Chongqing Zhifei Biological Products Co., Ltd.

2025

Full Year Business Performance

Chongqing Zhifei Biological Products Co., Ltd.

Board of Directors

April 2026

Important Notes

The main content and data of this report are from the 2025 annual report of Chongqing Zhifei Biological Products Co., Ltd. In case of any discrepancy between interpretations of the text, the Chinese version shall prevail.

I.Overview of Principal Business

In 2025, affected by deep industry adjustments, shrinking market demand, and reshaping of the competitive landscape, the Company's operating performance came under periodic pressure. For the full year, the Company recorded operating revenue of RMB 8.958 billion, and a net loss attributable to shareholders of the listed company of RMB 14.723 billion. The changes in performance were mainly attributable to the decline in sales of core products and the provision for asset impairment.

Facing severe market challenges, the Company focused throughout the year on three critical tasks: reducing inventory, accelerating cash collection, and lowering debt. It continuously improved its operating performance, pursued transformation into an innovation-driven enterprise, and solidified the foundation for development. Operationally, the Company adjusted procurement plans through negotiation, optimized market strategies, and accelerated inventory destocking. Financially, it deepened communication with customers and strengthened collection assessments to improve capital turnover efficiency, while effectively optimizing the debt structure through diversified financing instruments such as syndicated loans and sci-tech innovation bonds. Strategically, the Company adhered to an innovation-driven strategy, maintained high-intensity R&D investment, advanced the commercialization of self-developed products, and accelerated its transformation into a product-oriented enterprise.

(I)Company profile

Zhifei is an international, full-industry chain high-tech bio-pharmaceutical enterprise integrating R&D, production, sales, distribution, import and export of vaccines and biological products. Since its inception in 2002, the Company has always adhered to its business principle of "prioritizing social benefits over corporate profits", undertaken the mission of "Safeguarding human health, by preventing the unseen & treating the ailing", and implemented the development model featuring "technology and market" drivers. Guided by the health needs of the people, the Company has continuously improved its "prevention and treatment of disease" business layout, strengthened its R&D and commercialization capabilities, and provided high-quality products and professional service systems to build a strong line of defense to protect public health.

During the reporting period, the Company's "prevention & treatment" strategic layout achieved a milestone breakthrough. Through a capital increase in cash, the Company obtained controlling ownership of Chongqing Chenan Biopharmaceutical Co., Ltd. ("Chenan Biopharm"), officially expanding its business into the treatment of metabolic diseases and, on this basis, entering the therapeutic biologics field.

Currently, the Company has formed a diversified structure comprising five wholly-owned subsidiaries and one controlled subsidiary. Among them, Zhifei Lvzhu, Zhifei Longcom, and Chenan Biopharm, three high-tech enterprises, serve as the Company's core R&D and production bases. They continue to iterate and upgrade preventive products against bacteria, viruses, and tuberculosis, as well as therapeutic drugs for chronic diseases such as diabetes and obesity, thereby strengthening the Company's technological barriers. The parent company Zhifei, as the main promoter, is committed to building a diversified, convenient, and comprehensive service system. Zhifei Airport serves as a key import and export hub, providing bonded warehousing, customs clearance record, and batch release services for imported vaccines on behalf of the Company. In addition, through the Zhirui investment platform, the Company incubates and cultivates promising preventive and therapeutic biotechnology and products via equity investments.

(II) Major products and indication

As of the disclosure date of this report, the Company had 15 products launched, including one with conditional approval. These products cover vaccines for preventing infectious diseases such as meningococcal disease, cervical cancer, pneumonia, influenza, rotavirus, and herpes zoster, as well as drugs that provide effective solutions for the diagnosis, prevention and treatment of tuberculosis infection. Covering populations including infants and young children, adolescents, and adults, they effectively offer diversified product choices for the prevention and control of infectious diseases nationwide. Details are as follows:

No.	Generic Name	Trade Name	Indication and Usage
1	Group ACYW$_{135}$ Meningococcal Polysaccharide Vaccine	Menwayc®	Used for prevention of epidemic cerebrospinal meningitis caused by *Neisseria meningitidis* groups A, C, Y, and W$_{135}$.
2	Meningococcal Group A and C Conjugate	MeningACon®	Used for prevention of infectious diseases caused by *Neisseria meningitidis* groups A, C, such as cerebrospinal

	Vaccine		meningitis and pneumonia.
3	Haemophilus Influenzae Type b Conjugate Vaccine	/	Used for prevention of invasive infections caused by *Haemophilus influenzae* Type b (including meningitis, pneumonia, septicemia, cellulitis, arthritis, epiglottitis, etc.).
4	Group A and Group C Meningococcal Polysaccharide Vaccine	/	Used for prevention of epidemic cerebrospinal meningitis caused by *Neisseria meningitidis* groups A and C.
5	Recombinant COVID-19 Vaccine (CHO Cell)	Zifivax™	Used for prevention diseases caused by COVID-19.
6	Recombinant Mycobacterium Tuberculosis Fusion Protein (EC)	/	Used for diagnosis of *Mycobacterium tuberculosis* infection, and the results of the skin test are not affected by the BCG vaccine and can be used for clinical diagnosis of tuberculosis.
7	Mycobacterium Vaccae for Injection	Vaccae®	Used for prevention of pulmonary tuberculosis in individuals with latent Mycobacterium tuberculosis infection; it can also be used as part of combination therapy as an adjunctive treatment for tuberculosis chemotherapy.
8	23-valent Pneumococcal Polysaccharide Vaccine	PneuwayC®	Used for prevention of pneumococcal disease caused by 23 serotypes contained in this product (serotypes 1, 2, 3, 4, 5, 6B, 7F, 8, 9N, 9V, 10A, 11A, 12F, 14, 15B, 17F, 18C, 19A, 19F, 20, 22F, 23F, and 33F).
9	Influenza Vaccine (Split Virion), Inactivated, Quadrivalent	/	Used for prevention of influenza caused by vaccine-related type of influenza virus.
10	Influenza Vaccine (Split Virion), Inactivated	/	Used for prevention of influenza caused by vaccine-related types of influenza virus.
11	Recombinant Human Papillomavirus Quadrivalent (Types 6, 11, 16, 18) Vaccine	GARDASIL®	1. It's indicated in females 9 through 45 years of age for the prevention of the following diseases caused by HPV 16, 18: cervical cancer, cervical intraepithelial neoplasia grade 2/3 (CIN2/3), cervical adenocarcinoma in situ (AIS) and cervical intraepithelial neoplasia grade 1 (CIN1); 2. It's indicated in males 9 through 26 years of age for the prevention of the following diseases caused by HPV types included in the vaccine: anal cancer caused by HPV types 16 and 18. Genital warts (condyloma acuminata) caused by HPV types 6 and 11. And the following

			precancerous or dysplastic lesions caused by HPV types 6, 11, 16, and 18: anal intraepithelial neoplasia (AIN) grades 1, 2, and 3.
12	Recombinant Human Papillomavirus 9-Valent (Types 6, 11, 16, 18, 31, 33, 45, 52, 58) Vaccine	GARDASIL®9	1. It's indicated in females 9 through 45 years of age for the prevention of the following diseases caused by HPV types: cervical cancer caused by HPV types 16, 18, 31, 33, 45, 52 and 58; Precancerous lesions caused by HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58: cervical intraepithelial neoplasia grade 2/3 (CIN2/3), cervical adenocarcinoma in situ (AIS), and cervical intraepithelial neoplasia grade 1 (CIN1); persistent infections caused by HPV types 6, 11, 16, 18, 31, 33, 45, 52 and 58. 2. It's indicated in males 16 through 26 years of age for the prevention of the following diseases caused by HPV types 6, 11, 16, and 18: genital warts (condyloma acuminata) caused by HPV types 6 and 11. Anal cancer caused by HPV types 16 and 18, and the following precancerous or dysplastic lesions caused by HPV types 6, 11, 16, and 18: anal intraepithelial neoplasia (AIN) grades 1, 2, and 3.
13	Reassortant Rotavirus Vaccine, Live, Oral, Pentavalent (Vero Cell)	ROTATEQ®	Used for prevention of rotavirus gastroenteritis in infants caused by serotypes G1, G2, G3, G4 and G9.
14	Pneumococcal Vaccine Polyvalent	Pneumovax®	Used for prevention of the pneumococcal disease caused by the capsular serotypes contained in this vaccine.
15	Recombinant Zoster Vaccine (CHO cell)	SHINGRIX®	Used for prevention of herpes zoster.

(III) Main business model

The Company implements the development model featuring "technology & market" drivers. It leverages market conversion to feed back into technological innovation, building a virtuous cycle where technology R&D and market promotion mutually reinforce each other and accelerating the transformation from innovative R&D to value realization.

Guided by the health needs of the people, the Company adheres to an innovation strategy of "primarily independent R&D, supplemented by collaborative R&D, and complemented by investment and incubation." It remains deeply rooted in the biopharmaceutical field and stays firmly on the path of independent innovation. Leveraging its group-wide resource integration strengths, the

Company continues to increase R&D investment, deploys diverse R&D pathways, and gives full play to the synergistic effects of its product matrix. While strengthening its original innovation capabilities, it has built a layered, well-structured product pipeline with a balanced portfolio.

In terms of production, the Company implements the "production determined by sales" model. The production department closely aligns with the marketing department's sales plan to coordinate production scheduling and organize manufacturing, while maintaining appropriate inventory levels to ensure stable supply and responsive agility. In terms of product promotion, the Company employs a terminal direct sales model. Through its self-built professional marketing team, it conducts academic promotion and vaccination knowledge popularization activities, achieving broad coverage of the Company's vaccines and drugs at end-user units. In terms of product distribution, the Company strictly complies with the Drug Administration Law, the Vaccine Administration Law, and other relevant laws and regulations in its production and distribution activities, and exercises rigorous management over the entire product lifecycle. The Company primarily delivers products to designated locations through its self-built storage and logistics system to complete the sales and settlement process.

II.Analysis of Principal Business

(I) Key accounting data and financial indicators

During the reporting period, key financial indicators are shown below:

	2025	2024		Increase/decrease of the current year	2023	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating income (RMB)	8,958,435,384.96	26,069,711,361.44	26,049,233,909.14	-65.61%	52,917,767,029.20	52,963,916,321.62
Net profit attributable to shareholders of the Company (RMB)	-14,723,152,851.99	2,018,478,513.91	1,972,494,926.61	-846.42%	8,069,868,204.15	8,072,339,433.36
Net profit attributable to shareholders of the Company after deducting non-recurring gains	-14,743,796,350.21	1,991,386,516.10	1,962,553,754.41	-851.26%	7,915,455,262.71	7,946,410,273.98

and losses (RMB)						
Net cash flows from operating activities (RMB)	5,167,319,683.69	-4,413,989,315.20	-4,224,116,725.46	222.33%	8,996,369,981.13	8,979,380,891.02
Basic earnings per share (RMB/share)	-6.1506	0.8427	0.8235	-846.89%	3.3624	3.3635
Diluted earnings per share (RMB/share)	-6.1506	0.8427	0.8235	-846.89%	3.3624	3.3635
Weighted average return on equity	-62.67%	6.46%	6.34%	-69.01%	29.09%	29.21%
	As at the end of 2025	**As at the end of 2024**		**Increase/decrease of the current year**	**As at the end of 2023**	
		Before adjustment	**After adjustment**	**After adjustment**	**Before adjustment**	**After adjustment**
Total assets (RMB)	31,719,717,303.13	49,909,613,835.40	51,297,102,050.97	-38.16%	50,232,190,314.35	51,290,197,549.93
Net assets attributable to shareholders of the Company (RMB)	15,839,778,818.53	30,830,739,408.10	30,853,631,670.46	-48.66%	31,506,080,813.32	31,574,956,662.98

(II) Key financial indicators by quarter

	First quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Operating income (RMB)	2,353,627,079.50	2,574,972,393.48	2,715,756,960.99	1,314,078,950.99
Net profit attributable to shareholders of the Company (RMB)	-326,906,306.41	-279,377,054.22	-721,609,751.76	-13,395,259,739.60
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB)	-338,461,336.50	-284,109,662.90	-725,652,662.99	-13,395,572,687.82
Net cash flows from operating activities (RMB)	279,289,533.09	1,229,383,515.21	1,476,345,846.27	2,182,300,789.12

(III) Non-Recurring Profit or Loss

Unit：RMB

Item	**Amount in 2025**	**Amount in 2024**	**Amount in 2023**	**Instructions**
Profit or loss on disposal of non-current assets (including the write-off portion of the provision for asset	5,503,735.54	-315,331.87	41,240,173.49	

impairment)				
Government subsidies included in current profit or loss (excluding those closely related to the Company's normal business operations, which are granted continuously in fixed amounts or quantities in accordance with certain standards and in compliance with national policies)	73,798,495.03	43,750,633.37	173,736,245.02	
Gains or losses on changes in fair value of financial assets and liabilities held by non-financial enterprises, and gains or losses on disposal of financial assets and liabilities, excluding those arising from hedging business related to operating activities	-14,207,251.56	275,908.38	224,844.35	
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date	-19,581,801.51	-45,125,972.38	-69,454,375.61	
Other non-operating income and expenses other than those mentioned above	-32,291,005.88	-9,757,375.44	-31,086,096.61	
Other profit or loss items that meet the definition of non-recurring profit or loss	2,492,862.46	3,347,675.58	3,217,754.37	
Less: Amount affected by income tax	2,303,758.38	-1,287,390.36	19,316,156.62	
Non-controlling interest affected (after tax)	-7,232,222.52	-16,478,244.20	-27,366,770.99	
Total	20,643,498.22	9,941,172.20	125,929,159.38	--

III.MANAGEMENT DISCUSSION AND ANALYSIS

1. Integrating Innovation Resources and Achieving Key Breakthroughs in the R&D Pipeline

During the reporting period, despite periodic operational pressure, the Company remained committed to innovation-driven development and continuously strengthened its core competitiveness. R&D investment for the reporting period reached RMB 1.436 billion, accounting for 16.03% of operating revenue, which strongly supported the clinical trials and registration of products under development. The Company integrated and formed "7+N" technology platforms covering the development of human vaccines, tuberculosis biological products, and metabolic disease drugs, continuously improving its innovative "prevention & treatment" product pipeline.

Leveraging the advantages of its technology platforms and an efficient R&D team, the Company achieved key progress in multiple products under development. As of the disclosure date

of this report, among the proprietary preventive R&D pipeline, 20 products achieved phased progress:

- Influenza Vaccine (Split Virion), Inactivated and Influenza Vaccine (Split Virion), Inactivated, Quadrivalent obtained drug registration certificates.
- 15-Valent Pneumococcal Conjugate Vaccine and $ACYW_{135}$ Meningococcal Conjugate Vaccine entered the drug registration review and approval stage.
- Therapeutic BCG Vaccine and S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine entered Phase III clinical trials in China and Bangladesh, respectively.
- 26-Valent Pneumococcal Conjugate Vaccine initiated Phase I clinical trial in Australia and Phase I/II clinical trial in China.
- Influenza Vaccine (Split Virion), Inactivated, Quadrivalent, ZFA02 Adjuvant entered Phase I/II clinical trial.
- Tetanus Vaccine,Adsorbed entered Phase I/III clinical trial.
- Diphtheria, Tetanus and Acellular Pertussis Adsorbed (Component) and Haemophilus Type b Conjugate Vaccine entered Phase I clinical trial.

Among the proprietary therapeutic R&D pipeline, three products achieved phased progress:

- Insulin Degludec Injection entered the drug registration review and approval stage.
- Insulin Degludec and Insulin Aspart Injection obtained the Phase III clinical trial summary report.
- CA111 Injection entered Phase I clinical trial.

Currently, the Company has steadily entered a concentrated harvest period for its proprietary R&D achievements. Five core products have been submitted for marketing authorization, and six major products are in Phase III clinical trials. The R&D pipeline now demonstrates a staggered advancement structure of "registration – clinical trial – pipeline reserve." Over the next two to three years, the Company expects multiple preventive and therapeutic proprietary products to obtain marketing approval and achieve commercial scale-up, marking the strategic transformation into an "innovative product-driven" enterprise as having entered the substantive harvest phase.

At the same time, the Company's R&D strategy is accelerating its transition from "follow-on innovation" to "groundbreaking innovation." Leveraging its independently established technology platforms—including mRNA, recombinant protein, viral vector delivery, and long-acting peptide

drug platforms—the Company has achieved precise positioning in frontier fields such as major infectious diseases and metabolic diseases. This builds a powerful engine to drive the Company toward its vision of becoming a world-class biopharmaceutical enterprise.

2. Optimize Market Resource Allocation and Enhance Promotion Effectiveness

The Company continuously strengthens its market operational capabilities, steadily advancing the full chain of activities including importation, storage, transportation, and terminal promotion to provide the public with high-quality products and efficient services. Facing rapid changes in the market environment, the Company adheres to refined management, strengthens market team building, deeply integrates terminal information, flexibly adjusts resource allocation, and responds swiftly to market demand. To effectively bolster public vaccination confidence, the Company consistently carries out disease education and vaccination awareness campaigns through both online and offline channels. It also proactively responds to government calls and deeply participates in local public benefit vaccination programs, continuously improving vaccine accessibility and public awareness of disease prevention.

In terms of commercial cooperation, the Company continues to consolidate strategic partnerships with global business partners, deepening mutual trust and jointly navigating challenges in a complex and volatile market environment. During the reporting period, the Company officially began executing *the Supplementary Agreement to the Exclusive Distribution and Joint Promotion Agreement* with GSK. Based on market demand, both parties adjusted the procurement and supply cadence of products, with continued enhancement of cooperation resilience and synergistic effectiveness. During the reporting period, MSD's Gardasil and Gardasil 9 successively received approval for use in males. The Company is working closely with MSD to promote "dual-gender prevention" and facilitate the building of population-level immune barriers. To deepen the long-term strategic partnership and respond swiftly and effectively to market dynamics, on April 2, 2026, the Company and MSD entered into *the Supply, Distribution and Co-Promotion Agreement_2026 Restated*. Going forward, both parties will dynamically adjust procurement and supply of the agreed products based on market demand. Amid the industry's deep adjustment period, the Company maintains frequent communication and pragmatic consultations with its global strategic partners, working together to reinforce the stability and resilience of the supply chain and reserve ample momentum for the subsequent market recovery.

Taking the market access of key products as a pivotal lever, the Company strengthens market education on the concept of disease prevention and control, continuously consolidates the commercialization achievements of its self-developed products, and builds dual support in brand recognition and channel advantages to facilitate the future market introduction of more proprietary products. As of the disclosure date of this report, the Company's Influenza Vaccine (Split Virion), Inactivated, Quadrivalent has achieved market access in 27 provinces. The Company also continues to promote vaccines including Influenza Vaccine (Split Virion), Inactivated, Quadrivalent, Group ACYW135 Meningococcal Polysaccharide Vaccine, Meningococcal Group A and C Conjugate Vaccine, and 23-valent Pneumococcal Polysaccharide Vaccine.In the field of tuberculosis prevention and control, the Company continues to deepen the scientific concept of "Ending TB starts with controlling latent infection." Focusing on *the National Tuberculosis Prevention and Control Plan (2024—2030)* jointly issued by nine ministries and commissions including the National Administration of Disease Prevention and Control, the Company advances the shift of TB prevention and control thresholds and reduces incidence rates.The Company's self-developed product, the tuberculosis diagnostic reagent EC, has been included again in *the 2024 National Reimbursement Drug List (NRDL)*. Leveraging policy support, it further reduces the financial burden on patients, improves drug accessibility, facilitates early detection and treatment of tuberculosis, and contributes to the global goal of ending the TB epidemic by 2035.

During the reporting period, the Company's vaccines were made available for sale only after they had obtained a national batch release and approval certificate in strict compliance with applicable laws and regulations. The details of batch releases of Company's vaccines during the reporting period are presented as below:

(1) Proprietary product

Manufacturer	Product Name	Number of Released and Approved Products in 2025 (Dose)	Number of Released and Approved Products in 2024 (Dose)	Growth Rate (%)
Zhifei Lvzhu	$ACYW_{135}$ polysaccharide vaccine	2,298,911	2,248,277	2.25
	AC conjugate vaccine	829,929	2,317,151	-64.18
	Hib vaccine	583,722	2,033,859	-71.30
	AC polysaccharide vaccine	4,078,286	4,220,392	-3.37
	23-valent pneumonia vaccine	165,850	453,002	-63.39

Zhifei Longcom	Influenza Vaccine (Split Virion), Inactivated, Quadrivalent	1,425,179	-	-

(2) Products acting as agent

Manufacturer	Product Name	Number of Released and Approved Products in 2025 (Dose)	Number of Released and Approved Products in 2024 (Dose)	Growth Rate (%)
MSD	Tetravalent HPV vaccine	-	465,991	-
	9-valent HPV vaccine	4,238,826	31,140,836	-86.39
	Pentavalent rotavirus vaccine	6,314,408	5,508,412	14.63
	Imported 23-valent pneumonia vaccine	1,092,015	1,125,105	-2.94
	Inactivated hepatitis A vaccine	-	170,808	-
GSK	Recombinant Zoster Vaccine	2,460,672	3,775,956	-34.83

3.Strengthening Liquidity Management and Enhancing Operational Resilience

In the face of an adverse environment marked by weakening market demand and extended collection cycles across the industry, the Company proactively strengthened liquidity management, continuously optimized its debt maturity structure through the comprehensive use of diverse financial instruments, effectively enhanced financial resilience and risk resilience, and reserved funds for the implementation of its medium- and long-term strategies.

During the reporting period, the Company achieved breakthroughs in both direct and indirect financing channels: Innovative bond financing was successfully implemented. The Company applied for the issuance of sci-tech innovation corporate bonds and obtained the registration approval from the China Securities Regulatory Commission and a consent letter from the Shenzhen Stock Exchange, with an approved quota totaling RMB 2.5 billion. The Company has completed the first tranche of RMB 500 million through non-public issuance, effectively broadening its sources of low-cost medium- and long-term funding. A syndicated loan was successfully arranged. The Company, together with over ten banks including Agricultural Bank of China Limited Chongqing Jiangbei Sub-branch as the lead arranger, established a syndicate and obtained a large credit facility of RMB 10.2 billion with a term of no more than three years. This has significantly enhanced the Company's capital assurance capability and financial flexibility, built a cross-cyclical capital assurance system, and laid a solid financial foundation for the Company's R&D investment, the commercialization of self-developed products, and the stable response to industry cyclical fluctuations.

4. Deepening International Cooperation and Accelerating Product Globalization

The Company firmly implements its internationalization strategy, aiming to build the global resource allocation capabilities and market influence essential to becoming a world-class biopharmaceutical enterprise. Using high-quality products as its vehicle and technological innovation as its bond, the Company accelerates the globalization of its proprietary products, contributing China's strength to global health causes. The Company actively advances the international certification and registration of its proprietary products. During the reporting period, the Company continued to supply the $ACYW_{135}$ polysaccharide vaccine to countries including Indonesia, Pakistan, and Uzbekistan. The 23-valent pneumonia vaccine completed GMP certification in the Philippines, while market registration is concurrently underway in multiple countries. The EC is undergoing registration in high-TB-burden countries such as the Philippines, and has completed clinical studies in countries including Brazil and Indonesia. In addition, therapeutic products under Chenan Biopharm, such as Insulin Degludec and Semaglutide Injection, have entered into collaboration discussions with multiple overseas partners, and relevant overseas registration work has been initiated.

Meanwhile, for innovative products with global leading potential, the Company has accelerated overseas clinical trials and patent portfolio development. During the reporting period, the Company partnered with the International Centre for Diarrhoeal Disease Research, Bangladesh, to initiate Phase III clinical trials in Bangladesh for the S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine. This vaccine is the world's fastest-developing candidate designed to prevent both Shigella flexneri and Shigella sonnei infections. Furthermore, the Company's 26-Valent Pneumococcal Conjugate Vaccine commenced Phase I clinical trials in Australia, laying a solid foundation for the product's future entry into European and American markets.

The Company continues to engage in international exchanges and cooperation, actively integrating into the global health system. It strengthens communication and collaboration with organizations such as the World Health Organization (WHO), the Global Alliance for Vaccines and Immunisation (Gavi), and the United Nations Children's Fund (UNICEF). During the reporting period, Zhifei Lvzhu established a partnership with the Gates Foundation to jointly advance the development of combination vaccines, committed to improving the accessibility and affordability of

vaccines globally, contributing to more extensive and equitable vaccine coverage, and bringing more Chinese wisdom and strength to global public health.

IV.Analysis of Principal Business

(I) Composition of Operating Income

1. Overview of Operating Income

Unit: RMB

	2025		2024		Year-on-year increase or decrease
	Amount	As a percentage of operating income	Amount	As a percentage of operating income	
Total operating income	8,958,435,384.96	100%	26,049,233,909.14	100%	-65.61%
By industry					
Biological products	8,868,018,878.71	98.99%	25,823,884,713.71	99.13%	-65.66%
Others	90,416,506.25	1.01%	225,349,195.43	0.87%	-59.88%
By category					
Proprietary products	1,186,884,210.68	13.25%	1,172,407,275.76	4.50%	1.23%
Agent products	7,681,134,668.03	85.74%	24,651,477,437.95	94.63%	-68.84%
Others	90,416,506.25	1.01%	225,349,195.43	0.87%	-59.88%
By region					
Northeast China	326,765,665.33	3.65%	919,924,451.28	3.53%	-64.48%
North China	1,035,225,630.09	11.56%	3,214,659,161.88	12.34%	-67.80%
Northwest China	540,141,540.55	6.03%	1,611,171,052.04	6.19%	-66.48%
Central China	1,208,528,140.95	13.49%	3,074,441,244.42	11.80%	-60.69%
East China	2,611,803,839.92	29.14%	8,484,639,715.84	32.57%	-69.22%
Southwest China	1,294,341,343.69	14.45%	4,355,485,214.26	16.72%	-70.28%
South China	1,906,930,096.61	21.29%	4,371,208,847.29	16.78%	-56.38%
Export	34,699,127.82	0.39%	17,704,222.13	0.07%	95.99%

2. Industries, products, regions, and sales models that account for more than 10% of the Company's operating income or profit

Unit：RMB

	Operating income	Operating cost	Gross margin	Year-on-year increase or decrease in operating income	Year-on-year increase or decrease in operating cost	Year-on-year increase or decrease in gross margin
By industry						
Biological products	8,868,018,878.71	8,067,445,030.69	9.03%	-65.66%	-56.92%	-67.14%
By category						
Proprietary products	1,186,884,210.68	348,731,455.96	70.62%	1.23%	48.49%	-11.69%
Agent products	7,681,134,668.03	7,718,713,574.73	-0.49%	-68.84%	-58.26%	-101.96%
By region						
Northeast China	326,765,665.33	317,794,033.	2.75%	-64.48%	-53.46%	-89.32%
North China	1,033,240,709.6	1,024,589,16	0.84%	-67.84%	-56.59%	-96.83%
Northwest China	540,141,540.55	517,343,551.	4.22%	-66.48%	-56.79%	-83.57%
Central China	1,208,469,197.5	1,101,604,85	8.84%	-60.69%	-48.20%	-71.33%
East China	2,611,714,747.7	2,303,679,53	11.79	-69.22%	-62.95%	-55.88%
Southwest China	1,292,813,696.2	1,172,431,73	9.31%	-70.32%	-62.91%	-66.03%
South China	1,823,045,764.8	1,614,063,95	11.46	-56.06%	-45.69%	-59.61%
Export	31,827,556.79	15,938,205.4	49.92	79.77%	52.36%	22.02%

3.The Company's Income from physical sales

By industry	Item	Unit	2025	2024	Year-on-year Increase or decrease
Biological products	Sales volume	dose	28,588,137	37,113,408	-22.97%
	Production volume	dose	17,111,075	15,319,394	11.70%
	Inventory	dose	30,093,701	36,609,905	-17.80%

4.Composition of operating costs

Unit：RMB

By category	Item	2025		2024		Year-on-year increase or decrease
		Amount	As a percentage of operating costs	Amount	As a percentage of operating costs	
Proprietary biological	**Where, direct materials**	76,674,551.26	0.93%	69,517,179.52	0.37%	10.30%

products	**Direct labor**	57,767,673.86	0.70%	54,711,589.65	0.29%	5.59%
	Manufacturing expenses	189,505,992.43	2.30%	87,556,054.91	0.46%	116.44%
	Shipping costs	24,783,238.41	0.30%	23,070,038.53	0.12%	7.41%
	Subtotal	348,731,455.96	4.22%	234,854,862.61	1.24%	48.49%
Agent biological products	**Where, procurement costs**	7,679,482,403.50	93.02%	18,425,739,448.55	97.39%	-58.32%
	Shipping costs	39,231,171.23	0.47%	67,163,238.89	0.35%	-41.59%
	Subtotal	7,718,713,574.73	93.50%	18,492,902,687.44	97.74%	-58.26%
Others	**Others**	188,249,551.28	2.28%	192,776,207.59	1.02%	-2.35%
Total		8,255,694,581.97	100.00%	18,920,533,757.64	100.00%	-56.37%

(II)Expenses

Unit：RMB

	2025	2024	Year-on-year increase or decrease	Description of significant changes
Selling expenses	2,386,453,403.38	2,651,766,940.15	-10.01%	
Overhead expenses	413,645,708.87	408,965,114.89	1.14%	
Financial expenses	301,755,089.99	123,970,012.50	143.41%	Mainly as a result of an increase in interest expenses
R&D expenses	932,298,240.66	1,021,077,380.10	-8.69%	

(III) Investments in R&D

1.The Company’s R&D personnel

	2025	2024	Change ratio
Number of R&D personnel (person)	1109	1,072	3.45%
Number of R&D personnel as a percentage of total staff	17.63%	14.85%	2.78%
Educational background of R&D personnel			**Educational background of R&D personnel**
PhD	545	505	7.92%
Master	541	546	-0.92%
Bachelor and below	23	21	9.52%
Age composition of R&D personnel			**Age composition of R&D personnel**
Under 30 years old	600	704	-14.77%
Between 30 and 40 years old	431	306	40.85%

Over 40 years old	78	62	25.81%

2.The Company's amount of R&D investment and the percentage of R&D investment over operating income in the past three years

	2025	2024	2023
Amount of R&D investment (RMB)	1,435,936,090.89	1,527,101,705.60	1,527,693,896.96
R&D investment as a percentage of operating revenue	16.03%	5.86%	2.88%
R&D investment as a percentage of operating revenue from proprietary products	120.98%	130.25%	148.56%
Capitalized R&D expenditure (RMB)	503,637,850.23	508,918,289.02	504,721,032.09
Capitalized R&D expenditure as a percentage of total R&D expenditure	35.07%	33.33%	33.04%
Capitalized R&D expenditure as a percentage of net profit for the period	-3.42%	25.80%	6.25%

(IV)Cash flow

Unit：RMB

Item	2025	2024	Year-on-year increase or decrease	Description of significant changes
Subtotal cash inflow from operating activities	15,029,525,457.95	37,326,682,768.19	-59.74%	Mainly due to the decrease in sales and collected sales proceeds in 2025
Subtotal cash outflow from operating activities	9,862,205,774.26	41,550,799,493.65	-76.26%	Mainly due to the decrease in payments for purchases of products acting as agent in 2025
Net cash flows from operating activities	5,167,319,683.69	-4,224,116,725.46	222.33%	Mainly due to the decrease in payments for purchases of products acting as agent in 2025
Subtotal cash inflow from investing activities	89,245,175.82	179,759,655.97	-50.35%	Mainly due to the decrease in redemption of wealth management products in 2025
Subtotal cash outflow from investing activities	684,186,865.20	1,383,497,408.27	-50.55%	Mainly due to the decrease in payments for long-term assets in 2025
Net cash flows from investing activities	-594,941,689.38	-1,203,737,752.30	50.58%	Mainly due to the decrease in payments for long-term assets in 2025
Subtotal cash inflow from financing activities	13,353,450,918.54	14,868,339,451.64	-10.19%	Mainly due to the decrease in short-term borrowings received in 2025
Subtotal cash outflow from financing	18,086,250,936.73	13,080,792,220.78	38.27%	Mainly due to the increase in repayments of bank borrowings in

activities				2025
Net cash flows from financing activities	-4,732,800,018.19	1,787,547,230.86	-364.77%	Mainly due to the increase in repayments of bank borrowings in 2025
Net increase in cash and cash equivalents	-161,109,261.65	-3,639,055,223.12	95.57%	Mainly due to the decrease in payments for purchases of products acting as agent in 2025

During the reporting period, the Company's collected sales proceeds significantly exceeded its operating revenue, and a substantial provision for inventory write-downs was made, resulting in a material difference between net cash flows from operating activities and net profit for the year.

(V) Analysis of assets and liabilities

1.Significant Changes in Asset Composition

Unit：RMB

	End of 2025		Beginning of 2025		Percentage increase/ decrease	Description of significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	2,625,608,880.22	8.28%	2,705,679,728.64	5.27%	3.01%	
Accounts receivable	11,164,680,690.33	35.20%	16,302,079,132.58	31.78%	3.42%	Mainly due to the decrease in sales revenue in 2025
Inventory	5,003,389,773.82	15.77%	22,243,509,536.39	43.36%	-27.59%	Mainly due to the substantial increase in the provision for inventory write-downs in 2025
Investment properties	242,972.22	0.00%	176,638.52	0.00%	0.00%	
Fixed assets	4,314,625,695.28	13.60%	4,551,177,165.12	8.87%	4.73%	Mainly due to the depreciation of fixed assets in 2025
Construction in progress	1,547,297,845.79	4.88%	1,585,288,600.90	3.09%	1.79%	
Right-of-use assets	17,932,590.77	0.06%	28,780,703.35	0.06%	0.00%	
Short-term borrowings	8,594,225,695.20	27.09%	11,901,908,557.91	23.20%	3.89%	Mainly due to the decrease in short-term bank credit loans as a result of debt structure adjustments in 2025
Contractual	83,402,880.18	0.26%	11,869,634.92	0.02%	0.24%	

Liabilities						
Long-term borrowings	2,408,877,737.72	7.59%	1,242,080,388.71	2.42%	5.17%	Mainly due to the increase in long-term bank loans as a result of debt structure adjustments in 2025
Lease liabilities	9,538,260.53	0.03%	16,668,124.57	0.03%	0.00%	
Total assets	31,719,717,303.13	100.00%	51,297,102,050.97	100.00%		

2.Assets and Liabilities Measured at Fair Value

Unit：RMB

Item	Amount at Beginning of Period	Gain/(Loss) from Changes in Fair Value for the Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment for the Period	Purchase Amount for the Period	Disposal Amount for the Period	Other Changes	Amount at End of Period
Financial assets								
Investments in other equity instruments	295,000,000.00						-5,650,000.00	289,350,000.00
Total	295,000,000.00						-5,650,000.00	289,350,000.00
Financial liabilities	0.00	14,328,626.25						14,328,626.25

3.Restricted Assets as at the End of the Reporting Period

Item	Year-end Balance			
	Gross carrying amount	Carrying value	Type of restriction	Description of restriction
Cash and cash equivalents	82,648,774.91	82,648,774.91	Frozen	Guarantee deposits
Fixed assets	739,111,277.51	498,235,456.04	Pledged	Collateral for long-term borrowings
Intangible assets	76,046,101.49	59,699,703.82	Pledged	Collateral for long-term borrowings
Total	897,806,153.91	640,583,934.77	-	-

V.Analysis of Core Competitiveness

Driven by technological innovation, the Company is committed to building comprehensive health solutions that "Safeguarding human health, by preventing the unseen & treating the ailing." While consolidating its advantages in preventive products, the Company expanded into the treatment of metabolic diseases by obtaining controlling ownership of Chenan Biopharm,

continuously refining its integrated "prevention & treatment" strategic framework. Leveraging its self-built professional team and extensive market network, the Company consistently enhances the accessibility of high-quality products to build a strong defense barrier for public health. At the same time, by strengthening its talent pipeline and improving corporate governance, the Company has forged differentiated competitive advantages and developed core competitiveness characterized by the synergistic development of prevention and treatment and the efficient conversion of R&D into market outcomes. This is mainly reflected in the following areas:

(I) R&D Excellence: Innovation-driven High-quality Development

Guided by the health needs of the people, the Company adheres to its innovation strategy of "in-house R&D as the core, partnered R&D as a supplement, and investment incubation as a complement." It continuously consolidates its independent innovation capabilities, reinforces its R&D barriers, and strengthens the synergy between organic and external innovation capabilities, sparing no effort to cultivate new quality productivity.

The Company has established a strategic layout comprising three major R&D and production bases—Zhifei Lvzhu in Beijing, Zhifei Longcom in Anhui, and Chenan Biopharm in Chongqing—along with the Beijing Innovation Incubation Center, thereby comprehensively strengthening its integrated R&D strength and forward-looking deployment. Through Zhifei Lvzhu and Zhifei Longcom, the Company deepens its focus on the disease prevention field and steadily advances all R&D pipelines. Chenan Biopharm concentrates on metabolic diseases such as diabetes and obesity, building a pipeline around GLP-1 analogs and insulin analogs. The Beijing Innovation Incubation Center focuses on cutting-edge vaccine technologies, carries out original technological innovation, tackles key technical challenges in the industry, and provides fundamental technical support for more innovative products. In addition, leveraging the Chongqing Zhirui Biopharmaceutical Industry Park, the Company actively deploys in the broad health sector, promoting the R&D and industrialization of cutting-edge biomedicines and advanced biotechnologies.

1. Independent Innovation and Multi-Matrix Synergistic Development

Adhering to the R&D approach of "internationalization of project sources, precision of project selection, pipeline of project development and localization of project production," the Company

focuses on the iterative upgrading of traditional vaccine products and the building of barriers through innovative technologies, resulting in a robust pipeline. The Company has established "7+N" technology platforms that extensively cover a wide range of R&D pathways. By enabling the optimal allocation of R&D resources, these platforms provide a solid technical foundation for ensuring the efficient progress of all R&D initiatives.

"7+N" Technology Platforms		
Polysaccharide-Protein Conjugate Technology Platform	Genetic Recombination Technology Platform	Inactivation and Attenuation Technology Platform
Multivalent and Combination Technology Platform	mRNA Technology Platform	Viral Vector Delivery Technology Platform
Long-acting Peptide Drug Technology Platform		

Leveraging the "7+N" technology platforms, the Company has successfully built seven major product matrices characterized by outstanding technological advantages, significant clinical value, and a well-structured pipeline. Covering both the prevention and treatment fields, these matrices continue to consolidate the Company's core competitiveness.

Matrices	**Key Pipeline Projects**
Respiratory Transmission Vaccine Matrix	15-Valent Pneumococcal Conjugate Vaccine; 26-Valent Pneumococcal Conjugate Vaccine; Influenza Vaccine(Split Virion), Inactivated, Quadrivalent, ZFA02 Adjuvant; Group ACYW$_{135}$ Meningococcal Conjugate Vaccine; Recombinant Group B Meningococcal Vaccine(E. coli); Pentavalent Meningococcal Conjugate Vaccine; Respiratory Syncytial Virus (RSV) Vaccine; Varicella Vaccine, Inactivated, Freeze-dried
Gastrointestinal Transmission Vaccine Matrix	S. flexneri and S. sonnei Bivalent Shigella conjugate vaccine; Quadrivalent Recombinant Norovirus Vaccine (Pichia Pastoris); Inactivated Rotavirus Vaccine; Recombinant Rotavirus Vaccine; Quadrivalent Inactivated Hand, Foot and Mouth Disease (HFMD) Vaccine
Tuberculosis Product Matrix	Recombinant Tuberculosis Vaccine (AEC/BC02), Freeze-dried; BCG vaccine for Intradermal Injection
Tumor-associated Vaccine Matrix	Therapeutic BCG Vaccine; Epstein-Barr Virus (EBV) Vaccine

Multivalent and Combination Vaccine Matrix	Diphtheria, Tetanus and Acellular Pertussis (Component) Combined Vaccine, Adsorbed; Diphtheria, Tetanus and Acellular Pertussis Adsorbed (Component) and Haemophilus Type b Conjugate Vaccine; Diphtheria, Tetanus and Acellular Pertussis (Component) Combined Vaccine for Adult and Adolescent, Adsorbed; Diphtheria, Tetanus and Pertussis-based Combined Vaccine
Adult Vaccine Matrix	Rabies Vaccine(Human Diploid Cell)for Human Use, Freeze-dried; Rabies Vaccine(Vero Cell)for Human Use, Freeze-dried; Rabies Vaccine (ZFB-3 Cell)for Human Use, Freeze-dried; Recombinant Zoster Vaccine(CHO cell), ZFA01; Zoster Vaccine (mRNA); Modified Vaccinia Ankara (MVA) Mpox Live Attenuated Vaccine; Tetanus Vaccine,Adsorbed
Metabolic Drug Matrix	Liraglutide Injection; Insulin Degludec Injection; Semaglutide Injection; Semaglutide Injection (Obesity); Insulin Degludec and Insulin Aspart Injection; CA111 Injection
Note: The aforesaid matrices do not include all of Company's projects under development.	

The Company is one of the leading domestic vaccine developers with the most extensive pipeline, boasting a broad and multi-tiered portfolio of products under development. At the same time, the Company has assembled a high-caliber clinical team to efficiently advance clinical trials both domestically and internationally, continuously enhance R&D quality, mitigate development risks, and accelerate the delivery of high-quality products to the public.

As of the disclosure date of this report, the Company had a total of 35 proprietary preventive R&D projects, of which 26 were in the regulatory application, clinical trial, or registration phase. Through its controlled subsidiary Chenan Biopharm, the Company has deployed proprietary therapeutic R&D projects, with 6 key projects having entered the clinical stage, of which 2 are under regulatory review for market approval. Details are as follows:

Preventive Projects Entering the Registration Process

No.	Product Name	Registration Class	Indications	Registration Stage	Development Progress
1	Rabies Vaccine(Human Diploid Cell)for Human Use，Freeze-dried	Prophylactic Biologic Products, Class 3.3	Used for prevention of rabies.	Registration	Under review

2	15-Valent Pneumococcal Conjugate Vaccine	Prophylactic Biologic Products, Class 2.1	Used for prevention of infectious diseases caused by *Streptococcus pneumoniae.*	Registration	Under review
3	$ACYW_{135}$ Meningococcal Conjugate Vaccine	Prophylactic Biologic Products, Class 3.2	Used for prevention infectious diseases caused by *Neisseria meningitidis*.	Registration	Under review
4	Rabies Vaccine (Vero Cell)for Human Use，Freeze-dried	Prophylactic Biologic Products, Class 15	Used for prevention of rabies.	Clinical trial	Phase Ⅲ
5	S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine	Prophylactic Biologic Products, Class 1	Used for the prevention of diarrheal disease caused by *Shigella flexneri* and *Shigella sonnei* infection.	Clinical trial	Phase III
6	Diphtheria, Tetanus and Acellular Pertussis (Component) Combined Vaccine, Adsorbed	Prophylactic Biologic Products, Class 4	Used for the prevention of diseases caused by *Bordetella pertussis*, *Corynebacterium diphtheriae* and *Clostridium tetani*.	Clinical trial	Phase III
7	Quadrivalent Recombinant Norovirus Vaccine (Pichia Pastoris)	Prophylactic Biologic Products, Class 1	Used for prevention of acute gastroenteritis caused by norovirus infection.	Clinical trial	Phase III
8	Therapeutic BCG Vaccine	Therapeutic Biologic Products, Class 3.4	Used for treatment of treat bladder carcinoma in situ and prevention of recurrence, and for the prevention of recurrence after transurethral resection of papillary tumors of the bladder at stage Ta or T1. This product is not intended for papilloma beyond T1 stage.	Clinical trial	Phase III
9	Recombinant Tuberculosis Vaccine (AEC/BC02), Freeze-dried	Prophylactic Biologic Products, Class 1	Used for booster immunization following BCG primary immunization and for the prevention of tuberculosis in individuals with latent tuberculosis infection.	Clinical trial	Phase II
10	BCG-PPD	Therapeutic Biologic Products, Class 15	Used for clinical ancillary diagnosis of tuberculosis, epidemiological survey of tuberculosis and monitoring of the body's immune response after BCG vaccination. In	Clinical trial	Phase II

			combination with an in vivo diagnostic reagent (Recombinant Mycobacterium Tuberculosis Fusion Protein (EC)) for identification purposes, it can be used to identify the groups not infected with tuberculosis that are not vaccinated or are negative after vaccination by BCG, the groups not infected with tuberculosis that are positive after vaccination by BCG, and the groups infected with tuberculosis.		
11	26-Valent Pneumococcal Conjugate Vaccine	Prophylactic Biologic Products, Class 1.4	Used for prevention of infectious diseases caused by *Streptococcus pneumoniae.*	Clinical trial	Phase I/II
12	Influenza Vaccine (Split Virion), Inactivated, Quadrivalent, ZFA02 Adjuvant	Prophylactic Biologic Products, Class 1.3	Used for prevention of influenza caused by the particular virus strain.	Clinical trial	Phase I/II
13	BCG Vaccine for Intradermal Injection	Prophylactic Biologic Products, Class 15	Used for prevention of tuberculosis.	Clinical trial	Phase I
14	Inactivated Rotavirus Vaccine	Prophylactic Biologic Products, Class 1	Used for prevention of diarrhea caused by group A rotavirus in infants and young children. It may provide cross-protection against rotavirus serotypes not contained in the vaccine.	Clinical trial	Phase I
15	Recombinant Group B Meningococcal Vaccine (E. coli)	Prophylactic Biologic Products, Class 2.6	Used for prevention of invasive diseases caused by *Neisseria meningitidis* group B.	Clinical trial	Phase I
16	Diphtheria, Tetanus and Acellular Pertussis Adsorbed (Component) and Haemophilus Type b Conjugate Vaccine	Prophylactic Biologic Products, Class 2.2	Used for prevention of infectious diseases caused by *Bordetella pertussis, Corynebacterium diphtheriae, Clostridium tetani* and *Haemophilus influenzae* type b, such as pertussis, diphtheria, tetanus, meningitis, pneumonia, sepsis and epiglottitis.	Clinical trial	Phase I

17	Tetanus Vaccine,Adsorbed	Prophylactic Biologic Products, Class 3.3	Used for prevention of tetanus.	Clinical trial	Phase I/III
18	Influenza Vaccine(Split Virion), Inactivated, Trivalent, ZFA02 Adjuvant	Prophylactic Biologic Products, Class 1.3	Used for prevention of influenza caused by H1N1, H3N2 and BV subtype viruses.	Clinical trial approved	Clinical trial approved
19	Recombinant Zoster Vaccine (CHO cell)	Prophylactic Biologic Products, Class 1.3	Used for prevention of herpes zoster.	Clinical trial approved	Clinical trial approved
20	Diphtheria, Tetanus and Acellular Pertussis (Component) Combined Vaccine for Adult and Adolescent, Adsorbed	Prophylactic Biologic Products, Class 2.6	Used for prevention of diphtheria, tetanus and pertussis..	Clinical trial approved	Clinical trial approved
21	Zoster Vaccine (mRNA)	Prophylactic Biologic Products, Class 1.2	Used for prevention of herpes zoster.	Clinical trial approved	Clinical trial approved
22	Varicella Vaccine, Inactivated, Freeze-dried	Prophylactic Biologic Products, Class 2.2	Used for prevention of diseases caused by varicella-zoster virus.	Clinical trial approved	Clinical trial approved
23	Recombinant Zoster Vaccine (CHO cell), ZFA01	Prophylactic Biologic Products, Class 1.3	Used for prevention of herpes zoster.	Clinical trial approved	Clinical trial approved
24	MVA Mpox Live Attenuated Vaccine	Prophylactic Biologic Products, Class 3.2	Used for prevention of mpox caused by mpox virus.	Clinical trial approved	Clinical trial approved
25	HK.3-JN.1 COVID-19 mRNA Vaccine	Prophylactic Biologic Products, Class 1.2	Used for prevention of disease caused by SARS-CoV-2 infection.	Clinical trial approved	Clinical trial approved
26	Japanese Encephalitis Vaccine (Human Diploid Cell), Inactivated，Freeze-dried	Prophylactic Biologic Products, Class 2.2	Used for prevention of diseases caused by Japanese encephalitis virus infection.	Clinical trial application	Application accepted
Note: The above does not include all of the Company's projects under development that have entered the registration process.					

Preventive Preclinical Projects

No.	Product Name	Progress and Changes in 2026H1	Expected Progress (2026-2027)	
1	RSV Vaccine	Preclinical study	Clinical trial application	Clinical study
2	Quadrivalent Inactivated HFMD	Preclinical study	Clinical trial	Clinical study

	Vaccine		application	
3	EBV Vaccine	Preclinical study	Preclinical study	Clinical trial application
4	Pentavalent Meningococcal Conjugate Vaccine	Preclinical study	Preclinical study	Clinical trial application
5	Pertussis OMV Vaccine	Preclinical study	Preclinical study	Clinical trial application
6	Rabies Vaccine (ZFB-3 Cell) for Human Use, Freeze-dried	Preclinical study	Preclinical study	Clinical trial application
7	Diphtheria, Tetanus and Pertussis-based Combined Vaccine	Preclinical study	Preclinical study	Preclinical study
8	Recombinant Hepatitis B Vaccine (Hansenula Polymorpha)	Preclinical study	Preclinical study	Preclinical study
9	Recombinant Rotavirus Vaccine	Preclinical study	Preclinical study	Preclinical study
Note: The above does not include all of the Company's preclinical-stage preventive pipeline projects.				

Key Therapeutic Projects in the Clinical Stage

No.	Product Name	Registration Class	Indications	Registration Stage	Development Progress
1	Liraglutide Injection	New Drug Class 3.3	Type 2 diabetes	Registration	Under review
2	Insulin Degludec Injection	New Drug Class 3.3	Type 2 diabetes	Registration	Under review
3	Semaglutide Injection	New Drug Class 3.3	Type 2 diabetes	Clinical trial	Completed
4	Insulin Degludec and Insulin Aspart Injection	New Drug Class 3.3	Type 2 diabetes	Clinical trial	Completed
5	Semaglutide Injection	New Drug Class 3.3	Overweight/Obesity	Clinical trial	Phase III
6	CA111 Injection	New Drug Class 1	Overweight/Obesity	Clinical trial	Phase I
Note: The above does not include all of the Company's clinical-stage therapeutic pipeline projects.					

In the fields of infectious disease prevention and therapeutic drugs for metabolic diseases such as diabetes and obesity, the Company comprehensively benchmarks itself against global biopharmaceutical giants, continuously deepens its pipeline depth, steadily broadens its product matrix, and is committed to building a product matrix with global influence, thereby laying a solid foundation for realizing its grand vision.

As of the disclosure date of this report, the Company had obtained a total of 89 granted patents (including those obtained overseas), of which 77 remain valid.

2. Collaborative Innovation and Integrated Industry-University-Research Development

Guided by its vision of "Become a world-class biopharmaceutical enterprise," the Company continues to deepen the building of a synergistic innovation ecosystem that integrates industry, academia, and research. It focuses on bridging the gap between basic research and industrial application, strengthening multi-party collaboration among universities, research institutes, and enterprises, effectively shortening the transition cycle of cutting-edge technologies from the laboratory to commercial deployment, and establishing long-term joint research initiatives in the life and health field.

The Company adheres to open innovation and actively builds a synergistic innovation ecosystem with deep industry-university-research integration. Through in-depth collaboration with research institutions and leading enterprises, the Company continuously strengthens its core technology R&D capabilities, accumulating strong momentum for high-quality development. In the life and health field, the Company has established long-term cooperation mechanisms with multiple parties, focusing on major disease prevention and control and public health challenges, and pooling superior resources to carry out joint research.

Currently, the Company has established sound strategic partnerships with top-tier research institutes such as the Institute of Microbiology, Chinese Academy of Sciences, and Sun Yat-sen University, carrying out clinical research and academic cooperation on projects including innovative vaccines and tuberculosis prevention and treatment. Such in-depth synergy between research and industry not only accelerates the translation of basic research findings into clinical applications, but also continuously consolidates the Company's innovation leadership in the biopharmaceutical field.

3. Strategic Layout to Refine the "Prevention & Treatment" Strategic Plan

During the reporting period, the Company obtained controlling ownership of Chenan Biopharm through a capital increase. This not only represents a key strategic move to expand its proprietary therapeutic R&D pipeline in areas such as GLP-1 and insulin analogs, but also constitutes an important piece of the puzzle in its journey toward becoming a world-class biopharmaceutical enterprise. Chenan Biopharm has mastered high-expression recombinant protein strain construction technology. By purposefully engineering yeast and E. coli expression systems, it enables high-density fermentation and expression of recombinant human insulin and GLP-1 analog

precursor proteins. As an integrated R&D and production base of the Company in Chongqing, Chenan Biopharm will focus on metabolic diseases such as diabetes and obesity, serving as a key growth engine for the Company's future therapeutic drug business.

While deepening its core business, the Company continuously improves its integrated "prevention & treatment" strategic framework. Through the Zhirui investment platform, the Company incubates and cultivates promising preventive and therapeutic biotechnology and products by way of equity investment, with a primary focus on fields such as oncology, autoimmune diseases, metabolic diseases, neurodegenerative diseases, and cardiovascular diseases. Zhirui Investment has built a pipeline of over 50 programs under development, with multiple Class 1 innovative drugs ranking among the industry leaders in terms of R&D progress. This strategic layout effectively broadens the Company's industrial boundaries, continuously consolidates its core competitiveness, and supports the Company in making steady and sustainable progress toward realizing its vision of becoming a world-class biopharmaceutical enterprise.

(II) Market Excellence: Building a Nationwide Service Network

The Company has established a commercial operation system covering the entire product lifecycle, equipped with full-chain professional service capabilities spanning market access, academic promotion, cold chain distribution, and after-sales service. Leveraging its large-scale professional marketing team, the Company has built a vertically tiered, three-dimensional marketing network that covers 31 provincial-level administrative regions and over 2,600 districts and counties nationwide, reaching more than 30,000 primary-level healthcare service points at the terminal level. This has resulted in deep penetration from central cities to county-level markets and created full-tier channel advantages, providing solid assurance for the rapid commercialization of innovative products and serving as the cornerstone for the Company's progress toward becoming a world-class enterprise.

The Company's marketing team maintains an industry-leading position in terms of personnel scale, coverage breadth, and depth. Extensive and in-depth refined operations continuously strengthen product recognition and brand awareness, providing robust support for the launch of innovative products and the Company's internationalization strategy. Through dynamic management of its terminal network, the Company is able to keenly capture market trends and

flexibly adjust its layout, accelerating the introduction of high-quality products to the market so that the dividends of innovative R&D truly benefit the public. The Company's strong commercialization capabilities not only enable it to seize market opportunities, but also make it a key strategic hub connecting global innovative products with localized demand, thereby generating more business opportunities for the Company.

The Company's currently marketed products hold significant market shares in their respective fields. Its major products acting as agent maintain strong market positions, continuing to lead in market share. In terms of proprietary products, the meningococcal vaccine series, including the $ACYW_{135}$ polysaccharide vaccine and the AC conjugate vaccine, command significant shares in the domestic market. As the Company continues to roll out its self-developed products, it will further consolidate its competitive advantages and realize the strategic transformation into an "innovative product-driven" enterprise with increasingly solid momentum.

(III)Quality Excellence: Strengthening the Full-Process Quality Lifeline

The Company has always defined quality by world-class stringent standards, adhered to the core value of "Quality First," and pursued the goal of providing high-quality products and professional services through whole-lifecycle quality control. The Company not only possesses the comprehensive strengths of large-scale production, standardized quality control, and professional commercial development, but also proactively benchmarks itself against international standards to continuously enhance its production and quality control capabilities, maintaining a leading industrialization capacity in China. The R&D and production bases are equipped with modern manufacturing facilities and advanced equipment. Supported by a professional and dedicated production team, they ensure robust and efficient output. Since the first batch of the Company's products passed lot release in 2008, the lot release qualification rate of the Company's proprietary products has remained at 100%.

In terms of quality control, the Company has established a comprehensive quality management system that specifies the key quality points and responsibilities across all phases, including product R&D, raw material inspection, production, procurement, transportation, warehousing, sales, and post-marketing management, strictly implementing standardized management procedures. In terms of supply chain, the Company has established long-term and stable cooperation with multiple

excellent suppliers both domestically and internationally, and continuously improves the localization rate of key active pharmaceutical ingredients, excipients, and equipment to guarantee the manufacturing and supply of products. In terms of logistics, the Company has constructed pharmaceutical cold storage facilities with automated temperature control and monitoring that comply with quality management standards, and has formed its own professional distribution team equipped with dedicated refrigerated vehicles for vaccine transportation, thereby building a full-chain service network covering importation, storage, and distribution. In terms of digitalization, the Company's self-developed vaccine traceability management system enables comprehensive, full-process, real-time tracking of vaccine temperatures and movements, ensuring full traceability down to the smallest packaging unit.

(IV) Talent Excellence: Strengthening Team Support for Strategy Execution

The Company's management team brings together elite professionals from various fields. Its core members not only possess profound professional backgrounds in relevant disciplines such as biomedicine and public health, but also have extensive experience gained from long-term dedication to disease prevention and control. This has created an efficient management system that combines strategic decision-making capability with strong execution. The stable, professional, and efficient management team fully leverages cross-disciplinary synergies, grasps industry trends and market dynamics, and is able to respond to changing circumstances by promptly formulating and efficiently executing development strategies aligned with the Company's operational realities. The management team has always led by example, uniting and guiding all employees to overcome challenges with strong cohesion, driving the Company to achieve continuous breakthroughs and leapfrog development.

The Company has always adhered to the business principle of "prioritizing social benefits over corporate profits." Over more than two decades of development, it has integrated social responsibility into its DNA, forming a corporate value system centered on "Six Firsts, Six Seconds." With the Zhifei corporate culture as its spiritual core, the Company uses shared values to attract, unite, and retain talent. Through diversified incentive mechanisms, well-established benefit-sharing systems, and a stable talent development strategy, it has built a talent ecosystem with world-class competitiveness. By bringing together wisdom and strengths from all sides, this

provides a solid talent guarantee and organizational foundation for the Company to secure a commanding position in global biopharmaceutical competition.

VI. Industrial Situation and Trends

(I) Full-Chain Policy Empowerment to Consolidate the Foundation for High-Quality Development

The biopharmaceutical industry is vital to the national economy, people's livelihoods, and national security. With its distinct science-driven attributes and high strategic importance, it has been deeply integrated into national security and public welfare. As the full-chain innovation support policies are implemented and take effect, the industry's strong science and technology attributes and powerful strategic driving force are being rapidly transformed into new quality productive forces, making it a key engine for building a modern industrial system.

In January 2025, the General Office of the State Council issued *the Opinions on Comprehensively Deepening the Regulatory Reform of Drugs and Medical Devices to Promote High-Quality Development of the Pharmaceutical Industry*, which deepens the entire process reform of drug and medical device regulation, strengthens support for R&D and innovation, improves the quality and efficiency of review and approval, and creates a globally competitive innovation ecosystem to further meet the public's demand for high-quality drugs and medical devices. In June 2025, the National Healthcare Security Administration and the National Health Commission jointly issued *the Several Measures for Supporting the High-Quality Development of Innovative Medicinal Products*, marking a milestone optimization of the policy environment for China's biopharmaceutical industry. Adhering to the development philosophy centered on people's health, the policy promotes the coordinated development and governance of medical care, medical insurance, and pharmaceuticals, fostering a value orientation of "genuinely supporting innovation, supporting genuine innovation, and supporting differentiated innovation" to facilitate the high-quality development of innovative drugs. In October 2025, *the Regulations on the Administration of Clinical Research and Translational Application of New Biomedical Technologies* was promulgated to promote the advancement and innovation of medical science and technology, ensure medical quality and safety, and safeguard human health and dignity. In

December 2025, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security jointly issued the first edition of the Commercial Health Insurance Innovative Drug List, which includes 19 high-value drugs with high levels of innovation, significant clinical value, and substantial patient benefits, covering CAR-T cell therapy products and drugs for rare diseases, forming a synergy with the basic medical insurance catalog. In January 2026, the newly revised *Regulation on the Implementation of the Medicinal Product Administration Law of the People's Republic of China* was officially released. As a deepening of *the Drug Administration Law*, it further consolidates the primary responsibility of drug registration applicants and establishes a modern drug administration system covering the entire product lifecycle. This series of combined policy measures not only actively responds to the new demands for innovation-driven and high-quality development in the biopharmaceutical industry but also drives the industry's strategic leap from following to leading, steadily advancing China's transition from a major pharmaceutical manufacturer to a pharmaceutical power.

The 2026 Government Work Report further elevated biomedicine to a new height as a national emerging pillar industry, explicitly calling for fostering and strengthening emerging industries and industries of the future. The biopharmaceutical industry has thus entered a new phase, shifting from a key area for cultivation to a pillar driving force, becoming a strategic cornerstone for building new national competitive advantages.

(II) Deepening the Integration of Medical Care and Disease Prevention to Build Whole-Life-Cycle Health Management

Building a Healthy China is a systematic endeavor. In the face of the public's increasingly diverse health demands, we must adopt a systemic approach, prioritize key areas, and concentrate superior resources and efforts on strengthening the public health system and building a high-quality and efficient healthcare service system. Strengthening medical-prevention integration is key to shifting the focus of medical and health work "forward to the front end" and "downward to the community level." "Forward to the front end" means bringing the emphasis forward to prevention, screening, and risk intervention before the onset of disease; "downward to the community level" means shifting the focus from large hospitals to the primary level, such as community health service centers, township health centers, and village clinics. The deepening of medical-prevention

integration, on a platform established by shifting focus downward to the community level, aims to halt or delay the occurrence and progression of diseases wherever possible.

In April 2025, the 15th session of the Standing Committee of the 14th National People's Congress reviewed and passed the revised *Law of the People's Republic of China on the Prevention and Control of Infectious Diseases*. This revision established the principles of "prioritizing prevention, combining prevention with treatment, exercising lawful prevention and control, and taking science-based measures", marking a major shift from a "disease control" model to a system-wide governance approach and building a robust, full-chain defense barrier encompassing "prevention, control, treatment, and safeguards" to better protect public health and safety. As the most effective and cost-efficient means of preventing and controlling infectious diseases, vaccination plays a vital role in preventing infection, preventing post-infection transmission, and preventing severe illness and death. With the dynamic adjustment of the national immunization program and the comprehensive popularization of health education, public understanding of vaccines will deepen further, and the adult immunization market is expected to become a second growth pole for the industry. Following the implementation of *the Guiding Opinions on Promoting High-Quality Development of Full-Life-Cycle Vaccination Services* by the National Administration of Disease Prevention and Control, adult vaccination clinics have been widely established across provinces and cities, and public health is deeply integrating with clinical healthcare.

(III) Industry in a Period of Deep Adjustment, Technological Breakthroughs Leading Innovation-Driven Development

The vaccine industry is currently at a critical juncture of deep adjustment. The spread of "vaccine hesitancy" is significantly weakening the public's willingness to vaccinate and their trust in vaccines. This behavior of refusing or delaying vaccination not only lowers individual and herd immunity levels, increasing the risk of infectious disease outbreaks, but also directly exerts downward pressure on vaccine industry sentiment. From a market performance perspective, the industry is experiencing a pronounced winter, with overall market demand at a trough, increasingly intense industry competition, declining overall expectations, and industry outlook and development confidence facing severe tests. At the same time, the rectification of work conduct in the pharmaceutical sector has entered a phase of sustained high-pressure normalization. Through

systematic top-level design and coordinated deployment, conduct rectification has advanced from periodic, concentrated campaigns to a full-chain, long-term mechanism. The industry ecosystem is undergoing profound transformation, accelerating the creation of a fairer and more transparent new competitive environment. Against this backdrop, compliance capability is no longer merely the baseline for corporate survival but has become the core foundation determining market success or failure.

However, crises often breed opportunities, and precisely provide the industry with a chance for industrial transformation and upgrading. After years of accumulation, China's biopharmaceutical industry has built solid technological barriers, amassed rich talent resources, and established a well-developed innovation industry chain. Currently, the industry is accelerating its leap from imitative innovation to original innovation, with a series of major innovation achievements rapidly being translated into clinical applications. Looking ahead, only those enterprises that possess core technologies, have a rich pipeline of products under development, and boast differentiated portfolio layouts will be able to reshape their core competitiveness—through disruptive breakthroughs in innovative technologies, the expansion into preventable diseases, and the iterative upgrading of existing products. By leveraging new technology platforms to tackle key challenges and developing innovative vaccines and drugs that address unmet needs, enterprises will reshape their core competitiveness, drive the industry's shift from price-based competition to value creation, ultimately achieve high-quality sustainable development, and continue contributing to building a Healthy China at a new level.

VII. Development Strategies and Plans for the Company

(I) The Company's Future Development Strategy

As an emerging pillar industry vital to the national economy, people's livelihoods, and national security, the biopharmaceutical industry is accelerating its transition from the cultivation stage to a new phase as a strategic pillar and engine of economic growth. Against the backdrop of an aging population and profound changes in lifestyles in China, the concept of medical-prevention integration is gaining increasing traction. Building a nationwide immune barrier and shifting the threshold of chronic disease prevention and control forward have become societal consensus.

Grounded in this context, Zhifei remains steadfast in its mission of "Safeguarding human health, by preventing the unseen & treating the ailing." It deepens its presence in the biopharmaceutical field, focuses on the two major directions of infectious disease prevention and control and metabolic diseases, continuously pursues technological exploration and product innovation, builds an industry-leading marketing team, and consistently consolidates its core competitiveness and risk resilience, advancing firmly toward the goal of becoming a world-class biopharmaceutical enterprise.

1. Adhering to the "Technology & Market" Dual-Driver Strategy to Build a Virtuous Cycle of R&D, Production, and Sales

The Company adheres to the development strategy featuring "technology & market" drivers. On the one hand, it leverages its professional and efficient marketing team to unleash the commercial value of high-quality products; on the other hand, it channels outstanding market achievements back into R&D innovation, creating a development dynamic where the two reinforce each other. The Company maintains high-intensity R&D investment, focuses on groundbreaking innovation to address unmet clinical needs, and uses the stable revenue from innovative products to provide sustained financial support for future technological breakthroughs, thereby delivering more high-quality and accessible products to the public.

2. Advancing Synergistic Development of "Prevention & Treatment" to Continuously Broaden the Business Landscape

The synergistic advancement of "prevention & treatment" is the Company's strategic pathway to becoming a world-class enterprise. During the reporting period, the Company successfully completed a key piece of its therapeutic pipeline by obtaining controlling ownership of Chenan Biopharm through a capital increase, further expanding its pipeline for the treatment of metabolic diseases such as insulin and GLP-1 analogs and enriching its product portfolio. The Company will continue to monitor industry development trends and market demand, advance the integration of internal and external resources within the group, and acquire advanced technologies, innovative patents, and high-quality products through methods such as investment and mergers and acquisitions, achieving an expansion of its business landscape and a leap forward in comprehensive competitiveness.

3. Deepening the Internationalization Strategy to Safeguard Global Health with Chinese Solutions

The Company coordinates its innovation resources with a global perspective. Adhering to the principle of taking clinical research as the forerunner, it actively promotes international multi-center clinical trials for its proprietary products. Through early-stage clinical engagement in target markets, the Company accelerates the global registration process of its innovative products, ensuring that research achievements benefit local populations, contributing to the building of stronger infectious disease prevention barriers, and demonstrating the robust strength of China's biopharmaceutical industry on the international stage.

(II) The Company's Business Plan

In 2025, affected by factors such as declining public willingness to vaccinate and increased vaccine hesitancy, sales of the Company's major products fell short of expectations. The period of deep industry adjustment is also a critical window for the Company's transformation. In 2026, the Company will rigorously control operational risks, continue to increase R&D investment, accelerate the launch of proprietary products, and achieve development driven by independent innovation.

1. Accelerating Pipeline Conversion and Continuously Optimizing the Revenue Structure

As of the disclosure date of this report, the Company had five products in the marketing authorization application stage, marking a concentrated harvest period for the translation of R&D achievements. In 2026, the Company will make every effort to advance the regulatory review and approval of Rabies Vaccine(Human Diploid Cell)for Human Use， Freeze-dried, $ACYW_{135}$ Meningococcal Conjugate Vaccine, 15-Valent Pneumococcal Conjugate Vaccine, and Liraglutide Injection, further enriching its portfolio of products on the market. At the same time, the Company will continue to allocate stable R&D resources to accelerate the key clinical progress of globally innovative products such as the S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine and the 26-Valent Pneumococcal Conjugate Vaccine, laying a solid foundation for the subsequent registration and market launch of these products globally.

2. Optimizing Promotion Strategies and Enhancing the Quality of the Talent Team

The Company will actively fulfill its social responsibilities, continue to participate in public benefit programs across various regions, deepen public education and awareness campaigns through

integrated online and offline channels, promote widespread HPV vaccination among eligible populations, and support the national action plan for the elimination of cervical cancer. It will also strengthen the dissemination of knowledge on herpes zoster prevention among the elderly and those with chronic diseases, effectively improve the quality of life of the elderly, and contribute to the goal of healthy aging. Meanwhile, the Company will strengthen its ability to integrate terminal market information, dynamically optimize its marketing team in line with product launch timelines, improve mechanisms for talent recruitment, training, and assessment, and continuously optimize its talent pipeline structure.

3. Strengthening Risk Control and Enhancing Operational Resilience

The Company will continue to improve its internal operational management mechanisms, strengthen pre-project investigation and due diligence as well as ongoing risk control for major projects, and channel superior resources toward key projects to sharpen its core competitiveness. In terms of collaboration with partners, the Company will strengthen communication and coordination mechanisms to respond flexibly to market changes and achieve mutual benefit. At the same time, the Company will continue to reinforce risk management of accounts receivable, closely monitor changes in the aging of accounts receivable, implement specialized management for long-aging accounts receivable, and facilitate the timely collection of accounts receivable to build a solid financial defense barrier.

VIII.Risks and Countermeasures

(I) Policy risk

As one of China's emerging pillar industries, the biopharmaceutical industry receives significant attention from government departments at all levels. The Company strictly implements all applicable systems and standards and continuously improves its operational management. However, with rapid economic and social development and ongoing changes in the trade environment, adjustments to and changes in industry policies may affect the Company's production, sales, and other areas. The Company consistently monitors policy changes closely and promptly adjusts its business strategies to comply with laws, regulations, and regulatory requirements. The Company adheres to standardized operations, and its management possesses extensive professional

knowledge and forward-looking thinking, equipping it with sound capabilities to respond to industry events and policy adjustments.

(II) Product R&D Risks

Given that the R&D of biological products is characterized by significant investment, long cycles, and high risks, uncertainties may arise during the product development and registration process, potentially leading to associated risks. The Company adheres to a risk management-oriented approach, focusing on building a strong clinical management team and strengthening the management of clinical trials and product registration, thereby mitigating product R&D and registration risks.

(III) Risks of Sales Underperformance and Inventory Impairment

The sales of biological products are influenced by multiple variables, including industry policies, supply dynamics, and market demand. Fluctuations in any of these areas can impact end sales. Currently, vaccine hesitancy, volatile demand, and intensified competition are collectively putting pressure on the industry. If the industry adjustment trend continues, the Company may face the risks of sales underperformance and inventory impairment. The Company mitigates upstream supply pressure by negotiating adjustments to procurement plans with partners. At the same time, through measures such as optimizing promotion strategies and participating in government-sponsored public benefit programs, it works to restore public confidence in vaccines on multiple fronts and steadily promote the willingness to vaccinate.

(IV) Bad Debt Risks

China's vaccine sales are conducted under a "one-invoice system," whereby the Company's accounts receivable primarily consist of payments due from local Centers for Disease Control and Prevention (CDCs) for product sales. A certain payment period exists between the point of sale and actual receipt of funds. Currently, the Company's accounts receivable represent a relatively high proportion of total assets. Should significant changes occur in the external environment that prevent the normal collection of accounts receivable, the Company's routine operations could be adversely affected. The Company places strong emphasis on risk control prior to sales, follow-up on contract performance during the process, and effective communication after transactions. Measures such as

collection assessments and standardized agreements have been implemented to reduce the risk of bad debts.

(V) Talent Management Risk

A talented team is a solid guarantee for the Company's steady progress and execution in R&D, production, and sales. However, as the Company continues to grow, the complexity and challenges of personnel management are also increasing. Business diversification and added organizational layers have placed new demands on the Company, while aligning goals, fostering capability growth, and matching incentives for employees across different positions, regions, and cultural backgrounds pose further challenges. The Company consistently adheres to the principle of "character first" in talent selection and integrates corporate culture into onboarding training and daily conduct management to ensure team stability and discipline. At the same time, the Company employs diverse and multi-faceted incentive mechanisms and profit-sharing systems to enhance team vitality.

(VI) Public Opinion Management Risk

With the extensive rollout of vaccination programs and the significant improvement in public awareness of disease prevention, the scope and volume of vaccine products administered have steadily increased. In addition, as a publicly listed company, the Company has drawn growing attention from society, which presents certain public opinion management risks. Should a public opinion incident occur, it would negatively affect vaccination efforts, the development of the vaccine industry, and the Company's normal production and operations. The Company continuously strengthens its sense of responsibility, builds a sound brand image, pays close attention to public opinion related to the Company, and establishes and improves public opinion management mechanisms and response measures to support the Company's development.

(VII) Vaccine Hesitancy Risk

Although vaccines are the most cost-effective means of preventing and controlling infectious diseases, vaccine hesitancy continues to affect vaccine acceptance and vaccination rates. Unwillingness or refusal to vaccinate may reverse the progress made in disease prevention and reduce industry sentiment over a period of time, thereby impacting the Company's performance.

The Company consistently adheres to standardized operations, continuously invests in academic promotion to communicate the value of vaccines, actively participates in vaccination knowledge popularization and the cultivation of vaccination demand, and promotes a rational public understanding of vaccination.