

Winner Medical Co., Ltd.

2020 Annual Report



April 2021

Section 1 Important Notes, Contents, and Definitions

The board of directors, the board of supervisors and directors, supervisors and senior management of the Company hereby guarantee that no false or misleading statement or major omission was made to the materials in this report and that they will assume all the responsibility, individually and jointly, for the authenticity, accuracy and completeness of the contents of the annual report.

Li Jianquan, the head of the Company, Fang Xiuyuan, the head of accounting work, and Wu Kezhen, the head of accounting body (accountant in charge), guarantee the authenticity, accuracy, and completeness of the financial report in the current year report.

All directors of the Company personally attended the board meeting for reviewing this report.

The forward-looking contents in this report, such as the future development strategy and performance planning, are the goals sets by the Company, which are planned matters. The achievement of the goals depends on many factors, including market change, which is uncertain. So these contents are not the company's profit forecast for the next year and do not constitute a substantial commitment of the Company to investors and related parties. Investors and related parties should be fully aware of related risks and understand the differences among plans, forecasts, and commitments. Investors are asked to beware of investment risks!

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

Investors are asked to read this report carefully. The main risks that the Company may face in the future are described in the section "Prospect of the Company's Future Development" in "Discussion and Analysis of Operation" of this report. Investors are asked to beware of the risks.

The preplanned profit distribution deliberated and approved by the board of directors is as follows: taking 426,492,308 shares as the radix, the Company will send cash dividends of 18 yuan (tax included) and 0 bonus share (tax included) to all shareholders for every 10 shares, converting capital reserve into 0 share capital for every 10 shares.

To Shareholders

Dear shareholders,

Greetings! Thirty years ago, we established Winner Medical with the aim of manufacturing surgical dressings. Twelve years ago, we established Purcotton, dreaming of "purcotton changes the world". Two years ago, we established PureH2B based on "nature, science, and bodybuilding". Today, Winner Medical owns three brands: Winner Medical, Purcotton, and PureH2B, and has gradually grown into a health enterprise developing medical and consumption sectors at the same time.

The year 2020 was both difficult and hopeful for Winner Medical. In the fight against the COVID-19 pandemic that is still raging around the world, Winner Medical, as one of the companies closest to the center of the pandemic and one of the fastest responders, shouldered its responsibility to race against time to save lives, adhering to its operating principle of "prioritizing quality over profit, brand over speed, and social responsibility over corporate value".

All staff in Winner Medical (Huanggang)'s mask factories worked for several month nonstop since before the Spring Festival; Winner Medical (Jiayu) and Winner Medical (Chongyang) resumed work on the first day of the lunar year, all staff working for several month nonstop; it took only 20 days for Winner Medical (Chongyang) to increase its daily output of protective suits from 3,000 pieces to 50,000 pieces. We prioritize social value over everything else and keep our promises to provide medical workers and other anti-pandemic workers with high-quality and low-cost anti-pandemic products. Prioritizing life and health over everything else and following high standards and requirements, we ensured that every move we made worked in the fight against the COVID-19 pandemic. By the end of December 2020, we had provided nearly 4 billion masks, more than 86 million protective suits, isolation gowns, and surgical gowns in the battle against the pandemic. Winner Medical has been casting armors for the heroes in harm's way.

In June 2020, Winner Medical was praised by the Joint Prevention and Control Mechanism of the State Council as a well-deserved "ordnance factory" in fighting the pandemic. In September, Winner Medical (Huanggang) was awarded the title of "National Advanced Unit for Fighting the COVID-19 Pandemic" by the CPC Central Committee and the State Council. It is also the only enterprise awarded with the title in Hubei Province. The pandemic will finally end, and Winner Medical will keep making the impossible possible.

Opportunities always accompany challenges. The pandemic has also brought unprecedented changes to our awareness and our industry. The medical consumables industry is reaching a new height with the support of national policies and public awareness. Winner Medical's masks and protective products were highly appraised by medical workers of hospitals for their high quality, which has greatly enhanced its brand awareness. In 2020, Winner Medical's hospital channels in China has grown to more than 3,000, and its number of OTC pharmacies in China was over 90,000. Meanwhile, in the international market, Winner Medical have established friendly cooperative relations with multinational companies and large chain pharmacies that we've failed to establish partnership for years, and we will maintain the cooperation relationships with them. As for online business, the number of members on Winner Medical's e-commerce platform surged rapidly. With ordinary consumers' demand for our products increased significantly, there were good development opportunities for our home care products. I believe this is a good start, and Winner Medical is developing around China and going global.

Facing the sudden plummet of store business caused by the pandemic, Purcotton, a wholly-owned subsidiary of Winner Medical, managed to make the number of Purcotton members surge by linking the sales in offline stores and Wechat mini program; the launches of "commodity digitalization" and "omnichannel digitalization" systems have greatly raised our sales and delivery efficiencies, and significantly improved customer experience; Purcotton currently has more than 257 chain stores, and the franchise model of stores has also been proved successful in pilot projects; our core products such as cotton tissues and sanitary pads are already sold in more than 5,000 offline stores of large supermarket chains, over 4,000 convenience stores, and maternal and child retail stores in more than 20 provinces. With multiple channels, Purcotton has further expanded its product coverage and improved its brand recognition, providing consumers with more convenient services in diverse shopping scenarios.

Winner Medical was listed on the Shenzhen Stock Exchange on September 17, 2020, entering a new stage and a new starting point. How to constantly maximize the return on investment for shareholders? How to constantly provide consumers with the best products? How to create the most value for society? How to maintain our competitive edge in the complex global environment and the competitive market environment? All these are the new

missions of Winner Medical in its new journey.

The historical tide is surging forward. We have to reconsider the value of life and the speed of time after 2020. In an era of tremendous changes, with new technologies such as artificial intelligence, cloud computing, and big data constantly emerging, only by staying true to our original mission can we flourish.

In 2020, Winner Medical started a new reform based on innovation, organizational changes, and digital transformations, to improve its adaptability to changes and to fully promote its business transformation that is "consumer-centric and driven by digital and intelligent manufacturing." We are constantly optimizing our internal management, adopting a matrix organizational structure that is closer to users and consumers. Moving toward our goals, we are implementing our digital strategies steps by steps, including "centralized commodity digital operation", "omni-channel digital operation", "consumer omni-channel operation", "smart logistics digital operation", and "smart manufacturing digital operation".

Adhering to the people-oriented principle, we have further strengthened our investment in employee rights and benefits, and improved our long-term incentive mechanism. In 2020, the company promoted a program to grant restricted stock incentives to no more than 1,036 employees for the mutual improvement of employees and the company, sharing the dividends of corporate development with employees of Winner Medical.

Looking ahead, it is still a long way to go for Winner Medical. We will keep attaching greater importance to the R&D of basic materials of pure cotton spunlace non-woven fabric and high-end wound care products, and do our best in basic materials; we will continue to make Winner Medical a health enterprise that develops and produces world-leading medical consumables, home care products, and quality daily necessities. Staying true to our original mission, we are striving to be a constant innovator, leading the industry to change from providing products "made in China" to providing products "created in China", and to change Chinese brands into international brands. Upholding the sustainable development concept, we pursue quality life, health, and environmental protection at the same time, aiming to constantly bring happiness and quality products to consumers and to create value for a better life.

Behind the rise of every national brand, there is the determination and great courage to overcome obstacles. The past thirty years have witnessed Winner Medical's staying true to its original mission.

We will always prioritize quality over profit, brand over speed, and social responsibility over corporate value. Just as the old Chinese saying goes, a man should be steadfast at the age of thirty. It is the right time for Winner Medical.

I would like to thank all the shareholders for their trust and support for Winner Medical. You are invited to witness more exciting stories of Winner Medical.

Li Jianquan, Chairman of Winner Medical

April 20, 2021

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Definitions

Term	Refers to	Definition
Company, Winner Medical	Refers to	Winner Medical Co., Ltd.
Winner Group	Refers to	Winner Group Limited, a controlling shareholder of the Company
Glory Ray Holdings	Refers to	Glory Ray Holdings Limited, another enterprise controlled by the Company's actual controller and used to be the Company's indirect controlling shareholder
Glory Ray Limited	Refers to	Glory Ray Limited, another enterprise controlled by the Company's actual controller and used to be the Company's indirect controlling shareholder
Sequoia Xinyuan	Refers to	Beijing Sequoia Xinyuan Equity Investment Center (L.P.), a shareholder of the Company
Kangsheng Investment	Refers to	Shenzhen Kangsheng Investment Partnership (L.P.), a shareholder of the Company
Kangxin Investment	Refers to	Shenzhen Kangxin Investment Partnership (L.P.), a shareholder of the Company
SCGC	Refers to	Shenzhen Capital Group Co., Ltd., a shareholder of the Company
Kanglong Investment	Refers to	Shenzhen Kanglong Investment Partnership (L.P.), a shareholder of the Company
Kangli Investment	Refers to	Shenzhen Kangli Investment Partnership (L.P.), a shareholder of the Company
Winner Medical (Chongyang)	Refers to	Chongyang Winner Medical Textile Co., Ltd., later renamed Winner Medical (Chongyang) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jiayu)	Refers to	Jiayu Winner Medical Textile Co., Ltd., later renamed Winner Medical (Jiayu) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jingmen)	Refers to	Jingmen Winner Medical Textile Co., Ltd., later renamed Winner Medical (Jingmen) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Yichang)	Refers to	Yichang Winner Medical Textile Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Huanggang)	Refers to	Winner Medical (Huanggang) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Tianmen)	Refers to	Winner Medical (Tianmen) Co., Ltd. whose former name is Hubei Winner Medical Textile Co., Ltd., a wholly-owned subsidiary of the Company
Shenzhen Purcotton	Refers to	Shenzhen Purcotton Technology Co., Ltd., a wholly-owned subsidiary of the Company
Guangzhou Purcotton	Refers to	Guangzhou Purcotton Medical Technology Co., Ltd., a wholly-owned subsidiary of Shenzhen Purcotton
Beijing Purcotton	Refers to	Beijing Purcotton Technology Co., Ltd., a wholly-owned subsidiary of Shenzhen Purcotton
Shanghai Purcotton	Refers to	Shanghai Purcotton Technology Co., Ltd., a wholly-owned subsidiary of Shenzhen

		Purcotton
Qianhai Purcotton	Refers to	Shenzhen Qianhai Purcotton E-Commerce Co., Ltd., a wholly-owned subsidiary of Shenzhen Purcotton
Purunderwear	Refers to	Shenzhen Purunderwear Sci-Tech Innovation Co., Ltd., a wholly-owned subsidiary of Shenzhen Purcotton
Winner (Huanggang) Cotton	Refers to	Winner (Huanggang) Cotton Processing & Trading Co., Ltd., a wholly-owned subsidiary of Winner Medical (Huanggang)
Winner Medical Malaysia	Refers to	Winner Medical Malaysia Sdn. Bhd., a subsidiary controlled by the Company
Winner Medical (Hong Kong)	Refers to	Winner Medical (Hong Kong) Ltd., a subsidiary controlled by the Company
Winner Medical (Heyuan)	Refers to	Winner Medical (Heyuan) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Wuhan)	Refers to	Winner Medical (Wuhan) Co., Ltd. whose former name is Hubei Winner Medical Co., Ltd., a wholly-owned subsidiary of the Company
Pure HB (Shanghai)	Refers to	Pure HB (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company
PureH2B	Refers to	Shenzhen PureH2B Technology Co., Ltd., a wholly-owned subsidiary of the Company
Chengdu Wenjian Likang	Refers to	Chengdu Wenjian Likang Medical Products Co., Ltd., a wholly-owned subsidiary of the Company
China Nepstar	Refers to	China Nepstar Chain Drugstore Ltd.
LBX Pharmacy	Refers to	LBX Pharmacy Chain Joint Stock Company
Hengan International, Hengan	Refers to	Hengan International Group Co. Ltd. (01044.HK)
Tmall	Refers to	An integrated online Business-to-Consumer (B2C) shopping platform (www.tmall.com) under Alibaba Group
JD.com	Refers to	Beijing Jingdong Century Trading Co., Ltd. (JD.com, Inc.), a company listed on U.S. exchanges with an integrated online B2C shopping platform (www.jd.com)
Vipshop	Refers to	Vipshop International Holdings Limited, a company listed on U.S. exchanges with an integrated online B2C shopping platform (www.vip.com)
Key Client	Refers to	Corporate clients with bulk purchase or customized purchase needs regarding Purcotton business
Galaxy Real Estate	Refers to	Shenzhen Galaxy Real Estate Development Co., Ltd.
Reporting period	Refers to	Year 2020
yuan	Refers to	CNY
10,000 yuan	Refers to	CNY 10,000 yuan

Section 2 Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Winner Medical	Stock code	300888
Company name in Chinese	Winner Medical Co., Ltd.		
Company short name in Chinese	Winner Medical		
Company name in foreign language (if any)	Winner Medical Co., Ltd.		
Company short name in foreign language (if any)	Winner Medical		
Legal representative of the company	Li Jianquan		
Registered address	Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City		
Postal code of the registered address	518109		
Office address	Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City		
Postal code of the office address	518109		
Website	http://www.winnermedical.com , http://www.winnermedical.cn		
Email	investor@winnermedical.com		

II. Contact Person and Contact Information

	Secretary to the board of directors	Securities affairs representative
Name	Chen Huixuan	Wei Na, Liu Yan xiang
Contact address	Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City	Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City
Tel	0755-28066858	0755-28066858
Fax	0755-28134688	0755-28134688
Email	investor@winnermedical.com	investor@winnermedical.com

III. Information Disclosure and Keeping Place

Media designated by the Company for information disclosure	<i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i>
Website designated by China Securities Regulatory	www.cninfo.com.cn

Commission for annual report	
Place where this report is available for inspection	Securities Department

IV. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	BDO China Shu Lun Pan CPAs
Office address of the accounting firm	Floor 4, No. 61, Nanjing East Road, Huangpu District, Shanghai
Name of signatory accountant	Chen Qiong, Gao Junlei

The sponsor institution engaged by the Company to perform the continuous supervision responsibility during the reporting period

Applicable Not applicable

Organization Name	Office Address	Representative	Continuous Supervision Time
China International Capital Corporation Limited	27th and 28th floors, Tower 2, International Trade Building, No. 1, Jianguo Menwai Main Street, Chaoyang District, Beijing	Shen Lulu, Wang Haonan	December 31, 2023

The financial advisor engaged by the Company to perform the continuous supervision responsibility during the reporting period

Applicable Not applicable

V. Major Accounting Data and Financial Indicators

Whether the Company needs to retroactively adjust or restate the accounting data of the previous years

Yes No

	2020	2019	Increase/decrease this year compared to the previous year	2018
Revenue(yuan)	12,533,945,946.63	4,574,625,915.60	173.99%	3,838,917,180.79
Net profits attributable to shareholders of listed companies (yuan)	3,810,412,504.40	546,293,677.91	597.50%	424,684,852.89
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	3,750,822,797.63	480,452,746.25	680.69%	411,288,936.00
Net cash flow from operating activities (yuan)	4,767,496,287.39	599,772,565.88	694.88%	467,862,582.44
Basic EPS (yuan/share)	9.80	1.45	575.86%	1.14
Diluted EPS (yuan/share)	9.79	1.45	575.17%	1.14
Weighted average return on net assets	64.68%	18.80%	Increase by 45.88 percent	18.34%
	End of 2020	End of 2019	Increase/decrease at the end of this year compared	End of 2018

			to the end of the previous year	
Total assets (yuan)	13,002,251,764.44	4,531,474,379.58	186.93%	3,958,417,799.14
Net assets attributable to shareholders of listed companies (yuan)	10,453,934,045.43	3,160,380,500.84	230.78%	2,657,001,622.90

The lower of the company's net profit before and after deducting non-recurring profits and losses in the last three fiscal years is negative, and the audit report of the most recent year shows that the Company's ability to continue as a going concern is uncertain.

Yes No

Net profit before and after deducting non-recurring profits and losses is negative

Yes No

VI. Key Quarterly Financial Indicators

Unit: yuan

	Q1	Q2	Q3	Q4
Revenue	1,482,975,289.36	2,696,803,593.91	5,343,370,125.43	3,010,796,937.93
Net profits attributable to shareholders of listed companies	318,806,306.55	713,412,383.36	2,117,879,590.69	660,314,223.80
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	317,949,508.13	705,011,541.34	2,109,396,234.75	618,465,513.41
Net cash flow from operating activities	611,546,751.39	1,861,859,230.86	1,491,721,330.18	802,368,974.96

Whether there is significant difference between the above financial indicators or the total sum of them and the financial indicators related to the quarterly report and semiannual report disclosed by the Company

Yes No

VII. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

1. Differences between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

No difference between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards during the reporting period.

2. Differences between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards Simultaneously

Applicable Not applicable

No difference between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards during the reporting period.

VIII. Non-Recurring Profit and Loss Items and Amount

√Applicable □ Not applicable

Unit: yuan

Item	Amount in 2020	Amount in 2019	Amount in 2018	Description
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-25,914,736.75	55,074,788.79	-2,446,573.74	
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the business of a company and enjoyed in accordance with a certain standard quota or quantity of the state	74,592,796.36	27,146,755.50	26,831,043.90	
In addition to the effective hedging business related to the company's normal business operations, the profit and loss from fair value changes arising from holding tradable financial assets, derivative financial assets, tradable financial liabilities, and derivative financial liabilities, as well as the investment income from disposal of tradable financial assets and derivative financial assets, tradable financial liabilities, derivative financial liabilities, and other debt investments	28,197,958.34	-5,798,618.00	-9,223,789.96	
Income and expenditure other than those mentioned above	-4,844,628.50	1,236,411.96	829,360.14	
Less: Amount affected by income tax	12,117,518.33	11,818,507.38	2,592,882.46	
Amount of minority shareholders' equity affected (after tax)	324,164.35	-100.79	1,240.99	
Total	59,589,706.77	65,840,931.66	13,395,916.89	--

Explain the non-recurrent profit and loss items defined by the Company according to the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* and defined from the non-recurrent profit and loss items enumerated in the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses*

□ Applicable √ Not applicable

No definition of non-recurrent profit and loss items defined and enumerated in the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* as non-recurrent profit and loss items during the reporting period.

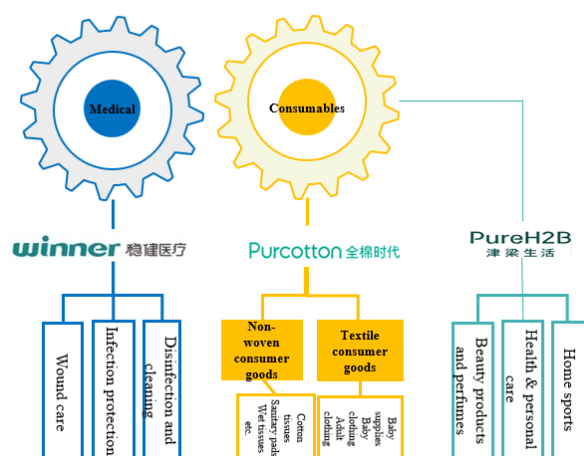
Section 3 Business Summary

I. Main Business of the Company During Reporting Period

The Company needs to comply with the disclosure requirements of the *No. 10 Guideline of Shenzhen Stock Exchange's GEM Board for Information Disclosure of Listed Companies Engaging in Medical Device Business*.

(I) Main business of the Company during reporting period

Winner Medical is a health enterprise developing both medical and consumption products under its three brands: Winner, Purcotton, and PureH2B. Specifically, the Company has been adhering to the core business principle of “quality priority over profit; brand priority over speed; social value priority over enterprise value”. Through continuous innovation and expansion of industrial boundaries, the Company has developed from a single manufacturer of medical consumables into a large medical health enterprise covering wound care, infection prevention, operating room consumables, personal care, home care, maternal and child care, home textile and clothing and other fields of health care enterprises.



1. Medical consumables

Winner Medical is a benchmarking enterprise in the domestic medical consumables industry. Its main product lines cover wound care, infection prevention and disinfection and cleaning. The specific products include high-end wound dressing products, traditional wound care and dressing products, infection control products in operating room, disease prevention products and disinfection and cleaning products for body surface cleaning.



The Company is one of the earliest medical consumables enterprises in China to establish a full industrial chain covering cotton procurement, R&D, production, and direct export. The Company's products have been certified by the EU CE certification, the US FDA certification and the Japanese Ministry of Health, Labour and Welfare certification, and exported to Europe, America, Japan and other countries. In 2005, "Winner" brand entered the domestic hospital and drugstore market. With its excellent product quality and service, Winner Medical gradually established a good brand and reputation in domestic hospitals and drugstores. Since the outbreak of COVID-19 in 2020, the "Winner" brand epidemic prevention products have entered the hospital and the civilian market. Because of its public commitment not to increase prices and the quality of its products, it has won the unanimous praise at home and abroad, government units and the public, and the brand reputation and popularity have been greatly improved.



In terms of products, Winner Medical focuses on market demand, is close to clinical and terminal, is driven by R&D and innovation, and constantly improves product layout. Its business scope extends from sales of single wound care products such as cotton gauze to sales of comprehensive solutions of wound care, infection prevention, disinfection and cleaning. Disposable medical consumables and operating room consumables can more effectively reduce nosocomial infection than reusable medical products. With the attention of the state and hospitals to nosocomial infection and residents' attention to personal health environment, disposable medical consumables and operating room consumables are gradually accepted by the domestic market. Winner Medical's medical dressing product line has been expanded from traditional dressing products mainly focused on gauze products to high-end dressing products, such as silica gel foam dressing, hydrocolloid dressing, super absorbent pad, negative pressure drainage products, etc. it is mainly applied to chronic wound healing scenes such as diabetic foot, large-area burns and wounds. The Company's technical level in the field of high-end dressings has been in the forefront of the industry, and is expected to break the monopoly of large international medical enterprises and realize import substitution.



2. Healthy consumer goods

Purcotton is a healthy life brand with "Medical background, Pure cotton philosophy, Quality in our DNA" as its core competitiveness, which starts with cotton spun lace non-woven fabric, takes "medicine close to life, Purcotton care for health" as its brand proposition, and its products include cotton dry wipes, cotton surface sanitary napkin, cotton wet wipes and other non-woven consumer goods, baby products, baby clothing, adult clothing and other textile consumer goods. Purcotton advocates the life concept of "comfort, health, environmental protection", replacing chemical fiber with cotton and keeping away from chemical stimulation. It provides overall solutions for different life scenes, having a good user reputation and formed a fully differentiated brand image in the field of consumer goods with strong brand appeal. In October 2019, Purcotton won the reputation of "70 Brand of the 70th Anniversary of the Founding of New China" sponsored by CCTV.



In terms of products, with excellent quality control ability and technology research and development ability, the Company continues to introduce medical grade quality consumer goods. Cotton is the main raw material of core products of Purcotton, which adopts global high-quality cotton to control product quality and safety from the source. According to the high standard of medical consumables, all kinds of pollution sources are strictly controlled in the production process. Disposable underwear, newborn baby clothing and other close-fitting clothing are packaged with medical grade sterilization to further ensure the safety and environmental protection of the products. Purcotton products cover multiple consumer groups, such as mothers and infants, children and adults, and span multiple product lines, such as high-end cotton wipes, female care, baby care, adult clothing, home textile products, etc.








In July 2019, the Company launched the "PureH2B" brand, aiming to build a one-stop retail platform covering beauty makeup, personal care, sports and other healthy and beautiful life needs. As of December 31, 2020, "PureH2B" has sold products through 8 offline stores, on line official websites and Wechat mini programs, and its business is still in the initial stage.



(II) Main Products and Purposes



Its health product system covers: wound care products, infection prevention products, disinfection & cleaning products under its medical consumables section; the non-woven consumer goods and textile consumer goods under its healthy consumer goods section; and pure cotton spunlace non-woven fabric, an industry intermediate product.



The main categories and images of some products under the Company's medical consumables section are as follows:

Product Class	Product Category	Main Purpose	Product	Image of Some Products
Wound care products	Traditional wound care products	For absorbing wound exudate, dressing wounds, and sports protection	Gauze sheets, non-woven sheets, gauze bandage, dressing change kits, etc.	
	Advanced wound care products	For creating a moisture balance at the wound interface to optimize its benefits for wound healing, reduce the frequency of dressing replacement, and reduce secondary damage	Silicone dressings, alginate dressings, etc.	
Infection prevention products	OR infection control products	For preventing infections in the operating room	Surgical packs, surgical gowns, etc.	
	Disease prevention and control products	For occupational protection of medical staff and patient isolation	Masks, protective suits, isolation gowns, etc.	
Disinfection & cleaning products	Disinfection & cleaning products	For wound cleaning and disinfection, and daily cleaning	Cotton swabs, cotton pads, cotton balls, alcohol cotton pads, disinfectant, etc.	


As the important guarantee for medical staff's occupational protection and patient isolation protection, disease protection and control products such as masks and protective suits play an indispensable role in coping with major health incidents and improving public health. During the reporting period, the company shipped nearly 4 billion masks, more than 86 million protective suits, isolation gowns, and surgical gowns to the world to help fight against the COVID-19 pandemic.

The main categories and images of some products under the company's healthy consumer goods section are as follows:

Class	Product Category	Product	Image of Some Products
Non-woven consumer goods		Cotton tissues	
		Wet wipes	
		Sanitary pads	
	Other non-woven consumer goods	Cotton swabs, makeup cotton pads, disposable underwear, etc.	
Textile consumer goods	Baby supplies	Baby's bath towels, handkerchiefs, and quilts, etc.	
	Baby clothing	Baby's leisure wear, outing costume, underwear, footwear, etc.	

	Adult clothing	Adult's leisure wear, outing costume, underwear, footwear, etc.	
	Other textile consumer goods	Bedding, bathroom accessories, etc.	

The purposes and images of the Company's pure cotton spunlace nonwoven fabric are as follow:

Class	Main Purpose	Image
Cotton spun lace non-woven fabric	With 100% quality cotton as raw materials, the fabric is made with the pure cotton spunlace nonwoven fabric technology. It can be used in fields such as personal care, home care, medical equipment, and industrial wipes.	

(III) Main Operating Modes

1. Purchasing Mode

The Company has established a complete procurement management system, which mainly includes the *Procurement Control Process*, *Procurement Price Management Process*, *New Supplier Selection and Review Control Process*, *Supplier Performance Appraisal Management Process*, and the Company also has made a *Qualified Supplier Directory*. According to the Company's regulations, purchase applications shall be submitted by requiring departments based on customer orders, sales plans, and production plans. The purchasing department shall strictly follow the purchasing management regulations after analyzing the purchasing requirements and the raw material market. The procurement of key bulk raw materials (such as cotton and veil) is implemented in a unified manner according to the Company's rules on its strategic procurement.

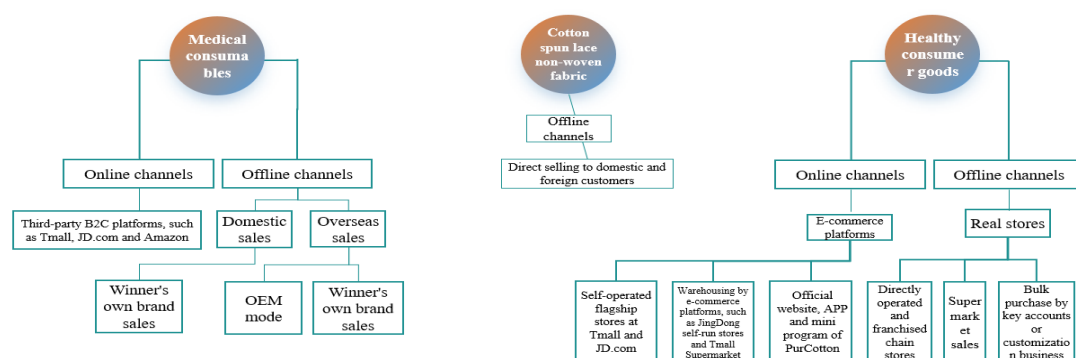
The Company implements a strict supplier management system to ensure product quality and stable product supply. The Company has set a supplier directory and a perfect update and elimination mechanism to dynamically manage existing suppliers and new suppliers, which enables the Company to preferentially cooperate with the suppliers with the highest assessment results. For new suppliers, the Company has made strict selection criteria and supplier development and process management systems, including on-site inspection on suppliers; for suppliers with poor or even unqualified annual performance, the Company will add them to the key watch list or eliminate them. Generally, the Company will sign an annual framework agreement with a supplier to specify the cooperation content and the annual cooperation arrangement, and specific procurement contracts will be signed separately.

2. Production Mode

The Company formulates production plans according to customers' POs and requirements, its annual sales plans, and monthly rolling sales plans. Based on its own production capacity and demand fluctuations, the Company adopts the production strategies of Make to Order (MTO) and Made to Stock (MTS).

3. Sales Mode

The Company sells products through multiple channels. The main sales channels are shown in the following figure:



4. Marketing Mode

The Company is developing its products under the Winner, Purcotton, and PureH2B brands a coordinated way. With 30 years of experience in the production of medical supplies, Winner is a leading medical consumables brand in the Chinese market and a brand with a global vision. With "To enhance your health, life and well-being" as its vision and industry-leading product quality as the cornerstone of its brand value, the product marketing and promotion for the brand rely more on its brand reputation. With pure cotton products as its label, Purcotton adopts unique, differentiated strategies to build its brand. By integrating multiple promotion channels such as directly-sales stores, brand roadshows, celebrity endorsements, event sponsorship, new media, and advertising, Purcotton keeps conveying to consumers its proposition of "making medicine close to life and protecting health with pure cotton" and its vision of "purcotton changes the world", which helps deepen the meaning of Purcotton brand and increase its brand awareness and loyalty. PureH2B offers consumers select things that are high-quality, healthy, and beautiful from around the world through its paid membership system. It offers its members products with extremely competitive prices and a series of excellent offline services such as beauty salons, free makeup, and seminars. With "love, protect and enjoy nature" as its vision, and "Influence the mainstream consumption attitude with 'inner health brings outer beauty' philosophy, and attract mainstream consumers with natural products" as its mission, PureH2B is bringing consumers a new all-round digital retail experience.



(IV) Main Driving Factors of Performance

1. Medical Consumables Industry and Consumer Goods Industry Will Keep Growing Rapidly

As the global demand for healthcare of aging population increases, resident income continues to grow, and medical and health care improve, the global medical consumables market is showing a steady growth trend. The COVID-19 pandemic has made global consumers pay more attention to health and personal protection. In China, especially, most families choose to wear masks when they take public transport and are in public places, so the demand for masks is expected to increase significantly compared with that before the pandemic. After the COVID-19 pandemic outbreak, as the government, medical workers, and consumers in China pay greater attention to protection and quality, the use rate of disposable medical consumables and disposable surgical packs will get higher; meanwhile, as the Chinese government attaches importance to the medical consumables industry, the supervision over the industry are continuously strengthened while the reserves of medical consumables are increasing. Therefore, companies that do not comply with laws and regulations will surely be eliminated. In addition, China's medical dressings are changing from traditional dressings to high-end dressings, and they are expected to replace imported dressings step by step. The medical consumables market in China is growing rapidly, creating a good external environment for enterprise development.

In recent years, the total retail sales of consumer goods in China has been rising rapidly, showing an obvious trend of consumption upgrading. Consumers' demand for green, healthy, and environmentally friendly products is increasing, bringing good opportunities in the consumer goods industry.

2. The Company's Ability to Innovate and Its Foresight Enable It to Lead the Market and Seize Opportunities

In terms of technological innovation, the Company's pure cotton spunlace non-woven fabric is a kind of pioneering fabric in the industry, with breakthrough significance. The Company innovatively applies the fabric in healthy consumer goods and medical consumables. In terms of product innovation, the Company keeps introducing new products based on medical consumables and healthy consumer goods, to increase loyalty of existing customers and to win new customers. In addition, the Company keeps exploring new areas based on its R&D advantages. For example, the innovative application of pure cotton spunlace non-woven fabrics in infection prevention products such as medical protective suits, surgical gowns, and isolation gowns, which has not only alleviated the shortage of raw materials during the pandemic but also improved the breathability and comfort of anti-pandemic products. As for high-end wound dressings, the Company keeps tackling obstacles to enrich its high-end dressing products. With a top-down innovation system established, the Company is able to grasp the trend of market development in a timely manner to develop new products

and constantly promote its self-innovation.

3. High-Quality Products and Precise Brand Positioning Enhance Brand Value

The Company is one of the earliest medical consumables enterprises in China to establish a full industrial chain covering cotton procurement, R&D, production, and direct export. The Company is one of the early companies that established a medical-grade quality management system in the industry and it has passed the ISO13485 Medical Devices Quality Management System Certification. Its product quality complies with the European, American, Japanese, and Chinese standards. Winner Medical enjoys a high brand reputation and recognition. In the reporting period, Winner Medical was praised by the Joint Prevention and Control Mechanism of the State Council as a well-deserved "ordnance factory" in fighting the pandemic. Its wholly-owned subsidiary Winner Medical (Huanggang) was awarded the title of "National Advanced Unit for Fighting the COVID-19 Pandemic" by the CPC Central Committee and the State Council. It is also the only enterprise awarded the title in Hubei Province. Winner Medical has expanded its business from the medical field to the consumer goods field, which has also increased the brand value of its consumer products.

Purcotton is committed to fulfilling consumers' demand for high-quality, "comfortable, healthy, and environmentally friendly" products. Constantly winning recognition from consumers since its launch in 2009, Purcotton has rapidly grown into a top brand of maternal and child products on Tmall, and has gained high reputation and recognition in the field of maternal and child consumer products.

In conclusion, with high brand value, the Winner and Purcotton brands will help the Company increase customer loyalty, stabilize product prices, and expand its market share in the fierce competitive market, thereby ensuring its sustainable and stable profitability.

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

(V) The Industry in Which We Operate

1. Industry definition

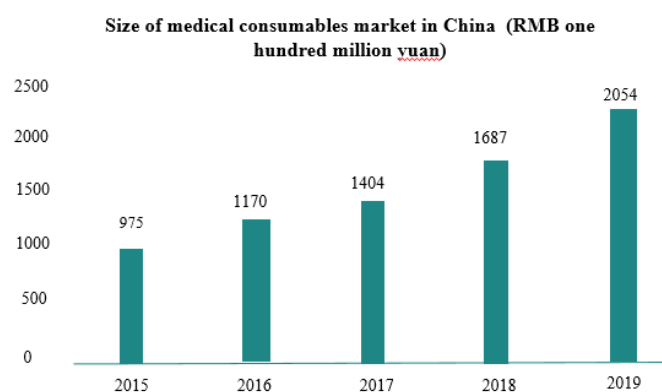
According to the *Classification Rules of Medical Devices (2015)* (Order No. 15 of the China Food and Drug Administration) and the *Classification Catalogue of Medical Devices* (Notice No. 104 of the China Food and Drug Administration in 2017), the medical dressings produced and sold by the Company belong to the nursing and protective devices in medical devices. According to the *Industry Classification of National Economy (GB/T4754-2017)* and the *Industry Classification Guidelines for Listed Companies* (revised in 2012), the industry of the Company is special equipment manufacturing industry (C35) in manufacturing industry (C).

The products of the Company's healthy consumer goods include cotton dry wipes cotton surface sanitary napkin, cotton wet wipes and other non-woven consumer goods, baby products, baby clothing, adult clothing and other textile consumer goods. According to the *Industry Classification of National Economy (GB/T4754-2017)* and the *Industry Classification Guidelines for Listed Companies* (revised in 2012), the consumer goods operated by the Company mainly belong to the textile industry (C17) and the textile clothing and apparel industry (C18) in the manufacturing industry (C).

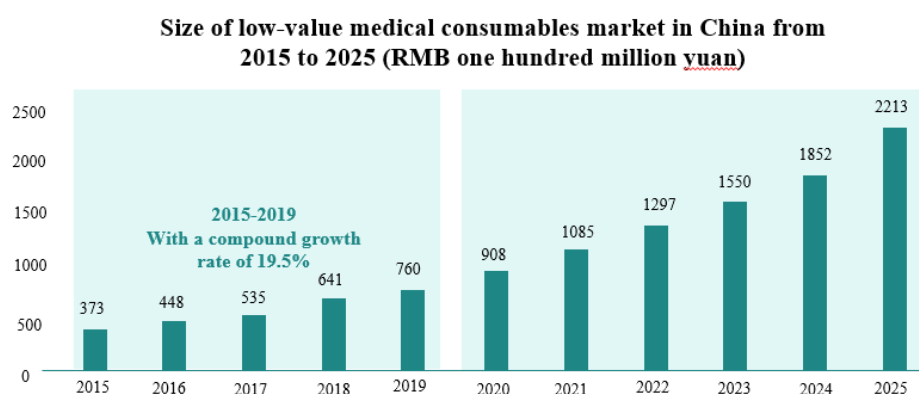
2. Development of the industry

(1) Development Status of Medical Consumables Industry in China and Overseas

Medical consumables refer to the medical and health materials used in the process of clinical diagnosis and nursing, testing and repair. With a wide variety of models in each category, medical consumables are widely used in many fields, and they are important materials for medical institutions to carry out daily medical and nursing work. From the perspective of value, medical consumables can be divided into high-value medical consumables and low-value medical consumables.



Data source: *Blue Book of Medical Device Industry*, China Medical News, IBM Report



Data source: *China Medical Device Blue Book*, *Chinese Medicine*, Magna Information Centre, IBM Report

Compared with high-value medical consumables, low-value medical consumables are mainly injection and punching, medical dressings and medical polymers, with low entry threshold and fierce market competition. Due to the wide application and benefit from the improvement of people's living standards and the continuous growth of medical demand in China, the market space of low-value medical consumables is huge, and will continue to maintain high-speed growth in the future. According to the research and analysis of IBM, it is estimated that the market scale of low-value medical consumables in China will reach RMB 221.3 billion by 2025.

④ Market development of operating room infection control products

Due to the growth of the number of surgical operations and the strengthening of infection control measures, the market of operating room infection control products is growing continuously. According to the statistics of CMI, the market size of operating room infection control products is expected to reach USD 3.688 billion in 2026, with an average annual compound growth rate of 4.9%.

Operating room infection control products can be divided into reusable products and disposable products. The change from reusable products to disposable products is the development trend of the industry. The main reasons include: on the one hand, compared with reusable products, disposable surgical infection control products can significantly reduce the risk of cross infection. According to Coherent, disposable operating room infection control products can reduce the risk of cross infection during surgery by 60%. The *Guide to Operating Room Nursing Practice* compiled by the Operating Room Professional Committee of Chinese Nursing Association also recommends the use of disposable aseptic products in the operating room. On the other hand, disposable operating room infection control products also have advantages in convenience and cost compared with reusable products, which makes the demand for disposable products more active.

Compared with a single product, the market scale of customized surgical packages will show a rapid growth trend. According to the statistics of CMI,

the market size of global customized surgical packages is expected to grow to USD 21.347 billion in 2026, with an average annual compound growth rate of 10.2%. In China, the market size of customized surgical packs is expected to rise to USD 1.504 billion, with an average compound annual growth rate of 12.2%, which is quite promising.

② Market development of high-end wound dressing products

Judging from the global trend, the demand for high value-added and multifunctional medical dressings made of new materials is increasing, and the high-end medical dressing industry will usher in good development opportunities. According to the statistics of BMI, the global high-end dressing market is expected to reach USD 7.015 billion in 2022.

As the manufacturers in China improve their technologies and product quality, and relevant government departments and institutions formulate and implement laws, regulations, and industry policies to support the development of medical dressings, including high-end dressings, high-end medical dressings in China is expected to replace the imported ones in the future.

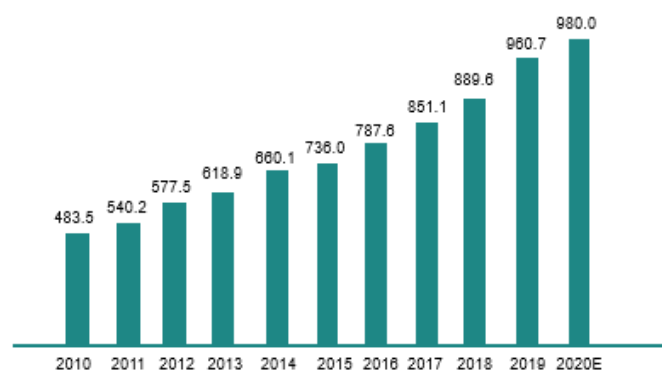
(2) Development Status of Consumer Goods Industry Segments

① Development of household paper industry

According to the statistics of China National Household Paper Industry Association, in 2018, China's household paper market consumption was 8.896 million tons, with a year-on-year growth of 4.5%; the total consumption reached RMB 116.8 billion, with a year-on-year growth of 5.6%, and the unit price of consumption continued to rise.

2010-2020 Household Paper Consumption

Unit: 10,000 t



Data source: China National Household Paper Industry Association

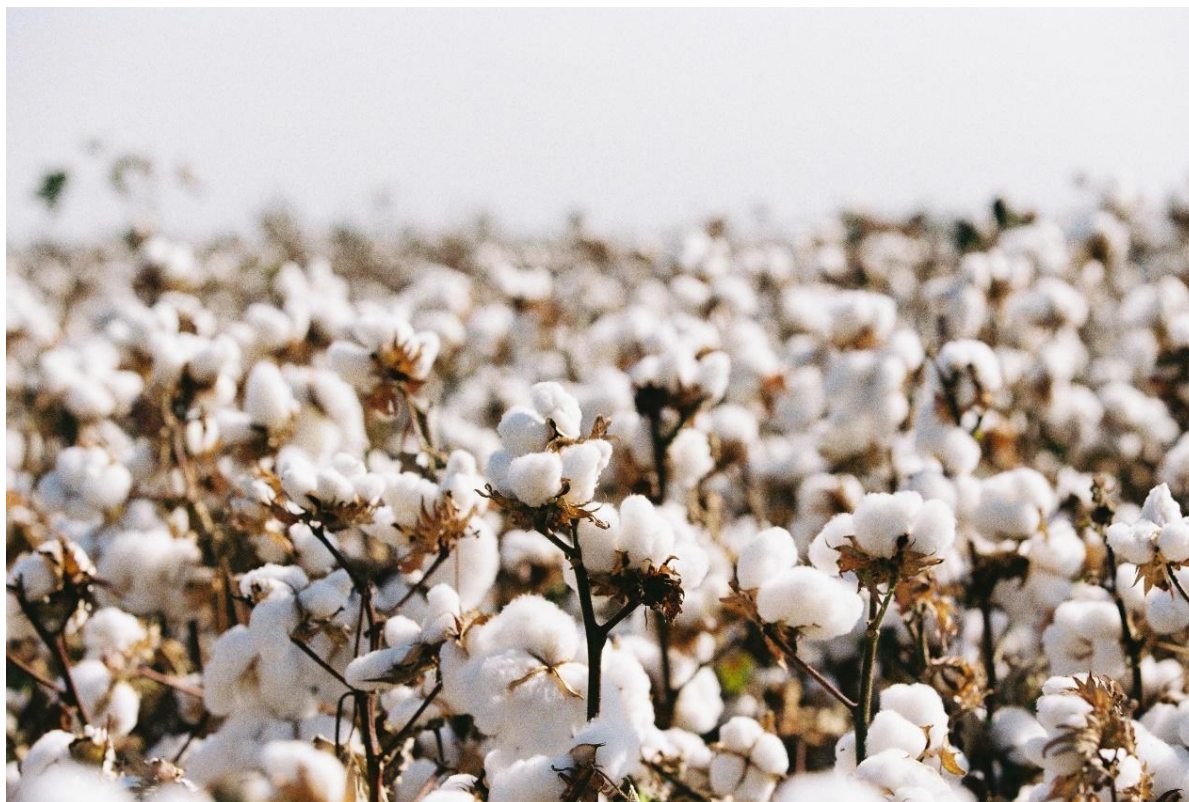
Household paper has the characteristics of rigid and continuous demand, its market continues to expand, and the popularization rate of facial tissue and wipe paper products also further increases. Because of its more environmental protection and less sensitization, pure cotton wipes can replace traditional paper products and have great market potential. Since cotton tissues are gaining higher acceptance, Tmall has added cotton tissue as a category under its paper products.

Cotton tissues are widely used in many scenarios such as cleaning and personal care. As people's consumption capacity improves, cotton tissues' penetration rate is expected to rise. The Company is the pioneer of cotton wipes, leading the industry to achieve rapid growth in the past few years. According to the data of Leading Industry Research Institute, the demand for cotton wipes in China increased from 2.35 billion sheets in 2015 to 23.35 billion sheets in 2019, with an average annual compound growth rate of 77.5%.

② Development of disposable sanitary products industry

According to Euromonitor statistics, the market of absorptive care products in China increased from RMB 128.9 billion to RMB 168 billion in 2015-2019, with an average annual compound growth rate of 6.9%. Among them, female health care products increased from RMB 74 billion to RMB 87.9 billion, with an average annual compound growth rate of 4.4%. The market scale of infant diapers increased from RMB 47.9 billion to

RMB 67 billion, with an average annual compound growth rate of 8.7%. The market scale of adult incontinence products increased from RMB 1.6 billion to RMB 4.3 billion, with an average annual compound growth rate of 28.6%. The market scale of wet wipes increased from RMB 5.4 billion to RMB 8.8 billion, with an average annual compound growth rate of 13.3%. Adult incontinence products started late in China and are still in the introduction period. With the gradual emergence of aging population, the huge potential of adult incontinence products market in China will be released. The market penetration rate of wipes in China is relatively low. At present, the market is dominated by baby wet wipes and general-purpose wet wipes. Female hygiene wet wipes, makeup removal wet wipes, home cleaning wet wipes and other categories account for a relatively small proportion, so there is a large market space to develop.



③ Development of textile industry and textile clothing and apparel industry

China has become the world's largest producer and consumer of textiles and clothing. The sales of specialized retail goods of textiles, clothing and daily necessities increased from RMB 70.302 billion in 2007 to RMB 667.640 billion in 2019, with an average compound annual growth rate of 20.63%. Among them, the sales of textile, clothing and daily necessities in chain retail enterprises have increased rapidly in recent years, reaching RMB 144.802 billion in 2019.

The development of e-commerce industry also led to the transformation and upgrading of textile, clothing and daily necessities industries. According to the statistics of China National Textile And Apparel Council, the total volume of e-commerce transactions of textile and clothing in China in 2019 was RMB 6.69 trillion, accounting for 19.22% of the total volume of national e-commerce transactions, which is the most active trading category of e-commerce platform. Among them, the scale of online retail of textile and clothing is RMB 1670 billion, accounting for 19.59% of the total online retail sales of physical goods.

3. Competitive position of the Company

(1) Medical consumables business

Winner Medical is a manufacturer with comprehensive leading advantage in China's medical consumables industry. It has established a medical-grade quality management system earlier in the industry and realized the whole industry chain operation mode from cotton procurement to R & D, production and sales. As a leading enterprise in the medical dressings industry, the Company promotes the establishment of the medical dressings

branch of China Chamber of Commerce for Import and Export of Medicines and Health Products, and serves as the president of the medical dressings industry, leading the industry to continuously expand its international market share with high-quality products. After the outbreak of COVID-19, the Company has fully exerting its core business principle, "social value priority over enterprise value", strictly controlled the quality of epidemic prevention products, and did not increase the price of terminal products. Its products were highly praised by the country and the public, and the brand value was greatly improved. The Company's own brand "Winner" has entered more than 3,000 hospitals and more than 90,000 pharmacies in China, most of which are third-class and second-class hospitals. It also has product counters and product series display in famous chain pharmacies such as Nepstar, DaShenLin, Jianzhijia, Gaoji and LBX Pharmacy.

(2) Healthy consumer goods business

Purcotton takes "cotton" as the core, covering multiple consumer groups, such as mothers and infants, children and adults, and span multiple product lines, such as high-end cotton wipes, female care, baby care, adult clothing, home textile products, etc. The Company takes the self-developed cotton spun lace non-woven fabric as the basic material carrier, and successfully realizes the expansion of medical products to household products. The Company is the pioneer and industry leader of cotton non-woven consumer goods market. With its leading product R & D ability, medical-grade product quality and popular brand image, the Company has rapidly increased the market share of cotton non-woven products. Purcotton has developed into a flagship national brand among high-quality domestic consumer brands, which is one of the primary choices for consumers to buy cotton consumer goods.

II Significant Changes in Prime Assets

1. Significant Changes in Prime Assets

Prime Assets	Significant Changes
Equity assets	Increased by 4.5658 million yuan compared to that at the beginning of the year, an increase of 51.54%, mainly due to the increase of income from the investment in joint ventures.
Fixed assets	Increased by 126.0151 million yuan compared to that at the beginning of the year, an increase of 9.89%, mainly due to the factories under construction at the beginning of the year turning into fixed assets in this year and the newly increased investment in this year
Intangible assets	Increased by 76.668 million yuan compared to that at the beginning of the year, an increase of 58.23%, mainly due to the subsidiaries' new investment in land use rights
Construction in progress	Decreased by 126.4255 million yuan compared to that at the beginning of the year, a decrease of 67.32%, mainly due to subsidiaries' factories under construction at the beginning of the year turning into fixed assets in this period
Tradable financial assets	Increased by 4,131.1786 million yuan compared to that at the beginning of the year (it was 0 yuan at the beginning of the reporting period), an increase of 100%, mainly due to the company's cash management with Cash and cash equivalents
Cash and cash equivalents	Increased by 3,681.7005 million yuan compared to that at the beginning of the year, an increase of 765.68%, mainly due to the net cash inflow from operating activities.

2. Major Overseas Assets

Applicable Not applicable

III. Analysis of Core Competitiveness

1. Advantages of Business Philosophy and Corporate Culture

With offering quality products as its mission, the Winner brand aims to lead in the medical dressing industry, to grow from a small Chinese enterprise to a large international enterprise offering high-quality products recognized by developed countries, bringing Chinese medical dressings to the international stage. With "To enhance your health, life and well-being" as its vision, the brand keeps focusing on product quality and innovations, and making its way into the medical consumables and high-end medical dressing market. Cotton fiber has ten prominent advantages, including natural, safe, comfortable, naturally degradable, high output ratio, drought-resistant, salt and alkali-resistant, environmentally friendly, time-honored, and high social value. With its brand vision of "purecotton changes the world", Purecotton applies "comfortable, healthy, and environmentally friendly" cottons in household supplies and home care products to help customers raise life quality, constantly bringing them happiness and reassurance. Sticking to the "cotton fiber only" principle in its operation, Purecotton aims to develop recyclable and renewable resources, gradually replace chemical fibers with natural fibers, and give full play to the use value and environmental protection value of cotton fibers, following the path of sustainable development. With "love, protect and enjoy nature" as its brand vision, PureH2B insists on the principle of pursuing beauty without sacrificing health for health is beauty. PureH2B select natural cosmetics and toiletries, healthy food and health products, 3C and health equipment with excellent experience from around the world for customers. Meanwhile, the groundbreaking, innovative natural products developed independently by PureH2B are winning the trust of consumers with their applicability and safety, meeting the needs of consumers who pursue both quality life and health and environmental protection. The visions and business philosophies regarding the company's three brands are focused on human health, environmental protection, and improving the quality of life, which are in line with humans' sustainable development strategy.

The Company will always uphold its core operating principle of "quality before profit, brand before speed, social value before corporate value", and stick by its core values of "Self-sacrifice / Responsible / Collaborative / Innovative / Tenacity / Self-criticism / Sustainable development". The Company promotes healthy sports such as running, mountain climbing, and ball games. The Company is weakening the power from titles to reduce bureaucracy, and creating open workplaces to ensure efficient cross-department communication. During the COVID-19 pandemic, the Company responded quickly to fully guarantee the production of epidemic prevention materials. It carried out a series of activities regarding decision-making management, process integration, product and equipment innovation, and industrial chain integration, to improve its adaptability to market demand. In January 2020, the first month of the epidemic outbreak, the Company provided 108.9 million masks and 114,000 protective suits to hospitals in Hubei, providing timely help in fighting the pandemic when there was no material reserve. As of December 31, 2020, the Company had provided nearly 4 billion masks, more than 86 million protective suits and isolation gowns, with a total of more than 13 million yuan of recorded donations, which fully displays the company's team cohesiveness.

2. Advantages of R&D and Innovation

The Company independently developed the pure cotton spunlace non-woven technology in 2005, and has built a complete technology cluster based on the technology, obtaining patent licenses in more than 30 countries and regions including the United States, Europe, and Japan. The Company innovatively apply pure cotton spunlace non-woven fabric in infection prevention products such as medical protective suits, surgical gowns, and isolation gowns, which has not only alleviated the shortage of raw materials during the pandemic but also improved the breathability and comfort of anti-pandemic products. In the field of consumer goods, the Company has developed pure cotton tissues, pure cotton wet wipes, sanitary pads with pure cotton surface, facecloths, disposable underwear, and other products. It was invited to participate in the formulation of 14 national standards and industry standards, including the performance requirements of pure cotton nonwoven surgical dressings, and technical specifications for contact layer dressings and masks for children.

Since its establishment, the Company has been attaching great importance to scientific and technological innovation and cooperation. It has carried out industry-university-research (IUR) projects with many universities and research institutes, including Hong Kong Polytechnic University, Hong Kong Research Institute of Textiles and Apparel, Wuhan Textile University, and Soochow University. The Company and the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences have jointly established the "Joint Lab for Wound Dressing Innovative Technology Research" to conduct cutting-edge technology research and new product development of wound dressings. At present, the Company has two provincial R&D platforms, the "Guangdong Functional Cotton Engineering Technology Research Center" and the "Guangdong Wound Repair

Material Engineering Technology Research Center" that are dedicated to the research of functional cotton and wound repair materials.

As of December 31, 2020, the Company has obtained 38 patents for inventions, 412 patents for utility models, and 220 design patents in China; and obtained 56 patents for inventions and 5 patents for utility models overseas. The Company was regarded as a "Leading Enterprise in Independent Innovation" by the Shenzhen Municipal People's Government, and a "Shenzhen Enterprise with Intellectual Property Advantages" by the Shenzhen Administration for Market Regulation.

3. Advantages of Quality Control

The Company is one of the early companies that established a sound quality management system that meets the standards of the ISO13485, FDA21CFR820, and China's *Regulation on the Supervision and Administration of Medical Devices*, and has passed relevant certifications. Its medical dressings meet the quality standards of many countries and regions, including Europe, the United States, Japan, and China, and have been accepted by these countries and regions. It also implements the quality control requirements of medical devices when expanding its health consumer goods business. In addition, the Company's R&D Center and Labs have the professional capabilities for product testing certified by the China National Accreditation Service for Conformity Assessment (CNAS).

To ensure the safety of raw materials for its products, Purcotton uses high-quality cotton from around the world to produce its core products, such as its pure cotton tissue, sanitary pads with pure cotton surface, and pure cotton wet wipes. All the workshops are managed according to the management requirements for the workshops of medical dressings, which can help strictly control bacterial contamination and pollution sources. In addition, the Company also applies the microbiological testing for medical device inspection to Purcotton's product inspection, which makes sure that consumer goods such as underwear and baby clothing with sterilization packaging meet the sterilization standards of medical devices in terms of the total number of bacterial colonies. With its medical-level quantity management control system, Purcotton is able to provide customers with high-quality consumer goods that are safe and environmentally friendly. Adhering to the concept of "making medicine close to life, protecting health with pure cotton", Purcotton not only applies quality natural cotton but also attaches importance to the green weaving and finishing process. To ensure that its products are safe and natural, no fluorescent brighteners are added to its products, and some of its products are OEKO-TEX Standard 100 certified.

4. Product Advantages

(1) Medical Consumables

The Company's product categories include wound care, infection protection, and cleaning and disinfection, covering application scenarios like clinical and medical institutions and families, which can better meet clients' needs of one-stop procurement. In addition to traditional acute wound care products, the Company has also developed representative high-end wet dressings like silicone foam dressings, hydrocolloid dressings, and super absorbent pads for chronic wounds that are difficult to heal, which has further enrich its products. For the clinical use scenarios, the Company is committed to change from selling single products to providing customers with integrated solutions. Its infection prevention products include dozens of surgical packs for various sections, such as heart and brain, abdominal cavity, urology, reproduction, facial features, and limbs. In terms of disease protection and control, the Company replaces chemical fiber fabrics with pure cotton spunlace non-woven fabrics for masks, protective suits, surgical gowns, and isolation gowns. Such innovative products not only meet infection prevention and control standards but also are more comfortable and environmentally friendly with better breathability. As for home care products, the Company provides consumers with medical masks, saline cotton pad, hydrocolloid band-aid in portable, sterilized, and diversified packages. These professional health care products and services in daily home care help customers reduce the frequency of going to the hospital.

(2) Healthy Consumer Goods

The Company's healthy consumer goods consist of non-woven consumer goods and textile consumer goods. The non-woven consumer goods include cotton tissues, sanitary pads, and wet wipes; the textile consumer goods include baby supplies, baby clothing, adult clothing, and bedding. The Company accurately captured the market demand for domestic high-quality consumer products under the backdrop of consumption upgrading, and took the lead in proposing the innovative concept of replacing chemical fibers with cotton and getting rid of chemical stimulation, and provide consumers with healthy consumer goods of medical grade. And its cotton tissues are pioneering tissues in the industry, which can partially replace household paper. Pure cotton tissues are made of degradable cotton after physical processing. There are less chemical stimulation and the tissues can

be reused. Both the production and use of the tissues are more comfortable, safe, and environmentally friendly, so consumer acceptance of the tissues has been significantly improved, and there are many imitators in the market. For pure cotton wet wipes and sanitary pads with pure cotton surface, cotton materials are innovatively used in the parts of these products that contact human skin to replace traditional chemical fiber and effectively reduce chemical irritation, so they are popular in the markets of baby and female consumers. Due to the excellent breathability and softness of gauze fabrics, the Company's woven consumer products such as gauze bedding and bath towels are getting more popular.

5. Brand Advantages

(1) Brand Advantages in the Field of Medical Consumables

As one of the leading enterprises in the field of medical consumables, the Company attaches great importance to product quality and service. For the purpose of brand communication, the Company has done a lot, including holding exhibitions around the world, initiating the "Winner Medical Academy" to gather experts for publicity and education, hosting or participating in academic forums and public welfare activities, which have won the Winner brand a high reputation in the industry, and Winner products have been widely recognized by customers at home and abroad. The Company was highly praised by the nation during the COVID-19 pandemic. In June 2020, Winner Medical was praised by the Joint Prevention and Control Mechanism of the State Council as a well-deserved "ordnance factory" in fighting the pandemic. In September, Winner Medical (Huanggang) was awarded the title of "National Advanced Unit for Fighting the COVID-19 Pandemic" by the CPC Central Committee and the State Council. The Company's medical consumables are mainly sold to developed countries and regions such as Europe, Japan, and the United States, and the products under its brand Winner are mainly sold to developing countries and regions such as Asia, Africa, and Latin America. The Company are providing services for world-renowned medical supplies companies such as Mölnlycke, Lohmann, and PAUL HARTMANN. According to statistics from the China Chamber of Commerce for Import and Export of Medicines and Health Products (CCCMHPIE), the Company has been ranked among the top three exporters of Chinese medical dressings for many consecutive years. By the end of 2020, products under the Winner brand have entered more than 3,000 domestic hospitals and nearly 90,000 pharmacies in China. Most of the hospitals are tertiary hospitals and secondary hospitals; there are counters and display areas for Winner products in many well-known chain pharmacies, such as China Nepstar, Dashenlin, Cowellhealth, and LBX Pharmacy; in Hong Kong, products under the Winner brand have covered all the public hospitals and most private hospitals.

(2) Brand Advantages in the Field of Healthy Consumer Goods

Consumers' demand for high-quality products is increasing due to consumption upgrading. Sticking to the "cotton fiber only" principle in its operations, Purcotton insists on offering "comfortable, healthy, and environmentally friendly" cotton products with high quality to consumers to constantly bring them happiness and quality products, which makes Purcotton products popular among consumers. Adhering to the concept of "making medicine close to life, protecting health with pure cotton", Purcotton advocates the use of cotton, to reduce environmental pollution and to enable consumers to return to a natural and sustainable lifestyle with pure cotton. The pure cotton tissues developed by Purcotton is a pioneering category. Purcotton are creating new categories and lifestyles by applying cotton materials in its core products, such as its pure cotton wet wipes, sanitary pads with pure cotton surface, pure cotton diapers, and its gauze textile products and clothing. It has shaped an brand image of "new Chinese products" with cotton as the core material and excellent product quality. Its brand awareness is increasing and its reputation is improving year by year, forming effective competition barriers and bringing powerful added value of products for Purcotton.

6. Advantages of Sales Channels

(1) Advantages of Online Channels

In terms of online channels, the Company has completed its deployment on mainstream third-party e-commerce platforms, including Tmall and JD.com. for its products under its Winner brand and Purcotton brand. With the huge user traffic gathered, its sales has covered most online shopping consumer groups, and the sales data indicated that the sales of its products rank among the top in the relevant product categories in major e-commerce platforms. At the same time, Purcotton is also actively exploring cooperation with new social retail and e-commerce platforms by the way of setting brand counters in these platforms, which helps it open up new sales growth channels. With the attributes of "sales + social", Purcotton's official website is an important platform for its product display, user interaction, and brand promotion. In addition, its self-own official platform, Wechat mini program, and APP are also important parts of the Company's marketing channels.

(2) Advantages of Offline Channels

As for medical consumables, the Company's dealers in the hospital market of domestic medical business have covered more than 3,000 hospitals in more than 30 provinces (cities, autonomous regions) across China; its dealers in the retail pharmacy market have covered more than 90,000 retail pharmacies in more than 20 provinces (cities, autonomous regions) across China; its clients and dealers for its medical business abroad are covering more than 110 countries and regions around the world, including Europe, Japan, and America.

As for healthy consumer goods, the Company has opened a total of 276 offline stores as of the end of 2020, including 257 offline stores (including the franchise stores it began to try in May 2020) of Purcotton in mid-to-high-end shopping malls in more than 50 cities in China (including Shenzhen, Shanghai, Beijing, and Guangzhou); 11 stores of Purunderwear; and 8 offline stores of PureH2B in Shenzhen, Wuhan, Beijing, Hangzhou, Chengdu, and Shanghai. The Company integrates its brand concept into its store design. It hires well-known designers at home and abroad to upgrade its store image and to enhance its consumer experience with an exhibition-style product display balancing both aesthetics and richness of products. It also adds an experience area to highlight product display and user experience, which has helped increase the Company's sales revenue and further increase its brand awareness.

As for offline terminals like chain stores and supermarkets, based on Purcotton's positioning of high-quality consumer goods, the Company mainly deploys Purcotton products in High-end boutique supermarkets and local leading supermarkets. Meanwhile, the Company also has set up dedicated sales teams to cover the bulk purchase or customized purchase needs of corporate clients. Purcotton's core products such as cotton tissues and sanitary pads of the Nice Princess series have entered chain supermarkets, chain convenience stores, and offline maternal and child stores, including 5,000 outlets of mainstream chain supermarkets (such as CR Vanguard, Ole', Yonghui Supermarket, Sam's Club, and Wal-Mart), 4,000 chain convenient stores (such as 7-11, Lawson, Bianlifeng, Today, and Everyday Chain), and the offline maternal and child stores in over 20 cities.

(3) Advantages of Integration Between Online and Offline Channels

The omnichannel retail model is a newly emerging retail form that provides consumers with a consistent shopping experience by integrating physical channels, e-commerce channels, and mobile e-commerce channels. In such form, the convenience of online channels and the consumer experience of offline channels can complement each other. Having a deep insight into the development trend of integrating online and offline channels, the Company thoroughly optimized and integrated various channels to integrate traffic and sales of offline stores and online Wechat mini programs, thereby further improving its operating efficiency and performance. Online channels can meet offline consumers subsequent consumption needs while offline channels can provide online consumers further product information and service experience. Flows of traffics can be directed between the two kinds of channels, so online and offline traffic can be effectively obtained. As of the end of the reporting period, the number of Purcotton users has exceeded 25 million, including 12.76 million registered members of its private platforms (5.76 million store registered members, and over 7 million registered members of its official website and Wechat mini programs).

7. Advantages of Full Industrial Chain

Since its establishment, the Company has always been attaching great importance to its product quality, cost and delivery management and control. It has built a full industrial chain with advantages from raw material procurement, production, sterilization, warehousing, to delivery. The Company has seven wholly-owned production subsidiaries in Hubei, covering a total area of more than one million square meters, including 105,000 square meters of clean workshops. The seven factories supply large quantities of high-quality medical supplies and daily necessities to all over the world each year. Established in 2005 with an area of 550,000 square meters, Winner Medical (Huanggang) is the main production site of pure cotton spunlace non-woven fabrics, cotton tissues, sanitary pads, and masks; with an area of 67,000 square meters, Winner Medical (Jingmen) is the main production site of gauze clothing, degreased medical bleached gauze, and dyed medical gauze; with an area of 93,000 square meters, Winner Medical (Jiayu) has four product categories with pure cotton as basic materials, i.e. the cleaning, disinfection, beauty, and care categories, and two product collections: medical and daily use products; established in 2001 with an area of 140,000 square meters, Winner Medical (Chongyang) is the Company's main force of producing its disposable medical consumables, disposable surgical kits, all kinds of cotton balls and cotton pads; established in 2017 with a total area of about 467,000 square meters of its phase I and phases II sites, Winner Medical (Wuhan) has brought in electron beam sterilization and international modern cotton spunlace production line; established in 2000, Winner Medical (Tianmen) is the production base of medical gauze in China for trade; established in 1999, Winner Medical (Yichang) is the main production base for its grey cloth.

With constant improvement, the Company's excellent production management system has been upgraded from 1.0 to 3.0, covering seven modules (i.e. standardization, visualization, automation, Just-in-Time, rapid response, value engineering, organizational guarantee). It has gradually established and improved its daily management system in factory. It has improved its production efficiency through equipment innovation. For example, its self-developed soft ear loop mask manufacturing equipment truly realize the unmanned manufacturing of masks with high-efficient equipment; it has basically realized the fully automated production of its products like cotton tissues and wet wipes; it has preliminarily replace manual production with machinery production for cotton swabs, cotton balls, cotton pads, makeup cotton, packages, and drapes, which has greatly supported its rapid production and supply. The Company is also going to explore and build smart factories. It will realize "unmanned production, process-based management, and process digitalization" step by step.

Section 4 Discussion and Analysis of Operations

I. Overview

During the reporting period, N95 masks, medical masks, protective clothing, isolation gowns and other medical supplies produced by the Company were the most scarce strategic materials for epidemic prevention. Adhering to the principle of “social value priority over enterprise value”, the Company responded to the national demand for the first time and made every effort to ensure the supply of epidemic prevention and treatment materials. During the anti-epidemic period, the Company supplied a large number of protective materials to the society and Wuhan, Hubei Province, where the epidemic situation is most serious, and all over the world. It publicly promised “no price increase at the terminal”, “no holiday during the Spring Festival” and “24-hour production without shutdown”. The Company's social responsibility actions were called "military factory" by the Joint Prevention Group of the State Council to fight against the epidemic, and its wholly-owned subsidiary Huanggang Winner was awarded the title of “National Advanced Unit in Combating COVID-19” by the Central Committee of the Communist Party of China and the State Council. In the hospital and OTC drugstore channels, the Company actively carried out academic marketing, major customer development and retail marketing cloud projects, and improve the market coverage and share of the 3A hospitals and large chain drugstores. In terms of e-commerce, it constantly improved customer experience and platform management ability, enhance consumer stickiness and loyalty, and enable online businesses to quickly seize the personal protection and home care market. With the rapid expansion of global market for the products of infection prevention and protection, as well as the expansion of overseas popularity, reputation and influence, the Company has implemented aggressive customer expansion strategies. The export countries of products have increased from more than 70 in 2019 to more than 110, achieving a better global coverage. As of December 31, 2020, the Company has delivered nearly 4 billion masks at home and abroad, with more than 86 million protective clothing, isolation gowns and surgical gowns, and more than RMB 13 million of donations and materials have been recorded.

In 2020, the Company's main business income of medical consumables business achieved RMB 8.684 billion, an increase of 616.36% over the same period of last year. During the reporting period, the Company's overseas sales of medical consumables business reached RMB 5.898 billion, an increase of 652.04% over the same period of last year. The Company's domestic sales of medical consumables business achieved RMB 2.786 billion, an increase of 550.98% over the same period of last year. Among them, medical consumables products have covered more than 3,000 hospitals nationwide, with sales revenue of RMB 1.108 billion, an increase of about 4.74 times over the same period of last year; In the retail channel of drugstores, it covers nearly 90,000 OTC drugstores nationwide, with sales revenue of RMB 480 million, an increase of 2.10 times over the same period last year; In e-commerce platforms such as Tmall, Jingdong and Amazon, the sales revenue was RMB 494 million, a year-on-year increase of 14.12 times.

Although COVID-19 had a serious impact on the domestic retail market, the Company's healthy consumer goods still maintained a year-on-year growth of 16.93%, mainly due to the early layout of online and offline integration mechanism, and the technology, team management and internal benefit distribution of offline stores and online Wechat mini programs, realizing the integration of offline stores and online sales. Meanwhile, the Company's Purcotton and PureH2B make the flow of retail e-commerce platform realize efficient transformation through image upgrading, store expansion, product iteration, community operation and other measures. In terms of brand building, through social marketing, such as donation and public welfare, the brand star spokesperson of Purcotton, and the promotion by famous person and other forms to enhance popularity, reputation and customer loyalty.

The Company's sales revenue of health consumer goods business achieved RMB 3.517 billion, an increase of 16.93% over the same period of last year, of which the sales revenue of Purcotton was RMB 3.477 billion, an increase of 15.80% over the same period of last year; the sales revenue of PureH2B was RMB 40 million. Affected by COVID-19, the sales of Purcotton's offline stores was RMB 939 million (including sales of franchised stores, excluding sales of Wechat mini programs from stores), with a year-on-year decrease of 18.87%; the sales of e-commerce channel was RMB 2.314 billion, with a year-on-year growth of 38.29%, including the sales of RMB 1.909 billion in Tmall, Jingdong and other third-party e-commerce platforms, with a year-on-year growth of 19.59%, and the sales of RMB 405 million in its own platforms' official website, Wechat mini programs and APP, with a year-on-year growth of 425.56%. It is worth mentioning that the sales of Wechat mini programs from stores reached RMB 205 million;

the sales of supermarkets was RMB 134 million, with a year-on-year growth of 29.10%; the sales of major customers reached RMB 90 million, with a year-on-year growth of 31.87%.

During the reporting period, the revenue of cotton spun laced non-woven fabric was RMB 237 million, with a year-on-year decrease of 19.04%. The main reason is: during the COVID-19 period, the Company innovatively applied cotton spun laced non-woven fabrics to epidemic prevention products, which not only solved the problem of shortage of raw materials, but also received high recognition from medical staff and residents for its comfort and air permeability. Because the Company's production of cotton spun laced non-woven priority to meet the production of epidemic prevention products, so the external sales decreased.

The Company shall comply with the disclosure requirements of *Shenzhen Stock Exchange GEM Industry Information Disclosure Guidelines No. 10 - Listed Companies Engaging in Medical Devices Business*

During the reporting period, the Company focused on the following work:

(I) Showing responsibility and making due contribution to the global fight against COVID-19

In 2020, COVID-19 affected the factory, and all the workers in the anti-epidemic product factory did not take a vacation. All the staff in the Huanggang Winner masks workshop had been working all day for several months before the Spring Festival, producing masks at full capacity. The daily output of N95 masks increased from 36,000 to 45,000 in only two days, and the production capacity of medical surgical masks also doubled rapidly. Then Jiayu Winner, Chongyang Winner started on the first day of the Chinese New Year, also for several months without vacation. Chongyang Winner only took 20 days to produce 3,000 pieces of protective clothing to 50,000 pieces per day. On January 21, the Company publicly promised not to increase the price of mask terminals. On March 29, in the face of overseas epidemic, the Company did not sell masks at a high price. The Company insists on high quality in production and supply, showing the excellence and value of Made in China. The Company puts the national interests above everything else, regards the epidemic as a battlefield, and insists on sending epidemic prevention materials to the places where the country needs them most. The Company puts the social value above everything else, adheres to the promise, and provides epidemic prevention products with excellent quality and price for the majority of medical staff and anti-epidemic workers.

(II) Strengthening R & D innovation and product upgrading

During the reporting period, the price of raw materials for epidemic prevention changed greatly and the supply was short. In order to solve the problem of shortage of raw materials for epidemic prevention and long-time wearing of protective clothing and surgical gowns, cotton protective clothing, isolation gowns and surgical gowns were rapidly developed; at the same time, it has rapidly developed face masks with soft earloop, face masks with cotton lining, face masks with essential oil and other new products, which have been rapidly expanded from professional application to personal consumption. In addition, the Company has obtained Class III Medical Device Registration Certificate for Foam Dressing in December 2020, indicating that the product layout of the high-end dressing product line in the wound care field is perfecting in the domestic market, enriching the product solutions for pressure ulcer prevention and exudate management in the field of chronic wound care, and is in line with the future development trend of the industry and the increasing aging situation in China. It is an important step to replace import with domestic high-end dressing products. During the reporting period, the Company's key research projects are as follows. In 2020, the Company obtained 117 utility model patents, 9 design patents and 8 invention patent certificates. By the end of the reporting period, the Company had one National Class III Medical Device Registration Certificate and 59 Class II Medical Device Registration Certificates. The acquisition of the above patents and registration certificates will help the Company to further establish product technology and competition barriers, and enhance the core competitiveness of the enterprise.

(III) Orderly promoting digital transformation

The Company seized the opportunity to accelerate the pace of digital transformation and improve operational efficiency. During the reporting period, the omni-channel commodity digital operation project of Purcotton was officially launched, realizing six business links of design, R & D, commodity, production, supply chain and logistics; the omni-channel digital operation project realized the membership, price and promotion through the online self-owned platform and the offline self-operated channel; "Ethereal Sound" and "Guanxingtai" were launched to provide core operation data, membership data, profit data and commodity data for the management. At the early stage of COVID-19, with the help of big data, cloud computing and other new technologies, the mobile terminal can see the change of information and quantity of each commodity, and analyze its trend, predict the market demand for products in time, so that the supply chain can make quick adjustment. After the development and operation practice of various digital projects, the enterprise's digital platform framework has been initially built. From commodity digital operation, omni-channel digital operation

to consumer digital operation, it has a very clear information technology structure of the foreground, middleground and background.

II. Analysis of Main Business

1. Overview

Please refer to “I. Overview” of “Discussion and Analysis of Operations”.

2. Revenues and costs

(1) Composition of operating revenues

Overall operating revenues

Unit: yuan

	2020		2019		Year-on-year increase/decrease
	Amount	Proportion in operating revenues	Amount	Proportion in operating revenues	
Total operating revenues	12,533,945,946.63	100%	4,574,625,915.60	100%	173.99%
By sectors					
Medical consumables	8,684,149,320.97	69.28%	1,212,257,599.69	26.50%	616.36%
Healthy consumer goods	3,517,061,738.06	28.06%	3,007,901,073.21	65.75%	16.93%
Cotton spun lace non-woven fabric	236,563,201.01	1.89%	292,202,035.31	6.39%	-19.04%
Other businesses	96,171,686.59	0.77%	62,265,207.39	1.36%	54.45%
By products					
Medical consumables - traditional wound care and wound dressing products	523,188,721.27	4.17%	572,867,534.44	12.52%	-8.67%
Medical consumables - advanced wound dressing products	86,564,910.83	0.69%	84,554,968.77	1.85%	2.38%
Medical consumables - infection prevention products in operating rooms	690,626,432.63	5.51%	241,157,325.81	5.27%	186.38%
Medical consumables -	7,011,523,043.56	55.94%	149,205,899.10	3.26%	4,599.23%

products on disease prevention and control					
Medical consumables - disinfecting and sanitizing products	372,246,212.68	2.97%	164,471,871.57	3.60%	126.33%
Healthy living consumer products - cotton tissues	944,201,375.98	7.53%	913,288,905.37	19.96%	3.38%
Healthy living consumer products - menstrual pads	416,487,477.36	3.32%	318,421,909.18	6.96%	30.80%
Healthy living consumer products - wet wipes	212,241,182.02	1.69%	222,926,018.90	4.87%	-4.79%
Healthy living consumer products - other non-woven consumables	599,948,666.83	4.79%	240,484,180.17	5.26%	149.48%
Healthy living consumer products - baby care products	278,354,957.01	2.22%	291,957,767.02	6.38%	-4.66%
Healthy living consumer products - baby clothing	366,929,602.68	2.93%	351,852,911.51	7.69%	4.28%
Healthy living consumer products - adult clothing	447,589,263.48	3.57%	408,858,786.18	8.94%	9.47%
Healthy living consumer products - other textile consumables	251,309,212.70	2.01%	260,110,594.88	5.69%	-3.38%
Cotton spun lace non-woven fabric	236,563,201.01	1.89%	292,202,035.31	6.39%	-19.04%
Other businesses	96,171,686.59	0.77%	62,265,207.39	1.36%	54.45%
By regions					
Domestic	6,555,970,567.31	52.31%	3,709,092,964.69	81.08%	76.75%
Abroad	5,977,975,379.32	47.69%	865,532,950.91	18.92%	590.67%

Remarks: In 2020, the Company has assigned the cotton tissues sold by Winner Medical to “medical consumables” from “healthy living consumer product - cotton tissue” according to the classification of channels and sectors, and adjusted the data for 2019 at the same time. The amount of main business revenue involving adjustment in 2019 was RMB 23,377,280.91 and the main business cost was RMB 8,667,521.43, the same below.

(2) Information on sectors, products or regions that account for more than 10% of the Company’s operating revenue or operating profit

√Applicable □ Not applicable

Unit: yuan

	Revenue	Cost	Gross profit margin	Year-on-year increase/decrease of Revenue	Increase or decrease in cost over the same period of the previous year	Year-on-year increase/decrease of Gross profit margin
By sectors						
Medical consumables	8,684,149,320.97	3,279,305,593.85	62.24%	616.36%	343.14%	23.28%
Healthy consumer goods	3,517,061,738.06	1,575,848,274.82	55.19%	16.93%	26.91%	-3.52%
By products						
Medical consumables - products on disease prevention and control	7,011,523,043.56	2,283,582,659.33	67.43%	4,599.23%	2,485.46%	26.63%
By regions						
Domestic	6,555,970,567.31	3,024,104,751.24	53.87%	76.75%	78.45%	-0.44%
Abroad	5,977,975,379.32	2,046,317,550.52	65.77%	590.67%	295.61%	25.53%

Note: Medical consumables under “by sectors” generate main business revenues and costs, excluding other businesses, the same below.

In the event that the statistical caliber of the Company’s main business data is adjusted in the reporting period, the Company shall follow the main business data in the past year adjusted by the caliber at the end of the reporting period

□ Applicable √ Not applicable

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

Unit: yuan

	Revenue	Cost	Gross profit margin	Year-on-year increase/decrease of Revenue	Increase or decrease in cost over the same period of the previous year	Year-on-year increase/decrease of Gross profit margin
By sectors						
Medical	8,684,149,320.97	3,279,305,593.85	62.24%	616.36%	343.14%	23.28%

consumables						
Healthy consumer goods	3,517,061,738.06	1,575,848,274.82	55.19%	16.93%	26.91%	-3.52%
By products						
Medical consumables - products on disease prevention and control	7,011,523,043.56	2,283,582,659.33	67.43%	4,599.23%	2,485.46%	26.63%
By regions						
Domestic	6,555,970,567.31	3,024,104,751.24	53.87%	76.75%	78.45%	-0.44%
Abroad	5,977,975,379.32	2,046,317,550.52	65.77%	590.67%	295.61%	25.53%

In the event that the statistical caliber of the Company's main business data is adjusted in the reporting period, the Company shall follow the main business data in the past year adjusted by the caliber at the end of the reporting period

Applicable Not applicable

Whether the Company has sales terminals in brick-and-mortar stores

Yes No

Distribution of brick-and-mortar stores

Types of stores	Number of stores	Area of stores	Number of new stores during the reporting period	Number of stores closed at the end of the reporting period	Reasons for store closings	Brands involved
Direct-sale stores	271	114,151	43	23	The closed stores are under the brand of Purcotton, resulting mainly the Company's active strategies against the epidemic control and contract expirations.	252 stores for Purcotton, 8 stores for PureH2B, and 11 stores for Purunderwear
Franchises	5	1,348	5	0	N/A	Purcotton

Total area and performances of direct-sale stores

Levels of areas	Number of stores	Total area	Revenue in 2020 (RMB '0,000)	Same period last year	Yo Y increase/decrease in average performance of stores	Reasons
Less than 300m ²	84	17,221.80	26,502.73	34,779.29	-23.80%	
300~500 m ²	59	22,439.61	23,251.06	28,429.67	-18.22%	
500~500 m ²	57	35,579.96	26,030.18	33,002.14	-21.13%	

More than 800m2	24	22,716.81	10,385.33	11,280.46	-7.94%	
Total	224	97,958.18	86,169.30	107,491.56	-19.84%	Brick-and-mortar stores cannot open as usual after the Spring Festival thanks to the COVID-19 pandemic and the decrease in shopping mall traffic.

Note: The above data are from Purcotton stores opening for more than 12 months as of December 31, 2020, and the operating revenues of brick-and-mortar stores exclude the sales of the stores driven to applets.

Top 5 Stores in terms of Operating Revenues

S/N	Name of stores	Opening date	Revenue (yuan)	Average performance of the store (RMB/m2)
1	The Store in Shenzhen Uniwalk Center	October 25, 2017	13,394,106.74	33,170.15
2	The Store in Futian COCO PARK	May 15, 2010	10,679,340.69	16,417.13
3	The Store in Shenzhen UpperHills	January 18, 2018	9,505,693.11	7,131.05
4	The Store in Suzhou Center Mall	November 11, 2017	9,403,568.08	8,479.32
5	The Store in Beijing Jinyuan Yansha Mall	August 6, 2012	8,833,086.12	15,104.71
Total	--	--	51,815,794.74	12,696.56

New stores of listed companies

√ Yes □ No

Name of stores	Address of stores	Opening time	Contract area (m2)	Investment amount (RMB)	Product Category	Business type	Business model	Property ownership status	Number of stores
Direct-sale stores of Purcotton	East China	2020	2,353.73	18,324,738.57	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	7
Direct-sale stores of Purcotton	South China	2020	2,704.12	17,717,058.71	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	6
Direct-sale stores of Purcotton	Southwest China	2020	1,936.38	11,338,682.17	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	5

Direct-sale stores of Purcotton	Central China	2020	1,430.34	10,479,048.83	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	4
Direct-sale stores of Purcotton	Northeast China	2020	769.00	5,484,303.24	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	3
Direct-sale stores of Purcotton	Northwest China	2020	614.14	3,625,600.14	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	2
Direct-sale stores of Purcotton	North China	2020	140.00	934,885.29	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	1
Purcotton franchises	Central China	2020	211.00	578,584.43	Healthy consumer goods	Retail	Franchisees	Franchisee leasing	1
Purcotton franchises	Northwest China	2020	945.62	2,360,263.91	Healthy consumer goods	Retail	Franchisees	Franchisee leasing	3
Purcotton franchises	Southwest China	2020	191.40	555,438.48	Healthy consumer goods	Retail	Franchisees	Franchisee leasing	1
Total			11,295.73	71,398,603.77					33

Does the Company disclose the information on Top 5 franchises

Yes No

(3) Is the Company's revenue from physical sales greater than that from labor services

Yes No

Classification of sectors	Item	Unit	2020	2019	Year-on-year increase/decrease
Medical consumables - gauze	Sales volume	ton	6,104.92	6,865.84	-11.08%
	Output	ton	6,263.58	7,351.34	-14.80%
	Inventory	ton	875.78	717.12	22.12%
Medical consumables - cotton	Sales volume	ton	3,405.98	3,584.59	-4.98%
	Output	ton	3,498.68	3,821.24	-8.44%
	Inventory	ton	552.03	459.33	20.18%
Medical consumables -	Sales volume	'0,000 pieces	338,900.27	41,023.65	726.11%

masks	Output	'0,000 pieces	360,134.89	47,506.3	658.08%
	Inventory	'0,000 pieces	28,713.66	7,479.04	283.92%
Medical consumables - protective clothing	Sales volume	'0,000 suits	972.46	188.78	415.13%
	Output	'0,000 suits	1,029.43	184.79	457.07%
	Inventory	'0,000 suits	58.52	1.55	3,666.25%
Medical consumables - surgical gowns	Sales volume	'0,000 suits	1,984.47	461.39	330.11%
	Output	'0,000 suits	2,073.64	488.65	324.36%
	Inventory	'0,000 suits	120.34	31.17	286.08%
Medical consumables - medical combo kits	Sales volume	'0,000 kits	2,964.26	3,735.98	-20.66%
	Output	'0,000 kits	2,940.51	3,942.48	-25.41%
	Inventory	'0,000 kits	253.93	277.69	-8.55%
Healthy living consumer products - cotton tissues	Sales volume	'0,000 kits	17,466.21	13,528.66	29.11%
	Output	'0,000 kits	16,522.28	17,854.54	-7.46%
	Inventory	'0,000 kits	5,668.11	6,612.04	-14.28%
Healthy living consumer products - menstrual pads	Sales volume	'0,000 pieces	56,676.09	39,434.35	43.72%
	Output	'0,000 pieces	64,540.95	40,888.57	57.85%
	Inventory	'0,000 pieces	21,001.83	13,136.97	59.87%
Cotton spun lace non-woven fabric	Sales volume	ton	5,496.68	7,532.47	-27.03%
	Output	ton	5,449.27	7,268.61	-25.03%
	Inventory	ton	233.06	280.47	-16.90%

Reasons for a YoY change of 30% or above in relevant data

√Applicable □ Not applicable

(1) Sales, output and inventory of medical consumables (including masks, protective clothing, surgical gowns) have increased significantly mainly due to the impact of the epidemic; and to meet the increase in demands, the Company has expand its production capacity, and increased the output and stock inventory. There are no significant changes in medical consumables related to gauze, cotton and medical combo kits, mainly because that, suffered from the COVID-19 pandemic, hospitals around the world have seen a sharp decrease in outpatient visits and surgeries except for COVID-19 patients.

(2) The sales, output and inventory of menstrual pads under healthy living consumer product increased dramatically. It is mainly because that, during the reporting period, Nice Princess, a brand of menstrual pads, kept on introducing new products during the reporting period, successively launching series of products (such as antibacterial menstrual pads, gauze menstrual pads, tampons and teen pads) to diversify its products and meet the needs of different consumers; moreover, it set off new trends in fabric technology. In terms of marketing strategies, Nice Princess started to deploy the campus market during the reporting period, and carried out campus promotion throughout the year to create campus-exclusive products, gradually penetrating and supplementing the range of the population. At the same time, it kept on expanding its channel map, entering top national hypermarkets such as Yonghui Superstores, increasing its offline shares, continuing to develop its own stores, and using applets to connect online and offline channels in order to implement new retail business models.

(3) There are no significant changes in the output, sales and inventory of 100% cotton spunlace nonwoven fabrics. It should be noted that a small portion of the Company's 100% cotton spunlace nonwoven fabrics are used for direct sales to the public, and the vast majority of them are for self-use purposes, which are mainly used in the manufacturing of nonwoven consumer products in the category of healthy living consumer products. The

above table shows the sales, output and inventory of 100% cotton spunlace nonwoven fabrics only sold to the public, excluding the part for own use.

(4) Performance of significant sales contracts entered into by the Company up to the current reporting period

√Applicable □ Not applicable

Name of the Company to the contract	Name of the other party to the contract	Total contract amount	Progress of contract performance	Amount of sales revenue recognized during the reporting period	Cumulative amount of sales revenue recognized	Collection status of accounts receivable	Any significant change in the conditions that may affect the performance of major contracts	Any significant risk that may hamper the performance of contracts
Winner Medical Co., Ltd.	Customer I	USD 195.609864 million	100.00%	USD 195.609864 million (RMB 1,367.8924 million)	USD 195.609864 million (RMB 1,367.8924 million)	As of the date of the financial statements, all payments have been collected.	No	No
Winner Medical Co., Ltd.	Customer II	USD 117.00 million	61.81%	USD 72.3121 million (RMB 503.51984 million)	USD 72.3121 million (RMB 503.51984 million)	As of the date of the auditor's report, all amounts recognized as sales revenues have been collected with some advance receipts.	No	No
Winner Medical Co., Ltd.	Customer III	USD 115.23 million	57.56%	USD 66.3315 million (RMB 462.3954 million)	USD 66.3315 million (RMB 462.3954 million)	As of the date of the auditor's report, all amounts recognized as sales revenues have been collected with some advance receipts.	No	No

(5) Composition of cost

Classification of sectors and products

Unit: yuan

Classification of sectors	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in cost	Amount	Proportion in cost	
Medical consumables	Direct material cost	2,706,864,141.05	82.54%	515,256,812.50	69.63%	425.34%

Medical consumables	Direct labor cost	318,244,837.14	9.70%	126,036,604.92	17.03%	152.50%
Medical consumables	Manufacturing cost	254,196,615.66	7.76%	98,730,583.60	13.34%	157.46%
Subtotal of medical consumables		3,279,305,593.85	100.00%	740,024,001.02	100.00%	343.14%
Healthy consumer goods	Direct material cost	1,120,006,275.88	71.07%	867,760,541.48	69.88%	29.07%
Healthy consumer goods	Direct labor cost	176,676,326.91	11.21%	159,640,983.71	12.86%	10.67%
Healthy consumer goods	Manufacturing cost	279,165,672.03	17.72%	214,343,134.32	17.26%	30.24%
Subtotal of healthy living consumer products		1,575,848,274.82	100.00%	1,241,744,659.51	100.00%	26.91%
Cotton spun lace non-woven fabric	Direct material cost	122,395,322.42	77.53%	155,193,951.89	79.39%	-21.13%
Cotton spun lace non-woven fabric	Direct labor cost	11,115,431.40	7.04%	11,859,275.04	6.07%	-6.27%
Cotton spun lace non-woven fabric	Manufacturing cost	24,367,546.28	15.43%	28,424,162.48	14.54%	-14.27%
Subtotal of 100% cotton spunlace nonwoven fabrics		157,878,300.10	100.00%	195,477,389.41	100.00%	-19.23%
Other businesses		57,390,132.99		34,680,485.12		65.48%
Total		5,070,422,301.76		2,211,926,535.06		129.23%

Unit: yuan

Classification of products	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in cost	Amount	Proportion in cost	
Medical consumables	Traditional wound care products	342,069,897.28	6.75%	359,858,750.23	16.27%	-4.94%
Medical consumables	Advanced wound care products	42,459,087.13	0.84%	40,793,177.69	1.84%	4.08%
Medical consumables	OR infection control products	394,497,062.26	7.78%	151,778,891.11	6.86%	159.92%
Medical consumables	Disease prevention and control products	2,283,582,659.33	45.04%	88,324,036.30	3.99%	2,485.46%

Medical consumables	Disinfection & cleaning products	216,696,887.85	4.27%	99,269,145.69	4.49%	118.29%
Subtotal of medical consumables		3,279,305,593.85	64.68%	740,024,001.02	33.45%	343.14%
Healthy living consumer products - nonwoven	Cotton tissues	444,752,822.23	8.77%	444,136,771.51	20.08%	0.14%
Healthy living consumer products - nonwoven	Sanitary pads	136,141,753.72	2.69%	95,411,535.19	4.31%	42.69%
Healthy living consumer products - nonwoven	Wet wipes	91,292,475.29	1.80%	99,106,190.50	4.48%	-7.88%
Healthy living consumer products - nonwoven	Other non-woven consumer goods	302,306,309.87	5.96%	110,768,879.14	5.01%	172.92%
Healthy living consumer products - textile products	Baby supplies	136,114,444.45	2.68%	120,423,283.55	5.44%	13.03%
Healthy living consumer products - textile products	Baby clothing	165,433,346.32	3.26%	129,266,952.84	5.84%	27.98%
Healthy living consumer products - textile products	Adult clothing	182,699,935.40	3.60%	136,718,731.76	6.18%	33.63%
Healthy living consumer products - textile products	Other textile consumer goods	117,107,187.55	2.31%	105,912,315.02	4.79%	10.57%
Subtotal of healthy living consumer products		1,575,848,274.82	31.08%	1,241,744,659.51	56.13%	26.91%
Cotton spun lace non-woven fabric	Cotton spun lace non-woven fabric	157,878,300.10	3.11%	195,477,389.41	8.84%	-19.23%
Other businesses		57,390,132.99	1.13%	34,680,485.12	1.58%	65.48%
Total		5,070,422,301.76	100.00%	2,211,926,535.06	100.00%	129.23%

Description

NA

(6) Any change in the scope of consolidation during the reporting period√ Yes No

Shenzhen PurCotton Technology Co., Ltd. , a subsidiary of the Company, invested RMB 6 million to establish Huanggang Shenzhen PurCotton Technology Co., Ltd. on September 27, 2020. Apart from this, there was no other change in the scope of consolidation.

(7) Significant changes or adjustments in the Company's business, products or services during the reporting period Applicable Not applicable**(8) Major customers and major suppliers**

The Company's major customers

Total sales amount of the Top 5 customers (Rmb)	3,734,065,627.48
Proportion of Top 5 customers' combined sales amount in total annual sales	29.79%
Proportion of related party sales in the total annual sales of the Top 5 customers	0.00%

Information on the Company's Top 5 customers

S/N	Name of customer	Sales (Rmb)	Proportion in total annual sales
1	First	1,367,892,355.26	10.91%
2	Second	755,281,050.17	6.03%
3	Third	692,949,253.41	5.53%
4	Fourth	462,395,379.23	3.69%
5	Fifth	455,547,589.41	3.63%
Total	--	3,734,065,627.48	29.79%

Other description of major customers

 Applicable Not applicable

The Company's major suppliers

Total purchase amount of the Top 5 suppliers (Rmb)	1,106,596,430.89
Proportion of Top 5 suppliers' combined purchase amount in total annual purchase	23.51%
Proportion of related party purchases in the total annual purchases of the Top 5 suppliers	0.00%

Information on the Company's Top 5 suppliers

S/N	Name of supplier	Purchase amount (Rmb)	Proportion in total annual purchases
1	First	464,218,474.97	9.86%

2	Second	210,536,175.60	4.47%
3	Third	173,046,431.56	3.68%
4	Fourth	132,442,089.17	2.81%
5	Fifth	126,353,259.59	2.68%
Total	--	1,106,596,430.89	23.51%

Other description of major supplier

Applicable Not applicable

3. Fees

Unit: yuan

	2020	2019	Year-on-year increase/decrease	Description of significant changes
Sales expenses	1,575,163,912.49	1,355,767,449.04	16.18%	There is no significant change, which is mainly due to the first-time application of the new revenue standard and the assignment of freight costs of RMB 306,580,400 to cost of sales
Administrative expenses	436,965,446.22	197,456,021.51	121.30%	This is mainly due to the increase in sales and management costs.
Financial expenses	218,640,968.32	6,198,700.74	3,427.21%	This is mainly due to the significant growth of overseas sales and increase in foreign currency exchange loss.
R&D expenses	411,383,173.80	155,193,227.21	165.08%	This is mainly due to the significant increase in investment in research and development by the Company during the reporting period.

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

	2020	2019	Year-on-year increase/decrease	Description of significant changes
Sales expenses				
Employee compensation	397,499,114.63	332,127,465.49	19.68%	No major changes
Freight	0.00	196,498,073.03	-100.00%	This is mainly due to the impact of changes in the new revenue standards.
Travel expenses	8,983,106.15	10,484,575.41	-14.32%	No major changes
Office communication costs	15,438,257.66	7,250,547.58	112.93%	This is mainly due to the growth in business volume.

Sales commission	285,232,187.12	108,043,777.92	164.00%	This is mainly due to the growth in business volume.
Insurance premiums	7,140,391.33	3,574,782.66	99.74%	This is mainly due to the increase in property insurance and product liability insurance.
Depreciation and amortization	92,468,599.20	52,988,533.78	74.51%	This is mainly due to the increase in healthy living consumer product store upgrades and losses from some store closings.
Advertising and promotion expenses	372,944,041.90	268,623,712.41	38.84%	This is mainly due to the increase in advertising and promotion expenses for Purcotton consumer products on third-party platforms.
Rent	294,980,913.63	316,591,949.73	-6.83%	No major changes
Material consumption	11,464,378.72	9,795,929.74	17.03%	No major changes
Water/electricity fee	9,181,005.97	9,896,052.66	-7.23%	No major changes
Service fees	9,840,472.61	377,528.78	2506.55%	This is mainly due to the increase in consulting fees.
Other	69,991,443.57	39,514,519.85	77.13%	This is mainly due to the increase in other expenses related to sales activities.
Total	1,575,163,912.49	1,355,767,449.04	16.18%	The increase in selling expenses was significantly lower than that in sales, mainly due to the first-time application of the new revenue standard and the adjustment of freight costs to cost of sales.

4. Other information required by the disclosure guidelines for textile and apparel-related sectors

(1) Production capacity

The Company's own production capacity

	Current reporting period	Same period last year
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More than 10% Yo Y change in production capacity utilization rate

Yes No

Business category	Product Category	Unit	2020			2019			Percentage of change in production	Change reason description
			Production capacity	Output	Production capability	Production capacity	Output	Production capability		

					utilization rate			utilization rate	capacity utilization rate	
Medical consumables	Gauze	ton	9,693.52	6,226.67	64.24%	12,251.74	7,351.34	60.00%	4.24%	No major changes
	Cotton	ton	1,895.40	1,243.40	65.60%	1,895.40	1,789.30	94.40%	-28.80%	This is mainly due to insufficient production caused by the impact of the epidemic on production.
	Mask	'0,000 pieces	298,925.00	294,683.00	98.58%	54,218.00	47,506.30	87.62%	10.96%	This is mainly due to the impact of the epidemic which leading the Company to increase the investment in production capacity as well as the demands and output.
	Protective clothing	'0,000 suits	936.00	932.36	99.61%	13.87	13.87	100%	-0.39%	No major changes
	Surgical gowns	'0,000 suits	2,250.00	2,042.14	90.76%	505.00	468.71	92.81%	-2.05%	No major changes
	Medical combo kits	'0,000 kits	3,576.00	2,940.51	82.23%	4,320.00	3,942.48	91.26%	-9.03%	No major changes
Healthy consumer goods	Cotton tissues	'0,000 kits	28,407.10	16,522.28	58.16%	20,417.98	17,854.54	87.45%	-29.29%	This is mainly due to the new production capacity officially put into operation in 2020, and insufficient production caused by the impact of the epidemic on output.
	Sanitary pads	'0,000 pieces	50,079.74	37,435.52	74.75%	34,777.60	28,329.29	81.46%	-6.71%	No major changes

Cotton spun lace non-woven fabric	Cotton spun lace non-woven fabric	ton	48,179.71	35,710.09	74.12%	29,231.19	26,119.37	89.35%	-15.23%	This is mainly due to the new production capacity officially put into operation in 2020, and insufficient production caused by the impact of the epidemic on output.
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Note: The capacity and production in this table are based on the statistics of self-produced capacity and output, while the output in the Sales-output Ratio Table includes self-produced and purchased outputs, where the output of menstrual pads under “healthy living consumer product” is lower than that in the Sales-output Ratio Table, which is mainly due to the outsourced processing of some models of menstrual pads. Additionally, the output of 100% cotton spunlace nonwoven fabrics is the total output, including the output for direct external sales and that for self-consumption.

Is there overseas production capacity?

Yes No

(2) Sales model and channels

Sales channels and actual operation of products

The Company’s healthy living consumer products and 100% cotton spunlace nonwoven fabrics are involved in textile and apparel industries. The sales channels for healthy living consumer products include e-commerce, direct chains and supermarkets, key accounts and franchisees; while the sales channel of 100% cotton spunlace nonwoven fabrics is direct selling.

Unit: yuan

Sales channels	Revenue	Cost	Gross profit margin	Year-on-year increase/decrease of Revenue	Increase or decrease in cost over the same period of the previous year	Year-on-year increase/decrease of Gross profit margin
Online sales	2,338,150,522.38	1,157,335,860.30	50.50%	664,502,338.68	385,688,358.99	-3.39%
Direct selling	951,124,341.09	335,856,731.53	64.69%	-211,230,977.53	-73,174,992.43	-0.12%
Franchising	3,721,496.47	2,128,355.47	42.81%	3,721,496.47	2,128,355.47	42.81%
Distribution	0.00	0.00	0.00%	0.00	0.00	0.00%
Supermarket channels	134,302,951.18	45,314,023.05	66.26%	30,276,319.83	9,519,033.31	0.67%
Key Client	89,762,426.94	35,213,304.47	60.77%	21,891,487.40	9,942,859.97	-2.00%
Subtotal of healthy living consumer product	3,517,061,738.06	1,575,848,274.82	55.19%	509,160,664.85	334,103,615.31	-3.52%
Direct selling	236,563,201.01	157,878,300.10	33.26%	-55,638,834.30	-37,599,089.31	0.16%
Subtotal of 100% cotton spunlace nonwoven fabrics	236,563,201.01	157,878,300.10	33.26%	-55,638,834.30	-37,599,089.31	0.16%

Reasons for change

The Company only has healthy living consumer products and 100% cotton spunlace nonwoven fabrics involved in textile and apparel industry, so the above-mentioned operating revenues and cost generated through channels are not equal to the total operating revenues and cost. In 2020, except for the new franchise sales channel (the channel sales and gross profit margin for the same period last year were 0), the gross profit margin of all other channels changed within 5%, without significant changes.

(3) Franchising and distribution

The proportion of franchisees and distributors' sales revenues exceeds 30%

Yes No

Top 5 franchisees

S/N	Name of franchisee	Time of cooperation	A related party or not	Total sales (Rmb)	Level of franchisee
1	First	May 1, 2020	No	2,058,519.63	The Stores in Lhasa Shenli Times Square/Xining Wangfujing Daxiangcheng
2	Second	June 12, 2020	No	985,139.10	The store in Yinchuan CCPark
3	Third	November 9, 2020	No	554,981.77	The Store in Hengyang Shanshan Outlets
4	Fourth	December 24, 2020	No	122,855.97	The Store in Dujiangyan IMIX Park
Total	--	--	--	3,721,496.47	--

Top 5 distributors

S/N	Name of franchisee	Time of cooperation	A related party or not	Total sales (Rmb)
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(4) Online sales

The proportion of online sales in sales revenues exceeds more than 30%

Yes No

Is there a self-built sales platform?

Yes No

Operation starting time	January 6, 2014
Number of registered users	12,760,000
Average number of monthly active users	2,470,000

Does it work with a third-party sales platform?

Yes No

Unit: yuan

Name of platform	Transaction amount during the reporting period	Payment to the platform	Return rate
Taobao (healthy living consumer products)	1,345,436,808.05	184,091,776.88	0.88%
Jingdong (healthy living consumer products)	432,476,052.46	25,010,805.94	0.40%
Amazon (medical consumables)	99,113,909.43	17,177,371.97	1.60%
Vipshop (healthy living consumer products)	50,211,803.73	3,037,375.63	1.30%

Opening or closing online sales channels by the Company

Applicable Not applicable

Description of the impact on the current and future development of the Company

Not applicable.

(5) Agency operation

Does it adopt agency operation?

Yes No

(6) Inventory

Inventory

Main products	Inventory turnover in days	Inventory balance	Yo Y increase/decrease in inventory balance	Reasons
Medical consumables	37	471,660,832.68	305,040,135.91	Affected by the COVID-19 pandemic, the sales structure of the Company changed significantly in 2020: the inventory of medical products increased and that of healthy living consumer products decreased.
Healthy consumer goods	214	690,382,305.65	-100,475,394.67	Affected by the COVID-19 pandemic, the sales structure of the Company changed significantly in 2020: the inventory of medical products increased and that of healthy living consumer products decreased.
Cotton spun lace non-woven fabric	107	54,443,801.88	19,511,025.11	Affected by the COVID-19 pandemic in 2020, the external sales of 100% cotton spunlace nonwoven fabrics decreased, and due to the SoP of new production lines, the output, along with the inventory quantity and amount, increased.
Overall	91	1,216,486,940.21	224,075,766.35	

Provision accrual for inventory depreciation

Product Category	Provision for inventory depreciation	Proportion of provision for depreciation	Net value of inventories	Original value of inventories	Inventory age			
					Within 1 year	1~2 years	2~3 years	3 years or above
Medical consumables	18,363,480.52	3.75%	471,660,832.68	490,024,313.20	483,617,669.97	5,121,737.89	748,093.71	536,811.63
Healthy consumer goods	128,071,760.96	15.65%	690,382,305.65	818,454,066.61	746,813,333.88	59,864,887.44	9,835,863.38	3,414,285.13
Cotton spun lace non-woven fabric	2,851,521.34	4.98%	54,443,801.88	57,295,323.22	57,286,885.30	3,094.26	1,211.26	4,132.40
Total	149,286,762.82	10.93%	1,216,486,940.21	1,365,773,703.03	1,287,717,889.15	64,989,719.59	10,585,168.35	3,955,229.17

For the Company's inventories, the original values of medical consumables, healthy living consumer products and 100% cotton spunlace nonwoven fabrics accounted for 31.52%, 59.93% and 8.54%, respectively. In terms of healthy living consumer products, its brand Purcotton has textile products (such as clothing and apparel with strong seasonality) and nonwoven products (which require continuous innovation and upgrading). In the meantime, affected by the COVID-19 pandemic in 2020, the global retail market suffered serious decline, which had a great impact on the sales of Purcotton's products, leading to an increase in the inventory stagnation risk. Therefore, the proportion of provision accrual for inventory depreciation of healthy living consumer products is higher than that of the other two sectors. Compared to its competitors in the textile and apparel industry, the Company's proportion of provision accrual remained at a medium level.

Inventory information of end channels such as franchises or distributors

Purcotton, a brand of the Company's healthy living consumer products, started franchises in 2020. Its business model requires franchisees to be responsible for the construction and daily operation of stores while Purcotton providing goods and supply chain supports. After the sales of goods, Purcotton and franchisees realize their respective benefits through sharing. The ownership of the franchisee's inventory belongs to Purcotton, and as of December 31, 2020, the inventory balance of five franchisees were RMB 3.4943 million.

(7) Brand building

Whether the company is involved in the production and sales of branded clothing, apparel and home textile products

Yes No

Private brand

Brand name	Trademark name	Main product types	Features	Target customers	Main product price bands	Main market territory	Level of cities
Purcotton	Purcotton	Cotton tissues	Made of 100% high-quality natural cotton without fluorescent whitening agent;	All-age customer base	RMB 5-30 /pack (100 pieces)	Nationwide	Second- and third-tier cities and above

			mild and non-irritating; meeting the daily needs of consumers				
Purcotton	Nice Princess	Sanitary pads	100% cotton surface layer (surface layer, spacer, sanitary wing surface layer)	Female population at appropriate ages	RMB 1.99-3.99 /piece	Nationwide	Second- and third-tier cities and above
Purcotton	BBNice	Cotton diapers	100% cotton surface layer; unique in the market; made from natural cotton; 2mm ultra-thin core with 28 times ultra-high absorption capacity	Parental population	RMB 3.32-4.14 /piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Wet wipes	100% cotton material; soft and non-slippery; gentle and non-irritating	All-age customer base	RMB 20-40 /pack	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Baby products/clothing	100% cotton material without fluorescent nor formaldehyde; the unique gauze fabric to provide more comfortable care	Expecting mothers, newborns, babies, toddlers	RMB 100-400 /piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Adult clothing / intimate apparel	100% cotton material; high-quality cotton without fluorescent nor formaldehyde; soft to the touch; the unique gauze	adults at appropriate ages	Outwear: RMB 200-600 /piece; home wear: RMB 200-500 /piece; thermal underwear: RMB 100-500 /piece; socks: RMB	Nationwide	Second- and third-tier cities and above

			fabrics to provide more comfortable care		20-80 /pair		
Purcotton	Purcotton	Bedding, toiletries	100% cotton material; high-quality cotton without fluorescent nor formaldehyde; soft to the touch; the unique gauze fabrics to provide more comfortable care	Expecting mothers, newborns, babies, toddlers and adult customer base	Baby bedding: RMB 200-500 /set; toddler bedding: RMB 300-800 /set; adult bedding: RMB 500-2000 /set; bathroom supplies: RMB 50-200 /piece	Nationwide	Second- and third-tier cities and above

Partner brands

Brand name	Trademark name	Main product types	Features	Target customers	Main product price bands	Main market territory	Level of cities	Brand and trademark rights ownership	Partner name	Cooperation mode	Cooperation period
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Licensed brand

Brand name	Trademark name	Main product types	Features	Target customers	Main product price bands	Main market territory	Level of cities	Licensor	License period	Exclusive license or not
Purcotton, Sanrio	Purcotton, Sanrio characters	Cotton tissue, baby clothing, underwear and loungewear	The product is made from 100% cotton material and designed with HELLO KITTY cartoon image	All-age customer base	RMB 5-300 /piece	Nationwide	Second- and third-tier cities and above	KT Licensing (Shanghai) Co., Ltd.	January 1, 2020 - December 31, 2021	No

Marketing and operation of each brand during the reporting period

In terms of brand promotion, Purcotton integrates online and offline resources, and continues to deliver its brand positioning of “close medical science with 100% cotton care” and brand vision of “purcotton changes the world” by means of brand tour, spokespersons, artist cooperation, social media recommendations and live commerce. This could realize brand marketing and cotton culture promotion through the popularization of cotton lifestyle, so that the overall message of the brand is more fleshed out. At the same time, the core business principles of quality over profit, brand over speed, and social value over corporate value and their conscientious practice have also enabled the brand to gain the trust of many consumers.



During the reporting period, the Company launched the New Year gift box for the first time, and worked with Mr. Yan Yikuan and his wife to shoot videos and print ads. It invited artists to attend live commerce (Ms. Song Yi), and worked with KOL at the same time to recommend products in all directions, so as to expand dissemination and accumulate reputation. On World Earth Day, the Company worked with “LOHAS” to deeply interpret the brand’s sustainable eco-friendly concept, and simultaneously started the national theme tour of Purcotton, tilted “Cotton·Nature·Human”, which was included in 422 special marketing cases by DIGITALING. During the parent-child festival, it worked with “OK! Baby” and Ms. Chen Ran closely on lifestyle print ads, delivering the attitude towards brand life. On “8.18 Members’ Day” (#Enjoy times with you#), through music and young customer interaction, the Company invited Dong Youlin to perform the brand theme song “Cotton”, and held offline concerts and online KTV contest. The project won the Economic Observer’s 2019-2020 Best Content Marketing Award, and the 8th Meihua Innovation Awards for Best Social Media Marketing Innovation. At the same time, the brand spokesperson project was launched during the reporting period. The first female spokesperson of the brand, Ms. Tong Yao, was introduced and invited for field visit in the factory, and showed the whole process through live broadcast, presenting the medical-grade production environment, eco-friendly and sustainable raw materials and production processes to consumers. As of the end of the reporting period, the number of Purcotton users has exceeded 25 million, including 12.76 million registered members of its private platforms (5.76 million store registered members, and over 7 million registered members of its official website and Wechat mini programs).



Cases involved in trademark ownership disputes

Applicable Not applicable

(8) Others

Whether the Company is engaged in apparel design-related business

Yes No

The number of fashion designers in the Company	31	The number of contracted fashion designers	1
The operation of the built designer platform	Construction of PLM and 3D design platform were started in the second half of 2020 and would be put into operation in spring and summer of 2022.		

Did the company hold an order meeting?

Yes No

5. R&D investment

Applicable Not applicable

1. Overview

During the reporting period, the Company continued to increase R&D investment, enrich and continuously introduce products, and make breakthroughs especially in the fields of infection control, disease prevention and control, high-end dressings, digital intelligence and equipment automation, etc.

In 2020, the Company, on the basis of self-developed 100% cotton spunlace nonwoven fabrics, further invested in and re-developed products in terms

of surgical gowns, medical protective clothing, isolation gowns, medical masks, and other infection control and disease control protective products, which not only dealt with extremely short supply of PP protective materials during the epidemic period, but also improved the breathability and comfort of infection control and protective products, providing safe and eco-friendly products.

In 2020, the Company continuously optimized and improved its high-end wet dressing product line, covering different stages of wound healing, such as products related to exudate management, infection control, healing promotion and scar repair. According to global industry research reports, foam dressings are still the largest product category of high-end wet dressings at present and in the future, while bioactive dressings such as collagen and growth factors are the future development trends of the industry. The company will increase its R&D investments in these fields. At the same time, the Company will continue to increase the R&D investment in and upgrade iterations of core basic materials to realize one generation of production, one generation of research and development and one generation of reserves, so as to maintain market competitiveness of products.

In addition, Purcotton has continued to strengthen independent R&D and application research. In terms of textile products, the Company strictly follows and implements the guidelines of “low cost for high-end products and high costs for precision products”. This helps realize the development and innovation of the entire chain from new spinning technology, weaving, to product molding and functional products. The Company is committed to making more R&D investments to enhance the value of the brand, entering the unmanned area of gauze basic fabric research, improving the differentiation of 100% cotton spunlace nonwoven fabrics, and striving to achieve cutting-edge technologies and forward-looking R&D reserves in smart wear and full molding. In the field of nonwoven fast-moving consumer goods, during the epidemic period, antibacterial and disinfection series of products were quickly developed and launched, completing the multi-dimensional technology and product patent deployment.

By the end of the reporting period, the Company has obtained 38 invention patents, 412 utility model patents and 220 design patents in China; 56 invention patents and 5 utility model patents outside China; among them, 117 utility model patents, 9 design patents and 8 invention patent certificates were obtained in 2020.

2. Main project information in 2020

Medical consumables:		
S/N	Name of R&D projects	Stages
01	RFID electronic gauze and detection system	R&D
02	Development of antimicrobial wound dressing	Registration
03	Development of reusable wipes made from amplitude resistant composite materials for interventional radiology	R&D
04	R&D of highly absorbent fiber dressings	R&D
05	Independent R&D and application of masks with comfort soft ear loops	Launched
06	R&D of N95 protective mask with high protection level	Launched
07	Independent R&D and application of face mask vending machine	Launched
08	Integrated polyurethane foam molding project	Launched
09	Silicone gel series for scar treatment	Registration
10	R&D and application of surgical gowns and wipes made from PC-BVB materials	R&D
11	R&D and application of positive-pressure inflatable protective clothing	R&D
12	Independent R&D and application of high-efficiency, low-resistance masks (cup shaped)	R&D
13	Independent R&D and application of antibacterial masks	R&D
14	R&D and application of high-performance PC laminated surgical protective gowns	Launched
15	Fully protective, highly breathable protective clothing	Launched
16	R&D of high-efficiency and low-resistance water injection electrode meltblown cloth	Launched
17	Development of non-porous waterproof- and vapor-permeable composites and their application to high-level surgical gowns	R&D
18	Development of WHO-recommended hand disinfection products	Launched
19	Development project of low-cost dyeing medical protective materials	Launched

20	Development and application project of triple resistance fabric technology for surgical gowns made from 100% cotton spunlace nonwoven fabrics	Launched
21	R&D project of N95 mask automatic vending machine	Launched
Healthy living consumer products:		
S/N	Project name	Stages
01	Development of preservative-free multi-piece wet wipes	Launched
02	Development of one-piece and super multi-layered woven gauze and products	Launched
03	Development of interesting intelligent light-sensitive, temperature-sensitive and bacteria-sensitive coloring textile	R&D
04	Development of hyaluronic acid skin care fabric and intimate apparel products	Launched
05	Research on the key technology of 100% cotton gauze quilt for comfortable sleeping temperature (cooperation with Soochow University)	R&D
06	R&D and application of deodorization technology for cotton fiber recombination and reformulation	R&D
07	Development of functional cotton fabrics with modified heat generation	R&D
08	Technology and product development of zero-emission atomizing watered gauze	R&D
09	Flexible and wearable intelligent, temperature-sensitive baby products	R&D
10	Development of reverse low-twisted Siropun soft gauze and super-soft products	Launched

The amount of R&D investment and the proportion of operating revenues in the past three years

	2020	2019	2018
Number of R&D personnel (people)	1,213	946	830
Proportion of R&D personnel	9.79%	10.57%	10.00%
R&D investment amount (RMB)	411,383,173.80	155,193,227.21	116,563,955.27
Proportion of R&D investment in operating revenues	3.28%	3.39%	3.04%
Capitalized amount of R&D expenditure (RMB)	0.00	0.00	0.00
Proportion of capitalized R&D expenditure in R&D investment	0.00%	0.00%	0.00%
Proportion of capitalized R&D expenditure in current net profit	0.00%	0.00%	0.00%

Reasons for significant changes in the proportion of total R&D investment in operating revenue compared to the previous year

Applicable Not applicable

Reasons for significant changes in capitalization rate of R&D investment and its reasonable explanation

Applicable Not applicable

Companies are required to comply with the disclosure requirements of “Guidelines of Shenzhen Stock Exchange on Information Disclosure by Growth Enterprises Market No. 10: Listed Companies Engaged in Medical Device Business”

Information on medical device products

Applicable Not applicable

(I) Statistics on the number of registration certificates for medical devices

Statistics on the number of domestic product registration certificate				
Registration Categories	Opening balance	Number of additions	Number of failures	Closing balance
Class 1	36	7	1	42
Category II	57	4	2	59
Category III	0	1	0	1
Total	93	12	3	102

(II) Medical devices in the registration application process during the reporting period

1. Domestic products

S/N	Name of certificates	Applicant	Registration categories	Scope of application	Registration stages	Progress
1	Medical disposable protective clothing	Winner Medical Co., Ltd.	II	It provides barriers for and keeps medical staff away from contacting potentially infectious patient blood, body fluids, secretions, and airborne particulate matter at work.	Technical review	In progress
2	Disposable catheterization kit	Winner Medical (Chongyang) Co., Ltd.	II	It is a disposable product for staff of medical departments to perform catheterization.	Technical review	In progress
3	Disposable oral cavity kit	Winner Medical (Chongyang) Co., Ltd.	II	It is a disposable product for dental staff to perform clinical examination, care and surgery on the human oral cavity.	Technical review	In progress
4	Disposable sterile-care pack	Winner Medical (Chongyang) Co., Ltd.	II	It is a disposable product for staff in medical units to perform daily care.	Technical review	In progress
5	Medical disposable protective clothing	Winner Medical (Chongyang) Co., Ltd.	II	It provides barriers for and keeps medical staff away from contacting potentially infectious patient blood, body fluids, secretions, and airborne particulate matter at work.	Distribution and supplementary	In progress
6	Disposable surgical gowns	Winner Medical (Chongyang) Co., Ltd.	II	Standard surgical gowns: It is applicable to operations where the patient is known to have no infectious virus in the blood. High-performance surgical gowns: It is applicable to a surgery where there is known infectious virus in the blood of the patient or it is unknown whether there is an infectious virus in the blood during emergency rescue.	Technical review	In progress
7	Gauze balls	Winner Medical (Chongyang) Co., Ltd.	II	It is a disposable product for staff in medical units to perform medical and surgical procedures, local wound cleaning, and hemostasis.	Administrative approval	In progress
8	Gauze strips	Winner Medical	II	It is used in clinical operations for filling, protection,	Distribution and	In progress

		(Huanggang) Co., Ltd.		hemostasis and aspiration and drainage.	supplementary	
9	Medical gauze pads	Winner Medical (Huanggang) Co., Ltd.	II	It is a disposable product for staff in medical units to perform surgery and wound care.	Administrative approval	In progress
10	Disposable surgical caps	Winner Medical (Huanggang) Co., Ltd.	II	It is a disposable product for staff in medical units to perform surgeries.	Distribution and supplementary	In progress
11	Medical protective face mask	Winner Medical (Huanggang) Co., Ltd.	II	It is used for filtering airborne particles, and blocking droplets, blood, body fluids and secretions in medical work environment.	Distribution and supplementary	In progress
12	100% cotton nonwoven surgical dressing	Winner Medical (Huanggang) Co., Ltd.	II	It is for cleaning, wound protection, moisture absorption and protection of organs in the process of clinical treatment.	Distribution and supplementary	In progress
13	Medical gauze pads	Winner Medical (Jing men) Co., Ltd.	II	It is a disposable product for staff in medical units to perform surgery and wound care, and used to absorb body exudate and wound exudate during surgeries. The product should be used after sterilization.	Technical review	In progress

2. Overseas products

Region	S/N	Certificate No	Name of certificates	Registration categories	Applicant	Product	Registration stages	Progress
CE regions	1	/	EU Type Examination Certificate	FFP2 masks, Category III	Winner Medical	Protective mask WN-N95F GINE	Sample testing stage	Sample testing is under application, and the next phase of technical documentation is being prepared
CE regions	2	/	Module D Certificate	PPE	Winner Medical	Protective mask WN-N95F GINE	Sample testing stage	Sample testing is under application, and the next phase of technical documentation is being prepared

(III) Medical devices obtained certificates during the reporting period

1. Domestic products

S/N	Name of certificates	Registration categories	Certificate owner	Product record number/registration number	Scope of application	Date of issuance	Validity	Registration
1	Self-adhesive silicone foam dressing	II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20202142888	It is a disposable product for covering non-chronic	2/22/2020	2/21/2025	New registration during the reporting period

					wounds on the body surface, and absorbing exudate from wounds.			
2	Surgical gauze dressing	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152140780	It is a disposable product for staff in medical units to perform surgery and wound care.	2/25/2020	2/24/2025	Continuous registration during the reporting period
3	Isolation gowns	I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20200022	It is used in medical institutions outpatient, wards, laboratories, etc. for general isolation.	3/13/2020	/	New filings during the reporting period
4	Medical brain cotton tablets	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152140779	It is a disposable product for staff in medical units to perform brain surgeries.	4/21/2020	4/20/2025	Continuous registration during the reporting period
5	Medical degreasing cotton	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152140778	It is a disposable product for staff in medical units and family members to perform wound debridement care, dip disinfectant, etc.	4/1/2020	3/31/2025	Continuous registration during the reporting period
6	Medical surgical masks	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152140745	It is for clinical staff to wear during invasive operations, providing protection for patients receiving treatment and medical staff performing invasive operations, thus blocking the spread of blood, body	4/21/2020	4/20/2025	Continuous registration during the reporting period

					fluids and splashes.			
7	Negative pressure drainage device	I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20200044	In case of clinical drainage, it is connected with a drainage catheter inserted into the body to act as a negative pressure transmission medium and/or guide and collect drainage fluid.	7/16/2020	/	New filings during the reporting period
8	Medical gauze pads	II	Winner Medical (Jingmen) Co., Ltd.	E Xie Zhu Zhun No. 20202143027	It is a disposable product for staff in medical units to perform surgery and wound care, and used to absorb body exudate and wound exudate during surgeries. The product should be used after sterilization.	7/22/2020	7/21/2025	New registration during the reporting period
9	Medical gauze pads	II	Winner Medical (Tianmen) Co., Ltd.	E Xie Zhu Zhun No. 20202142900	It is a disposable product for staff in medical units to perform surgery and wound care, and used to absorb body exudate and wound exudate during surgeries.	8/28/2020	8/27/2025	New registration during the reporting period
10	Disposable medical protective shoe covers	I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20200055	It is used by medical staff in medical institutions to prevent exposure to potentially infectious patient blood, body fluids, secretions, etc., and act as a barrier and	9/3/2020	/	New filings during the reporting period

					protection.			
11	Medical gauze sheets	II	Winner Medical (Tianmen) Co., Ltd.	E Xie Zhu Zhun No. 20202143066	It is a disposable product for staff in medical units to perform surgery and wound care, and used to absorb body exudate and wound exudate during surgeries.	9/23/2020	9/22/2025	New registration during the reporting period
12	Liquid dressing	I	Winner Medical (Jiayu) Co., Ltd.	E Xianning Xie Bei No. 20200062	It acts as a physical barrier by forming a protective layer on the surface of the wound. It is used for the care of small wounds, abrasions, cuts and other superficial wounds as well as surrounding skin.	10/20/2020		New filings during the reporting period
13	Silicone gel dressing	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152141501	It is used for the dressing of exuding wounds on the body surface.	11/10/2020	11/9/2025	Continuous registration during the reporting period
14	Medical tape	I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20200097	It is used to affix dressings to wounds or to fix other medical devices to specific parts of the body.	11/16/2020	/	New filings during the reporting period
15	Surgical caps	I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20200122	It is for anesthesiologists, itinerant nurses and other staff in operating rooms in order to keep the operating room clean and free from contamination by indoor personnel.	12/18/2020	/	New filings during the reporting period
16	Nursing pads	I	Winner	E Xianning Xie	It is a kind of	12/31/2020	/	New filings during the

			Medical (Jiayu) Co., Ltd.	Bei No. 20190018	hygiene care product for hospital beds or examination beds.			reporting period
17	Disposable isolation gowns	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20192140590	It is a disposable product for staff in medical units to perform general isolation.	5/20/2019	5/19/2024	Change of registration during the reporting period
18	Disposable nonwoven surgical supplies	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20192140727	It is a disposable product for staff in medical units to perform surgeries.	6/26/2019	6/25/2024	Change of registration during the reporting period
19	Disposable surgical gowns	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20142140128	It is a disposable product for staff in medical units to perform surgeries.	8/14/2019	8/13/2024	Change of registration during the reporting period
20	Wound contact dressing	II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640163	It is a disposable product for surgical body debridement care.	1/31/2018	1/30/2023	Change of registration during the reporting period
21	Medical disposable protective clothing	II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142641943	It provides barriers for and keeps medical staff away from contacting potentially infectious patient blood, body fluids, secretions, and airborne particulate matter at work.	6/9/2017	6/8/2022	Change of registration during the reporting period
22	Disposable negative pressure drainage dressing kit	II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20152142148	It is a disposable product for staff in medical units to perform non-chronic wound negative pressure drainage.	4/23/2020	4/22/2025	Continuous registration during the reporting period
23	Medical degreasing gauze	II	Winner Medical (Chongyang)	E Xie Zhu Zhun No. 20152142149	It is a disposable product for staff in medical units to	6/2/2020	6/1/2025	Continuous registration during the reporting period

			Co., Ltd.		perform medical and surgical procedures, local wound cleaning, and hemostasis.			
24	Gauze balls	II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20122641142	It is a disposable product for staff in medical units to perform medical and surgical procedures, local wound cleaning, and hemostasis.	11/27/2020	11/26/2025	Continuous registration during the reporting period
25	Foam dressing	III	Winner Medical (Huanggang) Co., Ltd.	Guo Xie Zhu Zhun No. 20203140922	For covering wounds and absorbing wound exudate, such as wounds with more exudate, lower limb ulcers, non-infected diabetic foot ulcers and pressure sores	12/3/2020	12/2/2025	New registration during the reporting period
26	Medical examination pads	II	Winner Medical (Jiayu) Co., Ltd.	E Xie Zhu Zhun No. 20162142269	It is used for bedridden patient housekeeping.	12/22/2020	12/21/2025	Continuous registration during the reporting period
27	Disposable sterile-care dressing	II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20192142703	It is used for surgery, trauma wounds or indwelling arterial and venous catheter dressing; and can also be used for infant umbilical cord wound protection.	3/25/2019	3/24/2024	Change of registration during the reporting period
28	Medical care masks	II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20142142015	It is applicable for the wearer's health care in the general medical environment where there is no risk of	8/30/2019	8/29/2024	Change of registration during the reporting period

					body fluids and splashing, as well as general health care in public health places (this kind of mask cannot be used as a surgical or protective mask).			
29	Medical gauze sheets	II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20142142017	It is a disposable product for staff in medical units to perform surgery and wound care.	9/19/2019	9/18/2024	Change of registration during the reporting period
30	Medical gauze pads	II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20142142018	It is a disposable product for staff in medical units to perform surgery and wound care.	9/20/2019	9/19/2024	Change of registration during the reporting period
31	Cotton swabs	I	Winner Medical (Jiayu) Co., Ltd.	E Xian Xie Bei No. 20150018	It is used for topical application of drugs or disinfectants for skin or wounds.	5/25/2018	/	Change of filing during the reporting period
32	Hygiene caps	I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20150183	It is used to prevent cross-contamination between physicians and patients.	7/20/2015	/	Change of filing during the reporting period

2. Overseas products

Region	S/N	Certificate No	Name of certificates	Registration categories	Certificate owner	Product	Date of issuance	Validity	Registration
CE regions	1	G2S0462410064Rev.04	EC certificate Class I	I	Winner Medical	Gauze Products, Synthetic Non-woven Products, 100% Cotton Non-woven Products, Cotton Products, Special Dressing Products	12/9/2019	5/26/2024	Obtained before to the reporting period

2	G1046241006 5Rev.04	EC certificate- Class II a, II b	II.	Winner Medical	Sterile and non-sterile Gauze products, Sterile and non-sterile Synthetic Non-woven Products with X-ray detectable element, Sterile and non-sterile 100% Cotton Non-woven Products with X-ray detectable element, Basic Dressing Packs with Class II a/ II b elements, Alginate Dressing, Foam Dressing, Hydrocolloid Dressing, Silicone Foam Dressing, Silicone Contact Layer, Super Absorbent Dressing, Activated Charcoal Super Absorbent Dressing, Silicone Super Absorbent Dressing, NPWT Gauze Dressing Kit, NPWT Foam Dressing Kit	12/10/2019	5/27/2024	Obtained before to the reporting period
3	CE 728017	EU Type Examination Certificate	FFP2 masks , Category III	Winner Medical	Protective mask WN-N95FW, WN-N95FGINE	10/22/2020	5/14/2021	New registration during the reporting period
4	CE 728018	Module C2 Certificate	PPE	Winner Medical	Protective mask WN-N95FW, WN-N95FGINE	10/22/2020	5/14/2021	New registration during the reporting period
5	FI20/967203	EU Type Examination Certificate	Type 5,6, Category III	Winner Medical	Protective clothing WN-600DC, WN-600DC-1	11/10/2020	11/10/2025	New registration during the reporting period
6	FI20/967181	EU Type Examination Certificate	Type 5,6, Category III	Winner Medical	Protective clothing WN-600TC, WN-600TC-1	11/9/2020	11/9/2025	New registration during the reporting period
7	CN20/42667	Module C2 Certificate	PPE	Winner Medical	Protective clothing WN-600DC, WN-600DC-1, WN-600TC, WN-600TC-1	12/3/2020	-	New registration during the reporting period

									period
Russia	1	ΦC32011/10517	Registration Certificate (Russia)	I	Winner Medical	18 products including gauze swabs, gauzes pongs, gauze balls, gauze rolls, gauze lap sponges, and synthetic non-woven sponges/swabs	1/9/2017	/	Registered before to the reporting period
	2	ΦC32011/10516	Registration Certificate (Russia)	I	Winner Medical	13 products including absorbent pad, gauze combine dressing, non-woven adhesive wound dressing, and finger bandage	1/23/2017	/	Obtained before to the reporting period
	3	ΦC32011/10515	Registration Certificate (Russia)	I	Winner Medical	19 products including non-woven cohesive flexible bandage, shrinking gauze bandage, and gauze bandage	1/23/2017	/	Obtained before to the reporting period
	4	ΦC32011/10514	Registration Certificate (Russia)	I	Winner Medical	12 products including isolation gown, patient gown, visitor gown, surgical gown, and caps	1/9/2017	/	Obtained before to the reporting period
Japan	1	BG10500019	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical	/	12/13/2020	12/12/2025	Continuous registration during the reporting period
	2	BG10500055	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical (Jiayu)	/	7/18/2016	7/17/2021	Obtained before to the reporting period
	3	BG10500206	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical (Chongyang)	/	11/21/2017	11/20/2022	Obtained before to the reporting period
	4	BG10500432	Registration certificate	I	Winner Medical (Jing men)	/	7/10/2019	7/9/2024	Continuous registration

			for foreign manufacture rs of medical devices						during the reporting period
Global	1	N EGL/17475 7/1067150/1	Global Organic Textile Standard	/	Winner Medical (Huanggang)	70% Spunlace Nonwoven Fabric, 30% linen Spunlace Nonwoven Fabric	7/20/2020	6/30/2021	Continuous registration during the reporting period
	2	N EGL/17475 7/1067150/1	Oeko-Tex standard 100 Certificate	/	Winner Medical (Jiayu)	Cosmetic cotton, absorbent cotton (for medical cosmetic use), cotton roll, cotton ball, dental cotton roll and cotton swab, white	12/9/2020	11/30/2021	Continuous registration during the reporting period

6. Cash flow

Unit: yuan

Item	2020	2019	Year-on-year increase/decrease
Subtotal of cash inflow from operating activities	13,506,886,695.52	5,160,427,012.09	161.74%
Subtotal of cash outflow from operating activities	8,739,390,408.13	4,560,654,446.21	91.63%
Net cash flow from operating activities	4,767,496,287.39	599,772,565.88	694.88%
Subtotal of cash inflow from investment activities	4,572,064,826.38	1,221,995,896.95	274.15%
Subtotal of cash outflow from investment activities	9,002,000,981.04	1,641,664,869.81	448.35%
Net cash flow from investing activities	-4,429,936,154.66	-419,668,972.86	955.58%
Subtotal of cash inflow from financial activities	3,743,348,396.23	436,290,196.07	758.00%
Subtotal of cash outflow from financial activities	395,270,980.45	534,688,185.88	-26.07%
Net cash flow from financing activities	3,348,077,415.78	-98,397,989.81	3,502.59%

Net increase in cash and cash equivalents	3,690,564,974.73	83,654,260.95	4,311.69%
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Explanation of the main influencing factors of significant changes on a year-on-year basis in relevant data

Applicable Not applicable

Affected by the COVID-19 pandemic, the Company saw significant growth in its performance, sales and purchases, resulting in substantial increase in cash inflow and outflow as well as net cash. The Company used cash surplus for cash management, increased the purchase and redemption of wealth management products, and had large amounts of wealth management products that have not yet been redeemed at the end of the reporting period, leading to the significant increase in net cash and cash inflow and outflow. Moreover, thanks to the successful IPO and the availability of proceeds during the reporting period, the Company realized a sharp increase in cash inflow from fundraising activities and net cash.

Explanation of the reason for the significant difference between the Company's net cash flow generated from operating activities during the reporting period and the net profit in current year

Applicable Not applicable

III. Non-main operations

Applicable Not applicable

Unit: yuan

	Amount	Proportion in total profits	Formation reasons	Is it sustainable
Investment income	21,585,123.16	0.48%	It is mainly due to the gain on maturity of financial products and the recognition of investment income from joint ventures.	Investment income from joint ventures Yes, others No
Profit/loss from changes in fair value	11,178,589.44	0.25%	It is mainly due to the changes in fair value of financial products (such as structured deposits) before maturity.	No
Impairment of assets	-240,186,749.52	-5.33%	It is mainly due to the provision for impairment of inventories and fixed assets.	No
Non-operating income	4,227,507.56	0.09%	It is mainly due to the receipt of government subsidies unrelated to operating activities.	No
Non-operating expenses	33,505,825.07	0.74%	It is mainly due to the losses on scrapping of non-current assets.	No
Credit impairment Loss	-35,941,692.83	-0.80%	It is mainly due to the expected credit losses on the accrual of accounts receivable and other receivables.	No
Gains from asset	9,765.86	0.00%	It is mainly due to the losses on	No

disposal			disposal of non-current assets.	
Other incomes	70,291,282.76	1.56%	It is mainly due to the receipt of government subsidies related to operating activities.	No

IV. Analysis of assets and liabilities

1. Significant changes in the composition of assets

The Company implemented the new revenue standards or the new lease standards for the first time since 2020 and adjusted and performed the relevant items of the financial statements at the beginning of the year.

Applicable

Unit: yuan

	End of 2020		Early 2020		Increase/decrease in proportions	Description of significant changes
	Amount	The proportion in total assets	Amount	The proportion in total assets		
Cash and cash equivalents	4,162,539,245.78	32.01%	480,838,765.63	10.61%	21.40%	It is mainly due to the availability of proceeds and increase in operating cash
Accounts receivable	844,317,708.12	6.49%	416,345,676.13	9.19%	-2.70%	It is mainly due to the significant growth in sales.
Inventory	1,216,486,940.21	9.36%	992,411,173.86	21.90%	-12.54%	It is mainly due to the significant increase in sales and inventory.
Investment real estates		0.00%		0.00%	0.00%	No change
Long-term equity investments	13,424,230.41	0.10%	8,858,476.15	0.20%	-0.10%	It is mainly due to the increase in investment income in affiliates.
Fixed assets	1,400,749,050.00	10.77%	1,274,733,960.96	28.13%	-17.36%	It is mainly due to the transfer of fixed assets for projects in progress in the reporting period at the beginning of the year.
Construction in progress	61,383,340.97	0.47%	187,808,853.01	4.14%	-3.67%	It is mainly due to the transfer of fixed assets for projects in progress in the reporting period at the beginning of the year.
Short-term debt	150,071,416.66	1.15%	120,000,000.00	2.65%	-1.50%	It is mainly due to the increase in outstanding short-term borrowings.
Long-term loans		0.00%	134,210,746.07	2.96%	-2.96%	It is mainly due to the repayment of long-term loans due.
tradable financial assets	4,131,178,589.44	31.77%	0.00	0.00%	31.77%	It is mainly due to the purchase of wealth management products by the proceeds and

						own funds.
Amounts receivable financing	18,182,662.70	0.14%	8,456,356.50	0.19%	-0.05%	It is mainly due to the increase in derecognized note financing.
Other current assets	35,184,227.09	0.27%	84,475,166.40	1.86%	-1.59%	It is mainly due to the decrease in input tax to be deducted.
Intangible assets	208,325,103.79	1.60%	131,657,103.01	2.91%	-1.31%	It is mainly due to the new investment in land use rights of subsidiaries.
Deferred income tax assets	143,132,351.08	1.10%	69,356,697.91	1.53%	-0.43%	It is mainly due to the increase in deductible temporary differences.
Other non-current assets	63,807,415.75	0.49%	18,996,656.91	0.42%	0.07%	It is mainly due to the increase in prepayments for non-current assets.
Notes payable	29,418,100.00	0.23%	173,023,352.30	3.82%	-3.59%	It is mainly due to the decrease in outstanding notes payable.
Contract liabilities	530,188,257.63	4.08%	32,313,636.28	0.71%	3.37%	It is mainly due to the increase in consideration received from customers.
Payroll payable	169,957,077.81	1.31%	99,793,347.80	2.20%	-0.89%	It is mainly due to the increase in salary as a result of the increase in staff and performance growth.
Taxes payable	444,381,369.49	3.42%	47,134,987.40	1.04%	2.38%	It is mainly due to the increase in corporate income tax and other taxes as a result of the growth in performance.
Other payables	352,543,008.89	2.71%	142,607,932.48	3.15%	-0.44%	It is mainly due to the increase in other operating activities-related payables.
Non-current liabilities due within one year	0.00	0.00%	5,000,000.00	0.11%	-0.11%	It is mainly due to repayment of bank loans due.
Other current liabilities	23,638,266.47	0.18%	5,544,602.17	0.12%	0.06%	It is mainly due to the increase in the amount of sales tax to be transferred.
Deferred income	94,921,260.87	0.73%	46,117,344.20	1.02%	-0.29%	It is mainly due to the receipt of asset-related government grants during the reporting period.
Deferred income tax liabilities	12,165,608.24	0.09%	0.00	0.00%	0.09%	It is mainly due to the taxable timing differences arising from the one-time credit for equipment used for epidemic prevention and control.
Capital stock	426,492,308.00	3.28%	376,492,308.00	8.31%	-5.03%	It is mainly due to the initial issuance of new shares.
Capital reserve	4,481,709,983.24	34.47%	948,913,284.10	20.94%	13.53%	It is mainly due to the issuance of new shares in excess of par amount.

Surplus reserve	420,212,778.13	3.23%	116,855,107.20	2.58%	0.65%	It is mainly due to the increase in the provision for surplus reserve.
Undistributed profit	5,126,630,011.14	39.43%	1,718,075,177.67	37.91%	1.52%	It is mainly due to the profit rollover in the reporting period.
Other comprehensive income	-1,111,035.08	-0.01%	44,623.87	0.00%	-0.01%	It is mainly due to the changes in translation differences in foreign currency statements.
Minority equity	14,456,046.01	0.11%	3,167,502.50	0.07%	0.04%	It is mainly due to the increase in minority interests in the reporting period.

Note: The above description of major changes is an explanation of the increase or decrease in the absolute amount of each item during the reporting period, not for the increase or decrease in proportion.

2. Assets and liabilities measured at fair value

√Applicable □ Not applicable

Unit: yuan

Item	Opening balance	Gain/loss from changes in fair value for the period	Accumulated fair value changes included in equity	Impairment in accrual of current period	Purchase amount during the reporting period	Sales amount during the reporting period	Other changes	Closing balance
Financial assets								
1. tradable financial assets (excluding derivative financial assets)		11,178,589.44			4,120,000,000.00			4,131,178,589.44
2. Derivative financial assets								
Total of the above	0.00	11,178,589.44			4,120,000,000.00			4,131,178,589.44
Financial liabilities	0.00	0.00			0.00			0.00

Other changes

Not applicable.

Whether there were any significant changes in the measurement attributes of the Company's major assets during the reporting period

□Yes √No

3. Restricted rights to assets as of the end of the reporting period

The breakdown of monetary funds with restrictions on use due to mortgages, pledges or freezes, as well as those placed outside China with restrictions on repatriation of funds, is as follows:

Item	Closing Balance	Closing balance of the previous year
Bank acceptance deposit*1		17,330,824.31
Letter of Credit deposit*2	6,958,192.79	145,673.48
Performance bond*3	2,369,198.81	727,733.82
Other restricted monetary fund balances*4	3,477,159.80	3,464,814.37
Total	12,804,551.40	21,669,045.98

*1The bank acceptance deposit is the deposit made by the Company and Shenzhen Purcotton for the issuance of bank acceptance bills.

*2Letter of Credit deposit is the deposit made by Winner Medical (Tianmen) and Winner Medical (Wuhan) for international and domestic Letters of Credit.

*3Performance bond is the deposit made by Winner Medical (Hong Kong) for transactions with customers.

*4The balance of other restricted monetary funds refers to the balance of special deposit accounts for restricted non-budget units opened by Shenzhen Purcotton in accordance with the regulations of prepaid card issuance formulated by the Ministry of Commerce.

V. Analysis of investment situation

1. Overview

Applicable Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of the previous year (RMB)	Change percentage
4,382,818,387.53	0.00	100.00%

Note: The investment amount during the reporting period is the total of the investment amount of Items 2, 3 and 4 herein.

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

3. Significant non-equity investments in progress during the reporting period

Applicable Not applicable

Unit: yuan

Project name	Investment method	Investment in fixed assets or	Industries involved in investment	Investment amount in the	Cumulative actual investment	Source of funds	Project progress	Estimated income	Cumulative realized	Reasons for not meeting	Date of disclosure (if any)	Disclosure index (if any)
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		not	projects	current	t amount				gains as	the		
				reporting	as of the				of the	schedule		
				period	end of the				end of	d		
					reporting				the	progress		
					period				reporting	and		
									period	projected		
										earnings		
High-end dressing production line construction project	Independent	Yes	Medical consumables	26,519,139.60	26,519,139.60	Proceeds	12.00%	0.00	0.00	None		
Marketing network construction project	Independent	Yes	Healthy consumer goods	122,291,914.63	122,291,914.63	Proceeds	17.00%	0.00	0.00	None		
R&D Center construction project	Independent	Yes	Medical consumables + healthy living consumer products	50,696,358.27	50,696,358.27	Proceeds	22.00%	0.00	0.00	None		
Digital management system project	Independent	Yes	Medical consumables + healthy living consumer products	58,310,975.03	58,310,975.03	Proceeds	22.00%	0.00	0.00	None		
Phase II expansion project of Winner Medical Wuhan	Independent	Yes	Medical consumables + healthy living consumer products	5,000,000.00	5,000,000.00	Proceeds	0.83%	0.00	0.00	None		
Total	--	--	--	262,818,387.53	262,818,387.53	--	--	0.00	0.00	--	--	--

4. Financial assets measured at fair value

√Applicable □ Not applicable

Unit: yuan

Asset classes	Initial investment cost	Gain/loss from changes in fair value for the period	Accumulated fair value changes included in equity	Purchase amount in the current reporting period	Sales amount in the current reporting period	Accumulated investment income	Closing balance	Source of funds
Other	2,520,000.00	6,588,777.40	0.00	2,520,000.00	0.00	6,588,777.40	2,526,588.77 7.40	Proceeds
Other	1,400,000.00	4,589,812.04	0.00	1,400,000.00	0.00	4,589,812.04	1,404,589.81 2.04	Self-owned funds
Trust products	200,000,000.00		0.00	200,000,000.00	0.00		200,000,000.00	Self-owned funds
Total	4,120,000,000.00	11,178,589.44	0.00	4,120,000,000.00	0.00	11,178,589.44	4,131,178,589.44	--

5. The use of proceeds

Applicable Not applicable

(1) The overall use of proceeds

Applicable Not applicable

Unit: RMB '0,000

Year	Method	Total amount of proceeds	Total amount of proceeds used during the current reporting period	Total accumulated amount of proceeds used during the current reporting period	Total amount of proceeds for alteration purposes during the current reporting period	Total accumulated amount of proceeds for alteration purposes during the current reporting period	Proportion of total amount of proceeds for alteration purposes during the current reporting period	Total amount of proceeds not used during the current reporting period	Usage and purposes of proceeds not used during the current reporting period	Amount of proceeds that have been idle for more than two years
2020	IPO	355,884.93	90,181.84	90,181.84	0	0	0.00%	266,568.27	Of which: the principal amount of proceeds was RMB 2,657.0309 million and the interest income was RMB	0

									8,651.8	
									million.	
Total	--	355,884.93	90,181.84	90,181.84	0	0	0.00%	266,568.27	--	0
Description of the overall use of proceeds										
<p>The China Securities Regulatory Commission (CSRC) approved that, in its “CSRC License [2020] No. 1822” document, the Company made an initial public offering of RMB 50 million ordinary shares (A shares) at an offer price of RMB 74.30 per share, and the total proceeds amounted to RMB3715.0000 million. After deducting issuance fees of RMB 156.1507 million (excluding tax), net proceeds totaled RMB 3,558.8493 million. The above-mentioned proceeds were in place in September 2020 and verified by BDO Certified Public Accountants (Special General Partnership) with a “Capital Verification Report” (Xin Kuai Shi Bao Zi [2020] No. Z110584). As of December 31, 2020, the Company mobilized RMB 901.18184 million of proceeds, of which: RMB 262.8184 million of proceeds were actually used for fund-raising projects (including RMB 29.1011 million of funds invested in fund-raising projects in the current reporting period and RMB 233.7173 million of funds pre-invested in fund-raising projects by replacing self-financing funds), and RMB 639.0000 million of idle proceeds for permanently replenishing the working capital. The balance of the Company’s unused proceeds was RMB 2,665.6827 million, of which: the balance of structured deposits was RMB 2,520.0000 million and the balance of RMB 145.6827 million was deposited in the proceeds account.</p>										

(2) Committed proceeds projects

√Applicable □ Not applicable

Unit: RMB '0,000

Committed investment projects and investment of over-raised proceeds	Whether the project has been changed (including partial change)	Total investment in committed proceeds	Adjusted total investment (1)	Investment amount in the current reporting period	Cumulative investment amount as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (3) = (2)/(1)	The project reaches the intended usable status date	Benefits realized in the current reporting period	Cumulative benefits realized as of the end of the reporting period	Whether projected benefits are met	Whether there is a significant change in project feasibility
Committed investment projects											
High-end dressing production line construction project	No	21,685.86	21,685.86	2,651.92	2,651.92	12.00%	October 31, 2022	0	0	N/A	No
Marketing network construction project	No	70,456.87	70,456.87	12,229.19	12,229.19	17.00%	October 31, 2023	0	0	N/A	No
R&D Center	No	23,542.15	23,542.15	5,069.64	5,069.64	22.00%	October 31, 2022	0	0	N/A	No

constructi on project											
Digital managem ent system project	No	26,881.05	26,881.05	5,831.09	5,831.09	22.00%	October 31, 2022	0	0	N/A	No
Subtotal of committe d investmen t projects	--	142,565.93	142,565.93	25,781.84	25,781.84	--	--	0	0	--	--
Investment of over-raised proceeds											
Winner Industrial Park (Jiayu) Project	No		40,000			0.00%	June 30, 2023	0	0	N/A	No
Phase II expansion project of Winner Medical Wuhan	No		60,000	500	500	0.83%	December 31, 2022	0	0	N/A	No
Bolster working capital (if any)	--		63,900	63,900	63,900	100.00%	--	--	--	--	--
Subtotal of use of over-raise d proceeds	--		163,900	64,400	64,400	--	--	0	0	--	--
Total	--	142,565.93	306,465.93	90,181.84	90,181.84	--	--	0	0	--	--
Informati on on and reasons for not meeting the scheduled	N/A										

progress or projected earnings (by specific project)	
Descripti on of significan t changes in project feasibility	N/A
Amount, purpose and progress of use of over-raise d proceeds	<p>Applicable</p> <p>The amount, purpose and progress of the use of over-raised proceeds: On October 12, 2020, the 13th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Some Over-raised Proceeds To Permanently Supplement the Working Capital”, and agreed that the Company could allocate RMB 639.0000 million of the over-raised proceeds to permanently supplement the working capital. As of November 2, 2020, RMB 639.0000 million of over-raised proceeds have been used to bolster working capital.</p> <p>On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Over-raised Proceeds for the Investment in Winner Industrial Park (Jiayu) Project”. The main body of the Proposal is as follows: The Company plans to allocate RMB 400.0000 million of the over-raised proceeds to the investment in the Winner Industrial Park (Jiayu) Project. The total investment in Winner Industrial Park (Jiayu) Project is estimated at RMB 900.0000 million, and the implementing entity is Winner Medical (Jiayu) Co., Ltd. The project is located in Hubei Jiayu Economic Development Zone, adjacent to the Park’s 2nd Road in the north, 3rd Road in the south, Jiayu Avenue in the east, and Shijingpu Road in the west. The total land area is about 451 mu. The project relies on independent research and development of patented technology achievements, and based on the existing advantages of the Company in the industry, considers natural cotton as the main raw material to innovate and improve degreasing and spunlace technology. It adopts comprehensive use of high-pressure “water needle” and other high-efficiency production technologies, and plans to build production projects in relation to spunlace, wash care, wet wipes, medical cotton/gauze/nonwoven fabrics, hand sanitizer and other products. As of December 31, 2020, the total amount invested in the above project is zero.</p> <p>On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Over-raised Proceeds for the Phase II Expansion Project of Winner Medical Wuhan”. The main body of the Proposal is as follows: The Company plans to allocate RMB 600.0000 million of the over-raised proceeds to the investment in the Phase II Expansion Project of Winner Medical Wuhan. The total investment in Phase II Expansion Project of Winner Medical Wuhan totals RMB 1,500.0000 million, and the implementing entity is Winner Medical (Wuhan) Co., Ltd. The project includes nonwoven coil center, sterilization processing center, domestic medical sales and marketing center, intelligent distribution center of Hubei regional headquarters, regional headquarters in Central China and the second R&D center of the Group, which are fully invested and independently operated by the Company. Thanks to the project construction, the Company’s production capacity and market share will be increased, enabling it to become a global leader in overall technical level and product quality scale. As of December 31, 2020, the total amount invested in the above project is RMB 5 million.</p>

Change of location for the implementation of the proceeds investment project	Applicable
	Occurred during the reporting period
	On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding Capital Increase in Wholly owned Subsidiaries with Some of the Proceeds, Changes to Implementing Entity of the Fundraising Projects, and Addition of Implementation Sites of Some Fundraising Projects”. The main body of the Proposal is as follows: To further improve the production, management efficiency and comprehensive utilization rate of resources, seize market development opportunities, and better promote the implementation of fundraising projects, the Company plans to use some of the proceeds to increase the capital of the wholly-owned subsidiaries and change the implementing entity of the fundraising projects, and add new implementation sites for the fundraising projects. Among them, the original implementing entity of the “R&D Center Construction Project” was Winner Medical (Wuhan) Co., Ltd. According to the Company’s development strategy and actual business needs, it plans to include Winner Medical Products Co., Ltd. as the implementing entity of “R&D Center Construction Project”, a fundraising project. A new implementation site in Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen is also included accordingly.
Adjustment of the implementation mode of the proceeds investment project	N/A
Pre-investment and replacement of the proceeds investment project	Applicable
	On October 12, 2020, the 13th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Proceeds to Replace Self-raised Funds Pre-invested in the Fundraising Project”, respectively, and agreed that the Company could replace the self-raised funds pre-invested in the fundraising project with RMB 233.7173 million of proceeds. It has been verified by the “Special Auditor’s Report on Proceeds Replacement of Winner Medical Products Co., Ltd.” issued by BDO Certified Public Accountants (Special General Partnership) No.Z110635 on October 12, 2020. Among them: the actual investment amount of the Company’s self-raised funds pre-invested in the proceeds investment project is RMB 233.7173 million, of which: RMB 26.5062 million was invested in high-end dressing production line construction project, RMB 110.0794 million was invested in marketing network construction project, RMB 50.2174 million was invested in R&D center construction project, RMB 46.9143 million was invested in digital management system project. In October and November 2020, the Company transferred RMB 73.4205 million and RMB 160.2968 million respectively from the special account for proceeds to replacing the self-raised funds that had been invested in advance in the proceeds project.
Temporary replenishment of working capital with idle	N/A

proceeds	
Amount of and reasons for the balance of proceeds resulting from project implementation	N/A
Usage and purposes of proceeds not used during the current reporting period	As of December 31, 2020, the balance of unused proceeds of the Company was RMB 2,665.6827 million, of which: the balance of structured deposits was RMB 2,520.0000 million and the balance deposited in the proceeds account was RMB 145.6827 million.
Problems or other circumstances in the use and disclosure of proceeds	NA

(3) Changes in proceeds projects

Applicable Not applicable

The Company did not have any change in the proceeds project during the reporting period.

VI. Sales of significant asset and equity

1. Information of significant assets for sale

Applicable Not applicable

The Company did not sell any significant assets during the reporting period.

2. Information of significant equity for sale

Applicable Not applicable

VII. Analysis of major holding companies and joint stock companies

Applicable Not applicable

Information on major subsidiaries and joint stock companies with an impact of 10% or more on the Company's net profit

Unit: yuan

Company name	Company type	Principal operation	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Winner Medical (Huanggang) Co., Ltd.	Subsidiaries	Mainly responsible for the production of large rolls of cotton and cotton tissues	259,459,200.00	1,235,194,142.43	1,018,512,110.13	2,221,520,462.04	529,536,625.88	452,343,796.38
Winner Medical (Chongyang) Co., Ltd.	Subsidiaries	Mainly responsible for the production of medical gauze pads and protective clothing	28,550,000.00	490,306,461.66	276,494,265.20	1,369,945,452.16	247,619,659.21	212,172,351.41

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and performances
Purcotton (Huanggang) Technology Co., Ltd	Establishment	Loss of RMB 772,400 with no material impact on performances

Description of major holding companies and joint stock companies

Note: The operating revenues of the above subsidiaries include sales to the parent company and other subsidiaries in the Group.

VIII. Structured subjects controlled by the Company

Applicable Not applicable

IX. Prospects for the Company's development**(I) Industry development trend and competition pattern**

For details, please refer to the Company's business summary in Section III.

(II) The Company's development strategies

In the future, Winner Medical will continue to be committed to becoming a global leader in medical consumables, home care products, and good daily necessities. It will adhere to its original intention, continue to innovate, and keep on leading the positive development of industry to transform from “Made in China” to “Created in China”, and from Chinese brands to international brands. The Company will always adhere to the sustainable development concept of pursuing quality life and loving health as well as environmental protection, combining the two to bring happiness, peace of mind and sustainable products to consumers and create value for a better life.

(III) Major development planning

1. Technology research and development and product development plans

The Company will always consider technological innovation and product innovation as the driving force, continue to improve its product portfolio, and further consolidate its leading position in the healthcare industry. In the field of medical consumables, the Company will continue to develop and produce high-end dressing products, optimize product structure, strengthen research and development of core basic raw materials, enhance product market competitiveness, and vigorously promote the application of 100% cotton spunlace nonwoven fabrics to medical gauze, medical protective clothing, surgical gowns, isolation gowns and other protective supplies. In the field of healthy living consumer products, the Company will continue to position “comfortable, healthy and eco-friendly” brands, expand the use scenarios of products, and continuously focus the technical researches on new technology, new structure and new functions of yarns and fabrics. At the same time, the Company will make (more) efforts to enable research and design teams to visit and follow the market trends at home and abroad, strengthen studies on consumers’ behavioral and psychological characteristics, and develop and design products that “delight users”.

2. Market development plans

The Company will make more efforts to market development based on its leading advantages in products and brands. In the field of medical consumables, for the domestic market, the Company will develop the hospital and civilian markets more in a more professional manner through channel classification management while consolidating the existing market share; for the international market, the Company will vigorously expand its own Winner market in developing countries and regions (e.g., those in Asia) while stabilizing the existing customers in developed countries and regions (such as Europe, America and Japan). In the field of healthy living consumer products, Purcotton will continue to promote its store deployment in first- and second-tier cities that have large market capacities and strong consumption power, focus on entering third- and fourth-tier cities through the franchise model, thus perfecting the store marketing network. For online channels, in addition to Tmall, JD.com and other mainstream third-party e-commerce platforms, the Company further develops its own APPs, official websites, applets, etc., establishing critical sales growth channels. Through the building of an omni-channel marketing network and information system, the Company will further integrate online and offline resources in terms of commodities, logistics, etc., enhance the shopping experience of consumers, enrich the ways of online and offline traffic exchange, and navigate the synergistic development of different channels.

3. Digital management system construction plan

The Company will advance the strategic planning of enterprise digital management system, comprehensively promote the “consumer-centric and new technology-driven” business transformation, and drive and lead the overall business change and innovation throughout the entire industry chain, and pave the digital transformation path to comprehensively promote the “consumer-centric” and “digital and intelligent manufacturing-driven” business transformation, so as to realize five digital strategies of “centralized digital operation of goods”, “omni-channel digital operation”, “digital operation of consumers”, “digital operation of smart logistics” and “digital operation of smart manufacturing”, thus assisting the Company in sustainable development.

4. Human resources plans

Talents are the key to maintaining the Company’s innovative capacity and continued competitiveness. To meet the needs of rapid development, the Company will further optimize the human resource system, and introduce mid- and high-end R&D, marketing and management talents while creating a learning organization and improving the comprehensive quality and skill level of employees. The Company will also further improve the human resource incentive system, establish an assessment system linking personnel, performance and results, adopt equity incentives, and enhance team cohesion and centripetal force through the cultivation and guidance of corporate culture.

5. Merger & acquisition plans

With the expansion of business scale and the enhancement of financial strength, the Company will, from a strategic point of view, seize the

opportunities of industry development and, based on the principle of maximizing shareholders' value, seek suitable M&A targets related to the Company's main business globally. Moreover, it will implement M&A plans in case of appropriate timing, conditions and targets, thus promoting the Company's outward development.

6. Development plans in medical protection fields

The Company will make multi-point deployment for its production capacity, contribute more to extensive industry cooperation, so as to further enhance its technology and capacity strength in the medical protection field. The establishment of the "Winner Medical Academy (Sensitive Control)" aims to improve the occupational safety of clinical medical staff in China and reduce the risk of occupational exposure. Provide a professional academic platform for infection prevention and control for clinicians, nurses and practitioners in the medical industry, so that the awareness and level of infection prevention and control of clinical medical staff as well as the quality of hospital infection prevention and control across the country can be effectively and efficiently improved.

(IV) Possible risks to the Company

1. Risk of earnings volatility due to the COVID-19 outbreak and countermeasures

From January to December 2020, the Company achieved an operating revenue of RMB 12,533.9459 million, a growth of 173.99% YoY, and net profit attributable to owners of the parent company of RMB 3,810.4125 million, an increase of 597.50% YoY. In terms of revenue product composition, affected by the COVID-19 pandemic, the Company's sales of medical epidemic prevention products such as medical masks and protective clothing increased significantly in 2020. During the epidemic, the Company's brand awareness has been further improved and sales channels have been further expanded. In the medium and long term, the Company will see sustainable growth in its performance. However, with the effective prevention and control of COVID-19 pandemic, widespread vaccination, dramatic growth of vaccination production capacity and increasing competition, there are risks of a significant reduction in orders for vaccination products, and uncertainties in the substantial growth of the sales of the Company's medical protection products, as well as risks of unsustainable sales revenue and net profit growth rate in the short term.

Although the sales of protection products cannot maintain substantial growth, after the baptism of COVID-19 pandemic, the country, hospitals and the public have raised the requirements for a hygienic environment, the Company's brand awareness, reputation and influence has been greatly enhanced, while sales channels have been further expanded. The Company then will seize market opportunities, make product adjustments according to market demands, increase its share and coverage in the medical consumables market.

2. Risk of raw material price fluctuations and countermeasures

The Company's main raw materials are cotton as well as cotton yarn and cotton greige fabric for medical use made from cotton. The prices of cotton are affected by multiple factors such as planting area, natural production, inventory cycle, agricultural price policy of origin, consumer demand and even futures prices. In addition, the prices of imported cotton are also affected by other factors such as international trade policies and exchange rate fluctuations. If the purchase price of raw materials such as cotton continues to rise in the future, it will have a greater cost pressure on the Company's production and operation. If the Company fails to the adjustment of sales price with that of raw material price, it may have a negative impact on the stability of the Company's profitability.

To deal with the risk of cotton price fluctuations, the Company usually purchases forward contracts when the cotton price is relatively low, and when the cotton price rises to a certain level, it will adjust the sales price appropriately to reduce the negative impact on the Company's profitability.

3. Risk of exchange rate price fluctuations and countermeasures

Medical consumables are the main exports of the Company, which are settled in major international currencies such as US dollars. From 2018 to 2020, the proportion of the Company's foreign sales in its main operating revenues were 22.70%, 18.92% and 47.69%, respectively, which accounted for a certain proportion of overall revenue. In recent years, with the accelerated pace of RMB internationalization and further marketization of the RMB exchange rate formation mechanism, the exchange rate flexibility of RMB against the above currencies has increased. Fluctuations in the RMB exchange rate will, on the one hand, affect the Company's product export sales prices; on the other hand, it will also cause the Company to generate exchange gains and losses. In 2018 and 2019, the Company's exchange gains amounted to RMB 9.2173 million and RMB 3.6184 million, respectively, and in 2020, the Company's exchange losses were RMB 239.4264 million (during the reporting period, overseas sales increased by RMB 5.120 billion, and the amount of foreign currency receipts increased significantly, resulting in greater impact of exchange rate changes). If there

is a significant appreciation of RMB in the future, it will affect the price competitiveness of the Company in overseas markets, and cause exchange losses, which will adversely affect the Company's operating revenues and profits.

To reduce the impact of exchange rate fluctuations on the Company's performance, (1) for long-term stable customers, the Company has an agreed price adjustment mechanism, and in case of significant fluctuations in key elements affecting the price, the price shall be adjusted normally according to the agreed price adjustment mechanism; and at the same time, the Company adjusts the quotation cycle for new orders received, shortens the quotation cycle, and adjusts the quotation exchange rate in a timely manner; (2) the Company carries out forward settlement and sale of foreign exchange for the purpose of hedging, and locks the forward settlement exchange rate in advance to reduce the risk and hedge the exchange rate risk in international business; and (3) The Company will strengthen its research and analysis of exchange rates, pay attention to changes in the international market environment in real time, and adjust its business strategies in a timely manner to minimize the risk of exchange rate fluctuations.

4. Risk of fluctuations in downstream market demand and less-than-expected customer development and countermeasures

Thanks to its three brands, i.e., "Winner Medical", "Purcotton" and "PureH2B", the Company realized synergetic development of medical and consumer sectors. Its business and development prospects depend on the sustainable and healthy development of macro economy, the continued growth of national per capita disposable income, and the consumers' increasing attention to the concept of health and environmental protection. Therefore, in the event of a macroeconomic downturn, a decline in national per capita disposable income or purchasing power, or an uncertain expected economic outlook, the downstream demand situation of the Issuer, especially consumers' willingness and ability to purchase high-quality products, may be affected, which would adversely affect the Company's operating results. In addition, after more than ten years of rapid development, the growth of e-commerce in China has slowed down and the difficulty of acquiring customers has increased. If the Company cannot adjust its business strategy based on market conditions, it may not be able to continuously expand its customer base and reduce customer acquisition costs, which would adversely affect the Company's long-term profitability.

5. Risk of changes in industry policies and standards and countermeasures

Medical device, which directly affects the life and health safety of users, has been a key supervised industry. In recent years, as China further deepens the reform of the medical and health system, relevant government departments have introduced a series of regulations and policies on industry standards, bidding, price formation mechanisms, circulation systems, etc., which have a wide and profound impact on the development of the medical device industry. As the Company gradually make more efforts in the investment and development in the domestic market of medical consumables, its domestic sales of medical consumables are expected to further increase in the future. Affected by the COVID-19 pandemic, the foreign economic environment has been relatively sluggish, which may lead to medical budget cuts, and the price sensitivity of medical products has increased, resulting in a risk of further compressing the operating profits. If the Company fails to adapt to profound changes in industry policies in a timely manner, it may have an impact on the Company's operations.

6. Risk of not receiving reimbursement for the Heyuan Winner Medical Investment Project and countermeasures

Due to the planning of the square of Heyuan High-speed Railway Station and the surrounding high-speed railway new town along the Jiangxi-Shenzhen High-speed Railway, the "Agreement on Investment and Construction of Medical Combo Kits and Cotton Household Products Production Project" entered into by and between the Company and the People's Government of Zijin County, Heyuan City in May 2016 could not be fulfilled. In November 2019, the International Arbitration Court in Ganjiang New District issued an "Award" confirming the termination of the "Investment and Construction Agreement of Medical Combo Kits and Cotton Household Products Production Project", and the People's Government of the Zijin County shall compensate the Company for economic losses of RMB 550 million, with 50% to be paid by the People's Government of Zijin County by December 31, 2019 and 50% by February 29, 2020. As of the disclosure date of the report, the company has received a land transfer deposit of RMB 3 million and a compensation payment of RMB 213 million returned by the People's Government of Zijin County. There is a risk that the remaining amount may not be received on time in accordance with the "Award". The Company is currently closely following up on the subsequent payment plan of the People's Government of Zijin County, Heyuan City.

7. Risks of proceeds projects and countermeasures

The Company plans to allocate the proceeds from this issuance to the construction projects of high-end dressing production lines, marketing network, R&D Center and digital management system. The development progress and operation of such projects will contribute to the Company's development and profitability in the next few years.

Based on the forecast of the future market, the Company has conducted a prudential and sufficient feasibility study and demonstration of the proceeds investment project. Thanks to the Company's rich business experience and market foundation accumulated over the years, it is expected that the proceeds investment project could realize good investment income. However, if there are changes in external factors such as the industry market, it cannot rule out that some projects may not be implemented as scheduled or the actual investment returns may be lower than expected. In accordance with changes in the external market and the internal control and management system of proceeds projects, the Company will strictly control the progress of capital investment in various projects and keep an eye on the risk of project investment.

X. Registration forms for receptions of surveys, communication, interviews and other activities

1. Registration forms for receptions of surveys, communication, interviews and other activities during the reporting period

Applicable Not applicable

Time	Location	Method	Types of objects	Objects	Main contents of discussions and documents provided	Basic information index of surveys
September 21, 2020	Headquarters conference rooms	Field surveys	Institutions	Rongtong Fund, Invesco Great Wall Funds, First State Cinda Fund and other institutions	Outline of the Company's business, operation and sustainability of products related to the epidemic, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
September 22, 2020	Headquarters conference rooms	Field surveys	Institutions	China Southern Fund, China Merchants Fund, Da Cheng Fund, E Fund and other institutions	Outline of the Company's business, operation and sustainability of products related to the epidemic, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
September 23, 2020	Headquarters conference rooms	Field surveys	Institutions	ICBCCS Fund, Yinhua Fund, Cedar Asset and other institutions	Outline of the Company's business, operation and sustainability of products related to the epidemic, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
September 24, 2020	Headquarters conference rooms	Field surveys	Institutions	Lombarda China Fund, CCB Wealth Management, Huashang Fund,	Outline of the Company's business, product channels, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)

				Essence Fund and other institutions		
September 25, 2020	Headquarters conference rooms	Field surveys	Institutions	BOCOM Schroders Fund, Kaifeng Investment, Morgan Stanley Huaxin Fund and other institutions	Outline of the Company's business, product channels, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
September 29, 2020	Shenzhen Futian Shangri-La Hotel	Field surveys	Institutions	Ping An Fund, Bosera Funds, Invesco Great Wall Funds, CITIC Securities, Kaifeng Investment, Harvest Fund, Morgan Stanley Huaxin Fund and other institutions	The Company's competitive advantages, future development plans, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
October 28, 2020	Headquarters conference rooms	Telephone communication	Institutions	CITIC Securities, CICC, TF Securities, China Great Wall Securities and other institutions	Presentation of the Company's financial data for the first three quarters, and recent business conditions	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
November 4, 2020	Headquarters conference rooms	Field surveys	Institutions	Cinda Securities, Ping An Fund and other institutions	Development space and channel development plan of the Company's medical business, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
November 6, 2020	Headquarters conference rooms	Field surveys	Institutions	Perseverance Asset, CITIC Securities and other institutions	Development space and channel development plan of the Company's medical business, etc.	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
November 16, 2020	Headquarters conference rooms	Field surveys	Institutions	GF Securities, Mingya Fund, China Re Asset	Company management structure, brand operation, brand	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)

					promotion and innovation capability advantages	
November 27, 2020	Headquarters conference rooms	Field surveys	Institutions	Huachuang Securities, Point 72, NEUMANN ADVISORS	Profitability of the Company's stores and brand positioning of PureH2B	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)

Section 5 Important Matters

I. Common stock profit distribution and share capital increase from capital surplus

Common stock profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

During the reporting period, the Company's dividend policy was formulated and implemented in accordance with the provisions of the Articles of Association and the requirements of the resolution of the general meeting of shareholders. The dividend standard and proportion were clear. The relevant decision-making procedures and mechanisms were complete. The independent directors performed their duties and fully played their role. The Company's profit distribution plan will be submitted to the general meeting of shareholders for deliberation, Minority shareholders have the opportunity to fully express their opinions and demands, and their legitimate rights and interests have been fully protected.

Special explanation of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors perform their duties and fully play their role:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	N/A

The Company's profit distribution plan and capital surplus converted into share capital plan in the reporting period are consistent with the relevant provisions of the articles of association and dividend management measures

Yes No Not applicable

The Company's profit distribution plan and capital surplus converted into share capital plan in the reporting period conform to the relevant provisions of the articles of association.

Profit distribution and share capital increase from capital surplus in current year

Bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (including tax)	18
Increase shares per 10 shares	0
Share capital base in distribution proposal (shares)	426,492,308
Amount of cash dividend (RMB) (including tax)	767,686,154.40

Amount of cash dividend in other forms (e.g. share repurchase) (RMB)	0.00
Total cash dividends (including other methods) (RMB)	767,686,154.40
Distributive profit (RMB)	3,349,520,232.39
Proportion of total cash dividends (including other methods) in total profit distribution	100.00%
This cash dividends	
Other	
Detailed description of the proposal of profit distribution or share capital increase from accumulation fund	
<p>According to the <i>Audit Report of Winner Medical Co., Ltd. in 2020</i> (XKSB Zi. [2021] No.ZI10154) issued by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to the shareholders of the parent company in the consolidated statements of the Company in 2020 is RMB 3,810,412,504.40, and the net profit of the parent company in 2020 is RMB 3,033,576,709.34. According to the relevant provisions of the <i>Company Law</i> and the <i>Articles of Association</i>, after drawing the statutory surplus accumulation fund, the profit available for distribution to shareholders in the current year is RMB 2,730,219,038.41; adding the undistributed profit of RMB 717,801,193.98 at the beginning of the year, and deducting RMB 98,500,000.00 of cash dividends distributed to shareholders in the profit distribution plan of 2019, as of December 31, 2020, the profit of the parent company available for distribution to shareholders is RMB 3,349,520,232.39.</p> <p>In line with the principle of repaying shareholders and sharing the Company's operating results with shareholders, taking into account the reasonable return of investors and the long-term development of the Company, and on the premise of ensuring the normal business development of the Company, the annual profit distribution plan for 2020 is proposed as follows: based on the total share capital of 426,492,308 shares on December 31, 2020, and based on the profit that can be distributed by the parent company to all shareholders, it is planned to distribute cash dividends of RMB 18.00 (including tax) per 10 shares, with a total cash dividends of RMB 767,686,154.40. After the implementation of the above profit distribution plan, the remaining undistributed profit of the parent company is RMB 2,581,834,077.99, which will continue to be retained by the Company to support the Company's business development. This distribution does not implement the conversion of capital reserve into share capital and are not dividend shares.</p> <p>In case of any change from the disclosure to the implementation of the distribution plan due to the listing of new shares, the granting and exercising of equity incentive, the conversion of convertible bonds into shares, share repurchase, etc., the distribution proportion will be adjusted accordingly according to the principle that the total amount of cash dividends and the total amount of capital reserve converted into share capital will remain unchanged.</p>	

The Company's common stock dividend distribution plan (proposal) and the plan of share capital increase from accumulation fund (proposal) in recent three years (including the reporting period)

1. Profit distribution of 2020

Based on the total share capital of 426,492,308 shares on December 31, 2020, and based on the profit that can be distributed by the parent company to all shareholders, it is planned to distribute cash dividends of RMB 18.00 (including tax) per 10 shares, with a total cash dividends of RMB 767,686,154.40. After the implementation of the above profit distribution plan, the remaining undistributed profit of the parent company is RMB 2,581,834,077.99, which will continue to be retained by the Company to support the Company's business development. This distribution does not implement the conversion of capital reserve into share capital and are not dividend shares.

2. Profit distribution of 2019

According to the relevant provisions of the *Company Law* and the *Articles of Association*, the Company implements profit distribution according to the following plan: as of December 31, 2019, the audited distributable profit of Winner Medical Co., Ltd. was RMB 717,801,193.98. In combination with the Company's profit situation at that time, it is decided to distribute RMB 98.5 million of the above distributable profits to all shareholders

according to the shareholding ratio, and the remaining undistributed profits will be carried forward to the following year.

3. Profit distribution of 2018

According to the relevant provisions of the *Company Law* and the *Articles of Association*, the Company implements profit distribution according to the following plan: as of December 31, 2018, the audited distributable profit of Winner Medical Co., Ltd. was RMB 460,017,736.97. In combination with the Company's profit situation at that time, it is decided to distribute RMB 43 million of the above distributable profits to all shareholders according to the shareholding ratio, and the remaining undistributed profits will be carried forward to the following year.

Cash dividends of common stock of the Company in recent three years (including the report period)

Unit: yuan

Year of dividend	Amount of cash dividend (including tax)	Net profits attributable to common shareholders of the listed company in the annual consolidated statement of dividends	Ratio of cash dividend amount to net profits attributable to common shareholders of the listed company in the consolidated statement	Amount of cash dividend in other forms (e.g. share repurchase)	Ratio of net profits attributable to common shareholders of the listed company by other means in the consolidated statements	Total cash dividends (including other methods)	Ratio of total cash dividends (including other methods) to net profits attributable to common shareholders of the listed company in the consolidated statements
2020	767,686,154.40	3,810,412,504.40	20.15%	0.00	0.00%	767,686,154.40	20.15%
2019	98,500,000.00	546,293,677.91	18.03%	0.00	0.00%	98,500,000.00	18.03%
2018	43,000,000.00	424,684,852.89	10.13%	0.00	0.00%	43,000,000.00	10.13%

The Company made profits during the reporting period and the profits available for distribution to common shareholders of the parent company were positive, but no proposal for the distribution of cash dividend of common shares was put forward

Applicable Not applicable

II. Performance in fulfilling commitments

1. Commitments fulfilled within and not fulfilled by the end of the reporting period by the Company's actual controller, shareholders, related parties, acquirer and other commitment parties

Applicable Not applicable

Source of commitment	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
Commitment made in the acquisition report or equity change report						

Commitment made at the time of asset restructuring						
Commitment made at the time of IPO or refinancing	Wenjian Group, Li Jianquan, Xie Ping, Li Xiaoyuan	IPO lock-up	Within 36 months from the date of listing and trading of the Company's shares, the Company shall not transfer or entrust others to manage the shares directly or indirectly held by the Company that have been issued before the initial public offering of the Company's shares, nor shall the Company repurchase such shares	September 17, 2020	36 months from the date of listing of the Company's shares	In performance
	Kangxin Investment, Kangsheng Investment, Kanglong Investment, Sequoia Xinyuan, Shenzhen Capital Group Co., Ltd., Kangli Investment, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Chen Huixuan, Yin Wenling	IPO lock-up	Within 12 months from the date of listing and trading of the Company's shares, the Company shall not transfer or entrust others to manage the shares directly or indirectly held by it that have been issued before the initial public offering of the Company's shares, nor shall the Company repurchase such shares	September 17, 2020	12 months from the date of listing of the Company's shares	In performance
	Wenjian Group, Li Jianquan, Xie Ping, Li Xiaoyuan, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Cheng Huixuan, Yin Wenling	IPO reduction	1. If the shares held are reduced within two years after the lock-up period, the reduction price shall not be lower than the issue price; 2. Within 6 months after the listing of the Company, if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price (if the right or dividend is excluded during this period, the issue price will be adjusted accordingly), or the closing price of the Company's shares is lower than the issue price (if the right or dividend is excluded during this period, the issue price will be adjusted accordingly) at the end of 6 months after the listing (March 17, 2021, it will be postponed in case of non-trading day), the lock-up period of the issuer shares held by the Company is automatically extended for 6 months	September 17, 2020	Within two years after the expiration of the lock-up period	In performance
	Winner Group, Li Jianquan, Kangsheng Investment, Sequoia	IPO reduction	The Company guarantees that it will abide by the relevant laws, regulations, departmental rules and normative documents in force at that time on the reduction of shareholders' shares of the listed	September 17, 2020	Long-term performance	In performance

	Xinyuan		company. When reducing the shares of the Company that held by the enterprise issued prior to the IPO, the enterprise will inform the Company in advance of the reduction intention and the number of shares to be reduced in written form, The Company shall make an announcement three trading days in advance. Except when the shares of the Company held by the enterprise are less than 5%.			
	Winner Medical, Winner Group, Li Jianquan	Share repurchase upon IPO fraudulent listing	There is no fraudulent issuance in the process of this public offering and listing on GEM; if the securities regulatory authority, the stock exchange or the judicial authority determines that the Company has fraudulent issuance behavior, which has a significant and substantial impact on judging whether the issuer meets the issuance conditions stipulated by law, the Company will be punished by the securities regulatory authority, the stock exchange or the judicial authority Within 5 working days from the date when the illegal facts are finally confirmed by the stock exchange or the judicial authority and other competent authority, the stock repurchase plan shall be formulated in accordance with the relevant laws and regulations and the Articles of Association, and all the new shares issued and listed shall be repurchased	September 17, 2020	Long-term performance	In performance
	Winner Medical, Winner Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei, Ye Yangjing	Commitment to assume compensation liability according to law	There are no false records, misleading statements or major omissions in the prospectus. We assume individual and joint legal liabilities for its authenticity, accuracy and integrity.	September 17, 2020	Long-term performance	In performance
	Winner Medical, Winner Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Chen Huixuan, Yin	Commitment to stabilize the Company's share price in IPO	If the stock price of the Company is lower than the net assets per share within three years after listing, the Company and the relevant responsible parties can choose to implement the following measures separately or comprehensively to stabilize the stock price according to the actual situation of the Company	September 17, 2020	36 months from the date of listing of the Company's	In performance

	Wenling		and the stock market when the preconditions for starting the measures to stabilize the stock price are met: 1. The Company repurchases the shares; 2. The controlling shareholders and actual controllers increase their holdings of the Company's shares; 3. Non-independent directors and senior managers who hold posts and receive remuneration in the Company increase their holdings of the Company's shares; 4. Laws, administrative regulations, normative documents and other methods approved by CSRC.		shares	
	Winner Medical	Measures and commitments to make up for the diluted immediate return	In order to reduce the impact of the diluted immediate return of this issuance, we promise to take the following measures: (I) accelerate the investment progress of the investment projects with raised funds and strive to achieve the expected benefits of the project as soon as possible; (II) Strengthen the supervision of investment projects with raised funds to ensure the reasonable and legal use of raised funds; (III) Strengthen the operating management and internal control, improve the operating efficiency and profitability; (IV) Ensure a sustainable and stable profit distribution system and strengthen the return mechanism for investors	September 17, 2020	Long-term performance	In performance
	Winner Group, Li Jianquan	Measures and commitments to make up for the diluted immediate return	I/Our company shall not interfere in the Company's operation and management activities beyond my/our authority, encroach on the Company's interests, transfer interests to other units or individuals free of charge or under unfair conditions, damage the Company's interests in other ways, or use the Company's assets to engage in investment and consumption activities unrelated to my/our performance of duties. I/Our company promise to fully, completely and timely perform measures of making up for return established by the Company and any commitment on measures of making up for return. If I/ our company violates such commitment, I /our company is willing to bear corresponding legal responsibility according to law.		Long-term performance	In performance
	Fang Xiuyuan, Xu Xiaodan, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong,	Measures and commitments to make up for the diluted immediate return	1. Shall not transfer interests to other units or individuals free of charge or under unfair conditions, or damage the Company's interests in other ways. 2. Restrict my duty consumption behavior as a director, supervisor and senior manager of the Company. 3.	September 17, 2020	Long-term performance	In performance

	Liang Wenzhao, Guo Zhenwei,	return	<p>Shall not use the Company's assets to engage in investment and consumption activities unrelated to my performance of the duties of a director, supervisor and senior manager. 4. Actively promote the improvement of the Company's salary system. 5. When introducing the Company's equity incentive scheme (if any), the vesting conditions of equity incentive shall be linked with the implementation of the Company's measures to make up for the return. 6. I promise that I will issue supplementary commitments in accordance with the latest provisions of the CSRC, and actively promote the Company to make new provisions. 7. I promise to fully, completely and timely perform measures of making up for return established by the Company and any commitment I have made on measures of making up for return.</p>			
	Winner Medical	Commitment on profit distribution policy	<p>In order to better protect the legitimate rights and interests of investors, the Company deliberated and passed the revised <i>Articles of Association (Draft)</i> at the second extraordinary general meeting of shareholders in 2020. The Company determines the dividend return plan for the next three years: on the premise that the net profit attributable to the shareholders of the parent company is positive in the current year, the Company will make profit distribution at least once a year, and the board of directors may propose the Company to make interim profit distribution according to the Company's profit and capital demand. The Company shall give priority to cash dividend for profit distribution when it is under the conditions of cash dividend.</p>	September 17, 2020	36 months from the date of listing of the Company's shares	In performance
	Winner Group, Li Jianquan	Commitment on avoiding horizontal competition	<p>1. As of the date of this letter of commitment, our company / I do not and will not engage in or participate in the same or similar business and activities as the Company's main business in any form, and will not engage in or participate in the same or similar business and activities as the Company's main business through investment in other companies. 2. Our company / I undertake not to engage in or participate in any business or activities that are the same or similar to the Company's main business. 3. If the Company further expands its business scope on the basis of its existing business, and other enterprises</p>	September 17, 2020	Long-term performance	In performance

			under our company's / my control at that time have already produced and operated the business, the other enterprises under our company's / my control at that time shall sell the relevant business, and the Company has the priority to purchase the relevant business under the same commercial conditions. 4. If the Company further expands its business scope on the basis of its existing business, and other enterprises under our company's / my control at that time have not yet produced and operated the business, the other enterprises under our company's / my control at that time will not engage in the same or similar business and activities as the new business of the Company.			
	Winner Group, Li Jianquan	Commitment to indemnity for the recovery of social security accumulation fund	The social security and housing provident fund management departments of the Company and its major subsidiaries have issued the <i>Certificate</i> , confirming that from January 1, 2017 to December 31, 2019, the Company and its subsidiaries have no records of administrative punishment for violating laws and regulations related to labor, social security and housing provident fund. If Winner Medical and its subsidiaries are required to make up the social insurance premium or housing provident fund that should be paid by Winner Medical and its subsidiaries for their employees or claimed by their employees, or if litigation, arbitration and administrative punishment from relevant administrative departments occur therefrom, our company / I shall unconditionally bear the full amount of the fees that should be made up and bear the corresponding liability for compensation, to ensure that Winner Medical and its subsidiaries will not suffer any losses as a result. The controlling shareholders and the actual controller of the Company, Li Jianquan, are jointly and severally liable to each other.	September 17, 2020	Long-term performance	In performance
	Winner Group, Li Jianquan	Compensation commitment for demolition of Yichang Winner's properties	The land and real estate authorities of Yichang Winner issued a certificate to confirm that the relevant subsidiaries did not violate laws and rules during the reporting period; moreover, the total area of the two properties accounts for a small proportion of the total area of the Company's and its subsidiaries' own properties. Even if there is a risk of demolition, it will not have a significant adverse impact on the production and operation of the Company and its	September 17, 2020	Long-term performance	In performance

			<p>subsidiaries. In response to the relocation risk of the two properties, the controlling shareholders and the actual controller of the issuer make a commitment: “if such properties are required to be demolished within a time limit by the competent government department, the controlling shareholders and the actual controller agree to timely, unconditionally and fully compensate all losses caused to the Company.”</p>			
	<p>Winner Medical, Winner Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei, Ye Yangjing</p>	<p>Restraint measures for IPO failure to perform the contract</p>	<p>If we fail to fulfill the relevant commitments disclosed in the prospectus, we will publicly explain the specific reasons for our failure to fulfill the commitments in the general meeting of shareholders and the information disclosure media designated by the CSRC, and apologize to all shareholders and public investors. If we fail to fulfill the relevant public commitments, the proceeds will belong to the Company. If we cause losses to the Company or its shareholders or other investors due to our failure to fulfill the relevant public commitments, we will compensate the relevant losses to the Company or its shareholders or other investors in accordance with the law. At the same time, we shall not transfer the shares (if any) of the issuer directly or indirectly held by us during the period of assuming the aforesaid compensation liability. If we fail to bear the above compensation liability, we will stop receiving salary (if any) within 10 days after the occurrence of the above matters until I fulfill the relevant public commitments. If we fail to fulfill, have been unable to fulfill or have been unable to fulfill our commitments on time due to objective reasons beyond our control, such as changes of relevant laws and regulations, policy, natural disasters and other force majeure, we will take the following measures: (1) timely and fully disclose the specific reasons why we fail to fulfill, have been unable to fulfill or have been unable to fulfill our commitments on time; (2) Put forward supplementary commitments or alternative commitments to the Company's investors (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and Articles of Association), so as to protect the rights and interests of investors as far as possible</p>	<p>September 17, 2020</p>	<p>Long-term performanc e</p>	<p>In perform ance</p>

Equity incentive commitment						
Other commitments made to minor shareholders of the Company						
Whether the commitment is fulfilled on time	Yes					

2. In case the Company's asset or project saw earning expectation, and the reporting period is still covered by the term of the earning expectation, the Company shall make a statement about the asset or project fulfilling the original expectation and the reasons thereof.

Applicable Not applicable

III. Non-operating occupation of funds of listed companies by controlling shareholders and their related parties

Applicable Not applicable

No non-operating occupation of funds of listed companies by controlling shareholders and their related parties during the reporting period.

IV. Statement of the board of directors on the latest "non-standard audit report"

Applicable Not applicable

V. Statement of the board of directors, the board of supervisors and independent directors (if any) on the "non-standard audit report" of the accounting firm during the reporting period

Applicable Not applicable

VI. Statement of the board of directors on accounting policy, accounting estimate change or significant accounting error correction in the reporting period

Applicable Not applicable

During the reporting period of the Company, except for the accounting policy changes caused by the changes of accounting standards, there are no other accounting policies, accounting estimate changes or corrections of major accounting errors. Among them, the accounting policy changes caused by the changes of accounting standards "Section 12 Financial statements - V. Important accounting policies and accounting estimates - 44. Changes in important accounting policies and accounting estimates - (1) Changes in important accounting policies".

VII. Explanation of changes in the scope of combined financial statements when compared with financial statements of the previous fiscal year

Applicable Not applicable

<p>Beijing Fengtai Source Fans Environmental Research Institute v. Jiayu Winner, Chongyang Winner and Huanggang Winner, public interest litigation case on environmental pollution</p>	<p>1,180</p>	<p>No</p>	<p>From August to September in 2019, Jiayu Winner, Chongyang Winner and Huanggang Winner respectively received the <i>Civil Complaint</i> and relevant responding legal documents served by Wuhan Intermediate People's Court, and the plaintiff was Beijing Fengtai Source Fans Environmental Research Institute. On July 24, 2020, Beijing Fengtai Source Fans Environmental Research Institute, through the exchange of evidence, held that the infringement of the three defendants had already stopped and the relevant problems had been rectified. Therefore, it applied to Wuhan Intermediate People's Court to withdraw the prosecution for the above three cases. On September 7, 2020, Wuhan Intermediate People's Court made a civil ruling (civil ruling paper No.: (2019) E 01 M.C. No. 7068, (2019) E 01 M.C. No. 7069, (2019) E 01 M.C. No. 7070) granting the withdrawal of the lawsuit. So far, the above litigation cases have ended</p>	<p>The plaintiff withdrew the lawsuit without adverse effect</p>	<p>N/A</p>		
<p>Tianmen Winner, Shenzhen Purcotton, Huanggang Winner v. China National Intellectual Property Administration, administrative dispute case of patent invalidation</p>	<p>0</p>	<p>No</p>	<p>On June 2, 2020, the Reexamination and Invalidation Department of the Patent Office of China National Intellectual Property Administration issued the <i>Decision on Examination of Invalidation Request</i>, which decided to declare the patent right of "production method of cotton non-woven medical dressings" (Patent No. ZL200510033147.1, valid until February 6, 2025) invalid. On August 26, 2020, Tianmen Winner, Shenzhen Purcotton, Huanggang Winner filed a lawsuit to Beijing Intellectual Property Court in accordance with the provisions of the <i>Patent Law</i> for revocation of the patent invalidation decision. On August 28, 2020, Beijing Intellectual Property Court issued the <i>Notice of Acceptance of Administrative Case</i>, accepting the lawsuits of Tianmen Winner, Shenzhen Purcotton, Huanggang Winner. At present, the case is still in the</p>	<p>If the lawsuit does not support the plaintiff's claim, the patent is finally found to be invalid. The reason for the patent invalidation decision is not that the Company and / or the patent infringes the rights of others. Therefore, the Company can still use the technology and will not have a significant adverse impact on the normal production and operation of the company</p>	<p>N/A</p>		

			first instance stage			
Winner Medical v. People's Government of Zijin County, arbitration case of contract dispute [Case No.: (2019) G.G.Z Zi No. 095]	55,565.53	Yes	The Company has received the award of (2019) G.G.Z Zi No. 095 Case.	The ruling confirmed that the original <i>Investment Agreement</i> was terminated, and the People's Government of Zijin County had to bear the lawyer's fees, legal costs and other expenses totaling RMB 2.6553 million, return RMB 3 million of land transfer deposit to the Company, and compensate for economic losses of RMB 550 million. The land, above-ground buildings, equipment and facilities and relevant supporting materials of Heyuan Winner investment and construction project were handed over to the People's Government of Zijin County. There will be no adverse impact on the Company.	As of the disclosure date of the report, the Company has received the land transfer deposit of RMB 3 million and compensation of RMB 213 million returned by the People's Government of Zijin County. The Company has handed over the project land, above-ground buildings, equipment and facilities and relevant supporting materials to the People's Government of Zijin County.	

XII. Punishment and rectification

Applicable Not applicable

No punishment or rectification of the Company during the reporting period.

XIII. Credit conditions of the company, its controlling shareholders and actual controllers

Applicable Not applicable

XIV. Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not applicable

1. 2020 restricted stock incentive plan

(1) On November 27, 2020 and December 15, 2020, the Company held the 15th meeting of the second board of directors and the 6th extraordinary general meeting of shareholders in 2020 respectively, deliberated and passed the *Proposal on the Company's Restricted Stock Incentive Plan in 2020 (Draft) and Its Abstract* and related matters. The general meeting of shareholders authorized the board of directors to determine the grant date of restricted stocks, and relevant matters which is necessary to grant restricted shares to the incentive object and go through the procedures for granting restricted shares when the incentive object meets the conditions. For details, please refer to relevant announcements disclosed by the Company on the website (<http://www.cninfo.com.cn>) on December 16, 2020 and November 30, 2020.

(2) On December 18, 2020, the Company held the 17th meeting of the second board of directors and the 11th meeting of the second board of supervisors respectively, deliberated and passed the *Proposal on Matters Related to the Adjustment of the Restricted Stock Incentive Plan in 2020* and the *Proposal on the First Grant of Restricted Stocks to the Incentive Objects*, and determined that December 18, 2020 will be the grant date of the incentive plan, 5.833 million restricted shares will be granted to 1,036 eligible incentive objects. For details, please refer to relevant announcement disclosed by the Company on the website (<http://www.cninfo.com.cn>) on December 22, 2020.

XV. Major related transactions**1. Related transactions related to daily operation**

Applicable Not applicable

No major related transactions related to daily operation of the Company during the reporting period.

2. Related transactions arising from the acquisition or sale of assets or equity

Applicable Not applicable

No Related transactions arising from the acquisition or sale of assets or equity of the Company during the reporting period.

3. Related transactions of joint foreign investment

Applicable Not applicable

No related transactions of joint foreign investment of the Company during the reporting period.

4. Related claims and debts

Applicable Not applicable

No major related claims and debts of the Company during the reporting period.

V. Other major related transactions

Applicable Not applicable

No other major related transactions of the Company during the reporting period.

XVI. Major contracts and their performance**1. Trusteeship, contracting and lease****(1) Trusteeship**

Applicable Not applicable

No trusteeship of the Company during the reporting period.

(2) Contracting

Applicable Not applicable

No contracting of the Company during the reporting period.

(3) Lease

Applicable Not applicable

Lease description

According to the signed irreversible operating lease contract, the minimum lease payments payable by the Company after the balance sheet date are as follows:

Remaining lease term	Minimum lease payments
Within 1 year	229,475,754.93
1~2 years	189,063,868.38
2~3 years	132,529,407.11
More than 3 years	103,271,438.85
Total	654,340,469.27

Project bringing the profits or losses more than 10% of the total profits of the Company in the reporting period to the Company

Applicable Not applicable

No lease project bringing the profits or losses more than 10% of the total profits of the Company in the reporting period to the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

(1) Guarantee

Unit: RMB '0,000

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)								
Name of guarantee object	Disclosure date of the announcement related to guarantee limit	Guarantee limit	Actual occurrence date	Actual amount guaranteed	Type of guarantee	Guarantee period	Whether the performance has been completed	Whether it is the guarantee for the related party
Guarantee of the Company to its subsidiaries								
Name of guarantee object	Disclosure date of the announcement related to guarantee limit	Guarantee limit	Actual occurrence date	Actual amount guaranteed	Type of guarantee	Guarantee period	Whether the performance has been completed	Whether it is the guarantee for the related party
Winner Medical (Wuhan) Co., Ltd.		30,000	December 29, 2018	30,000	Joint and several liability guarantee	1.3	Yes	Yes
Shenzhen Purcotton Ltd.		15,000	October 10, 2019	15,000	Joint and several liability guarantee	1	Yes	Yes
Shenzhen Purcotton Ltd.		20,000	August 30, 2019	20,000	Joint and several liability guarantee	1	Yes	Yes
Total amount of guarantee limit approved to subsidiaries during the reporting period (B1)		100,000		Total actual amount of guarantee to subsidiaries during the reporting period (B2)		65,000		
Total amount of guarantee limit approved to subsidiaries at the end of the reporting period (B3)		100,000		Total actual guarantee balance to subsidiaries at the end of the reporting period (B4)		0		
Guarantee of a subsidiary to its subsidiaries								
Name of guarantee object	Disclosure date of the announcement related to guarantee	Guarantee limit	Actual occurrence date	Actual amount guaranteed	Type of guarantee	Guarantee period	Whether the performance has been	Whether it is the guarantee for the related

	limit					completed	party
Total amount of the Company's guarantee (i.e. the total of the first three items)							
Total amount of guarantee limit approved during the reporting period (A1+B1+C1)		100,000	Total actual amount of guarantee during the reporting period (A2+B2+C2)			65,000	
Total amount of guarantee limit approved at the end of the reporting period (A3+B3+C3)		100,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)			0	
The proportion of the total amount of actual guarantee (A4 + B4 + C4) to the Company's net assets				0.00%			
Including:							
Balance of guarantee provided to shareholders, actual controllers and their related parties (D)				0			
Balance of debt guarantee provided directly or indirectly to the guaranteed object with asset-liability ratio over 70% (E)				0			
Amount of total guarantee exceeding 50% of net assets (F)				0			
Total amount of the above three guarantees (D + E + F)				0			
For the unexpired guarantee, an explanation of the situation that the guarantee liability has occurred or the joint and several liability may be assumed during the reporting period (if any)				NA			
Explanation of providing external guarantee in violation of specified procedures (if any)				NA			

Explanation of the specific situation of adopting guarantee by compound means

NA

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

Whether the Company provides guarantees or financial assistance to dealers

Yes No

(2) Illegal external guarantee

Applicable Not applicable

No illegal external guarantee of the Company during the reporting period.

3. Major contracts for daily operation

Unit: yuan

Name of the Company to the contract	Name of the other party to the contract	Total contract amount	Progress of contract performance	Amount of sales revenue recognized	Cumulative amount of sales revenue	Collection status of accounts	Any significant change in the conditions that	Any significant risk that may hamper the
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				during the reporting period	recognized	receivable	may affect the performance of major contracts	performance of contracts
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4. Entrusted cash asset management

(1) Entrusted financial management

Applicable Not applicable

Overview of entrusted financial management during the reporting period

Unit: RMB '0,000

Specific type	Source of funds for entrusted financial management	Amount incurred in entrusted financial management	Outstanding balance	Overdue amount not recovered
Bank financial products	Self-owned funds	140,000	140,000	0
Bank financial products	Proceeds	252,000	252,000	0
Trust financial products	Self-owned funds	20,000	20,000	0
Total		412,000	412,000	0

Specific circumstance of high-risk entrusted financing with significant single amount or with low security, poor liquidity and not break-even

Applicable Not applicable

The entrusted financing is expected not to recover the principal or has other circumstances that may cause impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The Company had no entrusted loan during the reporting period.

5. Other major contracts

Applicable Not applicable

No other major contracts of the Company during the reporting period.

XVII. Social responsibility

1. Social responsibility fulfillment

For details of the Company's performance of social responsibility, please refer to the *Corporate Social Responsibility Report* disclosed on <http://www.cninfo.com.cn> on the same day of the Company's annual report.

2. Implementation of social responsibility for targeted poverty alleviation

(1) Targeted poverty alleviation planning

On May 20, 2020, the Company donated RMB 500,000 to the poverty-stricken areas assisted by district counterparts through Longhua District Charity. In the reporting year, the Company did not carry out other targeted poverty alleviation work or follow-up targeted poverty alleviation plan.

(2) Annual targeted poverty alleviation summary

On May 20, 2020, the Company donated RMB 500,000 to the poverty-stricken areas assisted by district counterparts through Longhua District Charity. In the reporting year, the Company did not carry out other targeted poverty alleviation work or follow-up targeted poverty alleviation plan.

(3) Targeted poverty alleviation effect

Indicator	Unit of measurement	Quantity / development
I. Overall situation	—	—
II. Itemized input	—	—
1. Industrial development to get rid of poverty	—	—
2. Transfer employment to get rid of poverty	—	—
3. Relocation to get rid of poverty	—	—
4. Poverty alleviation through improving education	—	—
5. Poverty alleviation through providing better healthcare	—	—
6. Poverty alleviation through better ecological protection	—	—
7. Guaranteeing basic living standard for people unable to work	—	—
8. Poverty alleviation through helping poor areas and poor households to develop economy and production	—	—
9. Other projects	—	—
III. Award (content, level)	—	—

(4) Follow-up targeted poverty alleviation programs

In the reporting year, the Company did not carry out targeted poverty alleviation work or follow-up targeted poverty alleviation plan.

3. Environmental protection related condition

Whether the listed company and its subsidiaries are key pollutant discharging units announced by environmental protection authorities

√ Yes □ No

Company or subsidiary name	Names of main pollutants and characteristic pollutants	Emission mode	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	Pollutant emission standards implemented	Total emissions	Total emissions approved	Emissions beyond standards
Winner Medical (Chongyang) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	7mg/m ³ , <3mg/m ³ , 169mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 2.43T/a, SO ₂ : 0.066T/a	NOX: 13.28T/a, SO ₂ : 3.32 T/a	Not exceeding the standard
Winner Medical (Chongyang) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.47、 35mg/L、 10.1mg/L、 0.208mg/L、 14mg/L	6-9、80mg/L、 20mg/L、 10mg/L、 50mg/L	COD: 17.23T/a、 NH ₃ -N: 0.409T/a	COD: 57.6T/a、 NH ₃ -N: 7.27 T/a	Not exceeding the standard
Winner Medical (Jiayu) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	6.1mg/m ³ , <3mg/m ³ , 65mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 2.54T/a, SO ₂ : 0.078T/a	NOX: unlicensed, SO ₂ : unlicensed	Not exceeding the standard
Winner Medical (Jiayu) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.5、 24.7mg/L、 7.3mg/L、 0.319mg/L、 5mg/L	6-9、 100mg/L、 20mg/L、 15mg/L、 70mg/L	COD: 8.24T/a、 NH ₃ -N: 0.101T/a	COD: 34.29T/a、 NH ₃ -N: 1.19T/a	Not exceeding the standard
Winner Medical (Huanggang) Co., Ltd.	PM, SO ₂ , NOX	/	2	1#2# boiler discharge outlet	10.3mg/m ³ , <3 mg/m ³ , 122mg/m ³	20mg/m ³ , 50 mg/m ³ , 200mg/m ³	NOX: 14.04T/a, SO ₂ : 0.014T/a	NOX: 23.52T/a, SO ₂ : unlicensed	Not exceeding the standard
Winner Medical (Huanggang) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.97、 61.5mg/L、 5.6mg/L、 0.354mg/L、 8mg/L	6-9、 500mg/L、 300mg/L、 45mg/L、 400mg/L	COD: 59.04T/a、 NH ₃ -N: 5.904T/a	COD: 90T/a、 NH ₃ -N: 13.5 T/a	Not exceeding the standard
Winner Medical (Tian men) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	6.0mg/m ³ , <3mg/m ³ , 99mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 6.91T/a, SO ₂ : 0.16T/a	NOX: 16.235T/a, SO ₂ : 4.059T/a	Not exceeding the standard
Winner Medical (Tian men)	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.54、 67.5mg/L、 19.1mg/L、 9.05mg/L、	6-9、 400mg/L、 150mg/L、 30mg/L、	COD: 33.64T/a、 NH ₃ -N:	COD: 132.52T/a*、 NH ₃ -N:	Not exceeding the standard

Co., Ltd.					7mg/L	250mg/L	1.135T/a	16.57 T/a*	
Winner Medical (Wuhan) Co., Ltd.	PM, SO ₂ , NOX	/	/	/	/	/	/	No boiler, no license	/
Winner Medical (Wuhan) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.7, 40mg/L, 12mg/L, 0.344mg/L, 31.5mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	COD: 30.25T/a, NH ₃ -N: 3.02T/a	COD: 61T/a, NH ₃ -N: 6.1T/a	Not exceeding the standard
Winner Medical (Jingmen) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	15.2mg/m ³ , <3 mg/m ³ , 98mg/m ³	20mg/m ³ , 50mg/m ³ , 150mg/m ³	NOX: 3.314T/a, SO ₂ : 0.121 T/a	NOX: 5.94T/a, SO ₂ : 1.28 T/a	Not exceeding the standard
Winner Medical (Jingmen) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	8.43, 26mg/L, 7.2mg/L, 0.79mg/L, 11mg/L	6-9, 280mg/L, 150mg/L, 25mg/L, 210mg/L	COD: 13.25T/a, NH ₃ -N: 1.32 T/a	COD: 19.48T/a, NH ₃ -N: 1.95T/a	Not exceeding the standard
Yichang Winner Textile Weaving Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	1.46mg/m ³ , <3mg/m ³ , 134mg/m ³	20mg/m ³ , 50mg/m ³ , 150mg/m ³	Unlicensed	Unlicensed	Not exceeding the standard
Yichang Winner Textile Weaving Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.58, 135mg/L, 41.5mg/L, 11.8mg/L, 44mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	2,830 tons of drainage, no production wastewater drainage	Unlicensed	Not exceeding the standard

Construction and operation of pollution prevention and control facilities

In order to ensure the normal operation of environmental protection facilities, the Company selects advanced, mature and technically feasible environmental protection facilities and treatment processes, formulates environmental protection responsibility system, emergency management system, safe operation rules of environmental protection facilities, etc., assigns special personnel to be responsible for the operation and maintenance of environmental protection facilities, formulates maintenance plan, makes operation records and daily monitoring of environmental protection facilities. The environmental protection facilities operate normally, and all the pollutant discharge indexes meet the requirements of pollutant discharge permit.

All subsidiaries build hazardous waste rooms, manage the whole process of hazardous waste, sign entrusted disposal agreements with third-party companies, and regularly transfer them to third parties for treatment.

Environmental impact assessment of construction projects and other administrative permits for environmental protection

The branches and subsidiaries of Winner Medical Co., Ltd. have implemented the environmental impact assessment system and the "three simultaneousities" system as required, and have done a good job in the environmental protection acceptance after completion.

Winner Medical (Chongyang) Co., Ltd.: "Medical absorbent gauze series product line" obtained the EIA approval from Environmental Protection

Bureau of Chongyang County on September 21, 2005, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Chongyang County on August 22, 2008; “the project of sterile packaging and sterile production line” obtained the EIA approval (C.H.S.H [2013] No.07) from Environmental Protection Bureau of Chongyang County on March 29, 2013, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Chongyang County on June 26, 2014; “Qingshan plant construction project” went through the environmental impact assessment in July 2014 and obtained EIA approval from Environmental Protection Bureau of Chongyang County on November 18, 2015; the new 6390M2 workshop project” of Xianning Winner Medical (Chongyang) Co., Ltd. completed the declaration of registration form on May 17, 2017.

Winner Medical (Jiayu) Co., Ltd.: “Absorbent cotton project with annual production of 800 tons ” obtained the EIA approval from Environmental Protection Bureau of Jiayu County on March 20, 2013, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Jiayu County on September 20, 2014. “Winner Purcotton construction project” obtained the EIA approval (J.H.S [2014] No.083) from Environmental Protection Bureau of Jiayu County on December 25, 2014, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Jiayu County on September 28, 2017.

Yichang Winner Textile Weaving Co., Ltd.: “Medical gauze project with an annual output of 90 million meters” obtained the EIA approval from Environmental Protection Bureau of Zhijiang City on December 19, 2014, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Zhijiang City on October 14, 2015.

Winner Medical (Tianmen) Co., Ltd.: “Cotton spun laced non-woven fabric and medical dressing products production project” obtained the EIA approval (T.H.H. [2015] No.35) from Environmental Protection Bureau of Tianmen City on March 11, 2015. At present, phase I of the project has been completed and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Tianmen City on January 25, 2017; the independent acceptance of phase II will be completed on May 10, 2020. “Medical dressing production line automation upgrading and transformation project” obtained the EIA approval (T.H.H. [2016] No.23) from Environmental Protection Bureau of Tianmen City on January 19, 2016, and completed the independent acceptance on March 23, 2018.

Winner Medical (Jingmen) Co., Ltd.: “30 million meters per year medical gauze bleaching and refining production line expansion project” obtained the EIA approval from Environmental Protection Bureau of Jingmen City on October 18, 1999, and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Jingmen City on December 14, 2001; “renovation and expansion project of gauze pad, gauze sheet and shrinkage bandage” obtained the EIA approval from Environmental Protection Bureau of Jingmen City on September 23, 2003 and passed the environmental protection acceptance after completion of Environmental Protection Bureau of Dongbao District, Jingmen City on August 3, 2005; “degreasing and bleaching medical gauze project with annual production of 1,500 tons” obtained the EIA approval from Environmental Protection Bureau of Dongbao District, Jingmen City on April 5, 2006, and accepted together with the construction project of Purcotton on September 27, 2017; “Winner Purcotton construction project” obtained the EIA approval (D.H.H [2016] No.138) from Environmental Protection Bureau of Jingmen City on October 19, 2016, and passed the environmental protection acceptance of Environmental Protection Bureau of Jingmen City on September 27, 2017; the expansion project of absorbent gauze production line (Purcotton phase II expansion project) obtained the EIA approval (J.H.S. [2020] No.112) from Jingmen Municipal Bureau of Ecology and Environment on December 24, 2020.

Winner Medical (Huanggang) Co., Ltd.: “cotton spun laced non-woven fabric production project (phase I and phase II)” obtained the EIA approval (E.H.H. [2011] No.628) from Environmental Protection Department of Hubei Province on August 5, 2011; the phase I project passed the environmental protection acceptance after completion (E.H.H.[2012] No.348) of Environmental Protection Department of Hubei Province on May 8, 2012. The phase II project obtained the EIA approval (H.H.H. [2015] No.304) from Environmental Protection Bureau of Huanggang City on December 31, 2015, and the phase I project passed the environmental protection acceptance after completion of Environmental Protection Bureau of Huanggang City on January 24, 2017; “the new project of Purcotton distribution center” obtained the EIA approval (H.H.H. [2016] No.114) from Environmental Protection Bureau of Huanggang City on June 27, 2016, and the independent acceptance of the project was completed on October 10, 2018; the “boiler transformation project” obtained the EIA approval (H.H.H. [2018] No.20) from Environmental Protection Bureau of Huanggang City on January 29, 2018, and completed self acceptance on November 14, 2019; the “foam coiled material production line project (expansion)” obtained the EIA approval (H.H.H. [2018] No.26) from Environmental Protection Bureau of Huanggang City on February 5, 2018, and completed the project's independent acceptance on October 8, 2018; the “construction project of high-end dressing production line” obtained the EIA approval (H.H.H. [2018] No.178) from Environmental Protection Bureau of Huanggang City on November 6, 2018, and the project is currently in the

construction period and has not been completed; the “upgrading and transformation project of medical protective products” obtained the EIA approval (H.H.H. [2020] No.109) from Huanggang Municipal Bureau of Ecology and Environment on July 20, 2020, which is under acceptance.

Winner Medical (Wuhan) Co., Ltd.: “Hubei Winner Medical Co., Ltd. cotton spun laced nonwovens and products production project” obtained the EIA approval (X.S.P.Zi [2017] No.68) from Administrative Approval Bureau of Xinzhou District, Wuhan City on July 12, 2017 (see Annex 3 for the approval), and completed the independent acceptance of phase I on January 18, 2020; “R & D center construction project” obtained the EIA approval (X.S.P.Zi [2018] No.193) from Administrative Approval Bureau of Xinzhou District, Wuhan City on December 24, 2018 (see Annex 4 for the approval), but the project has not started construction yet; “new electron accelerator irradiation device project” obtained the EIA approval (W.H.G. [2018] No.5) from Wuhan Environmental Protection Bureau on January 15, 2018, and the independent acceptance of phase I was completed on May 15, 2020.

Emergency plan for environmental emergencies

In order to further improve the emergency management system of environmental pollution accidents, improve the ability of branches and subsidiaries of Winner Medical Co., Ltd. to deal with major environmental pollution accidents to ensure the safety of production and operation, improve the ability of employees to deal with accidents, standardize the Company's emergency management and corresponding emergency procedures, and implement emergency rescue work in a timely and effective manner, prevent and reduce the occurrence of accidents to the greatest extent, branches and subsidiaries of Winner Medical Co., Ltd. have set up an environmental accident emergency leading group and formulated the *Emergency Plan for Environmental Accidents*. The branches and subsidiaries of Winner Medical Co., Ltd. have prepared the emergency plans for environmental accidents according to the requirements, and sent them to the local environmental protection authorities for record.

Environmental self-monitoring scheme

The Company implements the environmental self-monitoring scheme according to the requirements of the pollutant discharge permit, and detects the pollutants through the methods of manual testing + entrusted monitoring + online monitoring. The online monitoring system of enterprises with production wastewater discharge carries out real-time monitoring and networking with the competent government departments. The entrusting party of the online monitoring equipment carries out the operation and maintenance of the online monitoring equipment, and the manual testing and entrusted monitoring results are released in time on the provincial pollutant platform.

Note: the self-monitoring scheme is stipulated in the pollutant discharge permit, and the pollutant discharge permit and self-monitoring scheme are made public on the national pollutant discharge permit management platform.

Other environmental information that should be disclosed

None

Other information related to environmental protection

None

The Company needs to comply with the disclosure requirements of the *No. 17 Guideline of Shenzhen Stock Exchange for Industry Information Disclosure of Listed Companies Engaging in Textile and Apparel Business*.

Environmental compliance of the Company during the reporting period

1. Winner Medical (Jiayu) Co., Ltd.

It is a key wastewater discharge enterprise, and the wastewater mainly includes domestic sewage and production wastewater. Domestic sewage (including canteen wastewater) is first treated in oil separation tank and septic tank, and then mixed with production wastewater to enter the sewage treatment station in the plant. The sewage treatment station adopts “hydrolysis acidification + biological contact oxidation method” for treatment, and then discharged from the drainage outlet through pipeline after reaching the standard. The wastewater has been installed with on-line monitoring. The sewage treatment station passed the environmental protection acceptance after completion of Environmental Protection Bureau of Jiayu County on September 28, 2017, implementing the limit value of “Discharge Standard of Water Pollutants for Textile Dyeing and Finishing Industry” (GB4287-2012). The sewage plant's structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

Solid waste is mainly domestic waste of employees; impurities (cotton residue, cotton dust and cotton batting) generated in the production process and cotton dust collected by dust removal equipment; the leftover materials produced in the slicing process; sludge from sewage treatment station; the

hazardous waste generated is chemical material packaging barrel. For general solid wastes, disposal agreements are signed with disposal units, and for hazardous wastes, disposal agreements are signed with qualified disposal units.

2. Winner Medical (Chongyang) Co., Ltd.

It is a key wastewater discharge enterprise. The wastewater of the project mainly includes domestic sewage, production wastewater and experimental wastewater, etc. The production wastewater is discharged into the wastewater treatment station (hydrolysis acidification + biological contact oxidation method), and the treatment reaches the standard; the experimental wastewater is hazardous waste and has been entrusted to a third party company for treatment. The domestic sewage of the employees and production wastewater generated by the enterprise are directly discharged into the sewage treatment plant and discharged after reaching the standard. Online monitoring of wastewater has been installed, and the sewage station completed independent acceptance on March 20, 2017, implementing the limit value of "Discharge Standard of Water Pollutants for Textile Dyeing and Finishing Industry" (GB4287-2012). The sewage plant's structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

Solid waste mainly includes office and domestic waste of employees, dust, leftover materials and unqualified products produced in the production process. For domestic waste and general solid waste, disposal agreements are signed with disposal units, and for hazardous waste, entrustment agreements are signed with third parties.

3. Winner Medical (Tianmen) Co., Ltd.

It is a key wastewater discharge enterprise. The wastewater mainly comes from the production wastewater produced by the degreasing and bleaching workshop and the domestic sewage in the plant area. The main pollutants are pH, COD, suspended solids and BOD5. The production wastewater is discharged to the sewage treatment station (hydrolysis acidification + biological contact oxidation method), and the treatment reaches the standard; domestic sewage enters the sewage treatment station and is treated with the production wastewater. Online monitoring of wastewater has been installed, and the phase I project of the sewage station completed independent acceptance on March 23, 2018, implementing the limit value of "Discharge Standard of Water Pollutants for Textile Dyeing and Finishing Industry" (GB4287-2012). The sewage plant's structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

For General solid waste and domestic waste, treatment agreements are signed with disposal units. Hazardous solid waste is mainly chemical material packaging barrels, which are recycled by raw material suppliers, and no hazardous waste is transferred for disposal.

4. Winner Medical (Jingmen) Co., Ltd.

It is a key wastewater discharge enterprise, and the wastewater discharged by the enterprise is mainly production wastewater and domestic sewage. The production wastewater mainly comes from the scouring and bleaching process. The PH value of the wastewater is obviously alkaline and the COD value is high, but there is no harmful poisonous substance in it. The wastewater is discharged into the self-built sewage station, treated by "flocculation precipitation + hydrolysis acidification + biological contact oxidation method + biological aerated filter", and then discharged into the downstream municipal sewage plant. After simple treatment in septic tank, domestic sewage will be treated in self-built sewage station. The sewage station has been built, online monitoring of wastewater has been installed, and the pollutant discharge permit has been obtained. It is to be accepted. It implements the limit value of "Discharge Standard of Water Pollutants for Textile Dyeing and Finishing Industry" (GB4287-2012). The sewage plant's structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

For domestic waste and general solid wastes, disposal agreements are signed with disposal units, and for hazardous wastes, transfer agreements are signed with third-party disposal units.

5. Winner Medical (Huanggang) Co., Ltd.

It is a key wastewater discharge enterprise, and the wastewater discharged by the enterprise is mainly production wastewater and domestic sewage. The wastewater mainly comes from spun lace forming process, degreasing / bleaching process and soft water preparation process. Most of the wastewater from spun lace forming process is reused for production after being treated by water treatment circulation system, while a small part of the wastewater are discharged into the self-built sewage station with that from degreasing / bleaching process, and then discharged after being treated by "hydrolysis acidification + biological contact oxidation" and reaching the standard. After simple treatment in septic tank, domestic sewage will be treated in self-built sewage station. Online monitoring of wastewater has been installed, and the sewage station passed the environmental protection acceptance after completion of Environmental Protection Bureau of Huanggang City on January 24, 2017, implementing the level III standard limit in Table 4 of *Integrated Wastewater Discharge Standard* (GB8978-1996). The sewage plant's structure is concrete structure, with a service life of 20

years and environmental protection equipment for 10 years.

The solid wastes of the project include general solid wastes, other solid wastes and hazardous solid wastes. The general solid wastes are mainly cotton impurities, leftover materials, defective products, boiler coal cinders, sludge from sewage treatment facilities, etc. generated in the production process. Other solid wastes are domestic wastes generated from office and life. Among them, cotton impurities, leftover materials and defective products are sold for comprehensive utilization; after the sludge is dehydrated, it will be treated by the environmental sanitation department together with the domestic waste. Hazardous solid wastes are mainly chemical waste packaging barrels, which are recycled by raw material suppliers, and the waste oil is stored in the plant area, and delivered to qualified units for disposal after reaching the transportation volume.

6. Winner Medical (Wuhan) Co., Ltd.

It is a key wastewater discharge enterprise. The wastewater of the project mainly includes preparation wastewater, spun laced wastewater, degreasing and bleaching wastewater and domestic water, etc. The wastewater discharge of the project is 2126.93t/d after the completion of phase I, 4067.11t/d after the completion of phase II and 6004.5t/d after the completion of phase III. The wastewater is treated by the process of "hydrolysis acidification + anaerobic + biological contact oxidation method". Online monitoring of wastewater has been installed, and the phase I project of the sewage station completed independent acceptance on January 7, 2020, implementing the level III standard limit in Table 4 of *Integrated Wastewater Discharge Standard* (GB8978-1996). The sewage plant's structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

The solid wastes of the project are mainly divided into general solid wastes, other solid wastes and hazardous solid wastes. Among them, cotton impurities, leftover materials, defective products and fiber dust are purchased and recycled, and sludge and domestic waste are disposed by the environmental sanitation department.

According to the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2001), the temporary storage room of hazardous waste shall be constructed and the hazardous waste shall be stored as required. Meanwhile, the daily management of hazardous waste should be strengthened. Disposal agreements for all hazardous waste are signed with the qualified units.

Summary: in 2020, the above-mentioned key pollutant discharge enterprises are all positive lists of environmental protection law enforcement, and the local environmental protection departments do not organize environmental protection inspection and keep relevant inspection records.

XVIII. Description of other important events

√Applicable □ Not applicable

1. Matters concerning use of part of the over raised funds to permanently supplement the working capital

Disclosure time	Title of announcement	Announcement No.	Designated information disclosure media
October 14, 2020	<i>Announcement of the 13th Meeting of the Second Board of Directors</i>	2020-003	<i>China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily</i> and http://www.cninfo.com.cn
October 14, 2020	<i>Announcement of the 7th Meeting of the Second Board of Supervisors</i>	2020-004	
October 14, 2020	<i>Announcement on Using Part of the Over Raised Funds to Permanently Supplement the Working Capital</i>	2020-009	
October 30, 2020	<i>Announcement of the Resolution of the 5th Extraordinary General Meeting of Shareholders in 2020</i>	2020-015	

2. Matters concerning the increase of the capital of wholly-owned subsidiaries with part of the raised funds, changing the implementation subject of the investment projects with raised funds and increasing the implementation location of some investment projects with raised funds

Disclosure time	Title of announcement	Announcement No.	Designated information disclosure media
November 30, 2020	<i>Announcement of the Resolution of the 15th Meeting of the Second Board of Directors</i>	2020-016	<i>China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily</i> and http://www.cninfo.com.cn
November 30, 2020	<i>Announcement of the Resolution of the 9th Meeting of the Second Board of Supervisors</i>	2020-017	
November 30, 2020	<i>Announcement on Increasing the Capital of Wholly-owned Subsidiaries with Part of the Raised Funds, Changing the Implementation Subject of the Investment Projects with Raised Funds and Increasing the Implementation Location of Some Investment Projects with Raised Funds</i>	2020-021	
December 22, 2020	<i>Announcement on Completing Registration of Industrial and Commercial Changes</i>	2020-036	

3. Announcement on using over raised funds to invest the project of Winner Medical (Jiayu) Science and Technology Industrial Park and the expansion project of Wuhan Winner phase II

Disclosure time	Title of announcement	Announcement No.	Designated information disclosure media
November 30, 2020	<i>Announcement of the Resolution of the 15th Meeting of the Second Board of Directors</i>	2020-016	<i>China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily</i> and http://www.cninfo.com.cn
November 30, 2020	<i>Announcement of the Resolution of the 9th Meeting of the Second Board of Supervisors</i>	2020-017	
November 30, 2020	Announcement on Using Over Raised Funds to Invest the Expansion Project of Wuhan Winner Phase II	2020-019	
November 30, 2020	Announcement on Using Over Raised Funds to Invest the Project of Winner Medical (Jiayu) Science and Technology Industrial Park	2020-020	
December 16, 2020	<i>Announcement of the Resolution of the 6th Extraordinary General Meeting of Shareholders in 2020</i>	2020-030	

4. Matters concerning the 2020 restricted stock incentive plan (Draft) and its abstract

Disclosure time	Title of announcement	Announcement No.	Designated information disclosure media
November 30, 2020	<i>Announcement of the Resolution of the 15th Meeting of the Second Board of Directors</i>	2020-016	<i>China Securities Journal, Securities Times, Shanghai</i>

November 30, 2020	<i>Announcement of the Resolution of the 9th Meeting of the Second Board of Supervisors</i>	2020-017	<i>Securities News, Securities Daily and</i> http://www.cninfo.com.cn
November 30, 2020	Announcement on Using Over Raised Funds to Invest the Expansion Project of Wuhan Winner Phase II	2020-019	
November 30, 2020	<i>2020 Restricted Stock Incentive Plan (Draft) and Its Abstract</i>	2020-022	
December 11, 2020	<i>Explanation on Announcement and Verification Opinions of the Board of Supervisors on the List of Incentive Objects of the 2020 Restricted Stock Incentive Plan</i>	2020-026	
December 16, 2020	<i>Announcement of the Resolution of the 6th Extraordinary General Meeting of Shareholders in 2020</i>	2020-030	
December 16, 2020	<i>Self-inspection Report on Insider Trading of Company Stock with Inside Information of 2020 Restricted Stock Incentive Plan</i>	2020-031	
December 22, 2020	<i>Announcement of the Resolution of the 17th Meeting of the Second Board of Directors</i>	2020-032	
December 22, 2020	<i>Announcement of the Resolution of the 11th Meeting of the Second Board of Supervisors</i>	2020-033	
December 22, 2020	<i>Announcement on Matters Related to the Adjustment of 2020 Restricted Stock Incentive Plan</i>	2020-034	
December 22, 2020	<i>Announcement on the First Grant of Restricted Stocks to Incentive Objects</i>	2020-035	

XIX. Major events of subsidiaries

Applicable Not applicable

Section 6 Changes in Shares and Shareholders

I. Change in shares

1. Change in shares

Unit: share

	Before this change		Increase/decrease (+, -)					After this change	
	Quantity	Proportion	New issue of shares	Share donation	Share capital increase from reserved funds	Other	Subtotal	Quantity	Proportion
I. Restricted shares	376,492,308	100.00%	5,010,143				5,010,143	381,502,451	89.45%
1. State shareholding							0		
2. State legal person shareholding	8,492,308	2.26%	43,136				43,136	8,535,444	2.00%
3. Other domestic holdings	77,561,152	20.60%	4,964,574				4,964,574	82,525,726	19.35%
Wherein: domestic legal person shareholding	77,561,152	20.60%	11,535				11,535	77,572,687	18.19%
Domestic natural person shareholding			12,655				12,655	12,655	0.00%
Fund financial products, etc.			4,940,384				4,940,384	4,940,384	1.16%
4. Foreign shareholding	290,438,848		2,433				2,433	290,441,281	68.10%
Wherein: foreign legal person shareholding	290,438,848		2,433				2,433	290,441,281	68.10%
Foreign natural person shareholding							0		
II. Unrestricted shares			44,989,857				44,989,857	44,989,857	10.55%
1. RMB common share			44,989,857				44,989,857	44,989,857	10.55%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Other									
III. Total amount of shares	376,492,308		50,000,000				50,000,000	426,492,308	100.00%

Causes for change in shares

Applicable Not applicable

After the reply of China Securities Regulatory Commission on *Approval of the Registration of the Initial Public Offering of Shares of Winner Medical Co., Ltd.* (Z.J.X.K. [2020] No.1822), the Company issued 50 million RMB ordinary shares (A-shares) to the public. After the issuance, the total share capital increased from 376,492,308 shares to 426,492,308 shares.

Approval of changes in shares

Applicable Not applicable

After the reply of China Securities Regulatory Commission on *Approval of the Registration of the Initial Public Offering of Winner Medical Co., Ltd.* (Z.J.X.K. [2020] No.1822), the Company issued 50 million RMB ordinary shares (A-shares), which was listed and traded on the Growth Enterprise Board of Shenzhen Stock Exchange on September 17, 2020.

Transfer of share changes

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized competitive bidding

Applicable Not applicable

Influence of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the company and other financial indexes in the most recent year and the most recent period

Applicable Not applicable

During the reporting period, the Company completed the IPO of shares, and the total share capital increased from 376,492,308 shares to 426,492,308 shares. According to the total share capital before the IPO, the basic earnings per share of the Company in 2020 was RMB 10.12 / share, the diluted earnings per share was RMB 10.12 / share, and the net assets per share attributable to the common shareholders of the Company was RMB 13.28 / share; according to the total share capital after the IPO, the basic earnings per share of the Company in 2020 was RMB 9.80 / share, the diluted earnings per share was RMB 9.79 / share, and the net assets per share attributable to the common shareholders of the Company was RMB 15.14 / share.

Other information the company deems necessary or required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in current period	Number of shares released from restricted sale in current period	Number of restricted shares at the end of the period	Reasons for restricted sale	The proposed date of lifting the restricted sale
Winner Group Limited	290,438,848			290,438,848	Restricted sale before IPO	September 17, 2023
Beijing Sequoia	34,500,000			34,500,000	Restricted sale	September 17, 2021

Xinyuan Equity Investment Center (limited partnership)					before IPO	
Shenzhen Kangsheng Investment Partnership (limited partnership)	21,371,232			21,371,232	Restricted sale before IPO	September 17, 2021
Shenzhen Kangxin Investment Partnership (limited partnership)	11,334,400			11,334,400	Restricted sale before IPO	September 17, 2021
Shenzhen Capital Group Co., Ltd.	8,492,308			8,492,308	Restricted sale before IPO	September 17, 2021
Shenzhen Kanglong Investment Partnership (limited partnership)	6,844,432			6,844,432	Restricted sale before IPO	September 17, 2021
Shenzhen Kangli Investment Partnership (limited partnership)	3,511,088			3,511,088	Restricted sale before IPO	September 17, 2021
IPO offline placement of restricted shares	0	2,965,739		2,965,739	10% of the final allocated accounts of the offline issuance part of the IPO are restricted according to the lottery results	March 17, 2021
China International Capital Corporation Limited - China	0	2,044,404		2,044,404	Restricted sale of strategic placement	September 17, 2021

Merchants Bank - CICC Fengzhong No.26 employee participating in the GEM strategic placement collective asset management plan							
Total	376,492,308	5,010,143	0	381,502,451	--	--	

II. Securities issuance and listing

1. Securities issuance (excluding preferred shares) during the reporting period

Applicable Not applicable

Names of stock and its derivative	Issue date	Issue price (or interest rate)	Number of issue	Listing date	Number of shares approved for listed transaction	End date of transaction	Disclosure index	Date of disclosure
Stock								
RMB common share (A-share)	September 7, 2020	RMB 74.30 / share	50,000,000	September 17, 2020	44,989,857			
Convertible corporate bonds, separately traded convertible corporate bonds and corporate bonds								
Other derivative securities								

Description of securities issuance (excluding preferred shares) during the reporting period

After the reply of China Securities Regulatory Commission on *Approval of the Registration of the Initial Public Offering of Shares of Winner Medical Co., Ltd.* (Z.J.X.K. [2020] No.1822), the Company issued 50 million RMB ordinary shares (A-shares) to the public at an issue price of RMB 74.30 per share. The total amount of raised funds was RMB 3,715 million. After deducting the issuing expenses, the net amount of raised funds of the Company was RMB 3,558.8493 million, among which the total amount of over raised funds was RMB 2,133.19 million. On September 14, 2020, BDO China Shu Lun Pan Certified Public Accountants LLP verified the availability of the Company's raised funds and issued the *Capital Verification Report* (X.K.S.Zi [2020] No.ZI10584).

2. Description of changes in the total number of shares, shareholder structure, asset and liability structure of the Company

Applicable Not applicable

During the reporting period, the Company was approved to issue 50 million RMB ordinary shares upon the IPO. After the issuance, the total share capital of the Company increased from 376,492,308 shares to 426,492,308 shares. At the end of the last year of the reporting period, the total assets of the Company was RMB 4,531,474,400, the liabilities was RMB 1,367,926,400, and the asset-liability ratio was 30.19%; at the end of the reporting

period, the total assets of the Company was RMB 13,002,251,800, the total liabilities was RMB 2,533,861,700, and the asset-liability ratio was 19.49%.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number and shareholding of the Company's shareholders

Unit: share

Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge or freeze	
							Status of shares	Quantity
Winner Group Limited	Overseas legal person	68.10%	290,438,848	290,438,848	290,438,848	0		
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	Domestic non-state legal person	8.09%	34,500,000	34,500,000	34,500,000	0		
Shenzhen Kangsheng Investment Partnership (limited partnership)	Domestic non-state legal person	5.01%	21,371,232	21,371,232	21,371,232	0		

Shenzhen Kangxin Investment Partnership (limited partnership)	Domestic non-state legal person	2.66%	11,334,400	11,334,400	11,334,400	0		
Shenzhen Capital Group Co., Ltd.	State legal person	1.99%	8,492,308	8,492,308	8,492,308	0		
Shenzhen Kanglong Investment Partnership (limited partnership)	Domestic non-state legal person	1.60%	6,844,432	6,844,432	6,844,432	0		
Bank of Communications Co., Ltd.—Wanjia industry preferred hybrid securities investment fund (LOF)	Other	0.94%	4,000,003	4,000,003	0	4,000,003		
Shenzhen Kangli Investment Partnership (limited partnership)	Domestic non-state legal person	0.82%	3,511,088	3,511,088	3,511,088	0		
China CITIC Bank Co., Ltd.—Bank of Communications Schroeder new vitality flexible allocation of hybrid securities investment funds	Other	0.57%	2,452,274	2,452,274	0	2,452,274		
China International Capital Corporation Limited - China Merchants Bank	Other	0.48%	2,044,404	2,044,404	2,044,404	0		

- CICC Fengzhong No.26 employee participating in the GEM strategic placement collective asset management plan								
Situation of strategic investors or general legal persons becoming the top 10 shareholders due to the allotment of new shares (if any) (see note 4)	China International Capital Corporation Limited - China Merchants Bank - CICC Fengzhong No.26 employee participating in the GEM strategic placement collective asset management plan became the top 10 shareholders of the Company due to the placement of new shares. The lock-up period is one year, and the sales restriction will be lifted on September 17, 2021.							
Description of the above-mentioned shareholder association or concerted action	N/A							
Description of the above shareholders involved in entrusting / entrusted voting right and waiver of voting right	N/A							
Shareholding of top 10 shareholders with unlimited sales conditions								
Shareholder's name	Number of shares with unlimited sales conditions held at the end of the reporting period	Share type						
		Share type	Quantity					
Bank of Communications Co., Ltd. — Wanjia industry preferred hybrid securities investment fund (LOF)	4,000,003	RMB common share	4,000,003					
China CITIC Bank Co., Ltd. — Bank of Communications Schroeder new vitality flexible allocation of hybrid securities investment funds	2,452,274	RMB common share	2,452,274					
China Construction Bank Corporation — Bank of Communications Schroeder kernel driven hybrid securities investment funds	1,745,117	RMB common share	1,745,117					
Agricultural Bank of China Limited — Bank of Communications Schroeder regular payment double interest balanced hybrid securities investment funds	1,163,214	RMB common share	1,163,214					

Bank of China Limited—China Merchants Bank Fengying active allocation of hybrid securities investment funds	1,091,669	RMB common share	1,091,669
Bank of Communications—Huaxia blue chip core hybrid securities investment fund (LOF)	1,010,428	RMB common share	1,010,428
China Construction Bank Co., Ltd.—Invesco Great Wall environmental protection advantage stock securities investment fund	890,273	RMB common share	890,273
Bank of China Limited—Invesco Great Wall preferred hybrid securities investment funds	785,054	RMB common share	785,054
Agricultural Bank of China Limited—Wanjia GEM two-year regular opening of hybrid securities investment fund	466,662	RMB common share	466,662
China Merchants Bank Co., Ltd.—Invesco Great Wall growth pilot hybrid securities investment fund	460,300	RMB common share	460,300
Description of the association or concerted action between top 10 public shareholders with unlimited sales conditions, and between top 10 public shareholders with unlimited sales conditions and top 10 shareholders	N/A		
Description of participation in securities margin trading business (if any) (see note 5)	N/A		

Whether the Company's top 10 common shareholders and top 10 common shareholders with unlimited sales conditions agreed on a repurchase transaction during the reporting period

Yes No

The Company's top 10 common shareholders and top 10 common shareholders with unlimited sales conditions did not agree on a repurchase transaction during the reporting period

2. Controlling shareholders of the Company

Nature of controlling shareholder: foreign holding

Type of controlling shareholder: legal person

Controlling shareholder's name	Legal Representative / Head of Unit	Date of establishment	Organization code	Main business
Winner Group Limited	Li Jianquan	April 8, 2003	124887	Investment management
Equity of other domestic and foreign listed companies controlled and participated by controlling shareholders during the reporting period	None			

Change of controlling shareholders during the reporting period

Applicable Not applicable

No change in controlling shareholders during the reporting period.

3. Actual controller of the Company and person acting in concert

Nature of actual controller: foreign natural person

Type of actual controller: natural person

Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Li Jianquan	Self	Hong Kong, China	No
Main occupations and positions	Director		
Domestic and foreign listed companies that have held shares in the past 10 years	Winner Medical was listed on the US Over the Counter Bulletin Board on December 16, 2005, transferred to the New York Stock Exchange on October 8, 2009, transferred to the Nasdaq Stock Exchange on April 6, 2010, and delisted on December 26, 2012. Li Jianquan holds more than 50% of the voting rights of Winner Medical, forming actual control over Winner Medical.		

Changes in actual controller during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period.

Block diagram of property right and control relationship between the company and actual controller



The actual controller controls the company through trust or other asset management methods

Applicable Not applicable

4. Other legal person shareholders holding more than 10%

Applicable Not applicable

5. Restricted share reduction of controlling shareholders, actual controller, reorganizers and other commitment subjects

Applicable Not applicable

Section 7 Preferred Shares

Applicable Not applicable

No preferred shares of the Company during the reporting period.

Section 8 Convertible Bonds

Applicable Not applicable

No convertible bonds of the Company during the reporting period.

Section 9 Directors, Supervisors, Senior Management and Employees

I. Equity changes of directors, supervisors and senior management

Name	Position	Status of service	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares increased in current period (shares)	Number of shares decreased in current period (shares)	Other increase and decrease (shares)	Number of shares held at the end of the period (shares)
Li Jianquan	Chairman, general manager	Incumbent	Male	64	May 18, 2015	June 27, 2021	0	0	0	0	0
Fang Xiuyuan	Director, deputy general manager, chief financial officer	Incumbent	Male	53	May 18, 2015	June 27, 2021	0	0	0	0	0
Xu Xiaodan	Director	Incumbent	Female	34	May 18, 2015	June 27, 2021	0	0	0	0	0
Guo Zhenwei	Director	Incumbent	Male	37	June 28, 2018	June 27, 2021	0	0	0	0	0
Liang Wenzhao	Independent director	Incumbent	Male	51	May 18, 2015	June 27, 2021	0	0	0	0	0
Zhou Xiaoxiong	Independent director	Incumbent	Male	60	May 18, 2015	June 27, 2021	0	0	0	0	0
Bi Qun	Independent director	Incumbent	Female	51	May 18, 2015	June 27, 2021	0	0	0	0	0
Liu Weiwei	Chairman of the board of supervisors	Incumbent	Male	43	May 18, 2015	June 27, 2021	0	0	0	0	0
Ye Yangjing	Supervisor	Incumbent	Female	40	June 28, 2018	June 27, 2021	0	0	0	0	0
Wang Ying	Employee supervisor	Incumbent	Female	39	May 18, 2015	June 27, 2021	0	0	0	0	0

Yin Wenling	Deputy general manager	Incumbent	Male	48	June 28, 2018	June 27, 2021	0	0	0	0	0
Chen Huixuan	Deputy general manager, secretary to the board of directors	Incumbent	Female	39	May 18, 2015	June 27, 2021	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II. Change of directors, supervisors and senior management

Applicable Not applicable

III. Service status

Professional background, main work experience and main responsibilities currently in the Company of current directors, supervisors and senior management of the Company

(I) The relevant information of the current directors of the Company is as follows:

Mr. Li Jianquan, born in 1957, Chinese, a permanent resident of the Hong Kong Special Administrative Region. College degree. In 2000, he established the brand of "Winner" and in 2009, the brand of "Purcotton". He has been the chairman and general manager of the Company since the Company is founded in 2000. Mr. Li Jianquan has been a visiting professor of Wuhan Textile University and a career development tutor of International Business School of Sun Yat-sen University. At present, he is also the chairman and general manager of Shenzhen Purcotton Ltd, the chairman and general manager of PureH2B, the chairman of Qianhai Purcotton and Purcotton Lining, and the director of Winner Group, Glory Ray Holdings Limited, Glory Ray Limited, Hong Kong Winner and Malaysia Winner; president of the medical dressings branch of China Chamber of Commerce for Import and Export of Medicines and Health Products, vice president of Shenzhen Alumni Entrepreneurs Chamber of Commerce of Renmin University of China, honorary president of Alumni Association of Wuhan Textile University, vice president of China Nonwovens & Industrial Textiles Association and vice president of Shenzhen Quality Promotion Association. In 2006, Mr. Li Jianquan was awarded "Honorary Citizen of Huanggang City" by the People's Government of Huanggang City, Hubei Province. In 2008, he won "District Head Award of 2005-2007 Science and Technology Innovation award of Bao'an District of Shenzhen City" by the People's Government of Bao'an District of Shenzhen city. In 2011, he was awarded "Special Contribution Award of China Industrial Textiles Industry" by China Nonwovens & Industrial Textiles Association. In 2014, he won the 2013 science and technology innovation award of Longhua New District of Shenzhen City - "Director Award of the New District Management Committee" awarded by Longhua New District Management Committee. In 2016, he won the gold medal of Shenzhen Quality City awarded by Shenzhen Quality City Promotion Association. In 2019, he won the first individual award of "Outstanding Contribution Talents" of Longhua District of Shenzhen City. In 2020, he won the 2020 China award of the Ernst & Young China Mainland Entrepreneur Award. In 2020, he was awarded the honorary title of "Tribute to 40 Years of Special Economic Zone, Salutes 40 Brand People" and the 40th anniversary innovative and pioneering figures and advanced figures in Shenzhen Special Economic Zone by the Shenzhen municipal government.

Mr. Fang Xiuyuan, born in 1968, Chinese, without permanent residency abroad; college degree. From July 1988 to April 1998, he served as the chief of Finance Department of Hubei Medical and Health Products Import and Export Corporation; from May 1998 to January 1999, he was the manager of Finance Department of Zhuhai Powerbridge Technologies Co., Ltd.; since 2000, he has been the director, deputy general manager and chief

financial officer of Winner Medical Co., Ltd. and its predecessor. At present, Mr. Fang Xiuyuan also serves as the director of Shenzhen Purcotton, Qianhai Purcotton, Huanggang Winner, Huanggang Cotton Industry, Chongyang Winner, Jiayu Winner, Jingmen Winner, Yichang Winner, Tianmen Winner, Hong Kong Winner, Chengdu Winner Likang, Heyuan Winner, Wuhan Winner, PureH2B and Purcotton Lining; the executive partner of Kangsheng Investment, member of the Chinese People's Political Consultative Conference of Longhua District, Shenzhen City, vice chairman of Federation of Industry and Commerce of Longhua District, Shenzhen City.

Ms. Xu Xiaodan, born in 1987, Chinese, without permanent residency abroad; bachelor degree. From March 2010 to June 2011, she served as secretary of President Office of Winner Industries (Shenzhen) Co., Ltd.; from June 2011 to August 2013, she was the cotton purchasing manager of Winner Industries (Shenzhen) Co., Ltd.; from August 2013 to January 2015, she was the purchasing manager of Procurement Department of Shenzhen Purcotton Ltd.; from January 2015 to February 2019, she served as the director of Commodity Center of Shenzhen Purcotton Ltd.; from May 2015 to now, she has been a director of Winner Medical Co., Ltd.; from March 2019 to January 2020, she served as the leader of the Commodity Digital Operation Project Team of Shenzhen Purcotton Ltd.; from February 2020 to now, she has been the director of Strategic Planning Center of Shenzhen Purcotton Ltd. At present, Ms. Xu Xiaodan is also a director of Heyuan Winner and Wuhan Winner.

Mr. Guo Zhenwei, born in 1984, Chinese, without permanent residency abroad; bachelor degree of Central University of Finance and Economics, EMBA master degree of China Europe International Business School. From July 2007 to September 2009, he was senior auditor of Deloitte Touche Tohmatsu Limited; from September 2009 to July 2010, he was a researcher of China International Capital Corporation Limited; from July 2010 to now, he has been working in Sequoia Capital China and is currently the managing director; from June 2018 to now, he has been a director of Winner Medical Co., Ltd. At present, Mr. Guo Zhenwei is also a director of Shijiazhuang Junlebao Dairy Co., Ltd., Shanghai Baiqiu Network Technology Co., Ltd., Lium Group Co., Ltd., Hangzhou Dahiti Science & Technology Co., Ltd., Deqing Jiajun Beverage Co., Ltd., Sichuan Vanov New Material Co., Ltd., Shanghai Shouquanzhai E-commerce Co., Ltd., LOHO Holding Inc., New Dynamics China Holding Company, Shanghai Ruishu Electronic Commerce Co., Ltd., Genki Forest Technology Group Holdings Limited and a supervisor of Shanghai Qiyao Automobile Technology Co., Ltd.

Mr. Zhou Xiaoxiong, born in 1961, Chinese, without permanent residency abroad; master degree of Tsinghua University. From August 1983 to August 1986, he worked in the Planning Department of Guangdong Branch of the People's Bank of China; from September 1986 to September 1989, he was the deputy manager of the Business Department of Guangdong Securities Corporation; from October 1989 to January 1992, he served as deputy section chief of Shenzhen Branch Office of Bank of China; from February 1992 to May 1993, he was the manager of Securities Department of Shenzhen International Trust and Investment Corporation of Bank of China; from June 1993 to December 1996, he was deputy general manager of Shenzhen International Trust Consulting Corporation of Bank of China; from January 1997 to February 2002, he served as the director of Branch Management Office and Fund Custody Office of Shenzhen Branch of Bank of China; from March 2002 to January 2005, he was the president of Zhongshan Securities Co., Ltd.; from May 2005 to July 2020, he served as the legal representative and chairman of J.P. Morgan Chase Futures Co. Ltd.; since May 2015, he has been an independent director of Winner Medical Co., Ltd. Mr. Zhou Xiaoxiong was the chairman of Shenzhen Mingde Zhiyuan Investment Management Co., Ltd. and the legal representative of Guangdong Shanji Commemorative Coin Distribution Co., Ltd; at present, he also serves as the legal representative and chairman of Zhuhai Mailande Fund Management Co., Ltd., the legal representative and executive director of Shanghai Wendun Investment Consulting Co., Ltd. and Shanghai Wendun Investment Co., Ltd., a director of Shanghai Mailande Industrial Development Co., Ltd., J.P.Morgan Securities (China) Co., Ltd., Sunwoda Electronic Co., Ltd., Guangzhou Nansha Financial Holding Group Co., Ltd. and Zhuhai Yibai International Wine Trading Center Co., Ltd., an independent director of China Boton Group Co., Ltd. and Shenzhen Ellassay Fashion Co., Ltd., the general representative of Dinghua Tonglu Value Venture Capital (Xi'an) Enterprises, a professional master industry tutor of School of Finance of Renmin University of China, a member of International Committee of China Futures Association, a member of Strategic Committee and Agricultural Products Committee of Dalian Commodity Exchange, the honorary president of Alumni Association of Renmin University of China in Shenzhen City.

Mr. Liang Wenzhao, born in 1970, Chinese, without permanent residency abroad; EMBA of China Europe International Business School. From January 1993 to December 2002, he was a senior manager of Arthur Andersen LLP; from January 2003 to December 2016, he was a general manager of Shenzhen Youlian Shijun Enterprise Management Consulting Co., Ltd.; from May 2015 to now, he has been an independent director of Winner Medical Co., Ltd.; from December 2016 to now, he has been the executive director of Shenzhen Youlian Shijun Enterprise Management Consulting Co., Ltd. Mr. Liang Wenzhao was an independent director of Shenzhen Weiguang Biological Products Co., Ltd. and Shenzhen Unilumin Group Co., Ltd.; at present, he also serves as the chairman of Shenzhen Qianhai Hejun Investment Fund Management Co., Ltd., an executive director of

Shenzhen Youlian Shijun Enterprise Management Consulting Co., Ltd., a director of Shenzhen Autoway Electric Technologies Co., Ltd. and Spectrum Materials Co., Ltd., an independent director of Shenzhen SonoScape Biomedical Technology Co., Ltd., China Calxon Group Co., Ltd., Shenzhen Breo Technology Co., Ltd. and Phograin Technology (Shenzhen) Co., Ltd., and a supervisor of South China Biomedical Materials (Shenzhen) Co., Ltd.

Ms. Bi Qun, born in 1970, Chinese, without permanent residency abroad; MBA degree of Fudan University and University of Washington. From July 1992 to December 1995, he served as customer manager of Guangzhou Guangxu Advertising Co., Ltd.; from December 1995 to September 1997, he was the brand manager of Colgate-Palmolive Co., Ltd.; from September 1997 to January 1999, he was the marketing manager of Shenzhen Taitai Pharmaceutical Co., Ltd.; from February 1999 to May 2003, he was the marketing manager of Pepsi Beverage Co., Ltd.; from May 2003 to August 2005, he was the marketing manager of Kodak China Limited; from August 2005 to February 2006, he was the general manager of marketing and sales of China Travel Service Hong Kong ManGo Co., Ltd.; from March 2006 to March 2011, he was the Asia Pacific Marketing Director of Costa Cruise Lines; from October 2011 to December 2014, he was vice president of global marketing of DFS Group; since May 2015, he has been an independent director of Winner Medical Co., Ltd.; since April 2016, he has been the legal representative and executive director of Shanghai Biran Culture Communication Co., Ltd. At present, Ms. Bi Qun is also a supervisor of Guangzhou Jiashitang Advertising Co., Ltd.

(II) The relevant information of the current supervisors of the Company is as follows:

Mr. Liu Weiwei, born in 1978, Chinese, without permanent residency abroad; college degree. From July 1997 to December 2000, he was the planning manager of Gansu East Asia Advertising Company; from April 2001 to December 2003, he was the director of Human Resources Department of Shenzhen Huihua Group; from April 2004 to December 2015, he served as deputy manager, manager and director of Human Resources Department of Winner Medical Co., Ltd. and its predecessor; from September 2010 to December 2015, he was the director of Human Resources Department of Shenzhen Purcotton Ltd.; since May 2015, he has been the chairman of the board of supervisors of Winner Medical Co., Ltd.; since December 2015, he has been the director of the Administration Center of Winner Medical Co., Ltd. At present, Mr. Liu Weiwei also serves as the director of Shenzhen Purcotton, Qianhai Purcotton, Huanggang Winner, Huanggang Cotton Industry, Chongyang Winner, Jiayu Winner, Tianmen Winner, Yichang Winner, Jingmen Winner, Wuhan Winner, Mifu Trading and Purcotton Lining.

Ms. Wang Ying, born in 1982, Chinese, without permanent residency abroad; bachelor degree. From January 2013 to May 2014, he was the manager of Foreign Trade Department of Winner Industries (Shenzhen) Co., Ltd.; from May 2014 to July 2016, he served as deputy director of International Trade Department of Winner Medical Co., Ltd. and its predecessor; since May 2015, he has been the employee supervisor of Winner Medical Co., Ltd.; from July 2016 to December 2017, he was the director of Marketing Department of Winner Medical Co., Ltd.; from September 2017 to February 2018, he was the rotating CEO of Winner Medical Co., Ltd.; since January 2018, he has been the director and deputy general manager of Shenzhen PureH2B Technology Co., Ltd. Ms. Wang Ying used to be a customer complaint handler and planning purchaser of Winner Industries (Shenzhen) Co., Ltd.; at present, she also serves as the executive partner of Kangxin Investment and the supervisor of Heyuan Winner.

Ms. Ye Yangjing, born in 1981, Chinese, without permanent residency abroad; master degree. From July 2004 to July 2008, she was the administrative assistant of OCT Group Co., Ltd.; since July 2008, she has been the investment director of Shenzhen Capital Group Co., Ltd.; since June 2018, she has been the supervisor of Winner Medical Co., Ltd. At present, Ms. Ye Yangjing also serves as the director and managing director of Shenzhen Hongtu Peacock Venture Investment Co., Ltd., and the supervisor of Shenzhen Chipscreen Biosciences Co., Ltd., Makeblock Co., Ltd. and Shenzhen Hongtu Talent Investment Fund Management Co., Ltd.

(III) The relevant information of the current senior managers of the Company is as follows:

Mr. Li Jianquan, please refer to “(I) directors” in this section for details of his resume.

Mr. Fang Xiuyuan, please refer to “(I) directors” in this section for details of his resume.

Mr. Yin Wenling, born in 1973, Chinese, without permanent residency abroad; bachelor degree of Shenyang University of Technology. From July 1996 to February 1997, he was an engineer in Hanyang Special Automobile Factory of Hubei Automobile Group; from March 1997 to January 1999, he was a quality engineer and workshop manager of Guangdong Whirlpool Microwave Products Co., Ltd.; from January 1999 to July 2002, he was a

director of the Material Section of Upe Electronics (Shenzhen) Co., Ltd.; from July 2002 to March 2011, he was the production manager and planning and logistics director of Shenzhen Mindray Bio-Medical Electronics Co., Ltd.; from March 2011 to August 2012, he was a director of supply chain system of Shenzhen Landwind Industry Co., Ltd.; from August 2012 to February 2014, he was a vice president of operations of Dohia Co., Ltd.; from January 2014 to June 2019, he was a supervisor of Shenzhen Yima Software Co., Ltd.; from July 2014 to October 2015, he was a general manager of Manufacturing Center of Shenzhen Emp Electronic Technology Co., Ltd.; since October 2015, he has been a deputy general manager and vice president of production of Winner Medical Co., Ltd. At present, Mr. Yin Wenling is also the chairman and manager of Heyuan Winner. Mr. Yin Wenling was once rated as a high-level talent in Longhua District, Shenzhen City.

Ms. Chen Huixuan, born in 1982, Chinese, without permanent residency abroad; master degree in Finance, University of Glasgow, UK. From February 2007 to June 2009, she was an analyst assistant of Brean Murray, Carret & Co.; from September 2009 to May 2015, she served as a manager of Investment Management Department and a specialist of Investor Relations Department of Winner Industries (Shenzhen) Co., Ltd.; since May 2015, she has been the secretary of the board of directors and deputy general manager of Winner Medical Co., Ltd. At present, Ms. Chen Huixuan is also the executive partner of Kanglong Investment and the director of Chengdu Winner Likang.

Service status in the shareholder unit

Applicable Not applicable

Name of staff	Shareholder unit name	Position held in shareholder unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in the shareholder unit
Li Jianquan	Winner Group Limited	Director	April 8, 2003		No
Fang Xiuyuan	Shenzhen Kangsheng Investment Partnership (limited partnership)	Executive partner	May 2, 2013		No
Chen Huixuan	Shenzhen Kanglong Investment Partnership (limited partnership)	Executive partner	May 2, 2013		No
Wang Ying	Shenzhen Kangxin Investment Partnership (limited partnership)	Executive partner	May 2, 2013		No
Ye Yangjing	Shenzhen Capital Group Co., Ltd.	Investment director	July 1, 2008		Yes
Description of service status in the shareholder unit	None				

Service status in other unit

Applicable Not applicable

Name of staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Li Jianquan	Glory Ray Holdings Limited	Director	April 11, 2012		No
Li Jianquan	Glory Ray Limited	Director	May 4, 2012		No
Li Jianquan	Shenzhen Purcotton Ltd.	Chairman,	December 7,		No

		general manager	2009		
Li Jianquan	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Chairman	July 21, 2015		No
Li Jianquan	Winner Medical Malaysia Co., Ltd.	Director	July 17, 2013		No
Li Jianquan	Winner Medical (Hong Kong) Limited	Director	January 14, 2008		No
Li Jianquan	Shenzhen PureH2B Technology Co., Ltd.	Chairman, general manager	January 25, 2018		No
Li Jianquan	Shenzhen Cotton Lining Technology Innovation Co., Ltd.	Director	July 9, 2019		No
Fang Xiuyuan	Shenzhen Purcotton Ltd.	Director	December 7, 2009		No
Fang Xiuyuan	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Director	July 21, 2015		No
Fang Xiuyuan	Winner Medical (Huanggang) Co., Ltd.	Director	January 14, 2005		No
Fang Xiuyuan	Huanggang Winner Cotton Industry Co., Ltd.	Director	October 18, 2010		No
Fang Xiuyuan	Winner Medical (Chongyang) Co., Ltd.	Director	November 13, 2001		No
Fang Xiuyuan	Winner Medical (Jiayu) Co., Ltd.	Director	February 20, 2001		No
Fang Xiuyuan	Winner Medical (Jingmen) Co., Ltd.	Director	December 15, 1995		No
Fang Xiuyuan	Yichang Winner Textile Weaving Co., Ltd.	Director	April 22, 1999		No
Fang Xiuyuan	Winner Medical (Tianmen) Co., Ltd.	Director	February 23, 2001		No
Fang Xiuyuan	Winner Medical (Heyuan) Co., Ltd.	Director	May 18, 2016		No
Fang Xiuyuan	Winner Medical (Wuhan) Co., Ltd.	Director	January 23, 2017		No
Fang Xiuyuan	Winner Medical (Hong Kong) Limited	Director	January 14, 2008		No
Fang Xiuyuan	Chengdu Winner Likang Medical Products Co., Ltd.	Director	May 31, 2009		No
Fang Xiuyuan	Shenzhen PureH2B Technology Co., Ltd.	Director	January 25, 2018		No
Fang Xiuyuan	Shenzhen Cotton Lining Technology Innovation Co., Ltd.	Director	July 9, 2019		No
Xu Xiaodan	Winner Medical (Heyuan) Co., Ltd.	Director	May 18, 2016		No
Xu Xiaodan	Winner Medical (Wuhan) Co., Ltd.	Director	January 23, 2017		No
Liu Weiwei	Shenzhen Purcotton Ltd.	Supervisor	January 27, 2016		No

Liu Weiwei	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Supervisor	July 21, 2015		No
Liu Weiwei	Winner Medical (Huanggang) Co., Ltd.	Supervisor	July 21, 2015		No
Liu Weiwei	Huanggang Winner Cotton Industry Co., Ltd.	Supervisor	September 24, 2015		No
Liu Weiwei	Winner Medical (Chongyang) Co., Ltd.	Supervisor	February 29, 2016		No
Liu Weiwei	Winner Medical (Jiayu) Co., Ltd.	Supervisor	February 29, 2016		No
Liu Weiwei	Winner Medical (Tianmen) Co., Ltd.	Supervisor	March 1, 2016		No
Liu Weiwei	Yichang Winner Textile Weaving Co., Ltd.	Supervisor	March 1, 2016		No
Liu Weiwei	Winner Medical (Wuhan) Co., Ltd.	Supervisor	January 23, 2017		No
Liu Weiwei	Winner Medical (Jingmen) Co., Ltd.	Supervisor	March 4, 2016		No
Liu Weiwei	Shenzhen PureH2B Technology Co., Ltd.	Supervisor	January 25, 2018		No
Liu Weiwei	Shenzhen Cotton Lining Technology Innovation Co., Ltd.	Supervisor	July 9, 2019		No
Liu Weiwei	Mifu (Shanghai) Trading Co., Ltd.	Supervisor	March 16, 2018		No
Wang Ying	Winner Medical (Heyuan) Co., Ltd.	Supervisor	May 18, 2016		No
Wang Ying	Shenzhen PureH2B Technology Co., Ltd.	Director, deputy general manager	January 25, 2018		No
Yin Wenling	Winner Medical (Heyuan) Co., Ltd.	Chairman, manager	May 18, 2016		No
Chen Huixuan	Chengdu Winner Likang Medical Products Co., Ltd.	Director	May 1, 2018		No
Ye Yangjing	Shenzhen Chipscreen Biosciences Co., Ltd.	Supervisor	March 24, 2018	March 23, 2021	No
Ye Yangjing	Makeblock Co., Ltd.	Supervisor	November 21, 2017		No
Ye Yangjing	Shenzhen Hongtu Peacock Venture Investment Co., Ltd.	Director, general manager	July 15, 2015		No
Ye Yangjing	Shenzhen Hongtu Talent Investment Fund Management Co., Ltd.	Supervisor	January 4, 2017		No
Guo Zhenwei	Sequoia Capital China	Director, general manager	October 1, 2010		Yes
Guo Zhenwei	Deqing Jiajun Beverage Co., Ltd.	Director	April 22, 2015		No
Guo Zhenwei	Sichuan Vanov New Material Co. Ltd.	Director	December 5,		No

			2017		
Guo Zhenwei	Shanghai Shouquanzhai E-commerce Co., Ltd.	Director	July 13, 2018		No
Guo Zhenwei	LOHO Holding Inc.	Director	July 2, 2018		No
Guo Zhenwei	Shanghai Qiyao Automobile Technology Co., Ltd.	Supervisor	May 27, 2016		No
Guo Zhenwei	New Dynamics China Holding Company	Director	September 2, 2019		No
Guo Zhenwei	Shijiazhuang Junlebao Dairy Co., Ltd.	Director	March 16, 2020		No
Guo Zhenwei	Shanghai Baiqiu Network Technology Co., Ltd.	Director	February 18, 2020		No
Guo Zhenwei	Lium Group Co., Ltd.	Director	January 14, 2020		No
Guo Zhenwei	Hangzhou Dahiti Science & Technology Co., Ltd.	Director	May 21, 2020		No
Guo Zhenwei	Genki Forest Technology Group Holdings Limited	Director	December 1, 2020		No
Guo Zhenwei	Shanghai Ruishu Electronic Commerce Co., Ltd.	Director	August 26, 2020		No
Zhou Xiaoxiong	Shanghai Mailande Industrial Development Co., Ltd.	Director	May 2, 2005		No
Zhou Xiaoxiong	J.P. Morgan Chase Futures Co. Ltd.	Chairman	May 2, 2005		No
Zhou Xiaoxiong	J.P.Morgan Securities (China) Co., Ltd.	Director	August 22, 2019		No
Zhou Xiaoxiong	China Boton Group Co., Ltd.	Independent (non-executive) director	November 25, 2005		Yes
Zhou Xiaoxiong	Sunwoda Electronic Co., Ltd.	Director	September 10, 2008		Yes
Zhou Xiaoxiong	Shanghai Wendun Investment Consulting Co., Ltd.	Executive director	July 1, 2011		No
Zhou Xiaoxiong	Shanghai Wendun Investment Co., Ltd.	Executive director	June 1, 2010		No
Zhou Xiaoxiong	Zhuhai Mailande Fund Management Co., Ltd.	Chairman	August 1, 2013		Yes
Zhou Xiaoxiong	Guangdong Juzhongyuan Industrial Co., Ltd.	Supervisor	November 1, 2016	January 29, 2021	No
Zhou Xiaoxiong	Shenzhen Ellassay Fashion Co., Ltd.	Independent director	January 9, 2018	January 5, 2024	Yes
Zhou Xiaoxiong	Zhuhai Yibai International Wine Trading Center Co., Ltd.	Director	November 26, 2013		No
Zhou Xiaoxiong	Guangzhou Nansha Financial Holding Group	Director	July 4, 2019		Yes

	Co., Ltd.				
Liang Wenzhao	Shenzhen Youlian Shijun Enterprise Management Consulting Co., Ltd.	Executive director	May 31, 2016		No
Liang Wenzhao	Shenzhen SonoScape Biomedical Technology Co., Ltd.	Independent director	April 1, 2015	January 14, 2021	Yes
Liang Wenzhao	China Calxon Group Co., Ltd.	Independent director	September 26, 2016	October 30, 2022	Yes
Liang Wenzhao	Shenzhen Breo Technology Co., Ltd.	Independent director	April 1, 2020	April 1, 2023	Yes
Liang Wenzhao	Phograin Technology (Shenzhen) Co., Ltd.	Independent director	August 21, 2019		Yes
Liang Wenzhao	Shenzhen Qianhai Hejun Investment Fund Management Co., Ltd.	Chairman	February 20, 2017		No
Liang Wenzhao	Shenzhen Autoway Electric Technologies Co., Ltd.	Director	October 8, 2018		Yes
Liang Wenzhao	Spectrum Materials Co., Ltd.	Director	June 10, 2019		No
Liang Wenzhao	South China Biomedical Materials (Shenzhen) Co., Ltd.	Supervisor	April 15, 2020		No
Bi Qun	Shanghai Biran Culture Communication Co., Ltd.	Executive director	April 23, 2016		Yes
Bi Qun	Guangzhou Jiashitang Advertising Co., Ltd.	Supervisor	December 19, 2016		No
Description of service status in other unit	None				

Punishment of current directors, supervisors and senior management of the Company and those who left during the reporting period by securities regulators in recent three years

Applicable Not applicable

IV. Remuneration of Directors, Supervisors and Senior Management

Decision making procedures, determination basis and actual payment of remuneration of directors, supervisors and senior management

The remuneration of directors, supervisors and senior managers consists of wages, allowances and bonuses. The Company's board of directors has a remuneration and assessment committee, which is responsible for formulating performance evaluation standards, procedures, systems, and main schemes and systems of rewards and punishments. The remuneration plans of directors, supervisors and senior managers have all gone through the corresponding deliberation procedures in accordance with the *Articles of Association*, *Remuneration Management System* and other corporate governance systems.

Remuneration of directors, supervisors and senior management during the reporting period

Unit: RMB '0,000

Name	Position	Gender	Age	Status of service	Total pretax	Whether to get
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					remuneration received from the Company	remuneration from related parties of the Company
Li Jianquan	Chairman, general manager	Male	64	Incumbent	397.38	No
Fang Xiuyuan	Director, deputy general manager, chief financial officer	Male	53	Incumbent	172.28	No
Xu Xiaodan	Director	Female	34	Incumbent	59.64	No
Guo Zhenwei	Director	Male	37	Incumbent	0	Yes
Liang Wenzhao	Independent director	Male	51	Incumbent	9.17	Yes
Bi Qun	Independent director	Female	51	Incumbent	9.17	Yes
Zhou Xiaoxiong	Independent director	Male	60	Incumbent	9.17	Yes
Liu Weiwei	Chairman of the board of supervisors	Male	43	Incumbent	80.59	No
Ye Yangjing	Supervisor	Female	40	Incumbent	0	No
Wang Ying	Employee supervisor	Female	39	Incumbent	81.9	No
Yin Wenling	Deputy general manager	Male	48	Incumbent	128.28	No
Chen Huixuan	Deputy general manager, secretary to the board of directors	Female	39	Incumbent	63.27	No
Total	--	--	--	--	1,010.85	--

Equity incentive granted to directors and senior management of the Company during the reporting period

√Applicable □ Not applicable

Unit: share

Name	Position	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	Exercise price of shares exercised during the reporting period (RMB /	Market price at the end of the reporting period (RMB /	Number of restricted shares held at the beginning of the	Number of shares unlocked in the current period	Number of new restricted shares granted during the reporting	Grant price of restricted shares (RMB / share)	Number of restricted shares held at the end of the period
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		g the repor ting perio d		share)	share)	period		period		
Li Jianquan	Chairman, general manager	0	0	0	166	0	0	80,000	72.50	80,000
Fang Xiuyuan	Director, deputy general manager, chief financial officer	0	0	0	166	0	0	50,000	72.50	50,000
Yin Wenling	Deputy general manager	0	0	0	166	0	0	40,000	72.50	40,000
Xu Xiaodan	Director	0	0	0	166	0	0	30,000	72.50	30,000
Chen Huixuan	Secretary to the board of directors, deputy general manager	0	0	0	166	0	0	30,000	72.50	30,000
Total	--	0	0	--	--	0	0	230,000	--	230,000
Remark (if any)	On December 18, 2020, the Company held the 17th meeting of the second board of directors and the 11th meeting of the second board of supervisors respectively, and decided to grant 5.833 million restricted shares to 1036 eligible incentive objects on December 18, 2020 as the grant date of incentive plan. After the incentive objects meet the corresponding attribution conditions, they will be assigned by stages according to the agreed proportion. For details, please refer to relevant announcements disclosed on the website (http://www.cninfo.com.cn) by the Company on December 22, 2020.									

V. Company Employees

1. Number of employees, professional composition and education background

Number of employees in the parent company (person)	1,589
Number of employees in main subsidiaries (person)	10,800
Total number of employees (person)	12,389
Total number of employees receiving salary in the current period (person)	12,412

Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	85
Professional composition	
Professional composition categories	Number of professionals (person)
Production personnel	6,560
Sales personnel	3,417
Technical personnel	1,213
Financial personnel	108
Administrative personnel	1,091
Total	12,389
Education background	
Education background categories	Number (person)
Master degree or above	85
Bachelor	1,333
Bachelor degree or below	10,971
Total	12,389

2. Pay policy

The Company has established a diversified distribution system according to contribution, post, skill and performance, taking into account market level and industry trend, striving to provide all employees with competitive salary and various benefits. Through flexible bonus policies such as project bonus, customer development bonus and special contribution bonus, the Company can timely motivate employees' contribution and achievements; through the annual bonus plan, annual excess reward plan, etc., it feedback the annual contribution and growth of employees to the Company, continuing to create a positive and enterprising atmosphere; and through the shareholding plan, it let the employees who have made positive contributions to the enterprise share the medium and long-term development achievements of the enterprise.

The company establishes an EMT (Executive Management Team) system. As the highest decision-making body for remuneration and performance, EMT supervises the implementation of various remuneration policies and examines the rationality and scientificity of employees' performance and remuneration policies.

3. Training plan

Winner Medical always focuses on the introduction and cultivation of high-skilled talents, establishes talent echelon, constantly optimizes the structure of human resources to ensure that it matches the business strategy. Through the internal evaluation, training and development mode of management and technology dual channels, it provides multi-channel and multi-level qualification system for all technical R & D personnel, and promotes the continuous improvement and development of technical R & D personnel in the professional field. It carries out cooperation in "production, study and research", introduces and trains professional and technical talents, and improves the comprehensive quality and professional ability of the talent team.

In order to continuously improve the professional knowledge, professional level and comprehensive quality of employees, build an excellent enterprise staff team, establish a learning organization, enhance the core competitiveness of the Company, it orderly carries out various trainings, standardizes the training work of the Company, and formulates a series of training systems. At the end of each year, it carries out the survey and

summary of the overall needs of the training of the next year, and makes overall planning for the group. All the competent units propose annual training plans within the scope of their jurisdiction according to the work needs and the development needs of employees, and submit them to higher level authority and responsible units, and finally connect with the group's Human Resources Management Department; The group's Human Resources Management Department collects training needs through interviews, training plan collection and questionnaire survey, etc., and formulates annual training plans based on the group's annual strategic objectives, business plans, talent development plans, etc; it covers the new employees' induction training, professional skills training, management leadership training, etc.

The training for new employees is divided into social recruitment training for new employees and "spring seedling training" for fresh graduates. For the new graduates, there are systematic spring seedling training plans, from military training to workshop practice, product introduction, workplace knowledge, mentors' guidance and comprehensive training. In order to improve the working skills of in-service employees, a series of training, such as cultural concept, professional skills, management skills, promotion and post adaptation, are carried out in their daily work. According to the categories, they are divided into three categories: general training, management training and professional training. In general courses, yoga, flower arrangement, workplace ability improvement, parent-child reading, handmade and other courses are arranged to improve the happiness of employees. In order to receive the latest information in the professional field, improve and consolidate professional business skills, professional courses will arrange a combination of external training and internal training according to the needs of each post. For professional quality system and legal system, the professional level of employees is improved through external training learning, and then internal transfer training. For the management, according to the enterprise strategy and actual needs, external lecturers are invited to provide guidance every year to improve management skills.

4. Labor outsourcing

Applicable Not applicable

Section 10 Corporate governance

I. Basic State of Corporate Governance

The Company strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Shenzhen Stock Exchange GEM Listing Rules*, the *Standard Operation Guidelines for Listed Companies of Shenzhen Stock Exchange*, and other relevant laws and regulations promulgated by the CSRC and Shenzhen Stock Exchange, and formulates the *Articles of Association* and other internal control rules and regulations to standardize the Company's behavior. The governance structure of the Company conforms to the relevant normative documents of the CSRC on the governance of listed companies.

1. Shareholders and general meeting of shareholders

In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules of Shareholders' Meeting of Listed Companies*, the *Articles of Association* and the *Rules of Procedure of Shareholders' Meeting*, the Company standardizes the procedures of convening, holding and voting, etc. of the general meeting of shareholders, treats all investors equally, and enables them to fully exercise their rights to ensure the rights and interests of minority shareholders. The Company employs lawyers to attend the general meeting of shareholders as nonvoting delegates and issue legal opinions on the holding and voting procedures of the general meeting of shareholders, fully respecting and safeguarding the legitimate rights and interests of all shareholders.

2. Company and controlling shareholders, actual controller

The Company has independent and complete main business and independent management ability, independent from the controlling shareholders and actual controllers in personnel, assets, business, management organization and financial accounting system, and can independently operate, independently manage and independently bear responsibilities and risks. The controlling shareholders and actual controllers of the Company can exercise their rights and undertake corresponding obligations in accordance with the law. During the reporting period, there was no behavior directly or indirectly interfering in the Company's decision-making and business activities and using its controlling position to infringe on the interests of other shareholders beyond the authorization of the general meeting of shareholders and the board of directors, which had no adverse impact on the corporate governance structure and independence.

3. Directors and board of directors

The directors of the Company do not have the circumstances that they are not allowed to be directors of the Company as stipulated in Article 146 of the *Company Law*. Their appointment and removal strictly comply with the approval procedures of the board of directors and the general meeting of shareholders, and there is no conflict with relevant laws, regulations or the *Articles of Association*. All directors work strictly and diligently during their tenure, can continuously pay attention to the Company's operating conditions, actively participate in relevant training, and improve the standard operation level; actively participate in the board meeting, give full play to their own professional expertise, make prudent decisions and safeguard the interests of the Company and the majority of shareholders.

The convening and holding procedures of the board meeting of the Company meet the requirements of relevant regulations; the contents of previous board meeting minutes are true, accurate, complete and under safe preservation; the resolutions of the meetings are fully, accurately and timely disclosed. Under the board of directors, there is a strategy committee, a nomination committee, a remuneration and assessment committee and an audit committee.

4. Supervisors and board of supervisors

The supervisors of the Company do not have the circumstances that they are not allowed to be supervisors of the Company as stipulated in Article 146 of the *Company Law*. Their qualifications meet the relevant requirements of the *Articles of Association*. The procedures for convening, holding and voting of the meetings of the board of supervisors of the Company conform to the *Rules of Procedure of Board of Supervisors*.

The supervisors of the Company are able to exercise the functions and powers of the board of supervisors and fulfill their duties diligently.

5. Performance evaluation and incentive and restraint mechanisms

Through performance evaluation, the Company can effectively make a comprehensive evaluation on each employee, and further understands each

employee's work ability and expertise, so as to effectively adjust the appropriate position and achieve the goal of performance evaluation. The Company is gradually improving its performance evaluation mechanism. The remuneration of senior and middle management is linked to the Company's operating performance indicators. The Company has established an enterprise performance evaluation and incentive system. The performance evaluation standards and evaluation procedures of directors, supervisors and senior managers are fair and transparent. Their income is linked to the Company's operating performance. The appointment of senior managers is open and transparent, complying with the provisions of laws and regulations.

6. Information disclosure and transparency

During the reporting period, the Company disclosed the Company's information truthfully, accurately, completely, timely and fairly in strict accordance with the requirements of relevant laws and regulations, *Articles of Association* and Management System of *Information Disclosure Affairs*. The Company has designated *China Securities Journal*, *Shanghai Securities News*, *Securities Times* and *Securities Daily* as the designated paper media for information disclosure of the Company, and <http://www.cninfo.com.cn> is the website specified for the information disclosure to ensure that all shareholders have fair access to the Company's information.

7. Investor relations management

In accordance with the requirements of relevant laws and regulations and *Investor Relations Management System*, the Company designates the secretary of the board of directors as the person in charge of investor relations management, responsible for coordinating investor relations, receiving shareholders' visits, answering investors' inquiries, providing investors with the information disclosed by the Company, etc. The Company responds to investors' inquiries through telephone, e-mail, investor relations interactive platform, investor reception day and other forms, which strengthens information communication, promotes benign interaction with investors, and effectively improves the transparency of the Company.

8. Stakeholder

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, realizes the coordination and balance of interests of the shareholders, employees, doctors and patients, society and other parties, pays attention to environmental protection and actively participates in public welfare undertakings while realizing the sustainable and healthy development of the Company and the interests of shareholders.

9. Establishment and implementation of internal audit system

An audit committee is set up under the board of directors to establish an internal audit system, and is responsible for the communication, supervision, meeting organization and verification of the Company's internal and external audit. The Internal Audit Department under the audit committee is the daily office. Under the leadership of the audit committee, it independently exercises its functions and powers to inspect and supervise the establishment and implementation of the Company's internal control system, the authenticity and integrity of the Company's financial information, and the efficiency and effect of business activities.

Whether there is significant difference between the actual situation of corporate governance and the normative documents on listed corporate governance issued by China Securities Regulatory Commission

Yes No

There is no significant difference between the actual situation of corporate governance and the normative documents on listed corporate governance issued by China Securities Regulatory Commission.

II. Independence of Company from its controlling shareholders in terms of business, personnel, assets, institutions and finance

Since its establishment, the Company has standardized its operation in accordance with the *Company Law*, *Securities Law* and other relevant laws and regulations as well as the requirements of the *Articles of Association*, established and improved the corporate governance structure, completely separated from the existing shareholders in business, assets, personnel, organizations and finance, and has a complete business system and the ability to operate independently in the market.

(I) Asset independence

The Company has independent and complete assets with clear ownership, independent production system, auxiliary production system and supporting facilities, and has legal ownership of plants, land, equipment, trademarks, patents, non-patented technology and other assets related to production and

operation. It has complete control over all the assets of the Company, and there is no behavior of controlling shareholders and actual controllers occupying the assets of the Company.

(II) Personnel independence

The Company has signed labor contracts with its employees, has independent labor, personnel, salary and welfare systems, and maintains independence with its controlling shareholders, actual controllers and other enterprises under their control. The Company has established a sound corporate governance structure, and the directors, supervisors and senior managers are legally selected in strict accordance with the *Company Law*, *Articles of Association* and other relevant provisions. The general manager, deputy general manager, financial chief, secretary of the board of directors and other senior managers of the Company do not hold any other positions except directors, supervisors and limited partners in the controlling shareholders, actual controllers and other enterprises controlled by them, and do not receive salary in the controlling shareholders, actual controllers and other enterprises controlled by them. The financial personnel of the Company do not work part-time in the controlling shareholders, actual controllers and other enterprises controlled by them.

(III) Financial independence

The Company has set up an independent financial department, equipped with full-time financial personnel, and has established an independent financial accounting system. The Company can make financial decisions independently, and has a standardized financial accounting system and internal control system, such as internal financial management system for branches and subsidiaries. There is no situation of controlling shareholders interfering in the use of the Company's funds. The Company has an independent bank account and does not share the bank account with the controlling shareholders, actual controllers and other enterprises controlled by them. As an independent taxpayer, the Company makes tax returns and fulfills its payment obligations independently in accordance with the law. There is no situation of mixed tax payment with the controlling shareholders, actual controllers and other enterprises controlled by them. The financial operation of the Company is independent of the controlling shareholders, actual controllers and other enterprises controlled by them.

(IV) Organization independence

In strict accordance with the *Company Law*, *Articles of Association* and other relevant provisions, the Company has established and improved the general meeting of shareholders, the board of directors, the board of supervisors, the management department and the corresponding rules of procedure of the three meetings, and formed a perfect corporate governance structure and standardized operation system. According to the development needs of production and operation, the Company has set up corresponding office and production and operation organizations, and independently exercise the operating management authority, and has complete procurement, R & D, production, sales systems and supporting departments. The Company's production, operation and office are strictly separated from the controlling shareholders, actual controllers and other enterprises controlled by them, and there is no mixed operation or joint office with the controlling shareholders, actual controllers and other enterprises controlled by them.

(V) Business independence

The Company has the corresponding qualifications required for operation, independent and complete business system, information system and management system, etc. necessary to engage in operating business, and independent and complete R & D, production capacity, procurement and sales business systems. The business of the Company is independent of the controlling shareholders, actual controllers and other enterprises controlled by them. There is no dependence on the controlling shareholders, actual controllers and other enterprises controlled by them. There is no horizontal competition or unfair related transaction with the controlling shareholders, actual controllers and other enterprises controlled by them.

III. Horizontal competition

Applicable Not applicable

IV. Information about the annual general meeting of shareholders and extraordinary general meeting of shareholders held during the reporting period

1. General meeting of shareholders during the reporting period

Meeting session	Meeting type	Investor participation proportion	Convening date	Date of disclosure	Disclosure index
The 1st Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	100.00%	February 14, 2020		
Annual general meeting of shareholders in 2019	Annual general meeting of shareholders	100.00%	April 15, 2020		
The 2nd Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	100.00%	June 15, 2020		
The 3rd Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	100.00%	July 23, 2020		
The 4th Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	100.00%	August 15, 2020		
The 5th Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	88.33%	October 29, 2020	October 30, 2020	Announcement No.: 2020-015 Disclosure website: http://www.cninfo.com.cn
The 6th Extraordinary General Meeting of Shareholders in 2020	Extraordinary general meeting of shareholders	89.80%	December 16, 2020	December 15, 2020	Announcement No.: 2020-030 Disclosure website: http://www.cninfo.com.cn

2. The preferred shareholders with voting rights restored request an extraordinary general meeting of shareholders

Applicable Not applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at the board meetings and the general meeting of shareholders

Attendance of independent directors at the board meetings and the general meeting of shareholders

Name of independent director	Times of attending the board meetings during this reporting period	Times of attending the board meetings on site	Times of attending the board meetings by means of communication	Times of attending the board meetings by proxy	Times of absences from the board meetings by proxy	Whether he has not attended two consecutive board meetings in person	Times of attending the general meeting of shareholders
Zhou Xiaoxiong	11	1	10	0	0	No	7
Liang Wenzhao	11	1	10	0	0	No	7
Bi Qun	11	0	11	0	0	No	7

Explanation of not attending the board meeting in person for two consecutive times

2. Objections made by independent directors on relevant matters

Whether the independent director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the independent directors did not raise any objection to the relevant matters of the Company.

3. Other description on the performance of duties by the independent directors

Whether the relevant suggestions of the independent director to the Company have been adopted

Yes No

Explanation of the relevant suggestions of the independent director to the Company have or have not been adopted

During the reporting period, the independent directors did not raise any objection to the relevant matters of the Company.

VI. Performance of duties by special committees under the board of directors during the reporting period

During the reporting period, the Company's subordinate committees actively performed their duties and carried out their work as follows:

1. Performance of the audit committee: during the reporting period, the audit committee of the board of directors of the Company fully played the role of review and supervision in accordance with the relevant provisions of the *Articles of Association* and the *Rules of Procedure of Audit Committee*. The audit committee is mainly responsible for reviewing the Company's financial information, internal control system, supervision of the implementation of internal audit system, and the communication between internal audit and external audit. During the reporting period, the audit committee held three meetings to review periodic reports, appointment of audit institution, and internal control, etc.
2. Performance of the remuneration and assessment committee: during the reporting period, the remuneration and assessment committee of the board of directors of the Company conscientiously performed its duties in accordance with the relevant provisions of the *Articles of Association* and the *Rules of Procedure of Remuneration and Assessment Committee*, and was responsible for supervising the implementation of the remuneration system of the Company. During the reporting period, the remuneration and assessment committee held three meetings to review the remuneration management system of directors, supervisors and senior managers of the Company and deliberate the 2020 restricted stock incentive plan, put forward reasonable suggestions, and promoted the Company to further improve the systematicness and scientificity of the Company's remuneration system on the basis of standardized operation.
3. Performance of the strategy committee: during the reporting period, the strategy committee of the board of directors of the Company analyzed and discussed the operating status, development prospects and investment plans of the Company based on the actual situation of the Company in combination with the industry development trend and development stage of the Company, so as to provide suggestions for the future development direction of the Company. During the reporting period, the strategy committee held three meetings to discuss the Company's development strategy

and business plan, phase II investment of Hubei Winner (Yangluo), and the expansion project of Jiayu Winner, etc.

4. Performance of nomination committee: during the reporting period, the nomination committee of the board of directors of the Company actively performed its duties, fully understood the education background, professional experience, professional quality and diligence of the Company's existing directors, general managers and other senior managers, and evaluated the performance of the Company's directors, general manager and other senior managers and review the need of replacing the directors, general manager and other senior managers. During the reporting period, the nomination committee held one meeting to review the performance of the Company's directors, general manager and other senior managers in 2020.

VII. Work of board of supervisors

Does the board of supervisors find any risks in the supervision activities of the Company during the reporting period

Yes No

The board of supervisors of the Company has no objection to the supervisory matters during the reporting period.

VIII. Evaluation and incentive of senior managers

Based on the *Performance Management System*, the Company carries out scientific performance appraisal for senior managers, implements the salary system of combining basic annual salary and performance annual salary appraisal for senior managers, and establishes the performance appraisal and incentive and constraint mechanism linking senior managers' salary with the Company's performance. The Company carries out the work reporting activities and performance appraisal of senior managers every year, and determines the remuneration scheme according to the year-end appraisal results.

IX. Internal control evaluation report

1. Details of significant internal control defects discovered during the reporting period

Yes No

Details of significant internal control defects discovered during the reporting period	
According to the identification of significant internal control defects of the Company's financial report, there are no significant internal control defects of financial report on the base date of the internal control evaluation report. The board of directors believes that the Company has maintained effective internal control over financial report in all major aspects in accordance with the requirements of the enterprise's internal control standard system and relevant regulations.	
According to the identification of significant internal control defects of the Company's non-financial report, the company has not found any significant internal control defects of non-financial report on the base date of the internal control evaluation report.	
From the base date of the internal control evaluation report to the issue date of the internal control evaluation report, there are no factors affecting the effectiveness evaluation conclusion of internal control.	

2. Internal control self-evaluation report

Disclosure date of full text of internal control evaluation report	April 20, 2021
Disclosure index of full text of internal control evaluation report	2020 Internal Control Self-evaluation Report of Winner Medical Co., Ltd. (http://www.cninfo.com.cn)

The proportion of the total assets of the unit included in the scope of evaluation in the total assets of the Company's consolidated financial statements	96.90%	
The proportion of the Revenue of the unit included in the scope of evaluation in the Revenue of the Company's consolidated financial statements	86.57%	
Defect identification standard		
Class	Financial reports	Non-financial reports
Qualitative standard	<p>Significant defect:</p> <ol style="list-style-type: none"> 1) The control environment is invalid; 2) The directors, supervisors and senior managers of the Company commit fraud and cause significant losses and adverse effects to the enterprise; 3) The certified public accountant finds that there is material misstatement in the current financial report, which is not found by the internal control in the process of operation; 4) The supervision of the enterprise audit committee and the internal audit institution over the internal control is invalid. <p>Major defect:</p> <ol style="list-style-type: none"> 1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles; 2) No anti-fraud procedures and control measures have been established; 3) There is no corresponding control mechanism established or no implementation of and no corresponding compensatory control for the accounting treatment of non-routine or special transactions; 4) There are one or more defects in the control of the financial reporting process at the end of the period, and it can not reasonably guarantee the prepared financial statements achieve the true and accurate goal. <p>Common defect: Other internal control defects that do not constitute significant defects or</p>	<p>Significant defect: lack of democratic decision-making process; the decision-making process leads to major errors, the important business lacks system control or is systematically invalid, and lack of effective compensatory control; the loss of middle and senior managers and senior technicians is serious; the results of internal control evaluation, especially the significant defects, have not been rectified; other situations that have a significant negative impact on the Company.</p> <p>Major defect: democratic decision-making process exists but is not perfect; the decision-making process leads to general errors; there are defects in important business systems or system; the loss of business personnel in key positions is serious; the results of internal control evaluation, especially the major defects, have not been rectified; other situations that have a large negative impact on the Company.</p> <p>Common defects: the decision-making process is inefficient; the general business systems or system has defects; the loss of business personnel in general positions is serious; general defects have not been rectified.</p>

	major defects.	
Quantitative standards	<p>Significant defects: 1. potential misstatement of Revenue $\geq 2\%$ of the total Revenue in the consolidated financial statement; 2. potential misstatement of total profit $\geq 5\%$ of the total profit in consolidated financial statement; 3. potential misstatement of total assets $\geq 2\%$ of the total assets in consolidated statement.</p> <p>Major defects: 1. 1% of the Revenue in the consolidated financial statement \leq potential misstatement of Revenue $< 2\%$ of the Revenue in the consolidated financial statement; 2. 2% of the total profit in the consolidated financial statement \leq potential misstatement of the total profit $< 5\%$ of the total profit in the consolidated financial statement; 3. 1% of the total assets in the consolidated financial statement \leq potential misstatement of total assets $< 2\%$ of the total assets in the consolidated financial statement.</p> <p>Common defects: 1. potential misstatement of Revenue $< 1\%$ of the total Revenue in the consolidated financial statement; 2. potential misstatement of total profit $< 2\%$ of the total profit in consolidated financial statement; 3. potential misstatement of total assets $< 1\%$ of the total assets in consolidated statement.</p> <p>When the potential misstatement caused by an internal control defect affects multiple indexes, the nature of the defect shall be determined according to the principle of which is lower. (the financial index values mentioned in the above quantitative standards are the data from audited consolidated statement of the Company in the latest year)</p>	<p>Significant defects: the amount of direct economic loss accounted for 5% or more of the total profit in the audited consolidated financial statement of the previous year;</p> <p>Major defects: the amount of direct economic loss accounted for 2% (included) to 5% of the total profit in the audited consolidated financial statement of the previous year;</p> <p>Common defects: the amount of direct economic loss is less than 2% of the total profit in the audited consolidated financial statement of the previous year</p>
Number of significant defects in financial report		0
Number of significant defects in non-financial report		0
Number of major defects in financial report		0
Number of major defects in non-financial report		0

X. Internal control audit report or authentication report

Internal control assurance report

Deliberations in the internal control assurance report	
<p>We believe that your Company has maintained effective internal control related to financial statements in all major aspects on December 31, 2020 in accordance with the <i>Basic Norms of Enterprise Internal Control</i> and relevant regulations issued by the Ministry of Finance and other four ministries and commissions.</p> <p>This conclusion is formed under the inherent limitations indicated in the assurance report.</p>	
Disclosure of internal control assurance report	Disclosure
Disclosure date of full text of internal control assurance report	April 20, 2021
Disclosure index of full text of internal control assurance report	2020 <i>Internal Control Assurance Report of Winner Medical Co., Ltd.</i> (http://www.cninfo.com.cn)
Type of opinion of internal control assurance report	Standard unqualified opinions
Whether there are significant defects in non-financial reports	No

Whether the accounting firm issues an internal control assurance report with non-standard opinions

Yes No

Whether the internal control assurance report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

Section 11 Corporate Bonds

Whether the Company has bonds publicly issued and listed on the stock exchange that have not expired or expired but not paid in full on the date of approval of the annual report

No

Section 12 Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinions
Date of signing of audit report	April 16, 2021
Name of audit institution	BDO China Shu Lun Pan CPAs
Document number of audit report	XKSBZ [2021] No.ZI10154
Name of certified public accountants	Chen Qiong, Gao Junlei

Main body of audit report

Audit Report

XKSBZ [2021] No.ZI10154

To all shareholders of Winner Medical Co., Ltd.:

I. Audit opinion

We have audited the accompanying financial statements of Winner Medical Co., Ltd. (hereinafter referred to "Winner Medical"), including the consolidated and parent company balance sheet as of December 31, 2020, consolidated and parent company income statement, consolidated and parent company cash flow statement and consolidated and parent company statement of change in equity for the year 2020 and notes to financial statements.

In our opinion, the attached financial statements of Winner Medical have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises and give a true and fair view of the consolidated and parent company financial position as of December 31, 2020 and the consolidated and parent company financial performance and cash flows for the year 2020 in all significant terms.

II. Basis for audit opinion

We conducted our audit in accordance with the Standards on Auditing for Certified Public Accountants. The "Responsibility of certified public accountants for audit of financial statements" in the audit report further states our responsibility under the Standards. We were independent of Winner Medical and fulfill other responsibilities in terms of professional ethics according to the code of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit items

The key audit items are the matters that we consider the most important to audit the current financial statements according to our professional judgment. These items shall be dealt with in the context of an audit of the financial statements as a whole and the formation of audit opinions, and we do not express an opinion on these items separately.

The key audit items we identified in the audit are summarized as follows:

Key audit items	How is the item handled in the audit
Existence of monetary funds and tradable financial assets	
Please refer to Notes III, (X) and Notes V, (I), (II) to the consolidated financial statements. On December 31, 2020, the balance of Winner Medical's monetary funds and tradable financial assets was about RMB	Our main audit procedures for the existence of monetary funds and tradable financial assets include: 1. Understand the key internal controls related to the existence of monetary funds and tradable financial assets, evaluate the design of these controls, determine whether they are implemented, and test the operation effectiveness of the relevant

<p>8.294 billion, accounting for 63.79% of the total assets, which is important to the financial statements. Therefore, we identify the existence of Cash and cash equivalents and tradable financial assets as key audit item.</p>	<p>internal controls;</p> <ol style="list-style-type: none"> 2. Obtain the bank account statements and check with the book balance. Obtain the bank reconciliation statements for the items with differences, understand the nature of the reconciliation items, and test the major reconciliation items; 3. Implement confirmation procedures for monetary funds and tradable financial assets; 4. Check large amounts of monetary funds; inspect product specifications and purchase receipts for tradable financial assets; 5. Obtain corporate credit reports and check whether there are pledge guarantee matters related to monetary funds; 6. Implement the bank settlement account information inquiry procedure to confirm the accuracy and completeness of the bank settlement account provided to us by the management.
Recognition of Revenue	
<p>For details of the accounting policies for income recognition and the analysis of income, please refer to Notes III, (XXVII) and Notes V, (XXXVI) to the consolidated financial statements.</p> <p>The income of Winner Medical mainly comes from the sales business of medical consumables, consumer goods and cotton non-woven.</p> <p>The Revenue of current period is RMB 12.534 billion, about 2.74 times that of the previous period. Among them, the income of medical consumables accounts for a significant proportion of the total Revenue, accounting for about 70%.</p> <p>The income of medical consumables is one of the main performance indicators of Winner Medical, and the income of medical consumables in the current period has increased sharply year on year. Therefore, we identify the income recognition as the key audit item.</p>	<p>Our main audit procedures for the Revenue recognition of Winner Medical's medical consumables include:</p> <ol style="list-style-type: none"> 1. Understand the key internal controls related to the recognition of income, evaluate the design of these controls, determine whether they are implemented, and test the operation effectiveness of the relevant internal controls; 2. Check the major sales contracts, understand the terms or conditions of the major contracts, and evaluate whether the income recognition policy conforms to the provisions of the Accounting Standards for Business Enterprises; 3. Implement substantive analysis procedures for income and gross profit margin according to major products, identify whether there are significant or abnormal fluctuations, and find out the causes of fluctuations; 4. Combine with the confirmation of accounts receivable, and confirm the sales volume of the current period to the main customers by sampling; 5. For domestic sales income, check supporting documents related to income recognition by sampling, including sales contract, order, sales invoice, delivery note and customer receipt, etc.; for export income, check supporting documents such as sales contract, export declaration form, bill of lading by sampling; 6. Carry out cutoff test on the income recognized before and after the balance sheet date to evaluate whether the income is recognized in the appropriate period.
Accounting of fixed assets and construction in progress	
<p>Please refer to Notes III, (XVI), (XVII) and Notes V, (XI), (XII) to the consolidated financial statements.</p> <p>On December 31, 2020, the net fixed assets in the consolidated financial statements of Winner Medical was RMB 1.401 billion, accounting for RMB 10.77% of the total assets, and the net construction in progress was RMB 61.3833 million, accounting for RMB 0.47% of the total assets;</p>	<p>Our main audit procedures for the accounting of fixed assets and construction in progress of Winner Medical include:</p> <ol style="list-style-type: none"> 1. On the basis of sampling, check the progress of important fixed assets and construction in progress to determine whether they exist, and pay attention to whether there are idle or damaged fixed assets; 2. Select samples of fixed assets and construction in progress increased or decrease in current year, and check supporting documents such as contracts, invoices, acceptance certificates, collection or payment orders, etc.; 3. Check the ownership or control of fixed assets;

<p>Fixed assets and construction in progress are an important part of the consolidated balance sheet of Winner Medical. The time point when the construction in progress reaches the predetermined usable condition and transfer into the fixed assets, the method of depreciation calculation of the fixed assets, the judgment of the useful life of the fixed assets and the net realizable value of the fixed assets will impact the book value of the fixed assets and construction in progress, and they are of importance to the consolidated financial statements.</p>	<p>4. Check whether the depreciation policies and methods comply with the standards, whether the estimated service life and estimated net residual value are reasonable, and calculate whether the depreciation is correct;</p> <p>5. On the basis of sampling, check the date of acceptance report, check debugging and production records, and judge the appropriateness of the time point when the construction in progress is transferred into fixed assets.</p>
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IV. Other information

The management of Winner Medical (hereinafter referred to as the management) is responsible for other information, including the information covered in Winner Medical's annual report for 2020, but excluding the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information and we does not express any form of verification conclusions on other information.

Combined with our audit of the financial statements, it's our responsibility to read other information. In this process, we shall consider whether material inconsistency or material misstatement of other information with the financial statements or the situation understood by us in the audit process.

Based on the work that has been executed by us, we should report the fact of material misstatement confirmed in other information. We have nothing to report in this regard.

V. Responsibility of management and government for the financial statements

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises and giving a true and fair view; designing, implementing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the management is responsible for evaluating the going-concern ability of Winner Medical, disclosing the matters related to the going-concern (if applicable) and using the going-concern assumption, unless the management plans to liquidate Spectrum Chemical or stop operation or no other realistic options.

The government is responsible for supervising the financial reporting process of Winner Medical.

VI. Responsibility of certified public accountants for audit of financial statements

Our goal is to obtain reasonable guarantee on inexistence of the material misstatement of the financial statements whether due to fraud or error and to issue an audit report including audit opinion. Reasonable guarantee is high level guarantee, but it cannot guarantee that a material misstatement of the audit executed according to the auditing standards will always be found. Misstatement may be caused by fraud or error. If the reasonable expected misstatements may affect the economic decision made by the financial statement user according to the financial statements, whether individually or collectively, the misstatement is generally believed material.

We made professional judgment and maintained professional skepticism in the audit process according to the auditing standards. We also performed the following:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since the fraud may involve collusion, forge, intentional omission, false statement or above internal control, the risk of material misstatement caused by fraud is higher than that

caused by error.

(2) Understand internal control related to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosure.

(IV) Draw a conclusion about the appropriateness of the going-concern assumption used by the management. Meanwhile, draw a conclusion about the major uncertainty of the matters or circumstances possibly resulting in major concerns about the going-concern ability of Winner Medical according to the audit evidence obtained. If we draw a conclusion that major uncertainty exists, the auditing standards require us to request the statement user to notice relevant disclosure in the financial statements in the audit report; in case of insufficient disclosure, we should issue a modified audit report. Our conclusion is made on the basis of the information available as of the audit report date. However, the future matters or circumstances may result in going concern failure of Winner Medical.

(V) Evaluate the overall presentation (including disclosure), structure and content of the financial statements and evaluate whether the financial statements give a true and fair view of relevant transactions and matters.

(VI) Obtain adequate and appropriate audit evidence for the financial information of Winner Medical entity or business activities to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising and implementing the group audit and take full responsibility for the audit opinions.

We communicate with the governance on the planned audit scope, time arrangement and major audit findings, including the internal control defects identified by us in the audit and worthy attention.

We also provide the governance with a statement of compliance with the ethical requirements relating to our independence and communicate with the governance with respect to all relations and other matters that may reasonably be considered to affect our independence and the relevant precautions (if applicable).

From the items communicated with the governance, we determine which items are most important to the audit of current financial statements and thus constitute the key audit items. We describe these items in our audit report, unless the disclosure of these matters is prohibited by law or regulation, or, in rare circumstances, we determine that we should not communicate the items in our audit report if it is reasonably expected that the negative consequences of communicating an item outweigh the benefits in the public interest.

BDO China Shu Lun Pan Certified Public Accountants LLP Chinese Certified Public Accountant: Chen Qiong (Project Partner)
Special general partnership

Chinese Certified Public Accountant: Gao Junlei

Shanghai, China

April 16, 2021

II. Financial Statements

Unit of statements in financial notes: RMB

I. Consolidated Balance Sheet

Prepared by: Winner Medical Co., Ltd.

December 31, 2020

Unit: yuan

Item	December 31, 2020	December 31, 2019
Current assets:		
Cash and cash equivalents	4,162,539,245.78	480,838,765.63
Deposit reservation for balance		
Lending funds		
tradable financial assets	4,131,178,589.44	
Derivative financial assets		
Notes receivable		
Accounts receivable	844,317,708.12	416,345,676.13
Amounts receivable financing	18,182,662.70	8,456,356.50
Advances to suppliers	124,031,239.05	96,760,732.96
Premiums receivables		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	458,174,652.72	595,894,600.20
Including: Interest receivable		
Dividends receivable		
Redemptory Cash and cash equivalents for sale		
Inventory	1,216,486,940.21	992,411,173.86
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	35,184,227.09	83,881,183.43
Total current assets	10,990,095,265.11	2,674,588,488.71
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	13,424,230.41	8,858,476.15
Other equity instrument investments		
Other non-current financial assets		

Investment real estates		
Fixed assets	1,400,749,050.00	1,274,733,960.96
Construction in progress	61,383,340.97	187,808,853.01
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	208,325,103.79	131,657,103.01
Development expenditure		
Goodwill		
Long-term unmortized expenses	121,335,007.33	165,474,142.92
Deferred income tax assets	143,132,351.08	69,356,697.91
Other non-current assets	63,807,415.75	18,996,656.91
Total non-current assets	2,012,156,499.33	1,856,885,890.87
Total assets	13,002,251,764.44	4,531,474,379.58
Current liabilities		
Short-term debt	150,071,416.66	120,000,000.00
Borrowings from central bank		
Borrowing funds		
tradable financial liabilities		
Derivative financial liabilities		
Notes payable	29,418,100.00	173,023,352.30
Accounts payable	726,577,306.94	562,774,410.51
Advance from customers		32,695,399.53
Contract liabilities	530,188,257.63	
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	169,957,077.81	99,793,347.80
Taxes payable	444,381,369.49	47,134,987.40
Other payables	352,543,008.89	142,607,932.48
Including: Interest payable		289,799.65
Dividends payable		
Fees and commissions payable		

Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within one year		8,977,342.14
Other current liabilities	23,638,266.47	
Total current liabilities	2,426,774,803.89	1,187,006,772.16
Non-current liabilities		
Reserve fund for insurance contracts		
Long-term loans		134,210,746.07
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term payroll payable		
Estimated liabilities		591,513.81
Deferred income	94,921,260.87	46,117,344.20
Deferred income tax liabilities	12,165,608.24	
Other non-current liabilities		
Total non-current liabilities	107,086,869.11	180,919,604.08
Total liabilities	2,533,861,673.00	1,367,926,376.24
Owner's equity:		
Capital stock	426,492,308.00	376,492,308.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	4,481,709,983.24	948,913,284.10
Less: treasury stock		
Other comprehensive income	-1,111,035.08	44,623.87
Special reserve		
Surplus reserve	420,212,778.13	116,855,107.20
General risk provision		
Undistributed profit	5,126,630,011.14	1,718,075,177.67
Total owners' equities attributable to the owners of parent company	10,453,934,045.43	3,160,380,500.84

Minority equity	14,456,046.01	3,167,502.50
Total owners' equities	10,468,390,091.44	3,163,548,003.34
Total liabilities and owners' equities	13,002,251,764.44	4,531,474,379.58

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting body:

Wu Kezhen

2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2020	December 31, 2019
Current assets:		
Cash and cash equivalents	3,669,286,043.43	190,247,936.40
tradable financial assets	3,779,510,798.34	
Derivative financial assets		
Notes receivable		
Accounts receivable	679,644,839.39	285,214,296.07
Amounts receivable financing	26,281,743.01	11,197,742.51
Advances to suppliers	1,141,185,179.88	818,374,053.49
Other receivables	361,160,139.37	507,620,873.69
Including: Interest receivable		
Dividends receivable		
Inventory	244,264,320.15	80,096,665.13
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	2,986,600.60	507,766.36
Total current assets	9,904,319,664.17	1,893,259,333.65
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	738,074,914.56	733,509,160.30
Other equity instrument investments		
Other non-current financial assets		
Investment real estates		

Fixed assets	47,677,210.41	39,730,361.07
Construction in progress	625,889.08	3,273,398.46
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	11,093,821.43	12,968,794.77
Development expenditure		
Goodwill		
Long-term unmortized expenses	4,270,865.79	1,620,299.14
Deferred income tax assets	18,761,956.53	7,243,483.93
Other non-current assets	7,420,450.61	4,228,187.85
Total non-current assets	827,925,108.41	802,573,685.52
Total assets	10,732,244,772.58	2,695,833,019.17
Current liabilities		
Short-term debt	120,071,416.66	60,000,000.00
tradable financial liabilities		
Derivative financial liabilities		
Notes payable	8,757,000.00	71,789,226.76
Accounts payable	734,959,933.53	263,943,071.72
Advance from customers		6,184,697.51
Contract liabilities	483,370,540.77	
Payroll payable	57,086,457.61	20,788,121.24
Taxes payable	332,551,933.15	16,238,975.65
Other payables	261,840,719.70	70,782,736.10
Including: Interest payable		79,750.00
Dividends payable		
Liabilities held for sales		
Non-current liabilities due within one year		5,000,000.00
Other current liabilities	14,855,171.12	
Total current liabilities	2,013,493,172.54	514,726,828.98
Non-current liabilities		
Long-term loans		
Bonds payable		

Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	22,798,583.10	4,453,201.48
Deferred income tax liabilities	1,426,619.75	
Other non-current liabilities		
Total non-current liabilities	24,225,202.85	4,453,201.48
Total liabilities	2,037,718,375.39	519,180,030.46
Owner's equity:		
Capital stock	426,492,308.00	376,492,308.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	4,507,116,745.59	974,320,046.45
Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	411,397,111.21	108,039,440.28
Undistributed profit	3,349,520,232.39	717,801,193.98
Total owners' equities	8,694,526,397.19	2,176,652,988.71
Total liabilities and owners' equities	10,732,244,772.58	2,695,833,019.17

3. Consolidated Statement of Income

Unit: yuan

Item	Year 2020	Year 2019
I. Total Revenue	12,533,945,946.63	4,574,625,915.60
Including: Revenue	12,533,945,946.63	4,574,625,915.60
Interest revenue		
Premium earned		
Fee and commission income		
II. Total cost	7,829,145,023.94	3,966,093,342.21

Including: Cost	5,070,422,301.76	2,211,926,535.06
Interest expenditure		
Fee and commission expense		
Surrender value		
Net payments for insurance claims		
Net reserve fund extracted for insurance liability contracts		
Bond insurance expense		
Reinsurance costs		
Taxes and surcharges	116,569,221.35	39,551,408.65
Sales expenses	1,575,163,912.49	1,355,767,449.04
Administrative expenses	436,965,446.22	197,456,021.51
R&D expenses	411,383,173.80	155,193,227.21
Financial expenses	218,640,968.32	6,198,700.74
Including: interest expenditure	3,614,778.86	12,450,315.25
Interest revenue	23,340,834.75	1,887,734.45
Plus: other incomes	70,291,282.76	22,490,743.11
Income from investment (loss expressed with “-”)	21,585,123.16	-13,510,668.49
Including: Income from investment of joint venture and cooperative enterprise	4,565,754.26	1,685,447.16
Income from derecognition of financial assets measured at amortized cost		
Exchange gain (loss expressed with “-”)		
Net exposure hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)	11,178,589.44	10,815,100.00
Credit impairment losses (loss expressed with “-”)	-35,941,692.83	-25,841,207.36
Assets impairment losses (loss expressed with “-”)	-240,186,749.52	-22,393,999.77
Income from disposal of assets (loss expressed with “-”)	9,765.86	61,678,502.30
III. Operating profits (loss expressed with “-”)	4,531,737,241.56	641,771,043.18

Plus: Non-operating income	4,227,507.56	3,789,637.85
Less: non-operating expenditure	33,505,825.07	7,146,485.01
IV. Total profits (total loss expressed with “-”)	4,502,458,924.05	638,414,196.02
Less: Income tax expenses	679,909,863.81	91,214,979.69
V. Net profits (net loss expressed with “-”)	3,822,549,060.24	547,199,216.33
(I) Classified by business continuity		
1. Net profits from ongoing operation (net loss expressed with “-”)	3,822,549,060.24	547,199,216.33
2. Net profits from discontinuing operation (net loss expressed with “-”)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of parent company	3,810,412,504.40	546,293,677.91
2. Minority interest income	12,136,555.84	905,538.42
VI. Net amount of other comprehensive income after tax	-2,003,671.28	187,711.19
Net amount of other comprehensive income after tax attributed to parent company owners	-1,155,658.95	85,200.03
(I) Other comprehensive income that can't be reclassified into profit and loss		
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and loss in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments		
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss	-1,155,658.95	85,200.03
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		

3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-1,155,658.95	85,200.03
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders	-848,012.33	102,511.16
VII. Total comprehensive income	3,820,545,388.96	547,386,927.52
Total comprehensive income attributed to parent company owners	3,809,256,845.45	546,378,877.94
Total comprehensive income attributed to minority shareholders	11,288,543.51	1,008,049.58
VIII. Earnings per share		
(I) Basic earnings per share	9.80	1.45
(II) Diluted earnings per share	9.79	1.45

In case of business combination involving enterprises under common control in current period, the net profits achieved by the merged party before combination were RMB 0.00 and achieved by the merged party in previous period were RMB 0.00.

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting body:

Wu Kezhen

4. Income statement of parent company

Unit: yuan

Item	Year 2020	Year 2019
I. Revenue	8,890,110,957.62	1,414,317,280.61
Subtract: Cost	4,323,934,957.16	1,040,031,300.50
Taxes and surcharges	69,354,151.33	5,520,928.57
Sales expenses	266,259,515.24	100,336,412.96
Administrative expenses	203,762,696.05	90,317,113.64
R&D expenses	268,121,590.13	48,222,051.81
Financial expenses	212,244,708.29	582,357.10
Including: interest expenditure	2,683,843.27	6,751,919.43
Interest revenue	21,135,753.14	966,992.39
Plus: other incomes	18,520,087.24	9,997,408.06

Income from investment (loss expressed with “-”)	19,125,074.95	184,605,438.11
Including: Income from investment of joint venture and cooperative enterprise	4,565,754.26	1,685,447.16
Income from derecognition of financial assets measured at amortized cost (loss expressed with “-”)		
Net exposure hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)	9,510,798.34	
Credit impairment losses (loss expressed with “-”)	-30,463,822.73	-25,598,506.86
Assets impairment losses (loss expressed with “-”)	-7,066,883.80	-2,213,424.38
Income from disposal of assets (loss expressed with “-”)	15,447.79	61,712,812.71
II. Operating profit (loss to be filled out with the minus sign “-”)	3,556,074,041.21	357,810,843.67
Plus: Non-Revenue	106,996.35	138,270.04
Less: non-operating expenditure	3,619,487.52	1,325,618.42
III. Total profit (total loss to be filled out with the minus sign “-”)	3,552,561,550.04	356,623,495.29
Less: Income tax expenses	518,984,840.70	22,419,654.17
IV. Net profit (net loss to be filled out with the minus sign “-”)	3,033,576,709.34	334,203,841.12
(I) Net profits from going concern (net loss expressed with “-”)	3,033,576,709.34	334,203,841.12
(II) Net profits from discontinuing operation (net loss expressed with “-”)		
V. Net amount of other comprehensive income after tax		
(I) Other comprehensive income that can't be reclassified into profit and loss		
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and loss		

in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments		
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. A mount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Other		
VI. Total comprehensive income	3,033,576,709.34	334,203,841.12
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flow

Unit: yuan

Item	Year 2020	Year 2019
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	13,080,026,126.33	4,995,329,584.98
Net increase of customer deposit and deposit from other banks		
Net increase of borrowings from central bank		
Net increase of borrowing funds from		

other financial institutions		
Cash from obtaining original insurance contract premium		
Cash received from insurance premium of original insurance contract		
Net increase of deposit and investment of insured		
Cash from interest, handling charges and commissions		
Net increase of borrowing funds		
Net increase of repurchase of business funds		
Net cash from acting trading securities		
Refund of tax and levies	243,877,727.20	75,567,135.13
Other cash received related to operating activities	182,982,841.99	89,530,291.98
Subtotal of cash inflow from operating activities	13,506,886,695.52	5,160,427,012.09
Cash paid for selling goods or offering labor	6,321,166,011.43	2,880,740,937.53
Net increase of customer loans and advances		
Net increase of amount due from central bank and interbank		
Cash paid for original insurance contract claims payment		
Net increase of lending funds		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	1,010,260,597.27	784,127,462.02
Taxes and fees paid	819,152,009.87	395,050,897.12
Other cash paid related to operating activities	588,811,789.56	500,735,149.54
Subtotal of cash outflow from operating activities	8,739,390,408.13	4,560,654,446.21
Net cash flow from operating activities	4,767,496,287.39	599,772,565.88

II. Cash flow from investment activities:		
Cash from investment withdrawal	4,308,736,771.86	1,178,150,000.00
Cash from investment income	17,019,368.90	1,417,602.35
Net cash from disposal of fixed assets, intangible assets and other long-term assets	246,308,685.62	34,364,294.60
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities	0.00	8,064,000.00
Subtotal of cash inflow from investment activities	4,572,064,826.38	1,221,995,896.95
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	573,264,209.18	446,901,151.81
Cash paid for investment	8,428,736,771.86	1,178,150,000.00
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities	0.00	16,613,718.00
Subtotal of cash outflow from investment activities	9,002,000,981.04	1,641,664,869.81
Net cash flow from investing activities	-4,429,936,154.66	-419,668,972.86
III. Cash flow from financing activities:		
Receipts from equity securities	3,593,348,396.23	
Including: Cash received from subsidiaries' absorption of minority shareholders' investment		
Cash received from borrowings	150,000,000.00	434,210,746.07
Other cash received related to financing activities	0.00	2,079,450.00
Subtotal of cash inflow from financial activities	3,743,348,396.23	436,290,196.07
Cash repayments of amounts borrowed	259,210,746.07	474,589,600.00
Cash paid for distribution of dividends or profits and for interest expenses	102,333,161.85	56,944,486.97
Including: Dividends and profits paid		1,436,176.00

by subsidiaries to minority shareholders		
Other cash paid related to financing activities	33,727,072.53	3,154,098.91
Subtotal of cash outflow from financial activities	395,270,980.45	534,688,185.88
Net cash flow from financing activities	3,348,077,415.78	-98,397,989.81
IV. Impact of exchange rate movements on cash and cash equivalents	4,927,426.22	1,948,657.74
V. Net increase of cash and cash equivalents	3,690,564,974.73	83,654,260.95
Plus: Balance of cash and cash equivalents at the beginning of the period	459,169,719.65	375,515,458.70
Plus: Balance of cash and cash equivalents at the beginning of the period	4,149,734,694.38	459,169,719.65

6. Cash flow statement of parent company

Unit: yuan

Item	Year 2020	Year 2019
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	8,971,990,210.35	1,409,456,037.64
Refund of tax and levies	241,763,249.24	64,036,355.19
Other cash received related to operating activities	79,920,248.95	73,996,845.01
Subtotal of cash inflow from operating activities	9,293,673,708.54	1,547,489,237.84
Cash paid for selling goods or offering labor	4,793,815,703.96	1,296,749,679.20
Cash paid to and for employees	210,111,491.64	140,600,402.37
Taxes and fees paid	319,415,360.21	29,708,121.75
Other cash paid related to operating activities	399,817,457.85	63,206,681.47
Subtotal of cash outflow from operating activities	5,723,160,013.66	1,530,264,884.79
Net cash flow from operating activities	3,570,513,694.88	17,224,353.05
II. Cash flow from investment activities:		
Cash from investment withdrawal	3,251,480,000.00	672,600,000.00
Cash from investment income	14,559,320.69	182,919,990.95

Net cash from disposal of fixed assets, intangible assets and other long-term assets	235,274,618.02	30,740,721.12
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal of cash inflow from investment activities	3,501,313,938.71	886,260,712.07
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	105,223,806.25	8,042,793.44
Cash paid for investment	7,021,480,000.00	702,700,000.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	7,126,703,806.25	710,742,793.44
Net cash flow from investing activities	-3,625,389,867.54	175,517,918.63
III. Cash flow from financing activities:		
Receipts from equity securities	3,593,348,396.23	
Cash received from borrowings	120,000,000.00	210,000,000.00
Other cash received related to financing activities		2,079,450.00
Subtotal of cash inflow from financial activities	3,713,348,396.23	212,079,450.00
Cash repayments of amounts borrowed	65,000,000.00	364,589,600.00
Cash paid for distribution of dividends or profits and for interest expenses	101,192,176.61	49,839,198.13
Other cash paid related to financing activities	33,727,072.53	3,154,098.91
Subtotal of cash outflow from financial activities	199,919,249.14	417,582,897.04
Net cash flow from financing activities	3,513,429,147.09	-205,503,447.04
IV. Impact of exchange rate movements on cash and cash equivalents	27,669,067.86	1,912,652.74
V. Net increase of cash and cash equivalents	3,486,222,042.29	-10,848,522.62
Plus: Balance of cash and cash	183,064,001.14	193,912,523.76

equivalents at the beginning of the period		
Plus: Balance of cash and cash equivalents at the beginning of the period	3,669,286,043.43	183,064,001.14

7. Consolidated statement of change in equity

Current amount

Unit: yuan

Item	Year 2020													Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company														
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Other	Subtotal		
Preferred stock		Perpetual bond	Other												
I. Ending balance in previous year	376,492,308.00				948,913,284.10		44,623,87		116,855,107.20		1,718,075,177.67		3,160,380,500.84	3,167,502.50	3,163,548,003.34
Plus: Changes in accounting policies															
Prior period error correction															
Business combination under common control															
Other															
II. Beginning balance in current year	376,492,308.00				948,913,284.10		44,623,87		116,855,107.20		1,718,075,177.67		3,160,380,500.84	3,167,502.50	3,163,548,003.34
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	50,000,000.00				3,532,796,699.14		-1,155,658.95		303,357,670.93		3,408,554,833.47		7,293,553,544.59	11,288,543.51	7,304,842,088.10

retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Others												
IV. Balance at the end of current period	426,492,308.00				4,507,116,745.59				411,397,111.21	3,349,520,232.39		8,694,526,397.19

Last term amount

Unit: yuan

Item	2019											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
I. Ending balance in previous year	376,492,308.00				974,320,046.45				74,619,056.17	460,017,736.97		1,885,449,147.59
Plus: Changes in accounting policies												
Prior period error correction												
Other												
II. Beginning balance in current year	376,492,308.00				974,320,046.45				74,619,056.17	460,017,736.97		1,885,449,147.59
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")									33,420,384.11	257,783,457.01		291,203,841.12

deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Others												
IV. Balance at the end of current period	376,492,308.00				974,320,046.45				108,039,440.28	717,801,193.98		2,176,652,988.71

III. Basic status of Company

1. Company profile

Winner Medical Co., Ltd. (hereinafter referred to as the “the Company” or “our company”), formerly known as Winner Industries Winner Industries (Shenzhen) Co., Ltd. (hereinafter referred to as “Winner Industries”), is a wholly foreign-owned enterprise established on August 24, 2000 with the approval of Shenzhen Municipal Administration for Industry and Commerce. The original business license number of the Company is: Q.D.Y.S.Z.Zi No. 307199. The original registered capital is HKD 30 million, and the total investment is HKD 60 million. The Company is wholly owned by Winner International Trading Corporation. The registered capital was invested in three phases. On April 2, 2001, the registered capital of HKD 18,023,154.30 was invested in monetary funds, which was verified by the capital verification report (Z.T.Z.T. No.Y2001-1133) of Zhuhai Zhongtuo Zhengtai Accounting Firm. The business scope of the original company is: the production and operation of sanitary materials, dressings and their products, medical clothing, textiles, non-woven products and moulded packaging (excluding the products subject to national export license management). On May 18, 2001, the board of directors of the Company decided to increase the registered capital from HKD 30.00 million to HKD 60.00 million, and the total investment from HKD 60.00 million to HKD 120.00 million, which was paid in three installments since the date of registration of the Company. On June 5, 2001, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

As of December 21, 2001, it has received the second installment of the registered capital paid by Winner International Trading Corporation. Winner International Trading Corporation contributed HKD 31,445,194.91 in monetary funds, and this investment was verified by Shenzhen Zhongpeng Certified Public Accountants, Ltd. (S.P.K.Y. Zi [2002] No.037 capital verification report). As of February 21, 2002, it has received the third installment of the registered capital totaling HKD 6,005,722.20 paid by Winner International Trading Corporation, including HKD 3,665,722.20 in

currency and HKD 2,340,000.00 in kind. This investment was verified by Shenzhen Lishang Certified Public Accountants Co., Ltd. (S.L.S.Y. Zi [2002] No.039 capital verification report).

On October 8, 2002, the board of directors of the Company decided to increase the Company's registered capital from HKD 60.00 million to HKD 70.00 million, and the total investment from HKD 120.00 million to HKD 134.00 million. On December 10, 2002, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly. As of May 27, 2003, it has received the fourth installment of the registered capital totaling HKD 14,525,928.59 paid by (Hong Kong) Winner International Trading Corporation. This capital increase was verified by Shenzhen Yuehua Certified Public Accountants Co., Ltd. (S.Y.H.Y. Zi [2003] No.339 capital verification report).

On May 25, 2003, with the approval of the board of directors of the Company, the shareholder Winner International Trading Corporation signed the *Equity Transfer Agreement* with Winner Group Limited, under which Winner International Trading Corporation transferred 100% of its equity to Winner Group Limited. On July 28, 2003, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

On June 8, 2006, the board of directors of the Company decided to increase the Company's registered capital from HKD 70.00 million to HKD 126.00 million, and the total investment from HKD 134.00 million to HKD 270.00 million. The newly increased registered capital was invested within half a year after the registration of the change. On June 30, 2006, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

As of August 30, 2006, the Company transferred undistributed profits HKD 49,423,804.00 to paid-in capital, and the paid-in capital after the change was HKD 119,423,804.00. This capital increase was verified by the Shenzhen Branch of Beijing Zhonglian Certified Public Accountants Co., Ltd. (Z.L.S.S.Y. Zi [2007] No.043 capital verification report).

On December 2, 2006, the board of directors of the Company decided to change the original investment period of the shareholders from June 30, 2006 to December 31, 2006 into June 30, 2006 to June 30, 2007. On December 6, 2006, the Company was approved by General Administration for Industry and Commerce of Shenzhen to change its type of enterprise from a wholly foreign-owned enterprise into a limited liability company (wholly owned by foreign legal person) and change its business term.

As of March 15, 2007, the Company transferred undistributed profits HKD 6,576,196.00 to paid-in capital, and the cumulative paid-in capital after the change was HKD 126.00 million. This capital increase was verified by Shenzhen Hengping Certified Public Accountants Co., Ltd. (S.H.P.W.Y. Zi [2007] No.0004 capital verification report). On August 5, 2007, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly. The registration number was changed from Q.D.Y.S.Z. Zi No. 307199 to 440306503230896.

On June 8, 2009, the board of directors of the Company decided to add sterilization technology services to the business scope. On June 30, 2009, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

On April 1, 2010, the board of directors of the Company decided to increase the Company's registered capital from HKD 126.00 million to HKD 192.00 million, and the total investment from HKD 270.00 million to HKD 380.00 million. The increased amount of the registered capital was contributed by the original shareholders in cash in foreign currency.

As of June 18, 2010, it has received the registered capital totaling USD 8,473,500.00 (equivalent to HKD 66,000,653.75) paid by Winner Group Limited. This capital increase was verified by Shenzhen Hengping Certified Public Accountants LLP (S.H.P.S. (W.) Y. Zi [2010] No.13 capital verification report). On July 2, 2010, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation (since September 9, 2009, Shenzhen Municipal Bureau for Industry and Commerce has been integrated into Shenzhen Administration for Market Regulation) and amended the Articles of Association accordingly.

On April 27, 2011, with the approval of General Administration for Industry and Commerce of Shenzhen, the Company changed its residence from No. 1 Wenjian Avenue, Bulong Road, Longhua Street, Baoan District, Shenzhen City to Winner Industrial Park beside Bulong Road, Longhua Street, Baoan District, Shenzhen City.

On February 20, 2013, the board of directors of the Company decided and agreed to increase the Company's registered capital by HKD 4,271,300. The registered capital after the change was HKD 19,6271,300, and the total investment was still HKD 380.00 million.

The shareholder, Winner Group Limited made capital contribution with its equity in the six enterprises. The equity contribution is as follows:

Name of invested entity	Proportion (%)	Book value of equity contribution net assets (RMB 10,000)	Amount of equity contribution (RMB 10,000)	Amount included in capital surplus (RMB 10,000)	Amount of equity contribution (Convert to HKD 10,000)
		(a)	(b)	(c) = (a) - (b)	(d) = (b) * conversion exchange rate
Winner Medical (Chongyang) Co., Ltd. (formerly known as “Chongyang Winner Medical Textile Co., Ltd.”)	100.00	3,232.93	32.33	3,200.60	39.94
Winner Medical (Jiayu) Co., Ltd. (formerly known as “Jiayu Winner Medical Textile Co., Ltd.”)	100.00	3,520.95	35.21	3,485.74	43.50
Winner Medical (Jingmen) Co., Ltd. (formerly known as “Jingmen Winner Medical Textile Co., Ltd.”)	100.00	2,527.24	25.27	2,501.97	31.22
Yichang Winner Textile Weaving Co., Ltd.	100.00	1,800.69	18.01	1,782.68	22.25
Winner Medical (Huanggang) Co., Ltd.	75.00	19,729.30	197.29	19,532.01	243.76
Winner Medical (Tianmen) Co., Ltd. (formerly known as “Hubei Winner Textile Co., Ltd.”)	100.00	3,760.89	37.61	3,723.28	46.46
Total		34,572.00	345.72	34,226.28	427.13

After the capital increase, the original shareholders still have 100% of the Company's equity, and the above six companies become the Company's subsidiaries. On July 25, 2013, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly. This capital increase was verified by the Shenzhen Branch of Zhonglian Certified Public Accountants Co., Ltd. (Z.L.S.S.Y. Zi [2013] No.102 capital verification report).

On September 2, 2013, the board of directors of the Company decided to increase the Company's registered capital by HKD 18,068,200. The registered capital after the change was HKD 214,339,500, and the total investment was still HKD 380.00 million. The new investment was subscribed by Shenzhen Kangsheng Investment Partnership (limited partnership) (hereinafter referred to as the “Kangsheng Investment”), Shenzhen Kangxin Investment Partnership (limited partnership) (hereinafter referred to as the “Kangxin Investment”), Shenzhen Kanglong Investment Partnership (limited partnership) (hereinafter referred to as the “Kanglong Investment”) with HKD 10,322,400, HKD 4,414,500 and HKD 3,331,300 respectively. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	19,627.13	91.5703
Kangsheng Investment	1,032.24	4.8159

Kang xin Investment	441.45	2.0596
Kanglong Investment	333.13	1.5542
Total	21,433.95	100.0000

On October 17, 2013, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation and amended the Articles of Association accordingly. This capital increase was verified by Shenzhen Hengping Certified Public Accountants LLP (S.H.P.S.Y.Zi [2013] No.035 capital verification report).

On October 26, 2013, the board of directors of the Company decided to change its residence from Winner Industrial Park beside Bulong Road, Longhua Street, Baoan District, Shenzhen City to Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen City. On November 4, 2013, the Company completed the industrial and commercial registration of changes, obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

On July 1, 2014, the board of directors of the Company decided and agreed to increase the Company's registered capital by HKD 3646,600. The registered capital after the change was HKD 217,986,100, and the total investment was still HKD 380.00 million. The capital increase was made by the original shareholder, Kangsheng Investment, which subscribed HKD 3,646,600 with RMB 13.585 million, and the increased registered capital was paid in two installments. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	19,627.13	90.0385
Kangsheng Investment	1,396.90	6.4082
Kang xin Investment	441.45	2.0251
Kanglong Investment	333.13	1.5282
Total	21,798.61	100.0000

On July 24, 2014, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation and amended the Articles of Association accordingly. This capital increase was verified by Shenzhen Hengping Certified Public Accountants LLP (S.H.P.S.Y.Zi [2014] No.030 and S.H.P.S.Y.Zi [2015] No.003 capital verification reports).

On July 28, 2014, the board of directors of the Company decided to agree that the shareholder of the Company, Wenjian Group Limited, would transfer its 2.9503% equity of the Company to Kangxin Investment, Kanglong Investment, and the newly introduced shareholder, Shenzhen Kangli Investment Partnership (limited partnership) (hereinafter referred to as "Kangli Investment"). After the completion of the equity transfer, the Company's ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	18,984.01	87.0882
Kangsheng Investment	1,396.90	6.4082
Kang xin Investment	740.83	3.3985
Kanglong Investment	447.37	2.0523
Kangli Investment	229.50	1.0528
Total	21,798.61	100.0000

On August 29, 2014, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation and amended the Articles of Association accordingly.

On September 28, 2014, the board of directors of the Company decided and agreed to increase the Company's registered capital by HKD 22,550,300. The registered capital after the change was HKD 240,536,400, and the total investment was still HKD 380.00 million. The new registered capital was subscribed by Beijing Sequoia Xinyuan Equity Investment Center (limited partnership) (hereinafter referred to as "Sequoia Xinyuan") with RMB 300.00 million. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	18,984.01	78.9236
Kangsheng Investment	1,396.90	5.8074
Kang xin Investment	740.83	3.0800
Kanglong Investment	447.37	1.8599
Kangli Investment	229.50	0.9541
Sequoia Xinyuan	2,255.03	9.3750
Total	24,053.64	100.0000

As of October 31, 2014, it has received RMB 300.00 million from Sequoia Xinyuan in monetary funds. On November 6, 2014, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation and amended the Articles of Association accordingly. This capital increase was verified by the Shenzhen Branch of Zhonglian Certified Public Accountants Co., Ltd. (Z.L.S.S.Y. Zi [2014] No.087 capital verification report).

On April 30, 2015, through the resolution of the board of directors of the Company, with February 28, 2015 as the base date, Winner Industries was wholly changed into a limited liability Company, with a registered capital of RMB 368 million. In accordance with the provisions of the Sponsorship Agreement and Articles of Association, the shareholders converted their audited net assets as of February 28, 2015 of RMB 1,058,194,956.32 into 368 million shares at a ratio of 1:0.3478, par value of each share was RMB 1, and the total share capital was RMB 368 million and held separately by the original shareholders in accordance with their original proportions; the remaining RMB 690,194,956.32 was included in the capital surplus (due to the change of calculation policy of Company's receivables bad debt provision during the reporting period, the audited net assets of the Company as of the base date of share reform were adjusted to RMB 1,050,812,354.45, and the corresponding share conversion ratio was adjusted to 1: 0.3502). On June 4, 2015, with the approval of Economy, Trade and Information Commission of Shenzhen Municipality, Winner Industries was wholly changed into a limited liability company, renamed as "Winner Medical Co., Ltd.", and obtained the business license of enterprise legal person with the registration number of 440306503230896.

On May 28, 2018, after voted through and approved by the extraordinary general meeting of shareholders, the Company agreed to increase the registered capital by RMB 8,492,308, with the registered capital after the change of RMB 376,492,308. The new registered capital was subscribed by Shenzhen Capital Group Co.,Ltd. (hereinafter referred to as "SCGC") with RMB 300.00 million. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Amount of contribution (RMB 10,000)	Proportion (%)
Winner Group Limited	29,043.8848	77.1434
Kangsheng Investment	2,137.1232	5.6764
Kang xin Investment	1,133.4400	3.0105
Kanglong Investment	684.4432	1.8179
Kangli Investment	351.1088	0.9326
Sequoia Xinyuan	3,450.0000	9.1635
SCGC	849.2308	2.2556
Total	37,649.2308	100.0000

As of June 13, 2018, it has received RMB 300.00 million from SCGC in monetary funds. On June 15, 2018, Shenzhen Administration for Market Regulation issued the *Notice of Change (Filing)* (No.: 21801665051) on this change and approved the capital increase. The Company amended the Articles of Association in respect of the above matters. This capital increase was verified by BDO China Shu Lun Pan Certified Public Accountants LLP (X.K.S.B.Zi [2018] No.ZI10525 capital verification report).

On February 28, 2018, the Company obtained the renewed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation with the unified social credit code 91440300723009295R.

On August, 18, 2020, after the reply of China Securities Regulatory Commission on *Approval of the Registration of the Initial Public Offering of Winner Medical Co., Ltd.* (Z.J.X.K. [2020] No.1822), the Company issued 50 million RMB ordinary shares to the public, which was listed on the Shenzhen Stock Exchange on September 17, 2020. Upon completion of the issuance, the registered capital of the Company was RMB 426,492,308.

The Company belongs to textile industry.

Business term: sustainable operation.

Business scope: production and operation of class II, III 6864 medical hygiene materials, medical biological materials, dressings and products, medical clothing, protective articles, textiles, non-woven products and molded packaging (the above products do not include the goods subject to national export license administration) and related products, disposable consumables and molded packaging; engaging in wholes ale, import and export, retail (including online sales) and other related ancillary businesses of all Class I medical devices, all Class II medical devices (excluding in vitro diagnostic reagents), Class III medical devices: medical hygiene materials and dressings, medical suture materials and adhesives, medical polymer materials and products (except disposable transfusion apparatus (needle)), general diagnostic instruments, medical cold treatment, low temperature, refrigerating equipment and tools, cotton household articles, cotton clothing, cotton costume, cotton spun laced non-woven fabric and its manufactured products, cotton, disinfection products, daily necessities, cosmetics, protective equipment and instruments and meters (if it does not involve goods subject to state trading, or involves goods subject to quotas, license management and other special provisions, it shall apply in accordance with relevant regulations of the state); provide the technical consulting, technical services and after-sales services of above-mentioned products; sterilization technical services (if it needs to obtain relevant qualifications to operate, it shall apply in accordance with relevant regulations); enterprise management consulting, business information consulting, economic information consulting, warehouse services (excluding hazardous chemicals, precursor chemicals, refined oil and other dangerous goods), own property leasing (it can be operated only with the legal real estate ownership certificate under the company's name). The above business scope does not include the items subject to special administrative measures for access stipulated by the state, and those involving the record and licensing qualifications need to obtain the relevant certificates before operation.

Corporate domicile: Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City.

The financial statements were approved by the Board of Directors of the Company on April 16, 2021.

2. Scope of consolidated financial statements

As of December 31, 2020, the subsidiaries in the consolidated financial statements of the Company are as follows:

Subsidiary name
Winner Medical (Jingmen) Co., Ltd. (hereinafter referred to as "Jingmen Winner")
Yichang Winner Textile Weaving Co., Ltd. (hereinafter referred to as "Yichang Winner")
Winner Medical (Tianmen) Co., Ltd. (hereinafter referred to as "Tianmen Winner")
Winner Medical (Chongyang) Co., Ltd. (hereinafter referred to as "Chongyang Winner")
Winner Medical (Jiayu) Co., Ltd. (hereinafter referred to as "Jiayu Winner")
Winner Medical (Hong Kong) Limited (hereinafter referred to as "Hong Kong Winner")
Huanggang Winner Cotton Industry Co., Ltd. (hereinafter referred to as "Huanggang Cotton")
Winner Medical (Huanggang) Co., Ltd. (hereinafter referred to as "Huanggang Winner")
Shenzhen Purcotton Ltd. (hereinafter referred to as "Shenzhen Purcotton")
Guangzhou Purcotton Medical Technology Co., Ltd. (hereinafter referred to as "Guangzhou Purcotton")
Beijing Purcotton Ltd. (hereinafter referred to as "Beijing Purcotton")
Shanghai Purcotton Ltd. (hereinafter referred to as "Shanghai Purcotton")
Shenzhen Qianhai Purcotton E-commerce Co., Ltd. (hereinafter referred to as "Qianhai Purcotton")

Winner Medical Malaysia Co., Ltd. (hereinafter referred to as “Malaysia Winner”)
Winner Medical (Heyuan) Co., Ltd. 1* (hereinafter referred to as “Heyuan Winner”)
Winner Medical (Wuhan) Co., Ltd. 2* (hereinafter referred to as “Wuhan Winner”) (former name: Hubei Winner Medical Co., Ltd.)
Shenzhen PureH2B Technology Co., Ltd. 3* (hereinafter referred to as “PureH2B”)
Mifu (Shanghai) Trading Co., Ltd. 4* (hereinafter referred to as “Mifu Shanghai”)
Shenzhen Cotton Lining Technology Innovation Co., Ltd. 5* (hereinafter referred to as “Cotton Lining”)
Huanggang Purcotton Ltd. 6* (hereinafter referred to as “Huanggang Purcotton”)

1*: Heyuan Winner was established on May 18, 2016.

2*: Wuhan Winner was established on January 23, 2017, which former name was Hubei Winner Medical Co., Ltd. (abbreviated as “Hubei Winner”).

On August 28, 2020, Hubei Winner was renamed as Winner Medical (Wuhan) Co., Ltd.

3*: PureH2B was established on January 25, 2018.

4*: Mifu Shanghai was established on March 16, 2018.

5*: Cotton Lining was established on July 9, 2019.

6*: Huanggang Purcotton was established on September 27, 2020.

The scope of the consolidated financial statements for this reporting period and its changes are detailed in the notes “VIII. Consolidation scope changes” and “IX. Interests in other entities”.

IV. Preparation Basis of Financial Statements

1. Preparation basis

This financial statement is prepared in accordance with the *Accounting Standard for Business Enterprises--Basic Standard* issued by the Ministry of Finance, various special accounting standards, guideline for application of accounting standard for business enterprises, ASBE interpretations and other relevant regulations (hereinafter collectively referred to as “Accounting Standard for Business Enterprises”) and *No.15 of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public-- General Provisions of Financial Reports* issued by China Securities Regulatory Commission.

2. Going concern

There are no events affecting the Company's going-concern ability and it is expected that the Company will be able to operate as a going concern within the next 12 months. The Company's financial statements are prepared on the basis of the assumption of going concern.

V. Significant accounting policy and accounting estimate

Specific accounting policy and accounting estimate:

The following significant accounting policy and accounting estimate of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. The business not mentioned is implemented in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

1. Statement on complying with corporate accounting standards

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and parent company financial position of the Company on December 31, 2020 and the business performance and cash flows of the Company in 2020.

2. Accounting period

The fiscal year of the Company runs from January 1 to December 31 of each calendar year.

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Reporting currency

The Reporting currency of the Company is RMB.

5. Accounting treatment of business combination involving enterprises under and not under common control

Business combination involving enterprises under the same control: the assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the final controlling party by purchasing the merged party) shall be measured on the basis of the book value of the assets and liabilities of the merged party in the consolidated financial statements of the final controlling party on the merger date. The difference between the book value of the net assets obtained and the consideration paid for the combination (or total par value of issued shares) is adjusted against capital reserve (capital stock premium); if the capital reserve (capital stock premium) is not sufficient to absorb the difference, the retained earnings shall be adjusted.

Business combination not involving enterprises under common control: the cost of combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the acquiring date for acquisition of the control right of the acquiree. If the cost of combination is greater than the share of the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is recognized as goodwill; if the cost of combination is less than the share of the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is included in the profit and loss of the current period. The acquiree's identifiable assets, liabilities and contingent liabilities obtained by the acquirer in the combination meeting the recognition conditions are measured at fair value on the acquiring date.

The directly related expenses incurred for the business combination are included in the profit and loss of the current period; the transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

6. Methods for preparing consolidated financial statements**1). Consolidation scope**

The consolidation scope of the consolidated financial statements is determined on a control basis and includes the Company and all subsidiaries. Control means that the Company has the power over the invested entity, enjoys variable returns by participating in the relevant activities of the invested entity, and has the ability to use the power to influence the amount of returns.

2). Consolidation procedures

The Company regards the whole enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the enterprise group. The impact of internal transactions

between the Company and its subsidiaries and between the subsidiaries are offset. If the internal transaction indicates that impairment loss has occurred to relevant assets, such loss shall be recognized in full. If the accounting policies and the accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and the accounting periods of the Company when preparing the consolidated financial statements.

The minority shareholders' share of the subsidiary's owners' equity, current net profit and loss and current comprehensive income shall be separately listed under the owners' equity item in the consolidated balance sheet, under the net profit item and under the total comprehensive income item in the consolidated income statement. If the current loss shared by the minority shareholders of the subsidiary exceeds their share in the owner's equity of the subsidiary at the beginning of the period, the minority equity shall be offset by the balance.

(1) Increase of subsidiaries or business

During the reporting period, if subsidiaries or business are increased due to business combination involving enterprises under the same control, the operating results and cash flow from the beginning of the current period to the end are incorporated into the consolidated financial statements, and the opening balance in the consolidated financial statements and the related items in comparative statements are adjusted, which shall be regarded that the reporting subject after combination has been existed since the initial control point of the ultimate controlling party.

If the invested party under the same control is controlled by the additional investment and other reasons, the equity investment held before obtaining the control of the merged party, and the relevant profits and losses, other comprehensive income and other net assets and other net assets changes between the date of acquisition of the original equity and the date on which the merging party and the merged party are under the same control (whichever is later) and the merger date shall offset the period of between the opening retained earnings or current profits and losses in the comparative reporting period.

During the reporting period, if subsidiaries or business are increased due to business combination of enterprises not under the same control, it shall be included in the consolidated financial statements as of the acquisition date on the basis of the fair value of all identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

If it is able to exercise control over the invested entity that is not under the same control due to additional investment or other reasons, the equity held by the acquiree before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the book value shall be included into the current investment income. Other comprehensive income, which can be reclassified into profit and loss in the future, and other changes in owners' equity under the equity method as related to the acquiree's equity held before the acquisition date are converted to the investment income of the current period as of the acquisition date.

(2) Disposal of subsidiary

① General disposal method

When the Company loses the control right over the invested entity due to disposal of part of the equity investment or other reasons, the residual equity investment after the disposal shall be re-measured at its fair value on the date of losing the control right. The difference between the sum of the consideration acquired by disposal of the equity and the fair value of the residual equity, minus the sum of the share of the net assets of the original subsidiary continuously calculated from the acquisition date or the merging date and the goodwill according to the original shareholding ratio, shall be included in the investment income in the period of loss of the control right. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profit and loss in the future, and other changes in owners' equity under the equity method are converted to the investment income in the period of loss of the control right.

② Disposal of subsidiary by steps

For disposal of the equity investment in the subsidiary by steps through multiple transactions till loss of the control right, the terms, conditions and economic impact of the disposal on each transaction in respect of the equity investment of the subsidiary are subject to one or more of the following circumstances, which generally indicate that the multiple transactions are package deals:

- i. The transactions were entered into simultaneously or with consideration of their mutual influence;
- ii. These transactions as a whole can only achieve a complete business result;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is not economical alone, but economic when considered with other transactions.

If each transaction belongs to a package deal, each transaction shall be subject to accounting treatment as a deal for disposal of subsidiary and loss of

the control right; the difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment before the loss of control right is recognized as other comprehensive income in the consolidated financial statements and transferred into the current profit and loss in the period of loss of control right.

If each transaction does not belong to a package deal, the equity investment of the subsidiary shall be subject to accounting treatment without loss of control right before losing the control right; and accounting treatment shall be carried out in accordance with the general disposal method of the subsidiary when losing the control right.

(3) Purchase of the minority equity of the subsidiaries

The difference between the long-term equity investment obtained due to the purchase of minority equity and the share of the net assets to be enjoyed and continuously calculated from the acquisition date or merging date according to the increased shareholding ratio is adjusted against the capital stock premium in the capital reserve in the consolidated balance sheet; if the capital stock premium in the capital reserve is not sufficient to offset the difference, the retained earnings shall be adjusted.

(4) Partial disposal of equity investment in subsidiaries without loss of control right

The difference between the disposal price and the disposal of long-term equity investment and the share of the net assets to be enjoyed and continuously calculated from the acquisition date or merging date, is adjusted against the capital stock premium in the capital reserve in the consolidated balance sheet; if the capital stock premium in the capital reserve is not sufficient to offset the difference, the retained earnings shall be adjusted.

7. Joint venture arrangements classification and Co-operation accounting treatment

The joint venture arrangement is divided into joint management and joint venture.

Joint management means the joint venture arrangement in which the joint venture parties enjoy the assets and assumes the liabilities related to the arrangement.

The Company confirms the following items related to the share of interests in the joint operation:

- (1) Recognize the assets held solely by the Company and the assets jointly held according to the share of the Company;
- (2) Recognize the liabilities undertaken solely by the Company and the liabilities jointly undertaken according to the share of the Company;
- (3) Recognize the income generated from the sale of the Company's share of the joint operation output;
- (4) Recognize the income generated from the sale of outputs of the joint operation according to the share of the Company;
- (5) Recognize the expenses incurred separately and the expenses incurred in joint operation according to the share of the Company.

The Company's investment in the joint venture shall be accounted by the equity method. See Note "III. (XV) Long-term equity investment" for details.

8. Determining standards of cash and cash equivalents

Cash represents the Company's cash on hand and the deposit readily available for payment. Cash equivalents represent the short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

9. Foreign currency transaction and foreign currency statement translation

1. Foreign currency transaction

Foreign currency transaction adopts the spot exchange rate on the date of the transaction as the conversion exchange rate to convert the foreign currency amount into RMB for reporting.

At the balance sheet date, the balance of foreign currency monetary items are converted by using the spot exchange rates at the balance sheet date. Exchange differences arising therefrom are recognized in current profit and loss, except the exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are treated according to the capitalization of borrowing costs.

2. Conversion of financial statements denominated in foreign currencies

The asset and liability items in the foreign currency balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except the ones as "undistributed profits", others shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the income statement are converted at the spot rate on the date of transaction.

When disposing of the overseas operation, the balance of the financial statements denominated in foreign currencies related to the overseas operation shall be transferred from the owner's equity item to the profit and loss of the disposal period.

10. Financial instruments

The Company recognizes a financial asset, financial liability or equity instrument when becoming a party of the financial instrument contract.

1. Classification of financial instruments

According to the Company's business model of managing financial assets and the contractual cash flow characteristics of financial assets, the financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value of which changes are recorded into other comprehensive income, and financial assets at fair value of which changes are recorded in current profit and loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are recorded into the profits and losses of the current period as financial assets measured at the amortized cost:

- The business model is aimed at collecting contract cash flows;
- The contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are recorded into the profits and losses of the current period as financial assets measured at fair value of which changes are recorded into other comprehensive income (debt instrument):

- The business model is aimed at collecting contract cash flows and the sale of such financial assets;
- The contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

For non-trading equity instrument investments, the Company may, at the time of initial recognition, irrevocably designate them as financial assets measured at fair value of which changes are recorded into other comprehensive income (equity instrument). The designation is made on a single investment basis and the related investments meet the definition of an equity instrument from an issuer's perspective.

Except the above financial assets measured at the amortized cost and the financial assets measured at fair value of which changes are recorded into other comprehensive income, the Company classifies all other financial assets as financial assets at fair value of which changes are recorded in current profit and loss. Upon initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should have been classified as those measured at the amortized cost or measured at fair value of which changes are recorded into other comprehensive income as the financial assets measured at fair value of which changes are recorded in current profit and loss.

Financial liabilities are classified at the initial recognition as: financial liabilities measured at fair value of which changes are recorded in current profit and loss and financial liabilities measured at the amortized cost.

Financial liabilities that meet one of the following conditions may be designated at the initial recognition as the financial liabilities measured at fair value of which changes are recorded in current profit and loss.

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) Manage and conduct performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio on the basis of fair value according to the enterprise risk management or investment strategy set forth in the official written documents, and report to the key management personnel within the enterprise on this basis.
- 3) The financial liability contains embedded derivatives that need to be split separately.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at the amortized cost

The financial assets measured at the amortized costs include bills receivable, accounts receivable, other receivables, long-term receivables, debt

investment, etc., which shall be initially measured at fair value, and the relevant transaction expenses are included in the initial recognized amount; the receivables excluding major financing components and the accounts receivable that the Company decides not to consider the financing components of less than one year shall be initially measured at the contract transaction price.

The interest calculated by the effective interest rate method during the holding period is recorded into the current profit and loss.

Upon recovery or disposal, the difference between the price obtained and the book value of the financial assets shall be recorded into the current profit or loss.

(2) Financial assets measured at fair value of which changes are recorded into other comprehensive income (debt instrument)

Financial assets measured at fair value of which changes are recorded into other comprehensive income (debt instrument), including receivables financing and other debt investments, are initially measured at fair value and related transaction costs are included in the initial recognized amount. The financial asset is subsequently measured at its fair value, and changes in the fair value are recorded in other comprehensive income, except the interest, impairment loss or gains and exchange gain and loss calculated by the effective interest rate method.

Upon the de-recognition, the accumulated gains or losses previously recorded in other comprehensive income will be transferred from other comprehensive income to current profit and loss.

(3) Financial assets measured at fair value of which changes are recorded into other comprehensive income (equity instrument)

Financial assets measured at fair value of which changes are recorded into other comprehensive income (equity instrument), including other equity instrument investment, are initially measured at fair value and related transaction costs are included in the initial recognized amount. Such financial assets are subsequently measured at the fair value and the change in the fair value is recorded into other comprehensive income. The dividends obtained are recorded in current profit and loss.

Upon the de-recognition, the accumulated gains or losses previously recorded in other comprehensive income will be transferred from other comprehensive income to retained earnings.

(4) Financial assets measured with fair value and with the changes included in current profit and loss

Financial assets measured at fair value of which changes are recorded in current profit and loss, including tradable financial assets, derivative financial assets, other non-current financial assets, etc., are initially measured at fair value and related transaction expenses are recorded in current profit and loss. Such financial assets are subsequently measured at the fair value and the change in the fair value is recorded into current profit and loss.

(5) Financial liabilities measured with fair value and with the changes included in current profit and loss

Financial liabilities measured at fair value of which changes are recorded in current profit and loss, including tradable financial liabilities, derivative financial liabilities, etc., are initially measured at fair value and related transaction expenses are recorded in current profit and loss. Such financial liabilities are subsequently measured at the fair value and the change in the fair value is recorded into current profit and loss.

Upon the de-recognition, the difference between its book value and the consideration paid is recorded in current profit and loss.

(6) Financial liabilities measured at the amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, and related transaction expenses are included in the initial recognized amount.

The interest calculated by the effective interest rate method during the holding period is recorded into the current profit and loss.

Upon the de-recognition, the difference between the consideration paid and the book value of such financial liability is recorded in current profit and loss.

3. De-recognition and transfer of financial assets

The Company shall derecognize the financial assets if one of the following conditions is satisfied:

- Termination of the contractual right to collect the cash flow of financial assets;

- The financial assets have been transferred, and almost all the risks and remuneration in its ownership have been transferred to the transferee;
- The financial assets have been transferred, and while the Company has neither transferred nor retained virtually all of the risks and remuneration in the ownership of the financial assets, it has not retained control of the financial assets.

In the event of a financial asset transfer, if almost all the risks and remuneration in the ownership of the financial asset are retained, the recognition of the financial asset will not be terminated.

The principle of substance over form is adopted when judging whether the transfer of financial assets meets the above conditions for de-recognition of financial assets.

The Company divides the transfer of financial assets into the whole transfer of financial assets and the partial transfer of financial assets. If the overall transfer of the financial asset meets the de-recognition conditions, the difference between the following two amounts shall be recorded into the current profits and losses:

- (1) The book value of the transferred financial asset;
- (2) The sum of the consideration received from the transfer and the cumulative amount of the fair value changes originally included in owner's equity directly (where the financial asset involved in the transfer is measured at fair value and the change is recorded in other comprehensive income (debt instrument)).

If the partial transfer of the financial asset meets the de-recognition conditions, the book value of the overall transferred financial asset is distributed between the derecognized and non-derecognized part according to the relative fair value and the difference between the following two amounts is included in current profit and loss:

- (1) The book value of derecognized part;
- (2) Sum of the consideration of the derecognized part and the amount of corresponding derecognized part in the total fair value changes originally included in owner's equity directly (where the financial asset involved in the transfer is measured at fair value and the change is recorded in other comprehensive income (debt instrument)).

If the transfer of the financial asset does not meet the conditions of de-recognition, such financial asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

4. De-recognition of financial liabilities

Where the current obligation of a financial liability has been discharged in whole or in part, such financial liability or part thereof shall be derecognized; if the Company enters into an agreement with the creditor to replace the existing financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the Company shall derecognize the existing financial liabilities and recognize the new financial liabilities at the same time.

If all or part of the contract terms of the existing financial liabilities are substantially modified, the existing financial liability or part thereof shall be derecognized, and the financial liabilities after the modification shall be recognized as new financial liabilities.

When a financial liability is derecognized in whole or in part, the difference between the book value of the derecognized financial liability and the consideration paid (including non-cash asset transferred out or the new financial liability undertaken) is recorded in current profit and loss.

If the Company repurchases part of the financial liability, it shall allocate the overall book value of the financial liability on the repurchase date according to the relative fair value of the continuing recognition part and the de-recognition part. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash asset transferred out or the liability undertaken) is recorded in current profit and loss.

5. Fair value determination method of financial assets and financial liabilities

The fair value of a financial instrument with an active market shall be recognized based on the quotation in the active market. The fair value of a financial instrument without an active market shall be recognized by means of valuation techniques. Upon valuation, the Company adopts valuation techniques applicable to the current situation and supported by sufficient available data and other information, selects input values consistent with the asset or liability characteristics considered by market participants in the transaction of related assets or liabilities, and gives priority to relevant observable input values. The Company uses non-observable input values only when relevant observable input values cannot be obtained or are not practicable to obtain.

6. Test method and accounting treatment method of financial assets impairment

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets measured at fair value of which changes are recorded into other comprehensive income (debt instrument) and financial guarantee contracts on a single or combined basis.

The Company calculates the probabilistic weighted amount of the present value of the difference between the cash flows receivable under the contracts and the cash flows expected to be received and recognizes the expected credit loss, taking into account reasonable and evidential information concerning past events, current conditions and projections of future economic conditions, and weighting the risk of default.

If the credit risks of such financial instrument have increased significantly since the initial recognition, the Company shall measure its loss provision according to the amount equivalent to the expected credit loss in the entire duration of such financial instrument. If the credit risks of such financial instrument have not increased significantly since the initial recognition, the Company shall measure the loss provision according to the amount equivalent to the expected credit loss of such financial instrument in the next 12 months. The amount of the increase or reversal of the loss provision resulting therefrom shall be recorded into the current profit and loss as an impairment loss or profit.

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the change of the default risk during the expected duration of the financial instruments, so as to assess whether the credit risks of financial instruments have significantly increased since the initial recognition. In general, the Company will consider that the credit risks of the financial instrument has increased significantly if it is more than 30 days overdue, unless there is conclusive evidence that the credit risks of such financial instrument have not increased significantly since the initial recognition.

If the credit risks of the financial instrument is low on the balance sheet date, the Company considers that the credit risks of the financial instrument have not increased significantly since the initial recognition.

If there is objective evidence that a certain financial asset has suffered credit impairment, the Company shall make provision for the impairment of the financial asset on an individual basis.

For receivables and contract assets formed by transactions regulated by *Accounting Standards for Business Enterprises No.14 - Revenue* (2017), the Company always measures its loss provision at an amount equivalent to the expected credit loss over the entire duration, whether or not it contains major financing components.

For lease receivable, the Company shall always measure its loss provision according to the amount equivalent to the expected credit loss within the entire duration.

If the Company no longer reasonably expects that the contract cash flow of a financial asset can be recovered in whole or in part, it will directly write down the book balance of such financial asset.

11. Notes receivable

See 12. Accounts receivable.

12. Accounts receivable

For notes receivable and accounts receivable, whether or not they contain major financing components, the Company always measures its loss provision at an amount equivalent to the expected credit loss over the entire duration, and the increase or reversal amount of the loss provision thus formed is recorded into the current profit and loss as impairment loss or gain.

For notes receivable, the Company shall always measure its loss provision according to the amount equivalent to the expected credit loss within the entire duration. Based on the credit risk characteristics of notes receivable, it is divided into different portfolios:

Item	Basis for recognition of combination and accrual method of provision for bad debt
Banker's acceptance bill	If the acceptor is a bank with higher credit rating (such as large state-owned commercial banks and listed joint-stock commercial banks), no provision for bad debts shall be made; if the acceptor is another bank or financial company, the expected credit loss is analyzed based on historical information and judged whether it is necessary to make provision for bad debts.

Trade acceptance	If the acceptor is a non-financial institution, its division is the same as that of accounts receivable (if accounts receivable are transferred to notes receivables, the age of accounts is calculated continuously).
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The Company combines the notes receivable-trade acceptance, accounts receivable (except in the consolidation) and prepayments with similar credit risk characteristics (aging), and estimates the proportion of bad debt provision for notes receivable-trade acceptance, accounts receivable and prepayments based on all reasonable and informed information, including forward-looking information, as follows:

Aging	Accruing proportion of accounts receivable (%)	Accruing proportion of trade acceptance (%)	Accruing proportion of prepaid accounts (%)
Within 1 year (including 1 year)	5	5	0
1-2 years	10	10	0
2-3 years	30	30	50
3-4 years	50	50	100
4-5 years	80	80	100
More than 5 years	100	100	100

If there is objective evidence that a certain note receivable, account receivable or prepayment has incurred credit impairment, the Company shall make a provision for bad debts for the note receivable or account receivable or prepayment separately and recognize the expected credit loss.

13. Receivables financing

See 10. Financial instruments.

14. Other receivables

Recognition method and accounting treatment method of the expected credit loss of other receivables

For the measurement of impairment loss of other receivables other than accounts receivable and notes receivable (including other receivables, long-term receivables, etc.), it shall be treated by referring to the “V. 10. Financial instruments 6) Test method and accounting treatment method of financial assets impairment (excluding receivables)”.

15. Inventory

1. Classification and cost of inventories

The inventories are classified as raw materials, low priced and easily worn articles, merchandise inventory, work in progress, goods shipped in transit, goods processed by commission, wrappage, etc.

Inventories are initially measured at cost. The inventory cost includes procurement costs, processing costs, and other expenses incurred to bring the inventory to its current location and condition.

2. Valuation method of delivered inventory

The sales of purchased finished products are priced according to the moving weighted average method at the time of shipment; the sales of self-produced products are priced according to the standard cost method at the time of shipment, and the difference between the actual cost and the standard cost shall be apportioned according to the inventory and sales ratio at the end of the period.

3. Recognition basis of net realizable value of different types of inventories

The inventories shall be measured on the balance sheet date according to the cost of inventories or net realizable value, whichever is lower. If the cost

of the inventories is higher than the net realizable value, the inventory falling price reserves shall be withdrawn. The net realizable value of inventories is the amount of the estimated sale price of the inventories subtracted by the estimated cost about to occur in completion, estimated selling expenses and related taxes in daily activities.

For the finished products, merchandise inventory, materials for sale and other merchandise inventories directly used for sale, the net realizable value is recognized by the amount of the estimated sale price of the inventories subtracted by the estimated selling expenses and related taxes in normal production and operation process; for the material inventory required to be processed, the net realizable value is recognized by the amount of the estimated sale price of the finished products subtracted by the estimated cost about to occur in completion, estimated selling expenses and related taxes in normal production and operation process; for the inventories held to perform the sales contract or labor contract, the net realizable value is calculated on the basis of contract price. If the number of the inventories held is greater than the quantity ordered in the sales contract, the net realizable value of the excessive inventories is calculated on the basis of general sale price.

If the influence factors writing down the inventory value before have disappeared after withdrawal of the inventory falling price reserves, resulting in the net realizable value of the inventories higher than the book value, the amount written down is reversed within the originally withdrawn amount of inventory falling price reserves and the amount reversed is included in current profits and losses.

4. Inventory system of the inventories

The perpetual inventory system is adopted.

5. Amortization methods of low priced and easily worn articles and wrappage

- (1) The 50-50 amortization method is adopted for low-value consumables;
- (2) the packaging adopts the one-time write-off method.

16. Contract assets

Accounting policies as of January 1, 2020

Methods and standards for the recognition of contract assets

The Company lists the contractual assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The Company's rights to receive consideration for the transfer of goods or services to the customer (and such rights are subject to factors other than the passage of time) are listed as contractual assets. The contractual assets and contractual liabilities under the same contract are listed in the net amount. The rights that the Company owns and unconditionally (depending only on the passage of time) to collect consideration from the customer are listed separately as receivables.

Recognition method and accounting treatment method of the expected credit loss of contractual assets

For the recognition methods and accounting treatment methods of the expected credit loss of the contract assets, please refer to Note "V. 10. Financial Instruments 6. Test method and accounting treatment method of financial assets impairment (excluding receivables)".

17. Contract cost

Accounting policies as of January 1, 2020

Contract cost includes the contract performance cost and the contract acquisition cost.

If the cost incurred by the Company for the performance of the contract is not within the scope of relevant standards for inventory, fixed assets or intangible assets, it shall be recognized as an asset as a contract performance cost when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- The cost increases the Company's future resources to meet its performance obligations.
- The cost is expected to be recoverable.

If the Company is expected to recover the incremental cost incurred in acquiring the contract, it shall be recognized as an asset as the contract acquisition cost.

Assets related to contract costs are amortized on the same basis as income recognition of goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall record it into the current profit and loss when it is

incurred.

If the book value of an asset related to the contract cost is higher than the difference between the following two items, the Company shall draw an impairment provision for the excess portion and recognize it as the assets impairment loss:

1. Remaining consideration expected to be obtained as a result of the transfer of the goods or services related to the asset;
2. The costs is estimated and to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in the previous period change so that the difference above is higher than the book value of the asset, the Company shall reverse the withdrawn impairment provision and include it into the current profit and loss, but the book value of the reversed asset shall not exceed the book value of such asset on the reversal date if the impairment provision is not withdrawn.

18. Assets held for sales

If the book value of an asset is recovered mainly through the sale (including the non-monetary assets exchange of commercial nature) rather than continuous use of a non-current asset or disposal group, such asset is classified as an asset held for sale.

The Company classifies non-current assets or disposal groups as held for sale if they meet the following conditions simultaneously:

- (1) Immediately available for sale under current conditions in accordance with the usual practice of selling such type of assets or disposal groups in similar transactions;
- (2) The sale is highly likely, that is, the Company has resolved a sale plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year. Where the relevant provisions require the approval of the relevant authority or regulatory authority of the Company before the sale, the approval has been obtained.

Where it is classified as non-current assets (not including financial assets and deferred income tax assets, the assets formed by the employee compensation) or disposal groups held for sale, if its book value is higher than the net amount of the fair value minus the selling expense, the book value is written down to the net amount of the fair value minus the selling expense, the amount written down is recognized as the assets impairment loss and included in the current profit and loss. The provision for impairment of available for sale assets is withdrawn.

19. Debt investment

See 10. Financial instruments.

20. Other debt investments

See 10. Financial instruments.

21. Long-term receivables

N/A

22. Long-term equity investment

1. Criteria for determining joint control and significant influence

Joint control refers to the joint control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement can only be decided upon the unanimous consent of the parties sharing the control. Where the Company and other joint venture parties jointly exercise joint control over the invested entity and enjoy rights over the net assets of the invested entity. The invested entity shall be the joint venture of the Company.

Significant influence means the power to participate in the formulation of financial and operating decisions of the invested entity, but not the power to control or jointly control the formulation of these policies together with other parties. If the Company is able to exert significant influence on the

invested entity, the invested entity is a joint venture of the Company.

2. Recognition of initial investment cost

(1) Long-term equity investment formed by business combination

For the long-term equity investment in a subsidiary formed by business combination under common control, the share of the book value of the owner's equity of the combining party in the consolidated financial statements of the final controlling party, on the combination date, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the book value of paid consideration shall adjust the capital stock premium in capital reserve. If the capital stock premium in capital reserve is insufficient to offset, the retained earnings shall be adjusted. Where it implements the control upon the invested entity under the same control due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized according to the above principle and the sum of the book value of the long-term equity investment before the combination plus the book value of the new consideration for the acquisition of further shares on the merging date shall adjust the capital stock premium. If the capital stock premium is insufficient to offset, the retained earnings shall be offset.

For the long-term equity investment in a subsidiary formed by business combination not under common control, the combined cost recognized on the acquisition date is regarded as the initial cost of the long-term equity investment. Where it implements the control upon the invested entity not under the same control due to additional investment and other reasons, the sum of the book value of the original equity investment plus the new investment cost is taken as the initial investment cost.

(2) Long-term equity investment acquired by means other than business combination

If the long-term equity investment is acquired by means of cash payment, the initial investment cost shall be the purchase price actually paid.

If the long-term equity investment is acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

3. Subsequent measurement and recognition methods of profits and losses

(1) Long-term equity investment checked by cost method

The long-term equity investment made by the Company in its subsidiaries adopts the cost method, unless the investment meets the conditions of holding for sale. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the investment, the Company recognize the investment income in current period in accordance with the attributable share of cash dividends or profit distributions declared by the invested entity.

(2) Long-term equity investment checked by equity method

The long-term equity investment of joint ventures and cooperative enterprises shall be calculated by the equity method. The initial investment cost of the long-term equity investment is not adjusted if it is greater than the difference between the fair value share of the net identifiable assets of the invested entity in the investment; if the initial investment cost of the long-term equity investment is less than the difference between the fair value share of the net identifiable assets of the invested entity in the investment, it is recorded in current profit and loss and the cost of the long-term equity investment is adjusted.

The Company recognizes the investment income and other comprehensive income according to its share of net profit or loss and other comprehensive income of the invested entity, and adjusts the book value of the long-term equity investment accordingly; the Company decreases the book value of the long-term equity investment accordingly in accordance with the share of the profit distribution or cash dividends declared by the invested entity; for changes in owner's equity of the invested entity other than those arising from its net profit or loss, other comprehensive income and profit distribution (abbreviated as "other changes in owner's equity"), the Company adjusts the book value of the long-term equity investment and records in the owner's equity.

Upon recognizing the share of the net profit and loss, other comprehensive income and other changes in owner's equity of the invested entity, it shall be recognized after adjusting the net income and other comprehensive income of the invested entity on the basis of the fair value of the identifiable net assets of the invested entity when obtaining the investment, and in accordance with the Company's accounting policies and accounting periods.

The profits and losses of unrealized internal transactions between the Company and joint ventures, cooperative enterprises shall be calculated according to the proportion that should be enjoyed by the Company and shall be offset. On this basis, investment income shall be recognized, except that the assets invested or sold constitute business. The unrealized internal deal loss between the Company and the invested entity is recognized in

full amount if attributable to the assets impairment loss.

The net loss incurred by the Company to the cooperative enterprise or joint venture, except for the liability for additional loss, shall be written down to zero by the book value of long-term equity investment and other long-term equity substantially constituting the net investment in the cooperative enterprise or joint venture. If the cooperative enterprise or joint venture achieves the net profits in the later periods, the Company recovers to recognize the gain sharing amount after making up for the unrecognized loss sharing amount with the gain sharing amount.

(3) Disposal of long-term equity investment

On disposal of the long-term equity investment, the balance between the book value of the equity disposed of and the actual price obtained is charged to current profit and loss.

If part of the long-term equity investment is disposed of by the equity method, and the remaining equity is still accounted by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the relevant assets or liabilities directly disposed of by the invested entity at the corresponding proportion, and the changes in other owners' equity shall be carried forward to the current profit and loss on a proportional basis.

If the joint control or significant influence on the invested entity is lost due to the disposal of equity investment or other reasons, other comprehensive income of the original equity investment recognized by the equity method shall be subject to accounting treatment through adopting the basis for the direct disposal of relevant assets or debts when the equity method is terminated. Other changes in owners' equity will be transferred to current profit and loss when the equity method is terminated.

If the Company loses its control rights over the invested entity due to the disposal of part of the equity investment, when preparing individual financial statement, in case of the residual equity with joint control or significant influence on the invested entity, the Company shall calculate and adjust the residual equity with equity method as upon obtaining. Other comprehensive income recognized before the acquisition of the control right of the invested entity shall be carried forward proportionately on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and other changes in owners' equity recognized by the equity method shall be carried forward proportionately to the current profit and loss. If the residual equity cannot exercise joint control or exert significant influence on the invested entity, it shall be recognized as financial assets, the difference between its fair value and book value on the date of loss of control shall be included in the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before obtaining the control right of the invested entity shall be carried forward.

If the deals for disposal of the subsidiary's equity investment by steps through several times of transaction until the loss of the control right belong to a package deal, the deals shall be subject to accounting treatment as a deal for disposal of the equity investment in the subsidiary and loss of the control right; the difference between each disposal price and the book value of the long-term equity investment corresponding to the equity disposed of before the loss of control right is, in individual financial statements, recognized as other comprehensive income and then transferred into the current profit and loss in the period of loss of control right. If it does not belong to a package deal, each deal shall be accounted for separately.

23. Investment real estates

Measurement mode of Investment real estates

N/A

24. Fixed assets

(1) Recognition conditions

The fixed assets refer to the tangible assets which are held for production of goods, provision of labor, lease or operating management and whose service life exceeds a fiscal year. The fixed assets can be recognized when meeting the following conditions:

- (1) The expected economic benefits related to the fixed assets are likely to flow to the enterprise;
- (2) The cost of the fixed assets can be reliably measured.

The fixed assets are initially measured according to the cost (and the influence of the expected disposal cost factors). Subsequent expenditure related to fixed assets, if the economic benefits related may flow in and the cost can be reliably measured, is included in the fixed asset cost; and the book value of the replaced part is derecognized; all other subsequent expenditures are recorded into current profit and loss when incurred.

(2) Depreciation method

Depreciation of fixed assets is calculated by straight-line depreciation method and the depreciation rate is determined according to the category, expected useful life and expected net residual rate of the fixed assets. For fixed assets with provision for impairment, the amount of depreciation shall be recognized in future periods according to the book value after deducting the provision for impairment and based on the usable life. If the components of the fixed assets have different useful life or provide economic benefits for the Company in different ways, the depreciation is calculated respectively by different depreciation rates or depreciation methods.

The fixed assets leased by financial leasing shall adopt the depreciation policy consistent with the own fixed assets. Where it can be reasonably determined that the ownership of the leased assets can be acquired upon the expiration of the lease term, depreciation shall be calculated and withdrawn within the service life of the leased assets; where it is impossible to reasonably determine that the ownership of the leased assets can be acquired upon the expiration of the lease term, the depreciation shall be calculated and withdrawn within a shorter period of the lease term and the service life of the leased assets.

The depreciation method, Expected service life, ratio of remaining value and yearly depreciation of various fixed assets are as follows:

Class	Depreciation method	Expected service life	Residual rate	Yearly depreciation
Houses and building	Straight-line depreciation	10-35	10.00	2.57-9.00
Machinery equipment	Straight-line depreciation	2-15	10.00	6.00-45.00
Transportation equipment	Straight-line depreciation	3-10	10.00	9.00-30.00
Electronic equipment and office equipment, etc.	Straight-line depreciation	2-10	10.00	9.00-45.00

(3) Recognition basis, valuation and depreciation methods of fixed assets under financing lease

If one of the following conditions is stipulated in the lease agreement between the Company and the lessor, it shall be recognized as the assets acquired under finance leases:

- (1) The ownership of the leased assets will belong to the Company upon the expiration of the lease term;
- (2) The Company has the option to purchase the asset, and the purchase price is much lower than the fair value of the asset when exercising the option;
- (3) The lease period accounts for most of the service life of the leased asset;
- (4) There is no significant difference between the present value of the minimum lease payment on the beginning date of the lease and the fair value of the asset.
- (5) The property of the leased asset is special. If no major transformation is made, only the lessee can use it.

Upon commencement of the lease term, the Company takes the lower of the fair value of the leased asset on the lease commencement date and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the entry value of the long-term payables, and their balance as the unrecognized finance fees.

(4) Disposal of fixed assets

When the fixed assets are disposed of or cannot generate economic benefits through expected use or disposal, the fixed assets are derecognized. The income from sale, transfer, scrap or damage disposal of fixed assets is included in current profits and losses after deducting the book value and related taxes.

25. Construction in progress

The construction in progress is measured according to the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other expenses necessary to bring the construction in progress to a predetermined usable state. When the construction in progress reaches the intended serviceable condition, it is transferred into fixed assets and begin to withdraw the depreciation since the next month.

26. Borrowing costs

1. Recognition principle of capitalization of borrowing costs

If the borrowing costs incurred by the Company can be directly attributed to the purchase, construction or production of the assets eligible for capitalization, they shall be capitalized and recorded into the cost of the relevant assets; other borrowing costs shall be recognized as expenses according to the amount incurred at the time of occurrence and shall be recorded into the current profit and loss.

Assets meeting the capitalization conditions refer to the fixed assets, investment real estates, inventories and other assets which can reach the intended usable or marketable status only after quite a long time of construction or production activities.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from the time point at which borrowing costs begin to be capitalized to the time point at which borrowing costs cease to be capitalized, excluding the period during which the capitalization of borrowing costs is suspended.

Capitalization begins when borrowing costs meet the following conditions:

- (1) Asset expenditures have been incurred, including expenditures incurred in the form of cash payment, transfer of non-cash assets or undertaking interest-bearing liabilities for the purchase and construction of or production of assets eligible for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The purchase, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

When the purchase, construction or production of assets that meet the capitalization conditions reach the predetermined usable or marketable state, the capitalization of borrowing costs shall cease.

3. Capitalization suspension period

If the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase and construction or production, and the interruption period is more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is necessary for the purchase, construction or production of the assets that meet the capitalization conditions to reach the predetermined usable state or marketable state, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during the interruption period are recognized as the current profit and loss, until the borrowing costs continue to be capitalized after the purchase and construction or the production activities of the assets are restarted.

4. Calculation method of capitalization rate and capitalization amount of borrowing costs

For the specific borrowing for the purchase and construction or production of assets eligible for capitalization, the capitalization amount of borrowing costs shall be recognized by the borrowing costs actually occurring in the current period of specific borrowing, minus the amount of the interest income obtained by depositing the unused borrowing funds in the bank or the investment income obtained by making temporary investment.

For the general borrowing occupied for the purchase, construction or production of assets that meet the capitalization conditions, the amount of

borrowing expenses to be capitalized for the general borrowing shall be calculated and recognized according to the weighted average of the accumulated asset expenditure exceeding the specific borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is calculated and recognized according to the weighted average effective interest rate of the general borrowing.

During the capitalization period, the difference between the exchange of the principal and interest of the specific foreign currency borrowing shall be capitalized and recorded into the cost of the assets eligible for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than specific foreign currency borrowing is recorded into the current profit and loss.

27. Biological assets

NA

28. Oil and gas assets

NA

29. Right-of-use assets

NA

30. Intangible assets

(1) Valuation method, service life and impairment test

1. Pricing methods for intangible assets

(1) The intangible assets are initially measured according to the cost;

The costs of purchased intangible assets include the purchase price, related taxes as well as other expenses incurred to make the assets reach the intended serviceable conditions and attributable to the assets.

(2) Subsequent measurement

The Company analyzes and judges the useful life of the intangible assets when obtaining.

The intangible assets with limited useful life are amortized within the period when the intangible assets bring economic benefits to the Company; the intangible assets that cannot be expected to bring economic benefits to the Company are deemed to have uncertain life and are not amortized.

2. Estimation of useful life of intangible assets with limited life

Item	Expected useful life	Basis
Land use right	50 years	Term of use specified in the land-use right certificate
Software use right	2-8 years	Useful life estimated by the management
Trademark right	5-10 years	Benefit period specified in the certificate of trademark use
Patent right	5-10 years	Benefit period specified in the certificate of patent use
Franchised use right	3 years	Term of use stipulated in the contract

3. Basis for judging intangible assets with uncertain service life and the procedures for reviewing their service life

During this reporting period, the Company has no intangible assets with uncertain service life.

(2) Accounting policy of expenditure for internal research and development**1. Specific criteria for dividing research stage and development stage**

The expenditure of the Company's internal R&D projects is classified into the expenditure at the research stage and the expenditure at the development stage.

Research stage: the stage of original, planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development stage: the stage in which research or other knowledge is applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

2. Specific conditions for the capitalization of expenditures in the development stage

The expenditure at the research stage is charged to the current profit and loss in occurrence. The expenditure at the development stage can be recognized as intangible assets only when meeting the following conditions and charged to the current profit and loss if not meeting the following conditions:

- (1) Technically feasible to complete the intangible assets, so that they can be used or sold;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) Ways of intangible assets to generate economic benefits, including those can prove that the products generated by the intangible assets can be sold or the intangible assets themselves can be sold and prove that the intangible assets to be used internally are useful;
- (4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- (5) The development expenditures of the intangible assets can be reliably measured.

If the expenditure at the research stage and the expenditure at the development stage cannot be distinguished, the R&D expenditure incurred is fully charged to the current profit and loss.

31. Long-term assets impairment

Long-term assets such as long-term equity investment, fixed assets, construction in progress, intangible assets with limited service life, and oil and gas assets, which show signs of impairment on the balance sheet date, shall be subject to impairment tests. If the impairment test results show that recoverable amount of the asset is below its book value, the provision for impairment is withdrawn according to the balance and charged to the impairment loss. The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs and the present value of the expected future cash flow of the assets. The provision for impairment of assets is calculated and recognized on the basis of single asset. The Company recognizes the recoverable amount of the asset group based on the asset group to which the asset belongs if the recoverable amount of the single asset is difficult to estimate. An asset group is the smallest group of assets that can generate cash inflows independently.

The goodwill formed due to business combination, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state shall be subject to impairment test at least at the end of each year regardless of whether there are signs of impairment.

The Company conducts the goodwill impairment tests. For the book value of the goodwill formed due to business combination, it shall be apportioned to the relevant asset group by a reasonable method from the date of purchase; if it is difficult to apportion to the relevant asset group, it shall be apportioned to the relevant asset group combination. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergies of business combination.

When conducting impairment test on the relevant asset group or asset group combination containing goodwill, if there are signs of impairment in the

asset group or asset group combination related to goodwill, conduct impairment test on the asset group or asset group combination without goodwill at first, calculate the recoverable amount and recognize the corresponding impairment loss compared with the relevant book value. Then conduct an impairment test on the asset group or asset group combination containing goodwill to compare its book value with the recoverable amount. If the recoverable amount is less than the book value, the amount of impairment loss shall first offset the book value of goodwill amortized to the asset group or asset group combination, and then offset the book value of other assets proportionally according to the proportion of the book value of assets other than goodwill in the asset group or asset group combination. The above impairment loss of assets will not be reserved in subsequent accounting periods once recognized.

32. Long-term unamortized expenses

Long-term unamortized expenses refer to the expenses that have occurred but shall be burdened in current period and later periods with the apportionment period more than one year.

Amortization method: long-term unamortized expenses are amortized on an average basis over the benefit period.

33. Contract liabilities

Accounting policies as of January 1, 2020

The Company lists the contractual assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligations of the Company to transfer goods or provide services to customers for which consideration has been received or receivable are listed as contractual liabilities. The contractual assets and contractual liabilities under the same contract are listed in the net amount.

34. Employee compensation

(1) Short-term compensation accounting method

The Company recognizes the short-term compensation incurred actually during the accounting period when the employees provide services for the Company as the liabilities and includes in current profits and losses or related asset costs.

For the social insurance premiums and housing funds paid by the Company for the employees as well as the labor union expenditure and personnel education fund withdrawn according to the provisions, the corresponding employee compensation amount is recognized according to the stipulated accruing basis and accruing proportion during the accounting period when the employees provide services for the Company.

The employee welfare expenses incurred by the Company shall be recorded into the current profit and loss or relevant asset cost according to the actual amount when actually incurred, and the non-monetary welfare shall be measured at its fair value.

(2) Post-employment benefits accounting method

(1) Defined contribution plan

The Company pays the basic endowment insurance and unemployment insurance for the employees according to relevant provisions of the local government, calculates the amount payable according to local payment base and proportion in the accounting period when the employees provide services for the Company, recognizes the amount payable as the liabilities and includes in current profits and losses or related asset costs. In addition, the Company has also participated in the corporation pension plan / supplementary pension insurance fund approved by the relevant departments of the state. The Company pays the fees to the pension plan / local social security institution according to a certain proportion of the total employee wages and includes corresponding expenses in current profits and losses or related asset costs.

(2) Defined benefit plan

The Company attributes the welfare obligations generated from the defined benefit plan to the period when the employees provide services by the formula recognized according to the expected cumulative welfare unit method and includes in current profits and losses or related asset costs.

The deficit or surplus formed from the present value of the defined benefit plan obligation subtracted by the fair value of the defined benefit plan assets is recognized as a net liability or net asset of the defined benefit plan. In case of surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan according to the lower of the surplus and asset upper limits of the defined benefit plan.

All defined benefit plan obligations, including the obligations for payment within 12 months after the end of the expected annual reporting period in which the employees provide services, are discounted according to the national debts matching the defined benefit plan obligatory term and currency or the market return of the high-quality corporation bonds active in the market on the balance sheet date.

The service costs generated from the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in current profits and losses or related asset costs; the changes from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income and not written back to the profits and losses in subsequent accounting period. Upon the termination of the original defined benefit plan, the part originally recorded into other comprehensive income within the scope of rights and interests shall be carried forward to undistributed profit.

In the settlement of the defined benefit plan, the settlement profits or losses are recognized according to the balance between the present value of the defined benefit plan obligation and the settlement price recognized on the settlement date.

(3) Termination benefits accounting method

When providing dismissal welfare, the Company shall recognize the employee compensation liabilities arising from the dismissal welfare and record it in the current profit and loss whenever is earlier below: when the Company fails to unilaterally withdraw the dismissal welfare due to termination of labor relation plan or downsizing suggestions; when the Company recognizes the costs or expenses related to restructuring involving payment of dismissal welfare.

(4) Other long-term employee benefits accounting method

NA

35. Lease liabilities

Not applicable.

36. Estimated liabilities

The estimated liabilities are recognized when the obligation related to contingencies meets the following conditions simultaneously:

- (1) The obligation is the current obligation undertaken by the Company;
- (2) Performance of the obligation is likely to lead to the outflow of economic benefits;
- (3) The amount of the obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of the expenditure required to perform the relevant current obligations.

In recognizing the best estimate, factors such as risk, uncertainty and time value of money related to contingencies are taken into account. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of expenditure required and the probability of various outcomes within this range is the same, the best estimate is recognized according to the middle value within this range; in other cases, the best estimates are handled as follows:

- When a contingency involves a single item, the best estimate is recognized by the most possible amount.
- When a contingency involves more than one item, the best estimate is recognized according to a variety of possible outcomes and related probabilities.

When all or some of the expenses necessary for the liquidation of an estimated liabilities is expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount

recognized for the reimbursement shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the estimated liabilities on the balance sheet date, and if there is conclusive evidence that the book value cannot reflect the current best estimate, it shall adjust the book value according to the current best estimate.

37. Share-based payment

The Company's share-based payment refers to a transaction in which the company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The Company's share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

1. Equity-settled share-based payments and equity instruments

Where the equity-settled share-based payment is exchanged for the services provided by the employee, it shall be measured at the fair value of the equity instrument granted to the employee. For share-based payment transactions with exercisable rights immediately after the grant, it shall be included in the relevant costs or expenses in accordance with the fair value of the equity instrument on the grant date, and the capital reserves shall be increased accordingly. For the share-based payment transaction where the service within the waiting period is completed after the grant or specified performance conditions are met, on every balance sheet date of the waiting period, the Company shall include the service obtained at the current period into relevant costs or expenses according to the fair value of the grant date on the basis of the best estimate of the number of equity instruments with exercisable rights, and increase the capital reserve accordingly.

If the terms of the equity-settled share-based payment are modified, the services acquired are recognized at least in terms of the unmodified terms. In addition, any modification that increases the fair value of the equity instrument granted, or that is beneficial to the employee at the date of modification, recognizes an increase in the acquisition of services.

During the waiting period, if the granted equity instrument is canceled, the company will treat the canceled equity instrument as the accelerated exercise of power, and immediately include the balance that shall be recognized in the remaining waiting period into the current profit and loss, and simultaneously confirm the capital reserve. However, if a new equity instrument is granted and the new equity instrument granted is deemed to be a replacement for the cancelled equity instrument on the grant date, the granted replacement equity instrument will be handled in the same manner as any amendment to the terms and conditions of the original equity instrument.

2. Cash-settled share-based payments and equity instruments

The share-based payment settled by cash will be measured according to the fair value of the liability confirmed basing on the shares borne by the company and other equity instruments. For share-based payment transactions with exercisable rights immediately after the grant, the Company shall include it in the relevant costs or expenses in accordance with the fair value of the equity instrument on the grant date, and the liabilities shall be increased accordingly. If the rights can only be exercised after the situation that service within the waiting period is completed and set performance is achieved, the service obtained in the current period, according to the fair value of the liabilities borne by the Company, and basing on the best estimate for the condition of exercising rights, will be recorded into relevant costs or expenses on each and every balance sheet date during the waiting period, and correspondingly recorded into the liabilities. Each and every balance sheet date and settlement before relevant liability settlement, the fair value of liability will be remeasured, of which changes occurred will be counted into the current period.

38. Preferred shares, perpetual bonds and other financial instruments

At the time of initial recognition, the Company classifies the financial instrument or its components as a financial asset, financial liability or equity instrument based on the terms of the contract and the economic substance reflected in the issued preferred stock / perpetual bond, and not solely in legal form.

In case that the financial instrument such as perpetual bond / preferred stock issued by the Company meet one of the following conditions, it, in whole or in part thereof, is classified as financial liabilities at the time of initial recognition:

- (1) There are contractual obligations which the Company cannot unconditionally avoid fulfilling by delivering cash or other financial assets;
- (2) It contains contractual obligations of delivering a variable number of its own equity instruments for settlement;

(3) It contains derivative instrument (such as equity transfer, etc.) that is settled with its own equity, and such derivative instrument does not exchange a fixed number of its own equity instruments for a fixed amount of cash or other financial assets for settlement;

(4) There are contract clauses that indirectly form contractual obligations;

(5) When the issuer liquidates, the perpetual bonds are in the same order of liquidation as the ordinary bonds and other debts issued by the issuer.

In case that the financial instrument such as perpetual bond / preferred stock issued by the Company does not meet one of the above conditions, it, in whole or in part thereof, is classified as equity instrument at the time of initial recognition:

39. Income

Accounting policies for income recognition and measurement

Accounting policies as of January 1, 2020

1. Accounting policies for income recognition and measurement

The Company has fulfilled its contractual obligation to recognize income when the customer acquires control of the relevant goods or services. Obtaining control of the relevant goods or services is the ability to dominate the use of the goods or services and gain almost all economic benefits from them.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services committed by each individual performance obligation. The Company's income shall be measured according to the transaction price apportioned to each individual performance obligation.

The transaction price means the amount of consideration that the Company is expected to be entitled to collect for the transfer of goods or services to the customer, excluding payments collected on behalf of third parties and amounts expected to be returned to the customer. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practices, and in determining the transaction price, it takes into account the impact of variable consideration, material financing elements in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price including the variable consideration by an amount not exceeding the amount of accumulated recognized income which is highly unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash when the customer acquires control of the goods or services, and shall amortize the difference between the transaction price and the contract consideration by the effective interest method during the contract period.

If one of the following conditions is satisfied, it shall be deemed to have performed its performance obligation within a certain period of time; otherwise, it shall be deemed to have performed its performance obligation at a certain time point:

- The customer obtains and consumes the economic benefits arising from the Company's performance at the same time of the Company's performance.
- The customer can control the goods under construction during the Company's performance.
- The goods produced by the Company during the performance are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company will use the output method or input method to determine the performance schedule. If the performance schedule cannot be reasonably determined and the cost already incurred is expected to be compensated, the Company shall recognize the income according to the cost already incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes income at the time point when the customer acquires control of the relevant goods or services. In determining whether the customer has acquired control of goods or services, the Company considers the following indications:

- The Company has the current collection right for the goods or services, that is, the customer has the current payment obligation for the goods or

services.

- The Company has transferred legal ownership to the goods to the customer, that is, the customer has legal ownership of the goods.
- The Company has physically transferred the goods to the customer, that is, the customer has physically possessed the goods.
- The Company has transferred the main risk and remuneration in the ownership of the goods to the customer, that is, the customer has acquired the main risk and remuneration in the ownership of the goods.
- The customer has accepted the goods or services, etc.

Accounting policies before January 1, 2020

1. Specific judgment criteria for income recognition time of goods sold

General principles of recognition of income from selling goods:

- (1) The Company has transferred the main risks and rewards on the property in the goods to the buyer;
- (2) The Company neither retains the right to continue to manage related to the property, nor effectively controls goods that have been sold;
- (3) The income amount can be measured reliably;
- (4) Related economic benefits are likely to flow to the Company;
- (5) The costs related, incurred or to be incurred can be measured reliably.

Specific principles of recognition of income from selling goods:

- (1) General foreign sales: recognize the income after commodity inspection, customs declaration and shipment of goods (the company's export income settlement mainly adopts FOB and CIF methods). For a very small number of other settlement methods, such as for those adopting EXW terms, the buyer designates carrier door-to-door delivery as the time point of recognition of product sales revenue; for those adopting FCA terms, the delivery of products to the carrier designated by the buyer shall be the time point of recognition of product sales revenue; for those adopting the DDP/DDU terms, the delivery of products to the destination designated by the buyer shall be the time point of recognition of product sales revenue).
- (2) General domestic sales: the recognition time of sales revenue is based on the customer's confirmation of receipt (that is, the income is recognized after the customer signs for the receipt, but if the contract stipulates that acceptance is needed, the income will be recognized after acceptance by the customer).
- (3) E-commerce business (B2C): the recognition time of sales revenue is based on the customer's confirmation of the completion of the transaction (i.e., the income is recognized when the customer initiatively confirms receipt of the goods on the e-commerce platform and when the e-commerce platform automatically confirms receipt of the goods within a certain period of time after delivery, whichever is earlier).
- (4) Store sales model: sales revenue is recognized according to settlement time and price (that is, the income is recognized after the store salesperson receives payment and delivers the goods to the customer).
- (5) Consignment mode: the Company delivers the goods to the place designated by the agent, and recognizes the income after receiving the sales list and checking it according to the time of reconciliation agreed in the contract.

2. Basis of recognition of income from transferring the asset use right

The economic benefits associated with the transaction may flow to the Company and the income amount can be measured reliably. The income from transferring the asset use right is recognized respectively according to following conditions:

- (1) The interest income amount is recognized according to the time when others use the Company's Cash and cash equivalents and the effective interest rate.
- (2) The royalty revenue amount is recognized according to the chargeable time and methods stipulated in relevant contracts or agreements.

Differences in income recognition accounting policies caused by different business modes for the same business

Not applicable.

40. Government subsidies

1. Type

Government subsidies refer to the monetary assets or non-monetary assets obtained free of charge by the Company from the government, and are classified into asset related government subsidies and the income related government subsidies.

Government subsidies related to assets refer to the government subsidies obtained by the Company for the purchase and construction of long-term assets or the formation of long-term assets by other means. Government subsidies related to income refer to government subsidies in addition to government subsidies related to assets.

The Company's classifying government subsidies as related to assets is subject to the following specific criteria: the government documents clearly stipulate the use of funds, and the expected use direction of the funds is expected to form related assets;

The Company's classifying government subsidies as related to income is subject to the following specific criteria: the government documents do not stipulate the use purpose, and the expected use direction of the funds is to supplement working capital;

If the subsidy object is not clearly specified in the government documents, the judgment basis for the Company to classify the government subsidy as related to assets or related to income is as follows: except that the Company designates its purpose as related to assets, it will be included in the current profit and loss.

2. Recognition time point

Government subsidies will be recognized when the conditions attached to them are met and received by the Company.

3. Accounting treatment

The government subsidies related to assets write down the book value of the relevant assets or is recognized as deferred income. If it is recognized as deferred income, it shall be recorded into the current profit and loss by stages in accordance with reasonable and systematic methods during the service life of the relevant assets (if it is related to the daily activities of the Company, it shall be recorded into other income; those not related to the daily activities of the Company shall be included in non-operating-income);

If the government subsidy related to the income is used to compensate the Company's related costs, expenses or losses in the following period, it shall be recognized as deferred income and recorded into the current profit and loss during the period of recognition of the relevant costs, expenses or losses (if it is related to the Company's daily activities, it shall be recorded into other income; if it is not related to the daily activities of the Company, it shall be included in non-operating income) or write down relevant costs, expenses or losses; those used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly recorded into the current profit and loss (if it is related to the daily activities of the Company shall be recorded into other income; if it is not related to the daily activities of the Company, it shall be included in non-operating income or write down relevant costs, expenses or losses.

The interest subsidy on policy-based preferential loans obtained by the Company shall be accounted for under the following two conditions:

(1) If the finance department allocates the interest subsidy fund to the lending bank, and the lending bank provides the loan to the Company at the policy-based preferential interest rate, the Company shall take the loan amount actually received as the entry value of the borrowing, and calculate the relevant borrowing cost in accordance with the loan principal and the policy-based preferential interest rate.

(2) If the finance department allocates the interest subsidy fund directly to the Company, the Company will offset the corresponding interest subsidy against the related borrowing costs.

41. Deferred income tax assets and deferred income tax liabilities

The income tax includes current income tax and deferred income tax. Except for the income tax arising from the business combination and the transaction or item directly booked into the owners' equity (including other comprehensive income), the Company will record the current income tax and deferred income tax into the current profit and loss.

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their book value.

For the deferred income tax assets recognized through deductible temporary difference, it is limited to the amount of taxable income which is likely to be obtained to offset the deductible temporary difference in the future period. For the deductible loss and tax deduction that can be carried forward to

the subsequent year, the corresponding deferred income tax assets are recognized within the limit of the future taxable income amount that is possibly obtained to deduct the deductible loss and tax deduction.

For taxable temporary differences, except in special circumstances, the deferred income tax liability is recognized.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transaction or item that is neither a business combination nor does it affect accounting profit and taxable income (or deductible loss) at the time of occurrence.

For the taxable temporary difference related to the investment of the subsidiaries, associated enterprises and joint ventures, relevant deferred income tax liabilities are not recognized, unless the Company can control the temporary difference write-back time and the temporary difference will probably not be written back in the foreseeable future. For the deductible temporary difference related to the investment of the subsidiaries, joint ventures and cooperative enterprises, deferred income tax assets are recognized when it is likely to write back the temporary difference in the foreseeable future or to obtain the income tax payable used to offset the deductible temporary difference in the future.

The deferred income tax assets and deferred income tax liabilities are measured on the balance sheet date according to the tax law and the applicable tax rate in the period of expected recovery of relevant assets or liquidation of relevant liabilities.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is likely not to obtain sufficient income tax payable to deduct the interests of the deferred income tax assets in the future, the book value of the deferred income tax assets is written down. If it is likely to obtain sufficient income tax payable, the amount written down is written back.

When the Company has the legal right to settle with net amount and intends to settle with net amount or obtain the assets and liquidate the liabilities simultaneously, the income tax assets and income tax liabilities in the current period are presented by the net amount after offset.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are listed in net amount after offset when both of the following conditions are met:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
 - The deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and management department from the same subject of tax payment or from different subjects of tax payment but the subject of tax payment involved intends to settle the current income tax assets and liabilities with the net amount or obtain the assets and liquidate the liabilities simultaneously in each future important period when the deferred income tax assets and liabilities are written back.

42. Lease

(1) Accounting treatment method of operating lease

(1) The rental fee paid by the Company for the leased assets shall be apportioned on a straight-line basis throughout the lease period without deducting the rent-free period and shall be included in the current expenses. The initial direct expenses paid by the Company in connection with the lease transaction are included in the current expenses.

When the lessor of the asset bears the lease-related expenses that should be borne by the Company, the Company shall deduct such expenses from the total rent, apportion the deducted rent expenses in the lease term and record them into the current expenses.

(2) The rental fee charged by the Company for the leased assets shall be apportioned on a straight-line basis throughout the lease period without deducting the rent-free period and shall be recognized as lease-related income. The initial direct expenses paid by the Company in connection with the lease transaction shall be included in the current expenses; if the amount is large, it will be capitalized and recorded into the current income by stages according to the same basis as the lease-related income recognition throughout the lease period.

When the Company bears the lease-related expenses that should be borne by the lessee, the Company shall deduct such expenses from the total rental income, apportion them according to the deducted rental expenses during the lease period.

(2) Accounting treatment method of finance lease

(1) Assets acquired under finance leases: upon commencement of the lease term, the Company takes the lower of the fair value of the leased asset on the lease commencement date and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the entry value of the long-term payables, and their balance as the unrecognized finance fees. The Company adopts the effective interest rate method to amortize the unrecognized financing costs within the period of the asset lease and record them into financial expenses. The initial direct expenses incurred by the Company shall be included in the value of the leased assets.

(2) Assets rent out under finance leases: upon commencement of the lease, the Company recognizes the difference between the sum of the receivable finance lease amount and the unguaranteed residual value and its present value as unrealized financing income, and recognizes it as rental income in each period in which the rent is received in the future. The initial direct expenses incurred by the Company in connection with the leasing transaction shall be included in the initial measurement of the finance lease receivable, and the amount of income recognized during the lease term shall be reduced.

43. Other significant accounting policy and accounting estimate

1. Discontinued operation Discontinued operation is a separate component that meets one of the following conditions and has been disposed of or classified into the held for sale category by the Company:

- (1) The component represents an independent principal business or an independent principal area of operation;
- (2) The component is part of an associated plan proposed to dispose of an independent principal business or an independent principal area of operation;
- (3) The component is a subsidiary acquired exclusively for resale.

2. Hedge accounting**(1) Classification of hedging**

- 1) A fair value hedge refers to a hedge of the fair value change risk of an asset or liability that has been recognized and a certain commitment that has not been recognized (except foreign exchange risk).
- 2) A cash flow hedge refers to a hedge of the risk of changes in cash flow arising from a particular type of risk relating to a recognized asset or liability, an anticipated transaction that is likely to occur, or the foreign exchange risk contained in an unrecognized firm commitment.
- 3) A hedge of net investment in overseas operations refers to a hedge of foreign exchange risks of net investment of overseas operations. Net investment in overseas operations refers to the equity share of the enterprise in the net assets of overseas operations.

(2) Designation of hedging relationship and identification of hedging effectiveness

At the beginning of the hedging relationship, the Company has a formal designation of the hedging relationship and has prepared formal written documents on the hedging relationship, risk management objectives and hedging strategies. The documents specify the nature and quantity of the hedging instrument, the nature and quantity of the hedged items, the nature of the hedged risk, type of hedging, and the Company's evaluation of the effectiveness of the hedging instrument. Hedging effectiveness refers to the degree to which the change in the fair value or cash flow of the hedging instrument can offset the change in the fair value or cash flow of the hedged item caused by the hedged risk.

The Company continuously evaluates the effectiveness of hedging and judges whether the hedging meets the requirements of hedging accounting for effectiveness during the accounting period in which the hedging relationship is designated. If it is not satisfied, the hedging relationship shall be terminated.

The application of hedge accounting shall meet the following requirements for the effectiveness of hedging:

- 1) There is an economic relationship between the hedged item and the hedging instrument.
- 2) In the value changes caused by the economic relationship between the hedged item and the hedging instrument, the influence of credit risk does not play a dominant role.

3) Adopting the appropriate hedge ratio will not cause the imbalance between the relative weight of the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer appropriate, but the hedging risk management objectives have not changed, the number of hedged items or hedging instruments shall be adjusted to make the hedge ratio meet the requirements of effectiveness again.

(3) Hedge accounting treatment methods

1) Fair value hedging

Changes in the fair value of hedge derivative instruments are recorded in the current profit and loss. Changes formed by the fair value of the hedged item due to the hedging risk shall be included in the current profit and loss, and the book value of the hedged item shall be adjusted simultaneously. For fair value hedging related to financial instruments measured at amortized cost, the adjustments to the book value of the hedged item are amortized during the remaining period between the adjustment to the due date and recorded in the current profit and loss. Amortization under the effective interest rate method may commence immediately after the book value adjustment and shall not be later than the adjustment of fair value changes in the termination of hedging risks by the hedged item.

If the hedged item is terminated, the unamortized fair value is recognized as the current profit and loss.

Where the hedged item is a firm commitment that has not been recognized, the accumulative change in the fair value of the firm commitment caused by the hedging risk is recognized as an asset or liability, and the relevant gains or losses are recorded into the current profits and losses. Changes in the fair value of hedging instruments are also recorded in the current profit and loss.

2) Cash flow hedging

The part of the gain or loss of the hedging instrument that belongs to the effective hedging shall be directly recognized as other comprehensive income, while the part that belongs to the invalid hedging shall be recorded into the current profit and loss.

If the hedged transaction affects the current profit and loss, such as when the hedged financial income or financial expense is recognized or when the expected sale occurs, the amount recognized in other comprehensive income will be transferred to the current profit and loss. If a hedged item is the cost of a non-financial asset or non-financial liability, the amount originally recognized in other comprehensive income amount is transferred out and recorded into the amount of initial recognition of the non-financial asset or non-financial liability (or the amount originally recognized in other comprehensive income is transferred out during the same period as the non-financial asset or non-financial liability affecting the profit and loss, and recorded into the current profit and loss).

If the expected transaction or firm commitment is not expected to occur, the accumulated gains or losses of the hedging instrument previously recorded in other comprehensive income are transferred out and recorded in the current profit and loss. If the hedging instrument has expired, been sold, the contract terminated or exercised (but not replaced or renewed), or the designation of the hedging relationship is withdrawn, the amount previously recorded in other comprehensive income is not transferred out until the anticipated transaction or firm commitment affects the current profit or loss.

3) Hedging of net investment in overseas operations

The hedging of net investment in overseas operations, including the hedging of monetary items that are part of the net investment, shall be treated similarly to the cash flow hedging. In the gain or loss of the hedging instrument, the part that is recognized as effective hedging is recorded in other comprehensive income, while the part that is invalid hedging is recognized as current profit and loss. When disposing of overseas operations, any accumulated gains or losses previously recorded in other comprehensive income will be transferred out and recorded into current profit and loss.

3. Segmental reporting

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments based on the operating segments and discloses the information of the segments.

Operating segments refer to the components of the Company that meet the following conditions at the same time: (1) The component is able to generate revenue and incur expenses in its daily activities; (2) The management of the Company can regularly evaluate the operating results of the component to determine the allocation of resources to it and evaluate its performance; (3) The Company can obtain relevant accounting information such as the financial position, operating results and cash flow of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they may be merged into one operating segment.

44. Significant accounting policy and accounting estimate change

(1) Changes in significant accounting policies

√Applicable □ Not applicable

Content and reasons of changes in accounting policies	Approval procedures	Remark
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(1) Implement the *Accounting Standards for Enterprises No.14–Revenues* (revised in 2017) (hereinafter referred to as "new revenue standards")

The Ministry of Finance revised the *Accounting Standards for Enterprises No.14–Revenues* in 2017. The revised standards stipulate that the retained earnings and other relevant items in the financial statements at the beginning of the year shall be adjusted according to the cumulative influence number during the first implementation of the standards, and the information of comparable periods shall not be adjusted.

The Company has implemented the new revenue standards since January 1, 2020. According to the standards, the Company only adjusted the retained earnings and other related items in the financial statements at the beginning of 2020 for the cumulative influence number of contracts that have not been completed on the first implementation date, and does not make any adjustment of the comparative financial statements. The main influences after the execution of the standards are as follows:

Content and reasons of changes in accounting policies	Approval procedures	Affected report item	Affected amount in balance on January 1, 2020	
			Consolidation	Parent company
New income standards	Approval of board of directors	Advance from customers	-32,695,399.53	-6,184,697.51
		Contract liabilities	32,313,636.28	5,721,857.36
		Other current liabilities	5,544,602.17	462,840.15
		Other current assets	593,982.97	
		Non-current liabilities due within one year	-3,977,342.14	
		Estimated liabilities	-591,513.81	

Compared to the original income standards, the impact of the implementation of the new income standards on the items related to the 2020 financial statements is as follows (increase/decrease):

Affected balance sheet items	Affected amount in balance on December 31, 2020	
	Consolidation	Parent company
Advance from customers	-532,662,068.02	-498,225,711.89
Contract liabilities	530,188,257.63	483,370,540.77
Other current liabilities	23,638,266.47	14,855,171.12
Other current assets	1,449,440.77	
Non-current liabilities due within one year	-18,398,679.23	
Estimated liabilities	-1,316,336.08	

Affected income statement items	Amount affected on the amounts incurred in 2020	
	Consolidation	Parent company
Cost	306,585,454.73	65,526,824.51
Sales expenses	-306,585,454.73	-65,526,824.51

(2) Implementation of the *Interpretation of Accounting Standards for Business Enterprises No.13*

On December 10, 2019, the Ministry of Finance issued the *Interpretation of Accounting Standards for Business Enterprises No.13* (CK [2019] No.21, hereinafter referred to as "Interpretation No.13"), which took effect on January 1, 2020 and does not require retrospective adjustment.

① Identification of related parties

Interpretation No.13 defines the following situations as related parties: cooperative enterprises or joint ventures between an enterprise and other member units of its enterprise group (including parent company and subsidiary company); the joint venture of the enterprise and other cooperative enterprises or joint ventures of the enterprise. In addition, Interpretation No.13 also makes it clear that two or more enterprises that are only significantly affected by one party do not constitute related parties, and adds that joint ventures include joint ventures and their subsidiaries, and cooperative enterprises include cooperative enterprises and their subsidiaries.

② Definition of business

Explanation No. 13 perfects the three elements of business composition, refines the judgment conditions of business composition, and introduces the selection of "concentration test" to simplify the judgment of whether the combination obtained under different control constitutes business to a certain extent.

Since January 1, 2020, the Company has implemented Interpretation No.13, and the comparative financial statements have not been adjusted. The implementation of Interpretation No.13 has no impact on the Company's financial position and operating results.

(3) Implementation of the *Interim Provisions on Accounting Treatment for Carbon Emission Trading*

On December 16, 2019, the Ministry of Finance issued the *Interim Provisions on Accounting Treatment for Carbon Emission Trading* (CK [2019] No.22), which is applicable to relevant enterprises in key emission units that carry out carbon emission trading business in accordance with the *Interim Measures for Administration of Carbon Emission Trading* (hereinafter referred to as key emission enterprises). Such provisions come into force on January 1, 2020, and key emission enterprises shall apply the regulation by adopting the future applicable method.

Since January 1, 2020, the Company has implemented such provisions, and the comparative financial statements have not been adjusted. The implementation of such provisions has little impact on the Company's financial position and operating results.

(4) Implement the *Provisions on Accounting Treatment of Rent Concession Related to COVID-19*

On June 19, 2020, the Ministry of Finance issued the *Provisions on Accounting Treatment of Rent Concession Related to COVID-19* (C.K. [2020] No. 10), which came into force on June 19, 2020, allowing enterprises to adjust the relevant rent concessions that occurred between January 1 and the implementation date of this regulation. According to the regulation, enterprises can choose to adopt the simplified method for rent concession directly caused by COVID-19, such as rent remission and deferred payment.

The Company adopts the simplified method for accounting treatment of all rent concessions that fall within the applicable scope of this provision and makes corresponding adjustments to the relevant rent concessions that occur between January 1 2020 and, the date when this provision comes into effect.

As the lessee, the Company adopts the simplified method to deal with the related rent concession, writing off sales expenses of the current period totaling RMB 25,685,341.83.

(2) Significant accounting estimate change

Applicable Not applicable

(3) Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of first implementation of new income standards and new lease standards from 2020

Applicable

Whether to adjust the balance sheet accounts at the beginning of the year

√ Yes No

Consolidated Balance Sheet

Unit: yuan

Item	December 31, 2019	January 1, 2020	Adjusted figure
Current assets:			
Cash and cash equivalents	480,838,765.63	480,838,765.63	0.00
Deposit reservation for balance			
Lending funds			
tradable financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	416,345,676.13	416,345,676.13	0.00
Amounts receivable financing	8,456,356.50	8,456,356.50	0.00
Advances to suppliers	96,760,732.96	96,760,732.96	0.00
Premiums receivables			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	595,894,600.20	595,894,600.20	0.00
Including: Interest receivable			
Dividends receivable			
Redemptory Cash and cash equivalents for sale			
Inventory	992,411,173.86	992,411,173.86	0.00
Contract assets			
Assets held for sales			
Non-current assets due within a year			
Other current assets	83,881,183.43	84,475,166.40	593,982.97
Total current assets	2,674,588,488.71	2,675,182,471.68	1,856,885,890.87

Non-current assets:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	8,858,476.15	8,858,476.15	0.00
Other equity instrument investments			
Other non-current financial assets			
Investment real estates			
Fixed assets	1,274,733,960.96	1,274,733,960.96	0.00
Construction in progress	187,808,853.01	187,808,853.01	0.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	131,657,103.01	131,657,103.01	0.00
Development expenditure			
Goodwill			
Long-term unaamortized expenses	165,474,142.92	165,474,142.92	0.00
Deferred income tax assets	69,356,697.91	69,356,697.91	0.00
Other non-current assets	18,996,656.91	18,996,656.91	0.00
Total non-current assets	1,856,885,890.87	1,856,885,890.87	0.00
Total assets	4,531,474,379.58	4,532,068,362.55	593,982.97
Current liabilities			
Short-term debt	120,000,000.00	120,000,000.00	0.00
Borrowings from central bank			
Borrowing funds			
tradable financial liabilities			
Derivative financial liabilities			
Notes payable	173,023,352.30	173,023,352.30	0.00
Accounts payable	562,774,410.51	562,774,410.51	0.00

Advance from customers	32,695,399.53	0.00	-32,695,399.53
Contract liabilities		32,313,636.28	32,313,636.28
Financial assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable	99,793,347.80	99,793,347.80	0.00
Taxes payable	47,134,987.40	47,134,987.40	0.00
Other payables	142,607,932.48	142,607,932.48	0.00
Including: Interest payable	289,799.65	289,799.65	0.00
Dividends payable			
Fees and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sales			
Non-current liabilities due within one year	8,977,342.14	5,000,000.00	-3,977,342.14
Other current liabilities		5,544,602.17	5,544,602.17
Total current liabilities	1,187,006,772.16	1,188,192,268.94	1,185,496.78
Non-current liabilities			
Reserve fund for insurance contracts			
Long-term loans	134,210,746.07	134,210,746.07	0.00
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			
Estimated liabilities	591,513.81	0.00	-591,513.81

Deferred income	46,117,344.20	46,117,344.20	0.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	180,919,604.08	180,328,090.27	-591,513.81
Total liabilities	1,367,926,376.24	1,368,520,359.21	593,982.97
Owner's equity:			
Capital stock	376,492,308.00	376,492,308.00	0.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserve	948,913,284.10	948,913,284.10	0.00
Less: treasury stock			
Other comprehensive income	44,623.87	44,623.87	0.00
Special reserve			
Surplus reserve	116,855,107.20	116,855,107.20	0.00
General risk provision			
Undistributed profit	1,718,075,177.67	1,718,075,177.67	0.00
Total owners' equities attributable to the owners of parent company	3,160,380,500.84	3,160,380,500.84	0.00
Minority equity	3,167,502.50	3,167,502.50	0.00
Total owners' equities	3,163,548,003.34	3,163,548,003.34	0.00
Total liabilities and owners' equities	4,531,474,379.58	4,532,068,362.55	593,982.97

Adjustment description

NA

Balance sheet of parent company

Unit: yuan

Item	December 31, 2019	January 1, 2020	Adjusted figure
Current assets:			
Cash and cash equivalents	190,247,936.40	190,247,936.40	0.00
tradable financial assets			
Derivative financial assets			

Notes receivable			
Accounts receivable	285,214,296.07	285,214,296.07	0.00
Amounts receivable financing	11,197,742.51	11,197,742.51	0.00
Advances to suppliers	818,374,053.49	818,374,053.49	0.00
Other receivables	507,620,873.69	507,620,873.69	0.00
Including: Interest receivable			
Dividends receivable			
Inventory	80,096,665.13	80,096,665.13	0.00
Contract assets			
Assets held for sales			
Non-current assets due within a year			
Other current assets	507,766.36	507,766.36	0.00
Total current assets	1,893,259,333.65	1,893,259,333.65	0.00
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	733,509,160.30	733,509,160.30	0.00
Other equity instrument investments			
Other non-current financial assets			
Investment real estates			
Fixed assets	39,730,361.07	39,730,361.07	0.00
Construction in progress	3,273,398.46	3,273,398.46	0.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	12,968,794.77	12,968,794.77	0.00
Development expenditure			
Goodwill			

Long-term unamortized expenses	1,620,299.14	1,620,299.14	0.00
Deferred income tax assets	7,243,483.93	7,243,483.93	0.00
Other non-current assets	4,228,187.85	4,228,187.85	0.00
Total non-current assets	802,573,685.52	802,573,685.52	0.00
Total assets	2,695,833,019.17	2,695,833,019.17	0.00
Current liabilities			
Short-term debt	60,000,000.00	60,000,000.00	0.00
tradable financial liabilities			
Derivative financial liabilities			
Notes payable	71,789,226.76	71,789,226.76	0.00
Accounts payable	263,943,071.72	263,943,071.72	0.00
Advance from customers	6,184,697.51	0.00	-6,184,697.51
Contract liabilities		5,721,857.36	5,721,857.36
Payroll payable	20,788,121.24	20,788,121.24	0.00
Taxes payable	16,238,975.65	16,238,975.65	0.00
Other payables	70,782,736.10	70,782,736.10	0.00
Including: Interest payable	79,750.00	79,750.00	0.00
Dividends payable			
Liabilities held for sales			
Non-current liabilities due within one year	5,000,000.00	5,000,000.00	0.00
Other current liabilities		462,840.15	462,840.15
Total current liabilities	514,726,828.98	514,726,828.98	0.00
Non-current liabilities			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			

Estimated liabilities			
Deferred income	4,453,201.48	4,453,201.48	0.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	4,453,201.48	4,453,201.48	0.00
Total liabilities	519,180,030.46	519,180,030.46	0.00
Owner's equity:			
Capital stock	376,492,308.00	376,492,308.00	0.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserve	974,320,046.45	974,320,046.45	0.00
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve	108,039,440.28	108,039,440.28	0.00
Undistributed profit	717,801,193.98	717,801,193.98	0.00
Total owners' equities	2,176,652,988.71	2,176,652,988.71	0.00
Total liabilities and owners' equities	2,695,833,019.17	2,695,833,019.17	0.00

Adjustment description

NA

(4) Retrospective adjustment of early comparative data description as a result of first implementation of new income standards or new lease standards from 2020

Applicable Not applicable

45. Other

NA

VI. Taxes

1. Main tax categories and tax rates

Tax category	Taxation basis	Tax rate
Added value tax	Calculate the substituted money on VAT on the basis of the income from selling goods and taxable services according to the tax law. After deduction of the withholdings on VAT allowed to deduct in current period, the balance is the VAT payable	13%、9%、6%、3%
Consumption tax	N/A	N/A
Urban maintenance and construction tax	Actual paid value added tax (including the exemption part) and consumption tax	7%、5%
Corporate income tax	Levied by income tax payable	25%、20%、16.5%、15%
Education surcharge	Actual paid value added tax (including the exemption part) and consumption tax	3%

Some stores of Shenzhen Purcotton, Guangzhou Purcotton, Beijing Purcotton, Shanghai Purcotton and Cotton Lining are small-scale taxpayers, and VAT is levied at the rate of 3.00%. The VAT rate of stores for non-small-scale taxpayers will be 13.00% in 2020, and 6.00% or 3% (small-scale taxpayers) VAT rate will be applied to some stores providing catering services. The books sold in Shenzhen Purcotton since 2019 will be exempted from VAT according to Article 2 of the Notice on the Continuation of the Preferred Policies on Value-added Tax of Cultural Promotion (C.S. [2018] No. 53) of Ministry of Finance and State Taxation Administration.

The VAT rate of 13.00% will be applied to the goods sold by the Company and other general taxpayer subsidiaries in 2020. The Company and some of its subsidiaries have the right to import and export, and the VAT on export products is subject to the export tax rebate policy of “exemption, credit and refund”.

The VAT generated by the consulting service income of the Company is levied at the rate of 6.00%, while the VAT generated by the warehousing service income of Huanggang Winner is levied at the rate of 6.00%.

If there are taxpayers with different enterprise income tax rates, the disclosure statement shall present

Name of taxpayer	Income tax rate
The Company, Huanggang Winner	15.00%
Winner Medical (Tianmen)	15.00%
Winner Medical (Jingmen)	15.00%
Winner Medical (Chongyang)	15.00%
Winner Medical (Jiayu)	15.00%
Qianhai Purcotton	15.00%
Winner Medical (Hong Kong)	16.50%
Mifu Shanghai	20.00%

2. Tax preference

(1) On October 16, 2018, according to the *Notice on Publicizing the List of First Batch of High-tech Enterprises to be Identified in Shenzhen in 2018* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration, the Company passed the High-tech Enterprise Qualification Reexamination (Certificate No. GR201844200237). From 2018 to 2020, its corporate income tax can still be paid at the preferential rate of 15.00%.

(2) According to the *Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2019*, Huanggang Winner was identified as the second batch of high-tech enterprises with the certificate number GR201942002414. During the period from 2019 to 2021, Huanggang Winner can pay corporate income tax at the preferential tax rate of 15.00%.

(3) Qianhai Purcotton was established on July 21, 2015, with its domicile located in Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone. According to the Notice of Enterprise Income Tax Preferential Policies and Preferential Directory in Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Hengqin New Fujian Pingtan Comprehensive Experimental Area (C.S. [2014] No. 26) issued by the Ministry of Finance and State Taxation Administration, Qianhai Purcotton pays its enterprise income tax at the tax rate of 15.00%.

(4) According to the *Notice on Publicizing the List of First Batch of High-tech Enterprises to be Identified in Hubei Province in 2018* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on November 15, 2018, Jingmen Winner obtained the High-tech Enterprise Certificate (Certificate No. GR201842001123) on November 15, 2018. From 2018 to 2020, its corporate income tax can still be paid at the preferential rate of 15.00%.

(5) According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2018* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on November 30, 2018, Tianmen Winner obtained the High-tech Enterprise Certificate (Certificate No. GR201842001959) on November 30, 2018. From 2018 to 2020, its corporate income tax can still be paid at the preferential rate of 15.00%. According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2018* on November 30, 2018, Chongyang Winner and Jiayu Winner obtained the High-tech Enterprise Certificates (Certificate No. GR201842001585, GR201842002393) on November 30, 2018. From 2018 to 2020, its corporate income tax can still be paid at the preferential rate of 15.00%.

(6) Mifu Shanghai was established on March 16, 2018 and registered in Pudong New Area, Shanghai City. According to the *Notice on Implementing the Preferential Tax Reduction Policy for Small and Micro-sized Enterprises* (C.S. [2019] No. 13) issued by the Ministry of Finance and State Taxation Administration, the taxable income of Mifu Shanghai in 2020 shall not exceed RMB 1 million, which shall be reduced by 25% and included into the taxable income, and the corporate income tax shall be paid at the tax rate of 20%.

3. Other

NA

VII. Notes to Items in Consolidated Financial Statements

1 Cash and cash equivalents

Unit: yuan

Item	Closing Balance	Beginning balance
Cash on hand	49,287.18	74,459.31
Bank deposit	4,149,685,407.20	452,016,020.55
Other Cash and cash equivalents	12,804,551.40	28,748,285.77
Total	4,162,539,245.78	480,838,765.63

Where: total amount deposited abroad	95,608,086.45	8,199,596.63
Total amount of funds with restrictions on use due to mortgage, pledge or freeze	12,804,551.40	21,669,045.98

Other description

The details of the Company's monetary funds which are restricted by the use of mortgage, pledge or freeze, and which are held abroad and subject to restrictions on the repatriation of funds are as follows:

Item	Closing Balance	Closing balance of the previous year
Bank acceptance deposit*1		17,330,824.31
Letter of Credit deposit*2	6,958,192.79	145,673.48
Performance bond*3	2,369,198.81	727,733.82
Other restricted monetary fund balances*4	3,477,159.80	3,464,814.37
Total	12,804,551.40	21,669,045.98

*1The bank acceptance deposit is the deposit made by the Company and Shenzhen Purcotton for the issuance of bank acceptance bills.

*2Letter of Credit deposit is the deposit made by Winner Medical (Tianmen) and Winner Medical (Wuhan) for international and domestic Letters of Credit.

*3Performance bond is the deposit made by Winner Medical (Hong Kong) for transactions with customers.

*4 The balance of other restricted monetary funds refers to the balance of special deposit accounts for restricted non-budget units opened by Shenzhen Purcotton in accordance with the regulations of prepaid card issuance formulated by the Ministry of Commerce.

2. tradable financial assets

Unit: yuan

Item	Closing Balance	Beginning balance
Financial assets measured with fair value and with the changes included in current profit and loss	4,131,178,589.44	0.00
Including:		
Other	3,931,178,589.44	0.00
Trust products	200,000,000.00	
Including:		
Total	4,131,178,589.44	

Other description:

Other components of tradable financial assets include: the invested principal of structural deposit is RMB 3,920,000,000.00 and its fair value change income is RMB 10,375,900.71, and the fair value change income from future foreign exchange settlement is RMB 802,688.73.

3. Derivative financial assets

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

4. Notes receivable**(1) Classified presentation of notes receivable**

Unit: yuan

Item	Closing Balance	Beginning balance
Bank acceptance bill	0.00	0.00
Trade acceptance	0.00	0.00

Unit: yuan

Class	Closing Balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Including:										
Including:										

Provision for bad debt by single item:

Unit: yuan

Name	Closing Balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision

Provision for bad debt by combination:

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion

Description of the basis for determining the combination:

If the bad debt provision of notes receivable is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Beginning balance	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Other	

Where the amount of bad debt provision recovered or reversed is important:

Applicable Not applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: yuan

Item	Pledged amount at the end of the period

(4) Notes receivable endorsed or discounted by the Company at the end of the period and not expired yet on the balance sheet date

Unit: yuan

Item	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period

(5) Notes transferred to accounts receivable by the Company at the end of the period due to failure of the drawer to perform

Unit: yuan

Item	Amount transferred to accounts receivable at the end of the period

Other description

(6) Notes receivable actually written off at the current period

Unit: yuan

Item	Amount written off

Write-off of important notes receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from related transactions

Description of write-off notes receivable:

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Class	Closing Balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt	0.00	0.00%	0.00	0.00%	0.00					

by single item										
Including:										
Accounts receivable of provision for bad debt by combination	888,816,011.14	100.00%	44,498,303.02	5.01%	844,317,708.12	438,328,847.67	100.00%	21,983,171.54	5.02%	416,345,676.13
Including:										
Total	888,816,011.14	100.00%	44,498,303.02	5.01%	844,317,708.12	438,328,847.67	100.00%	21,983,171.54	5.02%	416,345,676.13

1) There is no accounts receivable of provision for bad debt by single item at the end of this reporting period. 2) Provision for bad debt by combination: aging analysis method

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year (including 1 year)	888,730,796.94	44,436,539.90	5.00%
1~2 years (including 2 years)	14,640.46	1,464.04	10.00%
2~3 years (including 3 years)	404.54	121.36	30.00%
3~4 years (including 4 years)	0.00	0.00	50.00%
4~5 years (including 5 years)	49,957.40	39,965.92	80.00%
More than 5 years	20,211.80	20,211.80	100.00%
Total	888,816,011.14	44,498,303.02	--

Description of the basis for determining the combination:

On December 31, 2020, the Company reviewed the appropriateness of the provision for bad debts of receivables in the previous year according to the historical bad debt loss, and believed that the default probability has a strong correlation with the aging of accounts, and the account age is still a sign of whether the credit risk of the company's receivables has significantly increased. Therefore, the Company's credit risk loss on December 31, 2020 is estimated based on the aging of accounts and estimated at the original loss ratio.

3) If the bad debt provision of accounts receivable is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	888,730,796.94
1~2 years	14,640.46
2~3 years	404.54
More than 3 years	70,169.20
3~4 years	0.00

4-5 years	49,957.40
More than 5 years	20,211.80
Total	888,816,011.14

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Beginning balance	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Other	
Provision for bad debt of accounts receivable	21,983,171.54	25,618,053.44	3,102,921.96			44,498,303.02
Total	21,983,171.54	25,618,053.44	3,102,921.96			44,498,303.02

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Recovery way

(3) Accounts receivable actually written off at the current period

Unit: yuan

Item	Amount written off

Write-off of important accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from related transactions

Description of write-off accounts receivable:

(4) Accounts receivable with top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of accounts receivable	Proportion in total other ending balance of accounts receivable	Ending balance of bad debt provision
First	115,020,642.43	12.94%	5,751,111.87
Second	76,914,029.76	8.65%	3,845,701.49
Third	64,377,731.84	7.24%	3,218,886.59

Fourth	62,170,558.45	6.99%	3,108,527.93
Fifth	39,301,127.15	4.42%	1,965,056.36
Total	357,784,089.63	40.24%	

(5) Accounts receivable derecognized due to transfer of financial assets

NA

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

NA

Other description:

NA

6. Receivables financing

Unit: yuan

Item	Closing Balance	Beginning balance
Notes receivable - banker's acceptance bill	18,182,662.70	8,456,356.50
Total	18,182,662.70	8,456,356.50

Changes in the increase and decrease of receivables financing and changes in the fair value in the current period

 Applicable Not applicable

If the impairment provision of receivables financing is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of impairment provision:

 Applicable Not applicable

Other description:

Notes receivable endorsed or discounted by the Company at the end of the period and not expired yet on the balance sheet date

Item	December 31, 2020		December 31, 2019	
	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period
Banker's acceptance bill	18,706,652.69	4,525,816.87	36,757,253.08	5,413,701.04
Total	18,706,652.69	4,525,816.87	36,757,253.08	5,413,701.04

The Company shall terminate recognition at the time of endorsement transfer or discount of the bank acceptance bill held by a bank with higher credit rating, and shall continue to recognize the notes receivable at the time of endorsement transfer or discount of the bank acceptance bill held by a bank with general credit rating, and terminate recognition at the time of payment upon maturity.

7. Advances to suppliers**(1) Presentation of advances to suppliers by aging**

Unit: yuan

Aging	Closing Balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	124,030,319.05	100.00%	96,630,514.58	99.87%
1~2 years	920.00		130,218.38	0.13%
Total	124,031,239.05	--	96,760,732.96	--

Reasons for non-timely settlement of important advances from customers with the aging more than 1 year:

There is no important advances aged for more than one year during this reporting period.

(2) Advances to suppliers with top 5 ending balances by prepayment object

Advance object	Closing Balance	Proportion in total ending balance of advances (%)
First	32,848,006.51	26.48
Second	31,943,782.68	25.75
Third	6,812,002.72	5.49
Fourth	6,042,920.40	4.87
Fifth	3,600,000.00	2.90
Total	81,246,712.31	65.49

Other description:

8. Other receivables

Unit: yuan

Item	Closing Balance	Beginning balance
Other receivables	458,174,652.72	595,894,600.20
Total	458,174,652.72	595,894,600.20

(1) Interest receivable**1) Classification of interest receivable**

Unit: yuan

Item	Closing Balance	Beginning balance
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2) Important overdue interest

Unit: yuan

Borrower	Closing Balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis
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Other description:

NA

3) Provision for bad debt Applicable Not applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: yuan

Project (or invested unit)	Closing Balance	Beginning balance
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2) Important dividends receivable with the aging more than 1 year

Unit: yuan

Project (or invested unit)	Closing Balance	Aging	Reason for non-recovery	Whether there is impairment and its judgment basis
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3) Provision for bad debt Applicable Not applicable

Other description:

NA

(3) Other receivables**1) Other receivables classified by nature**

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Compensation for investment and construction project of Heyuan Winner	387,655,320.00	522,655,320.00
Margin and deposit	98,537,244.23	87,293,594.09
Export drawback	7,809,612.57	6,611,507.46

Employee pretty cash	2,496,966.71	2,613,102.67
IPO intermediary fee		4,005,057.90
Other	6,013,308.92	3,942,526.66
Total	502,512,452.43	627,121,108.78

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2020	31,012,508.58		214,000.00	31,226,508.58
Balance on January 1, 2020 in the current period	—	—	—	—
- Carried over to Stage 3	-3,500.00		3,500.00	
Accrual in current period	21,310,118.73		311,867.86	21,621,986.59
Reversal in current period	-8,195,425.24			-8,195,425.24
Write off in current period			-315,270.22	-315,270.22
Balance on December 31, 2020	44,123,702.07		214,097.64	44,337,799.71

Changes in book balance with significant changes in the current period of provision for loss

 Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	46,756,536.69
1~2 years	410,806,976.37
2~3 years	39,047,249.05
More than 3 years	5,901,690.32
3~4 years	3,678,024.40
4~5 years	844,595.09
More than 5 years	1,379,070.83
Total	502,512,452.43

3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Beginning balance	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Other	
Provision for bad debts of other receivables	31,226,508.58	21,621,986.59	8,195,425.24	315,270.22		44,337,799.71
Total	31,226,508.58	21,621,986.59	8,195,425.24	315,270.22		44,337,799.71

NA

Where the amount of bad debt provision reversed or recovered is important:

Unit: yuan

Unit name	Amount reversed or recovered	Recovery way

NA

4) Other receivables actually written off at the current period

Unit: yuan

Item	Amount written off
Other receivables actually written off	315,270.22

Write-off of important other receivables:

Unit: yuan

Unit name	Nature of other receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from related transactions

Description of write-off of other receivables

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Closing Balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
First	Receivables related to Heyuan project	387,655,320.00	1~2 years	77.14%	38,765,532.00
Second	Security deposit	5,088,270.42	Within 1 year	1.01%	254,413.52
Third	Deposit	1,633,486.45	Within 1 year: RMB	0.33%	81,674.32

			211,486.45 1-2 years: RMB 1,422,000.00		
Fourth	Deposit	1,420,550.00	Within 1 year: RMB 68,030.00 1-2 years: RMB 53,040.00; 2-3 years: RMB 1,299,480.00	0.28%	71,027.50
Fifth	Deposit	1,060,622.00	Within 1 year: RMB 8,000.00; 1-2 years: RMB 1,052,622.00	0.21%	53,031.10
Total	--	396,858,248.87	--	78.97%	39,225,678.44

6) Accounts receivable involving government subsidies

Unit: yuan

Unit name	Name of government subsidy project	Closing Balance	Ending aging	Estimated collection time, amount and basis

7) Other receivables derecognized due to transfer of financial assets

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

Other description:

9. Inventory

Does the Company need to follow the disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value
Raw materials	376,925,094.86	8,304,812.08	368,620,282.78	171,872,652.39	4,027,026.07	167,845,626.32

Work in process	131,194,111.13	4,032,195.26	127,161,915.87	78,313,267.23	1,326,649.69	76,986,617.54
Merchandise inventory	772,693,263.07	136,714,538.94	635,978,724.13	733,865,398.37	18,413,979.35	715,451,419.02
Semi-finished products shipped in transit	76,790,690.31		76,790,690.31	19,513,436.58		19,513,436.58
Low priced and easily worn articles	8,170,543.67	235,216.55	7,935,327.12	12,614,074.40		12,614,074.40
Total	1,365,773,703.04	149,286,762.83	1,216,486,940.21	1,016,178,828.97	23,767,655.11	992,411,173.86

(2) Inventory falling price reserves and provision for impairment of contract performance costs

Unit: yuan

Item	Beginning balance	Amount increased in current period		Amount decreased in current period		Closing Balance
		Accrual	Other	Reversal	Write-off	
Raw materials	4,027,026.07	29,058,626.71		15,570,225.07	9,210,615.63	8,304,812.08
Work in process	1,326,649.69	5,051,820.23		217,047.57	2,129,227.09	4,032,195.26
Merchandise inventory	18,413,979.35	123,792,910.94		786,018.50	4,706,332.85	136,714,538.94
Low priced and easily worn articles		235,216.55				235,216.55
Total	23,767,655.11	158,138,574.43		16,573,291.14	16,046,175.57	149,286,762.83

(3) Description of ending balance of inventory containing the capitalized amount of borrowing costs

NA

(4) Description of current amortization amount of contract performance cost

NA

10. Contract assets

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Amount and reason of significant change in the book value of contract assets in current period:

Unit: yuan

Item	Amount of change	Reason for change
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If the bad debt provision of contract assets is accrued according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Provision for impairment of contract assets in current period

Unit: yuan

Item	Accrual in current period	Reversal in current period	Write off/verification in current period	Reasons
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Other description:

11. Assets held for sales

Unit: yuan

Item	Ending book balance	Provision for impairment	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time
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Other description:

12. Non-current assets due within a year

Unit: yuan

Item	Closing Balance	Beginning balance
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Important debt investments/other debt investments

Unit: yuan

Debt item	Closing Balance				Beginning balance			
	Book value	Coupon rate	Actual rate	Maturity date	Book value	Coupon rate	Actual rate	Maturity date

Other description:

13. Other current assets

Unit: yuan

Item	Closing Balance	Beginning balance
Return cost receivable	1,449,440.77	593,982.97
VAT input tax to be deducted / uncertified input tax	31,138,563.62	51,968,081.39
Prepaid corporate income tax		3,377,953.50
Unamortized expenses	2,595,244.40	28,535,148.54
Other	978.30	
Total	35,184,227.09	84,475,166.40

Other description:

14. Debt investment

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Important debt investments

Unit: yuan

Debt item	Closing Balance				Beginning balance			
	Book value	Coupon rate	Actual rate	Maturity date	Book value	Coupon rate	Actual rate	Maturity date

Provision for impairment

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2020 in the current period	—	—	—	—

Changes in book balance with significant changes in the current period of provision for loss

 Applicable Not applicable

Other description:

15. Other debt investments

Unit: yuan

Item	Beginning balance	Accrued interest	Fair value change in current period	Closing Balance	Cost	Accumulated fair value change	Accumulated provision for loss recognized in other comprehensive income	Remark
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Important other debt investments

Unit: yuan

Other debt item	Closing Balance				Beginning balance			
	Book value	Coupon rate	Actual rate	Maturity date	Book value	Coupon rate	Actual rate	Maturity date

Provision for impairment

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
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				recognized by the equity method	sive income		dividends or profits				of period
I. Cooperative enterprise											
II. Joint venture											
Chengdu Winner	8,858,476. 15			4,565,754. 26						13,424,230 .41	
Subtotal	8,858,476. 15			4,565,754. 26						13,424,230 .41	
Total	8,858,476. 15			4,565,754. 26						13,424,230 .41	

Other description

18. Other equity instrument investments

Unit: yuan

Item	Closing Balance	Beginning balance
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Itemized disclosure of the current non-trading equity instrument investment

Unit: yuan

Project name	Recognized dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred into retained income	Reasons for designating to be measured at fair value and its changes are recorded into other comprehensive income	Reasons for other comprehensive income transferring into retained income
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Other description:

19. Other non-current financial assets

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

20. Investment real estates

(1) Investment real estates using cost measurement mode

Applicable Not applicable

(2) Investment real estates using fair value measurement mode

□ Applicable √ Not applicable

(3) Investment real estates without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
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Other description

NA

21. Fixed assets

Unit: yuan

Item	Closing Balance	Beginning balance
Fixed assets	1,400,749,050.00	1,274,733,960.96
Total	1,400,749,050.00	1,274,733,960.96

(1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery equipment	Transportation equipment	Electronic equipment and office equipment, etc.	Total
I. Original book value					
1. Beginning balance	917,096,198.69	776,813,050.70	17,208,612.86	86,514,127.38	1,797,631,989.63
2. A mount increased in current period	30,364,268.99	341,241,793.70	4,437,212.65	23,719,986.08	399,763,261.42
(1) Purchase	20,623,249.22	114,043,284.68	4,437,212.65	22,301,739.99	161,405,486.54
(2) Transfer from construction in progress	9,741,019.77	227,198,509.02		1,418,246.09	238,357,774.88
(3) Increase by business combination					
3. A mount decreased in current period	21,073,912.61	53,773,373.40	1,205,506.77	17,277,910.59	93,330,703.37
(1) Disposal or scrap	21,073,912.61	53,773,373.40	1,205,506.77	17,277,910.59	93,330,703.37

4. Ending balance	926,386,555.07	1,064,281,471.00	20,440,318.74	92,956,202.87	2,104,064,547.68
II. Accumulated depreciation					
1. Beginning balance	171,108,500.88	278,713,982.31	10,343,300.97	48,314,743.54	508,480,527.70
2. Amount increased in current period	37,322,273.03	97,466,703.29	1,504,247.81	11,342,756.68	147,635,980.81
(1) Withdraw	37,322,273.03	97,466,703.29	1,504,247.81	11,342,756.68	147,635,980.81
3. Amount decreased in current period	11,764,354.14	32,227,742.77	1,061,770.41	14,293,159.96	59,347,027.28
(1) Disposal or scrap	11,764,354.14	32,227,742.77	1,061,770.41	14,293,159.96	59,347,027.28
4. Ending balance	196,666,419.77	343,952,942.83	10,785,778.37	45,364,340.26	596,769,481.23
III. Provision for impairment					
1. Beginning balance	6,487,993.77	7,927,935.85		1,571.35	14,417,500.97
2. Amount increased in current period	43,171,294.29	53,617,371.05	0.00	372,393.05	97,161,058.39
(1) Withdraw	43,171,294.29	53,617,371.05		372,393.05	97,161,058.39
3. Amount decreased in current period	1,761,998.25	3,268,973.31	0.00	1,571.35	5,032,542.91
(1) Disposal or scrap	1,761,998.25	3,268,973.31		1,571.35	5,032,542.91
4. Ending balance	47,897,289.81	58,276,333.59	0.00	372,393.05	106,546,016.45
IV. Book value					
1. Ending book value	681,822,845.49	662,052,194.58	9,654,540.37	47,219,469.56	1,400,749,050.00
2. Beginning book value	739,499,704.04	490,171,132.54	6,865,311.89	38,197,812.49	1,274,733,960.96

(2) Fixed assets that are temporarily idle

Unit: yuan

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
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Machinery equipment	5,006,776.81	3,432,027.59	92,215.73	1,482,533.49	
Total	5,006,776.81	3,432,027.59	92,215.73	1,482,533.49	

(3) Fixed assets under financing lease

Unit: yuan

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
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(4) Fixed assets leased out by operating lease

Unit: yuan

Item	Ending book value
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(5) Fixed assets without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
Tianmen Winner Medical Building	17,758,434.17	The formalities have not yet been completed
Main plant of Phase II of Tianmen Winner	15,540,441.37	The formalities have not yet been completed
Tianmen Winner grey cloth warehouse	1,081,081.08	The formalities have not yet been completed
Other	1,262,082.30	The formalities have not yet been completed

Other description

(6) Liquidation of fixed assets

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description

22. Construction in progress

Unit: yuan

Item	Closing Balance	Beginning balance
Construction in progress	61,383,340.97	187,808,853.01
Total	61,383,340.97	187,808,853.01

(1) Construction in progress

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Tianmen infrastructure project	3,103,139.22		3,103,139.22			
Chongyang Winner engineering project	3,920,741.93		3,920,741.93	3,135,504.37		3,135,504.37
Jiayu Winner engineering project	206,839.83		206,839.83	480,809.19		480,809.19
Yichang infrastructure project	829,816.92		829,816.92			
Jingmen infrastructure project	11,748,247.37		11,748,247.37			
Wuhan Winner engineering project	25,508,709.25		25,508,709.25	9,632,902.40		9,632,902.40
Other equipment to be installed and sporadic projects	17,526,254.29	1,460,407.84	16,065,846.45	174,559,637.05		174,559,637.05
Total	62,843,748.81	1,460,407.84	61,383,340.97	187,808,853.01		187,808,853.01

(2) Current changes in major projects under construction

Unit: yuan

Project name	Budget number	Beginning balance	Amount increased in current period	Amount carried forward to fixed assets in current period	Other decreases in current period	Closing Balance	Proportion of total project input to the budget	Progress of works	Accumulated amount of interest capitalization	Including: interest capitalization funds in the current period	Interest capitalization rate in the current period	Source of funds
Jingmen Winner office dormitory building	21,000,000.00		11,654,612.45			11,654,612.45	55.50%	70.00%				Other
Wuhan Winner	110,000,000.00	105,648,953.29	287,538.76	105,936,492.05			96.31%	100.00%	1,277,916.07	187,313.32	5.49%	Other

Trützschle r spunlace import equipment installatio n project												
Wuhan Winner phase II infrastruct ure comprehe nsive project	14,069,72 4.78		14,069,72 4.78	14,069,72 4.78			100.00%	100.00%				Other
Wuhan Winner imported spunlace equipment supportin g project	15,700,00 0.00	15,651,88 8.57	650,801.7 7	16,302,69 0.34			103.84%	100.00%	1,318,701. 25	323,656.6 0	5.39%	Other
Total	160,769,7 24.78	121,300.8 41.86	26,662,67 7.76	136,308,9 07.17		11,654,61 2.45	--	--	2,596,617. 32	510,969.9 2		--

(3) Provision for impairment of construction in progress in current year

Unit: yuan

Item	Current accrued amount	Reason for accrual
Equipment to be installed	1,460,407.84	Project on hold
Total	1,460,407.84	--

Other description

(4) Engineering materials

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Other description:						

23. Productive biological assets**(1) Productive biological assets using cost measurement mode**

Applicable Not applicable

(2) Productive biological assets using fair value measurement mode

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. Right-of-use assets

Unit: yuan

Item		Total
Other description:		

26. Intangible assets**(1) Intangible assets**

Unit: yuan

Item	Land use right	Patent right	Nonpatented technology	Trademark right	Software use right	Franchised use right	Total
I. Original book value							
1. Beginning balance	129,778,826.14	1,589,657.86		1,728,043.82	44,987,755.55	10,228,226.53	188,312,509.90
2. Amount increased in current period	85,719,681.92				2,058,034.41		87,777,716.33
(1) Purchase	85,719,681.92				2,058,034.41		87,777,716.33
(2) Internal R&D							
(3) Increase by business							

combination							
3. Amount decreased in current period		16,020.00		17,452.83	2,269,121.08		2,302,593.91
(1) Disposal		16,020.00		17,452.83	2,269,121.08		2,302,593.91
4. Ending balance	215,498,508.06	1,573,637.86		1,710,590.99	44,776,668.88	10,228,226.53	273,787,632.32
II. Accumulated amortization							
1. Beginning balance	20,304,966.94	1,021,087.65		1,635,425.41	26,590,991.80	7,102,935.09	56,655,406.89
2. Amount increased in current period	2,923,499.57	121,736.63		43,485.08	4,774,984.89	3,125,291.44	10,988,997.61
(1) Withdraw	2,923,499.57	121,736.63		43,485.08	4,774,984.89	3,125,291.44	10,988,997.61
3. Amount decreased in current period		16,020.00		17,452.83	2,148,403.14		2,181,875.97
(1) Disposal		16,020.00		17,452.83	2,148,403.14		2,181,875.97
4. Ending balance	23,228,466.51	1,126,804.28		1,661,457.66	29,217,573.55	10,228,226.53	65,462,528.53
III. Provision for impairment							
1. Beginning balance							
2. Amount increased in current period							
(1) Withdraw							

3. Amount decreased in current period							
(1) Disposal							
4. Ending balance							
IV. Book value							
1. Ending book value	192,270,041.55	446,833.58		49,133.33	15,559,095.33		208,325,103.79
2. Beginning book value	109,473,859.20	568,570.21		92,618.41	18,396,763.75	3,125,291.44	131,657,103.01

The proportion of intangible assets formed through internal R & D of the Company in the balance of intangible assets at the end of current period:
0.00%

(2) Land use right without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
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Other description:

27. Development expenditure

Unit: yuan

Item	Beginning balance	Amount increased in current period			Amount decreased in current period			Closing Balance
		Internal development expenditure	Other		Recognized as intangible assets	Transfer to current profit and loss		
Total								

Other description

28. Goodwill

(1) Original book value of goodwill

Unit: yuan

invested entity	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
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name or goodwill forming matter		Formed by business combination		Disposal		
Business combination not under common control - Acquisition of Malaysia Winner	2,681,232.09					2,681,232.09
Total	2,681,232.09					2,681,232.09

(2) Provision for impairment of goodwill

Unit: yuan

invested entity name or goodwill forming matter	Beginning balance	Increase in current period		Decrease in current period		Closing Balance
		Accrual		Disposal		
Business combination not under common control - Acquisition of Malaysia Winner	2,681,232.09					2,681,232.09
Total	2,681,232.09					2,681,232.09

Information relating to the asset group or asset group combination of goodwill

Explain the goodwill impairment test process, key parameters (such as forecast period growth rate at the present value of expected future cash flow, steady period growth rate, profit margin, discount rate, forecast period, etc.) and recognition method of goodwill impairment loss:

Impact of goodwill impairment tests

Other description

29. Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Closing Balance
Decoration cost	12,488,705.10	11,851,752.98	7,755,131.06		16,585,327.02
Decoration expenses for operating leased fixed assets	148,369,647.77	43,128,732.04	86,748,699.50		104,749,680.31
Right to use of cloud server and cloud database	4,615,790.05		4,615,790.05		

Total	165,474,142.92	54,980,485.02	99,119,620.61		121,335,007.33
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Other description

30. Deferred income tax assets and deferred income tax liabilities**(1) Unoffset deferred income tax assets**

Unit: yuan

Item	Closing Balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	342,367,005.23	65,132,073.97	91,394,664.34	16,548,521.25
Unrealized profit of internal transaction	218,425,773.62	33,265,658.66	80,813,782.47	12,442,122.80
Deductible loss	91,373,086.80	20,778,878.65	131,089,600.55	32,532,211.09
Dismission welfare	2,318,903.48	347,835.52	2,345,403.48	351,810.52
Deferred income	94,921,260.87	15,374,283.41	46,117,344.20	6,949,826.64
Member points	16,282,017.02	4,070,504.26		
Expected return	1,316,336.08	329,084.02	591,513.81	147,878.45
Advertising expenses in excess of the tax deductible limit	256,467.28	64,116.82	1,537,308.62	384,327.16
Equity incentive fee	25,132,771.81	3,769,915.77		
Total	792,393,622.19	143,132,351.08	353,889,617.47	69,356,697.91

(2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Closing Balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of tradable financial assets	11,178,589.44	1,754,263.42		
Depreciation of fixed assets	59,458,724.22	10,411,344.82		
Total	70,637,313.66	12,165,608.24		

(3) Deferred income tax assets or liabilities presented as net amount after offset

Unit: yuan

Item	Ending offset amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities after offset	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets		143,132,351.08		69,356,697.91
Deferred income tax liabilities		12,165,608.24		

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Closing Balance	Beginning balance
Deductible loss	100,460,644.28	7,050,463.87
Provision for impairment of assets and amortization of depreciation	5,508,170.07	171.86
Total	105,968,814.35	7,050,635.73

(5) Deductible losses on unrecognized deferred income tax assets will expire in the following year

Unit: yuan

Year	Closing balance	Beginning amount	Remark
2022	305,751.35		
2023	23,804,062.08		
2024	31,489,882.74		
2025	38,128,355.56		
No maturity date	6,732,592.55	7,050,463.87	
Total	100,460,644.28	7,050,463.87	--

Other description:

31. Other non-current assets

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance project payment / equipment purchase payment / advance store engineering and	63,807,415.75		63,807,415.75	18,996,656.91		18,996,656.91

decoration payment					
Total	63,807,415.75		63,807,415.75	18,996,656.91	18,996,656.91

Other description:

32. Short-term borrowing

(1) Classification of short-term borrowing

Unit: yuan

Item	Closing Balance	Beginning balance
Guaranteed borrowing	150,000,000.00	120,000,000.00
Borrowing interest	71,416.66	
Total	150,071,416.66	120,000,000.00

Description of classification of short-term borrowing

Description of classification of short-term borrowing

Year 2020

- On February 5, 2020, Shenzhen Winner signed a loan agreement (0400000014-2019 Longhua (B.) Zi No.0029; 0400000014-2019 Longhua (B.) Zi No.0030) with Longhua Sub-branch of Industrial and Commercial Bank of China; the loan amount is RMB 50 million; the loan term is from February 5, 2020 to February 5, 2021; the loan interest rate is 2.5%; Qianhai Purcotton, Shenzhen Purcotton and Li Jianquan provide guarantee for such loan, and have signed the maximum amount guarantee contract (0400000014-2019 Longhua (B.) Zi No.0029; 0400000014-2019 Longhua (B.) Zi No.0030; 0400000014-2019 Longhua (B.) No.0031). As of December 31, 2020, the loan has not been repaid.
- On February 17, 2020, Shenzhen Winner signed a loan agreement (2020 Z.Z.Y.H.B.Zi No.0027) with Longhua Sub-branch of Bank of China; the relevant credit extension agreement number is 2020 Z.Z.Y.H.E.X.Zi No.0027; the loan amount is RMB 20 million; the loan term is from February 17, 2020 to February 17, 2021; the loan interest rate is 1.8%; Li Jianquan provides guarantee for such loan, and has signed the maximum amount guarantee contract (2020 Z.Z.Y.H.B.Zi No.0027). As of December 31, 2020, the loan has not been repaid.
- On February 14, 2020, Shenzhen Winner signed a loan agreement (No.4430202001100002554) with China Development Bank; the loan amount is RMB 50 million; the loan term is from February 14, 2020 to February 14, 2021; the loan interest rate is 2%; Shenzhen Purcotton provides guarantee for such loan, and has signed the maximum amount guarantee contract. As of December 31, 2020, the loan has not been repaid.
- On February 13, 2020, Chongyang Winner signed a loan agreement (0181800301-2020 (Chongyang) No.00015) with Chongyang County Sub-branch of Industrial and Commercial Bank of China; the loan amount is RMB 30 million.; the loan term is from February 13, 2020 to February 12, 2021; the loan interest rate is 2.5% without relevant mortgage guarantee. As of December 31, 2020, the loan has not been repaid.

(2) Short-term borrowing unpaid overdue

The total amount of overdue short-term borrowings at the end of the period is RMB 0.00, of which the important overdue short-term borrowings are as follows:

Unit: yuan

Borrower	Closing Balance	Borrowing interest rate	Overdue time	Overdue interest rate
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Other description:

33. Tradable financial liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Including:		
Including:		

Other description:

34. Derivative financial liabilities

Unit: yuan

Item	Closing Balance	Beginning balance

Other description:

35. Notes payable

Unit: yuan

Type	Closing Balance	Beginning balance
Banker's acceptance bill	29,418,100.00	173,023,352.30
Total	29,418,100.00	173,023,352.30

The total amount of notes payable due and have not been paid at the end of current period is RMB 0.00.

36. Accounts payable**(1) Presentation of accounts payable**

Unit: yuan

Item	Closing Balance	Beginning balance
Within 1 year (including 1 year)	711,659,249.43	550,429,812.75
1~2 years (including 2 years)	10,837,529.41	7,723,263.63
2~3 years (including 3 years)	977,275.13	3,730,982.69
More than 3 years	3,103,252.97	890,351.44
Total	726,577,306.94	562,774,410.51

(2) Important accounts payable with the aging more than 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover

Other description:

As of December 31, 2020, there is no important accounts payable with the aging more than 1 year.

37. Advances from customers

(1) Presentation of advance from customers

Unit: yuan

Item	Closing Balance	Beginning balance
Total		0.00

(2) Important advances from customers with the aging more than 1 year:

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover

38. Contract liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Customer consideration received	513,906,240.61	28,793,864.47
Member points	16,282,017.02	3,519,771.81
Total	530,188,257.63	32,313,636.28

Amount and reasons for significant changes in book value during the reporting period

Unit: yuan

Item	Amount of change	Reason for change

39. Payroll payable

(1) Presentation of payroll payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
I. Short-term compensation	93,788,283.02	1,049,200,730.50	983,532,376.65	159,456,636.87
II. Welfare after dismissal - defined contribution plan	3,659,661.30	31,882,666.98	27,360,790.82	8,181,537.46
III. Dismissal welfare	2,345,403.48	227,873.47	254,373.47	2,318,903.48
Total	99,793,347.80	1,081,311,270.95	1,011,147,540.94	169,957,077.81

(2) Presentation of short-term compensation

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
1. Wages, bonuses, allowances and subsidies	93,186,809.17	965,302,750.48	899,716,342.26	158,773,217.39
2. Employee welfare expenses	-51,100.00	33,944,892.51	33,757,371.51	136,421.00
3. Social insurance premium	473,047.86	29,455,081.24	29,535,483.42	392,645.68
Including: medical insurance premium	423,985.52	26,844,444.04	27,035,622.17	232,807.39
Industrial injury insurance premium	21,412.08	612,223.46	527,077.25	106,558.29
Birth insurance premium	27,650.26	1,998,413.74	1,972,784.00	53,280.00
4. Housing fund	178,994.00	16,837,826.89	17,010,028.89	6,792.00
5. Labor union expenditure and personnel education fund	531.99	3,660,179.38	3,513,150.57	147,560.80
Total	93,788,283.02	1,049,200,730.50	983,532,376.65	159,456,636.87

(3) Presentation of defined contribution plans

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
1. Basic endowment insurance	3,605,444.25	30,948,413.66	26,489,490.00	8,064,367.91
2. Unemployment insurance premium	54,217.05	934,253.32	871,300.82	117,169.55
Total	3,659,661.30	31,882,666.98	27,360,790.82	8,181,537.46

Other description:

40. Tax payable

Unit: yuan

Item	Closing Balance	Beginning balance
Added value tax	18,181,804.05	5,604,947.55
Corporate income tax	415,529,360.40	36,920,287.61
Individual income tax	2,036,312.66	1,215,585.66

Urban maintenance and construction tax	2,884,475.60	786,892.99
Housing property tax	2,317,520.34	1,088,618.25
Education surcharge and local education surcharge	2,193,371.26	611,980.60
Land use tax	721,674.83	602,272.26
Environmental protection tax	27,808.56	54,770.07
Stamp duty	489,041.79	249,632.41
Total	444,381,369.49	47,134,987.40

Other description:

41. Other payables

Unit: yuan

Item	Closing Balance	Beginning balance
Interest payable		289,799.65
Other payables	352,543,008.89	142,318,132.83
Total	352,543,008.89	142,607,932.48

(1) Interest payable

Unit: yuan

Item	Closing Balance	Beginning balance
Interest of long-term borrowing which interest is paid by instalments and principal is repaid when due		210,049.65
Interest payable of short-term borrowing		79,750.00
Total		289,799.65

Important overdue and unpaid interest:

Unit: yuan

Borrower	Overdue amount	Overdue reason

Other description:

(2) Dividends payable

Unit: yuan

Item	Closing Balance	Beginning balance

Other explanations, including important dividends payable that have not been paid for more than 1 year, shall disclose the reasons for non-payment:

(3) Other payables**1) Other payables listed by nature**

Unit: yuan

Item	Closing Balance	Beginning balance
Freight and other accrued expenses	94,068,852.36	69,749,288.04
Provision of commission	68,139,060.51	11,631,145.72
Margin and deposit	154,311,464.02	51,229,552.21
Intercourse	14,357,347.93	
Other	21,666,284.07	9,708,146.86
Total	352,543,008.89	142,318,132.83

2) Important other payable with the aging more than 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
Shenzhen Galaxy Real Estate Development Co., Ltd.	50,000,000.00	Margin for industrial park renewal project
Total	50,000,000.00	--

Other description

42. Liabilities held for sales

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

43. Non-current liabilities due within 1 year

Unit: yuan

Item	Closing Balance	Beginning balance
Long-term borrowing due within one year		5,000,000.00
Total		5,000,000.00

Other description:

44. Other current liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Refund payable	2,765,776.85	1,185,496.78
Output tax to be transferred	20,872,489.62	4,359,105.39
Total	23,638,266.47	5,544,602.17

Increase/decrease of short-term bonds payable:

Unit: yuan

Name of bond	Book value	Issue date	Maturity of bond	Issue amount	Beginning balance	Current issue	Accrued interest at book value	Amortization of premium and discount	Current repayment	Closing Balance
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Other description:

45. Long-term borrowing

(1) Classification of long-term borrowing

Unit: yuan

Item	Closing Balance	Beginning balance
Guarantee + mortgage + pledge borrowing		134,210,746.07
Total		134,210,746.07

Description of classification of long-term borrowing:

On December 29, 2018, Hubei Winner signed a fixed assets loan contract with Wuhan Huaqiao Sub-branch of Bank of China Limited (No.2018 X.Q.D.Zi No.WJ-001), the contract amount of which is RMB 300.00 million, and it withdrew RMB 52,046,101.78 on February 1, 2019, due on January 31, 2025 with the interest rate of 5.488%; withdrew RMB 17,786,437.00 on March 26, 2019, due on January 31, 2025, with the interest rate of 5.39%; withdrew RMB 10,817,000.00 on May 13, 2019, due on January 31, 2025, with the interest rate of 5.39%; withdrew RMB 39,127,344.96 on May 31, 2019, due on January 31, 2025, with the interest rate of 5.39%. It withdrew RMB 4,433,862.33 on July 15, 2019, due on January 31, 2025, with the interest rate of 5.39%. It withdrew RMB 10,000,000.00 on July 15, 2019, due on August 8, 2025, with the interest rate of 5.39%. The Company provides guarantee for such loan, and signed the guarantee contract (2018 X.Q.B.Zi No.WJ-001). Hubei Winner mortgaged the land use right and the construction in progress, and signed a mortgage contract (2018 X.Q.D.Zi No.WJ-001). Hubei Winner pledged the export tax rebate special account 561275585349, and signed the pledge contract (2018 X.Q.Z.Zi No.WJ-001). Hubei Winner pledged the revenue supervision account 578175227994, and signed the pledge contract (2018 X.Q.Z.Zi No.WJ-002). As of December 31, 2020, the loan has been repaid.

Other descriptions, including interest rate range:

46. Bonds payable

(1) Bonds payable

Unit: yuan

Item	Closing Balance	Beginning balance
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(2) Increase and decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: yuan

Name of bond	Book value	Issue date	Maturity of bond	Issue amount	Beginning balance	Current issue	Accrued interest at book value	Amortization of premium and discount	Current repayment		Closing Balance
Total	--	--	--								

(3) Description of conditions and time of conversion of convertible corporate bonds**(4) Description of other financial instruments classified as financial liabilities**

Basic information of the outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

Table of changes in outstanding financial instruments, such as preferred shares, perpetual bonds at the end of the period

Unit: yuan

Outstanding financial instruments	The beginning of the period		Increase in current period		Decrease in current period		The end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Description of the basis for the classification of other financial instruments into financial liabilities

Other description

47. Lease liabilities

Unit: yuan

Item	Closing Balance	Beginning balance

Other description

48. Long-term payable

Unit: yuan

Item	Closing Balance	Beginning balance

(1) Long-term payables listed by nature

Unit: yuan

Item	Closing Balance	Beginning balance

Other description:

(2) Special accounts payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance	Causes

Other description:

49. Long-term payroll payable**(1) Table of long-term payroll payable**

Unit: yuan

Item	Closing Balance	Beginning balance

(2) Changes in defined benefit plan

Present value of defined benefit plan obligations:

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

Planned assets:

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

Net liabilities (net assets) of defined benefit plan

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

Description of the content of defined benefit plan and its related risks, impact on the Company's future cash flow, time and uncertainty:

Description of significant actuarial assumptions and sensitivity analysis results of defined benefit plan:

Other description:

50. Estimated liabilities

Unit: yuan

Item	Closing Balance	Beginning balance	Causes
Total		0.00	--

Other descriptions, including relevant important assumptions and estimation descriptions of important estimated liabilities:

51. Deferred income

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance	Causes

		period	period		
Government subsidies	46,117,344.20	55,555,000.00	6,751,083.33	94,921,260.87	Government subsidies related to assets
Total	46,117,344.20	55,555,000.00	6,751,083.33	94,921,260.87	--

Projects involving government subsidies:

Unit: yuan

Liability item	Beginning balance	Amount of additional subsidy in current period	Amount included in current non-operating income	Amount included in other income in current period	Amount offsetting the cost in the current period	Other changes	Closing Balance	Asset/income related
Subsidy of 2012 Provincial high-tech industry development special project - Huanggang Winner	335,418.67			58,333.00			277,085.67	Asset related
Subsidy of 2014 Hubei provincial science and technology support plan project (the second batch) - Huanggang Winner	862,500.00			150,000.00			712,500.00	Asset related
Subsidy for Huanggang Chibi Avenue demolition company planning change - Huanggang Winner	2,588,310.00			105,645.31			2,482,664.69	Asset related
Technology Center R & D project	1,858,201.48			803,030.75			1,055,170.73	General subsidy

subsidy - Shenzhen Winner								
new medical bandage factory land acquisition land use right grant fee remission of Winner company in Pailou Town, Jingmen - Jingmen Winner	650,290.00			20,320.00			629,970.00	Asset related
Subsidy funds for municipal government project infrastructure construction - Chongyang Winner	9,683,962.50			413,550.00			9,270,412.50	Asset related
Park project construction in Yuyue Town - Jiayu Winner	9,221,333.34			329,333.33			8,892,000.01	Asset related
2015 Huanggang provincial budget investment plan, Huanggang Winner's cotton spunlaced nonwoven (Line 8) extension project subsidy -	345,000.00			60,000.00			285,000.00	Asset related

Huanggang Winner								
2014 Huanggang urban industrial development special fund subsidy - Huanggang Winner	143,750.00			25,000.00			118,750.00	Asset related
2014 Hubei provincial budget industrial fixed assets investment plan, 10 billion gauze pad expansion project subsidy - Tianmen Winner	46,153.78			11,538.48			34,615.30	Asset related
Sewage treatment project award - Jiayu Winner	1,395,000.00			77,500.00			1,317,500.00	Asset related
2015 Tian men industrial enterprise key technical transformation and expansion project subsidy - Tianmen Winner	312,485.00			50,004.00			262,481.00	Asset related
2015 urban industrial development special fund	250,000.00			40,000.00			210,000.00	Asset related

Automatic transformation of surgical consumables production line - Shenzhen Winner	1,395,000.00			186,000.00			1,209,000.00	Asset related
2016 Tianmen industrial key technical transformation and expansion project reward - Tianmen Winner	362,489.00			50,004.00			312,485.00	Asset related
2017 increase production and expansion equipment subsidy for Tianmen processing & trade - Tianmen Winner	115,000.00			15,000.00			100,000.00	Asset related
Yichang gas boiler subsidy - Yichang Winner	116,000.05			15,999.96			100,000.09	Asset related
Second batch of traditional industry transformation subsidy in 2017 - Huanggang Winner	1,516,513.82			209,174.28			1,307,339.54	Asset related
2017 cotton spunlaced non-woven fabric project with the	554,717.06			79,245.27			475,471.79	Asset related

production of 15,000 tons - Tianmen Winner								
Key technical transformation and expansion projects	810,811.00			108,108.00			702,703.00	Asset related
Production line project with an annual output of 120 million bales of cotton fabric in 2017 - Tianmen Winner	813,749.97			107,307.69			706,442.28	Asset related
Second batch of special funds for the transformation and upgrading of traditional industries - Yichang Winner	206,250.04			24,999.96			181,250.08	Asset related
Technical innovation subsidy for the Purcotton Phase II Expansion Project - Jingmen Winner	4,658,253.05			166,366.20			4,491,886.85	Asset related
Key technical transformation and expansion projects	941,666.67			99,999.96			841,666.71	Asset related
20180311 Subsidies for research,	1,200,000.00			165,587.63			1,034,412.37	Asset related

science and innovation on the technology of thermo-responsive self-curing wound regeneration and repair materials - Shenzhen Winner								
2018 provincial traditional industry transformation and upgrading special funds for the second batch of liquidation block fund subsidies - Jiayu Winner	1,444,761.90			52,857.14			1,391,904.76	Asset related
Subsidies for first batch of technological transformation award of industrial enterprises in 2018 - Chongyang Winner	902,689.31			106,157.11			796,532.20	Asset related
Provincial traditional industry transformation and upgrading special funds for the first	1,297,241.38			136,551.72			1,160,689.66	Asset related

batch of block funds allocation plan in Tianmen City in 2019 - Tianmen Winner								
2018 urban technical transformation fund of Huanggang City - Huanggang Winner	472,222.22			55,555.52			416,666.70	Asset related
First batch of traditional subsidies in 2019 - Huanggang Winner	1,210,000.00			121,000.00			1,089,000.00	Asset related
2019 district technical improvement subsidy - Jingmen Winner	407,573.96			29,112.36			378,461.60	Asset related
2020 technical transformation project of Shenzhen COVID-19 epidemic prevention and control key material production enterprises - Shenzhen Winner (1*)		20,000,000.00		500,000.00			19,500,000.00	Asset related
Municipal Economic and Information		1,440,000.00		250,434.78			1,189,565.22	Asset related

Bureau on the issuance of emergency material support system construction technical transformation special subsidy - Huanggang Winner								
Central government's budget special fund for municipal financial mask extension energy - Huanggang Winner		320,000.00		37,647.06			282,352.94	Asset related
Production subsidy for COVID-19 epidemic prevention materials in 2020 - Huanggang Winner (2*)		11,400,000.00		1,140,000.00			10,260,000.00	Asset related
2019 district technical improvement subsidy - Jingmen Winner		410,000.00		22,363.65			387,636.35	Asset related
2019 special fund project of the transformation and upgrading		750,000.00		26,785.71			723,214.29	Asset related

of traditional industries - Jiayu Winner								
Surgical gown production line project subsidy - Chongyang Winner (3*)		4,000,000.00		288,288.29			3,711,711.71	Asset related
Funds subsidy for purchasing epidemic prevention equipment in key enterprises of "Three Batches" - Chongyang Winner (4*)		5,590,000.00		46,974.79			5,543,025.21	Asset related
Project on implementing the technical reformation policy of "Zero Land" in Wuhan and the municipal industrial investment and technical transformation special fund project of Bureau for Science, Technology and Economic Information Technology of Xinzhou District - Hubei Winner		8,000,000.00		291,144.35			7,708,855.65	Asset related

(5*)								
Subsidy of COVID-19 epidemic prevention and control materials production enterprise for capacity expansion & technical upgrading project - Hubei Winner		3,645,000.00		274,163.03			3,370,836.97	Asset related
(6*)								
Total	46,117,344.20	55,555,000.00		6,751,083.33			94,921,260.87	Asset related

Other description:

Projects involving government subsidies:

1* According to the document of Shenzhen and Shenzhen Industrial and Information Technology Bureau "Notice on the Proposal of Funding Plan for Technical Transformation Project of Key Material Manufacturers for COVID-19 Epidemic Prevention and Control in Shenzhen in 2020", "Winner Medical Nursing Mask Production Expansion" Project funds of RMB 20 million was received by Shenzhen Winner on September 29, 2020. The amortization of the project will begin in October 2020, and the amortization period will be 10 years. As of December 31, 2020, the balance of deferred income is RMB 19,500,000.00, and the amount amortized into the profit and loss of the current period is RMB 500,000.00.

2* According to the document E.C.C.F. [2020] No.51, Finance Bureau of Hubei Huanggang Economic Development Zone allocated RMB 11.4 million to Huanggang Winner in November 2020 as the special subsidy for the production of COVID-19 epidemic prevention materials, which was used to purchase the melt-blown fabric production line. Since the project was consolidated on June 30, 2020 and the amortization period is 2 years, the amortization will be carried out within 20 months of the remaining life of the asset starting from November 2020. As of December 31, 2020, the balance of deferred income is RMB 10,260,000.00, and the amount amortized into the profit and loss of the current period is RMB 1,140,000.00.

3* According to the document of Chongyang County Bureau of Science, Technology and Economic Information Technology "Review Report on the Newly Introduced Operating Gown Production Line by Winner Company", the construction and industrial development fund of the Management Committee of Hubei Chongyang Economic Development Zone allocated RMB 4 million to Chongyang Winner in May 2020 for introducing medical operating gown production line. Since the project was consolidated in July 2019 and the amortization period is 10 years, the amortization will be carried out within 111 months of the remaining life of the asset starting from May 2020. As of December 31, 2020, the balance of deferred income is RMB 3,711,711.71, and the amount amortized into the profit and loss of the current period is RMB 288,288.29.

4* According to the notice of the National Development and Reform Commission and the Ministry of Industry and Information Technology (F.G.T.Z. [2020] No.1323) on the investment plan within the central budget of the special project to expand the production of medical mask and other medical materials (expansion and renovation of enterprises producing goods and materials for COVID-19 prevention and control), in December 2020, Chongyang Winner received a subsidy of RMB 5.59 million for the production line of epidemic prevention materials. Since the production line of epidemic prevention materials was consolidated in November 2020 and the amortization period is 10 years, the amortization will be carried out within 119 months of the remaining life of the asset. As of December 31, 2020, the balance of deferred income is RMB 5,543,025.21, and the amount amortized into the profit and loss of the current period is RMB 46,974.79.

5* According to the document of Wuhan Economic and Information Technology Commission (W.J.X.T.Z. [2018] No.33) "about printing and issuing

the Notice on the *Implementation Rules of the Policies and Measures for Technical Transformation of "Zero Land" of Industrial Enterprises*", Bureau for Science, Technology and Economic Information Technology of Xinzhou District, Wuhan City subsidized Wuhan "Zero Land" technical reformation policy and municipal industrial investment and technical transformation special fund projects. Wuhan Winner purchased 6 assets and all have been consolidated and depreciated within their respective service lives. Since Wuhan Winner received the subsidy of RMB 8 million in July 2020, it is amortized within the remaining service life of the corresponding assets respectively. As of December 31, 2020, the balance of deferred income is RMB 7,708,855.65, and the amount amortized into the profit and loss of the current period is RMB 291,144.35.

6 * According to the document of Wuhan Economic and Information Technology Bureau (W.J.X.Z.X. [2020] No.16) on the notice of the Wuhan Economic and Information Technology Bureau on the implementation of policies and measures to support the operation and development of small and medium-sized enterprises in response to the COVID-19, Bureau for Science, Technology and Economic Information Technology of Xinzhou District, Wuhan City implemented subsidies for the capacity expansion and technological upgrading projects of manufacturers of epidemic prevention and control materials. Hubei Winner purchased 9 assets in current period and all were consolidated in 2020, and were amortized by the straight-line method of all 9 assets. Since Wuhan Winner received the subsidy of RMB 3.645 million on December 25, 2020, it is amortized within the service life of the corresponding assets respectively. As of December 31, 2020, the balance of deferred income is RMB 3,370,836.97, and the amount amortized into the profit and loss of the current period is RMB 274,163.03.

52. Other non-current liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

53. Capital stock

Unit: yuan

	Beginning balance	Increase/decrease (+, -)					Closing Balance
		New issue of shares	Share donation	Share capital increase from reserved funds	Other	Subtotal	
Total amount of shares	376,492,308.00	50,000,000.00				50,000,000.00	426,492,308.00

Other description:

54. Other equity instruments

(1) Basic information of the outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

(2) Table of changes in outstanding financial instruments, such as preferred shares, perpetual bonds at the end of the period

Unit: yuan

Outstanding financial instruments	The beginning of the period		Increase in current period		Decrease in current period		The end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

The increase and decrease of other equity instruments in current period, the reasons for the change, and the basis of relevant accounting treatment:

Other description:

55. Capital reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
Capital premium (capital stock premium)	948,913,284.10	3,508,849,271.20		4,457,762,555.30
Other capital surplus		23,947,427.94		23,947,427.94
Total	948,913,284.10	3,532,796,699.14		4,481,709,983.24

Other description, including current increase/decrease and change reasons:

56. Treasury stock

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
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Other description, including current increase/decrease and change reasons:

57. Other comprehensive income

Unit: yuan

Item	Beginning balance	Amount incurred in current period						Closing Balance
		Amount before current income tax	Less: amount included in other comprehensive income in previous period transferred into profit and loss in current period	Less: amount included in other comprehensive income in previous period transferred into retained income in current period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income that will be reclassified into profit and loss	44,623.87	-2,003,671.28				-1,155,658.95	-848,012.33	-1,111,035.08
Balance arising from the translation of foreign currency	44,623.87	-2,003,671.28				-1,155,658.95	-848,012.33	-1,111,035.08

financial statements								
Total other comprehensive income	44,623.87	-2,003,671.28				-1,155,658.95	-848,012.33	-1,111,035.08

Other explanations, including the adjustment of the effective part of the cash flow hedging gains and losses transferred to the initial recognized amount of the hedged item:

58. Special reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
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Other description, including current increase/decrease and change reasons:

59. Surplus reserves

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	116,855,107.20	303,357,670.93		420,212,778.13
Total	116,855,107.20	303,357,670.93		420,212,778.13

Description of surplus reserves, including current increase/decrease and change reasons:

60. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	1,718,075,177.67	1,248,201,883.87
Undistributed profits at the beginning of the period after adjustment	1,718,075,177.67	1,248,201,883.87
Plus: Net profits attributable to the owners of parent company in the current period	3,810,412,504.40	546,293,677.91
Less: withdrawal legal surplus	303,357,670.93	33,420,384.11
Common stock dividends payable	98,500,000.00	43,000,000.00
Undistributed profits at the end of the period	5,126,630,011.14	1,718,075,177.67

Details of undistributed profits at the beginning of the adjustment period:

- 1). Due to retroactive adjustment of Accounting Standards for Business Enterprises and relevant new regulations, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 2). Due to the change of accounting policy, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 3). Due to the correction of major accounting errors, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 4). Due to the change of consolidation scope caused by the same control, RMB 0.00 of the undistributed profit at the beginning of the period was affected.

5). RMB 0.00 of the undistributed profit at the beginning of the period was affected by the total amount of other adjustments .

61. Revenue and cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	12,437,774,260.04	5,013,032,168.77	4,512,360,708.21	2,177,246,049.94
Other businesses	96,171,686.59	57,390,132.99	62,265,207.39	34,680,485.12
Total	12,533,945,946.63	5,070,422,301.76	4,574,625,915.60	2,211,926,535.06

Whether the net profit deducting non-recurring profit and loss after audit is negative

Yes No

Income related information:

Unit: yuan

Contract classification	Segment 1	Segment 2	Segment 3	Total
Type of goods	8,780,321,007.57	3,517,061,738.05	236,563,201.01	12,533,945,946.63
Including:				
Main business	8,684,149,320.98	3,517,061,738.05	236,563,201.01	12,437,774,260.04
Other businesses	96,171,686.59			96,171,686.59
Classified by operating area	8,780,321,007.57	3,517,061,738.05	236,563,201.01	12,533,945,946.63
Including:				
Domestic sales	2,882,050,981.67	3,517,061,738.05	156,857,847.59	6,555,970,567.31
Overseas sales	5,898,270,025.90		79,705,353.42	5,977,975,379.32
Including:				
Including:				
Including:				
Including:				
Including:				

Information related to performance obligations:

None

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations signed but not yet performed or completed at the end of this reporting period is RMB 530,188,257.63, of which RMB 530,188,257.63 is expected to be recognized as income in 2021.

Other description

62. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	59,435,664.56	17,184,400.33
Education surcharge	26,320,395.32	7,885,283.56
Housing property tax	5,926,418.32	5,123,233.31
Land use tax	2,027,167.21	2,703,533.26
Vehicle and vessel use tax	14,323.60	15,588.60
Stamp duty	5,893,961.68	1,775,105.28
Surcharge for local education	16,589,229.97	4,666,190.92
Environmental protection tax	221,322.94	198,073.39
Other	140,737.75	
Total	116,569,221.35	39,551,408.65

Other description:

63. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	397,499,114.63	332,127,465.49
Freight		196,498,073.03
Travel expenses	8,983,106.15	10,484,575.41
Office communication costs	15,438,257.66	7,250,547.58
Sales commission	285,232,187.12	108,043,777.92
Insurance premiums	7,140,391.33	3,574,782.66
Depreciation and amortization	92,468,599.20	52,988,533.78
Advertising and promotion expenses	372,944,041.90	268,623,712.41
Rent	294,980,913.63	316,591,949.73
Material consumption	11,464,378.72	9,795,929.74
Water/electricity fee	9,181,005.97	9,896,052.66
Service fees	9,840,472.61	377,528.78
Other	69,991,443.57	39,514,519.85
Total	1,575,163,912.49	1,355,767,449.04

Other description:

*1 According to *Accounting Standards for Business Enterprises No.14 -- Revenue* (revised 2017), transportation expenses shall be recognized as an asset and amortized on the same basis as commodity income recognition related to the asset, and shall be included in current profit and loss, carried forward to cost, and shall not be directly included in selling expenses when incurred.

*2 The other fees are mainly maintenance fee, sample fee, credit card large gateway service fee, credit card quick payment service fee, transaction

service fee, etc.

64. Management costs

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	213,994,465.12	126,944,455.30
Depreciation and amortization charge	40,246,232.86	27,616,426.20
Travel expenses	3,925,947.37	2,882,510.67
Office allowance	7,898,820.35	4,634,549.42
Consultant and intermediary service fees	31,718,741.96	3,103,830.80
Water/electricity fee	4,996,195.22	3,791,793.63
Communication expense	13,327,325.02	5,646,372.32
Maintenance cost	41,219,106.78	6,577,438.96
Car expense	1,505,058.53	1,430,528.30
Sewage charge	1,114,788.48	361,151.54
Material consumption	28,768,975.44	3,216,789.58
Software license royalty	5,000,000.00	
IPO cost	15,551,190.73	
Other	27,698,598.36	11,250,174.79
Total	436,965,446.22	197,456,021.51

Other description:

65. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	94,315,577.68	61,400,856.75
Depreciation and amortization	23,962,990.53	10,481,065.51
Material	229,378,046.60	69,144,432.63
Water, electricity and other expenses	8,322,848.41	8,982,833.93
Other miscellaneous expenses	55,403,710.58	5,184,038.39
Total	411,383,173.80	155,193,227.21

66. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenses	3,614,778.86	12,450,315.25
Less: Interest revenue	23,340,834.75	1,887,734.45
Less: Financial discount interest	2,810,700.00	2,645,558.00
Exchange gain or loss	239,426,448.65	-3,618,392.48
Other	1,751,275.56	1,900,070.42
Total	218,640,968.32	6,198,700.74

67. Other income

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period
Government subsidies	70,291,282.76	22,490,743.11
Total	70,291,282.76	22,490,743.11

68. Income from investment

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment gains measured by employing the equity method	4,565,754.26	1,685,447.16
Forward foreign exchange contract / cotton futures contract profit and loss		-16,613,718.00
Investment income from purchasing financial products	17,019,368.90	1,417,602.35
Total	21,585,123.16	-13,510,668.49

Other description:

69. Net exposure hedging gain

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

Other description:

70. Gains from fair value change

Unit: yuan

Sources of gains from fair value change	Amount incurred in current period	Amount incurred in previous period

Cotton futures contract		10,815,100.00
Forward foreign exchange contract	802,688.73	
Structured deposit	10,375,900.71	
Total	11,178,589.44	10,815,100.00

Other description:

71. Credit impairment loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Loss on bad debts of other receivables	-13,426,561.35	-26,123,289.50
Loss on bad debts of accounts receivable	-22,515,131.48	282,082.14
Total	-35,941,692.83	-25,841,207.36

Other description:

72. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
II. Inventory falling price loss and impairment loss of contract performance costs	-141,565,283.29	-21,023,610.54
V. Impairment loss of fixed assets	-97,161,058.39	-1,370,389.23
VII. Impairment loss of construction in progress	-1,460,407.84	
Total	-240,186,749.52	-22,393,999.77

Other description:

73. Income from disposal of assets

Unit: yuan

Source of income from disposal of assets	Amount incurred in current period	Amount incurred in previous period
Gains from disposal of non-current assets	15,447.79	61,678,502.30
Including: Gains on disposal of fixed assets	15,447.79	
Loss on disposal of non-current assets	-5,681.93	
Including: Loss on disposal of fixed assets	-5,681.93	
Total	9,765.86	61,678,502.30

74. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Government subsidies	1,490,813.60	2,010,454.39	1,490,813.60
Non-current assets scrap gains	632,816.66	175,974.35	632,816.66
Income from compensation or fines	553,853.86	482,447.00	553,853.86
Other	1,550,023.44	1,120,762.11	1,550,023.44
Total	4,227,507.56	3,789,637.85	4,227,507.56

Government subsidies recorded in current profit and loss

Unit: yuan

Subsidized project	Granting subject	Granting reason	Type of nature	Whether the subsidy affects the profit and loss of current year	Special subsidy or not	Amount incurred in current period	Amount incurred in previous period	Asset/income related
2019 electricity sales subsidy - Jingmen Winner		Subsidy		No	No		280,445.61	Income related
Ten million tax project reward - Tianmen Winner		Reward		No	No		527,000.00	Income related
High-tech Enterprise Recognition Award - Chongyang Winner		Reward		No	No		100,000.00	Income related
Fiscal Tax Contribution Award for Industrial Enterprises - Chongyang Winner		Reward		No	No		100,000.00	Income related
Subsidy for the		Subsidy		No	No		200,000.00	Income related

elimination and transformation of small coal-fired boilers								
Social security subsidies for poor working people		Subsidy		No	No		131,293.80	Income related
County finance 2018 science and technology award funds - Jiayu Winner		Reward		No	No		100,000.00	Income related
2018 pilot reward funds of integration of IT application with industrialization - Jingmen Winner		Reward		No	No	100,000.00		Income related
2019 invisible champion enterprise award funds - Jingmen Winner		Reward		No	No	200,000.00		Income related
Evaluation reward of enterprise integration of IT application with industrialization - Tianmen Winner		Reward		No	No	111,400.00		Income related
Ten million tax project reward - Tianmen Winner		Reward		No	No	300,000.00		Income related

Fiscal Tax Contribution Award for Industrial Enterprises (2019) - Chongyang Winner	Reward		No	No	100,000.00		Income related
Enterprise transformation and upgrading award - Chongyang Winner	Reward		No	No	100,000.00		Income related
Social insurance subsidy of Finance Bureau - Chongyang Winner	Subsidy		No	No	267,213.60		Income related
Condolence payment of Huanggang COVID-19 Epidemic Prevention and Control Headquarters - Huanggang Winner	Subsidy		No	No	100,000.00		Income related
Other			No	No	212,200.00	571,714.98	Income related
Total					1,490,813.60	2,010,454.39	

Other description:

75. Non-operating expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Loss on damage and scrap of non-current assets	26,557,319.27	6,779,687.86	26,557,319.27

Including: Loss on scrap of fixed assets	26,557,319.27	4,348,226.86	26,557,319.27
Loss on scrap of other long-term assets		2,431,461.00	
External donations	2,303,609.26	198,447.39	2,303,609.26
Other	4,644,896.54	168,349.76	4,644,896.54
Total	33,505,825.07	7,146,485.01	33,505,825.07

Other description:

76. Income tax expenses

(1) Income tax expense table

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	740,992,371.76	109,908,881.34
Deferred income tax expenses	-61,400,866.60	-18,098,750.38
Adjustment of the previous annual income tax amount in the current period	318,358.65	-595,151.27
Total	679,909,863.81	91,214,979.69

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	4,502,458,924.05
Income tax expenses calculated at the appropriate/applicable tax rate	675,368,838.61
Impact of different tax rates applied on subsidiaries	11,657,003.67
Impact of income tax before adjustment	318,358.65
Impact of non-deductible costs, expenses and losses	1,506,913.53
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	26,492,203.59
Impact of weighted deduction of R&D costs	-35,433,454.24
Income tax expenses	679,909,863.81

Other description

77. Other comprehensive income

See Note 57 for details.

78. Cash flow statement items**(1) Other cash received related to operating activities**

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Deposit, margin and quality guarantee deposit received	3,081,911.81	42,563,788.10
Interest income received	23,340,834.75	1,887,734.45
Government subsidies received	123,396,713.03	37,154,618.15
Other	33,163,382.40	7,924,151.28
Total	182,982,841.99	89,530,291.98

Explanation on other cash received related to operating activities:

*1: Other major items are the payment received from the third party.

(2) Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Management costs paid in cash	157,769,645.84	53,958,181.53
Selling expenses paid in cash	405,213,437.73	390,860,784.36
Deposit, margin and quality guarantee deposit paid	19,754,562.48	46,554,634.59
Bank handling charge	1,751,275.56	1,900,070.42
Other	4,322,867.95	7,461,478.64
Total	588,811,789.56	500,735,149.54

Description of other cash paid related to operating activities

(3) Other cash received related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Futures margin changes		8,064,000.00
Total	0.00	8,064,000.00

Description of other cash received related to investment activities:

(4) Other cash paid related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Losses on forward foreign exchange contract / cotton futures investment		16,613,718.00
Total	0.00	16,613,718.00

Description of other cash paid related to investment activities:

(5) Other cash received related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Security deposit recovered		2,079,450.00
Total	0.00	2,079,450.00

Description of other cash received related to financing activities:

(6) Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Listing fees paid	33,727,072.53	3,154,098.91
Total	33,727,072.53	3,154,098.91

Description of other cash paid related to financing activities:

79. Further information on cash flow statement

(1) Further information on cash flow statement

Unit: yuan

Further information	Current amount	Last term amount
1. Reconciliation from net profits to cash flows from operating activities	--	--
Net profit	3,822,549,060.24	547,199,216.33
Plus: Provision for impairment of assets	276,128,442.35	48,235,207.13
Depreciation of fixed assets, oil and gas assets and productive biological assets	147,635,980.81	92,737,921.38
Depreciation of Right-of-use assets		
Amortization of intangible assets	10,988,997.61	10,688,521.77
Amortization of long-term deferred expenses	99,119,620.61	51,682,506.47

Losses on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with “-”)	-9,765.86	-61,678,502.30
Loss on retirement of fixed assets (gains expressed with “-”)	25,924,502.61	6,603,713.51
Loss from fair value change (gains expressed with “-”)	-11,178,589.44	-10,815,100.00
Financial expenses (gains expressed with “-”)	-1,312,647.36	10,501,657.51
Investment losses (gains expressed with “-”)	-21,585,123.16	13,510,668.49
Decreased in deferred income tax assets (increase expressed with “-”)	-73,566,474.84	-18,098,750.38
Increase in deferred income tax liabilities (decrease expressed with “-”)	12,165,608.24	
Decrease in inventories (increase expressed with “-”)	-365,641,049.64	-170,370,604.89
Decrease in operating receivables (increase expressed with “-”)	-499,624,352.97	-54,234,905.95
Increase in operating payables (decrease expressed with “-”)	1,272,381,877.68	127,307,732.65
Other	73,520,200.51	6,503,284.16
Net cash flow from operating activities	4,767,496,287.39	599,772,565.88
2. Significant investment and financing activities not involving cash deposit and withdrawal:	--	--
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	4,149,734,694.38	459,169,719.65
Less: Beginning balance of cash	459,169,719.65	375,515,458.70
Plus: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	3,690,564,974.73	83,654,260.95

(2) Net cash paid for obtaining subsidiaries in current period

Unit: yuan

	Amount
Including:	--
Including:	--
Including:	--

Other description:

(3) Net cash from disposal of subsidiaries in current period

Unit: yuan

	Amount
Including:	--
Including:	--
Including:	--

Other description:

(4) Composition of cash and cash equivalents

Unit: yuan

Item	Closing Balance	Beginning balance
I. Cash	4,149,734,694.38	459,169,719.65
Including: cash on hand	49,287.18	74,459.31
Bank deposit readily available for payment	4,149,685,407.20	448,551,206.18
Other Cash and cash equivalents readily available for payment		10,544,054.16
III. Balance of cash and cash equivalents at end of period	4,149,734,694.38	459,169,719.65

Other description:

80. Notes to items in statement of owner's equity

State the name of "other" items and the amount of adjustment to the ending balance of previous year:

N/A

81. Assets with ownership or use rights restricted

Unit: yuan

Item	Ending book value	Causes for restriction
Cash and cash equivalents	12,804,551.40	Balance of the margin and performance deposit deposited for handling international and

		domestic letters of credit, and the special deposit accounts opened for restricted non-budget units by issuing prepaid cards
Total	12,804,551.40	--

Other description:

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: yuan

Item	Ending balance in foreign currency	Conversion exchange rate	Ending balance converted to RMB
Cash and cash equivalents	--	--	452,640,046.70
Including: USD	54,913,474.49	6.5249	358,304,929.70
EUR	58,696.70	8.0250	471,041.02
HKD	111,314,781.16	0.8416	93,682,519.82
Yen	688,747.00	0.0632	43,528.81
Ringgit	85,344.31	1.6173	138,027.35
Accounts receivable	--	--	377,940,921.13
Including: USD	55,416,942.73	6.5249	361,590,009.62
EUR	842,518.36	8.0250	6,761,209.84
HKD	11,355,650.55	0.8416	9,556,915.50
Yen	518,768.51	0.0632	32,786.17
Long-term loans	--	--	
Including: USD			
EUR			
HKD			
Other receivables			1,052,110.85
Including: HKD	1,247,941.95	0.8416	1,050,267.95
Ringgit	1,139.49	1.6173	1,842.90
Accounts payable			9,417,608.35
Including: USD	56,874.51	6.5249	371,100.49
EUR	94,496.00	8.0250	758,330.40
HKD	6,481,474.23	0.8416	5,454,808.71
Ringgit	1,751,912.91	1.6173	2,833,368.75

Other payables			67,074,719.53
HKD	78,841,243.22	0.8416	66,352,790.29
Ringgit	446,379.30	1.6173	721,929.24

Other description:

(2) Description of overseas operating entities, including for important overseas operating entities, the main overseas business place, recording currency and selection basis shall be disclosed, and the reasons for changes in recording currency shall also be disclosed.

Applicable Not applicable

83. Hedge

Disclose the qualitative and quantitative information of hedging items, related hedging instruments and hedged risks according to the hedging category:

84. Government subsidies

(1) Basic information of government subsidies

Unit: yuan

Type	Amount	Presented item	Amount recorded in current profit and loss
1. Government subsidies related to assets			
Technology Center R & D project subsidy - the Company	12,420,000.00	Deferred income	803,030.75
Automatic transformation of surgical consumables production line - the Company	1,860,000.00	Deferred income	186,000.00
20180311 Subsidies for research, science and innovation on the technology of thermo-responsive self-curing wound regeneration and repair materials - the Company	1,200,000.00	Deferred income	165,587.63
Technical innovation subsidy for the Purcotton Phase II Expansion Project - Jingmen Winner	4,755,300.00	Deferred income	166,366.20
Key technical reform and expansion project (cotton spunlunge wipes production line project) - Tianmen Winner	1,000,000.00	Deferred income	108,108.00

Production line project with an annual output of 120 million bales of cotton fabric - Tianmen Winner	930,000.00	Deferred income	107,307.69
Provincial traditional industry transformation and upgrading special funds for the first batch of block funds allocation plan in Tianmen City in 2019 - Tianmen Winner	1,320,000.00	Deferred income	136,551.72
Subsidy funds for municipal government project infrastructure construction - Chongyang Winner	12,406,500.00	Deferred income	413,550.00
Subsidies for first batch of technological transformation award of industrial enterprises in 2018 - Chongyang Winner	1,000,000.00	Deferred income	106,157.11
Park project construction in Yuyue Town - Jiayu Winner	9,880,000.00	Deferred income	329,333.33
Subsidy for Huanggang Chibi Avenue demolition company planning change - Huanggang Winner	3,169,359.20	Deferred income	105,645.31
Subsidy of 2014 Hubei provincial science and technology support plan project (the second batch) - Huanggang Winner	1,500,000.00	Deferred income	150,000.00
Second batch of traditional industry transformation subsidy in 2017 - Huanggang Winner	1,900,000.00	Deferred income	209,174.28
First batch of traditional subsidies in 2019 - Huanggang Winner	1,210,000.00	Deferred income	121,000.00
2020 technical transformation project of Shenzhen COVID-19 epidemic prevention and control key material production enterprises - the Company	20,000,000.00	Deferred income	500,000.00
Municipal Economic and Information Bureau on the issuance of emergency material support system construction technical transformation special subsidy -	1,440,000.00	Deferred income	250,434.78

Huanggang Winner			
Production subsidy for COVID-19 epidemic prevention materials in 2020 - Huanggang Winner	11,400,000.00	Deferred income	1,140,000.00
Surgical gown production line project subsidy - Chongyang Winner	4,000,000.00	Deferred income	288,288.29
Project on implementing the technical reformation policy of “Zero Land” in Wuhan and the municipal industrial investment and technical transformation special fund project of Bureau for Science, Technology and Economic Information Technology of Xinzhou District - Hubei Winne	8,000,000.00	Deferred income	291,144.35
Subsidy of COVID-19 epidemic prevention and control materials production enterprise for capacity expansion & technical upgrading project - Hubei Winner	3,645,000.00	Deferred income	274,163.03
Other	17,307,040.00	Deferred income	899,240.86
Total	120,343,199.20		6,751,083.33
2. Government subsidies related to income			
Market access certification incentive - the Company	971,200.00	Other incomes	971,200.00
Export credit insurance subsidy - the Company	1,034,730.00	Other incomes	1,034,730.00
Industrial special funds - Industrial steady growth - the Company	2,294,000.00	Other incomes	2,294,000.00
Enterprise synergistic support fund - the Company	2,859,000.00	Other incomes	2,859,000.00
Corporate R & D fund - the Company	1,058,000.00	Other incomes	1,058,000.00
Export credit insurance subsidy - the Company	2,827,783.00	Other incomes	2,827,783.00
Subsidies for the production of epidemic prevention and control materials - the Company	2,110,000.00	Other incomes	2,110,000.00

Subsidies for the production of key materials - the Company	1,200,000.00	Other incomes	1,200,000.00
Special fund for industrial development - the Company	780,000.00	Other incomes	780,000.00
Tax withholding and collection commission management - the Company	404,828.12	Other incomes	404,828.12
Cotton freight subsidy from Xinjiang - Huanggang Cotton	654,400.00	Other incomes	654,400.00
Attracting employment subsidies - Chongyang Winner	650,000.00	Other incomes	650,000.00
Epidemic overtime wage subsidy - Chongyang Winner	2,320,000.00	Other incomes	2,320,000.00
Epidemic electricity subsidy - Chongyang Winner	1,205,627.98	Other incomes	1,205,627.98
Staff skills improvement training subsidy - Chongyang Winner	689,400.00	Other incomes	689,400.00
Protective clothing cost increase subsidy - Chongyang Winner	10,850,000.00	Other incomes	10,850,000.00
Absorption of employment subsidies - Jiayu Winner	988,000.00	Other incomes	988,000.00
Cotton freight subsidy from Xinjiang - Huanggang Winner	506,700.00	Other incomes	506,700.00
Steady post subsidy - Huanggang Winner	1,342,105.00	Other incomes	1,342,105.00
Enterprise electricity subsidy - Huanggang Winner	814,454.08	Other incomes	814,454.08
Subsidy for replacing training with work - Huanggang Winner	3,296,000.00	Other incomes	3,296,000.00
Steady post subsidy - Huanggang Winner	1,060,000.00	Other incomes	1,060,000.00
Electricity subsidy - Hubei Winner	1,033,353.82	Other incomes	1,033,353.82
“Employment Guarantee” Salary subsidy - Hong Kong Winner	801,101.93	Other incomes	801,101.93
One-time absorption of employment subsidy - Jingmen Winner	1,026,000.00	Other incomes	1,026,000.00
Subsidy for industrial steady growth - Shenzhen Purcotton	5,188,900.00	Other incomes	5,188,900.00

Enterprise R & D funding program - Shenzhen Purcotton	1,041,000.00	Other incomes	1,041,000.00
2020 municipal private and small and medium-sized enterprises innovation development and cultivation support plan - Shenzhen Purcotton	800,000.00	Other incomes	800,000.00
Municipal subsidy for Industrial growth stabilization measures - Shenzhen Purcotton	3,640,000.00	Other incomes	3,640,000.00
Subsidy for enterprises with intellectual property advantages - Shenzhen Purcotton	500,000.00	Other incomes	500,000.00
Electricity subsidy - Yichang Winner	497,172.93	Other incomes	497,172.93
Power subsidy for high-tech enterprises - Tianmen Winner	494,600.00	Other incomes	494,600.00
Cotton freight subsidy from Xinjiang in 2018 - Tianmen Winner	464,400.00	Other incomes	464,400.00
Stable post employment subsidy - Tianmen Winner	462,000.00	Other incomes	462,000.00
Financial discount interest	5,456,258.00	Financial expenses	2,810,700.00
Other	9,166,256.17	Other income / Non-operating income	9,166,256.17
Total	67,841,713.03		67,841,713.03

(2) Return of government subsidies

Applicable Not applicable

85. Other

NA

VIII. Consolidation scope changes**1. Business combination not under common control****(1) Business combination not under common control occurred in current period**

Unit: yuan

Name of the acquiree	Time of equity acquisition	Cost of equity acquisition	Equity acquisition ratio	Method of equity acquisition	Acquisition date	Basis for determination of acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
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Other description:

Not applicable.

(2) Combination cost and goodwill

Unit: yuan

Combination cost

Determination method of fair value of combination cost, contingent consideration and explanation of its changes:

Not applicable.

Main reasons for the formation of large amount of goodwill:

Not applicable.

Other description:

Not applicable.

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: yuan

	Fair value on the acquisition date	Book value on the acquisition date
--	------------------------------------	------------------------------------

Determination method of fair value of identifiable assets and liabilities:

Not applicable.

Contingent liabilities of the acquiree incurred in business combination

Not applicable.

Other description:

Not applicable.

(4) Gains or losses arising from remeasurement of equity held prior to the acquisition date at fair value

Whether there are transactions that realize the business combination step by step through multiple transactions and obtain control right during the reporting period

Yes No

(5) Relevant description of the combination consideration or the fair value of the identifiable assets and liabilities of the acquiree that cannot be reasonably determined on the acquisition date or at the end of current period of the combination

Not applicable.

(6) Other description

Not applicable.

2. Business combination under common control**(1) Business combination under common control occurred in current period**

Unit: yuan

Name of merged party	Proportion of equity obtained in business combination	Basis of business combination under common control	Merger date	Basis for determination of merger date	Income of the combined party from the beginning of current period to the date of combination	Net profit of the combined party from the beginning of current period to the date of combination	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other description:

Not applicable.

(2) Combination cost

Unit: yuan

Combination cost

Contingent consideration and explanation of its changes:

Not applicable.

Other description:

Not applicable.

(3) Book value of assets and liabilities of the combined party on the date of combination

Unit: yuan

	Merger date	End of previous period

Contingent liabilities of the combined party incurred in business combination

Not applicable.

Other description:

Not applicable.

3. Reverse purchase

Basic information of transaction, basis of transaction forming reverse purchase, whether the assets and liabilities retained by the listed company constitute business and their basis, determination of combination cost, amount and calculation of adjusted equity in accordance with equity transaction:

Not applicable.

4. Disposal of subsidiary

Whether there is a single disposal of investment in subsidiaries, i.e. loss of control right

Yes No

Whether there is a situation that the investment in subsidiaries is disposed step by step through multiple transactions and the control right is lost in current period

Yes No

5. Change of merger scope for other reasons

Explain the changes in the scope of combination caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

1. Huanggang Purcotton, the wholly-owned company of the Company, was established on September 27, 2020.

6. Other

NA

IX. Interests in other entities**1. Interests in a subsidiary****(1) Composition of enterprise group**

Subsidiary name	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
				Direct	Indirect	
Shenzhen Purcotton	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sale of Purcotton products	100.00%		Establishment
Beijing Purcotton	Beijing	Beijing	Sale of Purcotton products		100.00%	Establishment
Guangzhou Purcotton	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Sale of Purcotton products		100.00%	Establishment

Shanghai Purcotton	Shanghai	Shanghai	Sale of Purcotton products		100.00%	Establishment
Qianhai Purcotton	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sale of Purcotton products		100.00%	Establishment
Winner Medical (Huanggang)	Huanggang City, Hubei Province	Huanggang City, Hubei Province	Production and sales of cotton spun laced non-woven fabric, medical consumables and Purcotton products		100.00%	Business combination under common control
Winner Medical (Jingmen)	Jingmen City, Hubei Province	Jingmen City, Hubei Province	Production and sales of medical consumables and Purcotton products		100.00%	Business combination under common control
Winner Medical (Chongyang)	Chongyang County, Hubei Province	Chongyang County, Hubei Province	Production and sales of medical consumables		100.00%	Business combination under common control
Winner Medical (Jiayu)	Jiayu County, Hubei Province	Jiayu County, Hubei Province	Production and sales of medical consumables and Purcotton products		100.00%	Business combination under common control
Winner Medical (Yichang)	Zhijiang City, Hubei Province	Zhijiang City, Hubei Province	Production and sales of medical gray cloth		100.00%	Business combination under common control
Winner Medical (Tianmen)	Tianmen City, Hubei Province	Tianmen City, Hubei Province	Production and sales of cotton spun laced non-woven fabric and Purcotton products		100.00%	Business combination under common control
Winner Medical (Hong Kong)	Hong Kong	Hong Kong	Sales of medical consumables and consumer goods		60.00%	Business combination under common control
Winner (Huanggang) Cotton	Huanggang City, Hubei Province	Huanggang City, Hubei Province	Cotton trade		100.00%	Business combination under common control
Winner Medical Malaysia	Malaysia	Malaysia	There is no actual business operation		100.00%	Business combination not under common control
Winner Medical	Heyuan City,	Heyuan City,	There is no actual		100.00%	Establishment

(Heyuan)	Guangdong Province	Guangdong Province	business operation at present			
Winner Medical (Wuhan)	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Production and sterilization of cotton spun laced non-woven fabric and Purcotton products	100.00%		Establishment
PureH2B	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sales of personal care and other products	100.00%		Establishment
Mifu Shanghai	Shanghai	Shanghai	Import and domestic sales of cosmetics	100.00%		Establishment
Purunderwear	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sales of Cotton Lining products	100.00%		Establishment
Huanggang Purcotton	Huanggang City, Hubei Province	Huanggang City, Hubei Province	Sale of Purcotton products		100.00%	Establishment

Difference between the shareholding ratio and the voting right ratio in the subsidiary:

Not applicable.

Basis for holding half or less of the voting rights but still controlling the invested entity, and holding more than half of the voting rights but not controlling the invested entity:

Not applicable.

For the important structured entity included in the combination scope, the control basis is as follows:

Not applicable.

Basis for determining whether the company is an agent or a principal:

Not applicable.

Other description:

Not applicable.

(2) Important non-wholly owned subsidiary

Unit: yuan

Subsidiary name	Minority shareholding ratio	Current profits and losses attributable to minority shareholders	Current dividends declared to minority shareholders	Ending balance of minority equity
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Difference between the shareholding ratio and the voting right ratio of the minority shareholders of the subsidiary:

Not applicable.

Other description:

Not applicable.

(3) Main financial information of important non-wholly owned subsidiaries

Unit: yuan

Subsidiary name	Closing Balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Unit: yuan

Subsidiary name	Amount incurred in current period				Amount incurred in previous period			
	Revenue	Net profit	Total comprehensive income	Cash flow from financing activities	Revenue	Net profit	Total comprehensive income	Cash flow from financing activities

Other description:

Not applicable.

(4) Major restrictions on the use of enterprise group assets and the settlement of enterprise group debts

Not applicable.

(5) Financial or other support provided to structured entity included in the consolidated financial statements

Not applicable.

Other description:

Not applicable.

2. Control of the transaction of the subsidiary even if the owner's equity share in the subsidiary changes**(1) Description of changes in the owner's equity share in the subsidiary**

Not applicable.

(2) Impact of transactions on minority shareholders' equity and owners' equities attributable to the owners of parent company

Unit: yuan

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Other description

Not applicable.

3. Equity in joint venture arrangement or joint venture**(1) Important cooperative enterprises or joint ventures**

Name of cooperative enterprise or joint venture	Main operation site	Registration place	Business nature	Shareholding ratio		Accounting treatment method of investment in cooperative enterprises or joint ventures
				Direct	Indirect	

Difference between the shareholding ratio and the voting right ratio in the cooperative enterprise or joint venture:

Not applicable.

Basis for holding less than 20% of the voting rights but having a significant impact, or holding 20% or more of the voting rights but not having a significant impact:

Not applicable.

(2) Major financial information of important cooperative enterprises

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period

Other description

Not applicable.

(3) Major financial information of important joint ventures

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period

Other description

Not applicable.

(4) Summary of financial information of unimportant cooperative enterprises and joint ventures

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Cooperative enterprise:	--	--
Total number of following items by shareholding	--	--

ratio		
- Joint venture:	--	--
Total book value of investment	13,424,230.41	8,858,476.15
Total number of following items by shareholding ratio	--	--
- Net profit	4,565,754.26	1,685,447.16
- Total comprehensive income	4,565,754.26	1,685,447.16

Other description

Not applicable.

(5) Significant restrictions on the ability of cooperative enterprises and joint ventures to transfer funds to the Company

Not applicable.

(6) Excess losses of cooperative enterprise or joint venture

Unit: yuan

Name of cooperative enterprise or joint venture	Accumulated unrecognized losses in the previous period	Unrecognized loss in current period (or net profit shared in current period)	Accumulated unrecognized losses at the end of current period

Other description

Not applicable.

(7) Unconfirmed commitments related to investment in cooperative enterprise

Not applicable.

(8) Contingent liabilities related to investment in cooperative enterprise or joint venture

Not applicable.

4. Important pooling of interests

Name of joint operation	Main operation site	Registration place	Business nature	Shareholding ratio / share enjoyed	
				Direct	Indirect

Difference between the shareholding ratio or share enjoyed and the voting right ratio in joint operation:

Not applicable.

If the joint operation is a separate entity, it shall be classified as the basis of joint operation:

Not applicable.

Other description

Not applicable.

5. Equity in the structured entity that is not included in the consolidated financial statements

Description of structured entity not included in the consolidated financial statements

Not applicable.

6. Other

NA

X. Risks associated with financial instruments

The Company faces various financial risks in the process of operation: credit risk, market risk and liquidity risk. The board of directors of the Company is fully responsible for the determination of risk management objectives and policies and ultimately responsible for the risk management objectives and policies, provided that the board of directors has authorized the Company's internal audit department to design and implement procedures to ensure the effective implementation of risk management objectives and policies. The board reviews the effectiveness of the procedures implemented and the reasonableness of risk management objectives and policies through monthly reports submitted by the internal audit supervisor.

The overall objective of the Company's risk management is to develop risk management policies to minimize risk without overly affecting the Company's competitiveness and strain capacity.

(一) Credit risk

Credit risk refers to the risk of financial loss to the Company due to the failure of the counterparty to fulfill its contractual obligations.

The Company is mainly faced with the customer credit risk caused by credit sales. Prior to signing a new contract, the Company will assess the credit risk of a new customer, including external credit ratings and, in some cases, bank reference letter (when such information is available). The Company sets a credit sales limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the overall credit risk of the Company is under control by quarterly monitoring of the credit rating of existing customers and monthly review of the aging analysis of accounts receivable. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Customers rated as "high risk" are placed on the Restricted Customer List and can only be sold on credit for a future period with additional approval, or they must be required to pay in advance.

(二) Liquidity risk

Liquidity risk refers to the risk of capital shortage when the Company performs the obligation of settlement by cash payment or other financial assets. The Company's policy is to ensure that there is sufficient cash to pay the debt due. Liquidity risk is centrally controlled by the Financial Department of the Company. By monitoring cash balances, securities that can be turned into cash at any time, and rolling forecasting of cash flows over the next 12 months, the Finance Department ensures that the Company has sufficient funds to repay its debts under all reasonable projections.

The Company's various financial liabilities are shown as follows in terms of undiscounted contract cash flows on maturity dates:

Item	Closing Balance
------	-----------------

	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	Total
Short-term debt		150,071,416.66				150,071,416.66
Notes payable		29,418,100.00				29,418,100.00
Accounts payable		726,577,306.94				726,577,306.94
Other payables		352,543,008.89				352,543,008.89
Total		1,258,609,832.49				1,258,609,832.49

Item	Closing balance of the previous year					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	Total
Short-term debt		120,000,000.00				120,000,000.00
Notes payable		173,023,352.30				173,023,352.30
Accounts payable		562,774,410.51				562,774,410.51
Other payables		142,607,932.48				142,607,932.48
Long-term loans				134,210,746.07		134,210,746.07
Non-current liabilities due within one year		8,977,342.14				8,977,342.14
Total		1,007,383,037.43		134,210,746.07		1,141,593,783.50

(三) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of market price, including exchange rate risk, interest rate risk and other price risk.

1、 Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of market interest rate.

The interest rate risk that the Company faces mainly comes from the bank's long-term borrowing. The Company has no long-term borrowings for the current period.

2、 Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of foreign exchange rate.

The Company matches foreign currency income with foreign currency expenditure as far as possible to reduce exchange rate risk.

In addition, the Company may enter into forward foreign exchange contracts or currency exchange contracts to achieve the purpose of avoiding the exchange rate risk. The exchange rate risk faced by the Company mainly come from financial assets and

financial liabilities denominated in USD / EUR / HKD / Yen / Ringgit, etc. The amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are listed as follows:

Item	12/31/2020					
	US dollar	EUR	HKD	Yen	Ringgit	Total
Foreign currency financial assets						
Cash and cash equivalents	358,304,929.70	471,041.02	93,682,519.82	43,528.81	138,027.35	452,640,046.70
Accounts receivable	361,590,009.62	6,761,209.84	9,556,915.50	32,786.17		377,940,921.13
Other receivables			1,050,267.95		1,842.90	1,052,110.85
Subtotal	719,894,939.32	7,232,250.86	104,289,703.27	76,314.98	139,870.25	831,633,078.68
Foreign currency financial liabilities						
Accounts payable	371,100.49	758,330.40	5,454,808.71		2,833,368.75	9,417,608.35
Other payables			66,352,790.29		721,929.24	67,074,719.53
Subtotal	371,100.49	758,330.40	71,807,599.00		3,555,297.99	76,492,327.88
Net amount	719,523,838.83	6,473,920.46	32,482,104.27	76,314.98	-3,415,427.74	755,140,750.80

If the RMB appreciates or depreciates by 5% against USD / EUR / HKD / Yen / Ringgit, all other variables being held constant, the total comprehensive income of the Company will be reduced or increased by RMB 32,055,401.46. Management considers that 5% is a reasonable reflection of the reasonable range of possible changes in RMB against foreign currencies.

3、 Other price risks

The Company does not hold equity investments in other listed companies.

XI Fair value disclosure

1. Ending fair value of assets and liabilities measured with fair value

Unit: yuan

Item	Closing fair value			
	Measurement of fair value at first level	Measurement of fair value at second level	Measurement of fair value at third level	Total
I. Continuous fair value measurement	--	--	--	--

(I) tradable financial assets		3,931,178,589.44	200,000,000.00	4,131,178,589.44
1. Financial assets measured with fair value and with the changes included in current profit and loss		3,931,178,589.44	200,000,000.00	4,131,178,589.44
(1) Debt instrument investment		3,931,178,589.44	200,000,000.00	4,131,178,589.44
(3) Derivative financial assets				
(VI) Others				
1. Receivables financing		18,182,662.70		18,182,662.70
Total assets continuously measured at fair value		3,949,361,252.14	200,000,000.00	4,149,361,252.14
II. Non-continuous fair value measurement	--	--	--	--

2. Continuous and non-continuous measurement items of fair value at first level and recognition basis for market price

Not applicable.

3. Continuous and non-continuous measurement items of fair value at second level, qualitative and quantitative information on valuation techniques adopted and important parameters

Not applicable.

4. Continuous and non-continuous measurement items of fair value at third level, qualitative and quantitative information on valuation techniques adopted and important parameters

Not applicable.

5. Continuous measurement items of fair value at third level, adjustment information between opening and closing book value and sensitivity analysis of unobservable parameters

Not applicable.

6. For continuous measurement items of fair value, if there is a conversion between different levels in current period, the reasons for the conversion and the policies for determining the conversion time point

Not applicable.

7. Valuation technology change and reason of change in current period

Not applicable.

8. Fair value of financial assets and financial liabilities not measured at fair value

Not applicable.

9. Other

Not applicable.

XII. Related parties and related transactions**1. Parent company of the Company**

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Winner Group Limited	Cayman Islands	Equity investment and management business	HKD 1,143,000.00	68.10%	68.10%

Parent company of the Company

Winner Group Limited was incorporated in the Cayman Islands on April 8, 2003 with registration number 124887 and an authorized share capital of 360,000,000.00 shares with a nominal value of HKD 1 per share. 1,143,000 shares have been issued. The registered address is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The ultimate controlling party of the Company is Li Jianquan.

Other description:

NA

2. Subsidiaries of the Company

See Note "IX. Interests in other entities".

3. Cooperative enterprises and joint ventures

See the note "IX. Interests in other entities" for important cooperative enterprises or joint ventures of the Company.

Other cooperative enterprises or joint ventures that made related party transactions with the Company in the current period, or formed the balance of related party transactions with the Company in the previous periods are as follows:

Name of cooperative enterprise or joint venture	Relationship with the Company
Chengdu Winner	Joint venture

Other description

Summary of financial information of unimportant cooperative enterprises and joint ventures:

	Ending balance / amount in current period	Balance at the end of previous year / amount in previous period
- Joint venture:		
Chengdu Winner		

Total book value of investment	13,424,230.41	8,858,476.15
Total number of following items by shareholding ratio		
- Net profit	4,565,754.26	1,685,447.16
- Other comprehensive income		
-- Total comprehensive income	4,565,754.26	1,685,447.16

4. Situation of other related parties

Name of other related parties	Relationship of other related parties with the Company
Sequoia Xinyuan	Shareholder of the Company, holding 8.09% of the Company's shares
Kangsheng Investment	Shareholder of the Company, holding 5.01% of the Company's shares
Kangxin Investment	Shareholder of the Company, holding 2.66% of the Company's shares
SCGC	Shareholder of the Company, holding 1.99% of the Company's shares
Kanglong Investment	Shareholder of the Company, holding 1.60% of the Company's shares
Kangli Investment	Shareholder of the Company, holding 0.82% of the Company's shares
Wuhan Zhuoling Packaging Co., Ltd. (hereinafter referred to as "Wuhan Zhuoling")	A company controlled by close family members of the Company's key managers
Glory Ray Holdings Limited	A company controlled by the actual controller
Shenzhen Breo Technology Co., Ltd. (hereinafter referred to as "Breo")	A company with the Company's independent director Liang Wenzhao as an independent director
Shenzhen Ellassay Fashion Co., Ltd. (hereinafter referred to as "Ellassay")	A company with the Company's independent director Zhou Xiaoxiong as an independent director
Li Jianquan	Actual controller of the company
Xie Ping	Shareholder, indirectly holding 13.94% of the company's shares
Li Xiaoyuan	Shareholder, indirectly holding 6.32% of the company's shares
Fang Xiuyuan	Director, deputy general manager, chief financial officer
Xu Xiaodan	Director
Guo Zhenwei	Director
Liang Wenzhao	Independent director
Zhou Xiaoxiong	Independent director
Bi Qun	Independent director
Liu Weiwei	Chairman of the board of supervisors
Ye Yangjing	Supervisor
Wang Ying	Supervisor
Yin Wenling	Deputy general manager

Chen Huixuan	Deputy general manager, secretary to the board of directors
Song Haibo	Key technical personnel
Wang Huan	Key technical personnel

Other description

5. Related transaction

(1) Related transaction of purchases and sales of goods, provision and acceptance of services

Purchase of goods/acceptance of services

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount incurred in previous period
Wuhan Zhuoling Packaging Co., Ltd.	Purchasing goods or services	8,983,368.26	3,500,000.00	Yes	3,330,730.26
Chengdu Winner	Purchasing goods or services	356,964.47	250,000.00	Yes	227,018.82
Breo	Purchasing goods or services	107,172.57	150,000.00	No	146,205.32
Total		9,447,505.30	3,900,000.00		3,703,954.40

Selling commodities/offering labor

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in previous period
Chengdu Winner	Selling goods or services	6,870,744.20	1,525,839.15
Ellassay	Selling goods or services	1,407,141.59	1,449,528.18
SCGC	Selling goods or services	230,380.54	0.00
Total		8,508,266.33	2,975,367.33

Related transaction of purchases and sales of goods, provision and acceptance of services

During the reporting period, the transaction volume between the Company and Wuhan Zhuoling Packaging Co., Ltd. and Chengdu Winner exceeding the approved transaction amount was mainly due to the Company's increased demand for packaging materials and other medical device products due to the impact of the epidemic. During the reporting period, the total amount of the Company's purchases to related parties was RMB 9,447,505.30, accounting for 0.20% of the total amount of purchases in this reporting period; the total sales to related parties was RMB 8,508,266.33, accounting for 0.07% of the total Revenue in this reporting period; all sales and purchases made by the Company and its affiliates are based on daily sales and purchase requirements and the transaction prices are market prices.

(2) Associated fiduciary management/contracting and entrusted management/subcontracting

Entrusted management / contracting of the Company:

Unit: yuan

Name of entrusting party / subcontractor	Name of entrusting party / contractor	Entrusted / contracting asset type	Fiduciary / contracting start date	Fiduciary / contracting termination date	Pricing basis of fiduciary income / contracting income	Fiduciary income / contracting income recognized in current period
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Associated fiduciary / contracting

Not applicable.

Entrustment management / subcontracting of the Company:

Unit: yuan

Name of entrusting party / subcontractor	Name of entrusting party / contractor	Entrusted / subcontracting asset type	Entrusted / subcontracting start date	Entrusted / subcontracting termination date	Pricing basis of fiduciary fee / subcontracting fee	Fiduciary fee / subcontracting fee recognized in current period
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Associated management / subcontracting

Not applicable.

(3) Related-party lease

The Company as the lessor:

Unit: yuan

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
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The Company as the lessee:

Unit: yuan

Name of lessor	Type of leased assets	Lease fee recognized in the current period	Lease fee recognized in the previous period
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Related-party lease description

Not applicable.

(4) Related-party guarantee

The Company as the guarantor

Unit: yuan

Secured party	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Winner Medical (Wuhan)	300,000,000.00	December 29, 2018	February 28, 2020	Yes
Shenzhen Purcotton	150,000,000.00	October 10, 2019	October 31, 2020	Yes
Shenzhen Purcotton	200,000,000.00	August 30, 2019	August 30, 2020	Yes

The Company as the secured party

Unit: yuan

Guarantor	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Li Jianquan, Shenzhen Purcotton	5,000,000.00	September 10, 2018	September 10, 2020	Yes
Qianhai Purcotton, Shenzhen Purcotton, Li Jianquan	240,000,000.00	October 10, 2019	October 31, 2020	Yes
Qianhai Purcotton, Shenzhen Purcotton, Li Jianquan	50,000,000.00	February 5, 2020	February 5, 2021	No
Li Jianquan	20,000,000.00	February 17, 2020	February 17, 2021	No
Shenzhen Purcotton	200,000,000.00	February 14, 2020	February 14, 2021	No

Related-party guarantee

* All the above guarantees include related party guarantees that have signed the guarantee agreements but have not actually borrowed loans.

* Wuhan Winner has repaid the loan on February 28, 2020, with no further loan. The guarantee provided for Wuhan Winner by the Company has been lifted accordingly.

(5) Related party loan at call

Unit: yuan

Related party	Borrowing amount	Start date	Maturity date	Description
Borrowing				
Lending				

(6) Asset transfer and debt restructuring of related party

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in previous period
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(7) Key management personnel remuneration

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Key management personnel remuneration	11,404,125.60	8,431,976.06

Note: The key management personnel include directors, supervisors, senior managers and core personnel.

(8) Other related transactions

NA

6. Accounts receivable and payable by related parties**(1) Receivables**

Unit: yuan

Project name	Related party	Closing Balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Chengdu Winner	39,800.00	1,990.00	461,367.48	23,068.37
Accounts receivable	Ellassay	746,070.00	37,303.50	837,650.00	41,882.50
Advances to suppliers	Breo	59,198.00			

(2) Payables

Unit: yuan

Project name	Related party	Ending book balance	Beginning book balance
Accounts payable	Chengdu Winner	67,630.00	7,870.11
Accounts payable	Wuhan Zhuoling	4,705,258.45	2,071,358.81
Accounts payable	Breo	51,511.50	
Contract liabilities	Chengdu Winner	1,193,017.20	
Contract liabilities	SCGC	29,486.73	
Advance from customers	Chengdu Winner		17,800.00

7. Related party commitment

NA

8. Other

NA

XIII. Share-based payment**1. Overall status of share-based payment**

√Applicable □ Not applicable

Unit: yuan

Total amount of equity instruments granted by the company during the current period	508,824,220.00
Total amount of equity instruments exercised by the company during the current period	0.00

Total amount of equity instruments invalidated by the company during the current period	0.00
Range of the exercise price of the Company's stock options outstanding at the end of the period and the remaining term of the contract	In case of the audited Revenue in 2021 \geq RMB 12 billion, the ownership proportion at the Company level is 100%; in case of RMB 10 billion \leq the audited Revenue in 2021 $<$ RMB 12 billion, the ownership proportion at the Company level is 80%; in case of the audited business income in 2021 $<$ RMB 10 billion, the restricted stock planned to be vested by the incentive object shall not be vested and become invalid. In case of the audited Revenue in 2022 \geq the audited Revenue in 2021 * (1+30%), the ownership proportion at the Company level is 100%; in case of the audited Revenue in 2021 * (1+20%) \leq the audited Revenue in 2022 $<$ the audited Revenue in 2021 * (1+30%), the ownership proportion at the Company level is 80%; in case of the audited business income in 2022 $<$ the audited Revenue in 2021 * (1+20%), the restricted stock planned to be vested by the incentive object shall not be vested and become invalid.
Range of the exercise price of the Company's other equity instruments outstanding at the end of the period and the remaining term of the contract	None

Other description

2020 Restricted Stock Incentive Plan

1. Number of restricted stock granted

On November 27, 2020, the Company held the 15th meeting of the second board of directors and the 9th meeting of the second board of supervisors, deliberated and passed the *Proposal on the Company's 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract*. On December 15, 2020, the Company held the sixth extraordinary general meeting of shareholders in 2020 to deliberate and pass the *Proposal on the Company's 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract*. According to the above proposal, the number of restricted stock (Class II restricted stock) to be granted in this incentive plan is 6.5 million, and the underlying stock involved is A-share common stock, accounting for about 1.52% of the total capital stock of the Company at the time of announcement of the draft incentive plan. Among them, 5.9 million shares were granted for the first time, accounting for about 1.38% of the total capital stock of the Company at the time of announcement of the draft incentive plan, and 90.77% of the total equity to be granted. 0.6 million shares were reserved to be granted, accounting for about 0.14% of the total capital stock of the Company at the time of announcement of the draft incentive plan, and 9.23% of the total equity to be granted. No more than 1,053 incentive objects will be granted at the first time, including directors, senior managers, and other persons deemed to need incentives by the board of directors.

On December 18, 2020, the Company's 17th meeting of the second board of directors and the 11th meeting of the second board of supervisors deliberated and adopted the *Proposal on First Granting Restricted Stocks to Incentive Objects*. In view of the fact that 17 incentive objects gave up the restricted stock to be granted by the Company due to resignation or personal reasons, they no longer qualified for the incentive conditions. According to the *2020 Restricted Stock Incentive Plan (Draft)*, the Company adjusted the incentive objects and the number of grants. The number of incentive objects granted for the first time was adjusted from 1,053 to 1,036, and the total number of restricted stock granted for the first time was adjusted from 5.90 million to 5.833 million.

2. Validity, grant date, vesting arrangement and lock-up period of this incentive plan

① The incentive plan shall be valid for no more than 48 months from the date of the first grant of restricted stock to the date when all the restricted stock granted to the incentive object is vested or invalidated.

② After the incentive plan is approved by the general meeting of shareholders of the Company, the board of directors shall determine the grant date, and the grant date must be the trading day. The Company shall grant the restricted stock and complete the announcement within 60 days after the approval of the general meeting of shareholders. If the Company fails to complete the above work within 60 days, the implementation of this incentive plan will be terminated, and the restricted stock not granted will become invalid.

The Company shall, within 12 months after the deliberation and approval of the incentive plan by the general meeting of shareholders, specify the incentive objects reserved for award; If the incentive objects are not specified for more than 12 months, the restricted stock corresponding to the reserved part shall become invalid.

③ The vesting arrangement for the first grant of restricted stock in this incentive plan is shown in the following table:

Vesting arrangement	Vesting period	Vesting ratio
First vesting period	From the first trading day of 17 months from the date of the first grant to the last trading day within 29 months from the date of the first grant	50%
Second vesting period	From the first trading day of 29 months from the date of the first grant to the last trading day within 41 months from the date of the first grant	50%

If the restricted stock corresponding to the reserved part is granted within 2020, the vesting arrangement for granting restricted stocks reserved in this incentive plan is consistent with the vesting arrangement for the first grant of restricted stock.

If the restricted stock corresponding to the reserved part is granted within 2021, the vesting arrangement for granting restricted stocks reserved in this incentive plan is shown in the following table:

Vesting arrangement	Vesting period	Vesting ratio
First vesting period	From the first trading day of 12 months from the date of reserved granting to the last trading day within 24 months from the date of reserved granting	50%
Second vesting period	From the first trading day of 24 months from the date of reserved granting to the last trading day within 36 months from the date of reserved granting	50%

If the incentive objects are directors and senior managers of the Company, the shares transferred each year during their term of office shall not exceed 25% of the total number of the Company's shares they hold; they shall not transfer the shares they hold within half a year after leaving the Company.

2. Equity-settled share-based payments

Applicable Not applicable

Unit: yuan

Method for determining the fair value of equity instruments on the grant date	The fair value of the restricted stock is calculated using the Black-Scholes model option pricing formula; the fair value of other employee restricted stocks is determined by reference to the stock closing price on the grant date without taking into account the liquidity discount.
Basis for the determination of the number of viable equity instruments	None
Reasons for significant differences between the current and previous estimates	None
Accumulated amount of equity-settled share-based payments recorded in capital reserves	23,738,249.61

Total amount of expenses recognized by equity-settled share-based payments in current period	23,738,249.61
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Other description

NA

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

NA

5. Other

NA

XIV. Commitment and contingencies

1. Important commitment issues

Important commitments on balance sheet date

(1) Operating lease commitment

According to the signed irreversible operating lease contract, the minimum lease payments payable by the Company after the balance sheet date are as follows:

Remaining lease term	Minimum lease payments
Within 1 year	229,475,754.93
1~2 years	189,063,868.38
2~3 years	132,529,407.11
More than 3 years	103,271,438.85
Total	654,340,469.27

(2) Large contract awarding contracts that have been signed and are in the process of being performed or to be performed and their financial impact

As of December 31, 2020, the outstanding large contracts between the Company or its subsidiaries signed and in the process of being performed or to be performed are as follows:

Project name	Amount
Jingmen Winner - administrative logistics office building	9,450,000.00
Yichang Winner - air-jet loom	7,350,000.00
Tianmen Winner - spunlace seven thread - cotton cleaner and carding machine	11,200,000.00
Tianmen Winner - cotton e-commerce intelligent	43,200,000.00

three-dimensional warehouse	
Huanggang Winner - surrounded outer ear mask machine (1 mask body machine and 1 set earloop welding)	3,886,000.00
Wuhan Winner - phase II infrastructure comprehensive project	8,035,600.00
Total	83,121,600.00

2. Contingencies

(1) Important contingencies on balance sheet date

The Company has no significant contingencies to be disclosed as of December 31, 2020.

(2) Explanation even if the Company has no important contingencies to be disclosed

The Company has no important contingencies to be disclosed.

3. Other

NA

XV. Post-balance sheet events

1. Important non-adjustment items

Unit: yuan

Item	Description	Influence number of financial position and operating results	Reasons for influence number cannot be estimated

2. Profit distribution

The profit distribution plan for the reporting period deliberated and approved at the 19th meeting of the second board of directors of the Company is as follows:

Based on the total capital stock of 426,492,308 shares on December 31, 2020, the Company intends to pay out a cash dividend of RMB 18 (including tax) for every 10 shares to all shareholders, for a total cash distribution of RMB 767,686,154.40.

The proposal still needs deliberation and approved by the Company's annual general meeting of shareholders in 2020.

Unit: yuan

3. Sales return

The Company has no significant sales returns after the balance sheet date.

4. Other post-balance sheet events**XVI. Other important issues****1. Correction of previous accounting errors****(1) Retrospective restatement**

Unit: yuan

Content of accounting error correction	Processing procedures	Report item name of each affected comparison period	Cumulative influence number
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(2) Prospective application

Content of accounting error correction	Approval procedures	Reason for adopting prospective application
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2. Debt restructuring

Not applicable.

3. Asset replacement**(1) Exchange of non-monetary assets**

Not applicable.

(2) Other asset replacement

Not applicable.

4. Pension plan

Not applicable.

5. Discontinued operation Unit: yuan

Item	Income	Cost	Total profit	Income tax expenses	Net profit	Profit from discontinued operations attributable to the owners of parent company
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Other description

Not applicable.

6. Segment information

(1) Determination basis and accounting policy of reporting segment

According to the Company's internal organizational structure, management requirements and internal reporting system, three reporting segments have been determined, respectively: medical consumables, health consumer goods, cotton spun laced non-woven fabric. Reporting segments of the Company offers different products or services or operates in different regions. Since each segment requires different technologies or marketing strategies, the management of the Company manages the operating activities of each reporting segment separately and regularly evaluates the operating results of these reporting segments to determine the allocation of resources to them and evaluate their performance.

The inter-segment transfer price is determined on the basis of the actual transaction price, and the expenses indirectly attributable to the segments are distributed among the segments in proportion to the income (as determined by the Company). Assets are allocated according to the operations of a segment and the location of the assets. Liabilities of a segment include liabilities attributable to that segment arising from the operations of a segment. If expenses related to liabilities shared by multiple operating segments are allocated to those operating segments, such shared liabilities are also allocated to those operating segments.

(2) Financial information of the reporting segment

Unit: yuan

Item	Medical consumables (segment 1)	Healthy consumer goods (segment 2)	Cotton non-woven coil (segment 3)	Unallocated	Offset between segments	Total
Revenue	8,780,321,007.56	3,517,061,738.06	236,563,201.01			12,533,945,946.63
Cost	3,336,695,726.84	1,575,848,274.82	157,878,300.10			5,070,422,301.76
Assets impairment loss & credit impairment loss	103,257,520.03	111,484,055.34	22,621,334.98	38,765,532.00		276,128,442.35
Depreciation expense and amortization expense	44,948,371.16	100,132,692.03	11,596,759.40			156,677,822.59
Operating profit / loss	4,000,700,548.91	444,288,364.80	23,623,741.46	63,124,586.39		4,531,737,241.56
Non-operating income and expense				-29,278,317.51		-29,278,317.51
Assets and liabilities						
Total assets	4,081,978,905.83	2,316,454,394.26	823,999,161.73	5,779,819,302.63		13,002,251,764.44
Total liabilities	1,079,186,785.40	530,160,440.59	101,826,800.84	822,687,646.17		2,533,861,673.00

(3) If the Company has no reporting segments, or cannot disclose the total assets and total liabilities of each reporting segment, the reasons shall be explained

NA

(4) Other description

NA

7. Other important transactions and matters affecting the decision-making of investors

1. Urban Renewal Project of Winner Industrial Park

(1) Project overview

On April 6, 2017, the Company and Shenzhen Xinghe Real Estate Development Co., Ltd. (hereinafter referred to as "Xinghe Real Estate") signed the *Cooperation Agreement on Urban Renewal Project of Winner Industrial Park* to apply for and implement the demolition and reconstruction of urban renewal and reconstruction of Winner Industrial Park in Longhua District, Shenzhen City (hereinafter referred to as "the Project"). The scope of land to be demolished for the Project is a state-owned land that has been transferred. The land parcel number is A819-0123. The land area is 29,064.49 m², and the current use is industrial land. According to the statutory plan of [Pinus tabulaeformis area] of No.402-19&20&21, Baoan District, Shenzhen City, the planned use of this land parcel is a second-class residential land. The land has been registered for title with a construction area of 36,625.89 m², used for office, plant and dormitory. The Company shall be the sole subject of rights to the said parcel and all the buildings (structures) and appendages thereon. At present, the above target land and part of the building are not mortgaged.

(2) Cooperation mode

The Company agrees to entrust the target land and building to Xinghe Real Estate for application for approval of the urban renewal unit plan, and accepts the relocation compensation of Xinghe Real Estate according to the conditions agreed in this agreement. Xinghe Real Estate is responsible for all the work related to the declaration of renewal unit plan of the target land and building and implementation of urban renewal, responsible for the relocation compensation and demolition and reconstruction funds, and enjoys the interest in the renewal project as the single market implementer.

After the renewal and reconstruction of the target land and buildings is approved by the urban renewal unit plan, the specific transformation and development intensity, planned purpose and indicators, etc. shall be discussed by Xinghe Real Estate with the Company in advance before the formal application for construction, but the final approval shall be subject to the relevant government departments.

Xinghe Real Estate shall pay the cooperation consideration to the Company by paying the relocation compensation consideration to the Company. The Company voluntarily chooses the relocation compensation method that combines monetary compensation and property right exchange (relocation), including: 1) monetary compensation: RMB 400 million; 2) Property right exchange (relocation): the area of property right exchange (relocation) obtained by Party B shall be determined at 40% of the gross floor area for sale based on the gross floor area for sale determined in the final approval of the special planning of the renewal unit of this Project.

During the transition period (i.e., the project is approved to enter the physical construction stage), Xinghe Real Estate will lease another completed office building project developed by it to the Company at a preferential price for its daily office use.

(3) Current progress

Up to now, Xinghe Real Estate has paid the first margin of RMB 50 million and the second advance compensation of RMB 100 million for demolition to the Company according to the agreement. The project was announced in September 2019, and the project was approved in December 2019. It is now in the stage of special planning. Subsequent progress will be made in accordance with the procedures stipulated by the government, and the specific progress will be subject to the government's approval.

According to the agreement, if the project fails to obtain the approval of the renewal unit plan due to government policy or force majeure, either party has the right to terminate the contract, and the amount collected by the Company will be returned to Xinghe Real Estate without interest within 30 days after the termination of the contract.

2. Heyuan investment and construction project

(1) Problem background

In 2016, under the guidance and promotion of Shenzhen Longhua District Committee and District Government, the Company plans to transfer part of the production and logistics functions to Heyuan Zijin Linjiang Industrial Park in response to the policy of supporting Heyuan City as a counterpart of Shenzhen City. In May 2016, the Company and the People's Government of Zijin County of Heyuan City signed the *Agreement on Investment and Construction of Medical Package and Cotton Household Goods Production Project* (hereinafter referred to as the "Investment Agreement"), with the construction land of the project covering 200,000 m².

After the agreement was signed and the *Land Use Notice* was obtained, the Company submitted the planning plan, project application and approval form as required, and started the construction. In August 2016, Heyuan Winner obtained the *Record Certificate of Enterprise Investment Projects in Guangdong Province* issued by the Development and Reform Bureau of Zijin County. In June 2017, Environmental Protection Bureau of Zijin County issued the *Approval on the Environmental Impact Report Form of the Construction Project of Winner Medical (Heyuan) Co., Ltd.* In accordance with the agreement, the Zijin County Government assisted in obtaining a series of licenses such as state-owned land use right certificate and construction land planning permit.

After the project was signed and started construction, the government required all construction projects under construction in Zijin Linjiang Industrial Park to stop due to land conflicts between the project site and the planned Heyuan East Station of Jiangxi-Shenzhen High-speed Railway and the High-speed Railway New Town. Meanwhile, the relevant land use procedures were suspended.

(2) Current progress

In June 2019, the *Regulatory Detailed Planning and Construction Detailed Urban Design of the Core Area of Heyuan High-speed Railway New Town* was published to the public from June 22, 2019 to July 22, 2019. According to the final publicity content, it is determined that the square in front of Heyuan East Station of High-speed Railway, National Highway 205 and the High-speed Railway New Town overlap with Heyuan Winner project land.

In October 2019, the Company signed a tripartite agreement with the People's Government of Zijin County and the Management Committee of Heyuan Jiangdong New District to clarify the overall disposal plan. The land used for Heyuan Winner project and its above-ground buildings will be recovered by the People's Government of Zijin County, and the three parties agree to determine the amount of compensation through arbitration. The People's Government of Zijin County paid RMB 30 million to the Company as the performance bond.

In November 2019, International Arbitration Court of Ganjiang New District issued the award ((2019) G.G.Z.Zi No.095), which confirmed the termination of the original *Investment Agreement*, and the People's Government of Zijin County shall bear the attorney fees, legal costs and other expenses totaling RMB 2,655,320.00. The land transfer deposit of RMB 3 million shall be returned to the Company and compensate for the economic loss of RMB 550 million. The People's Government of Zijin County shall pay 50% of the amount before December 31, 2019 and 50% before February 29, 2020. As of December 31, 2020, the Company has received the land transfer deposit of RMB 3 million returned by the People's Government of Zijin County and paid the compensation of RMB 165 million. The Company has also handed over the project land, above-ground buildings, equipment and facilities and relevant supporting materials to the People's Government of Zijin County.

(3) Impact of this matter on the Company's operation

Heyuan Winner's business positioning is mainly the production, logistics and warehousing functions of medical package and cotton daily necessities. At present, the Company has transferred the production, logistics and warehousing functions of Purcotton daily necessities to the Company's subsidiary Hubei Winner, and the production of medical package has been transferred to the Company's subsidiary Chongyang Winner.

Hubei Winner and Chongyang Winner have sufficient capacity to undertake the aforementioned production, logistics and warehousing business originally intended to be undertaken by Heyuan Winner. The above matters of Heyuan Winner have not caused significant adverse impact on the normal production and operation of the Company.

8. Other

NA

XVII. Notes on main items of parent company's financial statement

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Class	Closing Balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Including:										
Accounts receivable of provision for bad debt by combination	711,959,379.83	100.00%	32,314,540.44	4.54%	679,644,839.39	299,864,989.84	100.00%	14,650,693.77	4.89%	285,214,296.07
Including:										
Aging analysis combination	644,741,680.92	90.56%	32,314,540.44	5.01%	612,427,140.48	291,771,659.35	97.30%	14,650,693.77	5.02%	277,120,965.58
Other combination	67,217,698.91	9.44%			67,217,698.91	8,093,330.49	2.70%			8,093,330.49
Total	711,959,379.83	100.00%	32,314,540.44	4.54%	679,644,839.39	299,864,989.84	100.00%	14,650,693.77	4.89%	285,214,296.07

Provision for bad debt by single item:

Unit: yuan

Name	Closing Balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision

Provision for bad debt by combination: other combination - related parties within the group

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Other combination - related parties within the group	67,217,698.91		0.00%
Total	67,217,698.91		--

Description of the basis for determining the combination:

According to the Company's accounting policy, the related parties within the group do not make provision for bad debts.

Provision for bad debt by combination: aging analysis combination

Unit: yuan

Name	Closing Balance

	Book balance	Provision for bad debt	Accruing proportion
Within 1 year (including 1 year)	644,257,387.17	32,212,869.36	5.00
1~2 years (including 2 years)	413,720.01	41,372.00	10.00
2~3 years (including 3 years)	404.54	121.36	30.00
4~5 years (including 5 years)	49,957.40	39,965.92	80.00
More than 5 years	20,211.80	20,211.80	100.00
Total	644,741,680.92	32,314,540.44	5.01

Description for determining the basis of the combination: on December 31, 2020, the Company reviewed the appropriateness of the provision for bad debts of receivables in the previous year according to the historical bad debt loss, and believed that the default probability has a strong correlation with the aging of accounts, and the account age is still a sign of whether the credit risk of the Company's receivables has significantly increased.

Therefore, the Company's credit risk loss on December 31, 2020 is estimated based on the aging of accounts and estimated at the original loss ratio.

If the bad debt provision of accounts receivable is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	709,214,052.12
1~2 years	413,720.01
2~3 years	1,772,102.18
More than 3 years	559,505.52
3~4 years	489,336.32
4~5 years	49,957.40
More than 5 years	20,211.80
Total	711,959,379.83

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Beginning balance	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Other	
Provision for bad debt of accounts receivable	14,650,693.77	17,663,846.67				32,314,540.44
Total	14,650,693.77	17,663,846.67				32,314,540.44

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Recovery way
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NA

(3) Accounts receivable actually written off at the current period

Unit: yuan

Item	Amount written off
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Write-off of important accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from related transactions
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Description of write-off accounts receivable:

NA

(4) Accounts receivable with top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of accounts receivable	Proportion in total other ending balance of accounts receivable	Ending balance of bad debt provision
First	115,020,642.43	16.16%	5,751,111.87
Second	72,386,966.52	10.17%	3,619,348.33
Third	64,377,731.84	9.04%	3,218,886.59
Fourth	39,301,127.15	5.52%	1,965,056.36
Fifth	19,543,932.51	2.75%	977,196.63
Total	310,630,400.45	43.64%	

(5) Accounts receivable derecognized due to transfer of financial assets

NA

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

NA

Other description:

NA

2. Other receivables

Unit: yuan

Item	Closing Balance	Beginning balance
Other receivables	361,160,139.37	507,620,873.69
Total	361,160,139.37	507,620,873.69

(1) Interest receivable**1) Classification of interest receivable**

Unit: yuan

Item	Closing Balance	Beginning balance

2) Important overdue interest

Borrower	Closing Balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis

Other description:

NA

3) Provision for bad debt Applicable Not Applicable to changes in book balance with significant changes in the current period of provision for loss Applicable Not applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: yuan

Project (or invested unit)	Closing Balance	Beginning balance

2) Important dividends receivable with the aging more than 1 year

Unit: yuan

Project (or invested unit)	Closing Balance	Aging	Reason for non-recovery	Whether there is impairment and its judgment basis

3) Provision for bad debt Applicable Not applicable

Other description:

Not applicable.

(3) Other receivables**1) Other receivables classified by nature**

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Compensation for investment and construction project of Heyuan Winner	387,655,320.00	522,655,320.00
Export drawback	7,190,798.48	5,356,236.05
Margin and deposit	3,650,806.01	297,108.00
Other	1,528,756.45	1,285,367.93
Employee pretty cash	175,183.18	262,532.50
IPO intermediary fee		4,005,057.90
Total	400,200,864.12	533,861,622.38

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2020	26,240,748.69			26,240,748.69
Balance on January 1, 2020 in the current period	—	—	—	—
Accrual in current period	18,551,781.92			18,551,781.92
Reversal in current period	5,751,805.86			5,751,805.86
Balance on December 31, 2020	39,040,724.75			39,040,724.75

Changes in book balance with significant changes in the current period of provision for loss

 Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	12,270,449.27

1~2 years	387,905,076.99
2~3 years	25,337.86
Total	400,200,864.12

3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Beginning balance	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Other	
Provision for bad debts of other receivables	26,240,748.69	18,551,781.92	5,751,805.86			39,040,724.75
Total	26,240,748.69	18,551,781.92	5,751,805.86			39,040,724.75

NA

Where the amount of bad debt provision reversed or recovered is important:

Unit: yuan

Unit name	Amount reversed or recovered	Recovery way
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NA

4) Other receivables actually written off at the current period

Unit: yuan

Item	Amount written off
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Write-off of important other receivables:

Unit: yuan

Unit name	Nature of other receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from related transactions
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Description of write-off of other receivables

NA

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Closing Balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
First	Receivables related to	387,655,320.00	1~2 years	96.87%	38,765,532.00

	Heyuan project				
Second	Security deposit	2,544,135.21	Within 1 year	0.64%	127,206.76
Third	Margin / deposit	275,906.59	Within 1 year	0.07%	13,795.33
Fourth	Margin / deposit	260,000.00	Within 1 year	0.06%	13,000.00
Fifth	Margin / deposit	169,730.00	Within 1 year: RMB 58,462.65 1-2 years: RMB 111,267.35	0.04%	8,486.50
Total	--	390,905,091.80	--	97.68%	38,928,020.59

6) Accounts receivable involving government subsidies

Unit: yuan

Unit name	Name of government subsidy project	Closing Balance	Ending aging	Estimated collection time, amount and basis
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Not applicable.

7) Other receivables derecognized due to transfer of financial assets

Not applicable.

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

Not applicable.

Other description:

Not applicable.

3. Long-term equity investment

Unit: yuan

Item	Closing Balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	728,737,678.63	4,086,994.48	724,650,684.15	728,737,678.63	4,086,994.48	724,650,684.15
Investment in associated enterprises and joint enterprises	13,424,230.41		13,424,230.41	8,858,476.15		8,858,476.15
Total	742,161,909.04	4,086,994.48	738,074,914.56	737,596,154.78	4,086,994.48	733,509,160.30

(1) Investments in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Increase or decrease in current period				Ending balance (book value)	Balance of impairment provision at the end of period
		Further investment	Capital reduction	Provision for impairment	Other		
Winner Medical (Huanggang)	267,491,627.79					267,491,627.79	
Winner Medical (Jingmen)	27,242,761.31					27,242,761.31	
Shenzhen Purcotton	50,000,000.00					50,000,000.00	
Winner Medical (Chongyang)	33,629,806.08					33,629,806.08	
Winner Medical (Jiayu)	36,436,595.28					36,436,595.28	
Winner Medical (Tianmen)	39,697,276.28					39,697,276.28	
Winner Medical (Hong Kong)	1,456,720.00					1,456,720.00	
Winner Medical (Yichang)	18,595,897.41					18,595,897.41	
Winner Medical Malaysia	0.00					0.00	4,086,994.48
Winner Medical (Heyuan)	100,000,000.00					100,000,000.00	
Hubei Winner	100,000,000.00					100,000,000.00	
PureH2B	50,000,000.00					50,000,000.00	
Mifu Shanghai	100,000.00					100,000.00	
Total	724,650,684.15					724,650,684.15	4,086,994.48

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested entity	Beginning balance (book value)	Increase or decrease in current period								Ending balance (book value)	Balance of impairment provision at the end
		Further investment	Capital reduction	Investment gains and losses	Adjustment of other comprehensive	Changes in other equity	Declared payment of cash	Provision for impairment	Other		

				recognized by the equity method	sive income		dividends or profits				of period
I. Cooperative enterprise											
Subtotal	0.00			0.00						0.00	0.00
II. Joint venture											
Chengdu Winner	8,858,476. 15			4,565,754. 26						13,424,230 .41	0.00
Subtotal	8,858,476. 15			4,565,754. 26						13,424,230 .41	0.00
Total	8,858,476. 15			4,565,754. 26						13,424,230 .41	

(3) Other description

NA

4. Revenue and cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	8,810,788,637.62	4,299,577,993.11	1,371,094,629.32	1,038,436,640.91
Other businesses	79,322,320.00	24,356,964.05	43,222,651.29	1,594,659.59
Total	8,890,110,957.62	4,323,934,957.16	1,414,317,280.61	1,040,031,300.50

Income related information:

Unit: yuan

Contract classification	Segment 1	Segment 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information related to performance obligations:

Not applicable.

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations signed but not yet performed or completed at the end of this reporting period is RMB 530,188,257.63, of which RMB 530,188,257.63 is expected to be recognized as income in 2021.

Other description:

Not applicable.

5. Income from investment

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment income checked by cost method		182,154,264.00
Long-term equity investment gains measured by employing the equity method	4,565,754.26	1,685,447.16
Investment income from purchasing financial products	14,559,320.69	765,726.95
Total	19,125,074.95	184,605,438.11

6. Other

NA

XVIII. Further information

1. Current non-recurring gain and loss statement

Applicable Not applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	-25,914,736.75	
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the business of a company and enjoyed in accordance with a certain standard quota or quantity of the state	74,592,796.36	
In addition to the effective hedging business related to the company's normal business operations, the profit and loss from fair value changes arising from holding tradable financial assets, derivative financial assets, tradable financial liabilities, and derivative financial liabilities, as well as the investment income from disposal of tradable financial assets and derivative financial assets, tradable financial liabilities, derivative financial liabilities, and other debt investments	28,197,958.34	

Income and expenditure other than those mentioned above	-4,844,628.50	
Less: Amount affected by income tax	12,117,518.33	
Amount of minority shareholders' equity affected	324,164.35	
Total	59,589,706.77	--

Explain the non-recurrent profit and loss items defined by the Company according to the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* and defined from the non-recurrent profit and loss items enumerated in the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses*.

Applicable Not applicable

2. Return on net assets and earnings per share

Reporting profit	Weighted average return on net assets	Earnings Per Share	
		Basic EPS (yuan/share)	Diluted EPS (yuan/share)
Net profit attributable to common shareholders of the Company	64.68%	9.80	9.79
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	63.67%	9.64	9.64

3. Differences in Accounting Data under Domestic and Foreign Accounting Standards

(1) Differences between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

(2) Differences between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards simultaneously

Applicable Not applicable

(3) Causes for differences in accounting data under domestic and foreign accounting standards. If the difference adjustment has been made to the data audited by the overseas audit institution, the name of the overseas audit institution shall be indicated

Not applicable.

4. Other

NA

Section 13 Reference file directory

(I) Financial statements containing signatures of the Company's legal representative, the head of accounting work, and the head of accounting body (accountant in charge) with seals.

(II) The original audit reports with the seal of the accounting firm and the signatures and seals of the certified public accountants.

(III) Original copies of the documents and announcement of the Company published on the website designated by the CSRC in the reporting period.

(IV) The original copy of the 2020 Annual Report and its summary signed by the Company's legal representative and affixed with the Company's official seal.

(V) Other relevant materials.

Reference files kept at: Securities Department.

In case of a divergence of the interpretation the Chinese version of the annual report shall prevail