.58	170,673	1.45	(0.96)	/	
	Labor cost	413,495	3.86	423,812	3.60	(2.43)	/	
	Others	2,235,220	20.88	2,444,651	20.75	(8.57)	/	
Pharmaceutical distribution business	Cost of purchase	51,041,185	100.00	49,072,585	100.00	4.01	/	
Others	Other cost	642,308	100.00	409,357	100.00	56.91	During the Reporting Period, the business volume of the Company's subsidiaries, such as Baiyunshan Hospital, increased year-on-year, leading to a corresponding rise in costs.	

(4) Major customers and suppliers

1) The major sales customers of the Company

During the Year, sales by the Group to the top five customers amounted to RMB8,111,483,000 (2023: RMB8,144,181,000), representing approximately 10.85% of the total sales (2023: 10.82%) of the Group for the Year. The sales to the largest customer amounted to RMB2,047,492,000 (2023: RMB2,136,527,000), representing 2.74% (2023: 2.84%) of the total sales of the Group for the Year. The sales to the top five customers included RMB0 being sales to related parties, representing 0% of the total sales of the Group for the Year.

Sales to a single customer accounting for 50% or more of the total sales of the Group, or new customers entering into the list of top five customers, or the Group's sales heavily dependent on a small number of customers during the Reporting Period.

Applicable Not Applicable

2) Major suppliers of the Company

During the Year, purchases by the Group from the top five suppliers amounted to RMB9,984,583,000 (2023: RMB8,046,524,000), representing approximately 15.59% of the total purchases (2023: 12.95%) of the Group for the Year. The purchases from the largest supplier amounted to RMB2,436,612,000 (2023: RMB1,971,415,000), representing 3.80% (2023: 3.17%) of the total purchases of the Group for the Year. The purchases from the top five suppliers included RMB0 being purchases from related parties, representing 0% of the total purchases of the Group for the Year.

Purchase from a single supplier accounting for 50% or more of the total purchases of the Group, or new suppliers entering into the list of top five suppliers, or Group's purchases heavily dependent on a small number of suppliers during the Reporting Period.

Applicable Not Applicable

During the Reporting Period, there were new suppliers among the 5 largest suppliers:

Number	Suppliers	Purchases (RMB'000)	Proportion of total purchases for the year (%)
1	Supplier 1	1,894,073	2.96
2	Supplier 2	1,575,407	2.46

There is no heavy reliance on a few number of suppliers or customers during the Reporting Period. To the knowledge of the Board, during the Year, none of the Directors, their associates or shareholders who held more than 5% of the Company's total issued share capital (excluding treasury shares) had any interest in any of the 5 largest customers and suppliers as were mentioned above.

6.2.3 Expenses

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB5,619,619,000 (2023: RMB6,104,738,000), representing a decrease of approximately 7.95% as compared with last year.

During the Reporting Period, the Group's general and administrative expenses were approximately RMB2,407,634,000 (2023: RMB2,421,540,000), representing a decrease of approximately 0.57% as compared with last year.

During the Reporting Period, the Group's R&D expenses were approximately RMB763,770,000 (2023: RMB782,144,000), representing a decrease of approximately 2.35% as compared with last year.

During the Reporting Period, the Group's financial expenses were approximately RMB38,229,000 (2023: RMB-19,561,000), representing an increase of approximately 295.44% as compared with last year.

During the Reporting Period, the Group's income tax expenses were approximately RMB606,849,000 (2023: RMB851,170,000), representing a decrease of approximately 28.70% as compared with last year.

6.2.4 Research and development investments

(1) Research and development investments

Applicable Not Applicable

Cost of research and development investments in the current year (RMB'000)	763,770
Capitalization of research and development investments in the current year (RMB'000)	64,637
Total research and development investments (RMB'000)	828,407
Ratio of research and development investments to income from operations (%)	4.26
Ratio of total research and development investments to net assets (%)	2.19
Percentage of the capitalization of research and development investments (%)	7.80

Note: The above R&D investment ratio refers to the proportion relative to the industrial main business revenue.

(2) Research and development staff

Applicable Not Applicable

The numbers of research and development staff of the Company	542
Proportion of research and development staff of the Company (%)	1.93

Educational level of research and development staff

Categories of educational level	Total staff
Doctor degree	50
Master degree	205
Bachelor degree	227
Completion of specialized education	58
Completion of general secondary education & below	2

Age structure of research and development staff

Categories of age	Total staff
Below 30 years old (<30)	227
30-40 years old (≥30, <40)	245
40-50 years old (≥40, <50)	48
50-60 years old (≥50, <60)	22
60 years old and above 60	0

(3) Explanation of the situation

Applicable Not Applicable

(4) Reasons of major changes in the structure of research and development staff and impacts on future development of the Company

Applicable Not Applicable

6.2.5 Cash flow

Applicable Not Applicable

Items	The Reporting Period (RMB'000)	The corresponding period of 2023 (RMB'000)	Increase/ (Decrease) as compared with the same period of 2023 (%)	Reasons
Net cash flow from operating activities	3,442,427	4,103,625	(16.11)	/
Net cash flow from investing activities	(5,963,946)	(3,114,859)	(91.47)	The Company's subsidiaries increased their purchases of bank time deposits and large-denomination certificates of deposit compared to the same period last year.
Net cash flow from financing activities	(1,006,221)	(1,978,001)	49.13	(1) No redemption of ultra-short-term financing bonds occurred at the Company's subsidiaries during the year; (2) Bank borrowings by the Company's subsidiaries increased year-on-year.

6.3 Analysis of financial conditions

6.3.1 Liquidity

As at 31 December 2024, the current ratio of the Group was 1.48 (31 December 2023: 1.55), and its quick ratio was 1.15 (31 December 2023: 1.23). Accounts receivable turnover rate was 5.25 times (31 December 2023: 5.45 times), representing a decrease of 3.74% as compared with the corresponding period of 2023. Inventory turnover rate was 5.10 times (31 December 2023: 5.49 times), representing a decrease of 7.11% as compared with the corresponding period of 2023.

6.3.2 Financial resources

As at 31 December 2024, cash and cash equivalents of the Group amounted to RMB16,302,939,000 (31 December 2023: RMB19,823,544,000), of which approximately 99.80% and 0.20% were denominated in Renminbi and foreign currencies, such as Hong Kong dollar, respectively.

As at 31 December 2024, the Group had bank borrowings of RMB13,260,569,000 (31 December 2023: RMB11,159,204,000), including short-term borrowings of RMB9,122,982,000 (31 December 2023: RMB7,799,036,000), current portion of non-current liabilities of RMB1,332,048,000 (31 December 2023: RMB36,451,000) and long-term borrowings of RMB2,805,539,000 (31 December 2023: RMB3,323,718,000).

6.3.3 Capital structure

As at 31 December 2024, the Group's current liabilities amounted to RMB38,915,689,000 (31 December 2023: RMB36,235,291,000), representing an increase of 7.40% as compared with the corresponding period of 2023, and its long-term liabilities was RMB4,998,286,000 (31 December 2023: RMB5,673,763,000), with a decrease of 11.91% as compared with the corresponding period of 2023. The shareholders' equity attributable to the shareholders of the Company amounted to RMB35,904,528,000 (31 December 2023: RMB34,919,281,000), with an increase of 2.82% as compared with the corresponding period of 2023.

6.3.4 Capital expenditure

The Group expects the capital expenditure for 2025 to be approximately RMB2.014 billion (2024: RMB1.550 billion), which would be mainly applied in the construction of research and development bases, the construction of production bases and upgrade of equipments, etc. The Group will raise funds through internal resources and bank borrowings to meet the capital expenditure requirements and support daily operations. As of the date of this summary, the Company has no plans for fundraising activities within the next year. The Company's management will prudently assess the need for fundraising activities based on market conditions, funding requirements, and changes in development strategies. If there are any fundraising plans in the future, the Company will strictly comply with the Listing Rules of HKEX and SSE and promptly disclose relevant information to shareholders and the public.

6.3.5 Assets and liabilities

Items	As at	Proportion	As at	Proportion	Increase/ (decrease)	Reasons for changes
	31 December 2024 (RMB'000)	of the total assets (%)	31 December 2023 (RMB'000)	of the total assets (%)	over the corresponding period of 2023 (%)	
Financial assets held for trading	0	0.00	4,000	0.01	(100.00)	During the Reporting Period, the bank financial products held by the Company's subsidiaries matured.
Notes receivable	553,920	0.68	870,884	1.11	(36.40)	During the Reporting Period, the Company's subsidiaries received fewer bills from the sale of goods.
Dividends receivable	1,500	0.00	61,264	0.08	(97.55)	During the Reporting Period, the Company received dividends from its joint ventures.
Current portion of non-current assets	3,783,356	4.63	159,360	0.20	2,274.09	Large-denomination certificates of deposit held by the Company and its subsidiaries with an original term of over one year, but with a remaining term of less than one year at the end of the Reporting Period, were reclassified from "debt investments" to this item.
Other non-current financial assets	531,000	0.65	1,005,936	1.28	(47.21)	Large-denomination certificates of deposit held for sale by the Company's subsidiaries with an original term of over one year, but with a remaining term of less than one year at the end of the Reporting Period, were reclassified from this item to "non-current assets due within one year."
Bearer biological assets	1,121	0.00	2,106	0.00	(46.77)	During the Reporting Period, the Company's subsidiaries made provisions for impairment of productive biological assets.
Other non-current assets	212,699	0.26	86,446	0.11	146.05	During the Reporting Period, prepayments for construction projects by the Company's subsidiaries increased year-on-year.
Advances from customers	4,548	0.01	0	0.00	100.00	During the Reporting Period, the Company's subsidiaries recorded new advance receipts for leases.
Taxes payable	248,911	0.30	386,552	0.49	(35.61)	During the Reporting Period, unpaid corporate income tax and value-added tax by the Company's subsidiaries decreased year-on-year compared to the end of the previous year.
Current portion of non-current liabilities	1,522,617	1.86	249,829	0.32	509.47	During the Reporting Period, long-term borrowings by the Company's subsidiaries with a remaining term of less than one year were reclassified from "long-term borrowings" to this item, resulting in a year-on-year increase in this item.
Other comprehensive income	(13,840)	(0.02)	(24,344)	(0.03)	43.15	During the Reporting Period, (1) the fair value changes of financial assets held by the Company and its subsidiaries increased; (2) the foreign exchange translation differences of the Company's subsidiaries increased.

6.3.6 Exposure to fluctuations in exchange rates

As the majority of the revenue, expenses, assets and liabilities of the Group are denominated or settled in Renminbi, the Group did not have significant risks in exposure to fluctuations in exchange rates. Changes in exchange rates will affect the value of assets, liabilities and foreign investment entities denominated in foreign currencies, and will indirectly cause changes in the Group's revenue or cash flows for a certain period. During the Reporting Period, changes in foreign exchange had no significant impact on the Group's operating results and cash flows. The Group will continue to pay attention to the foreign exchange risks that may exist in the process of foreign exchange settlement.

6.3.7 Main cash resources and applications

As at 31 December 2024, cash and cash equivalents of the Group amounted to RMB16,302,939,000 with a decrease of RMB3,520,605,000 as compared with the beginning of 2024. Net cash flow from operating activities amounted to RMB3,442,427,000 with a year-on-year decrease of RMB661,198,000.

6.3.8 Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

6.3.9 Charge on the Group's assets

As at 31 December 2024, Guangyao Baiyunshan Hong Kong Company, a subsidiary of the Company, as secured by fixed assets in the form of houses and buildings with the original value amounting to HKD8,893,000 and net value of HKD5,830,000, and by investment properties with the original value amounting to HKD6,843,000 and net value of HKD2,950,000, had obtained an overdraft facility of HKD300,000, and a total credit line of HKD100,000,000 for letters of credit and 90-day credit from Bank of China (Hong Kong) Co., Ltd.. Unexpired letter of credit of USD0 in value had also been obtained.

6.3.10 Bank loans, overdraft and other borrowings

As at 31 December 2024, the bank loans of the Group amounted to RMB13,260,569,000 (31 December 2023: RMB11,159,204,000), with an increase of RMB2,101,364,000 as compared with the beginning of 2024. The above bank loans included short-term borrowings of RMB9,122,982,000 long-term borrowings of RMB2,805,539,000 and current portion of non-current liabilities of RMB1,332,048,000.

6.3.11 Gearing ratio

As at 31 December 2024, the Group's gearing ratio (total liabilities/total assets \times 100%) was 53.76% (31 December 2023: 53.33%).

6.3.12 Material investment

(1) Significant Equity Investments

Applicable Not Applicable

(2) Significant Non-equity Investments

Applicable Not Applicable

Project	Main investor	Particulars of investment project	Amount of planned investment (RMB'0000)	Source of capital	Amount invested during the Reporting Period (RMB'0000)	Accumulated investment amount (RMB'0000)	Implementation progress
GYBYS Biological Medicine and Health R&D Sales Headquarters Project	The Company	Establishment of an R&D platform and R&D center for innovative drugs and medical devices, an international pharmaceutical cooperation and exchange center, a technology incubator and dual-innovation base, etc.	109,985.30	Self-raised funds, proceeds	8,390.06	92,492.20	On-site construction has been largely completed, and project acceptance work is currently underway.
GYBYS Affordable Rental Housing and Talent Apartment Construction Project	Chemical Pharmaceutical Factory	Apartment, kindergarten, garage, community public service and other supporting facilities.	108,286.03	Self-raised funds	302.26	328.38	The project is preparing for construction.
GYBYS Fashionable Traditional Chinese Medicine Valley – Tianhua Garden Project	Guangzhou Baiyunshan International Pharmaceutical and Healthcare Industry Co., Ltd.	Production workshops, CTM materials warehouse, extraction workshop, quality inspection building, comprehensive warehouse, and power center, along with other supporting facilities.	320,086.15	Self-raised funds	25.00	24,879.93	The project is preparing for construction.

6.3.13 Major assets subject to restrictions at the end of the Reporting Period

Applicable Not Applicable

6.4 Discussion and analysis on future development

6.4.1 Industry landscape and trends

Applicable Not Applicable

- (1) The pharmaceutical market continues to expand, with national policies supporting the development of the biopharmaceutical and healthcare industry. As the population ages, public health awareness increases, and the healthcare security system improves, China's pharmaceutical market has maintained rapid growth, becoming the world's second-largest pharmaceutical market. As one of China's strategic emerging industries, local governments, leveraging their industrial foundations, regional characteristics, and resource advantages, have introduced differentiated and systematic policies to support the development of the biopharmaceutical and healthcare sector.
- (2) Increasingly stringent pharmaceutical regulation is driving companies to improve quality and reduce costs. The pharmaceutical policies have been introduced intensively to accelerate the adjustment of the pharmaceutical industry. These policies impose heightened demands on both the cost control and quality assurance of enterprises. Policies such as volume-based procurement and medical insurance negotiations are driving industry consolidation, with market share increasingly concentrated in leading enterprises with strong R&D capabilities and effective cost control.
- (3) Investment and mergers and acquisitions (M&A) in the pharmaceutical industry remain active. The government continues to introduce policies supporting M&A and restructuring, encouraging leading companies to focus on their core businesses and enhance the integration of companies within related industrial chains. The pace of M&A and restructuring in the pharmaceutical industry is accelerating, with M&A characterized by strategic resource complementarity, industrial integration, vertical consolidation, and alliances between strong players increasingly becoming the mainstream approach.
- (4) The innovative development and inheritance of TCM have ushered in a new round of development opportunities. The modernization of TCM research systems, the improvement of TCM review and approval mechanisms, and the registration process are gradually being enhanced. Rapid progress has been made in areas such as the development of TCM talent, brand building, and the increasing recognition of TCM efficacy. These advancements continue to drive the innovative development and inheritance of TCM.

- (5) Innovative drugs are entering a period of growth. The pharmaceutical industry has a strong technological innovation attribute, and driven by technological innovation, pharmaceutical companies will focus on cutting-edge fields, continuously strengthen independent R&D and collaboration, build competitive R&D pipelines, and persistently advance breakthroughs in core technologies as well as the industrialization and application of innovative products.

6.4.2 Development strategy and business plan for year 2025

✓ Applicable Not Applicable

In 2025, the Group will continue to focus on the strategic positioning of biomedicine and health, leveraging industry advantages to fully explore and revitalize internal resources and assets. Centered on pharmaceutical manufacturing and R&D, the Group will extend, complement, and strengthen industrial chain to continuously build core competitiveness. In 2025, key initiatives will include:

- (1) Focusing on core responsibilities and businesses, strengthening the pharmaceutical manufacturing supply chain.

Firstly, solidifying the upstream supply chain. The Group will enhance the standardization and regulation of TCM planting bases and continue to build a quality traceability system for the entire TCM supply chain, quality testing of herbal seeds and seedlings and establish research systems for pharmacological quality standards. The group will review API approvals and resume production of high-market-value raw materials, developing specialty APIs to boost competitiveness in this sector.

Secondly, strengthening the midstream supply chain. The Group will deeply analyze industry policies, actively participate in various levels of drug procurement, and develop blockbuster products while reviving dormant varieties. Efforts will be made to rejuvenate legacy brands and categorize development of hospital products. Digital and intelligent empowerment will be reinforced by applying new technologies and equipment to optimize traditional processes and production flows and to enhance automation and intelligence in pharmaceutical manufacturing. The Group will further tap into the potential of health products by increasing penetration in various consumer markets for red canned Wang Lao Ji Herbal Tea and green canned Wang Lao Ji Herbal Tea. The Group will double efforts to improve the market fundamentals and channel shares for Wang Lao Ji herbal tea with increased bottle market expansion to drive terminal sales and solidify market leadership in the herbal tea segment.

Thirdly, innovating pharmaceutical distribution and expanding downstream supply chain. The Group will deepen the advantage in South China's network and opportunistically expand nationwide, continuously deepening the construction of the national network, promoting the enrichment of category management and expansion, identifying sales and profit growth points and accelerating digitalization, intelligent innovation and transformation and upgrading to further consolidate and expand the competitiveness of pharmaceutical distribution. The Group will expand retail layouts, focusing on the construction of DTP professional pharmacies and social pharmacies near hospitals to vigorously explore the prescription retail market and create comprehensive pharmacies with a wide range of categories and strong professionalism, make a fine social pharmacy track.

- (2) Targeting incremental markets, expanding new business models, and accelerating internationalization. The Group will accelerate the expansion of healthcare services, enhancing the construction of Baiyunshan Hospital's distinctive disciplines and specialties while emphasizing TCM features and strengths to further bolster the overall capabilities of Baiyunshan Hospital and Baiyunshan Traditional Chinese Medicine Hospital. Efforts will be made to develop TCM-specific industries and promote the discovery and promotion of food-medicine dual-use products. Internationalization will be accelerated with expanding overseas markets.
- (3) Enhancing sustainable development and strengthening research systems. Firstly, the Group will revamp research systems, coordinate and improve research system construction to build leading scientific innovation platforms; secondly, the Group will strengthen research capabilities and optimize research layouts by leveraging internal resources, expanding external resources to promote the development and introduction of high-quality generic and innovative drugs; thirdly, the Group will build a high-level scientific and technological achievement transformation mechanism and an assessment and reward mechanism in terms of the project management, implementation, assessment and incentive.
- (4) Focusing on value creation and enhance capital operations. Firstly, the Group will further strengthen market value management and institutional construction, improve ESG management systems, and enhance investor returns and capital market image both domestically and internationally. Secondly, the Group will actively build a complete chain of "industry + science and technology + finance", accelerate the investment in innovative projects with industrial funds, and realize the forward-looking layout of the leading biomedical track and advantageous segments to promote the investment and merger of each business by category and the strengthening, supplementing, and extending of the company's business chain. Thirdly, the Group will expedite the listing of GP Corp. on the NEEQ and opportunistically on the Beijing Stock Exchange.

- (5) Accelerating digital transformation. The Group, firstly will strengthen the overall top-level planning for digital governance, and establish a comprehensive data management system; secondly, will promote technology empowerment by strengthening the application of emerging technologies and new equipment in drug R&D, production optimization, data analysis, and pharmacovigilance, which will drive innovation and technological upgrades in production processes; thirdly, will focus on developing the digital economy by strengthening the application of new marketing models, improving e-commerce channels, and actively exploring cross-border e-commerce development models for pharmaceuticals and healthcare.
- (6) Strengthening foundation and governance to further enhance management efficiency. The Group will continuously improve corporate governance structures by establishing robust internal controls, risk management, and compliance systems; strengthen talent system construction, improve talent development system, explore effective medium- to long-term incentive mechanisms and develop a more reasonable and effective evaluation system; optimize resource allocation and deepen institutional reforms to further enhance management efficiency.

7. EMPLOYEES OF THE GROUP

7.1 Employee overview

Numbers of the employees of the parent company	2,012
Numbers of the employees of the major subsidiaries	26,126
Total number of employees	28,138
Retired employees whose expenses are borne by the parent company and major subsidiaries	9,395
Gross payroll of the Group	RMB3.792 billion

Composition

Category	Numbers of category
Production staff	5,655
Sales staff	11,754
Technical staff	3,750
Finance staff	843
Administrative staff	6,136
Total	28,138

Educational Level

	Numbers of people
Postgraduate	916
Undergraduate	10,734
University college	8,424
Secondary and below	8,064
Total	28,138

7.2 Remuneration policy

Applicable Not Applicable

The remuneration of the employees of the Group includes salaries, bonuses, subsidies, five social insurances and one housing fund, enterprise annuities, supplementary medical insurance and other fringe benefits. The Group, in accordance with the relevant laws and regulations, paid different rates of remuneration to different employees, depending on their performance, qualification, position and other factors. Meanwhile, the Group provides professional and management channels for the career development of employees, as a breakthrough to the predicament in talent development due to limited management positions, so that outstanding professionals can receive enough recognition and incentives in the professional channel. In addition, the Group provides employees with care such as staff shuttles, apartments for talents, and various interest groups. The group adheres to equal employment, attaches importance to the integration of diverse cultures, respects all enterprises with different background, fairly treats employees of different nationalities, races, religious beliefs, genders and ages, and resolutely opposes any form of discrimination.

7.3 Training plan

Applicable Not Applicable

The Group has always regarded the career development and growth aspirations of its employees as one of the core driving forces for the development. To effectively meet the enhancement needs of employees at different career stages, the Group has established a comprehensive and efficient training management system, leveraging the corporate party school as a foundation. This system encompasses clear standards and processes for training course design, lecturer selection, and training effectiveness evaluation. In terms of talent development models, the Group conducts in-depth analyses of the training needs of employees at all levels, adopting a diversified approach that combines internal and external training to provide targeted training arrangements for employees. Through this holistic talent development system, the Group is committed to fostering the mutual growth of employees at all levels and the enterprise, achieving a win-win situation for both employees and the enterprise.

8. PROFIT DISTRIBUTION OR CAPITAL RESERVE CONVERSION PROPOSAL

Upon deliberation by the Board, the Company is proposed to distribute profits based on the total share capital registered on the record date in respect of the implementation of equity distribution, and distribute cash dividend of RMB0.40 (tax inclusive) to all shareholders for every share. As of 31 December 2024, the total number of shares in issue was 1,625,790,949 shares, based on which a total cash dividend of RMB650,316,379.60 was proposed, and the undistributed profits shall be carried forward to the next distribution. There will not be any capitalization of capital reserve for 2024. The profit distribution plan will be submitted to the general meeting of shareholders for approval. Additionally, the Company plans to complete the distribution of the aforementioned dividends no later than the end of August 2025.

9. NEITHER THE COMPANY NOR ANY OF ITS SUBSIDIARIES HAD REPURCHASED, SOLD OR REDEEMED ANY OF THE COMPANY’S SHARES DURING THE REPORTING PERIOD. DURING THE REPORTING PERIOD AND AS OF 31 DECEMBER 2024, THE COMPANY DID NOT HOLD ANY TREASURY SHARES (INCLUDING THOSE HELD OR DEPOSITED WITH THE CENTRAL CLEARING AND SETTLEMENT SYSTEM).

10. OTHER MATTERS

10.1 CG Code and Model Code

During the Reporting Period, the Company complied with the provisions under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of HKEX (“CG Code”).

The Company adopts the Model Code, “Interim Measures for the Management of Shareholders’ Reduction of Shares in Listed Companies”, (Order No. 224 of the China Securities Regulatory Commission) (《上市公司股東減持股份管理暫行辦法》(中國證券監督管理委員會令第224號)), “Guidelines for Self discipline Supervision of Listed Companies on the Shanghai Stock Exchange No. 15 – Shareholders, Directors, Supervisors, and Senior Management to Reduce Shareholdings” (《上海證券交易所上市公司自律監管指引第15號 – 股東及董事、監事、高級管理人員減持股份》) and “Measures for the Administration of Trading Shares of the Company by Directors, Supervisors and Senior Management Personnel of the Company” (《董事、監事及高級管理人員買賣公司股份的管理辦法》) as stipulated by the Company as the codes and criteria for securities transactions by the Directors and Supervisors of the Company. Mr. Li Chuyuan resigned on 22 July 2024 and Mr. Zhang Chunbo resigned on 30 August 2024, as of the date of this summary, the Company has not been provided with any information regarding whether they complied with the Model Code during the Reporting Period, therefore the Company can not confirm whether they complied with the Model Code during the Reporting Period. After making specific inquiries to individuals who served as Directors or Supervisors of the Company during the period from 1 January 2024 to 31 December 2024 (excluding Mr. Li Chuyuan and Mr. Zhang Chunbo, but including Ms. Liu Juyan and Mr. Wu Changhai, who had already resigned after the Reporting Period), the Company confirms that all Directors and Supervisors who served during the Reporting Period complied with the standards for securities trading as stipulated by the aforementioned codes and regulations.

10.2 The Audit Committee

10.2.1 Overview

The Company established an Audit Committee in August 1999. Its primary responsibilities include reviewing and overseeing the quality and procedures of the Group’s financial reporting; examining and monitoring the financial controls, internal controls, internal audit, and risk management systems and their implementation; assessing the soundness and effectiveness of the Company’s internal control systems; deliberating on the appointment of independent auditors and coordinating related matters, as well as evaluating the efficiency and quality of their work.

The Audit Committee of the 9th session of the Board was established on 30 May 2023 and comprises Mr. Wong Lung Tak Patrick (chairperson of the Audit Committee), Mr. Chen Yajin, Mr. Huang Min and Ms. Sun Baoqing. All of them are independent non-executive Directors and are qualified under the relevant requirements, whose term of office commenced on 30 May 2023 and will last until the date when a new session of the Board is elected.

10.2.2 Meeting Proceedings

During the Reporting Period, the Audit Committee actively performed its duties in accordance with the Corporate Governance Guidelines for the Listed Companies, the Articles of Association, Code of Practice of the Audit Committee of the Board, the CG Code and other relevant regulations. In 2024, the Audit Committee held four meetings and each of the members of the committee attended all the meetings.

Session of the Meeting	Date of Convening	Items for Deliberation
The First Audit Committee Meeting of 2024	15 March 2024	<ol style="list-style-type: none"> 1. The Company's 2023 Annual Report and its Summary; 2. The Company's 2023 Financial Report; 3. The Accounting Firm's Review Opinion on the 2023 Annual Report and Connected Transactions; 4. The Company's 2023 Internal Control Evaluation Report; 5. The Company's 2023 Internal Audit and Risk Control Work Report and 2024 Work Plan; 6. The Inspection Report on the Use of Proceeds in 2023; 7. Proposal on the Dissolution and Deregistration of Guangzhou Guangyao Jinshen Equity Investment Partnership (Limited Partnership) and Connected Transaction; 8. Proposal on the Additional Confirmation of the Amount of Connected Transactions between Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited and Guangzhou Baiyunshan Yixintang Pharmaceutical Investment Development Co., Ltd. for 2023;

Session of the Meeting	Date of Convening	Items for Deliberation
		<ul style="list-style-type: none"> 9. Proposal on the Transfer of Technological Achievements by the Wholly-Owned Subsidiary Guangzhou Chuangying Guangyao Baiyunshan Intellectual Property Co., Ltd. to Guangzhou Pharmaceutical Holdings Limited and the Signing of the Technology Transfer Contract; 10. Proposal on the Appointment of the Company's Chief Financial Officer.
The Second Audit Committee Meeting of 2024	25 April 2024	<ul style="list-style-type: none"> 1. The 2024 First Quarterly Report of the Company; 2. Proposal on the Reappointment of WUYIGE Certified Public Accountants LLP as the Company's Financial Audit Firm for 2024; 3. Proposal on the Reappointment of WUYIGE Certified Public Accountants LLP as the Company's Internal Control Audit Firm for 2024.
The Third Audit Committee Meeting of 2024	30 August 2024	<ul style="list-style-type: none"> 1. The Company's 2024 Interim Report and its Summary; 2. The Company's 2024 Interim Financial Report; 3. Proposal on Supplementing Key Accounting Policies in the 2024 Interim Financial Report; 4. The Accounting Firm's Review Opinion on the 2024 Interim Report and Connected Transactions.
The Fourth Audit Committee Meeting of 2024	24 October 2024	The 2024 Third Quarterly Report of the Company.

10.2.3 Major tasks accomplished by the Audit Committee in 2024

(1) Supervision and evaluation of the work of external auditors

- 1) During the Reporting Period, due to the Company's operational development and audit requirements, the Audit Committee, in accordance with the Notice on Implementing the Measures for the Selection of Accounting Firms

by State-Owned Listed Companies and the Company's internal control requirements and procedures, conducted the selection process for the 2024 annual financial audit firm and the 2024 internal control audit firm. The details are as follows:

- ① In February 2024, the Audit Committee proposed to the Company to initiate the process of selecting an accounting firm.
 - ② In April 2024, after reviewing the relevant documents related to the selection of an accounting firm, the Audit Committee approved the evaluation criteria and specific scoring standards for the selection of the annual auditor and supervised the entire selection process. Upon completion of the selection, the Audit Committee reviewed the selection report and raised no inquiries or additional suggestions.
 - ③ At the Company's Second Audit Committee Meeting in 2024, the Proposal on the Reappointment of WUYIGE Certified Public Accountants LLP as the Company's 2024 Annual Financial Audit Firm and the Proposal on the Reappointment of WUYIGE Certified Public Accountants LLP as the Company's 2024 Internal Control Audit Firm were reviewed. After verification, the Audit Committee determined that WUYIGE Certified Public Accountants LLP ("Da Xin") is an audit firm compliant with the Securities Law, possessing the professional qualifications and competence to provide audit services to listed companies. The audit team members did not violate the independence requirements of the Code of Ethics for Chinese Certified Public Accountants. Da Xin demonstrated sufficient independence, integrity, and investor protection capabilities, meeting the requirements for the Company's 2024 annual financial audit and internal control audit. The Audit Committee agreed to reappoint Da Xin as the Company's 2024 annual financial audit firm and internal control audit firm and submitted the proposal to the Board for deliberation.
- 2) The Audit Committee communicated with Da Xin, the 2023 financial audit firm, regarding the audit scope, plan, and other matters, requiring the external auditor to promptly report to the Audit Committee and independent directors to ensure that the external auditor adhered to the principle of independence and diligently performed its audit responsibilities. The Audit Committee believes that Da Xin, in conducting the Company's 2023 annual audit, maintained a rigorous, truthful, independent, and objective working attitude, adhered to professional ethics, followed auditing standards, fulfilled its audit responsibilities, and submitted the audit report on time.

(2) Review of the Company's financial information and disclosures

During the Reporting Period, the Audit Committee reviewed the Company's 2023 Annual Financial Report, 2024 Interim Financial Report, and the financial statements for the first and third quarters of 2024. The members of the Audit Committee diligently fulfilled their supervisory responsibilities, paying close attention to and thoroughly understanding the basis and standards for impairment provisions, among other matters, and issued relevant review opinions. They unanimously agreed that the Company's financial reports truthfully, accurately, and completely reflected the Company's financial status and operational management. There was no evidence of fraud, misconduct, or significant misstatements, nor were there any significant accounting error adjustments, matters involving critical accounting judgments, or issues that would lead to a non-standard unqualified audit opinion. The content and procedures of the disclosures were compliant with applicable laws and regulations.

(3) Supervision and evaluation of internal audit work

During the Reporting Period, the Audit Committee carefully reviewed the Company's internal audit work plan and endorsed its feasibility. It also urged the Company's internal audit department to strictly adhere to the audit plan and provided guidance on issues identified during the internal audit process.

(4) Supervision and evaluation of the effectiveness of internal controls

After verification by the Audit Committee, it was determined that the Company has established a sound corporate governance structure and system in accordance with the Company Law, the Basic Standards for Enterprise Internal Control, relevant supporting guidelines, and the requirements of the CSRC and the Shanghai Stock Exchange. During the Reporting Period, the Company was able to implement various laws and regulations, the Company's Articles of Association, and related internal management systems. The Company's General Meeting of Shareholders, the Board, the Supervisory Committee, and management operated in a standardized manner, effectively safeguarding the legitimate rights and interests of the Company and its shareholders. The Audit Committee thoroughly reviewed the Company's Internal Control Evaluation Report and the Internal Control Audit Report issued by Da Xin, examining and reviewing the Company's financial controls, internal controls, internal audit, and risk management systems, as well as the effectiveness of implementation.

- (5) Supervision of major matters
- 1) The Audit Committee supervised the audit department in organizing inspections of the Company's relevant matters, covering the implementation of major events such as the use of proceeds, provision of guarantees, connected transactions, provision of financial assistance, and external investments. The inspections also included the Company's large fund transactions and fund transactions with directors, supervisors, senior management, controlling shareholders, actual controllers, and their related parties.
 - 2) The Audit Committee supervised the use and management of the Company's proceeds. In 2024, the Company strictly complied with relevant laws, regulations, and the Company's Proceeds Management System in the deposit, use and management of proceeds, with no violations identified.
 - 3) Review of the Company's connected/related party transactions: during the Reporting Period, the Audit Committee reviewed the Company's connected transactions for 2023 and the first half of 2024. It examined the necessity, reasonableness, and fairness of these transactions, continuously monitored the compliance of the deliberation and disclosure processes, and conducted a detailed review of each connected transaction. No instances were found where connected transactions harmed the interests of the Company or its shareholders.
 - 4) Supervision of the Company's external guarantees: during the Reporting Period, the Company did not engage in any form of external guarantees, nor were there any external guarantee matters from previous periods that continued into the Reporting Period. There were no external guarantees or cumulative guarantee matters during the Reporting Period.

10.2.4 Work related to the 2024 annual audit and annual report preparation

In accordance with the Detailed Rules for the Audit Committee of the Board and the annual report work procedures of the Audit Committee, the members of the Audit Committee actively supported the Company's 2024 annual audit and annual report preparation efforts, including:

- (1) On 23 December 2024, members of the Audit Committee conducted pre-audit communication with the Company's auditors, finance department, and audit department through a combination of online and offline methods. They discussed the audit scope for the 2024 annual audit, the independence of the accounting firm and related auditors, key timelines, focal points of the annual report audit, and personnel arrangements, among other matters. The Audit Committee members listened to the auditors' presentation on the 2024 annual report audit and provided comments and suggestions.

- (2) On 26 February 2025, the Audit Committee reviewed the draft financial accounting report prepared by the Company and issued a written review opinion.
- (3) On 13 March 2025, the Company's Audit Committee held its first meeting of 2025, during which it reviewed and approved the full text and summary of the Company's 2024 Annual Report, the 2024 Financial Report, and the 2024 Internal Control Evaluation Report, among other proposals. The Audit Committee agreed to submit these documents to the Board for deliberation. Additionally, the Audit Committee summarized and evaluated the auditors' annual audit work, acknowledging that the auditors adhered to a rigorous, truthful, independent, and objective working attitude during the Company's 2024 annual audit. The auditors upheld professional ethics, followed auditing standards, fulfilled their audit responsibilities, submitted the audit report on time, and provided constructive management recommendations to the Company's management, successfully completing the audit work entrusted by the Company.

10.3 Management contracts

During the Year, the Company has not entered into or maintained any contracts related to the management or administration of its overall business or any significant business operations.

10.4 Significant relationships with employees, customers, suppliers and others

The Group offers various remuneration and benefit packages to its employees in line with industry norms based on, among others, their performance, abilities and positions. The Group attaches importance to the career development of its employees and has established professional promotion channels and a comprehensive talent development system. In addition, the Group chooses its suppliers with due prudence and has a comprehensive supplier management system in place to ensure the superior quality of its products delivered to the customers, as an effort to protect their rights and interests. During the Reporting Period, the Group maintained an agreeable and stable business relationship with both its suppliers and customers. Meanwhile, the Group attaches remarkable importance to the issues concerning environmental protection and public welfare, and strives to promote the sustainable and healthy development of the Company together with its stakeholders during the economic exchanges with them.

11. SIGNIFICANT MATTERS

11.1 During the Reporting Period, there were no significant changes in the Company's operating conditions, and no events occurred that had or are expected to have a significant impact on the Company's operations.

11.2 The Company does not face any risk of delisting or termination of listing.

12. FINANCIAL REPORTS

12.1 Financial statements prepared in accordance with the China Accounting Standards for Business Enterprises

(All amounts in Renminbi yuan unless otherwise stated)

Consolidated Balance Sheet

Item	Note	31 December 2024 (Audited)	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		18,273,150,112.58	21,308,844,204.44
Financial assets held for trading		–	4,000,000.00
Derivative financial assets		–	–
Notes receivable		553,919,519.41	870,884,277.92
Accounts receivable	5.1.3	15,725,982,661.17	15,112,494,798.69
Accounts receivable financing		3,175,849,620.31	3,614,318,262.22
Advances to suppliers		577,942,385.96	818,359,584.97
Other receivables		993,650,235.33	878,488,529.23
Including: Interest receivable		–	–
Dividends receivable		1,500,000.00	61,263,627.92
Inventories		12,811,902,453.79	11,507,099,742.41
Contract assets		–	–
Assets held for sales		–	–
Current portion of non-current assets		3,783,355,648.62	159,360,467.41
Other current assets		1,866,475,672.20	1,709,863,857.80
Total current assets		<u>57,762,228,309.37</u>	<u>55,983,713,725.09</u>

Item	<i>Note</i>	31 December 2024 <i>(Audited)</i>	31 December 2023 <i>(Audited)</i>
Non-current assets:			
Debt investment		8,053,925,346.18	6,536,371,536.43
Other debt investment		–	–
Long-term receivables		–	–
Long-term equity investment		1,507,259,073.94	1,805,641,584.30
Other equity instrument investment		104,180,509.45	103,811,737.94
Other non-current financial assets		531,000,228.05	1,005,936,165.09
Investment properties		145,071,577.99	169,774,679.12
Fixed assets		5,530,013,212.85	4,379,797,422.14
Construction in progress		1,846,192,932.95	2,405,171,721.70
Bearer biological assets		1,120,772.10	2,105,655.00
Oil and gas assets		–	–
Right-of-use assets		561,406,325.03	728,902,362.98
Intangible assets		2,828,761,601.53	2,886,413,941.35
Development expenditure		369,934,913.74	309,893,312.45
Goodwill		830,854,604.98	829,473,066.90
Long-term prepaid expenses		188,559,343.16	189,876,764.45
Deferred tax assets		1,210,403,693.47	1,163,548,295.53
Other non-current assets		212,699,075.85	86,445,793.62
Total non-current assets		<u>23,921,383,211.27</u>	<u>22,603,164,039.00</u>
TOTAL ASSETS		<u>81,683,611,520.64</u>	<u>78,586,877,764.09</u>
Current liabilities:			
Short-term borrowings		9,122,982,451.32	7,799,035,643.76
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Notes payable		4,584,854,358.78	3,844,035,975.33
Accounts payable	<i>5.1.4</i>	11,734,666,536.69	11,841,831,852.37
Advances from customers		4,548,223.86	–
Contract liabilities		5,071,977,258.92	5,429,885,396.19
Employee benefits payable		899,113,818.50	1,068,998,831.85
Taxes payable		248,911,254.15	386,552,287.00
Other payables		5,074,298,832.26	4,919,241,645.67

Item	<i>Note</i>	31 December 2024 <i>(Audited)</i>	31 December 2023 <i>(Audited)</i>
Including: Interest payable		–	–
Dividends payable		50,492,925.62	62,206,330.91
Liabilities held for sales		–	–
Current portion of non-current liabilities		1,522,617,327.55	249,828,503.72
Other current liabilities		651,719,293.54	695,880,365.06
Total current liabilities		<u>38,915,689,355.57</u>	<u>36,235,290,500.95</u>
Non-current liabilities:			
Long-term borrowings		2,805,538,605.44	3,323,717,917.22
Bonds payable		–	–
Lease liabilities		445,715,206.87	578,192,461.09
Long-term payables		19,666,964.60	19,971,964.60
Long-term employee benefits payable		299,678.21	293,264.21
Provisions		44,144,600.58	55,930,935.37
Deferred income		1,001,862,397.10	1,001,429,861.00
Deferred tax liabilities		625,557,477.06	639,528,919.04
Other non-current liabilities		55,501,488.82	54,698,033.81
Total non-current liabilities		<u>4,998,286,418.68</u>	<u>5,673,763,356.34</u>
Total liabilities		<u>43,913,975,774.25</u>	<u>41,909,053,857.29</u>
Shareholders' equity:			
Share capital		1,625,790,949.00	1,625,790,949.00
Capital surplus		10,113,721,707.21	10,105,714,430.90
Less: Treasury shares		–	–
Other comprehensive income		(13,839,663.97)	(24,344,469.59)
Surplus reserve		2,363,518,341.03	2,252,789,227.30
Undistributed profits		21,815,336,535.32	20,959,330,809.10
Total equity attributable to shareholders of the parent company		<u>35,904,527,868.59</u>	<u>34,919,280,946.71</u>
Minority interest		1,865,107,877.80	1,758,542,960.09
Total shareholders' equity		<u>37,769,635,746.39</u>	<u>36,677,823,906.80</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		<u><u>81,683,611,520.64</u></u>	<u><u>78,586,877,764.09</u></u>

Consolidated Income Statement

Item	Notes	For the twelve months ended 31 December 2024 <i>(Audited)</i>	For the twelve months ended 31 December 2023 <i>(Audited)</i>
1. Operating income	5.1.5	74,992,820,473.56	75,515,403,994.78
Less: Operating costs	5.1.5	62,472,768,681.69	61,328,109,614.88
Taxes and surcharges		296,683,861.44	344,162,082.69
Selling and distribution expenses		5,619,619,395.89	6,104,737,743.38
General and administrative expenses		2,407,633,812.49	2,421,539,832.01
R&D expenses		763,770,055.43	782,144,234.86
Financial expenses		38,229,086.78	(19,560,781.89)
Including: Interest expenses		418,151,317.81	446,191,732.89
Interest income		404,308,070.51	486,336,348.90
Add: Other income		343,061,715.88	337,784,445.95
Investment income		294,024,359.87	264,842,172.40
Including: Income from investments in associates and joint ventures		(51,617,979.37)	107,887,761.00
Derecognition income of financial assets measured at amortized cost		(27,810,365.90)	(14,771,116.09)
Gains from changes in fair value		24,654,146.29	38,637,354.11
Impairment losses in respect of credit		(63,298,043.43)	(83,144,473.48)
Impairment losses in respect of assets		(407,283,126.03)	(3,521,096.00)
Gains on disposal of assets		11,119,280.14	12,027,009.48
2. Operating profit		3,596,393,912.56	5,120,896,681.31
Add: Non-operating income		40,304,028.71	29,276,203.99
Less: Non-operating expenses		29,118,069.51	39,674,855.68
3. Total profit		3,607,579,871.76	5,110,498,029.62
Less: Income tax expenses	5.1.6	606,848,528.45	851,170,069.30

Item	<i>Notes</i>	For the twelve months ended 31 December 2024 <i>(Audited)</i>	For the twelve months ended 31 December 2023 <i>(Audited)</i>
4. Net profit		<u>3,000,731,343.31</u>	<u>4,259,327,960.32</u>
(1) Classified by the continuity of operations		–	–
A. Net profit from continuing operations		3,000,731,343.31	4,259,327,960.32
B. Net profit from discontinued operations		–	–
(2) Classified by ownership of the equity		–	–
A. Net profit attributable to the parent company's shareholders		2,835,496,163.51	4,055,678,691.49
B. Minority interest		165,235,179.80	203,649,268.83
5. Other comprehensive income, net of tax		11,119,449.61	(12,232,383.31)
Other comprehensive income, net of tax attributable to the parent company's shareholders		10,504,805.62	(11,443,541.01)
(1) Other comprehensive income that will not be reclassified to profit or loss		(65,219.59)	(6,814,614.13)
A. Changes arising from the remeasurement of defined benefit obligation		–	–
B. Other comprehensive income that will not be reclassified to profit or loss under equity method		–	–
C. Change in fair value of other equity instrument investment		(65,219.59)	(6,814,614.13)
D. Change in fair value of the company's own credit risk		–	–
E. Others		–	–

Item	<i>Notes</i>	For the twelve months ended 31 December 2024 (Audited)	For the twelve months ended 31 December 2023 (Audited)
(2) Other comprehensive income that may be reclassified into profit or loss		10,570,025.21	(4,628,926.88)
A. Other comprehensive income that may be reclassified to profit or loss under equity method			–
B. Change in fair value of other debt investment		5,698,984.56	(8,899,525.75)
C. Gains and losses arising from changes in fair value of available-for-sale financial assets		–	–
D. The amount of financial assets reclassified into other comprehensive income		–	–
E. Gains and losses arising from reclassification of held-to-maturity investment to available-for-sale financial assets		–	–
F. Provision for credit loss of other debt investment		458,337.87	997,136.00
G. Cash flow hedge reserve		–	–
H. Difference arising from the translation of foreign currency financial statements		4,412,702.78	3,273,462.87
I. Others		–	–
Other comprehensive income, net of tax attributable to minority shareholders		614,643.99	(788,842.30)

Item	Notes	For the twelve months ended 31 December 2024 (Audited)	For the twelve months ended 31 December 2023 (Audited)
6. Total comprehensive income		3,011,850,792.92	4,247,095,577.01
(1) Total comprehensive income attributable to shareholders of the parent company		2,846,000,969.13	4,044,235,150.48
(2) Total comprehensive income attributable to minority shareholders		165,849,823.79	202,860,426.53
7. Earnings per share (EPS):		–	–
(1) Basic earnings per share		1.744	2.495
(2) Diluted earnings per share		1.744	2.495

12.1.1 Basis of preparation of financial statements

(1) Basis of preparation

The financial statements are prepared, on a going concern basis, to recognize and measure the transactions and events, which have occurred, in accordance with the Accounting Standards for Business Enterprises–Basic Standard (Release of No.33 Order of the Ministry of Finance and Amendment to No.76 Order of the Ministry of Finance), 42 specific accounting standards, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance on and subsequent to 15 February 2006 (hereinafter collectively referred to as “ASBE”), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15–General provisions on Financial Reporting (Revised in 2023) issued by the China Securities Regulatory Commission.

According to relevant provisions of the ASBE, the Group’s accounting is prepared using the accrual basis. The measurement basis of the financial statements is historical cost except for certain financial instruments. According to the ASBE, related provision for impairment shall be accrued if asset is impaired.

(2) Going concern

The Group has the ability to continue as a going concern in the next 12 months since the end of the reporting period. There is no material event that may cast significant doubt upon the Group's ability to continue as a going concern.

12.1.2 Information of Segments

With the strategic management and business development, the Group basically completed the industrial chain layout and internal structure of 4 sectors in 2015, including "Great Southern TCM", "Great Commerce", "Great Health", "Great Medical Care". According to the requirements of regulatory laws, regulations and company management, four major sectors are identified as operating segments. As the business scale of "Great Medical Care" is lower than 10%, this segment is temporarily listed in "Others" column. Segment information is as follows:

- Great Southern TCM segment: research, development, manufacturing and sales for Chinese and Western medicine, chemical raw medicine, natural drug, biological medicine and intermediates of chemical raw medicine;
- Great Health segment: research, development, manufacturing and sales for the products of Great Health;
- Great Commerce segment: wholesale, retail, import and export for Western medicine, Chinese medicine and medical apparatus and instruments.

Price transfer between segments is carried out in accordance with the price policy of sales to third party.

Assets and liabilities are allocated based on the segment operations expenses attributable indirectly to each segment are allocated among segments based on the portion of revenue.

(1) The segment information for the 12 months ended 31 December 2024 and as of 31 December 2024 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	9,851,447,943.91	9,716,845,886.25	54,642,375,679.70	782,150,963.70	-	74,992,820,473.56
Inter-segment revenue	113,895,679.84	30,581,191.40	7,822,323,620.38	315,101,691.63	(8,281,902,183.25)	-
Interest income	(97,792,917.10)	(191,778,198.73)	(65,700,189.14)	(49,036,765.54)	-	(404,308,070.51)
Interest expenses	16,304,089.20	9,517,471.12	391,762,985.03	6,984,663.42	(6,417,890.96)	418,151,317.81
Income from investments in associates and joint ventures	(1,468,214.88)	(9,792.87)	5,690,601.11	(50,158,637.75)	(5,671,934.98)	(51,617,979.37)
Impairment losses in respect of credit	(1,534,945.26)	(424.31)	(61,949,183.46)	(2,640,115.78)	2,826,625.38	(63,298,043.43)
Impairment losses in respect of assets	(22,091,791.26)	(566,729.06)	6,397,881.33	(387,829,424.28)	(3,193,062.76)	(407,283,126.03)
Depreciation and amortization expenses	341,375,822.64	87,045,918.45	434,285,499.37	74,192,037.26	(701,481.18)	936,197,796.54
Total profit	1,451,489,893.93	1,383,842,587.59	838,119,445.70	513,919,762.53	(579,791,817.99)	3,607,579,871.76
Total assets	18,669,486,394.06	19,817,808,509.13	38,626,592,836.07	28,227,254,816.08	(23,657,531,034.70)	81,683,611,520.64
Total liabilities	8,575,125,567.53	8,514,220,364.32	30,186,789,785.36	7,435,325,015.77	(10,797,484,958.73)	43,913,975,774.25
Long-term equity investment in associates and joint ventures	38,156,584.06	-	16,818,971.39	1,452,283,518.49	-	1,507,259,073.94
Increase in other non-current assets excluding long- term equity investment	573,240,908.59	103,228,070.17	319,487,479.92	444,127,368.96	-	1,440,083,827.64

(2) The segment information for the 12 months ended 31 December 2023 and as of 31 December 2023 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	10,972,207,273.42	11,131,479,914.38	52,894,235,147.85	517,481,659.13	-	75,515,403,994.78
Inter-segment revenue	169,106,285.82	36,066,325.64	8,803,128,029.55	347,915,090.70	(9,356,215,731.71)	-
Interest income	(115,369,966.71)	(208,781,847.14)	(59,330,644.45)	(101,213,338.20)	-	(484,695,796.50)
Interest expenses	16,280,524.19	15,766,068.72	406,300,873.70	12,763,154.17	(5,028,525.18)	446,082,095.60
Income from investments in associates and joint ventures	(1,532,079.82)	-	(236,352.00)	110,141,875.70	(485,682.88)	107,887,761.00
Impairment losses in respect of credit	(810,085.32)	(735,764.10)	(85,297,959.97)	(4,099,219.12)	7,798,555.03	(83,144,473.48)
Impairment losses in respect of assets	(3,472,177.13)	-	2,959,454.72	4,992.99	(3,013,366.58)	(3,521,096.00)
Depreciation and amortization expenses	309,852,926.50	62,049,138.62	454,345,222.88	71,239,572.08	87,551,973.12	985,038,833.20
Total profit	2,106,363,617.80	1,806,249,947.23	922,814,414.87	979,922,585.98	(704,852,536.26)	5,110,498,029.62
Total assets	19,274,927,266.58	18,086,690,870.58	36,144,616,024.10	28,086,119,747.57	(23,005,476,144.74)	78,586,877,764.09
Total liabilities	9,376,786,298.67	8,021,660,800.31	28,321,028,309.71	6,647,036,380.56	(10,457,457,931.96)	41,909,053,857.29
Long-term equity investment in associates and joint ventures	39,634,591.81	-	16,737,190.31	1,749,269,802.18	-	1,805,641,584.30
Increase in other non-current assets excluding long- term equity investment	942,261,931.07	347,525,033.14	493,195,468.49	690,133,830.82	-	2,473,116,263.52

The Group's total revenue from external customers in the PRC and other countries/regions, and the total non-current assets other than financial assets and deferred tax assets located in the PRC and other countries/regions are summarized as follows:

	January to December of 2024	January to December of 2023
External revenue		
PRC	74,717,587,520.79	75,171,100,213.03
Other countries/regions	275,232,952.77	344,303,781.75
	<u>74,992,820,473.56</u>	<u>75,515,403,994.78</u>
Total non-current assets	31 December 2024	31 December 2023
PRC	14,008,601,389.74	13,779,583,577.94
Other countries/regions	13,272,044.38	13,912,726.07
	<u>14,021,873,434.12</u>	<u>13,793,496,304.01</u>

12.1.3 Accounts receivable

The aging analysis of accounts receivable based on booking date is as follows:

	31 December 2024	31 December 2023
Within 1 year	14,366,926,508.25	14,091,285,020.44
1 to 2 years	1,447,254,521.49	1,130,613,239.71
2 to 3 years	246,382,554.97	214,868,845.04
3 to 4 years	95,992,780.94	60,863,494.35
4 to 5 years	37,140,920.37	22,715,935.81
Over 5 years	235,917,479.98	238,247,352.09
	<u>703,632,104.83</u>	<u>646,099,088.75</u>
Less: Provision for bad debts	<u>15,725,982,661.17</u>	<u>15,112,494,798.69</u>

12.1.4 Accounts payable

The aging analysis of accounts payable based on booking date is as follows:

	31 December 2024	31 December 2023
Within 1 year	11,206,378,453.13	11,344,110,275.40
Over 1 year	528,288,083.56	497,721,576.97
	<u>11,734,666,536.69</u>	<u>11,841,831,852.37</u>

12.1.5 Operating income and Operating costs

	For the 12 months ended 31 December 2024		
	Main businesses	Other businesses	Subtotal
Operating income	74,778,519,498.98	214,300,974.58	74,992,820,473.56
Operating costs	62,389,614,053.88	83,154,627.81	62,472,768,681.69
Gross profit	<u>12,388,905,445.10</u>	<u>131,146,346.77</u>	<u>12,520,051,791.87</u>
	For the 12 months ended 31 December 2023		
	Main businesses	Other businesses	Subtotal
Operating income	75,274,869,097.13	240,534,897.65	75,515,403,994.78
Operating costs	61,265,910,118.96	62,199,495.92	61,328,109,614.88
Gross profit	<u>14,008,958,978.17</u>	<u>178,335,401.73</u>	<u>14,187,294,379.90</u>

12.1.6 Income tax expenses

	For the 12 months ended 31 December 2024	For the 12 months ended 31 December 2023
Current income tax expenses	669,921,181.15	900,339,206.38
Deferred income tax expenses	(63,072,652.70)	(49,169,137.08)
	<u>606,848,528.45</u>	<u>851,170,069.30</u>

Income tax expenses derived from reconciliation of income tax calculated by applicable tax rate based on total profit in the consolidated income statement:

	For the 12 months ended 31 December 2024
Total profit	<u>3,607,579,871.76</u>
Income tax calculated at statutory rate	<u>541,136,980.76</u>
Tax effect of different rates applicable to subsidiaries in the scope of consolidation	56,741,239.94
Effect of income tax adjustment for prior period	26,806,343.82
Non-taxable and tax relief income	(19,689,317.70)
Non-deductible costs, expenses and losses	20,105,143.46
Effect of using deductible losses of deferred tax assets	
Unrecognized in prior period	(3,979,031.24)
Effect of deductible temporary differences and deductible losses which are not recognized in current period	66,262,826.49
Tax effect of R&D expenditure deduction	(82,287,397.44)
Changes in the balance of deferred income tax assets/liabilities at the beginning of the year due to tax rate adjustments	<u>1,751,740.36</u>
Income tax expenses	<u><u>606,848,528.45</u></u>

According to the state's relevant tax preferential policies for High/New enterprises, qualified High/New enterprises can enjoy preferential corporate income tax policies and pay corporate income tax at a reduced rate of 15%.

The subsidiaries of the Group, which have obtained the Certificates of High/New Technology Enterprises, can enjoy preferential tax rate of 15% for current period, which including: the Company (No. GR202344004122), Xing Qun (No. GR202344002036), Zhong Yi (No. GR202344010147), Chen Li Ji (No. GR202344005874), Guangzhou Han Fang (No. GR202344010098), Qi Xing (NO. GR202344004761), Jing Xiu Tang (No. GR202344007214), Pan Gao Shou (No. GR202344009572), Wang Lao Ji (No. GR2023344003015), Guand Dong Han Chao (No. GR202344003019), Tian Xin (No. GR202344004253), Guang Hua (No. GR202244002191), Ming Xing (No. GR202344008105), Guangyao General Institute (No. GR20244009410), Guangxi Ying Kang (No. GR202445000589), Baiyunshan Weiling Pharmaceutical Co., Ltd. (No. GR202244012147), Guangzhou Pharmaceutial Information Technology Co., Ltd. (No. GR202344009159), Weiyi Industry (No. GR202444001470), Guangyao Wang Lao Ji (Bijie) Industrial Co., Ltd. (No. GR202452000044), Gansu Guangyao Baiyunshan Traditional Chinese Medicine Technology Co., Ltd. (No. GR202462000057).

Hainan Guangyao Chen Fei Pharmaceutical Co., Ltd., Guangyao (Zhuhai Hengqin) pharmaceutical Import and Export Co., Ltd., WLJ Great Health and Guizhou Wanglaoji Cilinji Industry Development Co., Ltd. enjoy tax incentives for encourage industries, and paid enterprise income tax at a reduced rate of 15% in 2024.

12.1.7 Dividends

According to the 2023 Annual General Meeting resolution on May 30, 2024, our company will distribute a cash dividend of RMB0.749 per share (tax-inclusive) to all shareholders. Based on the 1,625,790,949 shares issued by the end of 2023, the total dividend amounts to RMB1,217,717,420.80.

According to the 2024 Second Extraordinary General Meeting on September 27, 2024, our company will distribute a cash dividend of RMB0.40 per share (tax-inclusive) to all shareholders. Based on the 1,625,790,949 shares issued as of August 30, 2024, the total dividend is RMB650,316,379.60.

12.2 The changes in accounting policies compared to the most recent annual report

1. On October 25, 2023, the Ministry of Finance issued the “Interpretation No. 17 of Accounting Standards for Business Enterprises” (hereinafter referred to as “Interpretation No. 17”), which standardizes the “Classification of Current Liabilities and Non-Current Liabilities,” “Disclosure of Supplier Financing Arrangements,” and “Accounting Treatment of Sale and Leaseback Transactions.”

(1) Classification of Current Liabilities and Non-Current Liabilities

Interpretation No. 17 stipulates that if a company does not have the substantive right to defer the settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability. For liabilities that meet the criteria for non-current classification, they shall still be classified as non-current liabilities, even if the company intends or plans to settle them within one year after the balance sheet date or has already settled them early between the balance sheet date and the date of financial report approval. For liabilities arising from loan arrangements with contractual conditions, the classification shall consider the following circumstances regarding whether the company has the right to defer settlement as of the balance sheet date: ① Contractual conditions that the company must comply with as of or before the balance sheet date, which affect the classification of the liability as current or non-current on the balance sheet date; ② Contractual conditions that the company must comply with after the balance sheet date, which are irrelevant to the classification of the liability as of the balance sheet date. If the terms of the liability require settlement through the delivery of the company’s own equity instruments at the counterparty’s discretion, and the company classifies this option as an equity instrument and recognizes it separately as part of a compound financial instrument’s equity component, the classification of the liability as current or non-current will not be affected by this clause.

The Group is to implement the provisions on “Classification of Current Liabilities and Non-Current Liabilities” under Interpretation No. 17 starting from January 1, 2024. The implementation of this policy change is expected to have no impact on financial data.

(2) *Disclosure of Supplier Financing Arrangements*

Interpretation No. 17 stipulates that supplier financing arrangements (also known as supply chain financing, accounts payable financing, or reverse factoring arrangements, hereinafter referred to as “supplier financing arrangements”) should have the following characteristics: one or more financing providers offer funds to pay the company’s suppliers, and the company agrees to repay the financing provider on or after the date the supplier receives the payment according to the terms and conditions of the arrangement. Compared with the original payment due date, supplier financing arrangements extend the company’s payment period or accelerate the supplier’s collection period. Arrangements that solely provide credit enhancement (such as financial guarantees like letters of credit used as collateral) and tools that the company uses to directly settle accounts payable with suppliers (such as credit cards) are not considered supplier financing arrangements.

When disclosing information related to supplier financing arrangements in notes to the cash flow statement prepared according to the “Accounting Standards for Business Enterprises No. 31 – Cash Flow Statement,” companies shall aggregate and disclose relevant information about such arrangements. When disclosing liquidity risk information in accordance with the “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments,” companies shall consider whether they have obtained or have access to credit extensions through supplier financing arrangements for deferred payment or early payment to suppliers. When identifying concentrations of liquidity risk according to the “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments,” companies shall consider the concentration of financial liabilities originally payable to suppliers that result from supplier financing arrangements.

The Group is to implement the provisions on the “Disclosure of Supplier Financing Arrangements” under Interpretation No. 17 starting from January 1, 2024, and will apply this accounting policy change prospectively.

(3) *Accounting Treatment of Sale and Leaseback Transactions*

Interpretation No. 17 stipulates that if the asset transfer in a sale and leaseback transaction qualifies as a sale, the lessee shall subsequently measure the right-of-use asset arising from the sale and leaseback according to the provisions of Article 20 of the “Accounting Standards for Business Enterprises No. 21 – Leases” (hereinafter referred to as the “Lease Standards”) and shall subsequently measure the lease liability according to Articles 23 to 29 of the Lease Standards. When the lessee subsequently measures the lease liability arising from the sale and leaseback, the method used to

determine the lease payments or revised lease payments should not result in recognizing gains or losses related to the right-of-use obtained through the leaseback (except for gains or losses related to partial or full lease termination due to a reduction in the lease scope or lease term caused by a lease modification).

The Group is to implement the provisions on the “Accounting Treatment of Sale and Leaseback Transactions” under Interpretation No. 17 starting from January 1, 2024. The implementation of this policy change is expected to have no impact on financial data.

2. Implementation of “Interpretation No. 18 of Accounting Standards for Business Enterprises” about “Accounting Treatment of Warranty Obligations Not Constituting a Separate Performance Obligation”

On December 6, 2024, the Ministry of Finance issued Accounting Standards for Business Enterprises (ASBE) Interpretation No. 18 (“Interpretation No. 18”), which provides guidance on the accounting treatment of warranty obligations that do not constitute a separate performance obligation. The interpretation is effective immediately upon issuance, with the option for early adoption by enterprises within the fiscal year of issuance.

According to Interpretation No. 18, in compliance with ASBE No. 14 – Revenue (Cai Kuai [2017] No. 22), Article 33, warranty obligations that do not constitute a separate performance obligation shall be accounted for in accordance with ASBE No. 13 – Contingencies (Cai Kuai [2006] No. 3). When recognizing provisions for such warranty obligations, enterprises shall record the estimated liability amount by debiting “Cost of Principal Business” or “Other Business Costs” and crediting “Provisions”. Corresponding amounts shall be presented in the income statement under “Cost of Sales” and in the balance sheet under “Other Current Liabilities,” “Non-Current Liabilities Due Within One Year,” and “Provisions.”

The Group has adopted Interpretation No. 18 from the date of issuance. The implementation of this accounting policy change has no impact on the financial data.

12.3 No change in accounting estimates and accounting methods compared to the previous annual report.

12.4 No correction for significant accounting errors in the current reporting period.

12.5 Explanation on change in consolidation scope compared to the previous annual report.

12.5.1 Other reasons for changes in the scope of consolidation include

Compared to the previous year, during the current period, the consolidated Group experienced an increase of 3 new subsidiaries due to other reasons and a decrease of 1 subsidiary. The reasons for these changes are as follows:

- (1) In January 2024, the Company's subsidiary, Caizhilin Pharmaceutical Co., Ltd., deregistered its subsidiary Heilongjiang Sengong Guangyao Raw Medicine Development Co., Ltd.
- (2) In April 2024, the Company's subsidiary, Guangyaol Sichuan Medicine Co., Ltd., acquired Guangyao Pharmaceutical (Ya'an) Medicine Co., Ltd. The registered capital of the acquired company is RMB5 million, with Guangyao Sichuan Medicine Co., Ltd. holding a 100% share of the registered capital.
- (3) In April 2024, the Company's subsidiary, Hainan Guangyao Chenfei Medicine Co., Ltd., established Guangyao (Hainan) Medical Technology Co., Ltd. The registered capital of the new company is RMB20 million, with Hainan Guangyao Chenfei Medicine Co., Ltd. contributing 100% of the registered capital.
- (4) In June 2024, the Company's subsidiary, Guangyao Heilongjiang Medicine Co., Ltd., established Guangyao Jilin Medicine Co., Ltd. The registered capital of the new company is RMB50 million, with Guangyao Heilongjiang Medicine Co., Ltd. holding 100% of the registered capital.

12.6 There is no explanation from the Board or the Supervisory Committee on non-standard audit report issued by the auditors for the current reporting period.

**The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited**

Guangzhou, the PRC, 13 March 2025

As at the date of this summary, the Board comprises Mr. Li Xiaojun, Mr. Yang Jun, Ms. Cheng Ning and Mr. Li Hong as executive directors, and Mr. Chen Yajin, Mr. Huang Min, Mr. Wong Lung Tak Patrick and Ms. Sun Baoqing as independent non-executive directors.