



winner
稳健医疗



Purcotton
全棉时代



PureH2B
津梁生活



2021 Full Annual Report

Winner Medical Co., Ltd.

To shareholders

Dear shareholders,

Thank you for your support, trust, help and companionship to Winner Medical!

In 2021, the global economy faced unprecedented challenges in post-COVID-19 era. In China, with the rapid development of the Internet of Things (IoT), Cloud Services, Big Data and artificial intelligence (AI) technologies, as well as the rise of a low-carbon economy and a new generation of consumers gradually taking control of the discourse, Winner Medical ushered in new challenges and opportunities.

In 2020, to deal with the sudden outbreak of the COVID-19 pandemic, Winner Medical, as one of the companies closest to the center of the affected area and one of the earliest responders, provided epidemic prevention products with fine quality and competitive prices for the majority of medical staff and anti-epidemic workers, making due contributions and creating good operating results. In 2021, by returning gradually to normal from the non-normal year of the pandemic, Winner Medical realized RMB 8.037 billion in revenue and RMB 1.239 billion in net profit attributable to shareholders of the listed company, both down from the previous year. I apologize that Winner Medical's stock price fluctuated with the impact of the stock market due to greater uncertainties and more severe challenges imposed by the pandemic plus regional conflicts since 2021, bringing pressure and anxiety to our shareholders, though the Company significantly improved its performance in terms of development strategy, business scale and brand reputation compare to the pre-pandemic period.

As the first person responsible for the Company, I am fully aware of my responsibilities, and never retreat in the face of difficulties, thus leading our team to conduct in-depth reviews, take every opportunity and fight on the frontline to achieve our strategic goals.

We have always believed that it is important for companies to not only guarantee big short-term gains, but also make plans for future sustainable growth. The year 2022 marks the beginning of Winner Medical's second thirty years. We can only live up to the expectations of our shareholders if we could continuously innovate, specialize in our business, excel in our operations, build a high-quality development business model, and drive Winner Medical to achieve high-quality, sustainable, and high-quality growth.

Industry-leading R&D and Innovation

The year 2021 marks the thirtieth year of Winner Medical's existence.

Over the past three decades, Winner Medical has been engaged in an industry that is small, with limited entry threshold and particularly severe inter-industry competition. How did Winner Medical manage to be the top in national export of medical dressings in its first ten years? It is because that we expand by winning the trust of international customers with outstanding quality and services and getting more cooperation opportunities and orders thanks to quality and integrity, while most companies made quick money and competed for customers with lower prices.

We took the lead in building our own spinning and weaving mills, relying on the reliability and stability of raw material quality to ensure the quality of finished products, while others did not realize the quality of veil is the bottleneck of gauze quality which determines the quality of finished products. We rapidly adjusted strategies by closing spinning and weaving mills, focusing on and successfully developing pure cotton spunlace non-woven fabric, which became "a great innovative technology in the textile industry", while our counterparts produced spinning and weaving on a

large scale.

We gained market insights and consumer trends and keenly developed more than 10 world-first products, including cotton tissues, wet tissues, sanitary pads with pure cotton surface, baby diapers with pure cotton surface and non-woven disposable underwear, while competitors imitated our pure cotton spunlace non-woven fabric proprietary products. We stick to the “cotton fiber only” principle, and created Purcotton with the vision of “changing the world with pure cotton”, while our counterparts imitated our products with chemical fibers.

Ten years ago, we started to independently develop silica gel technology, foam technology and antibacterial technology, focusing on the research and development of basic materials for high-end wound dressings. Nowadays, foam dressings and silica gel dressings are recognized and purchased by international famous brands, and gradually become the “domestic alternative” high-quality, high-end wound dressings for the Chinese market.

During the COVID-19 pandemic period in 2020, to deal with the severe shortage of raw material supply for epidemic prevention materials, we independently developed the base material for pure cotton non-woven protective clothing and isolation gowns, which not only solved the problem of raw material supply, but also achieved comfort, breathability and environmental protection, receiving praise from medical staff.

.....

All the above showed our determination to remain true to our original aspiration, insist on innovation, do things the right way, and take our own road with down-to-earth attitude.

Winner Medical has been committed to perfecting each product and wholeheartedly serving every customer since its establishment, and it has never put profits first nor attempted to make great fortune overnight. At the early stage of establishment, we worked with the enterprises in developed countries and their management, and learnt from their high requirements for product quality, strict standards, methods of work for excellence, and attention to details, which were integrated into the ideological methods and working attitudes of Winner Medical entrepreneurs, laying the foundation for Winner Medical people to attach importance to product quality and excellence, and to take the high quality and high-quality route from the very beginning. Why are good companies built to last? I believe that the sense of mission, the pursuit and the dream are the key to sustaining a company to grow, and employees who recognize the company’s values have the willingness to spend their life contributing to the society. Only the sense of mission allows us work hard, never forget to create value for our customers and shareholders, and make our due contribution to our country. These ideas determine the strategic positioning of Winner Medical and build the vision, mission and values of the Company.

From 1991 to 2021, Winner Medical refined itself in the wind and waves, moved forward by exploration, and developed into a health enterprise specialized in both medical and consumption products under its three brands: Winner, Purcotton, and PureH2B from a single manufacturer of medical supplies through continuous innovation and expansion of industrial boundaries.

High quality development with careful planning

Winner Medical will be better in its second thirty years. We will continue to learn from valuable experience accumulated in the first thirty years, and stick to the values of “working hard, responsibility, innovation, self-criticism, and long-termism” with the vision of “To enhance your health, life and well-being”. In face of the new journey, we set goals and realization path for Winner Medical’s sustainable high-quality development.

Focusing on the field of health product system, Winner Medical must be rooted in the real economy, improve overall quality and efficiency, and achieve high-quality corporate development through the virtuous cycle of the industrial chain, supply chain and innovation chain.

To achieve high-quality development, we should work on the basis of digital operation, take smart manufacturing as the core and innovation as the driving force, so as to develop into an efficient, energy-saving, low-carbon, environmentally-friendly company, with high-quality talents and high-performance business model.

Smart manufacturing as the key to high-quality development, especially in the field of manufacturing, should be realized through the following two methods: first, replacing the single device with a fully automated assembly line for operation; second, replacing the simple assembly line with uninterrupted production, which is the only way to create an intelligent production plant armed with AI technology, thus completely displacing manual labor to build unmanned assembly lines, workshops, black light workshop, and then the lighthouse plant.

The innovation driver of Winner Medical must be products, from product design, manufacturing, packaging, logistics, delivery, to a series of processes such as intelligent manufacturing for deep innovation. Only by continuously enhancing the irreplaceability of our products, continuously tapping the market potential and continuously improving the quality of our products and services can we win customers, the market and the future.

In future, we 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 wound dressing products, optimize product structure, strengthen research and development of core basic raw materials, enhance product market competitiveness, and vigorously promote the application of pure cotton spunlace non-woven fabrics to medical and protective supplies. In the field of healthy living consumer products, the Company will continue to position “comfortable, healthy and eco-friendly” brands, focus the technical researches on new technology, new structure and new functions of yarns and fabrics, strengthen studies on consumers’ behavioral and psychological characteristics, and develop and design products that “delight users”.

Meanwhile, we will also enhance the main business through products and channels, expand industry chains and product lines through investment, mergers and acquisitions, and promote the Company’s long-term development through the outward expansion and internal growth.

In the next thirty years, Winner Medical will pursue health and beauty with higher standards and “make life better” through its three brands.

Eco-friendly business practices for good

Winner Medical has been most proud of achieving sustainable development and green environmental protection. Over the past thirty years, Winner Medical has never simply pursued the maximization of corporate profits in any events, and has never given up its reverence for nature and the protection of the environment in any cases.

Self-discipline with awe Winner Medical adheres to “altruism”, and follows the three core business principles of “Quality before profit, brand before speed, social value before corporate value”, which is not a slogan but truly integrated into the business practices of Winner Medical. Only by integrating the concept of business for good into the corporate development and always living up to it, can we truly survive.

In the future, we should be more exemplary in carbon peaking and carbon neutrality, and take the

lead in energy saving and environmental protection as well as carbon emission reduction. Our goal is to reach carbon peaking and carbon neutrality 3 years and 10 years ahead of the national timeline, respectively.

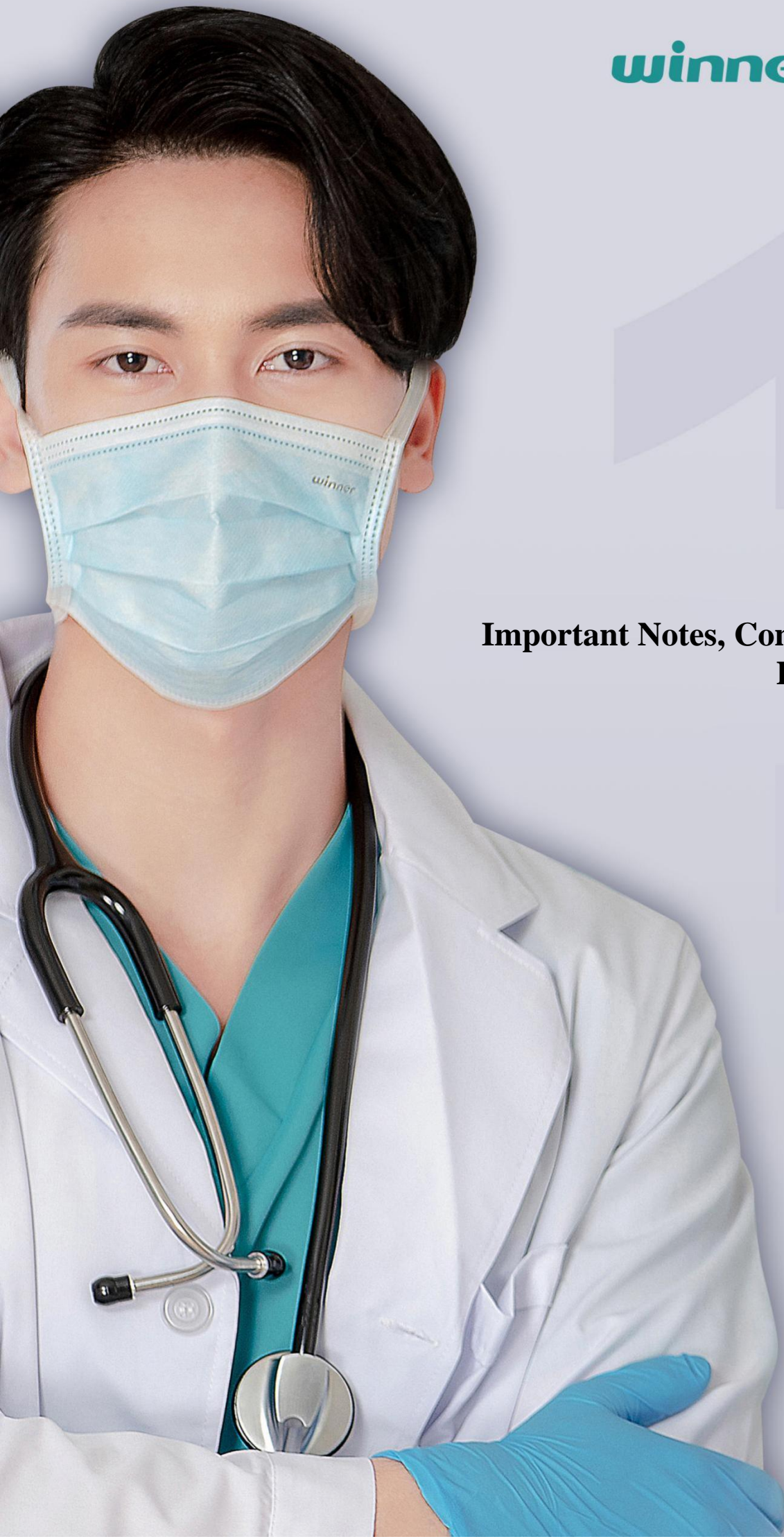
Looking back to the past and forward to the future, Winner Medical will continue to make contributions to our motherland and walk with the times. In the future, we must always adhere to: 1. follow the Party, 2. concern about the country, 3. observe the three core business principles, 4. adopt altruism, 5. comply with customer thinking, 6. work hard, 7. keep operational excellence, 8. advance with the times, 9. persist in innovation, and 10. insist on self-criticism.

We do not believe in “windfall” or “huge profits”, but will exert all our energies to the intrinsic value that affects the long-term development of the company -- pioneering innovation, caring for employees, in-depth product research, digital operation, energy saving and environmental protection... Take every step steadily.

Winner Medical people has deeply engaged in the healthcare industry, integrated the needs of the times with market demand, unified product innovation with excellent management, and built a solid corporate moat.

The second thirty years of Winner Medical will be more brilliant and beautiful!

Li Jianquan
April 20, 2022



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 the statement in this Semi-annual Report is true, accurate and complete without false or misleading information or major omission and that they will assume all the legal liabilities, individually and jointly.

Li Jianquan, the head of the Company, Fang Xiuyuan, the chief Financial Officer, and Wu Kezhen, the head of accounting office (accountant in charge), guarantee the authenticity, accuracy, and completeness of the financial report in this annual reporting period.

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

In 2021, thanks to the overall effective control of the pandemic around the world, plus the significant increase in the production capacity of medical protective products, the sales price of such products decreased gradually to normal, resulting in obvious declines in revenues and profits of the Company's medical consumables business. There were no changes in the Company's main business, core competitiveness and major financial indicators, and its operation was consistent with industry trends; there was no overcapacity, continuous decline or technological substitution in the industry in which it operates; and there was no significant risk to the Company's ability to continue operating.

The forward-looking contents in this annual 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 profit distribution plan approved by the Board of Directors is as follows: a cash dividend of 9.00 yuan (including tax) for every 10 shares to all shareholders, 0 bonus shares (including tax) and 0 shares to be transferred to all shareholders from capital reserve for every 10 shares.

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Document Catalog

(I) Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting work, and the person in charge of the accounting office (accountant in charge).

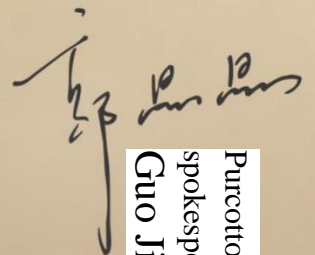
(II) The original auditor's report containing the seal of the accounting firm and the signature and seal of the certified public accountant.

(III) The originals of all company documents and announcements publicly disclosed during the reporting period.

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
Sequoia Xinyuan	Refers to	Beijing Sequoia Xinyuan Equity Investment Center (L.P.), a pre-IPO shareholder of the Company
Xiamen Leyuan	Refers to	Xiamen Leyuan Investment Partnership (L.P.), a pre-IPO shareholder of the Company
Xiamen Yutong	Refers to	Xiamen Yutong Investment Partnership (L.P.), a pre-IPO shareholder of the Company
SCGC	Refers to	Shenzhen Capital Group Co., Ltd., a pre-IPO shareholder of the Company
Xiamen Huikang	Refers to	Xiamen Huikang Investment Partnership (L.P.), a pre-IPO shareholder of the Company
Xiamen Zepeng	Refers to	Xiamen Zepeng Investment Partnership (L.P.), a pre-IPO shareholder of the Company
Winner Medical (Chongyang)	Refers to	Winner Medical (Chongyang) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jiayu)	Refers to	Winner Medical (Jiayu) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jingmen)	Refers to	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., 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., 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
Galaxy Real Estate	Refers to	Shenzhen Galaxy Real Estate Development Co., Ltd.
Reporting period	Refers to	FY 2021, from January 1, 2021 to December 31, 2021
Longterm Medical	Refers to	Zhejiang Longterm Medical Technology Co., Ltd., an enterprise in which the Company intends to acquire a 55% equity interest

Section 2
Company Profile and Major
Financial Indicators



Purcotton | s brand
spokesperson
Guo Jingjing

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	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City		
Postal code of the registered address	518131		
Historical changes in the registered address of the Company	On June 1, 2021, the Company completed the registration of industrial and commercial change of registered address to “F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; Winner Industrial Park, No. 660 Bulong Road, Longhua District, Shenzhen City” from “Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen City”.		
Office address	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City		
Postal code of the office address	518131		
The Company’s Internet website	http://www.winnermedical.com		
Email	investor@winnermedical.com		

II. Contact person and contact information

	Secretary to the board of directors	Securities affairs representative
Name	Chen Huixuan	Liu Yanxiang, Zhang Heng
Contact address	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua 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

Stock exchange websites on which the Company discloses its annual report	http://www.szse.cn/
Name and websites of the media on which the Company discloses its annual report	STCN, China Securities Journal, Shanghai Securities News, Securities Daily, and http://www.cninfo.com.cn/new/index
Place of preparation of the Company’s annual report	Securities Department of the Company

IV. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Office address of the accounting firm	4th Floor, No.61 Nanjing East Road, Huangpu District, Shanghai
Name of signatory accountant	Cheng Jin, Wu Lihong

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

√Applicable □ Not applicable

Name of sponsor institution	Office address of sponsor institution	Name of sponsor representative	Continuous supervision period
China International Capital Corporation Limited	27th and 28th Floors, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	Shen Lulu, Wang Shenchen	From the date of initial public offering to 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

	2021	2020	Increase/decrease this year compared to the previous year	2019
Revenue (yuan)	8,037,420,812.91	12,533,945,946.63	-35.87%	4,574,625,915.60
Net profits attributable to shareholders of listed companies (yuan)	1,239,320,067.26	3,810,412,504.40	-67.48%	546,293,677.91
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	1,029,005,582.98	3,750,822,797.63	-72.57%	480,452,746.25
Net cash flow from operating activities (yuan)	871,689,901.93	4,767,496,287.39	-81.72%	599,772,565.88
Basic EPS (yuan/share)	2.91	9.80	-70.31%	1.45
Diluted EPS (yuan/share)	2.91	9.79	-70.28%	1.45
Weighted average return on net assets	11.76%	64.68%	-52.92%	18.80%
	End of 2021	End of 2020	Increase/decrease at the end of this year compared to the end of the previous year	End of 2019
Total assets (yuan)	13,266,610,200.37	13,002,251,764.44	2.03%	4,531,474,379.58
Net assets attributable to shareholders of listed companies (yuan)	10,674,912,166.80	10,453,934,045.43	2.11%	3,160,380,500.84

The Company's net profits before or after the deduction of non-recurring profit and loss for the last three fiscal years, whichever is lower, is negative, and the auditor's report for the latest year shows that there are uncertainties about the Company's sustainable operation ability.

□ Yes √ No

The net profits before or after the deduction of non-recurring profit and loss, whichever is lower, is negative

□ Yes √ No

VI. Key Quarterly Financial Indicators

Unit: yuan

	Q1	Q2	Q3	Q4
Revenue	2,268,544,975.62	1,791,320,679.30	1,760,074,735.66	2,217,480,422.33
where, healthy consumer goods	818,338,574.11	980,328,477.63	901,837,642.74	1,353,710,023.94
medical consumables and other businesses	1,450,206,401.51	810,992,201.67	858,237,092.92	863,770,398.39
Net profits attributable to	480,582,571.42	280,456,158.82	343,002,814.94	135,278,522.08

shareholders of listed companies				
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	455,065,047.62	172,190,561.57	321,472,260.73	80,277,713.06
Net cash flow from operating activities	187,866,670.61	9,738,195.16	232,758,453.78	441,326,582.38

* Note:

- In Q1, the net margin was higher due to the delivery in Q1 2021 of some higher-priced orders for exports in 2020; in Q2/3/4 2021, with the impact of market supply and demand for protective products and price retreat, net profit margin gradually declined; in Q4, the net margin became lower mainly due to the higher level of marketing expenses in the “Double Eleven” campaign for healthy consumer goods compared to other quarters, as well as the impact of equity incentive expenses.
- The reasons for the large difference between net cash flow from operating activities and net profit in each quarter: (1) the lower net cash flow from operating activities in Q1 was mainly due to the Company’s 100% pre-receipt credit policy for protective products in 2020 and more pre-receipt from customers in 2020; (2) the lower net cash flow from operating activities in Q2 was mainly due to the payment of corporate income tax by income tax remittance in 2020; (3) the change in net cash flow from operating activities in Q3 was mainly due to the payment for the “Double Eleven” stock preparation in Q2 and Q3; and (4) the return of sales funds was achieved in Q4.

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. The difference between net profits and net assets in financial statements disclosed according to the Overseas 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 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 2021	Amount in 2020	Amount in 2019
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	(9,080,387.29)	(25,914,736.75)	55,074,788.79
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the regular business of a company and continuously enjoyed in accordance with national policies, a certain standard quota or quantity of the state	105,132,971.30	74,592,796.36	27,146,755.50
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 and tradable financial liabilities, as well as the investment income from	158,186,445.51	28,197,958.34	(5,798,618.00)

disposal of tradable financial assets, tradable financial liabilities, and available-for-sale financial assets.			
Income and expenditure other than those mentioned above	(2,530,827.65)	(4,844,628.50)	1,236,411.96
Less: Amount affected by income tax	41,394,596.42	12,117,518.33	11,818,507.38
Amount of minority shareholders' equity affected (after tax)	(878.83)	324,164.35	(100.79)
Total	210,314,484.28	59,589,706.77	65,840,931.66

Details of other profit and loss items that conforming to the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have details of other profit and loss items that conforming to the definition of non-recurring profit and loss.

Information on the definition of non-recurring profit and loss items enumerated in “Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses” as the recurring profit and loss items

Applicable Not applicable

No definition of 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” as recurring profit and loss items during the reporting period.



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Section 3
Management Discussion and
Analysis

winner winner winner winner winner winner winner winner winner winner

I. The industry in which we operate

The Company is required to comply with the disclosure requirements of “Textile and Apparel Business” in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure”

1. Industry definition

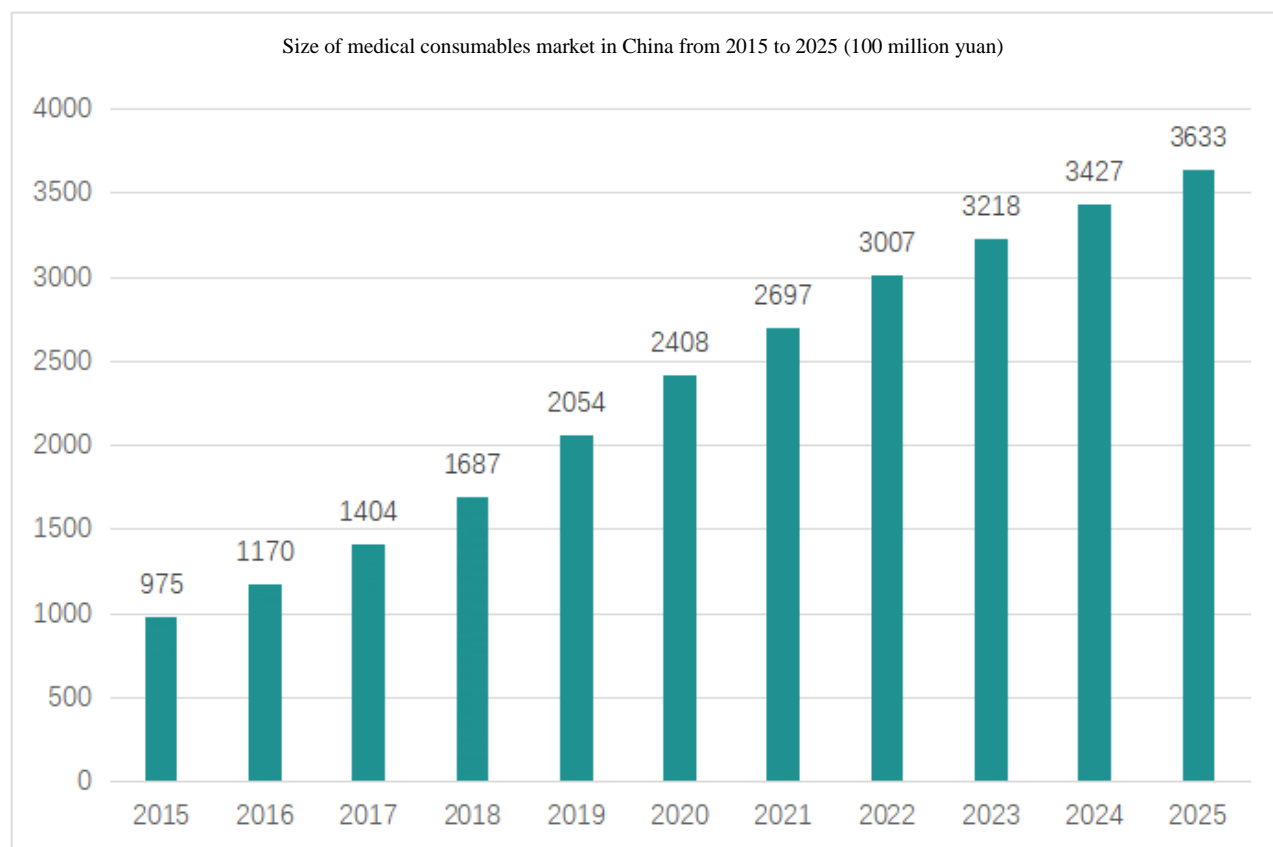
According to the Classification Rules of Medical Devices (2015) (Order No. 15 of the China Food and Drug Administration) and the Classification Catalogue of Medical Devices (Notice No. 104 of the China Food and Drug Administration in 2017), the medical dressings produced and sold by the Company belong 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 pure cotton tissues, sanitary pads with pure cotton surface, cotton wet tissues and other non-woven consumer goods, baby supplies, 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 and apparel industry (C1 8) in the manufacturing industry (C).

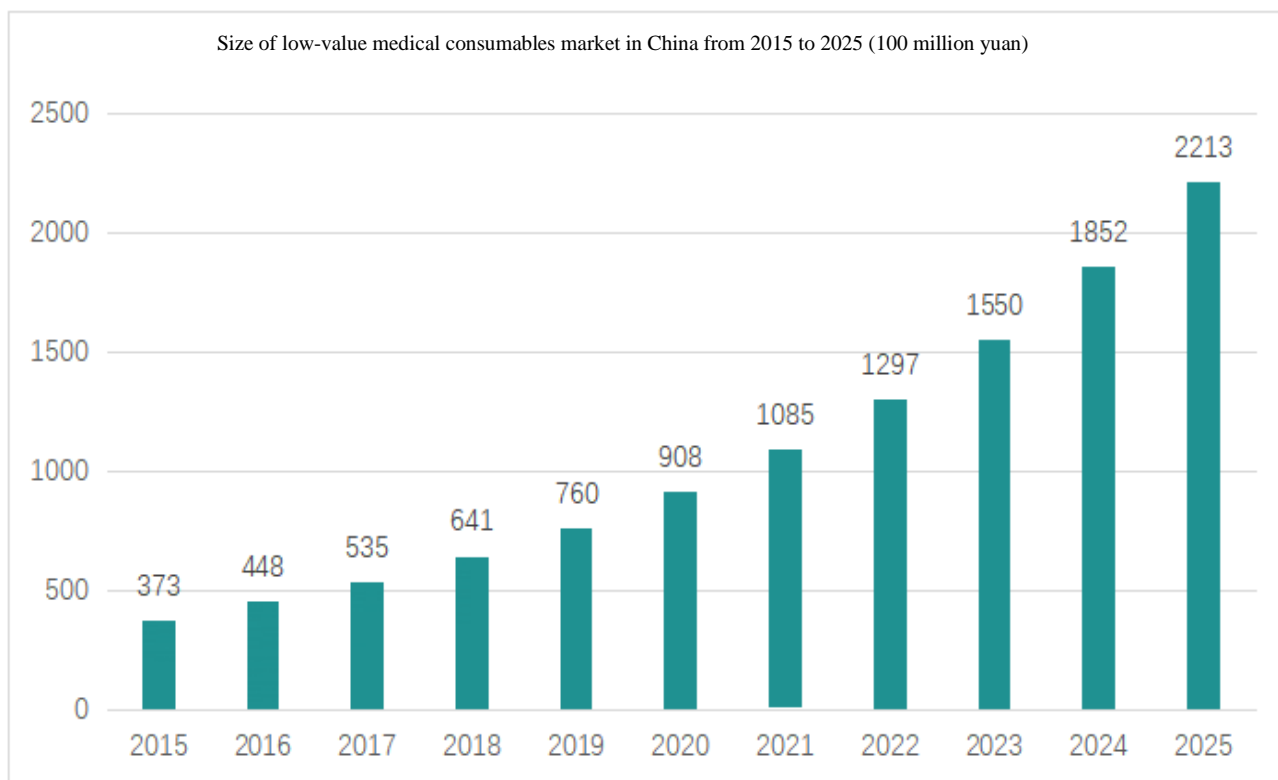
2. Development of the industry

(1) Development of medical consumables industry at home and abroad

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 and wide application, 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: China Medical Consumables Market Conditions and Investment Prospect Survey Report 2021-2026, China Medical Device Blue Book , Chinese Medicine, 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 221.3 billion yuan by 2025.

① 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 domestic 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. Compared with the reusable products, the 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 to reduce the risk of cross infection during surgery. At the same time, disposable operating room infection control products also have advantages in convenience compared with reusable products, which makes the demand for disposable products more active.

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

Compared to the traditional wound dressings, high-end wound dressings are able to control exudate and have better breathability, without adherence to the wound, new tissue injury and bacterial infection. The representative products include hydrogel dressings, hydrocolloid dressings, transparent film dressings, foam dressings, alginate dressings, etc. 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 research compiled by QYResearch, the global high-end wound dressings market size reached USD 5.846 billion in 2020, expecting to reach USD 7.230 billion in 2027.

The market size in China is growing rapidly and the major factors contributing to the growth of the high-end wound dressings market

include increasing aging population, increasing awareness of high-end wound dressings, increasing number of road accidents and burn cases, and high incidence of diabetic wounds and chronic infections.

Most of the sales of Chinese enterprises producing high-end wound dressings are still focusing on overseas markets, and after years of development, the product quality has reached a higher level in the world and gained recognition in the international market. With the rising consumption level of domestic residents, the rising awareness of medical care, the popularization of domestic home care system, and the gradual convergence with international advanced medical care knowledge, there will be a prosperous high-end wound dressings consumption market in China.

In recent years, the relevant government departments and agencies have introduced supporting policies, showing a general trend of gradual replacement of international brands by domestic brands. There will also be a greater space in the high-end medical dressings business for domestic-manufactured products, and China's market concentration will be improved.

(2) Development of consumer goods segmentation industry

① Development of cotton tissues

Because of its more environmental protection and less sensitization, pure cotton tissues can replace traditional paper products and towels, with increasing market penetration. According to the "China's Cotton Tissues Industry Status and Development Trend Research Report 2019-2025" published by the ChinaIRN Industry Research Institute, based on product attributes, production efficiency, environmental protection and other advantages, people are more willing to pay higher prices for high-quality products for infants, maternity, people with sensitive skin and people with frequent beauty makeup and skin care needs, so cotton tissues product awareness is rapidly increasing, promoting the rapid growth of market demand. China's cotton tissues market demand reached 32.5 billion in 2020, up 39.72% YoY, with a compound annual growth rate of 101.62%, in a high-speed growth phase.

The Company set a new product category for cotton tissues and led the rapid growth of the cotton tissues segment. In 2021, Purcotton as the first drafting unit to participate in the development of national standards for cotton tissues, and thanks to the increasingly strict environmental regulation, this segmentation will become more mature and standardized.



② Development of disposable sanitary products industry

According to Euromonitor statistics, the market of absorptive care products in China increased from 128.9 billion yuan to 175.4 billion in 2015-2020, with an average annual compound growth rate of 6.4%.

Among them, female health care products increased from 74 billion yuan in 2015 to 89.1 billion yuan in 2020, with an average annual compound growth rate of 3.8%. As Chinese women's health care awareness and consumption ability continue to rise, consumers are paying more and more attention to product quality, focusing on functionality, material safety and product experience, leading to the increasing proportion of medium- and high-end sanitary napkin consumption.

The market scale of infant diapers increased from 47.9 billion yuan in 2015 to 70.3 billion yuan in 2020, with an average annual compound growth rate of 8.0%. Thanks to urbanization and the increase in per capita disposable income of rural residents, the penetration rate of the sinking market for infant diapers will be significantly increased.

The market scale of adult incontinence products increased from 1.6 billion yuan in 2015 to 5.1 billion yuan in 2020, with an average annual compound growth rate of 26.7%. Since the overall development of adult incontinence products in China is lagging behind the feminine sanitary pads and infant diapers market, it is still in the introduction period. Considering multiple factors such as growing life expectancy per capita, increasing number of elderly population, increasing disposable income per capita and increasing hygiene and health awareness, China's adult incontinence products market is at a stage of rapid growth in sales and market penetration.

The market scale of wet tissues increased from 5.4 billion yuan in 2015 to 10.9 billion yuan in 2020, with an average annual compound growth rate of 15.3%. At present, the market is dominated by baby wet tissues and general-purpose wet tissues. Female hygiene wet tissues, makeup removal wet tissues, home cleaning wet tissues 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

The year of 2021 was the 20th anniversary of China's accession to the World Trade Organization. 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 70.302 billion yuan in 2007 to 667.640 billion yuan 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 144.802 billion yuan 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 6.69 trillion yuan, 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 apparel is 1.67 trillion yuan, accounting for 19.59% of the total online retail sales of physical goods.



④ Development of maternal and child supplies industry

From 2010 to 2020, the maternal and infant market in China grew rapidly. In 2018-2021, the decline in the number of newborns led to a temporary slowdown in the high growth trend of the maternal and infant market, but the overall scale was still expanding, and the size of the domestic maternal and infant market exceeded 4 trillion in 2020, in which the product and service markets accounted for about half each.

There will be more space for future maternal and infant market. In recent years, the post-85s and post-90s ushered in the second and third child policy in their childbirth period, and the post-95s also reached the golden age of childbirth. In the age composition of the

mother group, the post-95s are the fastest growing group. The Blue Book on Maternal and Infant Industry Development released by PwC shows that in 2021, the post-90s and post-00s will account for 53.9% of the maternal and infant population. As the post-90s and post-00s gradually enter the maternal and infant consumer market, changes in their consumer attitudes and parenting styles have brought new development opportunities for the maternal and infant industry, and the maternal and infant market has developed in the direction of high quality, high safety and refinement.

According to the Research and Investment Value Analysis Report on China's Maternal and Infant Industry Chain 2021 released by iiMedia Research, the maternal and infant market size in China exceeded 4 trillion yuan in 2020 and is expected to increase to 7.546 trillion yuan by 2024.

3. Competitive position of the Company

(1) Medical consumables business

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. Our products have entered more than 4,000 hospitals and 120,000 pharmacy chains in China and delivered health to medical patients and consumers in more than 110 countries and regions around the world. Winner Medical 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 innovative and high-quality products. After the outbreak of COVID-19, the Company has fully exerting its core business principle, "social value before corporate 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.

(2) Healthy consumer goods business

Purcotton inherits 30 years of medical manufacturing experience from parent company Winner Medical. It considered "Medical background/Purcotton philosophy/Quality in our DNA" as its core competitiveness, which starts with pure cotton spunlace non-woven fabric and takes "medicine close to life, Purcotton care for health" as its brand proposition. Its products include medicine close to life, Purcotton care for health, sanitary pads with pure cotton surface, pure cotton wet tissues and other non-woven consumer goods, as well as wet tissues, baby supplies, baby products, 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 2021, as the major drafter, Purcotton led the development of national standards for cotton tissues (GB/T 40276-2021), which was implemented on December 1, 2021. 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.

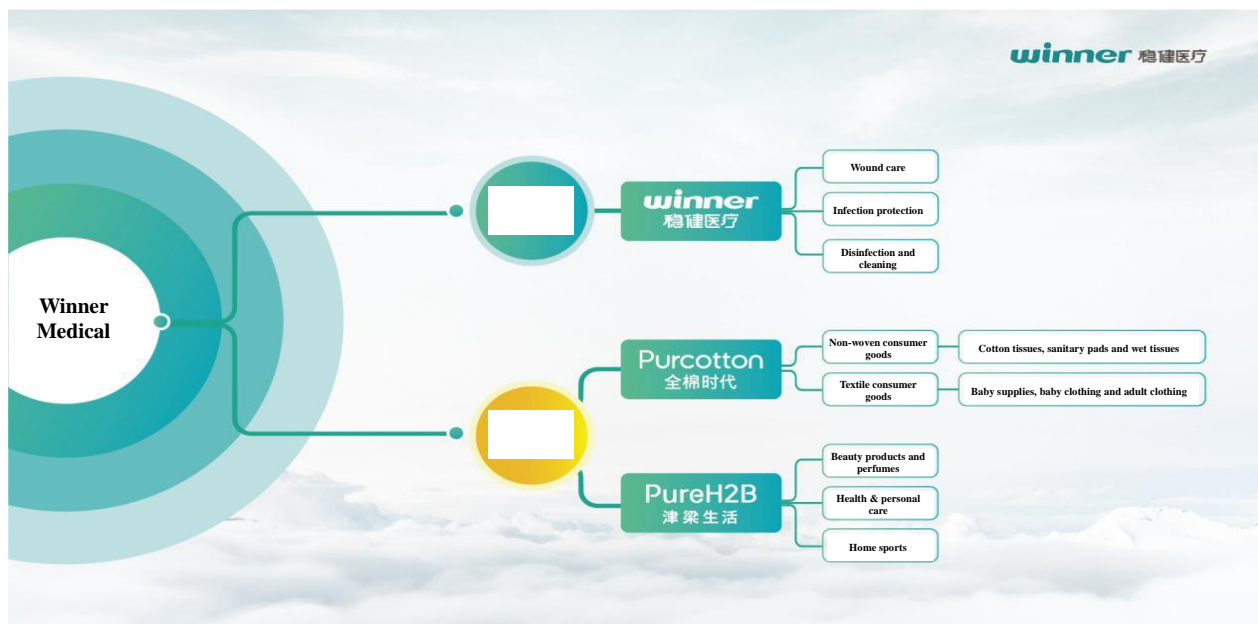
II. Main Business of the Company during Reporting Period

The Company is required to comply with the disclosure requirements of "Medical Device Business" in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 -- Industry Information Disclosure for ChiNext Stock Market"

The Company is required to comply with the disclosure requirements of "Textile and Apparel Business" in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure"

(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 before profit; brand before speed; social value before corporate 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, personal care, home care, maternal and child care, home textile and clothing and other fields.



1. Medical consumables section

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. Thanks to its public commitment not to increase prices and the quality of its products, it has won the unanimous praise at home and abroad, from 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 integrated solutions of wound care, infection prevention, disinfection and cleaning. Disposable operating room consumables can more effectively reduce nosocomial infection than reusable medical products. With more attention of the state and hospitals to nosocomial infection and residents’ attention to personal health environment, disposable operating room consumables are gradually accepted by the domestic market. Winner Medical’s medical dressings product line has been expanded from traditional dressing products mainly focusing on gauze products to high-end wound dressings products, such as silica gel foam dressing, hydrocolloid dressing, super absorbent pad, negative pressure drainage products, etc., which are mainly applied to chronic wound healing scenes such as diabetes, large-area burns and wounds. The Company’s technical level in the field of high-end wound dressings has been in the forefront of the industry, and is expected to become the core products for the development of Winner Medical.



2. Healthy Consumer Goods Section

Purcotton is a healthy life brand with “Medical background, Purcotton philosophy, Quality in our DNA” as its core competitiveness, which starts with pure cotton spunlace non-woven fabric and takes “medicine close to life, Purcotton care for health” as its brand proposition. Its products include pure cotton tissue, sanitary pads with pure cotton surface, pure cotton wet tissues and other non-woven consumer goods, as well as baby supplies, baby clothing, baby products, 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 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 clothes 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 pure cotton tissues, 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, 2021, “PureH2B” has sold products through offline stores, online official websites and Wechat mini programs, and its business is still at 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 and wound dressing products	For absorbing wound exudate, dressing wounds, and sports protection	Gauze sheets, non-woven sheets, gauze bandage, dressing change kits, etc.	
	High-end wound dressing 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	Operating room infection control products	For preventing infections in the operating room	Surgical packs, surgical gowns, etc.	
	Products on disease prevention and control	For occupational protection of medical staff and patient isolation	Masks, protective clothing, isolation gowns, gloves, footwear, hats, 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 clothing play an indispensable role in coping with major health incidents and improving public health. 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 tissues	
		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 non-woven fabric are as follow:

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

(III) Main Operating Modes

1. Procurement 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,

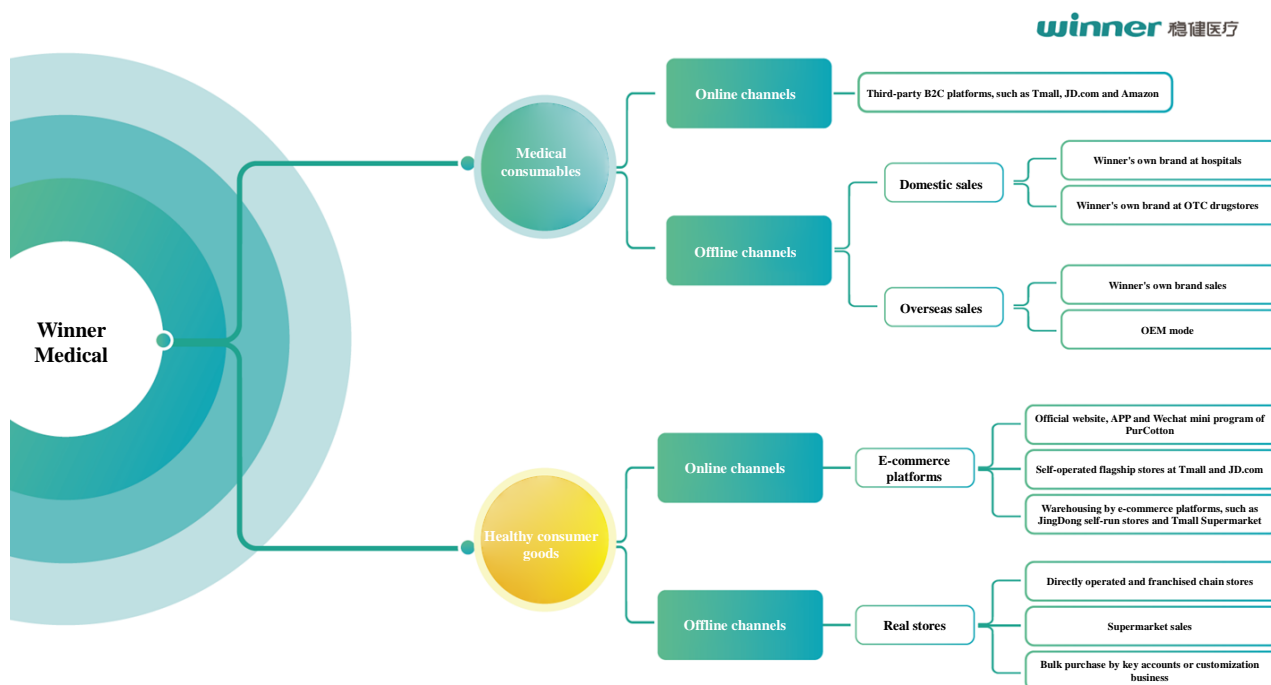
purchase applications shall be submitted by requiring departments based on customer orders, sales plans, and production plans. The purchasing department shall strictly follow the purchasing management regulations after analyzing the purchasing requirements and the raw material market. The procurement 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 thirty 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 “medicine close to life, Purcotton care for health” 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 selected products 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 brand 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 healthcare 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; on the other hand, 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 wound 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. 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 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 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. 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. In May 2021, Winner Medical was selected by the Federation of Shenzhen Industries as the “Benchmarking Enterprise in China's Medical Consumables Sector” and at the same time recognized as an “International Renowned Brand” by the United Nations Industrial Development Organization. In December 2021, Winner Medical's “pure cotton spunlace non-woven fabric and its products” was selected as the champion of National Manufacturing Singles. 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 products which are “comfortable, healthy, and environmentally friendly”. 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 greater market shares in the field of maternal and child consumer products. In October 2019, Purcotton won the reputation of “70 Brand of the 70th Anniversary of the Founding of New China” sponsored by CCTV. In January 2021, Purcotton was honored as one of the “Shenzhen Top Brands” by Federation of Shenzhen Industries. In April 2021, Purcotton was included into the list of the second “Shenzhen Top 100 Brands” announced by Shenzhen Quality City Promotion Association.

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

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 with competitive prices 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 quantity 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 “Purcotton Changes the World”, Purcotton applies “comfortable, healthy, and environmentally friendly” cottons in household supplies and home care products to help customers raise life quality, constantly bringing them happiness, reassurance and sustainability. Sticking to the “cotton fiber only” principle in its operation, Purcotton 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 low-carbon, environmentally-friendly and 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 epidemic, the Company responded quickly and made every effort to ensure the production of protective products. It carried out a series of activities to improve the rapid response capability to market demand in terms of decision-making management, process integration, product and equipment innovation, and industry chain integration. Within one month at the beginning of the pandemic outbreak in January 2020, the Company provided 108.9 million masks and 114,000 pieces of protective clothing to major hospitals in Hubei, demonstrating the efficient synergy within the Company.

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 innovative application of pure cotton spunlace non-woven fabrics in infection prevention products, such as protective clothing, surgical gowns, and isolation gowns, has not only alleviated the shortage of raw materials during the pandemic but also improved the breathability and comfort of anti-pandemic products, which is safe and environmentally friendly. In the field of consumer products, the Company has developed pure cotton tissues, pure cotton wet tissues, sanitary pads with pure cotton surface, as well as disposal cleansing towels, disposable underwear and other products. It has been invited to participate in the development of 14 national standards and industry standards, drafting and developing performance requirements for pure cotton non-woven surgical dressings, and technical specifications for contact trauma dressings and children's masks. As the first and major drafter, Purcotton, a wholly-owned subsidiary of the Company, led the development of national standards for cotton tissues (GB/T 40276-2021), which requires that the fiber composition and content of cotton tissues shall be identified, and the fiber content tolerance shall comply with the provisions of GB/T 29862 (released on May 21, 2021 and implemented on December 1, 2021). In December 2021, the Company's "pure cotton spunlace non-woven fabric and its products" was selected as the champion of National Manufacturing Singles.

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 worked with Soochow University to carry out "temperature scale of gauze quilt and sleep comfort" project, and partnered with Wuhan Textile University to carry out "repolymer gauze" for spinning technology. On December 27, the Company established a Winner Medical-Wuhan Textile University Innovation Institute jointly with Wuhan Textile University to accelerate the process of transformation of scientific and technological achievements. Xu Weilin, member of the Chinese Academy of Engineering, and Deputy Secretary of the Party Committee and President of Wuhan Textile University was appointed as the President of the Institute. 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, 2021, the Company has obtained 45 invention patents, 518 utility model patents, and 301 design patents in China; 56 invention patents and 6 utility model patents have been obtained 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 complete medical-grade quality management system in the industry, including SO13485, FDA21CFR820, China's Good Manufacturing Practice for Medical Devices, and ISO9001, which have been certified or approved. 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). The medical masks have passed the Type I, Type II and Type IIR product certification of EU MDR, PPE certification, and Level 1, Level 2 and Level 3 certification of FDA 510K in the United States, respectively, in overseas markets. The Company ranked 1st in the white book for exporters of epidemic prevention materials issued by the General Administration of Customs and General Administration of Market Supervision of China during the epidemic in 2020. In China, the masks have passed the testing and certification of Beijing Institute of Medical Device Testing, National Medical Products Administration. The protective clothing have been CE certified for EU Type 5 and Type 6. The Company's N95 masks and protective clothing are of good quality and high reputation, allowing it to be the designated reserve unit of the government's prevention and control command, as well as the main material supplier for Guangzhou, Shenzhen and Nanjing which have been hit by the COVID-19 pandemic in 2021. In addition, the Company's product quality has been widely recognized by the market. During the Tokyo Olympic Games and Beijing Olympic Games, many athletes wear the Company's protective products, which protected athletes to ensure their excellent performance in the field.

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 tissues. 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. 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 “medicine close to life, Purcotton care for health”, 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. Some of its products are OEKO-TEX Standard 100 certified and Shenzhen Standard certified, the latter is used for advanced evaluation of Shenzhen Standard for infant textile and clothing product standards. Some non-woven products have passed the EU AP (2002) 1 and EC1935/2004 EU Food Contact Materials testing.

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, super absorbent pads and scar treatment strips for chronic wounds that are difficult to heal, which has further enrich its products. For the clinical use scenarios, the Company is committed to changing 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 clothing, 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. In the field of home care, the Company provides professional products for clinical use such as hyaluronic acid masks, saline cleaning pads, hydrocolloid band-aids and medical sheet masks to consumers through 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 apparel textile consumer goods. The non-woven

consumer goods include cotton tissues, sanitary pads, and wet tissues; the apparel 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 comfortable and environmentally-friendly healthy consumer goods. 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 tissues 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 apparel woven consumer products such as gauze children's clothing, home clothing, bedding and bath towels are getting more popular.

5. Brand advantages

(1) Brand advantages in the field of medical consumables

As one of the market leaders in the field of medical consumables, the Company attaches great importance to product quality and service, and holds exhibitions worldwide to launches the "Winner Medical Academy", aiming to invite experts to educate, organize and participate in academic forums and public welfare activities, thus promoting the brand, allowing "Winner Medical" to enjoy a high reputation in the industry, and enabling the products to be widely recognized by customers at home and abroad. During the COVID-19 pandemic, the Company's actions were highly recognized by the government of China. 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. 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 Mönlycke, 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. The products of "Winner Medical" brands have covered all public and most private hospitals in Hong Kong. In May 2021, Winner Medical was selected by the Federation of Shenzhen Industries as the "Benchmarking Enterprise in China's Medical Consumables Sector" and at the same time recognized as an "International Renowned Brand" by the United Nations Industrial Development Organization.



(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 “medicine close to life, Purcotton care for health”, Purcotton advocates the use of cotton, to reduce environ mental 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 is creating new categories and lifestyles by applying cotton materials in its core products , including pure cotton wet tissues, sanitary pads with pure cotton surface, BBNice, as well as 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’s “Winner Medical” and “Purcotton” have completed the deployment of mainstream third-party e-commerce platforms, including Tmall, JD.com and Amazon. 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

In the medical consumables section, the Company’s domestic medical business distributors (hospital market) have covered over 4,000 hospitals in more than 30 provinces (incl. municipalities and autonomous regions); retail pharmacy market distributors have covered nearly 120,000 retail pharmacies in more than 20 provinces (incl. municipalities and autonomous regions); foreign medical

business customers and distributors have covered more than a hundred countries and regions such as Europe, Japan and the United States.

As for healthy consumer goods section, the Company has opened a total of 345 offline stores as of December 31, 2021. Among them, Purcotton has opened 320 offline stores (including 23 franchisees) in more than 60 mid- and high-end shopping malls in Shenzhen, Shanghai, Beijing, Guangzhou and other key cities in China; and PureH2B opened 10 offline stores. 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. The Company's core products, such as Purcotton's cotton tissue and Nice Princess, have successfully entered supermarket chains, convenience store chains and offline maternal & infant stores and communities, including about 5,500 outlets of China Resources Vanguard, Ole' Supermarket, Yonghui Supermarket, Sam's Clubs, Wal-Mart, RT-Mart and other mainstream supermarket chains, over 6,000 outlets of 7-11, Rosen, Convenience Bee, Today, Every Day and other convenience store chains, as well as offline maternal & infant stores in over 20 provinces and 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 December 31, 2021, the number of Purcotton users has exceeded 35 million, including 16 million registered members of its private platforms (7 million store registered members, and nearly 10 million registered members of its official website and WeChat mini programs).

7. Advantages of full industrial chain

The Company upholds the business philosophy of "quality before profit", and continuously improves its quality, cost and delivery management and control. It has built a full industrial chain with advantages from procurement, production, sterilization, warehousing, to delivery. The Company has seven wholly-owned production subsidiaries, covering a total area of more than one million square meters, including 105,000 square meters of clean workshops. It supplies a large quantity of high quality medical supplies and daily necessities to all over the world every 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 operating room infection prevention and control products (e.g., disposable surgical kits), epidemic prevention products (e.g., protective clothing), 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 with an area of 150,000 square meters, Winner Medical (Tianmen) is the production base of pure cotton spunlace non-woven fabrics and medical gauze in China, covering pure cotton spunlace non-woven fabrics, pure cotton tissues, medical dressings, and medical protection series products; established in 1999, Winner Medical (Yichang) is the main production base for its grey cloth with 137 sets of advanced air-jet looms. In January 2022, the Company won the plot at Guanlan Street in Longhua District, with an area of nearly 15,000 square meters. In the future, the land will be used as the medical biological and sensory protection industrial base in Guangdong-Hong Kong-Macao Bay Area, for scientific research and innovation and industrial production of medical biological, high-end medical dressings, medical sensory protection products.

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 tissues; 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.

IV. Analysis of Main Business

1. Overview

Due to the outbreak of the COVID-19 pandemic in 2020, the world was in the urgent need of medical protective products. The Company realized high growth in annual performance in 2020 thanks to its years of advantages in terms of quality, supply chain and rapid response capabilities in medical consumables segment. In 2021, the production capacity of medical protection products increased significantly, with sufficient supply and gradual recovery of prices to normal. Rising global shipping rates and tight comprehensive capacity resources in 2021 led to delayed shipments of foreign trade sales goods, while energy shortages pushing up raw and auxiliary material prices, resulting in higher production costs for manufacturing enterprises and short-term pressure on total retail sales growth of consumer goods after the outbreak of the pandemic in 2020. As can be seen, the market business landscape changed profoundly in 2021, and the industries in which the Company operates have been affected to varying degrees. The Company's revenue for 2021 was 8.037 billion yuan, down 35.87% year-on-year, and net profit attributable to shareholders of the parent company was 1.239 billion yuan, down 67.48% year-on-year, with earnings per share of 2.91 yuan.

(I) Changes in business during the reporting period: (For detailed reasons for changes in sales revenue by product and by channel for the two major business segments during the reporting period, please refer to the “Composition of Operating Revenue” table below)

1. Medical supplies business achieved sales revenue of 3.922 billion yuan this year, down 56.03% from 2020, an increase of 160.69% over 2019.
 - ① For channels and members, due to the global impacts of the COVID-19 pandemic in 2020 and 2021, the share of regional sales revenue structure of medical supplies business was subject to a fundamental change: the proportions of international market and domestic market were changed to 40% and 60% in 2021 respectively from 60% and 40% before the pandemic. The revenue from sales of international market was 1.69 billion yuan, down 71.67% from 2020, mainly due to the decline in sales of protective products for pandemic control, but up 95.68% from 2019. Domestic hospital sales revenue reached 1.246 billion yuan, an increase of 12.46% and 545.79% over 2020 and 2019, respectively, covering hospitals from 3,000 to more than 4,000, mainly concentrated in Grade II hospitals and above. Medical C-end sales (pharmacy + e-commerce) exceeded 1 billion yuan, an increase of about 4 times over 2019, accounting for 25.65% of the medical segment; of which, sales revenue from medical e-commerce channel reached 677 million yuan, up 20 times from 2019, accounting for 17.26% of the medical business. Tmall Winner Medical flagship store ranked Top 8 in annual medical equipment category, Jingdong Winner Medical ranked Top 2 in the nursing care appliances category; the official website of the small program began operation at the beginning of this year, with the total number of members exceeded 500,000, quickly laying the foundation of private e-commerce platform. As of the end of the reporting period, the cumulative number of fans on domestic e-commerce platforms was 9.25 million. Cross-border e-commerce covers 11 marketplaces around the world on the Amazon platform, and there have been two multi-million single products and a number of million-level potential top-selling products.
 - ② In terms of products, revenue from sales of masks and protective clothing was 1.94 billion yuan in 2021, decreasing from 63.20% of the medical business in 2020 to 49.47% in 2021, and revenue from sales of other medical consumables was 1.98 billion yuan, an increase of 45% from 2019. Revenues from sensory control products and disinfection and cleaning products for operating room decreased year-on-year, which was mainly due to the recovery of quantity and price of surgical gowns and disinfection solution by foreign customers to normal, as they used the products for the pandemic prevention and control. However, the sales revenue of sensory control products and cleaning and disinfection products for operating room increased by 80% and 71%, respectively, compared to 2019. The sales of high-end wound dressings increased by 23.04% compared with last year to 106 million yuan in 2021, as the vast majority of revenue came from overseas markets. Due to the international market medical insurance control factors, it is expected to further undertake more orders overseas. In 2021, the Company obtained certificates for Category II scar treatment strips in China, and certificates for scar cream and scar treatment strips in Europe and the United States. With the increase in demand for medical laser spot removal, the application of auxiliary scar removal scenarios increases significantly. Through the proposed acquisition of Longterm Medical with rich product lines in 2022, the Company will become a leading company in the segment of high-end wound dressings in China. As of the date of disclosure of this report, the number of registration certificates for high-end wound dressings of Category II and Category III products are 12 and 1 for the Company and 10 and 4 for Longterm Medical, respectively.
2. The healthy consumer goods business achieved sales revenue of 4.054 billion yuan this year, up 15.27% compared to the same period last year and 34.79% compared to the same period in 2019. After excluding the mask products in the same caliber, the sales revenue increased by 24.82% compared with the same period last year.
 - ① For channels and members, Purcotton diversified layout of online and offline channels. For online channels, there are self-operated platforms such as official websites and applets, as well as third-party platforms such as Tmall, Jingdong, Vipshop, Douyin and Xiaohongshu. For offline channels, the Company focused on direct center stores, supplemented by a small number of franchises, partially stationed in large supermarkets. Thanks to the WeChat applets, it realized interconnection between online and offline channels, enabling multi-platform multi-channel complementary advantages and achieving omni-channel layout. During the year, 81 new offline stores were opened (including 63 directly operated stores and 18 franchisees), and the scale of sales revenue achieved by offline stores in 2021 increased by 29.34% year-on-year, including 14.97% year-on-year increase in sales of stores opened for more than two years. For the new supermarket channels. The Company added more than 380 large supermarkets in East, South and Central China, 239 Better Life stores and more than 4,000 Watsons outlets, while new products were added to the old channel (such as sanitary pads and new gauze series), and the sales revenue from the

supermarket channel increased by 51.18% compared with last year. In the absence traffic drainage for masks due to the pandemic last year, the e-commerce channel effectively improved the conversion rate of new customers and repurchase rate through brand activities, content communities, membership operations and other ways. In 2021, the Company actively expanded interesting e-commerce platforms such as Douyin and Xiaohongshu, thus forming a “super KOL living-streaming + brand self-broadcast” marketing mode. Thanks to the rapid sales growth, the Company reached 2.541 billion yuan in sales revenue through e-commerce channels, an increase of 8.69%, including 562 million yuan in sales revenue through official website, applets and other own platform, an increase of 44.85%. By the end of 2021, Purcotton had more than 35 million members across the domain, including 16.84 million private domain members, an increase of 31.97% from last year. Female consumers account for 90%, of which 80% are aged 25-45. As the Company's product development attaches importance to face and to the Z-era consumer group, the amount of the 18-25-year-old consumer group will gradually increase.

- ② In terms of products, cotton tissues and wet tissues were affected by the products made of chemical fiber with lower prices, and sales revenue declined somewhat. Purcotton as the first drafting unit led the development of national standards for “cotton tissues”, which requires cotton tissues products to identify the fiber composition and content. The Standards was implemented on December 1, 2021, aiming to help standardize the cotton tissues industry. During the reporting period, sanitary pads grew at a significant rate, while baby supplies, baby clothing, adult clothing and other textile products performed strongly this year, with year-on-year growth rates between 30-50%. This year's new product launch progressed as planned, with products such as popular ultra-soft cleansing face washcloths, high-waisted menstrual pants, hyaluronic acid wet makeup pads, pocket cotton tissues, face wash cotton tissue rolls, fifth-generation upgrading ultra-clean absorbent sanitary pads, antibacterial sunscreen clothing and apparel, and thanks to co-branding with Ultraman, the Ultraman custom face washcloths, wet tissues and children's bath towels were launched to meet new consumer demand.
3. The net profit attributable to shareholders of the parent company was 1,239 million yuan, decreasing from 3,810 million yuan in last year. As the sales volume and price of medical protective products dropped in the global market, plus increase in the world shipping costs and raw and auxiliary materials prices, the Company increased sales costs, while launched employee stock incentive plan at the end of 2020. During the reporting period, a share-based payment expense of 68.1203 million yuan was charged, and after excluding the impact of the share-based payment expense on net profit, the net profit attributable to shareholders of the parent company was 1.309 billion yuan.

(II) Overview of operation and management

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

1. Digital transformation

The Company has adopted numerous reform measures since 2019 to promote “consumer-centric” and “digital and intelligent manufacturing-driven” business transformation, and carry out the five digital strategies of “centralized commodity digital operation”, “omni-channel digital operation”, “consumer omni-channel operation”, “digital operation of supply chains” and “smart manufacturing digital operation”. During the reporting period, the first phase of “omni-channel digital operation” and “centralized commodity digital operation” enabled the support of multiple e-commerce platforms, one inventory for online and offline, intelligent distribution of orders, omni-channel price and unified membership rights across channels. Consumer omni-channel operation focuses on CDP (Consumer Data Platform) and MA (Marketing Automation), which have created a domain-wide consumer operation system and are committed to realizing the accurate matching of people, goods and fields at the data and technology levels. The digital smart logistics is mainly launched together with JDLogistics, which is committed to transforming the Company's existing logistics system from a growth supporter to a revenue driver, and to building an integrated, intelligent, expandable and fast-responding active intelligent logistics system based on customer's demand. The online pilot of Wuhan warehouse was completed in 2021. Smart manufacturing digital operation also refers to the plans of top consulting firms, and is committed to creating a green, low-carbon and agile platform for ecological synergy in industry chain and group unified control, promoting the Company to rapidly and significantly reduce manufacturing costs. Through the Salesforce CRM solution, in 2021, the Company has completed the foundation of CRM system and established end-to-end digital capabilities for marketing and sales to support Winner Medical's customer, marketing, sales and channel management business with efficient processes and business collaboration. During the reporting period, the CRM project has been launched online as a whole, which helps each sales department enable the full lifecycle management of customers and develop a unified sales configuration and quotation tool, aiming to improve customer acquisition capability and marketing ROI. The Company launched the SAP Reinvention Project, and completed SAP ERP upgrading and renovation online, so as to make the system agile enough to improve operational efficiency, and better meet the challenges of a rapidly changing market and globalization.

2. Product R&D

In terms of medical consumables, the Company, on the basis of self-developed pure cotton spunlace non-woven fabrics, made further investment and redevelopment, thus continuously reducing the production costs of raw materials. In the post-pandemic era, the Company remained market competitiveness in application of pure cotton spunlace non-woven fabrics to surgical gowns, medical protective clothing, isolation gowns, medical masks and other infection control and disease control protective products. In the meantime, the cost reduction of this core base material can further expand its market application scope, which is in line with the national policies and guidance of carbon neutrality and carbon peaking. At the same time, the Company has gradually perfected its high-end wound dressing product line layout, and continues to invest in research and development of core basic raw materials, mastering the core technology of materials such as wound exudate management and infection control. To improve the performance of our products, meet the differentiated and customized needs of customers and increase the competitiveness of our products in the market, we continue to create maximum value for our customers by continuously improving product formulations and optimizing

production processes, so as to make products better and more sophisticated. The Company has made significant progress in the mass production of key hydrophilic fiber dressings this year, and obtained domestic certificates for the marketing of hydrocolloid, scar repair products. The Company also successfully got the Category II certificates for and market its first active medical device -- negative-pressure drainage sucker. The third generation of bioactive dressings are in the accelerated research and development stage, preparing for advanced R&D layout for future sustainable development of high-end wet dressings

In terms of healthy consumer goods business, the Company successfully completed research and development of “soft and flexible gauze free of additive”. Thanks to its independent innovation of new process of yarns, together with physical batting, the fabric is softer and more flexible. This kind of material is applied to pure cotton bedding and gauze toiletries, allowing more energy-saving and environmentally-friendly production as well as safer and healthier products. The “pure cotton antibacterial cooling fabric” developed by the Company integrates cooling microcapsules and herbal cotton antibacterial technology with pure cotton fabric, which can quickly absorb heat and achieve long-lasting cooling effect. This kind of fabric has 5A antibacterial effect, and can be used for baby and adult’s cooling T-shirts, pants, summer sleeping mats, etc. At the same time, the Company developed “pure cotton unidirectional moisture-guiding fabric” for children’s loungewear and baby supplies, which completely solves the pain point of children who are easy to catch a cold after sweating. In terms of industry-university-research collaboration, the research project of “temperature scale of gauze quilt and sleep comfort” carried out by the Company and Soochow University has been completed, providing guidance for consumers to make rational choice in scientific parenting and sleep comfort. With professional and lean cotton technology, the Company introduced the rare and precious professional equipment to achieve “Liquid Ammonia Mercerized Cotton fabrics”, so that the 100% cotton not only is soft and breathable, but also has a silk-like appearance with anti-wrinkle and elastic characteristics, making it easier to take care of than silk. With light weight and high quality, it is applied to adult home wear, more conducive to healthy sleep and comfortable home life.

3. Brand building

2021 marks the 30th anniversary of the founding of the Company. It plans to increase the investment in marketing activities to enhance brand influence. During the reporting period, Winner Medical was involved in the shooting projects of “Days and Nights in Wuhan”, the first documentary film in China focusing on the war against COVID-19 pandemic, and “Chinese Doctors”, a blockbuster adopted from the real story of Wuhan Jinyintan Hospital. It also worked with Shenzhen TV to produce the “My White Gown 2: the Ace Sections”, Shenzhen TV’s first documentary observation program of doctors. Moreover, it strives to drive traffic to e-commerce and mini program through live-streaming with goods. In the professional academic field, Winner Medical influenced the professional market through the dissemination of academic conferences at all levels. In the thematic activities jointly sponsored by Winner Medical and Beijing Infection Control and Disinfection Technology Industry Association, it worked with many renowned national experts to help grassroots organizations at all levels nationwide to improve the protection concepts of medical personnel. Through the Nurses’ Day thematic activities, the Company built partnerships with nearly 100 hospitals and influenced key customers. It also attended CMEF, World Health Expo and other exhibitions to consolidate its influence in the industry. In addition, Winner Medical is promoting a clinical comparative observation program for surgical caps in the middle and large operating rooms, and strengthening clinical academic cooperation with domestic top hospitals.

Purcotton continues to deepen communication with consumers, aiming to deliver the multiple advantages “cotton” in terms of environmental protection, sustainable development, etc., and constantly communicate with consumers emotionally. During the reporting period, it upgraded its store image with the help of an international team. As a designated partner brand, it appeared in the “Kids Fashion Week 2021” of China Oil Painting Institute in Beijing. The Company also worked with CCTV Technology Channel for a second time to produce “Fashion Technology Show”. The Programme led the public into the world of cotton to enhance the public’s attention to pure cotton tissues and wet tissues, making the Purecotton philosophy deep in the hearts of people. On the occasion of the Earth Day, it worked with the authoritative color agency COLORO® to launch the “cotton” theme series color numbers for the first time, explaining cotton colors. On the 12th China International Cotton Conference held in Suzhou, Purcotton, as the first batch of participating companies on the consumer side, made a wonderful appearance and talked about the sustainable development of cotton, aiming to create a quality image of “Chinese cotton”. In October, it worked with the Spring-Summer 2022 Collection in Shanghai Fashion Week to launch an immersive time travel with natural and pure cotton, showing a deep interpretation of the environmental value of cotton and sustainable charm. In November, as a member of the “Fashion Health” Pink Ribbon Charity Alliance, it converted the power of cotton into love energy, and participated in the promotion of “PinkBag” women’s public welfare care project, sharing courageous voice for love. In addition, Purcotton actively carries out brand marketing activities through living stream, and invites KOLs in maternal & infant and travel segments to the living events to promote attractive cotton products. Thanks to the long-term activities of “normalized store livestream shopping” and “normalized plant livestream shopping”, Purcotton can display its unique advantages of stores and plant industrial chain, and direct online and offline traffic to each other.

4. Internal management

At the beginning of 2021, the Company launched a risk control system project, and engaged external renowned consultants to sorted out potential business risks of departments at all levels. It also built the internal control management committee, formulated the Comprehensive Risk Management System, the Mechanism for Regular Reporting of Risk Information, the Mechanism for Emergency Handling of Sudden and Significant Risks, the Definition of Routine and Significant Risk Events, and the Mechanism for Accountability for Risks, and established the normalized operation mechanism of risk management. It completed special research for each risk, built risk warning foundation and risk control mechanism, and developed a risk control and management platform, with a view to realizing the controllability, visibility, warning and transformation of risks.

In 2021, the Company’s businesses entered a new round of rapid expansion, with a surge in demand for talents. To enhance the overall competitiveness of the Company and deepen and thicken the talent pool, a group of experienced professional management teams was introduced from the industry. The Company has recruited many talents in management, marketing and R&D from P&G,

Wal-Mart, SF and Nielsen to further optimize the Company's management strategy, improve marketing effectiveness and enhance product creativity.

2. Revenue and Costs

(1) Revenue composition

Overall operating revenues

Unit: yuan

	2021		2020		Year-on-year increase/decrease	Change reason description
	Amount	Proportion in revenue	Amount	Proportion in revenue		
Total revenue	8,037,420,812.91	100%	12,533,945,946.63	100%	-35.87%	/
By industry						
Medical consumables ^{Note 1}	3,922,006,868.38	48.80%	8,920,712,521.98	71.17%	-56.03%	Prices of raw material and product returning to normal
Healthy consumer goods	4,054,214,732.21	50.44%	3,517,061,738.06	28.06%	15.27%	Resulting form the increase in sales channels and new products
Other businesses	61,199,212.32	0.76%	96,171,686.59	0.77%	-36.36%	Resulting form the decrease in sales of raw materials and semi-finished products
By products						
Medical consumables - traditional wound care and wound dressing products	722,278,464.76	8.99%	759,751,922.28	6.06%	-4.93%	No major changes
Medical consumables - advanced wound dressing products	106,508,385.52	1.33%	86,564,910.83	0.69%	23.04%	Resulting form increase in new products and orders
Medical consumables - infection prevention products in operating rooms	433,797,895.65	5.40%	690,626,432.63	5.51%	-37.19%	Prices of raw material and product returning to normal
Medical consumables - products on disease prevention and control	2,377,805,588.44	29.58%	7,011,523,043.56	55.94%	-66.09%	Prices of raw material and product returning to normal
Medical consumables - disinfecting and sanitizing products	281,616,534.01	3.50%	372,246,212.68	2.97%	-24.35%	Prices of raw material and product returning to normal
Healthy consumer goods - cotton tissues	963,021,436.98	11.98%	944,201,375.98	7.53%	1.99%	No major changes
Healthy living consumer products - menstrual pads	548,455,495.71	6.82%	416,487,477.36	3.32%	31.69%	Resulting form product upgrade and expansion of sales channels
Healthy living consumer products - wet tissues	177,019,643.94	2.20%	212,241,182.02	1.69%	-16.60%	Resulting form the market chemical fiber raw materials and low price competition

Healthy living consumer products - other non-woven consumables	447,206,583.29	5.56%	599,948,666.83	4.79%	-25.46%	Resulting form the decline in sales of masks
Healthy living consumer products - baby care products	362,311,219.62	4.51%	278,354,957.01	2.22%	30.16%	Model, design and color enhancement of products; storytelling and theme enhancement on communication; digital automatic replenishment on new effect release
Healthy living consumer products - baby clothes	509,175,928.16	6.34%	366,929,602.68	2.93%	38.77%	
Healthy living consumer products - adult clothing	679,999,664.91	8.46%	447,589,263.48	3.57%	51.92%	
Healthy living consumer products - other textile consumables	367,024,759.60	4.57%	251,309,212.70	2.01%	46.05%	
Other businesses	61,199,212.32	0.76%	96,171,686.59	0.77%	-36.36%	Resulting form the decrease in sales of raw materials and semi-finished products
By regions						
Domestic	6,343,778,322.52	78.93%	6,555,970,567.31	52.31%	-3.24%	No major changes
Abroad	1,693,642,490.39	21.07%	5,977,975,379.32	47.69%	-71.67%	Prices of raw material and product returning to normal
By sales modes						
Medical consumables - direct sales	1,247,971,768.24	15.53%	5,363,519,910.61	42.79%	-76.73%	This is mainly due to higher sales of protective products for pandemic control directly to government and enterprises in 2020, while gradually returning to normal in 2021
Medical consumables - distributions	1,494,353,752.08	18.59%	1,962,393,065.01	15.66%	-23.85%	No major changes
Medical consumables - agents	502,684,789.51	6.25%	1,100,822,066.76	8.78%	-54.34%	This is mainly due to the large amount of protective products for pandemic control sold through agents in 2020, and the decrease in demand for overseas protective products for pandemic control in 2021, with prices returning to pre-epidemic levels
Medical consumables - e-commerce	676,996,558.55	8.42%	493,977,479.60	3.94%	37.05%	It is mainly due to the large sales growth in 2021 brought by Winner Medical E-Commerce through multi-platform operations, focusing on home care scenario products, increasing new product operation

						resources and improving new store output
Healthy consumer goods - e-commerce	2,541,320,964.05	31.62%	2,338,150,522.38	18.65%	8.69%	No major changes
Healthy consumer goods - offline stores	1,234,967,801.51	15.37%	954,845,837.56	7.62%	29.34%	Resulting from the increase in the number of new stores and same store year-over-year sales
Healthy consumer goods - supermarket channels	203,037,328.70	2.53%	134,302,951.18	1.07%	51.18%	Increase in the number of supermarkets and new products
Healthy consumer goods - Key Clients	74,888,637.95	0.93%	89,762,426.94	0.72%	-16.57%	No major changes
Other businesses	61,199,212.32	0.76%	96,171,686.59	0.77%	-36.36%	Resulting from the decrease in sales of raw materials and semi-finished products

Note 1: From the perspective of management and operation, the management of pure cotton spunlace non-woven fabrics and medical consumables was not differentiated; therefore, the Company started to integrate the pure cotton spunlace non-woven fabric segment into the medical consumables segment for unified management in 2021. Data adjustment involving the same period last year: the sales and costs of pure cotton spunlace non-woven fabrics in 2020 were consolidated into medical consumables revenue and costs, and were consolidated into medical consumables - traditional wound care and dressing products revenue and costs by product sales and costs, involving revenue amounting to 236,563,201.01 yuan and costs amounting to 157,878,300.10 yuan.

(2) Industries, products, regions, and sales patterns that accounting for more than 10% of the Company's operating revenue or operating profit

√Applicable □ Not applicable

Unit: yuan

	Revenue	Costs	Gross profit margin	Year-on-year increase/decrease of revenue	Increase or decrease in costs over the same period of the previous year	Year-on-year increase/decrease of gross profit margin
By industry						
Medical consumables	3,922,006,868.38	2,058,951,232.55	47.50%	-56.03%	-40.10%	-13.97% ^{注1}
Healthy consumer goods	4,054,214,732.21	1,936,347,161.31	52.24%	15.27%	22.88%	-2.96%
By products						
Medical consumables - products on disease prevention and control	2,377,805,588.44	1,089,169,415.21	54.19%	-66.09%	-52.30%	-13.24%
Healthy consumer goods - cotton tissues	963,021,436.98	495,334,534.63	48.56%	1.99%	11.37%	-4.33%
By regions						
Domestic	6,343,778,322.52	3,186,129,820.11	49.78%	-3.24%	5.36%	-4.10%
Abroad	1,693,642,490.39	842,116,826.06	50.28%	-71.67%	-58.85%	-15.49% ^{注2}
By sales modes						
Medical consumables -	1,247,971,768.24	673,244,499.68	46.05%	-76.73%	-60.74%	-21.97% ^{注3}

direct sales						
Medical consumables - distributions	1,494,353,752.08	869,102,768.36	41.84%	-23.85%	-9.64%	-9.15%
Healthy consumer goods - e-commerce	2,541,320,964.05	1,326,719,792.72	47.79%	8.69%	14.64%	-2.71%
Healthy consumer goods - offline stores	1,234,967,801.51	501,269,557.82	59.41%	29.34%	48.31%	-5.91%

*Notes: Note 1, Note 2: The reason for the decline in the gross margin of medical consumables is mainly due to the decline in the gross margin of the disease control and prevention products; in 2021, affected by the fluctuation of the pandemic and the market supply and demand, the price of disease control and protective products gradually returned to normal.

Note 3: Direct sales gross margin decreased significantly, mainly due to the impact of domestic and international epidemic and market supply and demand in 2020; as each channel directly purchased from the Company accounted for a larger proportion of higher prices than other channels, the overall gross profit shared became higher. In 2021, the sales of each channel gradually returned to normal, bringing gross margin to normal.

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 is required to comply with the disclosure requirements of "Textile and Apparel Business" in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure"

Unit: yuan

	Revenue	Costs	Gross profit margin	Year-on-year increase/decrease of revenue	Increase or decrease in costs over the same period of the previous year	Year-on-year increase/decrease of gross profit margin
By industry						
Medical consumables	3,922,006,868.38	2,058,951,232.55	47.50%	-56.03%	-40.10%	-13.97%
Healthy consumer goods	4,054,214,732.21	1,936,347,161.31	52.24%	15.27%	22.88%	-2.96%
By products						
Medical consumables - products on disease prevention and control	2,377,805,588.44	1,089,169,415.21	54.19%	-66.09%	-52.30%	-13.24%
Healthy consumer goods - cotton tissues	963,021,436.98	495,334,534.63	48.56%	1.99%	11.37%	-4.33%
By regions						
Domestic	6,343,778,322.52	3,186,129,820.11	49.78%	-3.24%	5.36%	-4.10%
Abroad	1,693,642,490.39	842,116,826.06	50.28%	-71.67%	-58.85%	-15.49%

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	322	124,886	63	12	Resulting from the Company's active strategies against the epidemic control and contract expirations.	Purcotton, PureH2B, Purunderwear
Franchises	23	4,957	18	0	N/A	Purcotton

Total area and performances of direct-sale stores

Levels of areas	Number of stores	Total area	Revenue in 2021 (RMB '0,000)	Same period last year	YoY increase/decrease in average performance of stores	Cause description
Less than 300m ²	110	22,628.19	34,360.96	28,298.17	21.42%	
300~500 m ²	70	26,397.45	30,759.76	23,377.73	31.58%	
500~800 m ²	61	37,728.19	31,623.85	25,959.31	21.82%	
More than 800m ²	23	21,196.58	12,509.83	9,458.44	32.26%	
Total	264.00	107,950.41	109,254.39	87,093.65	25.44%	Note 1

Note: The above data are from Purecotton stores opening for more than 12 months as of December 31, 2021, and the operating revenues of brick-and-mortar stores exclude the sales of the stores driven to applets.

Note 1: The 25.44% increase in average store efficiency was mainly due to the less-than-12-month operating period of stores opening in 2020 and the significant decrease in offline store traffic due to the impact of the pandemic. If the caliber is adjusted to stores opening for more than 24 months as of December 31, 2021, the average store efficiency will increase by 14.97% year-on-year.

Top 5 Stores in terms of Operating Revenues

S/N	Name of stores	Opening date	Revenue (yuan)	Average performance of the store
1	Store 1	October 25, 2017	16,472,530.01	40,793.78
2	Store 2	November 11, 2017	11,759,331.96	10,603.55
3	Store 3	May 15, 2010	11,650,512.26	17,910.09
4	Store 4	August 06, 2012	11,531,564.46	19,719.15
5	Store 5	January 18, 2018	10,604,399.36	7,955.29
Total	--	--	62,018,338.05	15,196.51

New stores of listed companies

√ Yes □ No

Name of stores	Address of stores	Opening time	Contract area (m ²)	Investment amount (yuan)	Product Category	Business type	Business model	Property ownership status	Number of stores
Direct-sale stores of Purcotton	Northeast China	2021	609.96	4,549,972.33	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	2
Direct-sale stores of Purcotton	North China	2021	2,227.88	16,336,720.70	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	8
Direct-sale stores of Purcotton	East China	2021	3,126.20	20,748,798.93	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	12
Direct-sale stores	South	2021	4,621.54	33,517,371.98	Healthy	Retail	Direct-s	Purcotton	16

of Purcotton	China				consumer goods		sale stores	leasing	
Direct-sale stores of Purcotton	West China	2021	2,238.08	14,360,736.19	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	8
Direct-sale stores of Purcotton	Central China	2021	4,088.39	22,046,709.82	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	11
Purcotton franchises	North China	2021	678.64	1,839,141.61	Healthy consumer goods	Retail	Franchises	Purcotton Franchises	3
Purcotton franchises	West China	2021	1,717.00	5,410,078.62	Healthy consumer goods	Retail	Franchises	Purcotton Franchises	9
Purcotton franchises	Central China	2021	880.68	3,265,117.65	Healthy consumer goods	Retail	Franchises	Purcotton Franchises	5
Purcotton franchises	Southwest China	2021	333.13	500,727.16	Healthy consumer goods	Retail	Franchises	Purcotton Franchises	1
Total			20,521.50	122,575,374.99					75

Does the Company disclose the information on Top 5 franchises

Yes No

(3) Whether the Company's physical sales revenue is greater than the service revenue

Yes No

Industry category	Item	Unit	2021	2020	Year-on-year increase/decrease
Medical consumables - gauze	Sales quantity	ton	5,919.75	6,104.92	-3.03%
	Production output	ton	6,039.9	6,263.58	-3.57%
	Inventory	ton	995.93	875.78	13.72%
Medical consumables - cotton	Sales quantity	ton	3,899.88	3,405.98	14.50%
	Production output	ton	3,989.77	3,498.68	14.04%
	Inventory	ton	641.92	552.03	16.28%
Medical consumables - masks	Sales quantity	'0,000 pieces	337,060.18	338,900.27	-0.54%
	Production output	'0,000 pieces	368,638.00	360,134.89	2.36%
	Inventory	'0,000 pieces	60,291.48	28,713.66	109.97%
Medical consumables - protective clothing	Sales quantity	'0,000 suits	1,476.6	972.46	51.84%
	Production output	'0,000 suits	1,485.69	1,029.43	44.32%
	Inventory	'0,000 suits	67.61	58.52	15.53%
Medical consumables - surgical gowns	Sales quantity	'0,000 suits	1,380.46	1,984.47	-30.44%
	Production output	'0,000 suits	1,389.6	2,073.64	-32.99%
	Inventory	'0,000 suits	129.48	120.34	7.60%
Medical consumables - medical combo kits	Sales quantity	'0,000 kits	3,767.56	2,964.26	27.10%
	Production output	'0,000 kits	3,802.00	2,940.51	29.30%
	Inventory	'0,000 kits	288.37	253.93	13.56%
Medical consumables - pure cotton spunlace non-woven fabrics	Sales quantity	ton	4,785.61	5,496.68	-12.94%
	Production output	ton	4,780.12	5,449.27	-12.28%
	Inventory	ton	227.57	233.06	-2.35%

Healthy consumer goods - cotton tissues	Sales quantity	'0,000 kits	17,903.66	17,466.21	2.50%
	Production output	'0,000 kits	15,682.89	16,522.28	-5.08%
	Inventory	'0,000 kits	3,447.34	5,668.11	-39.18%
Healthy living consumer products - menstrual pads	Sales quantity	'0,000 pieces	68,805.68	56,676.09	21.40%
	Production output	'0,000 pieces	65,430.61	64,540.95	1.38%
	Inventory	'0,000 pieces	17,626.76	21,001.83	-16.07%

Reasons for more than 30% year-on-year changes in the relevant data

Applicable Not applicable

- (1) The increase in medical consumables - mask inventory is mainly resulted from the advancing stock for the Spring Festival 2022 due to the impact of the pandemic at the end of 2021. Medical consumables - protective clothing sales and production growth is mainly resulted from the increase in demand, production and sales due to the pandemic impacts. The increase in medical consumables - surgical gowns is mainly resulted from the increase in demand of foreign trade bids while decreasing in 2021.
- (2) The decrease in inventories of healthy consumer goods - cotton tissues is mainly due to the inventory reduction in the beginning of the year by reducing the production volume and increasing the sales volume in 2021, thus accelerating the capital turnover and reducing the capital employed in inventories.

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB '0,000

Contract subject	Opposing party	Total contract amount	Total performed amount	Amount performed in the current reporting period	Amount to be performed	Amount of sales revenue recognized during the reporting period	Cumulative amount of sales revenue recognized	Collection status of accounts receivable	Is the performance normal?	Any significant change in the conditions that may affect the performance of major contracts	Any significant risk that may hamper the performance of contracts	Description of the contract not properly performed
Winner Medical Co., Ltd.	Customer I	USD 9,723.20 million	USD 77,464,100 (RMB 536,959,600)	USD 5,150,200 (RMB 33,439,800)	USD 1,976.79 million	USD 5,150,200 (RMB 33,439,800)	USD 77,464,100 (RMB 536,959,600)	As of the date of the auditor's report, the cumulative amounts recognized as revenue has been fully recovered	No	No	No	The total contract amount was adjusted from USD 117 million to USD 97,232,000 as agreed by both parties
Winner Medical Co., Ltd.	Customer II	USD 11.523 million	USD 11.523 million (RMB 78.06465 million)	USD 48.8985 million (RMB 31.82511 million)	0	USD 48.8985 million (RMB 31.82511 million)	USD 11.523 million (RMB 78.06465 million)	As of the date of the auditor's report, the cumulative amounts recognized as revenue	Yes	No	No	N/A

								has been fully recovered				
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Performance of significant procurement contracts entered into by the Company up to the current reporting period

Applicable Not applicable

(5) Composition of cost

Industry and product categories

Unit: yuan

Industry category	Item	2021		2020		Year-on-year increase/decrease
		Amount	Proportion in cost	Amount	Proportion in cost	
Medical consumables	Direct material cost	1,553,548,646.80	75.45%	2,829,259,463.48	82.31%	-45.09%
Medical consumables	Direct labor cost	277,697,042.31	13.49%	329,360,268.55	9.58%	-15.69%
Medical consumables	Manufacturing costs	227,705,543.44	11.06%	278,564,161.92	8.10%	-18.26%
Subtotal of medical consumables		2,058,951,232.55	100.00%	3,437,183,893.95	100.00%	-40.10%
Healthy consumer goods	Direct material cost	1,304,267,858.71	67.36%	1,120,006,275.88	71.07%	16.45%
Healthy consumer goods	Direct labor cost	249,417,648.37	12.88%	176,676,326.91	11.21%	41.17%
Healthy consumer goods	Manufacturing costs	382,661,654.23	19.76%	279,165,672.03	17.72%	37.07%
Subtotal of healthy living consumer products		1,936,347,161.31	100.00%	1,575,848,274.82	100.00%	22.88%
Other businesses		32,948,252.31		57,390,132.99		-42.59%
Total		4,028,246,646.17		5,070,422,301.76		-20.55%

Unit: yuan

Product Classification	Item	2021		2020		Year-on-year increase/decrease
		Amount	Proportion in cost	Amount	Proportion in cost	
Medical consumables	Traditional wound care and wound dressing products	477,322,916.40	11.84%	499,948,197.38	9.86%	-4.53%
Medical consumables	High-end wound dressing products	42,693,536.92	1.06%	42,459,087.13	0.84%	0.55%
Medical consumables	Operating room infection control products	283,560,220.88	7.04%	394,497,062.26	7.78%	-28.12%
Medical consumables	Products on disease prevention and control	1,089,169,415.21	27.04%	2,283,582,659.33	45.04%	-52.30%
Medical consumables	Disinfection & cleaning products	166,205,143.14	4.13%	216,696,887.85	4.27%	-23.30%
Subtotal of medical consumables		2,058,951,232.55	51.11%	3,437,183,893.95	67.79%	-40.10%
Healthy	Cotton tissues	495,334,534.63	12.30%	444,752,822.23	8.78%	11.37%

consumer goods						
Healthy consumer goods	Sanitary pads	196,483,663.31	4.87%	136,141,753.72	2.69%	44.32%
Healthy consumer goods	Wet tissues	84,046,461.57	2.09%	91,292,475.29	1.80%	-7.94%
Healthy consumer goods	Other non-woven consumer goods	272,665,609.95	6.77%	302,306,309.87	5.96%	-9.80%
Healthy consumer goods	Baby supplies	189,108,390.51	4.69%	136,114,444.45	2.68%	38.93%
Healthy consumer goods	Baby clothing	233,238,566.53	5.79%	165,433,346.32	3.26%	40.99%
Healthy consumer goods	Adult clothing	285,951,444.13	7.10%	182,699,935.40	3.60%	56.51%
Healthy consumer goods	Other textile consumer goods	179,518,490.68	4.46%	117,107,187.54	2.31%	53.29%
Subtotal of healthy living consumer products		1,936,347,161.31	48.07%	1,575,848,274.82	31.08%	22.88%
Other businesses		32,948,252.31	0.82%	57,390,132.99	1.13%	-42.59%
Total		4,028,246,646.17	100.00%	5,070,422,301.76	100.00%	-20.55%

Description

NA

(6) Whether the consolidation scope changes in the reporting period Yes No**(7) Major changes or adjustments of business, products or services of the Company during the reporting period** Applicable Not applicable**(8) Major sales customers and major suppliers**

Major sales customers of the Company

Total sales amount of top five customers (yuan)	1,110,738,094.43
Proportion of total sales amount of top five customers in total annual sales	13.82%
Among the sales amount of top five customers, proportion of sales amount of related parties in total annual sales	0.00%

Top 5 customers of the Company

S/N	Customer name	Sales Amount (yuan)	Proportion in total annual sales
1	Customer I	395,936,070.52	4.93%
2	Customer II	319,768,662.47	3.98%
3	Customer III	169,690,891.73	2.11%
4	Customer III	116,483,472.94	1.45%
5	Customer IV	108,858,996.77	1.35%
Total	--	1,110,738,094.43	13.82%

Other information of major customers

 Applicable Not applicable

Major suppliers of the Company

Total purchase amount of top five suppliers (yuan)	728,746,335.06
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Proportion of total purchase amount of top five suppliers in total annual purchase amount	19.98%
Among the purchase amount of top five suppliers, proportion of purchase amount of related parties in total annual purchase amount	0.00%

Top 5 suppliers of the Company

S/N	Supplier name	Purchase amount (yuan)	Proportion in total annual purchase amount
1	Supplier I	303,747,608.04	8.33%
2	Supplier II	138,615,984.11	3.80%
3	Supplier III	118,307,181.05	3.24%
4	Supplier IV	85,380,749.67	2.34%
5	Supplier V	82,694,812.19	2.27%
Total	--	728,746,335.06	19.98%

Other information of major suppliers

Applicable Not applicable

3. Cost

Unit: yuan

	2021	2020	Year-on-year increase/decrease	Description of significant changes
Selling and marketing	1,989,167,789.56	1,575,163,912.49	26.28%	Resulting mainly from the increase in brand promotion and marketing expenses
General and administrative	454,389,948.90	436,965,446.22	3.99%	No major changes
Financial expenses	(107,499,361.11)	218,640,968.32	-149.17%	Resulting mainly from the increase in interest income and decrease in foreign exchange loss
Research and development	298,162,366.16	411,383,173.80	-27.52%	Resulting mainly from the decrease in phased investment in research and development

The Company is required to comply with the disclosure requirements of “Textile and Apparel Business” in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure”

	2021	2020	Year-on-year increase/decrease	Description of significant changes
Selling and marketing				
Employee compensation	535,320,245.23	397,499,114.63	34.7%	Resulting mainly from the increase in the number of sales staff and store clerks
Travel expenses	14,589,718.50	8,983,106.15	62.4%	This is mainly due to the travel restrictions against the pandemic in the same period last year
Office communication costs	12,577,824.48	15,438,257.66	-18.5%	No major changes
Sales commission	222,716,753.83	285,232,187.12	-21.9%	No major changes
Insurance premiums	5,302,498.97	7,140,391.33	-25.7%	No major changes
Depreciation and amortization	52,193,907.26	92,468,599.20	-43.6%	Mainly due to the increase in losses resulting from the closure and renovation of healthy consumer goods stores during the pandemic in the same period last year
Advertising and promotion expenses	692,445,882.66	372,944,041.90	85.7%	Resulting mainly from the Company's increased investment in brand communication and increased

				marketing and promotional activities
Lease and property management fees	152,728,211.40	294,980,913.63	-48.2%	Resulting mainly from the impact of the implementation of the new leasing standards starting in 2021
Material consumption	5,212,855.45	11,464,378.72	-54.5%	Resulting mainly from the decrease in consumption of auxiliary materials
Water/electricity fee	11,632,395.90	9,181,005.97	26.7%	No major changes
Service fees	6,522,845.03	9,840,472.61	-33.7%	Resulting mainly from the decrease in consulting fees
Others	86,048,976.09	69,991,443.57	22.9%	No major changes
Depreciation of Right-of-use assets	191,875,674.76		100.0%	Resulting mainly from the impact of the implementation of the new leasing standards starting in 2021
Total	1,989,167,789.56	1,575,163,912.49	26.3%	

4. Other information required by the disclosure guidelines

The Company is required to comply with the disclosure requirements of “Textile and Apparel Business” in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure”

(1) Production capacity

The Company’s own production capacity

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

√ Yes □ No

Business category	Product Category	Unit	2021			2020			Percentage of change in production capacity utilization rate	Change reason description
			Production capacity	Output	Production capability utilization rate	Production capacity	Output	Production capability utilization rate		
Medical consumables	Gauze	ton	9,486.75	6,690.26	70.52%	9693.52	6226.67	64.24%	6.28%	No major changes
	Cotton	ton	2,745.60	2,197.40	80.03%	1,895.40	1,243.40	65.60%	14.43%	Resulting mainly from the insufficient capacity utilization in 2020 production due to the impact of the epidemic
	Mask	'0,000 pieces	467,322.00	366,435.00	78.41%	298,925.00	294,683.00	98.58%	-20.17%	It is mainly due to the impact of the pandemic. The demand of masks exceeded the supply in 2020, enabling machines to work almost at full capacity, so the Company increased the capacity inputs, which was greatly increased in 2021. However, the increase in production capacity exceeded the increase in outputs, so the capacity utilization rate decreased.
	Protective clothing	'0,000 suits	1,386.00	1,367.08	98.63%	936.00	932.36	99.61%	-0.98%	No major changes
	Surgical gowns	'0,000 suits	1,850.00	1,764.00	95.35%	2,250.00	2,042.14	90.76%	4.59%	No major changes
	Medical combo	'0,000 kits	4,452.00	3,802.00	85.4%	3,576.00	2,940.51	82.23%	3.17%	No major changes

	kits									
	Pure cotton spunlace non-woven fabric	ton	48,018.43	25,602.88	53.32%	48,179.71	35,710.09	74.12%	-20.80%	Production is used for medical protective fabrics with more complex production processes, resulting in a decrease in the production of spunlace non-woven fabrics
Healthy consumer goods	Cotton tissues	'0,000 kits	32,067.08	15,682.89	48.91%	28,407.10	16,522.28	58.16%	-9.25%	No major changes
	Sanitary pads	'0,000 pieces	50,079.74	40,403.97	80.68%	50,079.74	37,435.52	74.75%	5.93%	No major changes

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 consumer goods are involved in textile and apparel industries. The sales channels for healthy consumer goods include e-commerce, direct chains and supermarkets, key accounts and franchisees;

Unit: yuan

Sales channels	Revenue	Costs	Gross profit margin	Year-on-year increase/decrease of revenue	Increase or decrease in costs over the same period of the previous year	Year-on-year increase/decrease of gross profit margin
Online sales	2,541,320,964.05	1,326,719,792.72	47.79%	203,170,441.67	169,383,932.42	-2.71%
Offline stores	1,234,967,801.51	501,269,557.82	59.41%	280,121,963.89	163,284,470.82	-5.19%
Supermarket channels	203,037,328.70	70,247,713.30	65.40%	68,734,377.52	24,933,690.25	-0.86%
Key Client	74,888,637.95	38,110,097.47	49.11%	(14,873,788.99)	2,896,793.00	-11.66% ^{Note 1}
Total	4,054,214,732.21	1,936,347,161.31	52.24%	537,152,994.15	360,498,886.49	-2.96%

Note 1: The decrease in gross margin of Key Clients in this period is mainly due to the better sales of masks and higher gross margin of Key Clients in 2020.

(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	Franchisee I	December 24, 2020	No	3,819,043.86	Grade 1
2	Franchisee II	November 06, 2021	No	2,896,960.25	Grade 1
3	Franchisee III	June 12, 2020	No	1,915,983.65	Grade 1
4	Franchisee IV	November 09, 2020	No	1,535,429.90	Grade 1
5	Franchisee V	May 01, 2020	No	1,428,998.51	Grade 1
Total	--	--	--	11,596,416.17	--

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 06, 2014
Number of registered users	16,837,981
Average number of monthly active users	2,050,000

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 consumer goods)	1,395,107,170.83	279,073,097.50	1.46%
Jingdong (healthy consumer goods)	430,128,099.50	79,394,617.85	0.98%
Amazon (medical consumables)	142,498,796.19	9,586,231.42	1.00%
Vipshop (healthy living consumer products)	77,387,477.21	3,104,208.08	1.59%

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

N/A

(5) Agency operation

Does it adopt agency operation?

Yes No

(6) Inventory

Inventory

Main products	Inventory turnover in days	Inventory balance	YoY increase/decrease in inventory balance	Reasons
Medical consumables	95	516,527,431.47	(9,577,203.09)	No major changes
Healthy consumer goods	185	1,080,849,612.52	390,467,306.87	Resulting mainly from the increase in strategic stockpiling against the backdrop of significant price increases in raw and auxiliary materials
Overall	138	1,597,377,043.99	380,890,103.78	

Provision accrual for inventory depreciation

Product Category	Provision for inventory depreciation	Proportion of provision	Net value of inventories	Original value of inventories	Inventory age			
					Within 1 year	1-2 years	2-3 years	3 years and above

		on for depreciation						
Medical consumables	22,285,003.95	4.14%	516,527,431.47	538,812,435.42	527,337,558.66	9,222,059.68	1,740,499.03	512,318.05
Healthy consumer goods	88,126,868.60	7.54%	1,080,849,612.52	1,168,976,481.12	1,071,838,064.19	73,854,536.68	14,502,610.47	8,781,269.78
Total	110,411,872.55	6.47%	1,597,377,043.99	1,707,788,916.54	1,599,175,622.85	83,076,596.36	16,243,109.50	9,293,587.83

In the Company's inventory, the original value of inventory of medical consumables and healthy consumer goods sections accounted for 31.55% and 68.45% respectively. For healthy consumer goods, in 2020, Purcotton confirmed that non-woven products with the need for package upgrading and some previous finished woven products with greater inventory ages were almost sold at a reduced discount or through sales such as internal employee purchase within the reporting period, which eliminated the corresponding inventory risk, and the original provision for inventory decline correspondingly reversed. Since 2021, with the significant price increase in the front-end raw materials cotton and cotton yarn, Purcotton conducted strategic reserve of raw and auxiliary materials and some products, showing large inventory balance but few risks of impairment, so the proportion of the provision for inventory decline at the end of the reporting period has decreased compared to the same period last year.

Inventory information of end channels such as franchises or distributors

The Company's healthy consumer goods under the Purcotton franchisees in 2021 opened 18 new stores, a total of 23 stores. 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. as of December 31, 2021, the inventory balance of ten franchisees were 14.52 million yuan, or 0.63 million yuan per store.

(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; mild and non-irritating; meeting the daily needs of consumers	All-age customer base	5-30 yuan /pack (100 pieces)	Nationwide	Second- and third-tier cities and above
Purcotton	Nice Princess	Sanitary pads	100% cotton surface layer (surface layer, spacer, sanitary wing surface layer)	Female population at appropriate ages	1.99-3.99 yuan /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	3.32-4.14 yuan /piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Wet tissues	100% cotton material; soft and non-slippery; gentle and non-irritating	All-age customer base	20-40 yuan /pack	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Baby supplies/clothing	100% cotton material without fluorescent nor formaldehyde; the unique gauze fabric to provide more comfortable care	Newborns, babies, toddlers	100-400 yuan /piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Adult clothing /intimate	100% cotton material; high-quality cotton without fluorescent nor formaldehyde;	Adults at appropriate ages	Outwear: 200-600 yuan /piece; home	Nationwide	Second- and third-tier cities and above

		apparel	soft to the touch; the unique gauze fabrics to provide more comfortable care			wear: 200-500 yuan /piece; thermal underwear: 100-500 yuan /piece; underwear: 48-68 yuan/piece; socks: 20-80 yuan /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	All-age 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	5-300 yuan /piece	Nation wide	Second- and third-tier cities and above	KT Licensing (Shanghai) Co., Ltd.	2020.1.1-2021.12.31	No
Purcotton, Ultraman	Purcotton, Ultraman characters	Cotton tissues, wet tissues and bath towels	The product is made from 100% cotton material and designed with Ultraman cartoon image	Children and teenagers	21.8-298 yuan /piece	Nation wide	Second- and third-tier cities and above	Shanghai Character License Administrative Co., Ltd.	2021.9.1-2022.10.31	No

Marketing and operation of each brand during the reporting period

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 brand concepts of “happiness, reassurance and sustainability” and vision of “Purcotton Changes the World”, expanding the brand marketing to the cotton lifestyle of consumer culture output, which helps deepen the meaning of the brand and increase its brand awareness and loyalty. On the occasion of the Earth Day on April 22, Purcotton held a “Cotton · Nature · Excellent” conference in Beijing, and worked with the authoritative color agency COLORO® to launch the “cotton” theme series color numbers for the first time, explaining the true color of cotton and fashion charm through the fantastic encounter of nature and art. On the 12th China International Cotton Conference held in Suzhou in June, Purcotton, as the first batch of participating companies on the consumer side, made a wonderful appearance and talked about the sustainable development of cotton, aiming to create a quality image of “Chinese cotton”. As a designated partner brand, Purcotton appeared in the “Kids Fashion Week 2021” of China Oil Painting Institute in Beijing, combining fashion trends with happiness and care and creating a secure and comfortable environment for children to grow up with its quality products, so as to lead the new trend of kids’ fashion. During the “Cotton Pickup Festival” in September, Purcotton worked with the “Fashion Technology Show” on CCTV Technology Channel as well as xinhuanet to visit Purcotton’s plants, showing the medical-grade production environment,

environmentally sustainable raw materials and production processes, leading the public into the world of cotton to discover the wonders of cotton, enhancing the public’s attention to the brand of Purcotton, understanding the core technology of the brand, and attaching more public attention to the Purcotton brand. In October, the continuation of the “Cotton · Nature · Excellent” theme, Purcotton with the 2022 Spring-Summer series in Shanghai Fashion Week opened an immersive space-time travel with natural and pure cotton, showing in-depth interpretation of the environmental value and sustainable charm, so as to convey the beauty of the brand sustainable fashion.

In addition, Purcotton actively carries out brand marketing activities through living stream, and invites KOLs in maternal & infant and travel segments to the living events to promote attractive cotton products. Thanks to the long-term activities of “normalized store livestream shopping” and “normalized plant livestream shopping”, Purcotton can display its unique advantages of stores and plant industrial chain, and direct online and offline traffic to each other.

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	30	The number of contracted fashion designers	1
The operation of the built designer platform	The building of PLM system and 3D design platform was completed in H2 2021 and would be put into use in spring and summer of 2022.		

Did the company hold an order meeting?

Yes No

5. R&D expenses

Applicable Not applicable

Name of main R&D projects	Project purpose	Project progress	Objectives to be achieved	Expected impacts on the future development of the Company
Research and application of pure cotton fabrics	Reduce the risk of linting and pilling and make the surface smooth	R&D	Make the hand feel and appearance more delicate; enable soft and elegant luster; mainly used for high-end trench coats, jackets and other spring and autumn outerwear	Adopt new technology to develop high-end cotton outing products, enhance product performance and improve the competitive advantage of our products in the market
Design of fleece fabrics and study of the warmth retention properties	Deal with the less comfort, easy to static electricity and other problems to improve the fleece fabric with traditional chemical fiber as the main component	R&D	Develop and design a fleece product with high level of warmth, no lint loss and high dimensional stability	Replace chemical fibers with pure cotton, improving the quality of lint products, and lead the development of technology upgrades in the cotton products industry
Application research in the field of nonwovens	Develop natural color cotton non-woven sanitary products to enrich the product category	R&D	Develop cotton natural color non-woven sanitary products, such as cotton tissues, cosmetic cotton, and cotton wet tissues; add a healthier color to pure cotton non-woven sanitary products, fill the gap of zero use of natural dyes, and add anti-oxidation and anti-aging function	Expand the category of non-woven products and promote the market share with new product development
Anti-mosquito gauze product development	Adopt physical mosquito control methods instead of chemical mosquito control methods, for safer and healthier	R&D	Achieve the function of light and breathable physical anti-mosquito; get rid of the traditional anti-mosquito process that relying on the limitations of adding anti-mosquito additives, for	Reform the traditional design and development concepts, and carry forward the Company's comfortable, healthy, and environmentally

	purposes		safer and more healthy purposes	friendly concepts
Application research of zero-emission energy-saving process of atomized water washing on gauze	The first new washing process could achieve the purpose of zero emission of washed gauze products, actively respond to the national requirements for environmental protection, and realize energy saving and emission reduction	Trial production	Innovative gauze atomization washing process could achieve the purpose of zero emission of water washing products, optimize the existing washing process, save a lot of water resources and reduce the discharge of sewage. Moreover, it brings consumers more cost-effective, safer products, widely used in gauze bath towels and other bathroom products	Improve the Company's core technology level and promote the development of the Company's core products towards green and resource-saving designs
Development of functional cotton fabrics with anti-bacteria heat generation	Add heat and warmth functions to autumn and winter products	Mass production	Enable products to heat and keep warm, and improve the added value of cotton products	Enhance the added value of products, increasing the variety of autumn and winter products, and improve the competitiveness of autumn and winter product categories
Research and product development of woven fabrics	Shorten the tedious production process of conventional thermal fabrics	Launched	Increase the added value of products	Upgrade the existing products, enhance product performance and consolidate the competitiveness of the Company's household supplies in the market
Research on natural cool feeling, "breathing" cotton material and its application	Develop cotton products with a natural cooling function to relieve the feeling of stuffiness in summer	Launched	The Company combined cotton yarn with cooling microcapsules to develop cooling cotton fabrics, producing an instant cool feeling when in contact with the human body, and greatly improving the comfort of summer clothing and apparel. Widely used in summer cotton T-shirts, summer sleeping mat, etc., with high market values	Promote the development of the Company's products towards functionalization and diversification, enrich the product line and enhance the competitiveness of the Company's products
Development and application of PC antibacterial patient gown & scrub suits	Develop more comfortable and environmentally-friendly patient gowns and scrub suits	R&D	Expand the application of PC material to improve the breathability and comfort of patient gowns and scrub suits	Increase the application scenarios of the Company's base material of pure cotton spunlace non-woven fabrics, providing a new business growth point
Independent R&D and application of high-efficiency, low-resistance N95 masks (cup shaped)	Develop more comfortable N95 masks (cup shaped)	R&D	Improve the comfort of wearing while ensuring the protection effect	Improve the design of N95 masks and enhance the market competitiveness of N95 mask products to further enhance profitability
Research and development of muscle bandage	Develop muscle bandage products for outdoor sports line of bandages	R&D	Good elasticity and comfort	Expand from traditional medical adhesive products to To C-end retail products to enrich product lines and increase sales
Research and development of sheet hydrogel products	Develop a type of hydrogel products with higher water content, which is a kind of dressings with effects such as fluid absorption and physical cooling	R&D	Sheet hydrogel materials can be used in products such as band-aids and tattoo patches, both absorbing and giving liquid properties, showing physical cooling effects	Make breakthroughs in hydrogel self-production hydrogel technology; develop differentiated band-aids to expand the acute wound care category for increasing product selling points; and develop tattoo patch products to meet the huge demand in the medical beauty market
Research and development of	Develop a gentle adhesive tape for the care	R&D	Achieve painless peeling, no adhesive residue and repeatable effects	Expand the application of self-developed silicone gel

medical silica gel tape	of people with sensitive skin			technology to replace the application of traditional acrylic submineral tape, enhancing the added value of products to improve profitability
R&D and application of positive-pressure inflatable protective clothing	Develop positive-pressure inflatable protective clothing to enhance the comfort of protective clothing	R&D	Continuously provide fresh air inside the protective clothing to improve comfort while ensuring protective effects	The development of this project effectively improves the market competitiveness of protective clothing, improves the product structure of the Company, enriches the types of products, and enhances the profitability of the Company in the market of sensory control consumables
R&D and application of 3D perforated PC materials	Develop 3D perforated PC materials for the surface layer of sanitary products to enhance the sense of comfort and aesthetics	R&D	Improve the beauty and comfort of sanitary products and diversify product categories	Meet the needs of the industry and enrich the product range
Research and development of antimicrobial functional wound dressings	Develop wound dressings with antimicrobial properties for the prevention and control of wound infections	Registration	Antibacterial effect of wound dressing is over 99.9%	Enrich and expand antibacterial dressing categories, establish technical barriers and market access barriers, improve profitability and consolidate the Company's leading position in the industry
R&D of super absorbent hydrophilic fiber dressings	Develop highly absorbent fiber material for medical wound dressings	Mass production	Highly absorbent fibers absorb more than 15 times their own weight of liquid	Develop super absorbent fibers to achieve self-production of raw materials for fiber dressings, thus making up for the lack of competitiveness of the Company's fiber-based dressings and consolidating the Company's industry position
Research and development of tapes for protective clothing	Develop adhesive strips for protective clothing production	Mass production	Apply to the production of protective clothing to meet airtightness requirements	Independent development and production of protective clothing adhesive strips can guarantee a stable supply of raw materials for protective clothing and reduce production costs.
Research and development of tubular hydrogel dressings	Develop hydrogel dressings with autolytic debridement function for medical wound dressings	Mass production	Its water content exceeds 90%, with good liquid delivery performance, realizing self-soluble cleansing	Develop wound cleaning gel products to enrich and expand the wound dressing product line, and generate linked sales with the Company's existing wound dressings
Research and development of laminated one-piece polyurethane foam materials	Develop foam material with fluid absorption function for medical wound dressings	Mass production	Foam can absorb more than 12 times the weight of liquid, with fine soft and comfortable foams	The differentiated designs of laminated one-piece molding technology and products on market enhance product performance and selling points, improving product competitiveness
R&D and application of	Develop more comfortable BVB	Launched	Expand the application of PC materials to improve the comfort of surgical	Increase the application scenarios of the Company's

surgical gowns and wipes made from PC-BVB materials	surgical gowns to increase the application scenarios of PC materials		gowns and cavity wipes	base material of pure cotton spunlace non-woven fabrics, providing a new business growth point
Independent R&D and application of antiviral masks	Develop masks with anti-viral function to effectively block virus transmission	Launched	Anti-bacterial and anti-viral effect exceeds 99%	Meet the demand for functional masks in the post-pandemic era, establish market differentiation, and improve product competitiveness and profitability
Research and development of skin protection film wipe stick	Develop a type of products with water repellency and rapid film formation to prevent liquid impregnation of wounds	Launched	The product can form a film within 30s, with waterproof and breathable function, thus protecting the skin from the risk of impregnation	For chronic wound care, expand product categories, and develop linked sales with the Company's existing slow wound adhesive products
Research and development of soft polysilicone scar repair materials	Develop a type of scar repair products that can effectively remove scars and inhibit scar hypertrophic	Launched	Long-term use can achieve effective scar removal and inhibit scar hypertrophic	The product can be used for medical beauty purpose, which can drive the Company's online and offline retail sales growth
Development of medical negative-pressure drainage micro-pump device	Develop a kind of negative-pressure sucker for the negative-pressure drainage treatment of wound surface	Launched	The negative-pressure sucker also has the functions of negative-pressure suction and wound pressure monitoring, air leakage alarm, etc.	This product is the Company's first active medical device, accumulating valuable experience for the future development of active devices, and can also drive the sales growth of supporting negative-pressure drainage kits on sale
Research and development of vaccine patch products	Develop a kind of vaccine patch for needle eye protection after vaccination	Launched	It is a physical barrier to protect the spot from external contamination, and is comfortable and breathable	Meet the spot protection for vaccination in the post-pandemic era, expand the Company's acute wound care line and increase sales
Development of ultra-low temperature disinfection series	Develop ultra-low temperature disinfection solutions for cold chain transportation under ultra-low temperature conditions	Launched	Virus killing rate under ultra-low temperature conditions exceeds 99%	Meet the demand for cold chain transportation of disinfection products in the post-pandemic era, enriching and expanding the Company's disinfection product line
R&D of the fifth generation dry PC material	Develop a kind of drier PC material for the surface of sanitary products to enhance the wearing comfort	Launched	Expand the use of PC materials for the surface of sanitary products to enhance the comfort of continuous dryness in the products	The successful development of the material further consolidates the leading position of our cotton nonwoven materials in the industry, and enhances the Company's profitability in the pure cotton spunlace non-woven fabric segment

R&D personnel

	2021	2020	Proportion of change
Number of R & D personnel (person)	1,386	1,213	14.26%
Proportion of R & D personnel	11.47%	9.79%	1.68%
Qualifications of R&D personnel			
Bachelor	429	251	70.92%

Master	59	33	78.79%
Age composition of R&D personnel			
Under 30	396	273	45.05%
30 ~ 40	649	621	4.51%

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

	2021	2020	2019
R & D investment amount (yuan)	298,162,366.16	411,383,173.80	155,193,227.21
Proportion of R & D investment in operating revenue	3.71%	3.28%	3.39%
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 and effects of significant changes in the composition of the Company's R&D personnel

Applicable Not applicable

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

Applicable Not applicable

Reasons for the great changes of R & D investment capitalization rate and description of its rationality

Applicable Not applicable

The Company is required to comply with the disclosure requirements of “Medical Device Business” in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 -- Industry Information Disclosure for ChiNext Stock Market”

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
Category I	42	11	8	45
Category II	59	7	0	66
Category III	1	0	0	1
Total	102	18	8	112

(II) Medical devices in the registration application process

1. Domestic

S/N	Name of certificates	Applicant	Registration categories	For clinical purpose	Registration stages	Progress	Whether to declare innovative medical devices in accordance with the provisions of the national regulatory authorities for
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							drugs
1	Wound contact dressing	Winner Medical Co., Ltd.	Category II	It is a disposable product for surgical body debridement care.	Registration review in progress	In progress	No
2	Disposable cesarean kit	Winner Medical Co., Ltd.	Category II	It is a disposable product for staff in medical units to perform cesarean operation.	Correction	In progress	No
3	Disposable stitch removal kit	Winner Medical Co., Ltd.	Category II	It is a disposable product for staff in medical units to perform stitch removal.	Correction	In progress	No
4	Disposable maternity package	Winner Medical Co., Ltd.	Category II	It is a disposable product for staff in medical units to perform childbirth operation, termination of pregnancy or induced abortion	Correction	In progress	No
5	Disposable sterile-care pack	Winner Medical Co., Ltd.	Category II	It is a disposable product for staff in medical units to perform daily care.	Correction	In progress	No
6	Silicone scar gel	Winner Medical (Huanggang) Co., Ltd.	Category II	It is used as an aid in improving pathological skin scars and preventing the formation of pathological skin scars, but not for unhealed wounds.	Correction	In progress	No
7	Gauze bandage	Winner Medical (Huanggang) Co., Ltd.	Category II	It is used to provide binding force to wound surface dressings or limbs for dressing and fixation.	Correction	In progress	No
8	Disposable examination gloves (in polyethylene)	Winner Medical (Huanggang) Co., Ltd.	Category II	They are made of polyethylene through heat lamination process.	Correction	In progress	No
9	Silicone gel scar treatment strips	Winner Medical (Huanggang) Co., Ltd.	Category II	It is used as an aid in improving pathological skin scars and preventing the formation of pathological skin scars, but not for unhealed wounds.	Correction	In progress	No
10	Disposable surgical sheets	Winner Medical (Chongyang) Co., Ltd.	Category II	It is used for covering the surface of the patient's body to reduce the migration of infection sources from non-surgical parts of the patient's skin to the surgical spot, and prevent the patient's post-operative trauma from being infected, or for covering the instrument table, operating table and display in the operating room to avoid infection caused by the surgeon in surgery because of touching the patient's wound after touching the above parts.	Correction	In progress	No
11	Disposable isolation gowns	Winner Medical (Chongyang) Co., Ltd.	Category II	It is a disposable product for staff in medical units to perform general isolation.	Correction	In progress	No
12	Disposable central venous cannula puncture care pack	Winner Medical (Chongyang) Co., Ltd.	Category II	It is used for nursing departments of medical institutions for the puncture care of central venous catheters placed through peripheral veins.	Registration review in progress	In progress	No
13	Disposable protective clothing for medical use	Winner Medical (Chongyang) Co., Ltd.	Category 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.	Correction	In progress	No
14	Wound contact	Winner	Category	For the care of non-chronic wounds	Correction	In	No

	dressing	Medical (Chongyang) Co., Ltd.	Category II	(e.g. superficial wounds, post-surgical suture wounds, mechanical wounds, small wounds, abrasions, cut wounds, puncture sites of puncture instruments, first- or superficial second-degree burn wounds, infant navel wounds, post-laser/photon/acid peels/microplasty wounds), it provided a microenvironment for wound healing. It can also be used to care for the puncture spot caused by puncture devices (e.g. catheters) and to secure the puncture device.	n	progress	
15	Wound contact dressing	Winner Medical (Chongyang) Co., Ltd.	Category II	For the care of non-chronic wounds (e.g. superficial wounds, post-surgical suture wounds, mechanical wounds, small wounds, abrasions, cut wounds, puncture sites of puncture instruments, first- or superficial second-degree burn wounds, infant navel wounds, post-laser/photon/acid peels/microplasty wounds), it provided a microenvironment for wound healing. It can also be used to care for the puncture spot caused by puncture devices (e.g. catheters) and to secure the puncture device.	Registration review in progress	In progress	No
16	Disposable sterile-care catheterization kit	Winner Medical (Chongyang) Co., Ltd.	Category II	It is a disposable product for staff of medical departments to perform catheterization.	Correction	In progress	No
17	Iodophor disinfectant cotton balls	Winner Medical (Jiayu) Co., Ltd.	Category II	It is used for disinfection of intact skin before injection and infusion.	Correction	In progress	No
18	Iodophor disinfectant pads	Winner Medical (Jiayu) Co., Ltd.	Category II	It is used for disinfection of intact skin before injection and infusion.	Correction	In progress	No
19	Scrub suits	Winner Medical (Jingmen) Co., Ltd.	Category I	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.	Registration review in progress	In progress	No

2. Abroad

Region	S/N	Certificate No.	Name of certificates	Registration categories	Applicant	Product	For clinical purpose	Registration stages	Progress
UK	1	752977	UKCA Type Examination Certificate	Category III	Winner Medical	FFP2 Protective mask WN-N95FW	Individual protection	Licensing stage	The technical document review has been completed and entered the licensing cycle
UK	2	752979	UKCA Module D Certificate	Category III	Winner Medical	Category III PPE protective masks	Individual protection	Licensing stage	The technical document review has been completed and entered the licensing cycle
UK	3	/	UKCA Type Examination Certificate	Category III	Winner Medical	WN-600DC series protective clothing	Individual protection	Technical document entatio	Technical documents have been submitted and are under review

								n review	
UK	4	/	UKCA Type Examination Certificate	Category III	Winner Medical	WN-600TC series protective clothing	Individual protection	Technical document review	Technical documents have been submitted and are under review
UK	5	/	UKCA Module D Certificate	Category III	Winner Medical	Category III PPE protective clothing	Individual protection	Application in progress	The contract has been signed and scheduled for the application of on-site audit

(III) Certificates of medical devices in 2021

1. Domestic

S/N	Name of certificates	Registration categories	Certificate owner	Product record number/registration number	For clinical purpose	Date of issue	Validity	Registration
1	Disposable sterile-care pack	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640466	It is a disposable product for staff in medical units to perform daily care.	November 4, 2018	April 10, 2023	Change of registration
2	Disposable maternity package	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640467	It is a disposable product for staff in medical units to perform childbirth operation, termination of pregnancy or induced abortion	November 4, 2018	April 10, 2023	Change of registration
3	Wound contact dressing	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640163	It is a disposable product for surgical body debridement care.	January 31, 2018	January 30, 2023	Change of registration
4	Disposable sterile-care surgical packs	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640465	It is a disposable product for staff all medical units to perform surgeries.	November 4, 2018	April 10, 2023	Change of registration
5	Disposable stitch removal kit	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640456	It is a disposable product for staff in medical units to perform stitch removal.	April 9, 2018	April 8, 2023	Change of registration
6	Disposable gastric tube kit	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640459	It is a disposable product for staff in medical units to perform gastrointestinal decompression, liquid or fluid nutrition input, and drainage (suction).	April 9, 2018	April 8, 2023	Change of registration
7	Disposable surgical films	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640164	It is used for clinical surgical incisions to protect the skin from cross infection.	January 31, 2018	January 30, 2023	Change of registration
8	Disposable cesarean kit	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20182640195	It is a disposable product for staff in medical units to perform cesarean operation.	February 02, 2018	February 01, 2023	Change of registration
9	Disposable surgical sheets	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20192140245	It is a disposable product for staff in medical units to perform surgeries.	March 27, 2019	March 26, 2024	Change of registration
10	Disposable intervention	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No.	It is a disposable product for staff in medical units	January 30, 2019	January 29, 2024	Change of registration

	kit			20192140054	to perform clinical interventional procedures.			
11	Disposable nonwoven surgical supplies	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20192140727	It is a disposable product for staff in medical units to perform surgeries.	June 26, 2019	June 25, 2024	Change of registration
12	Disposable isolation gowns	Category 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.	May 20, 2019	May 19, 2024	Change of registration
13	Disposable surgical gowns	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20142140128	It is a disposable product for staff in medical units to perform surgeries.	August 14, 2019	August 13, 2024	Change of registration
14	Surgical masks	Category 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 fluids and splashes.	April 21, 2020	April 20, 2025	Change of registration
15	Surgical gauze dressing	Category 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.	February 25, 2020	February 24, 2025	Change of registration
16	Medical degreasing cotton	Category 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.	April 1, 2020	March 31, 2025	Change of registration
17	Medical brain cotton tablets	Category 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.	April 21, 2020	April 20, 2025	Change of registration
18	Silicone gel dressing	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20152141501	It is used for the dressing of exuding wounds on the body surface.	November 10, 2020	November 9, 2025	Change of registration
19	Disposable sterile-care surgical films	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20162140212	It is used for simplifying preoperative skin care operations, and preventing contact and migratory surgical wound infections.	January 29, 2021	January 28, 2026	Change of registration
20	Alginate dressings	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20162140291	It is used for clean and debridement treated wounds to facilitate the healing of the wound (only for superficial wounds in the superficial dermis and above).	December 10, 2019	December 9, 2024	Change of registration
21	Disposable treatment wipes	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20162141488	It is used as a mat for staff in medical units to clear sores, change dressings and perform examination.	September 09, 2021	September 08, 2026	Change of registration
22	Disposable protective clothing for medical use	Category II	Winner Medical Co., Ltd.	Yue Xie Zhu Zhun No. 20212140706	It provides barriers for and keeps medical staff away from contacting potentially infectious	May 20, 2021	May 19, 2026	Change of registration

					patient blood, body fluids, secretions, and airborne particulate matter at work.			
23	Hygiene caps	Category I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20150183	It is used to prevent cross-contamination between physicians and patients.	July 20, 2015	/	Change of filing
24	Plaster bandage (adhesive type)	Category I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20150201	It is used for fracture fixation.	August 5, 2015	/	Change of filing
25	Disposable medical examination kit	Category I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20160440	It is used for daily inspections in medical units.	December 6, 2016	/	Change of filing
26	Breathable tapes	Category I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20190268	It is used to provide adhesion to wound surface dressings, bandages, etc. for fixation.	April 22, 2019	/	Change of filing
27	Elastic bandage	Category I	Winner Medical Co., Ltd.	Yue Shen Xie Bei No. 20190565	It is used to provide binding force to wound surface dressings or limbs for dressing and fixation.	August 21, 2019	/	Change of filing
28	Disposable surgical caps	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20162142405	It is a disposable product for staff in medical units to perform surgeries.	March 25, 2021	March 24, 2026	Continuous registration
29	100% cotton nonwoven surgical dressing	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20162142404	It is for cleaning, wound protection, moisture absorption and protection of organs in the process of clinical treatment.	March 17, 2021	March 16, 2026	Continuous registration
30	Surgical mask	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20162142419	It is used for filtering airborne particles, and blocking droplets, blood, body fluids and secretions in medical work environment.	July 15, 2021	July 14, 2026	Continuous registration
31	Gauze strips	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20212143323	It is used to absorb internal exudate during lumpectomy, and to support organs and tissues during surgery.	June 30, 2021	June 29, 2026	First-time registration
32	Hydrocolloid dressings	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20212143433	The product absorbs traumatic exudate through water-soluble polymer particles. It is used for the coverage and care of non-chronic wounds.	September 14, 2021	September 13, 2026	First-time registration
33	Medical negative-pressure sucker	Category II	Winner Medical (Huanggang) Co., Ltd.	E Xie Zhu Zhun No. 20212143441	It is used in medical locations to absorb exudate from body surface wounds and cuts during and after surgery. It cannot be used for negative-pressure absorption for induced abortion, human respiratory secretions, stomatology, ophthalmology or	September 26, 2021	September 25, 2026	First-time registration

					endoscopic surgery.			
34	Negative pressure drainage device	Category 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.	July 16, 2020	/	Change of filing
35	Medical care mats	Category I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20210043	It is a kind of hygiene care product for hospital beds or examination beds.	August 16, 2021	/	First-time filing
36	Adhesive plaster bandage	Category I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20210057	It is mainly used for external fixation of injuries such as fractures or soft tissues.	September 22, 2021	/	Change of filing
37	Medical examination gloves	Category I	Winner Medical (Huanggang) Co., Ltd.	E Huanggang Xie Bei No. 20210046	The product is worn on the physician's hands for patient examination or palpation.	September 6, 2021	/	First-time filing
38	Medical care masks	Category 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 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).	August 30, 2019	August 29, 2024	Change of registration
39	Medical gauze pads	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142141946	The product is made from medical degreasing gauze. According to the actual conditions of products, X-ray detectable components and lifting belt can be provided.	September 14, 2021	September 13, 2026	Continuous registration
40	Disposable sterile-care oral cavity kit	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20212143322	It is a disposable product for dental staff to perform clinical examination of and care for the human oral cavity.	July 1, 2021	June 30, 2026	First-time registration
41	Disposable surgical gowns	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20212143523	It is used to prevent the transmission of infectious agents between patients and medical staff during surgical procedures and other invasive examinations. Standard performance: It is applicable to operations where the patient is known to have no infectious virus in the blood. High performance: 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	November 25, 2021	November 24, 2026	First-time registration

					emergency rescue.			
42	Disposable oral cavity instrument case	Category I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20210055	It is a disposable product for dental staff to perform clinical examination and treatment of the human oral cavity.	November 16, 2021	/	First-time filing
43	Disposable bedside care pack	Category I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20210037	It is a kind of hygiene care product for hospital beds or examination beds.	August 18, 2021	/	First-time filing
44	First aid kit	Category I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20210058	It is used for temporary treatment in case of emergency.	November 25, 2021	/	First-time filing
45	Scrub suits	Category I	Winner Medical (Chongyang) Co., Ltd.	E Xianning Xie Bei No. 20210035	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.	August 5, 2021	/	Change of filing
46	Disposable sterile-care pack	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142142005	It is a disposable product for staff in medical units to perform daily care.	August 29, 2019	August 28, 2024	Change of registration
47	Medical nonwoven balls	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142141942	It is a disposable product for staff in medical units to perform surgeries.	December 31, 2021	June 8, 2027	Continuous registration
48	Medical gauze sheets	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142140965	The product is used for wound care, and is a disposable product for staff in medical units to perform surgery and wound care.	December 31, 2021	June 8, 2027	Continuous registration
49	Disposable protective clothing for medical use	Category 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.	June 9, 2017	June 8, 2022	Change of registration
50	Isolation gowns	Category 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.	March 13, 2020	/	Change of filing
51	Medical nonwoven pads	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142141945	It is a disposable product for staff in medical units to perform surgeries.	December 10, 2021	July 26, 2027	Continuous registration
52	Surgical mask	Category II	Winner Medical (Chongyang) Co., Ltd.	E Xie Zhu Zhun No. 20142141947	It is used for filtering airborne particles, and blocking droplets, blood, body fluids and secretions in medical work environment.	December 10, 2021	July 26, 2022	Continuous registration
53	Iodophor disinfectant pads (balls, cotton swabs)	Category II	Winner Medical (Jiayu) Co., Ltd.	E Xie Zhu Zhun No. 20162142267	It is used for disinfection of intact skin before injection and infusion.	January 20, 2021	January 19, 2026	Continuous registration
54	Alcohol disinfection pads	Category II	Winner Medical (Jiayu) Co., Ltd.	E Xie Zhu Zhun No. 20162142268	It is used for disinfection of intact skin before injection and infusion.	January 20, 2021	January 19, 2026	Change of filing
55	Medical	Category	Winner Medical	E Xie Zhu	They are used for	January 20,	January 19,	Continuous

	cotton swabs	Category II	(Jiayu) Co., Ltd.	Zhun No. 20162142270	cleaning treatment of skin and wounds.	2021	2026	registration
56	Degreasing cotton	Category I	Winner Medical (Jiayu) Co., Ltd.	E Xianning Xie Bei No. 20210048	They are used for cleaning treatment of skin and wounds.	November 3, 2021	/	First-time filing
57	Scrub suits	Category I	Winner Medical (Jingmen) Co., Ltd.	E Jingmen Xie Bei No. 20210142	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.	November 26, 2021	/	First-time filing
58	Medical gauze pads	Category 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.	July 22, 2020	July 21, 2025	Change of registration
59	Isolation gowns	Category I	Winner Medical (Tianmen) Co., Ltd.	E Tian Xie Bei No. 20210020	It is used in medical institutions outpatient, wards, laboratories, etc. for general isolation.	January 29, 2021	/	First-time filing
60	Disposable surgical mask	Category II	Winner Medical (Tianmen) Co., Ltd.	E Xie Zhu Zhun No. 20212143391	The mask is a disposable product that covers the user's mouth, nose and jaw, and is applicable for the wearer's health care in the general medical environment where there is no risk of body fluids and splashing, as well as general health care of non-invasive procedures in public health places (this mask cannot be used as a surgical or protective mask).	August 13, 2021	August 12, 2026	First-time registration
61	Medical film gloves	Category I	Winner Medical (Wuhan) Co., Ltd.	E Han Xie Bei No. 20210360	The product is worn on the physician's hands or fingers for patient examination or palpation.	March 24, 2021	/	First-time filing

2. Abroad

Region	S/N	Certificate No.	Name of certificates	Registration categories	Certificate owner	Product	Date of issue	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	2019.12.09	2024.05.26	Obtained before to the reporting period
	2	G10462410065Rev.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,	2019.12.10	2024.05.27	Obtained before to the reporting period

						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			
	3	CE 728017	EU Type Examination Certificate	FFP2 mask, Category III	Winner Medical	Protective mask WN-N95FW, WN-N95FGINE	2020.10.22	2021.05.14	Obtained before to the reporting period
	4	CE 728018	Module C2 Certificate	PPE	Winner Medical	Protective mask WN-N95FW, WN-N95FGINE	2020.10.22	2021.05.14	Obtained before to the reporting period
	5	FI20/967203	EU Type Examination Certificate	Type 5,6, Category III	Winner Medical	Protective clothing WN-600DC, WN-600DC-1	2020.11.10	2025.11.10	Obtained before to the reporting period
	6	FI20/967181	EU Type Examination Certificate	Type 5,6, Category III	Winner Medical	Protective clothing WN-600TC, WN-600TC-1	2020.11.09	2025.11.09	Obtained before to the reporting period
	7	CN20/42667	Module C2 Certificate	PPE	Winner Medical	Protective clothing WN-600DC, WN-600DC-1, WN-600TC, WN-600TC-1	2020.12.03	-	Obtained before to the reporting period
Russia	8	ΦC32011/10 517	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	2017.01.09	/	Obtained before to the reporting period
	9	ΦC32011/10 516	Registration Certificate (Russia)	I	Winner Medical	13 products including absorbent pad, gauze combine dressing, non-woven adhesive wound dressing, and finger bandage	2017.01.23	/	Obtained before to the reporting period
	10	ΦC32011/10 515	Registration Certificate (Russia)	I	Winner Medical	19 products including non-woven cohesive flexible bandage, shrinking gauze bandage, and gauze bandage	2017.01.23	/	Obtained before to the reporting period
	11	ΦC32011/10 514	Registration Certificate (Russia)	I	Winner Medical	12 products including isolation gown, patient gown, visitor gown, surgical gown, and caps	2017.01.09	/	Obtained before to the reporting period
Japan	12	BG10500019	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical	/	2020.12.13	2025.12.12	Obtained before to the reporting period
	13	BG10500055	Registration certificate for	I	Winner Medical	/	2016.07.18	2021.07.17	Obtained before to

			foreign manufacturers of medical devices		(Jiayu)				the reporting period
	14	BG10500206	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical (Chongy ang)	/	2017.11.21	2022.11.20	Obtained before to the reporting period
	15	BG10500432	Registration certificate for foreign manufacturers of medical devices	I	Winner Medical (Jingmen)	/	2019.07.10	2024.07.09	Obtained before to the reporting period
	16	BG10500055	Registration certificate for foreign manufacturers of medical devices	/	Winner Medical (Jiayu)	/	2021.07.18	2026.07.17	Continuous registration during the reporting period
Global	17	N EGL/1747 57/1067150/1	Global Organic Textile Standard	/	Winner Medical (Huangg ang)	100.0% Organic Cotton; 70% Spunlace Nonwoven Fabric, 30% linen Spunlace Nonwoven Fabric	2021.07.14	2022.07.13	Continuous registration during the reporting period
	18	N EGL/1747 57/1067150/1	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	2021.10.19	2022.11.30	Continuous registration during the reporting period
UK	19	20210712012 08120	Registration Confirmation Letter	IIa, IIb, Is	Winner Medical	High-end wound dressings (Category II), wound dressings (Category I sterilization), and gauze with thread class (Category II) Gauze (Category I sterilization) Pure cotton non-woven (Category I sterilization) Non-woven (Category I sterilization) Cotton (Category I sterilization) Basic combo pack (Category I sterilization)	2021.7.23	/	New registration during the reporting period
UK	20	20210913012 15690	Registration Confirmation Letter	I	Winner Medical	High-end wound dressings (Category I sterilization) Gauze (Category I sterilization) Pure cotton non-woven (Category I sterilization) Non-woven (Category I sterilization) Cotton (Category I sterilization) Alcohol cotton pads (Category I sterilization) Protection class (Category I sterilization) Bandage (Category I sterilization)	2021.9.6	/	New registration during the reporting period

Canada	21	14290	MDEL (Medical Device Establishment Licence)	I	Winner Medical	Category I medical device	2021.07.08	2022.03.31	New registration during the reporting period
CE regions	22	735016	EU Type Examination Certificate	Category III	Winner Medical	FFP2 protective mask WN-N95FW	2021.04.01	2026.04.01	New registration during the reporting period
CE regions	23	735018	Module D Certificate	Category III	Winner Medical	Category III PPE protective masks	2021.04.01	2026.04.01	New registration during the reporting period
CE regions	24	CN21-45532	Module D Certificate	Category III	Winner Medical	Category III PPE protective clothing	2021.07.17	2024.05.12	New registration during the reporting period

6. Cash flow

Unit: yuan

Item	2021	2020	Year-on-year increase/decrease
Subtotal cash inflows from operating activities	8,810,925,953.61	13,506,886,695.52	-34.77%
Subtotal of cash inflow from operating activities	7,939,236,051.68	8,739,390,408.13	-9.16%
Net cash flow from operating activities	871,689,901.93	4,767,496,287.39	-81.72%
Subtotal cash inflows from investment activities	7,465,119,663.87	4,572,064,826.38	63.28%
Subtotal cash outflows from investment activities	6,986,313,228.36	9,002,000,981.04	-22.39%
Net cash flow from investing activities	478,806,435.51	(4,429,936,154.66)	110.81%
Subtotal of cash inflow from financial activities		3,743,348,396.23	-100.00%
Subtotal of cash inflow from financial activities	1,409,637,239.29	395,270,980.45	256.63%
Net cash flow from financing activities	(1,409,637,239.29)	3,348,077,415.78	-142.10%
Net increase of cash and cash equivalents	(61,122,432.34)	3,690,564,974.73	-101.66%

Description of main influencing factors of significant changes in relevant data on a year-on-year basis

√Applicable □ Not applicable

1. The decrease in cash inflow from operating activities and net cash flow from operating activities for the reporting period was mainly due to the decrease in the Company's performance for the period; 2. The obvious increase in cash inflow from investing activities and net cash flow from investing activities was mainly due to the redemption of financial products purchased in the same period of the previous year in the current reporting period; 3. The decrease in cash inflow from financing activities was mainly due to the successful IPO of the Company in 2020 and the availability of funds raised, while the cash outflow from financing activities was mainly due to the distribution of profits, the repurchase of shares and the impact of the new leasing guidelines in the current reporting period; moreover, thanks to the decrease in cash inflow from financing activities and the increase in outflow, the net cash generated from financing activities decreased; 4. The decline in net increase in cash and cash equivalents was mainly due to the decrease in net

cash flow from operating activities and the decrease in net cash flows from financing activities.

Reasons for significant difference between the net cash flow from operating activities of the Company and the net profit of the current year in the reporting period

Applicable Not applicable

V. Non-main operations

Applicable Not applicable

Unit: yuan

	Amount	Proportion in total profits	Formation reasons	Is it sustainable
Investment income	103,237,547.98	7.06%	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	58,474,468.36	4.00%	It is mainly due to the changes in fair value of financial products (such as structured deposits).	No
Impairment of assets	(100,665,232.92)	-6.88%	It is mainly due to the provision for impairment of inventories and fixed assets.	No
Non-revenue	6,040,019.07	0.41%	It is mainly due to the receipt of government subsidies unrelated to operating activities.	No
Non-operating expenses	18,919,306.79	1.29%	It is mainly due to the losses on scrapping of non-current assets.	No
Credit impairment Loss	(574,000.57)	-0.04%	It is mainly due to the expected credit losses on the accrual of accounts receivable and other receivables.	No
Gains from asset disposal	3,250,448.27	0.22%	It is mainly due to the losses on disposal of non-current assets.	No
Other incomes	102,353,195.81	7.00%	It is mainly due to the receipt of government subsidies related to operating activities.	No

VI. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: yuan

	End of 2021		Early 2021		Increase/decrease in proportions	Description of significant changes
	Amount	The proportion in total assets	Amount	The proportion in total assets		
Cash and cash equivalents	4,273,938,326.82	32.22%	4,162,539,245.78	30.82%	1.40%	No major changes
Accounts receivable	775,546,589.42	5.85%	844,317,708.12	6.25%	-0.40%	No major changes
Contract assets		0.00%		0.00%	0.00%	
Inventory	1,597,377,043.99	12.04%	1,216,486,940.21	9.01%	3.03%	It is mainly due to the increase in strategic

						stockpiling
Investment in real estates		0.00%		0.00%	0.00%	
Long-term equity investment	16,949,801.24	0.13%	13,424,230.41	0.10%	0.03%	It is mainly due to the increase in investment income in affiliates.
Fixed assets	1,477,320,848.63	11.14%	1,400,749,050.00	10.37%	0.77%	No major changes
Construction in progress	216,096,622.30	1.63%	61,383,340.97	0.45%	1.18%	It is mainly due to the increase in infrastructure projects and uninstalled equipment in the reporting period
Right-of-use assets	531,735,443.44	4.01%	504,205,737.73	3.73%	0.28%	No major changes
Short-term loans		0.00%	150,071,416.66	1.11%	-1.11%	It is mainly due to the repayment of short-term loans due.
Contract liabilities	341,175,665.42	2.57%	530,188,257.63	3.93%	-1.36%	It is mainly due to the decrease in consideration received in advance from customers.
Long-term loans		0.00%		0.00%	0.00%	
Lease liabilities	381,808,925.09	2.88%	363,828,691.92	2.69%	0.19%	No major changes
Accounts receivable financing	9,940,272.21	0.07%	18,182,662.70	0.13%	-0.06%	It is mainly due to the decrease in outstanding bank acceptance bills
Other current assets	118,759,825.56	0.90%	35,184,227.09	0.26%	0.64%	It is mainly due to the increase in unsettled estimated gains on the accrual basis for estimated certificates of deposit and large certificates of deposit, as well as the increase in corporate income tax prepayments and input tax credits to be deducted
Long-term deferred expenses	174,785,770.83	1.32%	121,335,007.33	0.90%	0.42%	It is mainly due to the increase in renovation costs of new stores during the reporting period
Other non-current assets	115,571,001.80	0.87%	63,807,415.75	0.47%	0.40%	It is mainly due to the increase in prepayments for non-current assets.
Taxes payable	93,859,069.68	0.71%	444,381,369.49	3.29%	-2.58%	It is mainly due to the decrease in corporate income tax and other taxes as a result of the decrease in total profit.
Treasury stock	257,992,366.68	1.94%		0.00%	1.94%	It is mainly due to share repurchase
Other comprehensive income	(1,556,935.43)	-0.01%	(1,111,035.08)	-0.01%	0.00%	It is mainly due to the changes in translation differences in foreign currency statements.

High percentage of foreign assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: yuan

Item	Opening balance	Gain/losses 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)	4,131,178,589.44	58,474,468.36			6,780,996,820.00	7,800,000,000.00		3,130,529,709.10
Total of the above	4,131,178,589.44	58,474,468.36			6,780,996,820.00	7,800,000,000.00		3,130,529,709.10
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**

Item	Ending book value	Causes for restriction
Cash and cash equivalents	185,326,064.78	For details, see "1. Monetary Funds, VII. Notes to Items in Consolidated Financial Statements" of Section 10 Financial Statements
Fixed assets	6,567,843.41	For details, see "1. Urban Renewal Project of Winner Industrial Park, 7. Other important matters affecting the decision-making of investors, XVI. Other important issues" of Section 10 Financial Statements
Total	191,893,908.19	--

VII. Analysis of investment**1. Overall situation** Applicable Not applicable

Investment amount in the reporting period (yuan)	Investment amount in the same period of the previous year (yuan)	Change percentage
7,201,614,958.67	4,382,818,387.53	64.31%

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**4. Financial assets measured with 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
Trust products	200,000,000.00	15,833,430.82	0.00	1,880,000,000.00	750,000,000.00	16,672,245.95	1,345,833,430.82	Self-owned funds
Others	3,920,000,000.00	42,641,037.54	0.00	4,900,996,820.00	7,050,000,000.00	68,019,777.78	1,784,696,278.28	Self-owned funds + proceeds
Total	4,120,000,000.00	58,474,468.36	0.00	6,780,996,820.00	7,800,000,000.00	84,692,023.73	3,130,529,709.10	--

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	42,061.82	132,243.65	0	0	0.00%	231,115.12	Of which: the balance of cash management was 216.300 million yuan and the balance deposited in the proceeds account was 148.512 million yuan.	0
Total	--	355,884.93	42,061.82	132,243.65	0	0	0.00%	231,115.12	--	0
Description of the overall use of proceeds										
The China Securities Regulatory Commission (CSRC) approved that, in its "CSRC License [2020] No. 1822" document, the Company made an initial public offering of 50 million yuan ordinary shares (A shares) at an offer price of 74.30 yuan per share, and the total proceeds amounted to 3,715.0000 million yuan. After deducting issuance fees of 156.1507 million yuan (excluding tax), net proceeds totaled 3,558.8493 million yuan. 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. ZI10584). As of December 31, 2021, the Company mobilized 1,322.4365 million yuan of proceeds, of which: 683.4365 million yuan of proceeds were actually used for fundraising projects (including 349.5451 million yuan of funds invested in fund-raising projects in the current reporting period and 333.8914 million yuan of funds pre-invested in fund-raising projects by replacing self-financing funds), and 639.0000 million yuan of idle proceeds for permanently replenishing the working capital. The balance of the Company's unused proceeds was 2,311.1512 million yuan, of which: the balance of structured deposits was 2,163.0000 million yuan and the balance of 148.1512 million yuan was deposited in the proceeds account.										

(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
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Committed investment projects											
High-end wound dressings production line construction project	No	21,685.86	21,685.86	546.46	3,198.37	14.75%	October 31, 2022	0	0	N/A	No
Marketing network construction project	No	70,456.87	70,456.87	9,608.94	21,838.13	31.00%	October 31, 2023	0	0	N/A	No
R&D Center construction project	No	23,542.15	23,542.15	2,304.43	7,374.06	31.32%	October 31, 2022	0	0	N/A	No
Digital management system project	No	26,881.05	26,881.05	4,206.23	10,037.33	37.34%	October 31, 2022	0	0	N/A	No
Subtotal of committed investment projects	--	142,565.93	142,565.93	16,666.06	42,447.89	--	--			--	--
Investment of over-raised proceeds											
Winner Industrial Park (Jiayu) Project	No		40,000	5,211.44	5,211.44	13.03%	June 30, 2023	0	0	N/A	No
Phase II Expansion Project of Winner Medical Wuhan	No		60,000	20,184.32	20,684.32	34.47%	December 31, 2022	0	0	N/A	No
Bolster working capital (if any)	--		63,900		63,900	100.00%	--	--	--	--	--
Subtotal of use of over-raised proceeds	--		163,900	25,395.76	89,795.76	--	--	0	0	--	--
Total	--	142,565.93	306,465.93	42,061.82	132,243.65	--	--	0	0	--	--
Information on and reasons for not meeting the scheduled progress or projected earnings (by specific project)	N/A										
Description of significant changes	N/A										

in project feasibility	
Amount, purpose and progress of use of over-raised proceeds	Applicable
	<p>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 639.00 million yuan of the over-raised proceeds to permanently supplement the working capital. As of November 2, 2020, 639.00 million yuan 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 400.0000 million yuan 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 900.0000 million yuan, 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 tissues, medical cotton/gauze/non-woven fabrics, hand sanitizer and other products. As of December 31, 2021, the total amount invested in the above project is 52.1144 million yuan.</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 600.0000 million yuan 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 1,500.0000 million yuan, and the implementing entity is Winner Medical (Wuhan) Co., Ltd. The project includes non-woven 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, 2021, the total amount invested in the above project is 20.68432 million yuan.</p>
Change of location for the implementation of the proceeds investment project	Applicable
	<p>Occurred in the previous year</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 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.</p>
Adjustment of the implementation mode of the proceeds investment project	N/A

Pre-investment and replacement of the proceeds investment project	<p>Applicable</p> <p>On February 26, 2021, the 18th meeting of the Second Board of Directors and the 12th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Over-raised Proceeds to Replace Self-raised Funds Pre-invested in the New Project”, respectively, and agreed that the Company could replace the self-raised funds pre-invested in the fundraising project with 100.1742 million yuan of proceeds. It has been verified by the “Special Auditor’s Report on Proceeds Replacement of Winner Medical Products Co., Ltd.” ([2021] No. ZI10031) issued by BDO Certified Public Accountants (Special General Partnership) on February 23, 2021. Among them: the actual investment amount of the Company’s self-raised funds pre-invested in the proceeds investment project is 100.1742 million yuan, of which: 85.8942 million yuan was invested in Wuhan Phase II expansion project, and 14.2800 million yuan was invested in Winner Industrial Park (Jiayu) Project. In February and March 2021, the Company transferred 14.2800 million yuan and 85.8942 million yuan respectively from the special account for proceeds to replacing the self-raised funds that had been invested in advance in the new proceeds project.</p> <p>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 233.7173 million yuan 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) 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 233.7173 million yuan, of which: 26.5062 million yuan was invested in high-end wound dressing production line construction project, 110.0794 million yuan was invested in marketing network construction project, 50.2174 million yuan was invested in R&D center construction project, 46.9143 million yuan was invested in digital management system project. In October and November 2020, the Company transferred 73.4204 million yuan and 160.2968 million yuan respectively from the special account for proceeds to replacing the self-raised funds that had been invested in advance in the proceeds project.</p>
Temporary replenishment of working capital with idle proceeds	N/A
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 30, 2021, the balance of unused proceeds of the Company was 2,311.1512 million yuan, of which: the balance of cash management was 2,163.0000 million yuan and the balance deposited in the proceeds account was 148.1512 million yuan.
Problems or other circumstances in the use and disclosure of proceeds	None

(3) Changes in proceeds projects

□ Applicable ✓ Not applicable

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

VIII. Sales of major assets and equities

1. Sales of major assets

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

IX. Analysis of main holding 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	1,508,464,259.34	1,202,571,170.97	1,489,366,249.58	222,530,641.81	184,059,060.84

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Description of major holding companies and joint stock companies

X. Structured entities controlled by the company

Applicable Not applicable

XI. Prospect of the Company's future 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



With “To enhance your health, life and well-being” as its vision, “To lead the healthcare trend and achieve harmony between people and the environment” as its mission, and “working hard, responsibility, innovation, self-criticism, and long-termism” as its values, the Company proposed the development strategy of “stable growth for excellent operation and product innovation for future” in 2021. In the short term, we focus on maintaining stable growth through excellent operations, and in the medium term, we will underline the sustainable growth through leading products.

In the short term, we will focus on the advantageous resources to win the battle by subtracting from the market, channels, products, supplies and internal operations, thus “slightly” reducing loss-making customers, “slightly” reducing loss-making channels, “slightly” reducing long-tail products, “slightly” reducing long-tail suppliers, and streamlining and optimizing processes. To further enhance product competitiveness, we are implementing an end-to-end “cost reduction and efficiency improvement” strategy. In the medium term, the Company will further implement end-to-end business process reforms to achieve “customer and consumer-centric, leading product-driven, and smart manufacturing-based” business transformation, shifted to R&D management processes for innovation and product competitiveness, integrated marketing processes for product commercial success, and integrated customer-centric supply chain processes. While promoting business process changes, we are simultaneously implementing digital capacity building, focusing on five areas: omnichannel, commodity, consumer, supply chain, and intelligent manufacturing, respectively, to carry out digital changes and support the rapid development of business.

As to leading products for the future, in the short term, the Company not only reduces redundant lines, but also speeds up the iterative upgrade of top-selling products, thus increasing market investment to capture market share. In the medium term, the organization has established the Winner Medical Innovation Institute, invited a national academician to be its president, and further explored and planned the technology landscape in the field of medical care and health. 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.

The cornerstones that support the Company’s strategic goals are the three main business principles of “Quality before profit, brand before speed, social value before corporate value”, and the ten beliefs of Winner Medical people: following the Party, concerning about the country, observing the three core business principles, adopting altruism, complying with customer thinking, working hard, keeping operational excellence, advancing with the times, persisting in innovation, and insisting on self-criticism. 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) Possible risks to the Company

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

From January to December 2021, the Company achieved an operating revenue of 8,037.4208 million yuan, down 35.87% YoY; and net profit attributable to owners of the parent company of 1,239.3200 million yuan, down 67.50% YoY. Due to the outbreak of the COVID-19 pandemic in 2020, the Company’s sales of medical protective products such as medical masks and protective clothing increased significantly. In 2021, with the effective prevention and control of COVID-19 pandemic, widespread vaccination, dramatic increase in production capacity of medical protective products and increasing competition, the orders for medical protective products were reduced significantly. The short-term sales revenue and net profit of the Company’s medical protective products were subject to risks of performance fluctuations due to the pandemic changes.

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 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 Company, 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.

3. 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 and control sales discounts to reduce the negative impact on the Company's profitability.

4. Exchange rate risks and countermeasures

Medical consumables are the main exports of the Company, which are settled in major international currencies such as US dollars. From 2019 to 2021, the proportion of the Company's foreign sales in its main operating revenues were 18.92%, 47.69% and 21.07%, 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. 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.

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. 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 Medical Investment Project of Winner Medical (Heyuan) 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 550 million yuan, 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 3 million yuan and a compensation payment of 319 million yuan 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 wound 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.

XII. Registration form of reception, research, communication, interview and other activities during the reporting period

Applicable Not applicable

Time	Location	Method	Types of	Objects	Main contents	Basic information
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			objects		of discussions and documents provided	index of surveys
January 22, 2021	Headquarters conference rooms in Winner Industrial Park	Telephone communication	Institutions	267 investors including Generali Asset Management and CICC	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
February 19, 2021	Headquarters conference rooms in Winner Industrial Park	Telephone communication	Institutions	151 investors including Huashang Fund and Shanghai King Sun Asset Management	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
March 18, 2021	Winner Medical (Huanggang), Winner Medical (Chongyang), Winner Medical (Jiyu)	Field surveys	Institutions	Investors including Manulife Teda and Hongdao Investment	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
April 20, 2021	Panorama	Others	Individual	187 investors including TF Securities and Essence Fund	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
April 28, 2021	Headquarters conference rooms in Winner Industrial Park	Telephone communication	Institutions	Investors including China Post Fund and Lombarda China Fund	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
May 10, 2021	Headquarters conference rooms in Winner Industrial Park	Field surveys	Institutions	Investors including GF Securities and Bosera Funds	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
May 14, 2021	Panorama studio	Others	Individual	Internet investors	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
May 24, 2021	Headquarters conference rooms in Winner Industrial Park	Telephone communication	Institutions	Investors including Da Cheng Fund and Baoying Fund	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
July 07, 2021	Headquarters conference rooms in Winner Industrial Park	Telephone communication	Institutions	Investors including Harfor Funds and Beixin Ruifeng Fund	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
August 23, 2021	Headquarters conference rooms in Huilong Business Center	Others	Institutions	Investors including China Securities and Essence Securities	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
August 24, 2021	Headquarters conference rooms in Huilong Business Center	Telephone communication	Institutions	81 investors including GF Securities and BOCOM Schroders	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
August 26, 2021	Panorama	Others	Individual	Internet investors	Outline of the Company's business and	For details, please refer to Shenzhen Stock Exchange Interactive

					operations	(http://irm.cninfo.com.cn)
October 26, 2021	Headquarters conference rooms in Huilong Business Center	Telephone communication	Institutions	180 investors including Rosefinch Securities and China Asset Management	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
November 30, 2021	Panorama	Others	Individual	Internet investors	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)
December 01, 2021	Headquarters conference rooms in Huilong Business Center	Telephone communication	Institutions	49 investors including Rongtong Fund and Ping An Fund	Outline of the Company's business and operations	For details, please refer to Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn)



Purcotton 全棉时代



一张棉柔巾
改变世界



Section 4
Corporate
Governance

winner winner winner winner winner winner winner winner winner winner

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 laws, administrative regulations and provisions 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 laws, administrative regulations and provisions on listed corporate governance issued by China Securities Regulatory Commission

II. Independence of Company from its controlling shareholders and actual controller in guaranteeing the Company's assets, personnel, finance, institutions and business

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.

1. 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.

2. 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.

3. 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 tax payer, 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.

4. 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.

5. 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	Resolutions of the meeting
2020 Annual General Meeting of Shareholders	Annual general meeting of shareholders	89.42%	May 10, 2021	May 11, 2021	<i>Proposal on the Company's 2020 Annual Report and Its Abstract, Proposal on the Company's 2020 Annual Profit Distribution Plan</i>
The 1st Extraordinary General Meeting of Shareholders in 2021	Extraordinary general meeting of shareholders	89.75%	July 13, 2021	July 14, 2021	<i>Proposal on the General Election of the Board of Directors of the Company and the Nomination of Non-independent Director Candidates for the Third Board of Directors, Proposal on the General Election of the Board of Directors of the Company and the Nomination of Independent Director Candidates for the Third Board of Directors, and Proposal on the General Election of the Board of Supervisors of the Company and the Nomination of Shareholder Representative Supervisor Candidates for the Third Board of Directors</i>

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

Applicable Not applicable

V. The company has a voting rights differential arrangement

□ Applicable ✓ Not applicable

VI. Corporate governance in VIE

□ Applicable ✓ Not applicable

VII. Directors, Supervisors and Senior Management**1. Basic information**

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)	Causes for change in shares
Li Jianquan	Chairman and general manager	Incumbent	Male	65	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Fang Xiuyuan	Director, deputy general manager and chief financial officer	Incumbent	Male	54	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Xu Xiaodan	Director	Incumbent	Female	35	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Guo Zhenwei	Director	Incumbent	Male	38	June 28, 2018	July 12, 2024	0	0	0	0	0	N/A
Peng Jianfeng	Independent director	Incumbent	Male	61	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Xie Jiawei	Independent director	Incumbent	Female	49	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Key Ke Liu	Independent director	Incumbent	Male	58	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Zhang Tingting	Chairman of the Board of Supervisors	Incumbent	Female	36	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Wang Ying	Supervisor	Incumbent	Female	40	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Liu Hua	Employee representative supervisor	Incumbent	Female	49	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Chen Huixuan	Deputy general manager and secretary to the board of directors	Incumbent	Female	40	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Zhang Li	Deputy general manager	Incumbent	Female	44	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Liang	Independent	Outgoing	Male	52	May 18,	July 13,	0	0	0	0	0	N/A

Wenzhao	Independent director	Outgoing			2015	2021						
Zhou Xiaoxiong	Independent director	Outgoing	Male	61	May 18, 2015	July 13, 2021	0	0	0	0	0	N/A
Bi Qun	Independent director	Outgoing	Female	52	May 18, 2015	July 13, 2021	0	0	0	0	0	N/A
Liu Weiwei	Chairman of the Board of Supervisors	Outgoing	Male	44	May 18, 2015	July 13, 2021	0	0	0	0	0	N/A
Ye Yangjing	Supervisor	Outgoing	Female	41	June 28, 2018	July 13, 2021	0	0	0	0	0	N/A
Yin Wenling	Deputy general manager	Outgoing	Male	49	June 28, 2018	July 13, 2021	0	0	0	0	0	N/A
Total	--	--	--	--	--	--	0	0	0	0	0	--

Dismissal of directors, supervisors and senior management in the term of office during the reporting period

Yes No

Change of directors, supervisors and senior management

Applicable Not applicable

Name	Position held	Type	Date	Reasons
Peng Jianfeng	Independent director	Elected	July 13, 2021	General election in the Board of Directors
Xie Jiawei	Independent director	Elected	July 13, 2021	General election in the Board of Directors
Key Ke Liu	Independent director	Elected	July 13, 2021	General election in the Board of Directors
Zhang Tingting	Chairman of the Board of Supervisors	Elected	July 13, 2021	General election in the Board of Supervisors
Liu Hua	Employee representative supervisor	Elected	July 13, 2021	Elected in the congress of workers and staff
Zhang Li	Deputy general manager	Appointed	July 13, 2021	Appointed by the Board of Directors
Liang Wenzhao	Independent director	Leave office at the expiration of the term of office	July 13, 2021	General election in the Board of Directors
Zhou Xiaoxiong	Independent director	Leave office at the expiration of the term of office	July 13, 2021	General election in the Board of Directors
Bi Qun	Independent director	Leave office at the expiration of the term of office	July 13, 2021	General election in the Board of Directors
Liu Weiwei	Chairman of the Board of Supervisors	Leave office at the expiration of the term of office	July 13, 2021	General election in the Board of Supervisors
Ye Yangjing	Supervisor	Leave office at the expiration of the term of office	July 13, 2021	General election in the Board of Supervisors
Yin Wenling	Deputy general manager	Leave office at the expiration of	July 13, 2021	General election in the Board of Directors

		the term of office		
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2. Service status

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

(1) Board of directors

Mr. Li Jianquan, born in 1957, Chinese, a permanent resident of the Hong Kong Special Administrative Region. College degree. He created three brands of “Winner”, “Purcotton” and “PureH2B” and served as president of the medical dressings branch of China Chamber of Commerce for Import and Export of Medicines and Health Products, and honorary president of Alumni Association of Wuhan Textile University. In 2020, he was awarded the honorary title of the 40th anniversary innovative and pioneering figures and advanced figures in Shenzhen Special Economic Zone by the Shenzhen municipal government, “Guangdong Advanced Individual for Fighting the COVID-19 Pandemic” by the People's Government of Guangdong Province and “Tribute to 40 Years of Special Economic Zone, Salutes 40 Brand People” by Federation of Shenzhen Industries.

Mr. Fang Xiuyuan, born in August 1968, Chinese, without permanent residency abroad; college degree, Chinese Certified Public Accountant. From July 1988 to April 1998, he served as the accountant and chief of Finance Department of Hubei Medical and Health Products Import and Export Corporation; from May 1998 to January 1999, he was the chief financial officer 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.. At present, Mr. Fang Xiuyuan also serves as the director of Shenzhen PurCotton Technology Co., Ltd., Shenzhen Qianhai Purcotton E-commerce Co., Ltd., Winner Medical (Huanggang) Co., Ltd., Winner Medical (Chongyang) Co., Ltd., Winner Medical (Jiayu) Co., Ltd., Winner Medical (Jingmen) Co., Ltd., Yichang Winner Medical Textile Co., Ltd., Winner Medical (Tianmen) Co., Ltd., Winner Medical (Hong Kong) Limited, Chengdu Winner Likang Medical Products Co., Ltd., Winner Medical (Wuhan) Co., Ltd., Shenzhen PureH2B Technology Co., Ltd.; the executive partner of Xiamen Leyuan Investment Partnership (limited partnership), member of the Shenzhen 7th CPPCC, and 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. She joined the company in 2010; from August 2013 to January 2015, she was the purchasing manager of Procurement Department of Shenzhen Purcotton Ltd.; from January 2015 to January 2020, 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 February 2020 to now, she has been the director of Strategic Planning Center of Winner Medical Co., Ltd. At present, Ms. Xu Xiaodan is also a director of Winner Medical (Heyuan) Co., Ltd. and Winner Medical (Wuhan) Co., Ltd.

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., 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. 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 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, Shijiazhuang Junlebao Dairy Co., Ltd., Lium Group Co., Ltd., Hangzhou Dahiti Science & Technology Co., Ltd., Genki Forest Technology Group Holdings Limited, Shanghai Ruishu Electronic Commerce Co., Ltd., Shanghai Huaqiao Catering Management Co., Ltd., Shanghai Wanwuyouyang Food and Beverage Management Co., Ltd. and Haocaitou Fujian Food Co., Ltd. and a supervisor of Pucheng Dairy (Group) Co., Ltd.

Mr. Key Ke Liu, born in 1964, American, Bachelor and master degree in Chemical Engineering of Northwest University, doctorate of City University of New York, USA, Master of Management of Rensselaer Polytechnic Institute, USA, foreign academician of Australian National Academy of Engineering. He was a chief scientist of GE Global Research, a director of Power Environment and Energy Research Center (PEER) of California Institute of Technology, a director of International Pittsburgh Coal Conference (PCC) Organization, member of PCC Organization and independent director of Konfoong Materials International Co., Ltd and has worked for many years with well-known multinational companies such as Exxon-Mobil and UTC. He is currently the dean of School of Innovation and Entrepreneurship, President of Clean Energy Research Institute and chair professor of Department of Chemistry, Southern University of Science and Technology, standing director and deputy director of Center for China and Globalization (CCG), director of Carnegie-Tsinghua Center, director of Puritek Company Ltd. and independent director of Shenzhen Huicheng Information Technology Co., Ltd. and Hunan YUSSEN Energy Technology Co., Ltd. After returning to China, he was appointed deputy Director and Chief Technology Officer (CTO) of National Institute of Clean-and-Low-Carbon Energy. He was awarded the Top Fifty China

Overseas-educated Scholars in Innovation and Entrepreneurship in 2015, Pitt AWARD in 2013 and Emerald Honors Special Recognition Award in 2006.

Mr. Peng Jianfeng, born in 1961, Chinese, without permanent residency abroad; master degree of Renmin University of China. Since 1986, he has successively served as lecturer, associate professor and professor in the School of Labor and Human Resources of Renmin University of China; previously, he had successively served as the independent director of Telling Telecommunication Holding Co., Ltd., Sunward Intelligent Machinery Co., Ltd., Goertek Co., Ltd., Chinese Universe Publishing and Media Group Co., Ltd., Haier Smart Home Co., Ltd., China Merchants Shekou Industrial Zone Holdings Co., Ltd. and Chow Tai Seng Jewellery Co., Ltd.; currently the independent director of Jinko Power Technology Co., Ltd., non-independent director of Hytera Communications Corporation Limited, director of CCB Trust Co., Ltd., executive director of China Stone Management Consulting Ltd. and executive director of China Stone (Beijing) Corporation Culture Management Consulting Co., Ltd. Mr. Peng Jianfeng has been deeply involved in enterprises for a long time to provide consulting services. He has been employed as senior management consultant and expert group leader by Shenzhen Huawei, Guangdong Midea Group, Shandong Liuhe Group and ENN Group, etc. The expert team led by him has provided consulting services for hundreds of famous enterprises and the management consulting team led by him has created the *Huawei Basic Law*, *Charter of OCT*, *TCL Fights Scale with Speed*, *The Third Road of Midea*, *Samsung (China) Culture*, *Meager Profit Management and Service Marketing of Shandong Liuhe Group*, *Three Mechanisms and Six Systems of Human Resources of Baisha Group*, *Joint Programme of Action of Dongfeng Nissan*, *Lenovo Cultural Studies and Jingdong Culture*. He was awarded the "Top Ten Figures" of the second China Human Resource Management Award and the "Top Ten Respectable Management Consulting Experts" by the Management Consulting Committee of China Enterprise Confederation.

Ms. Xie Jiawei, born in 1973, Chinese, without permanent residency abroad; bachelor degree, certified public accountant and tax accountant. Previously, she successively served as deputy director of Beijing Zhongtian Huazheng Certified Public Accountants Co., Ltd., deputy director of BDO China Shu Lun Pan Certified Public Accountants LLP Shenzhen Branch, vice chairman of the 6th Council of Shenzhen Institute of Certified Public Accountants, and independent director of Shenzhen Guangju Energy Co., Ltd., Shenzhen Topband Co., Ltd., Guangdong Xinhui Meida Nylon Co., Ltd., and Shenzhen Dynanonic Co., Ltd. He is currently a partner of Dahua Certified Public Accountants Co., Ltd., a member of the 6th Council of Shenzhen Institute of Certified Public Accountants, a core member of Vanho Securities, an off-campus supervisor for graduate students of Shenzhen University, and an independent director of Han's Laser Technology Industry Group Co., Ltd. and Shenzhen Heungkong Holding Co., Ltd.

(2) Board of Supervisors

Ms. Zhang Tingting, born in 1986, Chinese, without permanent residency abroad; bachelor degree. She joined the company in November 2010 and served as the manager of the Supplier Management Department, Domestic Trade Drugstore Management Department, Distributor Management Department, Product Development Department and E-commerce Commodity Department successively from July 2014 to January 2021. He is currently the category manager of the company, a member of Longhua Street CPC Working Committee on Non-Public Economic and Social Organizations, secretary of the Party Committee, chairman of the Women's Federation, secretary of the Youth League committee, and Party representative of Longhua District. He has been awarded the title of "Shenzhen Outstanding Communist Party Member" by Shenzhen Municipal Committee of CPC, and the title of "Shenzhen Advanced Individual for Fighting the COVID-19 Pandemic" jointly awarded by Shenzhen Municipal Committee of CPC and Shenzhen Municipal People's Government.

Ms. Wang Ying, born in 1982, Chinese, without permanent residency abroad; bachelor degree. She joined the Company in 2005. From January 2013 to May 2014, she was the manager of Foreign Trade Department of Winner Industry (Shenzhen) Co., Ltd.; from May 2014 to July 2016, she served as deputy director of International Trade Department of Winner Medical Co., Ltd. and its predecessor; since May 2015, she has been the employee supervisor of Winner Medical Co., Ltd.; from July 2016 to December 2017, she was the director of Marketing Department of Winner Medical Co., Ltd.; from September 2017 to February 2018, she was the rotating CEO of Winner Medical Co., Ltd.; since January 2018, she has been the director and deputy general manager of Shenzhen PureH2B Technology Co., Ltd. Currently, she also serves as executive partner of Xiamen Yutong Investment Partnership (limited partnership) and supervisor of Winner Medical (Heyuan) Co., Ltd.

Ms. Liu Hua, born in 1973, Chinese, without permanent residency abroad; MBA and Master Degree of Tongji University. From April 2004 to September 2009, she was the Manager of International Trade Department of Winner Industry (Shenzhen) Co., Ltd.; from September 2009 to November 2011, she served as the Director of Operation Center of Shenzhen Purcotton Ltd.; from November 2011 to April 2021, she served as Deputy General Manager of Shenzhen Purcotton Ltd.; since April 2021, she has been the vice president of Shenzhen Purcotton Ltd.

(3) Other senior management

Ms. Chen Huixuan, born in 1982, Chinese, without permanent residency abroad; master degree in Finance, University of Glasgow, UK. She has participated in the qualification training of the Board Secretary of Shenzhen Stock Exchange and obtained the *Qualification Certificate of Board Secretary*. 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 of Winner Industry (Shenzhen) Co., Ltd.; since May 2015, she has been the deputy general manager and secretary of the board of directors of Winner Medical Co., Ltd. At present, she also serves as executive partner of is also the executive partner of Xiamen Huikang Investment Partnership (limited partnership) and director of Chengdu Winner Likang Medical Products Co., Ltd. Ms. Chen Huixuan is currently a member of Investor Relations Management Committee of Shenzhen Public Companies Association and the 18th New Fortune Gold Board Secretary.

Ms. Zhang Li, born in 1978, Chinese, without permanent residency abroad; bachelor degree. She joined the company in September

2010 and served as Medical Business Marketing Director, R&D Director, Overseas Marketing Director, sales director and rotating CEO from September 2010 to June 2021. Currently, she is in charge of marketing of the medical business of the company.

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 08, 2003		No
Fang Xiuyuan	Xiamen Leyuan Investment Partnership (Limited Partnership)	Executive partner	May 02, 2013		No
Chen Huixuan	Xiamen Huikang Investment Partnership (Limited Partnership)	Executive partner	May 02, 2013		No
Wang Ying	Xiamen Yutong Investment Partnership (Limited Partnership)	Executive partner	May 02, 2013		No
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 04, 2012		No
Li Jianquan	Shenzhen Purcotton Technology Co., Ltd.	Chairman, general manager	July 12, 2009		No
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.	Chairman	July 09, 2019		No
Li Jianquan	Fanyu Innovation Holding (Shenzhen) Co., Ltd.	Supervisor	September 18, 2021		No
Fang Xiuyuan	Shenzhen Purcotton Technology Co., Ltd.	Director	July 12, 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 Medical Textile 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 09, 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
Guo Zhenwei	Sequoia Capital China	Director, general manager	October 01, 2010		Yes
Guo Zhenwei	Deqing Jiajun Beverage Co., Ltd.	Director	April 22, 2015		No
Guo Zhenwei	Sichuan Vanov New Material Co. Ltd.	Director	December 05, 2017		No
Guo Zhenwei	Shanghai Shouquanzhai E-commerce Co., Ltd.	Director	July 13, 2018		No
Guo Zhenwei	LOHO Holding Inc.	Director	July 02, 2018		No
Guo Zhenwei	New Dynamics China Holding Company	Director	September 02, 2019		No
Guo Zhenwei	Shijiazhuang Junlebao Dairy Co., Ltd.	Director	March 16, 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 01, 2020		No
Guo Zhenwei	Shanghai Ruishu Electronic Commerce Co., Ltd.	Director	August 26, 2020		No
Guo Zhenwei	Shanghai Wanwuyouyang Food and Beverage Management Co., Ltd.	Director	April 08, 2021		No
Guo Zhenwei	Shanghai Huaqiao Catering Management Co., Ltd.	Director	July 05, 2021		No
Guo Zhenwei	Haocaitou Fujian Food Co., Ltd.	Director	March 30, 2020		No
Guo Zhenwei	Pucheng Dairy (Group) Co., Ltd.	Supervisor	March 12, 2021		No
Key Ke Liu	Southern University of Science and Technology	College Dean and Chair Professor	February 01, 2016		Yes
Key Ke Liu	Shenzhen Huicheng Information Technology Co., Ltd.	Independent director	July 27, 2016		Yes
Key Ke Liu	Puritek Company Ltd.	Director	January 01, 2019		Yes
Key Ke Liu	Carnegie-Tsinghua Center	Member of council	January 01, 2015		Yes
Key Ke Liu	International Pittsburgh Coal Conference Organization	Member of council	January 01, 2015		Yes
Key Ke Liu	Zhejiang University	Honorary Professor and doctoral tutor	January 01, 2014		Yes
Key Ke Liu	Center for China and Globalization	Vice chairman	January 01, 2012		Yes
Peng Jianfeng	Renmin University of China	Professor	September 01, 1996		Yes
Peng Jianfeng	Jinko Power Technology Co., Ltd.	Independent director	June 29, 2017		Yes
Peng Jianfeng	Hytera Communications Corporation Limited	Director	December 06, 2019		Yes
Peng Jianfeng	CCB Trust Co., Ltd.	Director	March 25, 2020		Yes
Peng Jianfeng	China Stone Management Consulting Ltd.	Executive director	January 12, 2006		No
Peng Jianfeng	Hunan Happy Times Network Technology Co., Ltd.	Director	December 31, 2015		No

Peng Jianfeng	Siwod Education Technology Co., Ltd.	Director	January 17, 2018		No
Peng Jianfeng	Jiangxi Siwod Commercial Development Co., Ltd.	Director	November 18, 2014		No
Peng Jianfeng	China Stone (Beijing) Corporation Culture Management Consulting Co., Ltd.	Executive director, general manager	November 16, 2004		No
Peng Jianfeng	China Stone Human Resource Consulting Co., Ltd.	Executive director	October 30, 2003		No
Peng Jianfeng	Hangzhou China Stone Management Consulting Co., Ltd.	Director	May 06, 2009		No
Peng Jianfeng	Beijing Ice Smart Technology Co., Ltd.	Director	June 01, 2012		No
Peng Jianfeng	China Stone Hunting Network Technology Co., Ltd.	Supervisor	July 09, 2019		No
Peng Jianfeng	China Stone Human Resources Management Services Co., Ltd.	Supervisor	April 21, 2016		No
Peng Jianfeng	Beijing 51 Newbie Education Technology Co., Ltd.	Supervisor	November 13, 2015		No
Xie Jiawei	Dahua Certified Public Accountants Co., Ltd. Shenzhen Branch	Partner	May 04, 2010		Yes
Xie Jiawei	Han's Laser Technology Industry Group Co., Ltd.	Independent director	June 28, 2017		Yes
Xie Jiawei	Shenzhen Heungkong Holding Co., Ltd.	Independent director	May 06, 2016		Yes
Wang Ying	Shenzhen PureH2B Technology Co., Ltd.	Director, deputy general manager	January 25, 2018		No
Wang Ying	Winner Medical (Heyuan) Co., Ltd.	Supervisor	May 18, 2016		No
Liu Hua	Shenzhen Purcotton Technology Co., Ltd.	Director	January 05, 2015		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

3. 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 in the tenure of office

Unit: RMB '0,000

Name	Position	Gender	Age	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Li Jianquan	Chairman and general manager	Male	65	Incumbent	318.51	No
Fang Xiuyuan	Director, deputy general manager and chief financial officer	Male	54	Incumbent	158.96	No
Xu Xiaodan	Director	Female	35	Incumbent	78.31	No
Guo Zhenwei	Director	Male	38	Incumbent	0	No

Peng Jianfeng	Independent director	Male	61	Incumbent	9	No
Xie Jiawei	Independent director	Female	49	Incumbent	9	No
Key Ke Liu	Independent director	Male	58	Incumbent	9	No
Zhang Tingting	Chairman of the Board of Supervisors	Female	36	Incumbent	25.33	No
Wang Ying	Supervisor	Female	40	Incumbent	97.46	No
Liu Hua	Employee representative supervisor	Female	49	Incumbent	59.43	No
Chen Huixuan	Deputy general manager and secretary to the board of directors	Female	40	Incumbent	67.33	No
Zhang Li	Deputy general manager	Female	44	Incumbent	66.43	No
Liang Wenzhao	Independent director	Male	52	Outgoing	5.42	No
Zhou Xiaoxiong	Independent director	Male	61	Outgoing	5.42	No
Bi Qun	Independent director	Female	52	Outgoing	5.42	No
Liu Weiwei	Chairman of the Board of Supervisors	Male	44	Outgoing	35.16	No
Ye Yangjing	Supervisor	Female	41	Outgoing	0	No
Yin Wenling	Deputy general manager	Male	49	Outgoing	50.20	No
Total	--	--	--	--	1,000.38	--

Note: For Mr. Liang Wenzhao, Mr. Zhou Xiaoxiong, Ms. Bi Qun, Mr. Liu Weiwei and Mr. Yin Wenling who left office in 2021, the statistical period of the pre-tax remuneration from the Company is from January 2021 to June 2021. For Mr. Peng Jianfeng, Mr. Key Ke Liu, Ms. Xie Jiawei, Ms. Zhang Tingting, Ms. Liu Hua and Ms. Zhang Li who took office in 2021, the statistical period of the pre-tax remuneration from the Company is from July 2021 to December 2021.

VIII. Performance of duties by directors during the reporting period

1. Board of Directors during the reporting period

Meeting session	Convening date	Date of disclosure	Resolutions of the meeting
The 18th meeting of the Second Board of Directors	February 26, 2021	March 01, 2021	Deliberated and approved the <i>Proposal Regarding the Opening of Bank Accounts and Replacement of Pre-invested Self-raised Funds for the New Project of Over-raised Proceeds</i>
The 19th meeting of the Second Board of Directors	April 16, 2021	April 20, 2021	Deliberated and approved the <i>Proposal on the Company's 2020 Annual Report and Its Abstract</i>
The 20th meeting of the Second Board of Directors	April 26, 2021	April 27, 2021	Deliberated and approved the <i>Proposal on the Company's 2021 Q1 Report</i>
The 21st meeting of the Second Board of Directors	June 25, 2021	June 28, 2021	Deliberated and approved the proposal on the general election in the Board of Directors
The 1st meeting of the Third Board of Directors	July 13, 2021	July 14, 2021	Deliberated and approved the <i>Proposal on the Appointment of the Company's Senior Management</i>
The 2nd meeting of the Third Board of Directors	August 19, 2021	August 21, 2021	Deliberated and approved the <i>Proposal on the Company's 2021 Semi-Annual Report and Its Abstract</i>
The 3rd meeting of the Third Board of Directors	September 17, 2021	September 22, 2021	Deliberated and approved the <i>Proposal on Stock Repurchase Plan</i>
The 4th meeting of the Third Board of Directors	October 25, 2021	October 26, 2021	Deliberated and approved the <i>Proposal on the Company's 2021 Q3 Report</i>

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

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

Name of 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
Li Jianquan	8	6	2	0	0	No	2
Fang Xiuyuan	8	6	2	0	0	No	2
Xu Xiaodan	8	6	2	0	0	No	2
Guo Zhenwei	8	1	7	0	0	No	2
Key Ke Liu	4	1	3	0	0	No	1
Peng Jianfeng	4	1	3	0	0	No	1
Xie Jiawei	4	4	0	0	0	No	1
Liang Wenzhao	4	1	3	0	0	No	2
Zhou Xiaoxiong	4	2	2	0	0	No	2
Bi Qun	4	1	3	0	0	No	2

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

No director failed to attend the board meeting in person for two consecutive times during the reporting period

3. Objections made by directors on relevant matters

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

Yes No

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

4. Other description on the performance of duties by the directors

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

Yes No

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

During the reporting period, the Company's directors could faithfully and diligently perform their duties in strict accordance with the *Company Law*, *Securities Law*, other relevant laws and regulations and the *Articles of Association*, actively attend relevant meetings on time, and seriously deliberate various proposals. By telephone, email, site visits and other forms, the independent directors kept communication with other directors, senior management and related personnel of the Company, actively understood the Company's production and operation situation and financial position, put forward positive suggestions on the Company's development strategy and improvement of corporate governance, and expressed independent opinions on the Company's periodic reports, remuneration of directors and senior management and other matters, effectively guaranteeing the fairness and objectivity of the decisions of the Company's board of directors. The directors of the Company fulfilled their duties diligently and diligently, strove to safeguard the overall interests of the Company and the legitimate rights and interests of the majority of minority shareholders, and played a positive role in the standardized operation and healthy development of the Company.

IX. Situation of special committees under the board of directors during the reporting period

Name of committee	Member situation	Number of meetings held	Convening date	Meeting content	Important comments and suggestions proposed	Performance of other duties	Details of objection (if any)
Audit Committee of the Second Board of Directors	Zhou Xiaoxiong, Liang Wenzhao and Guo Zhenwei	3	January 15, 2021	Internal audit work report for the fourth quarter of 2020 and internal audit work report for the first quarter of 2021	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial	Review the Company's financial data and related written reports on site	None

					position		
			April 16, 2021	2020 Annual Report and other matters	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports on site	None
			April 26, 2021	Internal audit work report for the first quarter of 2021, internal audit work plan for the second quarter of 2021 and 2021 Q1 Report	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports on site	None
Audit Committee of the Third Board of Directors	Xie Jiawei, Key Ke Liu and Fang Xiuyuan	2	August 19, 2021	Internal audit work report for the second quarter of 2021, internal audit work plan for the third quarter of 2021 and 2021 semi-annual report	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports on site	None
			October 25, 2021	Internal audit work report for the third quarter of 2021, internal audit work plan for the fourth quarter of 2021 and 2021 Q3 Report	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports on site	None
Nomination committee of the Second Board of Directors	Zhou Xiaoxiong, Bi Qun and Zhou Xiaoxiong	1	June 25, 2021	General election in the Board of Directors	Ensure that the candidates meet the qualification requirements	Review the introduction materials of candidates on site	None
Remuneration and assessment committee of the Second Board of Directors	Bi Qun, Liang Wenzhao and Fang Xiuyuan	2	April 16, 2021	Remuneration of non-independent directors and senior managers in 2020	Ensure that the salary level is in line with the company performance	Review the remuneration scheme formulation details on site	None
			June 25, 2021	Independent director allowance	Ensure that the allowance level is in line with the company performance	Review the remuneration scheme formulation details on site	None

X. 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 has no objection to the supervisory matters during the reporting period.

XI. Company Employees

1. Number of employees, professional composition and education background

Number of employees in the parent company at the end of the reporting period (person)	1,687
Number of employees in main subsidiaries at the end of the reporting period (person)	10,395
Total number of employees at the end of the reporting period (person)	12,082
Total number of employees receiving salary in the current period (person)	12,440
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	38
Professional composition	
Professional composition categories	Number of professionals (person)
Production personnel	6,204
Sales personnel	3,213
Technical personnel	1,386
Financial personnel	120
Administrative personnel	1,159
Total	12,082
Education background	
Education background categories	Number (person)
Master degree or above	140
Bachelor	1,719
Bachelor degree or below	10,223
Total	12,082

2. Pay policy

According to the post value, work skills and work performance, the Company has established short-term incentives, medium-term incentives, long-term incentives, non-material incentives and other diversified scientific distribution mechanisms, taking into account the market level and industry trend, to create a high-salary, high-requirement, high-temperature and high-standard salary system.

Short-term incentives: monthly standard salary, monthly performance bonus, customer development bonus, non-local subsidies and other timely and warm short-term material incentives;

Medium-term incentives: project bonus, quarterly bonus, year-end bonus, bonuses for topping quotas, annual excellent employee bonus, etc.;

Long-term incentives: equity incentive and reward for outstanding employees;

Non-material incentives: equal and open culture, employee interest groups, benchmarking personnel and other attentive incentives;

Staff activities: Wutongshan Mountain climbing activities, labor conference, innovation conference, traditional festival activities, team dinner and other colorful team building activities.

The company also 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' remuneration and performance policies.

3. Training plan

The company 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. The training content covers leadership development learning projects, marketing line training system construction, corporate culture interpretation and communication, general skills, career development, 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 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

XII. Profit distribution and share capital increase from capital surplus

Profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

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)	9.00
Increase shares per 10 shares	0
Share capital base in distribution proposal (shares)	419,737,649
Amount of cash dividend (RMB) (including tax)	377,763,884.10
Amount of cash dividend in other forms (e.g. share repurchase) (RMB)	257,949,867.00
Total cash dividends (including other methods) (RMB)	635,713,751.10
Distributive profit (RMB)	3,391,392,215.70
Proportion of total cash dividends (including other methods) in total profit distribution	100.00%
This cash dividends	
Others	
Detailed description of the proposal of profit distribution or share capital increase from accumulation fund	
According to the <i>Audit Report of Winner Medical Co., Ltd. in 2021</i> 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 2021 is RMB 1,239,320,067.26, and the net profit of the parent company in 2021 is RMB 809,558,137.71. As of December 31, 2021, the profit of the parent company available for distribution is RMB 3,391,392,215.70.	
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 2021 is proposed as follows: on the date of disclosure of the distribution plan, the total capital stock of the Company is 426,492,308, 6,754,659 of which is held in the special securities account for repurchase. Based on the capital stock of 419,737,649 after deducting the repurchased shares, it is planned to distribute cash dividends of RMB 9.00 (including tax) per 10 shares to all shareholders, with total cash dividends of RMB 377,763,884.10 (accounting for about 30% in the net profit attributable to the shareholders of the parent company in the consolidated statements). After the implementation of the above profit distribution plan, the remaining undistributed profit of the parent company is RMB 3,013,628,331.60, 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. 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 proportion will be adjusted accordingly according to the principle that the proportion of cash dividends will remain unchanged and the total amount of cash dividends will change.

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

Applicable Not applicable

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

√Applicable □ Not applicable

1. Equity incentive

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.

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.

Equity incentive granted to directors and senior management

√Applicable □ Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	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 / share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (RMB / share)	Number of restricted shares held at the beginning of the period	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (RMB / share)	Number of shares unlocked in the current period	Number of restricted shares held at the end of the period
Li Jianquan	Chairman, general manager	0	0	0	0	0	0	82.45	80,000	0	0	0	80,000
Fang Xiuyuan	Director, deputy general manager, chief financial officer	0	0	0	0	0	0	82.45	50,000	0	0	0	50,000
Xu Xiaodan	Director	0	0	0	0	0	0	82.45	30,000	0	0	0	30,000
Chen Huixuan	Deputy general manager, secretary to the Board of	0	0	0	0	0	0	82.45	30,000	0	0	0	30,000

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	Directors												
Zhang Li	Deputy general manager	0	0	0	0	0	0	82.45	40,000	0	0	0	40,000
Total	--	0	0	0	0	--	0	--	230,000	0	--	0	230,000
Remark (if any)	None												

Evaluation mechanism and incentive of senior managers

The Company has established an accountability evaluation system for senior management and an annual performance appraisal system for senior management teams, examined and evaluated the senior management according to the examination and evaluation system, taking into account the long-term development needs of the Company from the company's business performance, individual level and scientific perspective.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentive measures

Applicable Not applicable

XIV. Establishment and implementation of internal control system in the reporting period

1. Establishment and implementation of internal control

During the reporting period, the Company adhered to the risk-oriented principle, and continually improved and optimized the Company's internal control system on the basis of daily supervision and special supervision of internal control according to the *Basic Norms of Enterprise Internal Control* and its supporting guidelines and other internal control supervision requirements and combined with the internal control system and evaluation methods to constantly adapt to the changes in the external environment and the requirements of internal management. According to the operation, analysis and evaluation of the internal control system, the Company effectively prevented risks in management and promoted the realization of internal control objectives.

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

Yes No

XV. Management and control of the Company over its subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems in integration	Solutions taken	Solution progress	Follow-up solution
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XVI. Self-evaluation report or audit report of internal control

1. Internal control self-evaluation report

Disclosure date of full text of internal control evaluation report	April 22, 2022	
Disclosure index of full text of internal control evaluation report	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	95.85%	
The proportion of the revenue of the unit included in the scope of evaluation in the total revenue of the Company's consolidated financial statements	78.13%	
Defect identification standard		
Class	Financial reports	Non-financial reports
Qualitative standard	<p>Significant defect:</p> <p>1) The control environment is invalid;</p> <p>2) The directors, supervisors and senior managers of the Company commit fraud and cause significant losses and adverse effects to the enterprise;</p> <p>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;</p> <p>4) The supervision of the enterprise audit committee and the internal audit institution over the internal control is invalid.</p> <p>Major defect:</p> <p>1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</p> <p>2) No anti-fraud procedures and control measures have been established;</p> <p>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;</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</p>

	<p>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. Common defect: Other internal control defects that do not constitute significant defects or major defects.</p>	<p>impact on the Company. 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>
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. 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. 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. 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; 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; 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

2. Internal control audit report or authentication report

N/A

XVII. Rectification of self-inspection problems in the special action on governance of listed companies

Not applicable.

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Section 5 Environmental Protection and Social Responsibility



I. Major environmental issues

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 (Chongyan g) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	6.2mg/m ³ <3mg/m ³ 162mg/m ³	20mg/m ³ 50mg/m ³ 200mg/m ³	NOX: 3.64T, SO ₂ : 0.073T	NOX: 13.28T/a, SO ₂ : 3.32 T/a	Not exceeding the standard
Winner Medical (Chongyan g) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.5, 73mg/L, 19.4mg/L, 0.38mg/L, 26mg/L	6-9, 80mg/L, 20mg/L, 10mg/L, 50mg/L	COD: 17.27T, NH ₃ -N: 0.377T	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	3.1mg/m ³ <3mg/m ³ 149mg/m ³	20mg/m ³ 50mg/m ³ 200mg/m ³	NOX: 3.14T, SO ₂ : 0.085T	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	7.9, 55mg/L, 18.3mg/L, 0.32mg/L, 13mg/L	6-9, 100mg/L, 20mg/L, 15mg/L, 70mg/L	COD: 9.50T, NH ₃ -N: 0.02T	COD: 34.29T/a, NH ₃ -N: 1.19T/a	Not exceeding the standard
Winner Medical (Huanggan g) Co., Ltd.	PM, SO ₂ , NOX	/	2	1#2# boiler discharge outlet	19mg/m ³ <3 mg/m ³ 125mg/m ³	20mg/m ³ 50 mg/m ³ 200mg/m ³	NOX: 9.42T, SO ₂ : 0.42T	NOX: 23.52T/a, SO ₂ : unlicensed	Not exceeding the standard
Winner Medical (Huanggan g) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.89, 66.6mg/L, 22.0mg/L, 0.46mg/L, 6mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	COD: 59.72T, NH ₃ -N: 0.787T	COD: 90T/a, NH ₃ -N: 13.5 T/a	Not exceeding the standard
Winner Medical (Tianmen) Co., Ltd.	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	6.9mg/m ³ <3mg/m ³ 106mg/m ³	20mg/m ³ 50mg/m ³ 200mg/m ³	NOX: 4.06T, SO ₂ : 0.108T	NOX: 16.235T/a, SO ₂ : 4.059T/a	Not exceeding the standard
Winner Medical (Tianmen) Co., Ltd.	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.54, 62mg/L, 18.7mg/L, 1.33mg/L, 8mg/L	6-9, 400mg/L, 150mg/L, 30mg/L, 250mg/L	COD: 22.45T/N H ₃ -N: 2.24T	COD: 132.52T/a, NH ₃ -N: 16.57 T/a	Not exceeding the standard
Winner Medical (Wuhan) Co., Ltd.	PM, SO ₂ , NOX	/	/	/	/	/	/	No boiler, no license	Not exceeding the standard
Winner Medical (Wuhan) Co., Ltd.	PH, COD, BOD, NH ₃ -N,	Indirect discharge	1	Sewage discharge outlet	7.75, 46mg/L, 9.0mg/L, 0.58mg/L, 2	6-9, 500mg/L, 300mg/L, 45mg/L, 64	COD: 22.73T, NH ₃ -N: 2.227T	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	3.1mg/m ³ <3 mg/m ³ 113mg/m ³	20mg/m ³ 50mg/m ³ 150mg/m ³	NOX: 2.687T, SO ₂ : 0.103T	NOX: 10.83T/a, SO ₂ : 3.11T/a	Not exceeding the standard
Winner Medical	PH, COD, BOD, NH ₃ -N,	Indirect discharge	1	Sewage discharge	8.22, 78mg/L,	6-9, 200mg/L, 50mg/L,	COD: 13.377T,	COD: 19.48T/a,	Not exceedin

(Jingmen) Co., Ltd.	SS	e		outlet	35.0mg/L, 0.45mg/L, 11mg/L	20mg/L, 100mg/L	NH3-N: 1.337T	NH3-N: 1.95T/a	g the standard
Yichang Winner Medical Textile Co., Ltd.	PM, SO2, NOX	/	1	Boiler discharge outlet	2.8mg/m ³ ; <3 mg/m ³ ; 135mg/m ³	20mg/m ³ ; 50mg/m ³ ; 150mg/m ³	Unlicensed	Unlicensed	Not exceeding the standard
Yichang Winner Medical Textile Co., Ltd.	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	7.6, 131mg/L, 39.3mg/L, 12.5mg/L, 45mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	No production wastewater drainage, drainage of 2,800 tons of domestic sewage	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 simultaneities" system as required, and have done a good job in the environmental protection acceptance after completion, as follows:

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. The environmental impact assessment report of the Winner Industrial Park (Jiayu) Project was approved by the Xianning Municipal Bureau of Ecology and Environment on March 15, 2021, with the approval document number Xian Huan Shen [2021] No. 21. It is under construction currently.

Yichang Winner Medical Textile 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 Tian men 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 and completed independent acceptance on October 19, 2021.

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. The project was constructed in two phases. The independent acceptance of phase I was completed on May 15, 2020 and of phase II was completed on November 19, 2021. The environmental impact report form of the medical protective product upgrading project was approved by Administrative Approval Bureau of Xinzhou District on May 7, 2021, with the approval number of Xin Shen Pi Zi [2021] No. 95. The project is not yet completed.

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. They also conduct regular emergency drills for environmental emergencies.

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.

Administrative penalties imposed due to environmental issues during the reporting period

Company or subsidiary name	Reasons for penalty	Violations	Punishment	Impacts on the production and operation of listed companies	Rectification measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information that should be disclosed

NA

Measures taken to reduce carbon emissions during the reporting period and their effect

Applicable Not applicable

The Company hired a third-party company to check the carbon emissions of its subsidiaries, analyzed the emission reduction potential and measures, established a carbon emission management system, and defined the strategic goal of "carbon peak" and "carbon neutral" 3 years and 10 years ahead of the national target respectively.

Other information related to environmental protection

NA

The Company is required to comply with the disclosure requirements of "Textile and Apparel Business" in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 -- Industry Information Disclosure"

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 2021, the above pollutant discharge enterprises all comply with the relevant laws and regulations of environmental

protection, discharge pollutants at the discharge ports specified in the discharge permit, monitor and record the logbooks according to the requirements of the discharge permit, and submit the discharge permit implementation report according to the requirements of the discharge permit.

II. Social responsibility

Winner Medical has been founded for almost thirty years, and kept on upholding the determinations of “To enhance your health, life and well-being” and “Purcotton Changes the World” to continue to promote the progress of and efforts to medical consumables, so as to provide consumers with better quality products and explore more beneficial practices for the benefit of mankind. To ensure the sustainable, standardized and healthy development of the Company, further improve the corporate governance structure, develop and implement social responsibility, the board of directors appoints the "Strategy Committee" to conduct research and guidance on issues related to social responsibility, formulates corporate social responsibility strategies and policies, and renames the "Strategy Committee" to "Strategic and Social Responsibility Committee".

1. To enhance your health

Looking back over the past 30 years of accumulation and growth, the Company has always been adhering to the "quality first, product safety first, social responsibility first" as the source of thought. As a benchmark enterprise in the medical consumables industry in China, the Company adheres to the market demand, is driven by R&D and innovation, constantly improves product layout and actively performs the responsibility of "medical consumption expert" to enhance the health of Chinese people.

2. Focus on superior products

From the simple dream of "Return to natural and healthy comfortable life", based on the pure belief of "incomparable reverence and infinite love for cotton", Purcotton starts with the exclusively developed pure cotton spunlace non-woven fabric and takes “medicine close to life, Purcotton care for health” as its brand proposition to adhere to bring better natural health products for more consumers and improve the universal access to quality products.

Through continuous research and development, the Company innovates anhydrous process and gauze atomized washing process to achieve zero discharge of washing products. Compared with the process bath ratio 1:10 of traditional gauze washing products, the bath ratio of atomized washing process can reach 1:0.6, which greatly optimizes the existing washing process, saves a lot of water resources and reduces sewage discharge, and also brings consumers more cost-effective and safer products.

3. Green development

To comply with the development trend of the Times and respond to the national double-carbon action, the Company actively participates in the training and learning of enterprise low-carbon management and emission reduction strategy, and accumulates its own strength to achieve carbon neutrality. The Company actively adjusts the energy structure and industrial structure, vigorously promotes green office and builds green factories, and practices the "double carbon action" through multiple paths, striving to achieve the goal of "carbon peak" and "carbon neutral" 3 years and 10 years ahead of the national target respectively.

4. Public empathy

The Company actively organizes and participates in social welfare activities, including flood relief efforts in Henan province, donation of materials for poor students in Qinghai Province, and protection against epidemic in Xi'an. The Company fully fulfills its corporate social responsibility and enables social harmony and development. In January 2021, Hebei Province was hit by the COVID-19 pandemic for a second time. The Company donated materials worth of 600,000 yuan (incl. N95 masks and disposable protective clothing) to Pandemic Prevention and Control Office of Luancheng District, Shijiazhuang City, aiming to help Hebei Province to fight against the pandemic. In late July 2021, Henan Province was hit by torrential rains that touched the nation's attention. The Company and its subsidiary, Purcotton, donated about 18 million yuan worth of pure cotton tissues, wet tissues, baby diapers, sanitary pads and other disaster relief materials to Henan Women's Federation and Henan Women's and Children's Development Foundation through Shenzhen Women's Federation and Shenzhen Women's and Children's Development Foundation. Winner Medical donated about 3.3 million yuan worth of medical and health materials to Zhengzhou Welfare Institute, Zhengzhou Women's and Children's Hospital, the First Affiliated Hospital of Zhengzhou University and other institutions and hospitals. In December 2021, the Company cooperated with two large chain medical supermarket enterprises to organize epidemic prevention materials worth about RMB 4 million to Xi'an and donated them to Shaanxi Red Cross Society to ensure the smooth implementation of epidemic prevention by front-line management and support personnel. The Company cooperated in the anti-epidemic blockbuster Chinese Doctors, an adaption of the real events of Wuhan Jinyitan Hospital, to publicize the hard work and great contributions of medical staff to the public and promote the positive energy of the society.

III. Consolidation and expansion of poverty alleviation achievements and rural revitalization

During the reporting period, the Company did not carry out poverty alleviation and rural revitalization work.



Section 6
Important

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I. 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
	Xiamen Leyuan, Xiamen Yutong, Xiamen Huikang, Xiamen Zepeng, 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	The performance has been completed
	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	September 17, 2020	Within two years after the expiration of the lock-up period	In performance

			by the Company is automatically extended for 6 months			
Winner Group, Li Jianquan, Xiamen Leyuan, Sequoia Xinyuan	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 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%.	September 17, 2020	Long-term performance	In performance
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	
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 Wenling	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 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.	September 17, 2020	36 months from the date of listing of the Company's shares	In performance
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	September 17, 2020	Long-term performance	In performance

			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			
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.	September 17, 2020	Long-term performance	In performance	
Fang Xiuyuan, Xu Xiaodan, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei,	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. 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.	September 17, 2020	Long-term performance	In performance	
Winner Medical	Commitment on profit distribution policy	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.	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	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 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	September 17, 2020	Long-term performance	In performance	

			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 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."	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	Restraint measures for IPO failure to perform the contract	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	September 17, 2020	Long-term performance	In performance

			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			
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

II. Non-operating occupation of funds of listed companies by controlling shareholders and other related parties

Applicable Not applicable

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

III. Illegal external guarantee

Applicable Not applicable

No illegal external guarantee of the Company 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

The Accounting Standards for Business Enterprises No. 21 - Leases (hereinafter referred to as “New Lease Standards”) revised and published by the Ministry of Finance in December 2018 requires implementation from January 1, 2019 by the enterprises listed both at home and abroad and the enterprises listed overseas and using international financial reporting standards or Accounting Standards for Business Enterprises to prepare financial statements, and requires implementation from January 1, 2021 by other enterprises implementing the Accounting Standards for Business Enterprises. On April 16, 2021, the Company held the 19th meeting of the second board of directors, deliberated and passed the *Proposal on the Change in the Company's Accounting Policy*, and agreed to change the Company's accounting policy in accordance with the foregoing provisions of the Ministry of Finance. For details, please refer to Announcement of the Change in the Company’s Accounting Policy (Announcement No.: 2021-014) disclosed by the Company on the website (<http://www.cninfo.com.cn>) on April 20, 2021.

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

Applicable Not applicable

No changes in the scope of combined financial statements in the reporting period.

VIII. Appointment of and dismissal of accounting firms

Accounting firm currently appointed

Name of domestic accounting firm	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Remuneration of domestic accounting firm (RMB 10,000)	110
Continuous years of audit services of domestic accounting firm	8
Name of certified public accountant of domestic accounting firm	Cheng Jin, Wu Lihong
Continuous years of audit services provided by certified public accountants of domestic accounting firm	1

Has the accounting firm been changed?

Yes No

Engagement of internal control audit accounting firm, financial consultant or sponsor

Applicable Not applicable

IX. Delisting confronted upon disclosure of the annual report

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization of the Company during the reporting period.

XI. Major litigation, arbitration matters

Applicable Not applicable

Basic information of litigation (arbitration)	Amount involved (RMB 10,000)	Whether to form estimated liabilities	Progress of litigation (arbitration)	Trial result and influence of litigation (arbitration)	Implementation of litigation (arbitration) judgment	Date of disclosure	Disclosure index
Winner Medical v. the People's Government of Zijin County, arbitration case of contract dispute [Case No.: (2019) G.G.Z Zi No. 095]	55,565.53	No	The Company has received the award of (2019) G.G.Z Zi No. 095 Case.	The ruling confirmed that the original Investment Agreement was terminated, and the People's Government of Zijin County had to bear the lawyer's fees, legal costs and other expenses totaling 2.6553 million yuan, return 3 million yuan of land transfer deposit to the Company, and compensate for economic losses of 550 million yuan. 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 319 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.		
Winner Medical (Tianmen), Shenzhen Purcotton, Winner Medical (Huanggang) v. China National Intellectual Property Administration, administrative dispute case of patent invalidation	0	No	On June 2, 2020, the Reexamination and Invalidation Department of the Patent Office of China National Intellectual Property Administration issued the Decision on Examination of Invalidation Request, 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, Winner Medical	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.	N/A		

			(Tianmen), Shenzhen Purcotton, Winner Medical (Huanggang) filed a lawsuit to Beijing Intellectual Property Court in accordance with the provisions of the Patent Law for revocation of the patent invalidation decision. On August 28, 2020, Beijing Intellectual Property Court issued the Notice of Acceptance of Administrative Case. On December 27, 2021, the court of first instance rejected the plaintiff's request. On January 14, 2022, the plaintiff filed a request for a second trial.				
Summary of small claims filed by other companies or subsidiaries as plaintiffs that do not meet disclosure standards for significant lawsuits	1,851.47	No	In the process of proceeding according to the litigation process, some cases have not yet been settled, some have been won by the plaintiffs, and some have been settled through mediation	No significant impacts on the Company's production and operation	The closed cases are being performed		
Summary of small claims filed by other companies or subsidiaries as defendants that do not meet disclosure standards for significant lawsuits	1,362.58	No	In the process of proceeding according to the litigation process, some cases have not yet been settled, some have been won by the plaintiffs, and some have been settled through mediation	No significant impacts on the Company's production and operation	The closed cases are being performed		

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. Major related transactions

1. Related transactions related to daily operation

Applicable Not applicable

There were no connected transactions related to the 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 related claims and debts of the Company during the reporting period.

5. Transactions with the finance companies by the Company and the finance companies with which it has affiliated relationships

Applicable Not applicable

There are no deposits, loans, credits or other financial operations between the Company and the finance companies with which it has affiliated relationships and related parties.

6. Transactions between the finance companies controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial operations between the finance companies controlled by the Company and related parties.

7. Other major related transactions

Applicable Not applicable

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

XV. 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

The Company's major leased assets are self-operated store leases, all of which have been recognized as right-of-use assets in accordance with the requirements of the new leasing standards, and there are no other significant leased assets. For details, see Section 10.

Financial Statements \7. Notes to consolidated financial statements \25. Right-of-use assets.

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

No major guarantees of the Company during the reporting period.

3. Entrusted cash asset management

(1) Information of 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	The amount of impairment for overdue financial management
Bank financial products	Self-owned funds	87,499.68	39,599.68	0	0
Bank financial products	Proceeds	402,600.00	137,500.00	0	0
Trust financial products	Self-owned funds	188,000.00	133,000.00	0	0
Total		678,099.68	310,099.68	0	0

Specific circumstance of high-risk entrusted financing with significant single amount or with low security and poor liquidity

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) Information of entrusted loans

Applicable Not applicable

The Company had no entrusted loan during the reporting period.

4. Other major contracts

Applicable Not applicable

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

XVI. Description of other important events

Applicable Not applicable

S/N	Item	Disclosure time	Title of announcement	Announcement No.	Designated information disclosure media
1	Impairment of assets	April 20, 2021	<i>Announcement on Provision for Impairment of Assets in 2020</i>	2021-020	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and http://www.cninfo.com.cn
2	Profit distribution	April 20, 2021	<i>Announcement on 2020 Annual Profit Distribution Plan</i>	2021-009	
		May 14, 2021	<i>Announcement on Implementation of Annual Allocation of Rights and Interests in 2020</i>	2021-026	
3	General election of board of directors, board of supervisors and senior management	June 28, 2021	<i>Announcement on General Election of the Board of Directors</i>	2021-033	
		June 28, 2021	<i>Announcement on General Election of the Board of Supervisors</i>	2021-034	
		July 14, 2021	<i>Announcement on General Election of Employee Representative Supervisor</i>	2021-039	
		July 14, 2021	<i>Announcement on Completion of General Election of Board of Directors, Board of Supervisors and</i>	2021-042	

	nt		<i>Senior Management and on Departure of Some Personnel</i>	
4	Reduction of holding-shares	September 22, 2021	<i>Announcement on Pre-disclosure of the Plan of Reduction of Holdings by Major Shareholders</i>	2021-055
		September 28, 2021	<i>Simplified Report of Change in Equity</i>	/
		October 16, 2021	<i>Announcement on Completion of the Plan of Reduction of Holdings by Major Shareholders</i>	2021-061
		September 25, 2021	<i>Announcement on Pre-disclosure of the Plan of Reduction of Holdings by Major Shareholders</i>	2021-057
		December 10, 2021	<i>Announcement on Half Time of the Plan of Reduction of Holdings by Major Shareholders and on Change of Shareholding to 1%</i>	2021-070
		January 25, 2022	<i>Announcement on Expiration of the Plan of Reduction of Holdings by Major Shareholders</i>	2022-003
5	Share repurchase	September 22, 2021	<i>Announcement on Stock Repurchase Plan</i>	2021-054
		September 29, 2021	<i>Share Repurchase Report</i>	2021-058
		September 29, 2021	<i>Announcement on Initial Repurchase of Company Shares</i>	2021-059
		November 10, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-060
		November 2, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-067
		December 2, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-069
		February 9, 2022	<i>Announcement on Progress of Repurchase of Company Shares</i>	2022-005
		February 16, 2022	<i>Announcement on Repurchase of Company Shares up to 1% of the Total Share Capital</i>	2022-066
6	Equity acquisition Note	November 4, 2022	<i>Announcement on Acquisition of 55% Equity of Longterm Medical</i>	2022-014

Note: On April 8, 2022, the Company held the fifth meeting of the Third Board of Directors and deliberated and approved the Proposal on Acquisition of 55% Equity of Longterm Medical. The Company plans to use its own funds of RMB 727.54 million for acquisition of 55% equity of Longterm Medical from Mr. Wu Kangping, Ms. Huang Lepei and Mr. Wu Di. Longterm Medical is mainly engaged in the R&D, production and sales of high-end wound dressing (including silicone rubber foam, hydrocolloid, silica gel, aquogel, film application and stoma products). This acquisition is highly consistent with the Company's strategy of building a leading position in high-end wound dressing industry and will form scale and synergistic effect with the advantages of both parties in customers, markets, products, R&D and production.

XVII. Major events of subsidiaries

Applicable Not applicable

Section 7 Changes in Shares and Shareholders



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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	Others	Subtotal	Quantity	Proportion
I. Restricted shares	381,502,451	89.45%				(91,063,603)	(91,063,603)	290,438,848	68.10%
1. State shareholding									
2. State legal person shareholding	8,535,444	2.00%				(8,535,444)	(8,535,444)	0	0.00%
3. Other domestic holdings	82,525,726	19.35%				(82,525,726)	(82,525,726)	0	0.00%
Wherein: domestic legal person shareholding	77,572,687	18.19%				(77,572,687)	(77,572,687)	0	0.00%
Domestic natural person shareholding	12,655	0.00%				(12,655)	(12,655)	0	0.00%
Fund financial products, etc.	4,940,384	1.16%				(4,940,384)	(4,940,384)	0	0.00%
4. Foreign shareholding	290,441,281	68.10%				(2,433)	(2,433)	290,438,848	68.10%
Wherein: foreign legal person shareholding	290,441,281	68.10%				(2,433)	(2,433)	290,438,848	68.10%
Foreign natural person shareholding									
II. Unrestricted shares	44,989,857	10.55%				91,063,603	91,063,603	136,053,460	31.90%
1. RMB common share	44,989,857	10.55%				91,063,603	91,063,603	136,053,460	31.90%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Others									
III. Total amount of shares	426,492,308	100.00%				0	0	426,492,308	100.00%

Causes for change in shares

 Applicable Not applicable

The Company's shares were listed in China on September 17, 2020. The shares held by some pre-IPO shareholders and the shares held by the strategic placement platform at the time of IPO shall be restricted on sales within 12 months from the date of IPO trading, and the partial shares obtained by the investors in the off-line allotment shall be restricted on sales within 6 months from the date of IPO trading. The aforementioned shares were listed and traded on the expiry of the restricted stock trade period on March 17, 2021 and September 17, 2021 respectively, and therefore some of the shares with restricted sales conditions are converted into those without restricted sales conditions.

Approval of changes in shares

 Applicable Not applicable

Transfer of share changes

 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

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	0	0	290,438,848	Restricted sale before IPO	September 17, 2023
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	34,500,000	0	34,500,000	0	Restricted sale before IPO	September 17, 2021
Xiamen Leyuan Investment Partnership (Limited Partnership)	21,371,232	0	21,371,232	0	Restricted sale before IPO	September 17, 2021
Xiamen Yutong Investment Partnership (Limited Partnership)	11,334,400	0	11,334,400	0	Restricted sale before IPO	September 17, 2021
Shenzhen Capital Group Co., Ltd.	8,492,308	0	8,492,308	0	Restricted sale before IPO	September 17, 2021
Xiamen Huikang Investment Partnership (Limited Partnership)	6,844,432	0	6,844,432	0	Restricted sale before IPO	September 17, 2021
Xiamen Zepeng Investment Partnership (limited partnership)	3,511,088	0	3,511,088	0	Restricted sale before IPO	September 17, 2021
IPO offline placement of restricted shares	2,965,739	0	2,965,739	0	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 Merchants Bank - CICC Fengzhong No.26 employee participating in the GEM strategic placement collective asset management plan	2,044,404	0	2,044,404	0	Restricted sale of strategic placement	September 17, 2021
Total	381,502,451	0	91,063,603	290,438,848	--	--

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number and shareholding of the company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	34,414	Total number of common shareholders at the end of the previous month before the disclosure date of the annual report	33,769	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 9)	0	Total number of preferred shareholders with voting rights restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 9)	0	Total number of shareholders holding special voting shares (if any)	0
Shareholders holding more than 5% shares or top 10 shareholders									
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, mark or frozen		
							Status of shares	Quantity	
Winner Group Limited	Overseas legal person	68.10%	290,438,848	0	290,438,848	0			
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	Domestic non-state legal person	6.83%	29,148,100	(5,351,900)	0	29,148,100			
Xiamen Leyuan Investment Partnership (Limited Partnership)	Domestic non-state legal person	4.14%	17,661,500	(3,709,732)	0	17,661,500			
Xiamen Yutong Investment Partnership (Limited Partnership)	Domestic non-state legal person	2.20%	9,365,435	(1,968,965)	0	9,365,435			
Shenzhen Capital Group Co., Ltd.	State legal person	1.99%	8,492,308	0	0	8,492,308			
Xiamen Huikang Investment Partnership (Limited Partnership)	Domestic non-state legal person	1.33%	5,655,963	(1,188,469)	0	5,655,963			

Partnership)								
Xiamen Zepeng Investment Partnership (limited partnership)	Domestic non-state legal person	0.68%	2,903,288	(607,800)	0	2,903,288		
Schroder Investment Management (Hong Kong) Limited - Schroder ISF* China A. Fund (Exchange)	Overseas legal person	0.45%	1,937,125	1,937,125	0	1,937,125		
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	0.24%	1,005,311	1,005,311	0	1,005,311		
Pan Yingjun	Domestic natural person	0.14%	600,000		0	600,000		
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)	None							
Description of the above-mentioned shareholder association or concerted action	None							
Description of the above shareholders involved in entrusting / entrusted voting right and waiver of voting right	None							
Special note on the existence of repurchase special accounts among the Top 10 shareholders (if any) (see Note 10)	As of December 31, 2021, the Company held 3,280,091 shares in its special account for repurchase of Securities of Winner Medical Co., Ltd.							
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					
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	29,148,100	RMB common share	29,148,100					
Xiamen Leyuan Investment Partnership (Limited Partnership)	17,661,500	RMB common share	17,661,500					
Xiamen Yutong Investment Partnership (Limited Partnership)	9,365,435	RMB common share	9,365,435					
Shenzhen Capital Group Co., Ltd.	8,492,308	RMB common share	8,492,308					
Xiamen Huikang Investment Partnership (Limited Partnership)	5,655,963	RMB common share	5,655,963					
Xiamen Zepeng Investment	2,903,288	RMB	2,903,288					

Partnership (limited partnership)		common share	
Schroder Investment Management (Hong Kong) Limited - Schroder ISF* China A. Fund (Exchange)	1,937,125	RMB common share	1,937,125
Hong Kong Securities Clearing Company Ltd.	1,005,311	RMB common share	1,005,311
Pan Yingjun	600,000	RMB common share	600,000
China International Capital Corporation Limited - China Merchants Bank - CICC Fengzhong No.26 employee participating in the GEM strategic placement collective asset management plan	551,287	RMB common share	551,287
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	None		
Description of participation in securities margin trading business (if any) (see note 5)	Shareholder Pan Yingjun holds 600,000 shares through a credit securities account.		

Whether the company has a voting rights differential arrangement

Applicable Not applicable

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 08, 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

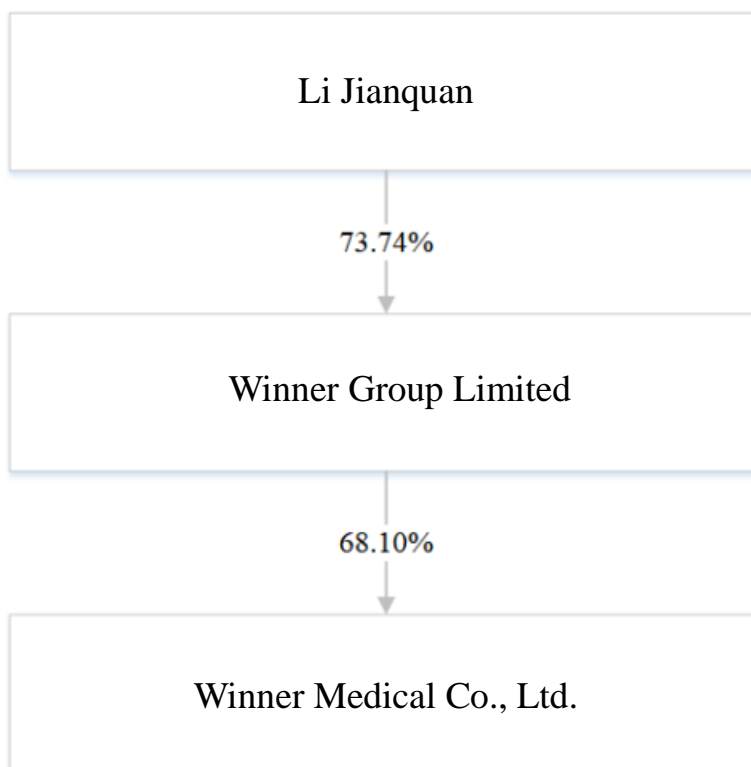
Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Li Jianquan	Self	Hong Kong, China	No
Main occupations and positions	Chairman and general manager		
Domestic and foreign listed companies that have held shares 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. The total amount of shares pledged by the controlling shareholder or the first majority shareholder and the person acting in concert accounts for 80% of the Company's shares held

Applicable Not applicable

5. Other legal person shareholders holding more than 10%

Applicable Not applicable

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

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period


Implementation progress of share repurchase

Applicable Not applicable


Scheme disclosure time	Number of shares to be repurchased (shares)	Proportion in total capital stock	Amount to be repurchased (RMB 10,000)	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Proportion of number of shares repurchased in the underlying stocks involved in the equity incentive plan (if any)
September 22, 2021	2,586,200~4,310,300	0.6064%~1.0107%	30,000.00~50,000.00	September 17, 2021 ~ September 16, 2022	Equity incentive or employee stock ownership plan	3,280,091	

Implementation progress of reducing repurchased shares by centralized competitive bidding

Applicable Not applicable



Section 8
Preferred Shares-related
Information



Applicable Not applicable

Section 9 Bond-related Information



Applicable Not applicable

100%
meaty
cotton



Section 10
Financial reports

winner winner winner winner winner winner winner winner winner winner

I. Audit Report

Type of audit opinion	Standard unqualified opinions
Date of signing of audit report	April 20, 2022
Name of audit institution	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Document number of audit report	XKSBZ [2022] No.ZI10154
Name of certified public accountants	Cheng Jin, Wu Lihong

Main body of audit report

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, 2021, 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 2021 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, 2021 and the consolidated and parent company financial performance and cash flows for the year 2021 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	
<p>Please refer to Notes III, (X) and Notes V, (I), (II) to the consolidated financial statements.</p> <p>On December 31, 2021, the balance of Winner Medical's monetary funds and tradable financial assets was about RMB 7.404 billion, accounting for 55.81% of the total assets; on December 31, 2020, the balance of Winner Medical's monetary funds and tradable financial assets was about RMB 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>Our main audit procedures for the existence of monetary funds and tradable financial assets include:</p> <ol style="list-style-type: none"> 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 internal controls; 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

	<p>assets;</p> <ol style="list-style-type: none"> 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 business of medical consumables and healthy consumer goods. Compared with the previous period, due to the control of domestic epidemic and the entry of competitors, the income of medical consumables decreased by about 56.03% and the income of healthy consumer goods increased by about 15.27%. The revenue changed greatly. Therefore, we identified revenue recognition as a key audit matter.</p>	<p>Our main audit procedures for the revenue recognition of Winner Medical 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 landing 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, 2021, the net fixed assets were RMB 1.477 billion, accounting for about 11.14% of the total assets; on December 31, 2020, the net fixed assets were about RMB 1.401 billion, accounting for 10.77% of the total assets; The construction in progress increased by about RMB 155 million.</p> <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>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; 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; 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.
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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 2021, 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.

(II) 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 continuing operations 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: Cheng Jin
(Project Partner)

Chinese Certified Public Accountant: Wu Lihong

Shanghai, China

April 20, 2022

II. Financial statements

Unit of statements in financial notes: RMB

1. Consolidated Balance Sheet

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	4,273,938,326.82	4,162,539,245.78
Deposit reservation for balance		
Lending funds		
Tradable financial assets	3,130,529,709.10	4,131,178,589.44
Derivative financial assets		
Notes receivable		
Accounts receivable	775,546,589.42	844,317,708.12
Accounts receivable financing	9,940,272.21	18,182,662.70
Advances to suppliers	110,462,594.38	124,031,239.05
Insurance premiums receivables		
Reinsurance premium receivable		
Receivable reserve for reinsurance contract		
Other receivables	329,179,077.01	458,174,652.72
Including: Interest receivable		

Dividends receivable		
Monetary assets purchased under resale agreements		
Inventory	1,597,377,043.99	1,216,486,940.21
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	118,759,825.56	35,184,227.09
Total current assets	10,345,733,438.49	10,990,095,265.11
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	16,949,801.24	13,424,230.41
Other equity instrument investments		
Other non-current financial assets		
Investment in real estates		
Fixed assets	1,477,320,848.63	1,400,749,050.00
Construction in progress	216,096,622.30	61,383,340.97
Productive biological assets		
Oil and gas assets		
Right-of-use assets	531,735,443.44	
Intangible assets	265,700,890.65	208,325,103.79
Development expenditure		
Goodwill		
Long-term deferred expenses	174,785,770.83	121,335,007.33
Deferred income tax assets	122,716,382.99	143,132,351.08
Other non-current assets	115,571,001.80	63,807,415.75
Total non-current assets	2,920,876,761.88	2,012,156,499.33
Total assets	13,266,610,200.37	13,002,251,764.44
Current liabilities		
Short-term loans		150,071,416.66
Borrowings from the Central Bank		
Borrowing funds		
Tradable monetary liabilities		
Derivative financial liabilities		
Notes payable	36,200,130.04	29,418,100.00
Accounts payable	734,521,490.60	726,577,306.94
Advance from customers		
Contract liabilities	341,175,665.42	530,188,257.63
Monetary assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	184,681,184.52	169,957,077.81
Taxes payable	93,859,069.68	444,381,369.49
Other payables	443,946,028.46	352,543,008.89
Including: Interest payable		

Dividends payable		
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within one year	216,181,531.82	
Other current liabilities	24,165,400.50	23,638,266.47
Total current liabilities	2,074,730,501.04	2,426,774,803.89
Non-current liabilities		
Reserve fund for insurance contracts		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Lease liabilities	381,808,925.09	
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	109,625,401.82	94,921,260.87
Deferred income tax liabilities	13,337,159.68	12,165,608.24
Other non-current liabilities		
Total non-current liabilities	504,771,486.59	107,086,869.11
Total liabilities	2,579,501,987.63	2,533,861,673.00
Owner's equity:		
Capital stock	426,492,308.00	426,492,308.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Additional paid-in capital	4,549,621,096.81	4,481,709,983.24
Less: treasury stock	257,992,366.68	
Other comprehensive income	(1,556,935.43)	(1,111,035.08)
Special reserve		
Surplus reserve	420,212,778.13	420,212,778.13
General risk reserve		
Undistributed profit	5,538,135,285.97	5,126,630,011.14
Total shareholders' equity attributable to the owners of parent company	10,674,912,166.80	10,453,934,045.43
Noncontrolling interest	12,196,045.94	14,456,046.01
Total shareholders' equity	10,687,108,212.74	10,468,390,091.44
Total liabilities and equity	13,266,610,200.37	13,002,251,764.44

Legal representative: Li Jianquan

Chief Financial Officer: Fang Xiuyuan

Head of accounting office: Wu Kezhen

2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	3,580,157,428.37	3,669,286,043.43
Tradable financial assets	2,234,720,701.50	3,779,510,798.34
Derivative financial assets		
Notes receivable		

Accounts receivable	502,217,638.86	679,644,839.39
Accounts receivable financing	13,669,076.67	26,281,743.01
Advances to suppliers	1,991,853,374.17	1,141,185,179.88
Other receivables	218,099,656.42	361,160,139.37
Including: Interest receivable		
Dividends receivable		
Inventory	297,766,006.91	244,264,320.15
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	54,582,482.01	2,986,600.60
Total current assets	8,893,066,364.91	9,904,319,664.17
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	921,600,485.39	738,074,914.56
Other equity instrument investments		
Other non-current financial assets		
Investment in real estates		
Fixed assets	65,889,542.40	47,677,210.41
Construction in progress	2,671,206.77	625,889.08
Productive biological assets		
Oil and gas assets		
Right-of-use assets	61,525,338.09	
Intangible assets	10,941,470.75	11,093,821.43
Development expenditure		
Goodwill		
Long-term deferred expenses	27,181,217.32	4,270,865.79
Deferred income tax assets	15,829,010.17	18,761,956.53
Other non-current assets	50,585,930.78	7,420,450.61
Total non-current assets	1,156,224,201.67	827,925,108.41
Total assets	10,049,290,566.58	10,732,244,772.58
Current liabilities		
Short-term loans		120,071,416.66
Tradable monetary liabilities		
Derivative financial liabilities		
Notes payable		8,757,000.00
Accounts payable	744,765,121.01	734,959,933.53
Advance from customers		
Contract liabilities	274,656,460.55	483,370,540.77
Payroll payable	57,013,025.70	57,086,457.61
Taxes payable	68,694,400.06	332,551,933.15
Other payables	257,073,388.79	261,840,719.70
Including: Interest payable		
Dividends payable		
Liabilities held for sales		
Non-current liabilities due within one year	14,395,962.64	
Other current liabilities	13,678,129.69	14,855,171.12

Total current liabilities	1,430,276,488.44	2,013,493,172.54
Non-current liabilities		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Lease liabilities	48,977,325.26	
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	20,071,043.26	22,798,583.10
Deferred income tax liabilities	3,648,582.23	1,426,619.75
Other non-current liabilities		
Total non-current liabilities	72,696,950.75	24,225,202.85
Total liabilities	1,502,973,439.19	2,037,718,375.39
Owner's equity:		
Capital stock	426,492,308.00	426,492,308.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Additional paid-in capital	4,575,027,859.16	4,507,116,745.59
Less: treasury stock	257,992,366.68	
Other comprehensive income		
Special reserve		
Surplus reserve	411,397,111.21	411,397,111.21
Undistributed profit	3,391,392,215.70	3,349,520,232.39
Total shareholders' equity	8,546,317,127.39	8,694,526,397.19
Total liabilities and equity	10,049,290,566.58	10,732,244,772.58

3. Consolidated Income Statement

Unit: yuan

Item	Year 2021	Year 2020
I. Total revenue	8,037,420,812.91	12,533,945,946.63
Including: Revenue	8,037,420,812.91	12,533,945,946.63
Interest revenue		
Premium earned		
Fee and commission income		
II. Total costs	6,727,857,440.84	7,829,145,023.94
Including: Costs of sales	4,028,246,646.17	5,070,422,301.76
Interest expense		
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	65,390,051.16	116,569,221.35
Selling and marketing	1,989,167,789.56	1,575,163,912.49
General and administrative	454,389,948.90	436,965,446.22

Research and development	298,162,366.16	411,383,173.80
Financial expenses	(107,499,361.11)	218,640,968.32
Including: Interest expense	434,844.98	3,614,778.86
Interest revenue	137,186,581.16	23,340,834.75
Plus: Other incomes	102,353,195.81	70,291,282.76
Income from investment (loss expressed with “-”)	103,237,547.98	21,585,123.16
Including: Income from investment in joint venture and cooperative enterprise	3,525,570.83	4,565,754.26
Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gain (loss expressed with “-”)		
Net exposure of hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)	58,474,468.36	11,178,589.44
Credit impairment losses (loss expressed with “-”)	(574,000.57)	(35,941,692.83)
Assets impairment losses (loss expressed with “-”)	(100,665,232.92)	(240,186,749.52)
Gain on disposal of assets (loss expressed with “-”)	3,250,448.27	9,765.86
III. Operating profits (loss expressed with “-”)	1,475,639,799.00	4,531,737,241.56
Plus: Non-revenue	6,040,019.07	4,227,507.56
Less: Non-operating expense	18,919,306.79	33,505,825.07
IV. Total profits (total loss expressed with “-”)	1,462,760,511.28	4,502,458,924.05
Less: Income tax expenses	225,315,643.94	679,909,863.81
V. Net profits (net loss expressed with “-”)	1,237,444,867.34	3,822,549,060.24
(I) Classified by business continuity		
1. Net profits from continuing operations (net loss expressed with “-”)	1,237,444,867.34	3,822,549,060.24
2. Net profits from discontinued operations (net loss expressed with “-”)		
(II) Classified by ownership		
1. Net profit (loss) attributable to common shareholders	1,239,320,067.26	3,810,412,504.40
2. Net profits (loss) attributable to noncontrolling interest	(1,875,199.92)	12,136,555.84
VI. After-tax other comprehensive income	(830,700.50)	(2,003,671.28)
Net amount of after-tax other comprehensive income attributed to common shareholders	(445,900.35)	(1,155,658.95)
(I) Other comprehensive income not reclassified as profit or loss		
1. Changes from defined benefit plans remeasurement		
2. Other comprehensive income not classified as profit or loss based		

on equity method		
3. Changes in fair value for other equity instruments investment		
4. Changes in fair value for the enterprise credit risks		
5. Others		
(II) Other comprehensive income reclassified as profit or loss	(445,900.35)	(1,155,658.95)
1. Other comprehensive income reclassified as profit or loss based on equity method		
2. Changes in the fair value of other debt investment		
3. The amount of financial asset reclassified as other comprehensive income		
4. Provisions for other debt investment impairment		
5. Cash flow hedging instrument		
6. Foreign currency reporting translation discrepancy	(445,900.35)	(1,155,658.95)
7. Others		
Net amount of after-tax other comprehensive income after tax attributed to noncontrolling interest minority shareholders	(384,800.15)	(848,012.33)
VII. Total comprehensive income	1,236,614,166.84	3,820,545,388.96
Total comprehensive income attributable to common shareholders	1,238,874,166.91	3,809,256,845.45
Total comprehensive income attributed to noncontrolling interest	(2,260,000.07)	11,288,543.51
VIII. Earnings per share:		
(I) Basic EPS	2.91	9.80
(II) Diluted EPS	2.91	9.79

In the case of merger and acquisition under the same control, the net profits of acquired entity prior to acquisition is 0 yuan during the current period. The net profits of the acquired entity prior to the acquisition is 0 yuan in the prior period.

Legal representative: Li Jianquan

Chief Financial Officer: Fang Xiuyuan

Head of accounting office: Wu Kezhen

4. Income statement of parent company

Unit: yuan

Item	Year 2021	Year 2020
I. Revenue	3,797,082,652.58	8,890,110,957.62
Subtract: Costs	2,437,724,491.05	4,323,934,957.16
Taxes and surcharges	18,109,856.84	69,354,151.33
Selling and marketing	296,170,387.31	266,259,515.24
General and administrative	275,874,409.29	203,762,696.05
Research and development	120,590,517.01	268,121,590.13
Financial expenses	(128,801,099.82)	212,244,708.29
Including: Interest expense	292,866.58	2,683,843.27
Interest revenue	127,719,496.31	21,135,753.14
Plus: Other incomes	48,122,477.41	18,520,087.24
Income from investment (loss expressed with "-")	88,870,284.00	19,125,074.95

Including: Income from investment in joint venture and cooperative enterprise	3,525,570.83	4,565,754.26
Income from derecognition of financial assets measured at amortized cost (loss expressed with “-”)		
Net exposure of hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)	52,211,519.29	9,510,798.34
Credit impairment losses (loss expressed with “-”)	8,818,449.70	(30,463,822.73)
Assets impairment losses (loss expressed with “-”)	(17,532,150.78)	(7,066,883.80)
Gain on disposal of assets (loss expressed with “-”)		15,447.79
II. Operating profits (loss expressed with “-”)	957,904,670.52	3,556,074,041.21
Plus: Non-revenue	1,934,410.40	106,996.35
Less: Non-operating expense	1,734,395.59	3,619,487.52
III. Total profits (total loss expressed with “-”)	958,104,685.33	3,552,561,550.04
Less: Income tax expenses	148,546,547.62	518,984,840.70
IV. Net profits (net loss expressed with “-”)	809,558,137.71	3,033,576,709.34
(I) Net profits from continuing operations (net loss expressed with “-”)	809,558,137.71	3,033,576,709.34
(II) Net profits from discontinued operations (net loss expressed with “-”)		
V. After-tax other comprehensive income		
(I) Other comprehensive income not reclassified as profit or loss		
1. Changes from defined benefit plans remeasurement		
2. Other comprehensive income not classified as profit or loss based on equity method		
3. Changes in fair value for other equity instruments investment		
4. Changes in fair value for the enterprise credit risks		
5. Others		
(II) Other comprehensive income reclassified as profit or loss		
1. Other comprehensive income reclassified as profit or loss based on equity method		
2. Changes in the fair value of other debt investment		
3. The amount of financial asset reclassified as other comprehensive income		
4. Provisions for other debt investment impairment		

5. Cash flow hedging instrument		
6. Foreign currency reporting translation discrepancy		
7. Others		
VI. Total comprehensive income	809,558,137.71	3,033,576,709.34
VII. Earnings per share:		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

Unit: yuan

Item	Year 2021	Year 2020
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	8,561,473,154.33	13,080,026,126.33
Net increase of customer deposit and deposit from other banks		
Net increase of borrowings from the 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	62,719,156.18	243,877,727.20
Other cash received related to operating activities	186,733,643.10	182,982,841.99
Subtotal cash inflows from operating activities	8,810,925,953.61	13,506,886,695.52
Cash paid for selling goods or offering labor	5,249,732,073.57	6,321,166,011.43
Net increase of customer loans and advances		
Net increase of amount due from the 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 insurance policy dividend		
Cash paid to and for employees	1,324,315,606.64	1,010,260,597.27
Taxes and fees paid	897,686,267.95	819,152,009.87
Other cash paid related to operating	467,502,103.52	588,811,789.56

activities		
Subtotal of cash inflow from operating activities	7,939,236,051.68	8,739,390,408.13
Net cash flow from operating activities	871,689,901.93	4,767,496,287.39
II. Cash flow from investment activities:		
Cash from investment withdrawal	7,090,000,000.00	4,308,736,771.86
Cash from investment income	184,186,882.84	17,019,368.90
Net cash from disposal of fixed assets, intangible assets and other long-term assets	190,932,781.03	246,308,685.62
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	7,465,119,663.87	4,572,064,826.38
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	743,269,761.70	573,264,209.18
Cash paid for investment	6,243,043,466.66	8,428,736,771.86
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	6,986,313,228.36	9,002,000,981.04
Net cash flow from investing activities	478,806,435.51	(4,429,936,154.66)
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
Other cash received related to financing activities		
Subtotal of cash inflow from financial activities		3,743,348,396.23
Cash repayments of amounts borrowed	150,000,000.00	259,210,746.07
Cash paid for distribution of dividends or profits and for interest expenses	768,192,416.04	102,333,161.85
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	491,444,823.25	33,727,072.53
Subtotal of cash inflow from financial activities	1,409,637,239.29	395,270,980.45
Net cash flow from financing activities	(1,409,637,239.29)	3,348,077,415.78
IV. Impact of exchange rate movements on cash and cash equivalents	(1,981,530.49)	4,927,426.22

V. Net increase of cash and cash equivalents	(61,122,432.34)	3,690,564,974.73
Plus: Cash and cash equivalents at the beginning of the period	4,149,734,694.38	459,169,719.65
VI. Cash and cash equivalents at the end of the period	4,088,612,262.04	4,149,734,694.38

6. Cash flow statement of parent company

Unit: yuan

Item	Year 2021	Year 2020
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	3,868,882,685.84	8,971,990,210.35
Refund of tax and levies	59,750,226.81	241,763,249.24
Other cash received related to operating activities	88,410,542.05	79,920,248.95
Subtotal cash inflows from operating activities	4,017,043,454.70	9,293,673,708.54
Cash paid for selling goods or offering labor	2,919,880,528.57	4,793,815,703.96
Cash paid to and for employees	320,386,520.67	210,111,491.64
Taxes and fees paid	436,826,117.76	319,415,360.21
Other cash paid related to operating activities	730,441,492.58	399,817,457.85
Subtotal of cash inflow from operating activities	4,407,534,659.58	5,723,160,013.66
Net cash flow from operating activities	(390,491,204.88)	3,570,513,694.88
II. Cash flow from investment activities:		
Cash from investment withdrawal	5,769,000,000.00	3,251,480,000.00
Cash from investment income	162,879,612.33	14,559,320.69
Net cash from disposal of fixed assets, intangible assets and other long-term assets	153,159,514.85	235,274,618.02
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	6,085,039,127.18	3,501,313,938.71
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	208,912,097.78	105,223,806.25
Cash paid for investment	4,563,112,014.62	7,021,480,000.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	4,772,024,112.40	7,126,703,806.25
Net cash flow from investing activities	1,313,015,014.78	(3,625,389,867.54)
III. Cash flow from financing activities:		
Receipts from equity securities		3,593,348,396.23
Cash received from borrowings		120,000,000.00

Other cash received related to financing activities		
Subtotal of cash inflow from financial activities		3,713,348,396.23
Cash repayments of amounts borrowed	120,000,000.00	65,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	768,050,437.64	101,192,176.61
Other cash paid related to financing activities	271,738,213.27	33,727,072.53
Subtotal of cash inflow from financial activities	1,159,788,650.91	199,919,249.14
Net cash flow from financing activities	(1,159,788,650.91)	3,513,429,147.09
IV. Impact of exchange rate movements on cash and cash equivalents	(1,910,420.71)	27,669,067.86
V. Net increase of cash and cash equivalents	(239,175,261.72)	3,486,222,042.29
Plus: Cash and cash equivalents at the beginning of the period	3,669,286,043.43	183,064,001.14
VI. Cash and cash equivalents at the end of the period	3,430,110,781.71	3,669,286,043.43

7. Consolidated Statement on Changes in Owners' Equity

Current amount

Unit: yuan

Item	Year 2021													Noncontrolling interest	Total shareholders' equity
	Shareholders' equity attributable to the owners of parent company											Subtotal			
	Capital stock	Other equity instruments			Additional paid-in capital	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others		
	Preferred stock	Perpetual bond	Others												
I. Ending balance in previous year	426,492,308.00				4,481,709,983.24		(1,111,035.08)		420,212,778.13		5,126,630,011.14		10,453,934,045.43	14,456,046.01	10,468,390,091.44
Plus: Changes in accounting policies											(60,128,638.03)		(60,128,638.03)		(60,128,638.03)
Prior period error correction															
Business combination under common control															
Others															
II. Beginning balance in current year	426,492,308.00				4,481,709,983.24		(1,111,035.08)		420,212,778.13		5,066,501,373.11		10,393,805,407.40	14,456,046.01	10,408,261,453.41
III. Increase/decrease in the					67,911,113.	257,992,36	(445,900.35)				471,633,91		281,106,75	(2,260,000.0)	278,846,75

current period (less to be filled out with the minus sign "-")					57	6.68					2.86		9.40	7)	9.33
(I) Total comprehensive income							(445,9 00.35)				1,239, 320,0 67.26		1,238, 874,1 66.91	(2,260 ,000.0 7)	1,236, 614,1 66.84
(II) Owner's invested and decreased capital					67,91 1,113. 57								67,91 1,113. 57		67,91 1,113. 57
1. Common stock invested by the owner															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included in the owner's equity					67,91 1,113. 57								67,91 1,113. 57		67,91 1,113. 57
4. Others															
(III) Profit distribution											(767,6 86,15 4.40)		(767,6 86,15 4.40)		(767,6 86,15 4.40)
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk preparation															
3. Distribution of owners (or shareholders)											(767,6 86,15 4.40)		(767,6 86,15 4.40)		(767,6 86,15 4.40)
4. Others															
(IV) Internal transfer of owner's equity															
1. Capital surplus transfer to paid-in capital (or capital stock)															
2. Earned surplus transfer to paid-in capital (or capital stock)															
3. Earned surplus covering the deficit															
4. Carryforwar d retained earnings in variation of defined benefit plan															

5. Carryforward retained earnings of other comprehensive income															
6. Others															
(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Others						257,992,366.68							(257,992,366.68)		(257,992,366.68)
IV. Balance at the end of current period	426,492,308.00				4,549,621,096.81	257,992,366.68	(1,556,935.43)		420,212,778.13		5,538,135,285.97		10,674,912,166.80	12,196,045.94	10,687,108,212.74

Last term amount

Unit: yuan

Item	2020														
	Shareholders' equity attributable to the owners of parent company												Noncontrolling interest	Total shareholders' equity	
	Capital stock	Other equity instruments			Additional paid-in capital	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Prefere d stock	Perpetua l bond	Other s												
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															
Others															
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 "-")	50,000.00				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

(I) Total comprehensive income						(1,155,658.95)				3,810,412,504.40		3,809,256,845.45	11,288,543.51	3,820,545,388.96
(II) Owner's invested and decreased capital	50,000,000.00			3,532,796,699.14								3,582,796,699.14		3,582,796,699.14
1. Common stock invested by the owner	50,000,000.00			3,508,849,271.20								3,558,849,271.20		3,558,849,271.20
2. Capital invested by other equity instrument holders														
3. Amount of share-based payment included in the owner's equity				23,947,427.94								23,947,427.94		23,947,427.94
4. Others														
(III) Profit distribution							303,357,670.93		(401,857,670.93)		(98,500,000.00)			(98,500,000.00)
1. Withdrawal of surplus reserves							303,357,670.93		(303,357,670.93)					
2. Withdrawal of general risk preparation														
3. Distribution of owners (or shareholders)									(98,500,000.00)		(98,500,000.00)			(98,500,000.00)
4. Others														
(IV) Internal transfer of owner's equity														
1. Capital surplus transfer to paid-in capital (or capital stock)														
2. Earned surplus transfer to paid-in capital (or capital stock)														
3. Earned surplus covering the deficit														
4. Carryforward retained earnings in variation of defined benefit plan														
5. Carryforward retained earnings of														

other comprehensive income															
6. Others															
(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				4,481,709,983.24		(1,111,035.08)		420,212,778.13		5,126,630,011.14		10,453,934,045.43	14,456,046.01	10,468,390,091.44

8. Statement of change in equity of parent company

Current amount

Unit: yuan

Item	Year 2021											Total shareholders' equity
	Capital stock	Other equity instruments			Additional paid-in capital	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	
		Preferr ed stock	Perpet ual bond	Others								
I. Ending balance in previous year	426,492,308.00				4,507,116,745.59				411,397,111.21	3,349,520,232.39		8,694,526,397.19
Plus: Changes in accounting policies												
Prior period error correction												
Others												
II. Beginning balance in current year	426,492,308.00				4,507,116,745.59				411,397,111.21	3,349,520,232.39		8,694,526,397.19
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")					67,911,113.57	257,992,366.68				41,871,983.31		(148,209,269.80)
(I) Total comprehensive income										809,558,137.71		809,558,137.71
(II) Owner's invested and decreased capital					67,911,113.57							67,911,113.57
1. Common stock invested by the owner												
2. Capital invested by other equity instrument holders												

3. Amount of share-based payment included in the owner's equity					67,911,113.57							67,911,113.57
4. Others												
(III) Profit distribution										(767,686,154.40)		(767,686,154.40)
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										(767,686,154.40)		(767,686,154.40)
3. Others												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer to paid-in capital (or capital stock)												
2. Earned surplus transfer to paid-in capital (or capital stock)												
3. Earned surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Others												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Others						257,992,366.68						(257,992,366.68)
IV. Balance at the end of current period	426,492,308.00				4,575,027,859.16	257,992,366.68			411,397,111.21	3,391,392,215.70		8,546,317,127.39

Last term amount

Unit: yuan

Item	2020										
	Capita	Other equity	Additio	Less:	Other	Special	Surplus	Undistrib	Others	Total	

	I stock	instruments			paid-in capital	treasury stock	comprehensive income	reserve	reserve	retained profit		shareholders' equity
		Preferred stock	Perpetual bond	Others								
I. Ending balance in previous year	376,492,308.00				974,320,046.45				108,039,440.28	717,801,193.98		2,176,652,988.71
Plus: Changes in accounting policies												
Prior period error correction												
Others												
II. Beginning balance in current year	376,492,308.00				974,320,046.45				108,039,440.28	717,801,193.98		2,176,652,988.71
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				303,357,670.93	2,631,719,038.41		6,517,873,408.48
(I) Total comprehensive income										3,033,576,709.34		3,033,576,709.34
(II) Owner's invested and decreased capital	50,000,000.00				3,532,796,699.14							3,582,796,699.14
1. Common stock invested by the owner	50,000,000.00				3,508,849,271.20							3,558,849,271.20
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included in the owner's equity					23,947,427.94							23,947,427.94
4. Others												
(III) Profit distribution									303,357,670.93	(401,857,670.93)		(98,500,000.00)
1. Withdrawal of surplus reserves									303,357,670.93	(303,357,670.93)		
2. Distribution of owners (or shareholders)										(98,500,000.00)		(98,500,000.00)
3. Others												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer												

to paid-in capital (or capital stock)												
2. Earned surplus transfer to paid-in capital (or capital stock)												
3. Earned surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Others												
(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

III. Basic status of company

Winner Medical Co., Ltd. (hereinafter referred to as the “the Company” or “our company”), formerly known as 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 05, 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 13, 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, Bao'an District, Shenzhen City to Winner Industrial Park beside Bulong Road, Longhua Street, Bao'an 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 19,627,300, 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)*Converted 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 Medical Textile 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 Medical 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) (renamed to Xiamen Leyuan Investment Partnership (limited partnership) in this reporting period, hereinafter referred to as the "Leyuan Investment"), Shenzhen Kangxin Investment Partnership (limited partnership) (renamed as Xiamen Yutong Investment Partnership (limited partnership) in this reporting period, hereinafter referred to as the "Yutong Investment"), Shenzhen Kanglong Investment Partnership (limited partnership) (renamed as Xiamen Huikang Investment Partnership (limited partnership) in this reporting period, hereinafter referred to as the "Huikang 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
Leyuan Investment	1,032.24	4.8159
Yutong Investment	441.45	2.0596
Huikang 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, Bao'an 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, Leyuan 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
Leyuan Investment	1,396.90	6.4082
Yutong Investment	441.45	2.0251
Huikang 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 Yutong Investment, Huikang Investment, and the newly introduced shareholder, Shenzhen Kangli Investment Partnership (limited partnership) (renamed as Xiamen Zepeng Investment Partnership (limited partnership) in this reporting period, hereinafter referred to as the "Zepeng 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
Leyuan Investment	1,396.90	6.4082
Yutong Investment	740.83	3.3985
Huikang Investment	447.37	2.0523
Zepeng 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 Xin yuan") with 300.00 million yuan. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
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Winner Group Limited	18,984.01	78.9236
Leyuan Investment	1,396.90	5.8074
Yutong Investment	740.83	3.0800
Huikang Investment	447.37	1.8599
Zepeng 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 300.00 million yuan from Sequoia Xinyuan in monetary funds. On November 06, 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 368 million yuan. 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 1,058,194,956.32 yuan into 368 million shares at a ratio of 1:0.3478, par value of each share was 1 yuan, and the total share capital was 368 million yuan and held separately by the original shareholders in accordance with their original proportions; the remaining 690,194,956.32 yuan 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 1,050,812,354.45 yuan, and the corresponding share conversion ratio was adjusted to 1: 0.3502). 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 8,492,308 yuan, with the registered capital after the change of 376,492,308 yuan. The new registered capital was subscribed by Shenzhen Capital Group Co., Ltd. (hereinafter referred to as "SCGC") with 300.00 million yuan. 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
Leyuan Investment	2,137.1232	5.6764
Yutong Investment	1,133.4400	3.0105
Huikang Investment	684.4432	1.8179
Zepeng 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 300.00 million yuan 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. 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 426,492,308 yuan.

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.

Company address: F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; 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 20, 2022.

As of December 31, 2021, the subsidiaries in the consolidated financial statements of the Company are as follows:

Subsidiary name
Winner Medical (Jingmen) Co., Ltd. (hereinafter referred to as "Winner Medical (Jingmen)")
Yichang Winner Medical Textile Co., Ltd. (hereinafter referred to as "Winner Medical (Yichang)")
Winner Medical (Tianmen) Co., Ltd. (hereinafter referred to as "Winner Medical (Tianmen)")
Winner Medical (Chongyang) Co., Ltd. (hereinafter referred to as "Winner Medical (Chongyang)")
Winner Medical (Jiayu) Co., Ltd. (hereinafter referred to as "Winner Medical (Jiayu)")
Winner Medical (Hong Kong) Ltd. (hereinafter referred to as "Hong Kong Winner")
Winner (Huanggang) Cotton Processing & Trading Co., Ltd. (hereinafter referred to as "Winner (Huanggang) Cotton")
Winner Medical (Huanggang) Co., Ltd. (hereinafter referred to as "Winner Medical (Huanggang)")
Shenzhen Purcotton Technology Co., Ltd. (hereinafter referred to as "Shenzhen Purcotton")
Guangzhou Purcotton Medical Technology Co., Ltd. (hereinafter referred to as "Guangzhou Purcotton")
Beijing Purcotton Technology Co., Ltd. (hereinafter referred to as "Beijing Purcotton")
Shanghai Purcotton Technology Co., Ltd. (hereinafter referred to as "Shanghai Purcotton")
Shenzhen Qianhai Purcotton E-Commerce Co., Ltd. (hereinafter referred to as "Qianhai Purcotton")
Winner Medical Malaysia Sdn. Bhd. (hereinafter referred to as "Winner Medical Malaysia")
Winner Medical (Heyuan) Co., Ltd.1* (hereinafter referred to as "Winner Medical (Heyuan)")
Winner Medical (Wuhan) Co., Ltd. 2* (hereinafter referred to as "Winner Medical (Wuhan)") (former name: Hubei Winner Medical Co., Ltd.)
Shenzhen PureH2B Technology Co., Ltd. 3* (hereinafter referred to as "PureH2B")
Pure HB (Shanghai) Co., Ltd. 4* (hereinafter referred to as "Pure HB (Shanghai)")
Shenzhen Purunderwear Sci-Tech Innovation Co., Ltd. 5* (hereinafter referred to as "Purunderwear")
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 and cancelled on February 21, 2022.

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. Continual operation

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 continuing operations within the next 12 months. The Company's financial statements are prepared on the basis of the assumption of continuing operations.

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 of compliance with Accounting Standards for Business Enterprises

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, 2021 and the business performance and cash flows of the Company in 2021.

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 lose 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 lose 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 "V. 22 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 Business

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 asset measured on the basis of post-amortization costs

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 at fair values, changes of which recorded in the current profits or losses

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 loans, 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

1) Impairment of notes receivable and 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).

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.

2) 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)”.

13. Accounts receivable 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

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

1) 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.

2) 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

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, investment real estate using fair value measurement mode, 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 Approach for the Determination of Profit and Loss

(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 in real estates

Measurement mode of investment real estate

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

Class	Depreciation method	Expected service life	Residual rate	Yearly depreciation
Houses and building	Straight-line depreciation	10~35 years	10.00%	2.57%-9%
Machinery equipment	Straight-line depreciation	2~15 years	10.00%	6%-45%
Transportation equipment	Straight-line depreciation	3~10 years	10.00%	9%-30%
Electronic equipment and office equipment, etc.	Straight-line depreciation	2~10 years	10.00%	9%-45%

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.

(3) Recognition basis, valuation and depreciation methods of fixed assets under financing lease

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 estate, 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

N/A

28. Oil and gas assets

N/A

29. Right-of-use assets

See Note V. 42. Lease.

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	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	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.

The Company is required to comply with the disclosure requirements of "Medical Device Business" in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 -- Industry Information Disclosure for ChiNext Stock Market"

31. Long-term assets impairment

Long-term assets such as long-term equity investment, fixed assets, construction in progress, right-of-use assets, 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 deferred expenses

Long-term deferred 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 deferred expenses are amortized on an average basis over the benefit period.

33. Contract liabilities

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 wells 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

N/A

35. Lease liabilities

See Note V. 42. Lease.

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 instrument

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

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.

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.

Differences in income recognition accounting policies caused by different business modes for the same business

NA

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-revenue);

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-revenue) 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-revenue 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 of 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 tax payer 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. Leased

(1) Accounting treatment method of operating lease

Accounting policy effective on January 1, 2021.

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period of time to for consideration. On the commencement date of the contract, the Company assesses whether the contract is a lease or contains a lease. If a party to the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or contains a lease.

When a contract contains several separate leases, the Company will split the contract and conduct accounting treatments for each of the separate leases. When a contract contains both lease and non-lease components, the lessee and the lessor split the lease and non-lease components.

The Company can choose to adopt the simplified method for all leases and does not evaluate the lease change or re-evaluate the lease classification if rent remission, deferred payment and other rental concessions reached on existing lease contracts directly caused by COVID-19 and the following conditions are met:

The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, where the lease consideration is not discounted or is discounted according to the discount rate before the concession;

The concession applies only to lease payments payable before June 30, 2022. An increase in lease payments payable after June 30, 2022 does not affect the satisfaction of this condition, while a decrease in lease payments payable after June 30, 2022 does not satisfy this condition; other terms and conditions of the lease are determined to be unchanged significantly after a comprehensive consideration of qualitative and quantitative factors.

1. The Company as the lessee

(1) Right-of-use assets

At the beginning of the lease term, in addition to short-term leases and low-value asset leases, the Company recognizes the right-of-use assets. The right-of-use asset is initially measured at cost, which includes:

The initial measurement amount of the lease liabilities;

If there is a lease incentive for the lease payment paid on or before the start of the lease term, the amount of the granted lease incentive shall be deducted;

The initial direct expenses incurred by the Company;

Costs expected to be incurred by the Company to disassemble and remove a leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease, excluding costs incurred to produce inventory.

The Company shall use the straight-line method subsequently to depreciate the right-of-use assets. If it can be

reasonably determined that the ownership of the leased asset can be obtained at the end of the lease term, the depreciation shall be accrued within the remaining service life of the leased asset. Otherwise, the depreciation shall be accrued within the shorter of the lease term and the remaining service life of the leased asset.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles stated in Note "V. 31. Long-term assets impairment", and conducts accounting treatment for the recognized impairment losses.

(2) Lease liabilities

At the beginning of the lease term, in addition to short-term leases and low-value asset leases, the Company recognizes the lease liabilities, and initially measures the lease liabilities at the present value of the lease payments outstanding. Lease payments include:

Fixed payment amount (including substantial fixed payment amount), deducting the amount related to lease incentive if any;

Variable lease payments that depend on an index or rate;

The amount to be paid shall be estimated based on the residual value of the guarantee provided by the Company;

Exercise price of the purchase option, provided that the Company is reasonably certain that it will exercise the option;

The amount payable for exercising the termination option, provided that the lease term reflects that the Company will exercise the termination option.

The lease liability is initially measured, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used.

The Company calculates the interest expense of the lease liability during each period of the lease term according to a fixed periodic rate, and includes it in the current profit and loss or the cost of related assets.

Variable lease payments that are not included in the measurement of the lease liabilities are included in current profit or loss or the cost of the related asset when they are actually incurred.

In case of any of the following circumstances after the commencement date of the lease term, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be recorded into the current profits and losses:

If the evaluation results of the purchase option, renewal option or termination option change, or the actual exercise of the aforementioned options is inconsistent with the original evaluation results, the Company shall re-measure the lease liabilities according to the present value calculated from the changed lease payment amount and the revised discount rate;

In case of a change in the substantial fixed payment amount, a change in the expected amount payable of the guarantee residual value or a change in the index or ratio used to determine the lease payment amount, the Company shall re-measure the lease liabilities according to the present value calculated from the changed lease payment amount and the original discount rate. However, if changes in lease payment amount are caused by changes in floating interest rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and low-value asset leases

The Company de-recognizes the right-of-use assets and lease liabilities for short-term leases and low-value asset leases and includes the relevant lease payments into current profits and losses or costs of related assets in each period of the lease term according to the straight-line method. Short-term leases are leases for a period of not more than 12 months and do not include a purchase option on the commencement date of the lease. A low-value asset lease is a lease with a lower value when the single leased asset is a new asset. Where the Company subleases or intends to sublease the leased asset, the original lease is not a low-value asset lease.

(4) Lease change

If a lease change meets the following conditions, the Company will treat the lease change as a separate lease for accounting treatment:

The lease change expands the scope of the lease by adding the right to use one or more leased assets;

The increased consideration is equivalent to the amount of the separate price for the extended portion of the lease adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company shall re-apportion the consideration of the contract after the change, re-determine the lease term, and re-measure the lease liabilities according to the present value calculated from the changed lease payment and the revised discount rate.

If the lease change results in the narrowing of the lease scope or shortening of the lease term, the Company shall correspondingly reduce the book value of the right-of-use assets and record the profits or losses related to the partial or complete termination of the lease into the current profits and losses. If other lease changes result in the re-measurement of lease liabilities, the Company shall adjust the book value of the right-of-use assets accordingly.

(5) Rent concession related to COVID-19

If the simplified method is used for rent concession related to COVID-19, the Company does not evaluate the presence of the lease change and shall continue to calculate the interest expense of the lease liabilities and include it in the current profits and losses at the discount rate consistent with that before the concession, and continue to depreciate the right-of-use assets in the same manner as before the concession. In case of rent concession, the Company will use the reduced rent as variable lease payment, and when the original rent payment obligation is relieved by a concessional agreement, write down the cost or expense of relevant assets according to the discount amount at the undiscounted or pre-discounted rate, and adjust the lease liabilities accordingly; in case of deferred payment of rent, the Company shall write down the lease liabilities recognized in the earlier period when the actual payment is made.

For short-term leases and low-value asset leases, the Company continues to include the original contract rent in the cost or expense of the related assets in the same manner as before the concession. In case of rent concession, the Company will use the reduced rent as variable lease payment to write down the cost or expense of related assets during the concession period; in case of deferred payment of rent, the Company shall recognize the rent payable as payables during the original payment period to write down the payables recognized in the earlier period when the actual payment is made.

2. The Company as the lessor

The Company classifies leases as finance leases and operating leases at the lease commencement date. Finance lease refers to the lease where almost all risks and rewards related to the leased asset ownership have been substantively transferred no matter whether the ownership is finally transferred. Operating leases refer to leases other than financial leases. When the Company acts as a sublessee, it shall classify subleases based on the right-of-use assets generated from the original lease.

(1) Accounting treatment method of operating lease

The rental income of operating lease shall be recognized as rental income in accordance with the straight-line method during each period of the lease term. The initial direct expenses in connection with the lease transaction shall be capitalized and recorded into the current profits and losses according to the same basis as the rent recognition the lease period. Variable lease payments that are not recorded in the rental income are included in current profit or loss when they are actually incurred. The Company shall treat a changed operating lease as a new lease for accounting treatment from the effective date of the change, and the amount of lease receipts received in

advance or receivable related to the lease before the change will be regarded as the receipts of the new lease.

(2) Accounting treatment method of finance lease

On the commencement date of the lease term, the Company recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. When the finance lease receivable is initially measured, the net lease investment shall be used as the entry value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received at the commencement date of the lease, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on the fixed periodic rate. The de-recognition and impairment of the finance lease receivables shall be accounted for in accordance with the Note "V. 10 Financial instruments".

Variable lease payments that are not included in the measurement of the net lease investment are included in current profit or loss or the cost of the related asset when they are actually incurred.

Any change meeting the following conditions shall be treated as a separate lease for accounting treatment:

The change expands the scope of the lease by adding the right to use one or more leased assets;

The increased consideration is equivalent to the amount of the separate price for the extended portion of the lease adjusted for the circumstances of the contract.

If a finance lease change is not accounted for as a separate lease, the Company shall deal with the changed lease under the following circumstances:

If the change takes effect on the commencement date of the lease and lease will be classified as an operating lease, the Company shall treat it as a new lease for accounting treatment from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;

If the change takes effective on the commencement date of the lease, the lease will be classified as a finance lease, and subject to the accounting treatment in accordance with the policy of modifying or renegotiating the contract in Note "V. 10 Financial instruments".

(3) Rent concession related to COVID-19

If the change takes effect on the commencement date of the lease and lease will be classified as an operating lease, the Company shall treat it as a new lease for accounting treatment from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;

If the change takes effective on the commencement date of the lease, the lease will be classified as a finance lease, and subject to the accounting treatment in accordance with the policy of modifying or renegotiating the contract in Note "V. 10 Financial instruments".

3. Sale and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in this Note "V. 39 Revenue".

(1) As a lessee

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's book value that relates to the right to use acquired by the leaseback, and recognizes a gain or loss related to the right transferred to the lessor only; if the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the

transfer income. See this Note “V. 10. Financial instruments” for the accounting treatment of financial liabilities.

(2) As a lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company, as a lessor, accounts for the purchase of the assets, and accounts for the lease of the assets in accordance with the aforementioned policy of “2. The Company as a lessor”; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. See this Note “V. 10. Financial instruments” for the accounting treatment of financial assets.

Accounting policy before January 1, 2021

Leases are classified into finance lease and operating lease. Finance lease refers to the lease where all risks and rewards related to asset ownership have been substantively transferred. Operating leases refer to leases other than financial leases.

The Company can choose to adopt the simplified method for all leases (Note: If not for all leases, the nature of the lease contracts treated by the simplified method should be disclosed, but the choice of the simplified method should be uniformly applied to similar lease contracts) and does not evaluate the lease change or re-evaluate the lease classification if rent remission, deferred payment and other rental concessions reached on existing lease contracts directly caused by COVID-19 and the following conditions are met:

The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, where the lease consideration is not discounted or is discounted according to the discount rate before the concession;

The concession applies only to lease payments payable before June 30, 2021. An increase in lease payments payable after June 30, 2021 does not affect the satisfaction of this condition, while a decrease in lease payments payable after June 30, 2021 does not satisfy this condition;

Other terms and conditions of the lease are determined to be unchanged significantly after a comprehensive consideration of qualitative and quantitative factors.

1. Accounting treatment method of operating lease

(1) The lease payments made by the Company for leased assets shall be amortized on a straight-line basis (reminder: if other reasonable methods are used, please specify) over the entire lease term without deducting the rent-free period and included in the current expense. 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.

For the operating lease adopting the simplified method for rent concession related to COVID-19, the Company continues to include the original contract rent in the cost or expense of the related assets in the same manner as before the concession. In case of rent concession, the Company will use the reduced rent as the contingent rental to be included in the profits and losses during the concession period; in case of deferred payment of rent, the Company shall recognize the rent payable as payables during the original payment period to write down the payables recognized in the earlier period when the actual payment is made.

(2) The lease payments received by the Company for leasing assets shall be amortized on a straight-line basis (reminder: if other reasonable methods are used, please specify) over the entire lease term without deducting the rent-free period and 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.

For the operating lease adopting the simplified method for rent concession related to COVID-19, the Company continues to recognize the original contract rent as the rental income in the same manner as before the concession; in case of rent concession, the Company will use the reduced rent as the contingent rental to write down the rental income during the concession period; in case of deferred collection of rent, the Company shall recognize the rent receivable as receivables during the original collection period to write down the receivables recognized in the earlier period when actually received.

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.

For the finance lease adopting the simplified method for rent concession related to COVID-19, the Company continues to recognize the unrecognized financing expenses as the current financing expenses at the same discount rate as before the concession and continues to depreciate the assets acquired under finance leases in the same manner as before the concession; in case of rent concession, the Company will use the reduced rent as the contingent rental, include it in current profits and losses when the original rent payment obligation is relieved by a concessional agreement, and adjust the long-term payables accordingly, or include into current profits and losses and adjust unrecognized financing expenses at the discount rate before concession; in case of deferred payment of rent, the Company shall write down the long-term payables recognized in the earlier period when the actual payment is made.

(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.

For the finance lease adopting the simplified method for rent concession related to COVID-19, the Company continues to recognize the unrealized financing income as the rental income at the same interest rate implicit in the lease as before the concession. In case of rent concession, the Company will use the reduced rent as the contingent rental to write down the originally recognized rental income when waiving the right to collect the original rent by reaching a concession agreement, include the part that is not write-down into the income from investment, adjust the long-term receivables accordingly, or include into current profits and losses and adjust unrealized financing income at the discount rate before concession; in case of deferred collection of rent, the Company shall write down the long-term receivables recognized in the earlier period when actually received.

(2) Accounting treatment method of finance lease

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.

4) Repurchase of shares in the Company

If the Company repurchases its shares due to the reduction of its registered capital, the amount actually paid shall be debited to "treasury stock" and credited to "bank deposits". When canceled, the treasury stocks shall be debited to the account of "capital stock" according to the total par value of stocks calculated from the par value of stocks and the number of canceled stocks, and credited to the account of "treasury stock" according to the book balance of treasury stocks. According to the difference, the premium part originally recorded in capital reserve when the stock is issued is debited to the account of "Capital surplus - share premium" and the portion of the repurchase price in excess of the above write-down of "Capital stock" and "Capital surplus - share premium" is debited to

“Earned surplus” and “Profit distribution - Undistributed profit” successively. If the repurchase price is lower than the corresponding capital stock of the repurchased shares, the difference between the book balance of the cancelled treasury stocks and the capital stock written down is treated as the added capital stock premium, debited to “Capital stock: according to the book value of capital stock corresponding to the repurchased shares, credited to “Treasury stock” according to the book balance of cancelled treasury stocks and credited to “Capital surplus - share premium” according to the difference.

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
Adjustment of operating lease existing prior to the first implementation date by the Company as a lessee	Board of directors	

1. Implement the *Accounting Standards for Business Enterprises No. 21 - Leases* (revised in 2018)

The Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 21 - Leases* (hereinafter referred to as “New Lease Standards”) in 2018. The Company has implemented the new lease standards since January 1, 2021. Under the revised standards, the Company selects not to reassess whether a contract existing prior to the first implementation date is a lease or includes a lease on the first implementation date.

The Company as the lessee

The Company shall adjust the retained earnings and other relevant items in the financial statements at the beginning of the year according to the cumulative influence number of the new lease standards during the first implementation of the standards, and the information of comparable periods shall not be adjusted.

For the operating lease that exists prior to the first implementation date, the Company shall, on the first implementation date, measure the lease liabilities according to the remaining lease payments at the present value discounted at the incremental borrowing rate of the Company on the first implementation date, and choose the following methods to measure the right-of-use assets for each lease:

If the book value stipulated in the new lease standards is used from the commencement date of the lease, the incremental borrowing rate of the Company on the first implementation date shall be used as the discount rate.

For the operating lease prior to the first implementation date, the Company shall choose to apply one or more of the following simplifications for each lease while applying above method:

- 1) Leases completed within 12 months after the first implementation date will be treated as short-term leases;
- 2) In measurement of lease liabilities, leases with similar characteristics adopts the same discount rate;
- 3) The measurement of the right-of-use assets does not include the initial direct expenses;
- 4) In case of renewal option or termination option, the lease term is determined based on the actual exercise of the option prior to the first implementation date and other updates;
- 5) As an alternative to the impairment test of the right-of-use assets, the Company shall assess whether a contract containing lease is a loss contract prior to the first implementation date in accordance with Note "V. 36. Estimated liabilities", and adjust the right-of-use assets according to the amount of loss provisions recorded in the balance sheet prior to the first implementation date;
- 6) Lease changes occurring before the first implementation date will not be retroactively adjusted, and will be accounted according to the final arrangement of lease changes and the new lease standards.

In measuring lease liabilities, the Company shall discount the lease payments using the lessee's incremental

borrowing rate as of January 1, 2021 (weighted average: 5%).

Minimum lease payments outstanding for significant operating leases as disclosed in the consolidated financial statements as of December 21, 2020	654,340,469.27
Present value discounted at the Company's incremental borrowing rate as of January 1, 2021	564,334,375.76
Lease liabilities under the new lease standards as of January 1, 2021	564,334,375.76
Difference between the above discounted present value and the lease liabilities	0.00

For the existing finance lease prior to the first implementation date, the Company shall measure the right-of-use assets and lease liabilities respectively according to the original book value of the assets acquired under finance leases and the payable finance lease amount on the first implementation date.

The main influences of the Company's implementation of the new lease standards on the financial statements are as follows:

Content and reasons of changes in accounting policies	Approval procedures	Affected report item	Affected amount in balance on January 1, 2021
			Consolidation
Adjustment of operating lease existing prior to the first implementation date by the Company as a lessee	Board of directors	Right-of-use assets	504,205,737.73
		Lease liabilities	363,828,691.92
		Non-current liabilities due within one year	200,505,683.84
		Undistributed profit	(60,128,638.03)

(2) Significant accounting estimate change

Applicable Not applicable

(3) The adjustment of the financial statements at the beginning of the year for the first implementation of the new lease standards from 2021

Applicable Not applicable

Whether to adjust the balance sheet accounts at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: yuan

Item	December 31, 2020	January 01, 2021	Adjusted figure
Current assets:			
Cash and cash equivalents	4,162,539,245.78	4,162,539,245.78	
Deposit reservation for balance			
Lending funds			
Tradable financial assets	4,131,178,589.44	4,131,178,589.44	
Derivative financial assets			
Notes receivable			
Accounts receivable	844,317,708.12	844,317,708.12	
Accounts receivable financing	18,182,662.70	18,182,662.70	
Advances to suppliers	124,031,239.05	124,031,239.05	

Insurance premiums receivables			
Reinsurance premium receivable			
Receivable reserve for reinsurance contract			
Other receivables	458,174,652.72	458,174,652.72	
Including: Interest receivable			
Dividends receivable			
Monetary assets purchased under resale agreements			
Inventory	1,216,486,940.21	1,216,486,940.21	
Contract assets			
Assets held for sales			
Non-current assets due within a year			
Other current assets	35,184,227.09	35,184,227.09	
Total current assets	10,990,095,265.11	10,990,095,265.11	
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	13,424,230.41	13,424,230.41	
Other equity instrument investments			
Other non-current financial assets			
Investment in real estates			
Fixed assets	1,400,749,050.00	1,400,749,050.00	
Construction in progress	61,383,340.97	61,383,340.97	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		504,205,737.73	504,205,737.73
Intangible assets	208,325,103.79	208,325,103.79	
Development expenditure			
Goodwill			
Long-term deferred expenses	121,335,007.33	121,335,007.33	
Deferred income tax assets	143,132,351.08	143,132,351.08	
Other non-current assets	63,807,415.75	63,807,415.75	
Total non-current assets	2,012,156,499.33	2,516,362,237.06	504,205,737.73
Total assets	13,002,251,764.44	13,506,457,502.17	504,205,737.73
Current liabilities			
Short-term loans	150,071,416.66	150,071,416.66	
Borrowings from the Central Bank			

Borrowing funds			
Tradable monetary liabilities			
Derivative financial liabilities			
Notes payable	29,418,100.00	29,418,100.00	
Accounts payable	726,577,306.94	726,577,306.94	
Advance from customers			
Contract liabilities	530,188,257.63	530,188,257.63	
Monetary assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable	169,957,077.81	169,957,077.81	
Taxes payable	444,381,369.49	444,381,369.49	
Other payables	352,543,008.89	352,543,008.89	
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sales			
Non-current liabilities due within one year		200,505,683.84	200,505,683.84
Other current liabilities	23,638,266.47	23,638,266.47	
Total current liabilities	2,426,774,803.89	2,426,774,803.89	200,505,683.84
Non-current liabilities			
Reserve fund for insurance contracts			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities		363,828,691.92	363,828,691.92
Long-term payable			
Long-term payroll payable			
Estimated liabilities			
Deferred income	94,921,260.87	94,921,260.87	
Deferred income tax liabilities	12,165,608.24	12,165,608.24	
Other non-current liabilities			
Total non-current liabilities	107,086,869.11	671,421,244.87	363,828,691.92
Total liabilities	2,533,861,673.00	3,098,196,048.76	564,334,375.76
Owner's equity:			
Capital stock	426,492,308.00	426,492,308.00	

Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Additional paid-in capital	4,481,709,983.24	4,481,709,983.24	
Less: treasury stock			
Other comprehensive income	(1,111,035.08)	(1,111,035.08)	
Special reserve			
Surplus reserve	420,212,778.13	420,212,778.13	
General risk reserve			
Undistributed profit	5,126,630,011.14	5,066,501,373.11	(60,128,638.03)
Total shareholders' equity attributable to the owners of parent company	10,453,934,045.43	10,393,805,407.40	(60,128,638.03)
Noncontrolling interest	14,456,046.01	14,456,046.01	
Total shareholders' equity	10,468,390,091.44	10,408,261,453.41	(60,128,638.03)
Total liabilities and equity	13,002,251,764.44	13,506,457,502.17	504,205,737.73

Adjustment description

Balance sheet of parent company

Unit: yuan

Item	December 31, 2020	January 01, 2021	Adjusted figure
Current assets:			
Cash and cash equivalents	3,669,286,043.43	3,669,286,043.43	
Tradable financial assets	3,779,510,798.34	3,779,510,798.34	
Derivative financial assets			
Notes receivable			
Accounts receivable	679,644,839.39	679,644,839.39	
Accounts receivable financing	26,281,743.01	26,281,743.01	
Advances to suppliers	1,141,185,179.88	1,141,185,179.88	
Other receivables	361,160,139.37	361,160,139.37	
Including: Interest receivable			
Dividends receivable			
Inventory	244,264,320.15	244,264,320.15	
Contract assets			
Assets held for sales			
Non-current assets due within a year			
Other current assets	2,986,600.60	2,986,600.60	
Total current assets	9,904,319,664.17	9,904,319,664.17	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	738,074,914.56	738,074,914.56	
Other equity instrument			

investments			
Other non-current financial assets			
Investment in real estates			
Fixed assets	47,677,210.41	47,677,210.41	
Construction in progress	625,889.08	625,889.08	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	11,093,821.43	11,093,821.43	
Development expenditure			
Goodwill			
Long-term deferred expenses	4,270,865.79	4,270,865.79	
Deferred income tax assets	18,761,956.53	18,761,956.53	
Other non-current assets	7,420,450.61	7,420,450.61	
Total non-current assets	827,925,108.41	827,925,108.41	
Total assets	10,732,244,772.58	10,732,244,772.58	
Current liabilities			
Short-term loans	120,071,416.66	120,071,416.66	
Tradable monetary liabilities			
Derivative financial liabilities			
Notes payable	8,757,000.00	8,757,000.00	
Accounts payable	734,959,933.53	734,959,933.53	
Advance from customers			
Contract liabilities	483,370,540.77	483,370,540.77	
Payroll payable	57,086,457.61	57,086,457.61	
Taxes payable	332,551,933.15	332,551,933.15	
Other payables	261,840,719.70	261,840,719.70	
Including: Interest payable			
Dividends payable			
Liabilities held for sales			
Non-current liabilities due within one year			
Other current liabilities	14,855,171.12	14,855,171.12	
Total current liabilities	2,013,493,172.54	2,013,493,172.54	
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	22,798,583.10	
Deferred income tax liabilities	1,426,619.75	1,426,619.75	
Other non-current liabilities			
Total non-current liabilities	24,225,202.85	24,225,202.85	
Total liabilities	2,037,718,375.39	2,037,718,375.39	
Owner's equity:			
Capital stock	426,492,308.00	426,492,308.00	
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Additional paid-in capital	4,507,116,745.59	4,507,116,745.59	
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve	411,397,111.21	411,397,111.21	
Undistributed profit	3,349,520,232.39	3,349,520,232.39	
Total shareholders' equity	8,694,526,397.19	8,694,526,397.19	
Total liabilities and equity	10,732,244,772.58	10,732,244,772.58	

Adjustment description

(4) Description of retrospective adjustment of the previous comparative data for the first implementation of the new lease standard from 2021

Applicable Not applicable

45. Others

NA

VI. Tax

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%

If there are taxpayers with different enterprise income tax rates, the disclosure statement shall present

Name of taxpayer	Income tax rate
Winner Medical, Winner Medical (Huanggang), Winner Medical (Tianmen), Winner Medical (Jingmen), Winner Medical (Chongyang), Winner Medical (Jiayu), Qianhai Purcotton	15.00%

Winner Medical (Hong Kong)	16.50%
Pure HB (Shanghai)	20.00%

2. Tax preference

- (1) On December 23, 2021, 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. GR202144202494). From 2021 to 2023, 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 Fourth Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on December 23, 2021, Jingmen Winner obtained the High-tech Enterprise Certificate (Certificate No. GR202142004475) on December 3, 2021. From 2021 to 2023, 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 Fifth Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on December 23, 2021, Jiayu Winner obtained the High-tech Enterprise Certificate (Certificate No. GR202142005582) on December 17, 2021. From 2021 to 2023, its corporate income tax can still be paid at the preferential rate of 15.00%.
- (6) According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* on December 15, 2021, Chongyang Winner and Tianmen Winner obtained the High-tech Enterprise Certificates (Certificate No. GR202142000579, GR202142002367) on November 15, 2021. From 2021 to 2023, its corporate income tax can still be paid at the preferential rate of 15.00%.
- (7) Pure HB (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 Pure HB (Shanghai) in 2021 shall not exceed 1 million yuan, 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. Others

NA

VII. Notes to items in consolidated financial statements

1. Cash and cash equivalents

Unit: yuan

Item	Closing Balance	Beginning balance
Cash on hand	65,897.39	49,287.18
Bank deposit	4,088,546,364.65	4,149,685,407.20
Other cash and cash equivalents	185,326,064.78	12,804,551.40
Total	4,273,938,326.82	4,162,539,245.78

Where: total amount deposited abroad	11,841,008.78	95,608,086.45
Total amount of funds with restrictions on use due to mortgage, pledge or freeze	185,326,064.78	12,804,551.40

Other description

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

Item	Closing Balance	Balance at the end of previous year
Letter of Credit deposit*1	27,597,366.13	6,958,192.79
Performance bond*2	2,162,025.10	2,369,198.81
Other restricted monetary fund balances*3	155,566,673.55	3,477,159.80
Total	185,326,064.78	12,804,551.40

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

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

*3 The balance of other restricted monetary funds refers to the cash in transit of financial products purchased in the banking accounts of Winner Medical and the balance of special deposit accounts for restricted non-budget units opened by Shenzhen Purecotton 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	3,130,529,709.10	4,131,178,589.44
Including:		
Including: Bank financial products	1,778,361,521.42	3,930,375,900.71
Forward foreign exchange contract	6,334,756.86	802,688.73
Trust products	1,345,833,430.82	200,000,000.00
Including:		
Total	3,130,529,709.10	4,131,178,589.44

Other description:

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
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Unit: yuan

Class	Closing Balance				Book value	Beginning balance				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		Book value
	Amount	Proporti	Amount	Accruin		Amount	Proportio	Amount	Accruing	

		on		g proporti on			n		proportio n	
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	Others	

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
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(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
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(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
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Other description

(6) Notes receivable actually written off at the current period

Unit: yuan

Item	Amount written off
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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 connected transactions
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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	
Including:										
Accounts receivable of provision for bad debt by combination	816,650,641.20	100.00%	41,104,051.78	5.03%	775,546,589.42	888,816,011.14	100.00%	44,498,303.02	5.01%	844,317,708.12
Including:										
Total	816,650,641.20	100.00%	41,104,051.78	5.03%	775,546,589.42	888,816,011.14	100.00%	44,498,303.02	5.01%	844,317,708.12

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: aging analysis method

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year (including 1 year)	812,541,858.45	40,627,093.27	5.00%
1~2 years (including 2 years)	4,023,973.09	402,397.18	10.00%
2~3 years (including 3 years)	14,640.46	4,392.13	30.00%
More than 5 years	70,169.20	70,169.20	100.00%
Total	816,650,641.20	41,104,051.78	--

Description of the basis for determining the combination:

Recognition criteria and description of bad debts by combination: On December 31, 2021, 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, 2021 is estimated based on the aging of accounts and estimated at the original loss ratio.

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 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)	812,541,858.45
1~2 years	4,023,973.09
2~3 years	14,640.46
More than 3 years	70,169.20

More than 5 years	70,169.20
Total	816,650,641.20

(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	Others	
Provision for bad debt of accounts receivable	44,498,303.02	14,560,526.46	17,954,777.70			41,104,051.78
Total	44,498,303.02	14,560,526.46	17,954,777.70			41,104,051.78

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 connected transactions

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	53,239,700.00	6.52%	2,661,985.00
Second	37,163,406.73	4.55%	1,858,170.34
Third	35,962,673.92	4.40%	1,798,133.70
Fourth	22,486,530.30	2.75%	1,124,326.52
Fifth	21,173,173.90	2.59%	1,058,658.70
Total	170,025,484.85	20.81%	

(4) Accounts receivable derecognized due to transfer of financial assets

NA

(5) Amount of assets and liabilities formed by transferring accounts receivables and continuing involvement

NA

Other description:

NA

6. Accounts receivable financing

Unit: yuan

Item	Closing Balance	Beginning balance
Notes receivable - banker's acceptance bill	9,940,272.21	18,182,662.70
Total	9,940,272.21	18,182,662.70

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	2021.12.31		2020.12.31	
	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	19,790,607.90	3,408,110.27	18,706,652.69	4,525,816.87
Total	19,790,607.90	3,408,110.27	18,706,652.69	4,525,816.87

*** 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	104,201,209.67	94.33%	124,030,319.05	100.00%
1~2 years	6,261,384.71	5.67%	920.00	
Total	110,462,594.38	--	124,031,239.05	--

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	44,104,368.85	39.93
Second	11,084,010.92	10.03
Third	3,167,448.30	2.87
Fourth	2,528,039.97	2.29
Fifth	2,332,000.00	2.11
Total	63,215,868.04	57.23

Other description:

8. Other receivables

Unit: yuan

Item	Closing Balance	Beginning balance
Other receivables	329,179,077.01	458,174,652.72
Total	329,179,077.01	458,174,652.72

(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:

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:

(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 Winner Medical (Heyuan)	238,655,320.00	387,655,320.00
Margin and deposit	112,419,848.22	98,537,244.23
Export drawback	7,309,079.43	7,809,612.57
Employee pretty cash	3,238,544.33	2,496,966.71
Others	15,766,563.91	6,013,308.92
Total	377,389,355.89	502,512,452.43

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, 2021	44,337,799.71			44,337,799.71
Balance on January 1, 2021 in the current period	—	—	—	—
- Carried over to Stage 2				
- Carried over to Stage 3	(5,870,314.77)		5,870,314.77	
-- Reversed to Stage 2				
-- Reversed to Stage 1				
Accrual in current period	13,564,017.57		5,870,314.77	19,434,332.34
Reversal in current period	15,466,080.53			15,466,080.53
Other changes	(95,772.64)			(95,772.64)
Balance on December 31, 2021	36,469,649.34		11,740,629.54	48,210,278.88

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)	48,935,151.22
1~2 years	28,415,705.45
2~3 years	258,129,423.45
More than 3 years	41,909,075.77
3~4 years	36,725,907.73
4~5 years	3,057,874.96
More than 5 years	2,125,293.08
Total	377,389,355.89

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	Others	
Provision for bad debts of other receivables	44,337,799.71	19,434,332.34	15,466,080.53		(95,772.64)	48,210,278.88
Total	44,337,799.71	19,434,332.34	15,466,080.53		(95,772.64)	48,210,278.88

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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4) Other receivable 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 connected transactions
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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	238,655,320.00	2-3 years	63.24%	35,798,298.00
Second	Margin and deposit	7,857,968.76	Within 1 year	2.08%	392,898.44
Third	Advance payment receivables	5,870,314.77	1-2 years	1.56%	5,870,314.77
Fourth	Margin and deposit	5,088,270.42	1-2 years	1.35%	254,413.52
Fifth	Margin and deposit	2,746,332.73	Within 1 year	0.73%	137,316.64
Total	--	260,218,206.68	--	68.96%	42,453,241.37

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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NA

7) Other receivables derecognized due to transfer of financial assets

NA

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

NA

Other description:

NA

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	250,762,666.63	5,117,956.28	245,644,710.35	376,925,094.86	8,304,812.08	368,620,282.78

Work in process	172,991,958.16	4,599,718.11	168,392,240.05	131,194,111.13	4,032,195.26	127,161,915.87
Merchandise inventory	1,256,964,242.78	100,692,345.17	1,156,271,897.61	772,693,263.07	136,714,538.94	635,978,724.13
Semi-finished products shipped in transit	16,843,633.88		16,843,633.88	76,790,690.31		76,790,690.31
Low priced and easily worn articles	10,226,415.09	1,852.99	10,224,562.10	8,170,543.67	235,216.55	7,935,327.12
Total	1,707,788,916.54	110,411,872.55	1,597,377,043.99	1,365,773,703.04	149,286,762.83	1,216,486,940.21

(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	Others	Reversal or write-back	Others	
Raw materials	8,304,812.08	14,611,095.58		17,797,951.38		5,117,956.28
Work in process	4,032,195.26	11,096,444.91		10,528,922.06		4,599,718.11
Merchandise inventory	136,714,538.94	77,995,279.61		114,017,473.38		100,692,345.17
Low priced and easily worn articles	235,216.55	2,063.40		235,426.96		1,852.99
Total	149,286,762.83	103,704,883.50		142,579,773.78		110,411,872.55

(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	733,984.30	1,449,440.77
Interest on fixed time deposits/wholesale deposits	50,158,601.37	
VAT input tax to be deducted / uncertified input tax	43,055,676.36	31,138,563.62
Prepaid corporate income tax	17,873,716.95	
Deferred expenses	5,174,471.98	2,595,244.40
Others	1,763,374.60	978.30
Total	118,759,825.56	35,184,227.09

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, 2021 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

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
	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, 2021 in the current period	—	—	—	—

Changes in book balance with significant changes in the current period of provision for loss

 Applicable Not applicable

Other description:

16. Long-term receivables**(1) Long-term receivables**

Unit: yuan

Item	Closing Balance			Beginning balance			Discount rate range
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value	

Impairment of 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, 2021 in the current period	—	—	—	—

Changes in book balance with significant changes in the current period of provision for loss

 Applicable Not applicable**(2) Long-term receivables derecognized due to transfer of financial assets****(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement**

Other description

17. Long-term equity investment

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	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment	Others		
I. Cooperative enterprise											
II. Joint venture											
Chengdu Winner	13,424,230.41			3,525,570.83						16,949,801.24	
Subtotal	13,424,230.41			3,525,570.83						16,949,801.24	
Total	13,424,230.41			3,525,570.83						16,949,801.24	

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 in 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

21. Fixed assets

Unit: yuan

Item	Closing Balance	Beginning balance
Fixed assets	1,477,320,848.63	1,400,749,050.00
Total	1,477,320,848.63	1,400,749,050.00

(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	926,386,555.07	1,064,281,471.00	20,440,318.74	92,956,202.87	2,104,064,547.68
2. Amount increased in current period	71,725,032.00	153,472,843.98	4,639,482.14	38,392,518.35	268,229,876.47
(1) Purchase	42,675,705.50	74,938,175.02	4,639,482.14	37,741,741.57	159,995,104.23
(2) Transfer from construction in progress	29,049,326.50	78,534,668.96		650,776.78	108,234,772.24
(3) Increase by business combination					
3. Amount decreased in current period	3,006,284.90	67,034,449.84	811,746.42	5,977,992.12	76,830,473.28
(1) Disposal or scrap	3,006,284.90	67,034,449.84	811,746.42	5,977,992.12	76,830,473.28
4. Closing Balance	995,105,302.17	1,150,719,865.14	24,268,054.46	125,370,729.10	2,295,463,950.87
II. Accumulated depreciation					
1. Beginning balance	196,666,419.77	343,952,942.83	10,785,778.37	45,364,340.26	596,769,481.23
2. Amount increased in current period	41,413,892.44	98,137,211.90	1,792,990.48	14,554,440.66	155,898,535.48
(1) Accrual	41,413,892.44	98,137,211.90	1,792,990.48	14,554,440.66	155,898,535.48
3. Amount decreased in current period	1,263,240.11	37,096,113.75	419,861.38	3,548,462.43	42,327,677.67
(1) Disposal or scrap	1,263,240.11	37,096,113.75	419,861.38	3,548,462.43	42,327,677.67
4. Closing Balance	236,817,072.10	404,994,040.98	12,158,907.47	56,370,318.49	710,340,339.04
III. Provision for impairment					
1. Beginning balance	47,897,289.81	58,276,333.59		372,393.05	106,546,016.45

2. Amount increased in current period		7,924,893.69			7,924,893.69
(1) Accrual		7,924,893.69			7,924,893.69
3. Amount decreased in current period	2,215,098.79	4,215,961.63		237,086.52	6,668,146.94
(1) Disposal or scrap	2,215,098.79	4,215,961.63		237,086.52	6,668,146.94
4. Closing Balance	45,682,191.02	61,985,265.65		135,306.53	107,802,763.20
IV. Book value					
1. Ending book value	712,606,039.05	683,740,558.51	12,109,146.99	68,865,104.08	1,477,320,848.63
2. Beginning book value	681,822,845.49	662,052,194.58	9,654,540.37	47,219,469.56	1,400,749,050.00

(2) Fixed assets that are temporarily idle

Unit: yuan

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Electronic equipment	11,464.80	9,794.05		1,670.75	Not needed for now
Machinery equipment	2,931,847.02	1,967,885.39	85,913.42	878,048.21	Not needed for now
Total	2,943,311.82	1,977,679.44	85,913.42	879,718.96	

(3) Fixed assets leased out by operating lease

Unit: yuan

Item	Ending book value
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(4) Fixed assets without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
Main plant of Winner Medical (Tianmen) Spunlace Phase II	16,257,581.83	The formalities have not yet been completed
Winner Medical (Jingmen) North Dormitory Building (six storeys)	12,859,291.42	The formalities have not yet been completed
First floor of Tianmen Winner Medical Building	9,479,460.46	The formalities have not yet been completed
Winner Medical (Jingmen) Office Building (four storeys)	6,803,491.83	The formalities have not yet been completed
Winner Medical (Jingmen) North warehouse	6,558,442.20	The formalities have not yet been completed
Second floor of Tianmen Winner Medical Building	5,707,447.63	The formalities have not yet been completed
Winner Medical (Jingmen) New Canteen	1,837,671.15	The formalities have not yet been completed
Winner Medical (Tianmen) Finishing Plant 3 (Mask Plant)	1,124,413.44	The formalities have not yet been completed

Other description

(5) 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	216,096,622.30	61,383,340.97
Total	216,096,622.30	61,383,340.97

(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	28,206,760.19		28,206,760.19	3,103,139.22		3,103,139.22
Winner Medical (Chongyang) engineering project				3,920,741.93		3,920,741.93
Winner Medical (Huanggang) Engineering Project	264,970.51		264,970.51			
Winner Medical (Jiayu) engineering project	4,821,946.07		4,821,946.07	206,839.83		206,839.83
Yichang infrastructure project				829,816.92		829,816.92
Jingmen infrastructure project				11,748,247.37		11,748,247.37
Wuhan Winner engineering project	75,214,244.85		75,214,244.85	25,508,709.25		25,508,709.25
Other equipment to be installed and sporadic projects	109,049,108.52	1,460,407.84	107,588,700.68	17,526,254.29	1,460,407.84	16,065,846.45
Total	217,557,030.14	1,460,407.84	216,096,622.30	62,843,748.81	1,460,407.84	61,383,340.97

(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
Infrastru	48,000,0	4,403,66	22,018,3			26,422,0	55.05%	60.00%				Others

cture project of Winner Medical (Tianmen) Automated warehouse project	00.00	9.72	48.62			18.34					
Non-woven carding machine and spunlace machine in Spunlace Line 3 of Winner Medical (Wuhan)	37,000,000.00		36,849,434.96			36,849,434.96	99.59%	90.00%			Others
Winner Medical (Tianmen) Automated Project equipment and installation project	22,950,000.00		6,092,920.35			6,092,920.35	26.55%	30.00%			Others
Winner Medical (Jingmen) office dormitory building	21,000,000.00	11,654,612.45	7,094,513.67	18,749,126.12			89.28%	100.00%			Others
High-yield carding machine and equipment in de-dusting shop of Winner Medical (Wuhan)	16,000,000.00		15,044,247.76			15,044,247.76	94.03%	90.00%			Others
Pile engineering of 1-3 sorting center of	268,000,000.00		10,000,000.00			10,000,000.00	3.73%	3.73%			Others

Winner Medical (Wuhan) Phase II												
Winner Medical (Wuhan) Phase II main project	110871722.11		49,892,274.96			49,892,274.96	45.00%	45.00%				Others
Winner Medical (Tianmen) Spunlace Phase III Finishing Plant Project	7,600,000.00		4,880,733.94			4,880,733.94	64.22%	70.00%				Others
Total	531,421,722.11	16,058,282.17	151,872,474.26	18,749,126.12		149,181,630.31	--	--				--

(3) Provision for impairment of construction in progress in current period

Unit: yuan

Item	Current accrued amount	Reason for accrual
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Other description

NA

(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	Houses and building	Total
I. Original book value:		
1. Beginning balance	836,548,177.77	836,548,177.77
2. Amount increased in current period	246,481,539.66	246,481,539.66
New lease	246,481,539.66	246,481,539.66
3. Amount decreased in current period	36,413,608.18	36,413,608.18
Disposal	36,413,608.18	36,413,608.18

4. Closing Balance	1,046,616,109.25	1,046,616,109.25
II. Accumulated depreciation		
1. Beginning balance	332,342,440.04	332,342,440.04
2. Amount increased in current period	210,025,059.74	210,025,059.74
(1) Accrual	210,025,059.74	210,025,059.74
3. Amount decreased in current period	27,486,833.97	27,486,833.97
(1) Disposal	27,486,833.97	27,486,833.97
4. Closing Balance	514,880,665.81	514,880,665.81
III. Provision for impairment		
1. Beginning balance		
2. Amount increased in current period		
(1) Accrual		
3. Amount decreased in current period		
(1) Disposal		
4. Closing Balance		
IV. Book value		
1. Ending book value	531,735,443.44	531,735,443.44
2. Beginning book value	504,205,737.73	504,205,737.73

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	215,498,508.06	1,573,637.86		1,710,590.99	44,776,668.88	10,228,226.53	273,787,632.32
2. Amount increased in current period	50,675,510.82				17,489,919.41		68,165,430.23
(1) Purchase	50,675,510.82				17,489,919.41		68,165,430.23
(2) Internal R&D							
(3) Increase by business combination							
3. Amount decreased in current period					4,613,205.00		4,613,205.00
(1) Disposal					4,613,205.00		4,613,205.00

4. Closing Balance	266,174,018.88	1,573,637.86		1,710,590.99	57,653,383.29	10,228,226.53	337,339,857.55
II. Accumulated amortization							
1. Beginning 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
2. Amount increased in current period	4,810,650.67	120,650.11		13,400.00	5,844,942.59		10,789,643.37
(1) Accrued	4,810,650.67	120,650.11		13,400.00	5,844,942.59		10,789,643.37
3. Amount decreased in current period					4,613,205.00		4,613,205.00
(1) Disposal					4,613,205.00		4,613,205.00
4. Closing Balance	28,039,117.18	1,247,454.39		1,674,857.66	30,449,311.14	10,228,226.53	71,638,966.90
III. Provision for impairment							
1. Beginning balance							
2. Amount increased in current period							
(1) Accrued							
3. Amount decreased in current period							
(1) Disposal							
4. Closing Balance							
IV. Book value							
1. Ending book value	238,134,901.70	326,183.47		35,733.33	27,204,072.15		265,700,890.65
2. Beginning book value	192,270,041.55	446,833.58		49,133.33	15,559,095.33		208,325,103.79

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	Others		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 name or goodwill forming matter	Beginning balance	Increase in current period		Decrease in current period		Closing Balance
		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 deferred expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Closing Balance
Decoration cost	16,585,327.02	35,035,282.28	7,873,132.11	21,589.46	43,725,887.73
Decoration expenses for operating leased fixed assets	104,749,680.31	78,454,347.45	47,781,416.46	4,362,728.20	131,059,883.10
Total	121,335,007.33	113,489,629.73	55,654,548.57	4,384,317.66	174,785,770.83

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	308,989,374.25	55,407,470.14	342,367,005.23	65,132,073.97
Unrealized profit of internal transaction	114,388,686.49	23,660,535.47	218,425,773.62	33,265,658.66
Deductible loss	60,670,842.73	15,167,710.69	91,373,086.80	20,778,878.65
Dismission welfare	2,315,103.48	347,265.52	2,318,903.48	347,835.52
Deferred income	109,625,401.82	17,710,015.89	94,921,260.87	15,374,283.41
Member points	10,319,207.78	2,579,801.95	16,282,017.02	4,070,504.26
Expected return and accrued expenses	1,881,955.47	410,114.78	1,316,336.08	329,084.02
Advertising expenses in excess of the tax deductible limit	39,046,992.53	5,857,048.88	256,467.28	64,116.82
Equity incentive fee	10,509,464.48	1,576,419.67	25,132,771.81	3,769,915.77
Total	657,747,029.03	122,716,382.99	792,393,622.19	143,132,351.08

(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	27,097,991.08	4,242,794.56	11,178,589.44	1,754,263.42
Depreciation of fixed assets	52,132,715.97	9,094,365.12	59,458,724.22	10,411,344.82
Total	79,230,707.05	13,337,159.68	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		122,716,382.99		143,132,351.08
Deferred income tax liabilities		13,337,159.68		12,165,608.24

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Closing Balance	Beginning balance
Deductible loss	206,266,023.76	100,460,644.28
Provision for impairment of assets and amortization of depreciation	5,372,991.42	5,508,170.07
Total	211,639,015.18	105,968,814.35

(5) Deductible losses on unrecognized deferred income tax assets will expire in the following year

Unit: yuan

Year	Closing balance	Beginning amount	Remark
2022	14,402,997.46	305,751.35	
2023	25,574,944.59	23,804,062.08	
2024	48,810,687.88	31,489,882.74	
2025	44,934,541.40	38,128,355.56	
2026	65,783,169.18		
No maturity date	6,759,683.25	6,732,592.55	
Total	206,266,023.76	100,460,644.28	--

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 decoration payment	115,571,001.80		115,571,001.80	63,807,415.75		63,807,415.75
Total	115,571,001.80		115,571,001.80	63,807,415.75		63,807,415.75

Other description:

32. Short-term loans**(1) Classification of short-term loans**

Unit: yuan

Item	Closing Balance	Beginning balance
Guaranteed borrowing		120,000,000.00
Fiduciary loan		30,000,000.00
Borrowing interest		71,416.66
Total		150,071,416.66

Description of classification of short-term loans:

Year 2021

- On February 5, 2020, Winner Medical 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, 2021, the loan has been repaid.
- On February 17, 2020, Winner Medical 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, 2021, the loan has been repaid.
- On February 14, 2020, Winner Medical 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, 2021, the loan has been repaid.

4. 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, 2021, the loan has been repaid.

(2) short-term loans unpaid overdue

The total amount of overdue short-term loans at the end of the period is XXXX yuan, 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 monetary liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Including:		
Including:		

Other description:

34. Derivative financial liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

35. Notes payable

Unit: yuan

Type	Closing Balance	Beginning balance
Banker's acceptance bill	36,200,130.04	29,418,100.00
Total	36,200,130.04	29,418,100.00

The total amount of notes payable due and have not been paid at the end of current period is 0.00 yuan.

36. Accounts payable

(1) Presentation of accounts payable

Unit: yuan

Item	Closing Balance	Beginning balance
Within 1 year (including 1 year)	714,681,791.55	711,659,249.43
1~2 years (including 2 years)	16,519,858.09	10,837,529.41
2~3 years (including 3 years)	2,213,757.41	977,275.13
More than 3 years	1,106,083.55	3,103,252.97
Total	734,521,490.60	726,577,306.94

(2) Important accounts payable with the aging more than 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
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Other description:

37. Advance from customers**(1) Presentation of advance from customers**

Unit: yuan

Item	Closing Balance	Beginning balance
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(2) Important advances from customers with the aging more than 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
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38. Contract liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Customer consideration received	330,856,457.64	513,906,240.61
Member points	10,319,207.78	16,282,017.02
Total	341,175,665.42	530,188,257.63

Amount and reasons for significant changes in book value during the reporting period

Unit: yuan

Item	Amount of change	Reason for change
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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	159,456,636.87	1,266,769,672.38	1,251,646,583.07	174,579,726.18
II. Welfare after dismissal - defined contribution plan	8,181,537.46	86,425,388.80	86,820,571.40	7,786,354.86
III. Dismissal welfare	2,318,903.48	772,579.24	776,379.24	2,315,103.48
Total	169,957,077.81	1,353,967,640.42	1,339,243,533.71	184,681,184.52

(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	158,773,217.39	1,160,925,967.18	1,147,781,557.00	171,917,627.57
2. Employee welfare expenses	136,421.00	32,808,824.37	31,046,678.96	1,898,566.41
3. Social insurance premium	392,645.68	42,429,154.82	42,238,184.52	583,615.98
Including: medical insurance premium	232,807.39	37,996,487.96	37,837,568.17	391,727.18
Industrial injury insurance premium	106,558.29	2,032,345.89	2,011,789.61	127,114.57
Birth insurance premium	53,280.00	2,400,320.97	2,388,826.74	64,774.23
4. Housing fund	6,792.00	25,568,824.93	25,570,432.93	5,184.00
5. Labor union expenditure and	147,560.80	5,036,901.08	5,009,729.66	174,732.22

personnel education fund				
Total	159,456,636.87	1,266,769,672.38	1,251,646,583.07	174,579,726.18

(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	8,064,367.91	83,587,246.34	83,981,713.42	7,669,900.83
2. Unemployment insurance premium	117,169.55	2,838,142.46	2,838,857.98	116,454.03
Total	8,181,537.46	86,425,388.80	86,820,571.40	7,786,354.86

Other description:

40. Taxes payable

Unit: yuan

Item	Closing Balance	Beginning balance
Added value tax	4,177,794.77	18,181,804.05
Corporate income tax	80,626,257.39	415,529,360.40
Individual income tax	2,915,638.55	2,036,312.66
Urban maintenance and construction tax	484,733.91	2,884,475.60
Housing property tax	2,544,714.33	2,317,520.34
Education surcharge and local education surcharge	365,615.00	2,193,371.26
Land use tax	1,462,224.90	721,674.83
Environmental protection tax	22,044.78	27,808.56
Stamp duty	1,260,046.05	489,041.79
Total	93,859,069.68	444,381,369.49

Other description:

41. Other payables

Unit: yuan

Item	Closing Balance	Beginning balance
Other payables	443,946,028.46	352,543,008.89
Total	443,946,028.46	352,543,008.89

(1) Interest payable

Unit: yuan

Item	Closing Balance	Beginning balance
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Important overdue and unpaid interest:

Unit: yuan

Borrower	Overdue amount	Overdue reason
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Other description:

(2) Dividends payable

Unit: yuan

Item	Closing Balance	Beginning balance
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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
Payment received from the third party	20,895,856.79	14,357,347.93
Margin and deposit	162,215,690.65	154,311,464.02
Provision of commission	76,615,789.42	68,139,060.51
Freight, advertising expenses and other accrued expenses	176,844,834.39	94,068,852.36
Others	7,373,857.21	21,666,284.07
Total	443,946,028.46	352,543,008.89

2) Important other payable with the aging more than 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
Other description		

Other description

42. Liabilities held for sales

Unit: yuan

Item	Closing Balance	Beginning balance
Other description:		

Other description:

43. Non-current liabilities due within one year

Unit: yuan

Item	Closing Balance	Beginning balance
Lease liabilities due within one year	216,181,531.82	200,505,683.84
Total	216,181,531.82	200,505,683.84

Other description:

44. Other current liabilities

Unit: yuan

Item	Closing Balance	Beginning balance
Refund payable	2,012,198.90	2,765,776.85
Output tax to be transferred	22,153,201.60	20,872,489.62
Total	24,165,400.50	23,638,266.47

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
Total	--	--	--							

Other description:

45. Long-term loans**(1) Classification of long-term borrowing**

Unit: yuan

Item	Closing Balance	Beginning balance
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Description of classification of long-term borrowing:

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
Lease payments	431,547,562.69	415,639,217.32
Unrecognized financing expenses	(49,738,637.60)	(51,810,525.40)
Total	381,808,925.09	363,828,691.92

Other description

48. Long-term payable

Unit: yuan

Item	Closing Balance	Beginning balance
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(1) Long-term payables listed by nature

Unit: yuan

Item	Closing Balance	Beginning balance
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Other description:

(2) Special accounts payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance	Causes
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Other description:

49. Long-term payroll payable**(1) Table of long-term payroll payable**

Unit: yuan

Item	Closing Balance	Beginning balance
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(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
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Planned assets:

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
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Net liabilities (net assets) of defined benefit plan

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
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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
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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
Government subsidies	94,921,260.87	38,902,446.91	24,198,305.96	109,625,401.82	Government subsidies related to assets
Total	94,921,260.87	38,902,446.91	24,198,305.96	109,625,401.82	--

Projects involving government subsidies:

Unit: yuan

Liability item	Beginning balance	Amount of additional subsidy in current period	Amount included in current non-revenue	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	277,085.67			58,333.00			218,752.67	Asset

2012 Provincial high-tech industry development special project - Winner Medical (Huanggang)								related
Subsidy of 2014 Hubei provincial science and technology support plan project (the second batch) - Winner Medical (Huanggang)	712,500.00			150,000.00			562,500.00	Asset related
Subsidy for Huanggang Chibi Avenue demolition company planning change - Winner Medical (Huanggang)	2,482,664.69			105,645.31			2,377,019.38	Asset related
Technology Center R & D project subsidy - the Company	1,055,170.73			299,841.84			755,328.89	Asset related
New medical bandage factory land acquisition land use right grant fee remission of Winner company in Pailou Town, Jingmen - Winner Medical (Jingmen)	629,970.00			20,320.00			609,650.00	Asset related
Subsidy funds for municipal government project infrastructure	9,270,412.50			413,550.00			8,856,862.50	Asset related

e construction - Winner Medical (Chongyang)								
Land subsidies and sewage treatment subsidies - Winner Medical (Jiayu)	10,209,500.01			406,833.34			9,802,666.67	Asset related
2015 Huanggang provincial budget investment plan, Huanggang Winner's cotton spunlaced non-woven (Line 8) extension project subsidy - Winner Medical (Huanggang)	285,000.00			60,000.00			225,000.00	Asset related
2014 Huanggang urban industrial development special fund subsidy - Winner Medical (Huanggang)	118,750.00			25,000.00			93,750.00	Asset related
2014 Hubei provincial budget industrial fixed assets investment plan, 10 billion gauze pad expansion project subsidy - Winner Medical (Tianmen)	34,615.30			34,615.28			0.02	Asset related
2015 Tianmen industrial enterprise key	262,481.00			50,004.00			212,477.00	Asset related

technical transformation and expansion project subsidy - Winner Medical (Tianmen)								
2015 Huanggang urban industrial development special fund (Construction of Weipin 2# production line) - Huanggang Winner	210,000.00			40,000.00			170,000.00	Asset related
Automatic transformation of surgical consumables production line - the Company	1,209,000.00			186,000.00			1,023,000.00	Asset related
2016 Tianmen industrial key technical transformation and expansion project reward - Winner Medical (Tianmen)	312,485.00			50,004.00			262,481.00	Asset related
2017 increase production and expansion equipment subsidy for Tianmen processing & trade - Winner Medical (Tianmen)	100,000.00			15,000.00			85,000.00	Asset related
Yichang gas boiler subsidy - Winner Medical (Yichang)	100,000.09			15,999.96			84,000.13	Asset related
Second batch of	1,307,339.54			209,174.28			1,098,165.26	Asset related

traditional industry transformation subsidy in 2017 - Winner Medical (Huanggang)								
2017 cotton spunlaced non-woven fabric project with the production of 15,000 tons - Winner Medical (Tianmen)	475,471.79			79,245.24			396,226.55	Asset related
Key technical reform and expansion project (cotton spunlung wiper production line project) - Tianmen Winner	702,703.00			108,108.00			594,595.00	Asset related
Production line project with an annual output of 120 million bales of cotton fabric in 2017 - Winner Medical (Tianmen)	706,442.28			107,307.72			599,134.56	Asset related
Second batch of special funds for the transformation and upgrading of traditional industries - Winner Medical (Yichang)	181,250.08			24,999.96			156,250.12	Asset related
Technical innovation subsidy for the Purcotton Phase II	4,491,886.85			166,366.20			4,325,520.65	Asset related

Expansion Project - Winner Medical (Jingmen)								
Key technical reform and expansion project (pure cotton spunlace non-woven fabric production project Phase II) - Tianmen Winner	841,666.71			99,999.96			741,666.75	Asset related
20180311 Subsidies for research, science and innovation on the technology of thermo-responsive self-curing wound regeneration and repair materials - the Company	1,034,412.37			241,698.00			792,714.37	Asset related
2018 provincial traditional industry transformation and upgrading special funds for the second batch of liquidation block fund subsidies - Winner Medical (Jiayu)	1,391,904.76			52,857.14			1,339,047.62	Asset related
Subsidies for first batch of technological transformation award of industrial enterprises in 2018 - Winner Medical	796,532.20			106,157.12			690,375.08	Asset related

(Chongyang)								
Provincial traditional industry transformation and upgrading special funds for the first batch of block funds allocation plan in Tianmen City in 2019 - Winner Medical (Tianmen)	1,160,689.66			136,551.72			1,024,137.94	Asset related
2018 urban technical transformation fund of Huanggang City - Winner Medical (Huanggang)	416,666.70			55,555.52			361,111.18	Asset related
First batch of traditional subsidies in 2019 - Winner Medical (Huanggang)	1,089,000.00			121,000.00			968,000.00	Asset related
2019 district technical improvement subsidy - Winner Medical (Jingmen)	378,461.60			29,112.36			349,349.24	Asset related
2020 technical transformation project of Shenzhen COVID-19 epidemic prevention and control key material production enterprises - the Company	19,500,000.00			2,000,000.00			17,500,000.00	Asset related
Municipal Economic and Information Bureau on	1,189,565.22			751,296.00			438,269.22	Asset related

the issuance of emergency material support system construction technical transformation special subsidy - Winner Medical (Huanggang)								
Central government's budget special fund for municipal financial mask extension energy - Winner Medical (Huanggang)	282,352.94			225,882.36			56,470.58	Asset related
Production subsidy for COVID-19 epidemic prevention materials in 2020 - Huanggang Winner	10,260,000.00			6,840,000.00			3,420,000.00	Asset related
2019 district technical improvement subsidy - Winner Medical (Jingmen)	387,636.35			29,818.20			357,818.15	Asset related
2019 special fund project of the transformation and upgrading of traditional industries - Winner Medical (Jiayu)	723,214.29			26,785.69			696,428.60	Asset related
Surgical gown production line project subsidy - Chongyang Winner	3,711,711.71			432,432.44			3,279,279.27	Asset related
Funds	5,543,025.21			563,697.48			4,979,327.73	Asset

subsidy for purchasing epidemic prevention equipment in key enterprises of “Three Batches” - Chongyang Winner								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	7,708,855.65			582,288.74			7,126,566.91	Asset related
Subsidy of COVID-19 epidemic prevention and control materials production enterprise for capacity expansion & technical upgrading project - Hubei Winner	3,370,836.97			591,720.31			2,779,116.66	Asset related
Equipment purchase subsidy for key enterprise “Three Batches” at provincial levels - Winner Medical (Huanggang		9,370,000.00		6,847,307.73			2,522,692.27	Asset related

) (1*)								
2020 Special funds for the high-quality development of manufacturing - Winner Medical (Huanggang) (2*)		3,000,000.00		308,411.22			2,691,588.78	Asset related
2021 urban technical transformation funds - Winner Medical (Huanggang)		1,050,000.00		9,375.00			1,040,625.00	Asset related
2021 Equipment subsidies during the COVID-19 pandemic - Winner Medical (Jingmen) (3*)		6,800,000.00		1,275,000.00			5,525,000.00	Asset related
2020 Provincial special funds for the high-quality development of manufacturing - Winner Medical (Jiayu) (4*)		1,000,000.00		96,491.22			903,508.78	Asset related
Annual equipment investment subsidies (Spunlace Phase III, stereoscopic warehouse) - Winner Medical (Tianmen) (5*)		15,000,000.00					15,000,000.00	Asset related
1 million level provincial fund for the development of manufacturing - Winner Medical (Wuhan)		1,000,000.00		104,305.17			895,694.83	Asset related

(6*)								
Subsidies to increase production capacity of the emergency supplies support system from the central government - Winner Medical (Wuhan) (7*)		1,600,000.00		41,139.46			1,558,860.54	Asset related
Others		82,446.91		3,074.99			79,371.92	Asset related
Total	94,921,260.87	38,902,446.91		24,198,305.96			109,625,401.82	

Other description:

Projects involving government subsidies:

1* According to the *Notice of the Department of Economy and Information Technology of Hubei Province on Distributing the Subsidiary Fund Distribution Plan for Purchase of Equipment in Key Enterprises of "Three Batches"* (EJXGHH [2020] No. 249), Winner Medical (Huanggang) received the subsidy of RMB 9.37 million in April 2021 for the purchase of mask machines. Since the equipment was consolidated in March 2020 and April 2020 respectively and the amortization period is 2 years, the amortization will be carried out within 12 months and 13 months of the remaining life of the asset from April 2021. As of December 31, 2021, the balance of deferred income is RMB 2,522,692.27, and the amount amortized into the profit and loss of the current period is RMB 6,847,307.73.

2* According to the *Notice of the Department of Economy and Information Technology of Hubei Province on Allocation of Special Funds for the High-Quality Development of Provincial Manufacturing in 2020* (EJXGHH [2020] No. 219) and the *Detailed rules for the Implementation of Special Fund Management for the Transformation and Upgrading of Traditional Industries of Huanggang City* (HCQ [2018] No. 1), Winner Medical (Huanggang) received the subsidy of RMB 3 million in December 2021 for the purchase of a high-speed folder. Since the equipment was capitalized in December 2019, the amortization will be carried out within 107 months of the remaining life of the asset starting from February 2021. As of December 31, 2021, the balance of deferred income is RMB 2,691,588.78, and the amount amortized into the profit and loss of the current period is RMB 308,411.22.

3* According to the *Notice of the Department of Economy and Information Technology of Hubei Province on Distributing the Subsidiary Fund Distribution Plan for Purchase of Equipment in Key Enterprises of "Three Batches"* (EJXGHH [2020] No. 249), 9 assets purchased by Winner Medical (Jingmen) have been consolidated and depreciated within their respective service life. Since Jingmen Winner received the subsidy of RMB 6.8 million in July 2020, it is amortized within the remaining service life of the corresponding assets respectively. As of December 31, 2021, the balance of deferred income is RMB 5,525,000.00, and the amount amortized into the profit and loss of the current period is RMB 1,275,000.00.

4* According to the *Notice of the Department of Economy and Information Technology of Hubei Province on Allocation of Special Funds for the High-Quality Development of Provincial Manufacturing in 2020* (EJXGHH [2020] No. 219), Winner Medical (Jiayu) received the provincial traditional industry transformation and upgrading special funds of RMB 1 million for purchase subsidy of 18 equipments. The assets involved in this project were capitalized in June 2020 and amortized according to the remaining life 9.5 years of the assets. As of December 31, 2021, the balance of deferred income is RMB 903,508.78, and the amount amortized into the profit and loss of the current period is RMB 96,491.22.

5* According to the Letter of Tianmen Bureau of Economy and Information Technology on Allocating Subsidy funds for the Construction of Central Emergency Supplies Support System in 2020, Winner Medical (Tianmen)

obtained the annual equipment investment subsidies of RMB 4.67 million and RMB 10.33 million (Spunlace Phase III and stereoscopic warehouse) in February and May 2021 respectively, totaling RMB 15 million. As related assets have not been consolidated, they have not been amortized.

6* According to the *Notice of the Department of Economy and Information Technology of Hubei Province on Printing and Distributing the Guide on Application for Special Funds for the High-Quality Development of Provincial Manufacturing in 2021* (EJXGH [2021] No. 88), Winner Medical (Wuhan) received the subsidy of RMB 1 million in May 2021 for the purchase of 17 assets. As the assets involved have been consolidated, they are amortized within the remaining service life of the corresponding assets respectively. As of December 31, 2021, the balance of deferred income is RMB 895,694.83, and the amount amortized into the profit and loss of the current period is RMB 104,305.17.

7* According to the *Notice of the Department of Finance of Hubei Province on Application for Subsidies for the Construction of Central Emergency Supplies Support System* (ECCF (2020) No. 32), Winner Medical (Wuhan) received a subsidy of RMB 1.6 million for the production line of epidemic prevention materials in October 2021 for purchase of 21 assets. As the assets involved have been consolidated, they are amortized within the remaining service life of the corresponding assets respectively. As of December 31, 2021, the balance of deferred income is RMB 1,558,860.5, and the amount amortized into the profit and loss of the current period is RMB 41,139.46.

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	Others	Subtotal	
Total amount of shares	426,492,308.00						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. Additional paid-in capital

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
Capital premium (capital stock premium)	4,457,762,555.30			4,457,762,555.30
Other capital surplus	23,947,427.94	67,911,113.57		91,858,541.51

Total	4,481,709,983.24	67,911,113.57		4,549,621,096.81
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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
Treasury stock		257,992,366.68		257,992,366.68
Total		257,992,366.68		257,992,366.68

Other description, including current increase/decrease and change reasons:

57. Other comprehensive income

Unit: yuan

Item	Beginning balance	Amount incurred in current period					Attributable to the parent company after tax	Attributable to minority shareholders after tax	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				
II. Other comprehensive income that will be reclassified into profit and loss	(1,111,035.08)	(830,700.50)				(445,900.35)	(384,800.15)	(1,556,935.43)	
Foreign currency reporting translation discrepancy	(1,111,035.08)	(830,700.50)				(445,900.35)	(384,800.15)	(1,556,935.43)	
Total other comprehensive income	(1,111,035.08)	(830,700.50)				(445,900.35)	(384,800.15)	(1,556,935.43)	

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

Other description, including current increase/decrease and change reasons:

59. Surplus reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	420,212,778.13			420,212,778.13
Total	420,212,778.13			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	5,126,630,011.14	1,718,075,177.67
Total undistributed profits at the beginning of the adjustment period (+ for increase and - for decrease)	(60,128,638.03)	
Undistributed profits at the beginning of the period after adjustment	5,066,501,373.11	1,718,075,177.67
Plus: Net profits attributable to the owners of parent company in the current period	1,239,320,067.26	3,810,412,504.40
Less: withdrawal legal surplus		303,357,670.93
Common stock dividends payable	767,686,154.40	98,500,000.00
Undistributed profits at the end of the period	5,538,135,285.97	5,126,630,011.14

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, 0.00 yuan of the undistributed profit at the beginning of the period was affected.
- 2) Due to the change of accounting policy, -60,128,638.03 yuan of the undistributed profit at the beginning of the period was affected.
- 3) Due to the correction of major accounting errors, 0.00 yuan 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, 0.00 yuan of the undistributed profit at the beginning of the period was affected.
- 5) 0.00 yuan 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	7,976,221,600.59	3,995,298,393.86	12,437,774,260.04	5,013,032,168.77
Other businesses	61,199,212.32	32,948,252.31	96,171,686.59	57,390,132.99
Total	8,037,420,812.91	4,028,246,646.17	12,533,945,946.63	5,070,422,301.76

Whether the net profit deducting non-recurring profit and loss after audit is negative

Yes No

Income related information:

Unit: yuan

Contract classification	Medical consumables	Healthy consumer goods	Total
Type of goods			
Including:			
Main business	3,922,006,868.38	4,054,214,732.21	7,976,221,600.59
Other businesses	61,199,212.32		61,199,212.32
Classified by operating area			
Including:			
Domestic sales	2,289,563,590.31	4,054,214,732.21	6,343,778,322.52
Overseas sales	1,693,642,490.39		1,693,642,490.39
Market or customer type			
Including:			

Contract type				
Including:				
Classified by commodity transfer time				
Including:				
Classified by contract period				
Including:				
Classified by sales channels				
Including:				
Total				

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 126,034,200.03, of which RMB 126,034,200.03 is expected to be recognized as income in 2022.

Other description

62. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	26,709,162.04	59,435,664.56
Education surcharge	12,172,848.90	26,320,395.32
Housing property tax	8,202,839.28	5,926,418.32
Land use tax	5,356,635.09	2,027,167.21
Vehicle and vessel use tax	15,402.27	14,323.60
Stamp duty	4,334,626.82	5,893,961.68
Surcharge for local education	8,372,544.74	16,589,229.97
Environmental protection tax	140,942.02	221,322.94
Others	85,050.00	140,737.75
Total	65,390,051.16	116,569,221.35

Other description:

63. Selling and marketing

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	535,320,245.23	397,499,114.63
Travel expenses	14,589,718.50	8,983,106.15
Office communication costs	12,577,824.48	15,438,257.66
Sales commission	222,716,753.83	285,232,187.12
Insurance premiums	5,302,498.97	7,140,391.33
Depreciation and amortization	52,193,907.26	92,468,599.20
Advertising and promotion expenses	692,445,882.66	372,944,041.90
Lease and property management fees	152,728,211.40	294,980,913.63
Material consumption	5,212,855.45	11,464,378.72

Water/electricity fee	11,632,395.90	9,181,005.97
Service fees	6,522,845.03	9,840,472.61
Others	86,048,976.09	69,991,443.57
Depreciation of Right-of-use assets	191,875,674.76	
Total	1,989,167,789.56	1,575,163,912.49

Other description:

64. General and administrative

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	298,562,603.50	213,994,465.12
Depreciation and amortization charge	35,794,417.00	40,246,232.86
Travel expenses	4,380,791.71	3,925,947.37
Office allowance	4,475,089.91	7,898,820.35
Consultant and intermediary service fees	14,590,734.04	31,718,741.96
Water/electricity fee	9,396,543.04	4,996,195.22
Communication expense	18,015,557.80	13,327,325.02
Maintenance and debugging expenses	23,082,184.26	41,219,106.78
Material consumption	7,873,344.53	28,768,975.44
IPO cost		15,551,190.73
Depreciation of Right-of-use assets	18,149,384.98	
Others	20,069,298.13	35,318,445.37
Total	454,389,948.90	436,965,446.22

Other description:

65. Research and development

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	126,551,089.29	94,315,577.68
Depreciation and amortization	15,510,211.39	23,962,990.53
Material	119,134,692.81	229,378,046.60
Other miscellaneous expenses	36,966,372.67	63,726,558.99
Total	298,162,366.16	411,383,173.80

Other description:

66. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenses	434,844.98	3,614,778.86
Interest expenses of lease liabilities	29,553,772.26	
Less: Interest revenue	137,186,581.16	23,340,834.75
Less: Financial discount interest	797,400.00	2,810,700.00
Exchange gain or loss	(607,837.15)	239,426,448.65
Others	1,103,839.96	1,751,275.56
Total	(107,499,361.11)	218,640,968.32

Other description:

67. Other incomes

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period

Government subsidies	102,353,195.81	70,291,282.76
Total	102,353,195.81	70,291,282.76

68. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment gains measured by employing the equity method	3,525,570.83	4,565,754.26
Investment income from purchasing financial products	15,019,953.42	17,019,368.90
Investment income from disposal of tradable financial assets	84,692,023.73	
Total	103,237,547.98	21,585,123.16

Other description:

69. Net exposure hedging

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
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Other description:

70. Income from changes in fair value

Unit: yuan

Sources of gains from fair value change	Amount incurred in current period	Amount incurred in previous period
Forward foreign exchange contract	6,334,756.86	802,688.73
Bank financial products and trust products	52,139,711.50	10,375,900.71
Total	58,474,468.36	11,178,589.44

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	(3,968,251.81)	(13,426,561.35)
Loss on bad debts of accounts receivable	3,394,251.24	(22,515,131.48)
Total	(574,000.57)	(35,941,692.83)

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	(92,740,339.23)	(141,565,283.29)
V. Impairment loss of fixed assets	(7,924,893.69)	(97,161,058.39)
VII. Impairment loss of construction in progress		(1,460,407.84)
Total	(100,665,232.92)	(240,186,749.52)

Other description:

73. Gains from asset disposal

Unit: yuan

Source of income from disposal of assets	Amount incurred in current period	Amount incurred in previous period
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Gains from disposal of non-current assets	3,275,886.08	15,447.79
Including: Gains on disposal of fixed assets	28,225.52	15,447.79
Gains from disposal of right-of-use assets	3,247,660.56	
Loss on disposal of non-current assets	(25,437.81)	(5,681.93)
Including: Loss on disposal of fixed assets	(25,437.81)	(5,681.93)
Total	3,250,448.27	9,765.86

74. Non-revenue

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	1,982,375.49	1,490,813.60	1,982,375.49
Non-current assets scrap gains	1,196,285.18	632,816.66	1,196,285.18
Income from compensation or fines	1,348,234.56	553,853.86	1,348,234.56
Others	1,513,123.84	1,550,023.44	1,513,123.84
Total	6,040,019.07	4,227,507.56	6,040,019.07

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
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 -		Reward		No	No		300,000.00	Income related

Tianmen Winner								
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
Others				No	No	5,075.49	212,200.00	Income related
Rewards from government on foreign exchange through exports in 2020 - Winner Medical (Chongyang)		Reward		No	No	180,000.00		Income related
Tax Contribution Award for Industrial Enterprises - Chongyang Winner		Reward		No	No	600,000.00		Income related
Mayor Quality Award 2020 of Longhua District received by ICBC - Winner Medical		Reward		No	No	1,000,000.00		Income related
Awards on		Reward		No	No	197,300.00		Income

opening up of foreign trade enterprises from the Municipal Commerce Bureau - Winner Medical (Huanggang)								related
Total						1,982,375.49	1,490,813.60	

Other description:

75. Non-operating expenses

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
External donations	4,497,184.74	2,303,609.26	4,497,184.74
Loss on damage and scrap of non-current assets	13,527,120.74	26,557,319.27	13,527,120.74
Including: Loss on scrap of fixed assets	13,527,120.74	26,557,319.27	13,527,120.74
Others	895,001.31	4,644,896.54	895,001.31
Total	18,919,306.79	33,505,825.07	18,919,306.79

Other description:

76. Income tax expenses**(1) Income tax expenses table**

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	196,937,865.17	740,992,371.76
Deferred income tax expenses	21,378,341.19	(61,400,866.60)
Adjustment of the previous annual income tax amount in the current period	6,999,437.58	318,358.65
Total	225,315,643.94	679,909,863.81

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	1,462,760,511.28
Income tax expenses calculated at the appropriate/applicable tax rate	219,414,076.69
Impact of different tax rates applied on subsidiaries	794,428.59
Impact of income tax before adjustment	6,999,437.58
Impact of non-deductible costs, expenses and losses	18,608,894.80
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	15,804,080.67
Impact of weighted deduction of R&D costs	(36,305,274.39)
Income tax expenses	225,315,643.94

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	15,037,420.79	3,081,911.81
Interest income received* 1	42,673,242.80	23,340,834.75
Government subsidies received	119,837,112.25	123,396,713.03
Others	9,185,867.26	33,163,382.40
Total	186,733,643.10	182,982,841.99

Explanation on other cash received related to operating activities: *1 Excluding interest income from CDS.

(2) Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Management expenses and R&D expenses paid in cash	124,259,182.05	157,769,645.84
Selling expenses paid in cash	282,879,625.34	405,213,437.73
Deposit, margin and quality guarantee deposit paid	43,490,664.87	19,754,562.48
Bank handling charge	1,103,839.96	1,751,275.56
Others	15,768,791.30	4,322,867.95
Total	467,502,103.52	588,811,789.56

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
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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
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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
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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
Principal and interest of lease liabilities paid	233,452,456.57	
Repurchased treasury stock paid	257,992,366.68	

Total	491,444,823.25	33,727,072.53
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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	1,237,444,867.34	3,822,549,060.24
Plus: Provision for impairment of assets	101,239,233.49	276,128,442.35
Depreciation of fixed assets, oil and gas assets and productive biological assets	155,898,535.48	147,635,980.81
Depreciation of Right-of-use assets	210,025,059.74	
Amortization of intangible assets	10,789,643.37	10,988,997.61
Amortization of long-term deferred expenses	55,654,548.57	99,119,620.61
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	(3,250,448.27)	(9,765.86)
Loss on retirement of fixed assets (gains expressed with "-")	12,330,835.56	25,924,502.61
Loss from fair value change (gains expressed with "-")	(58,474,468.36)	(11,178,589.44)
Financial expenses (gains expressed with "-")	(62,543,190.63)	(1,312,647.36)
Investment losses (gains expressed with "-")	(103,237,547.98)	(21,585,123.16)
Decreased in deferred income tax assets (increase expressed with "-")	20,206,789.76	(73,566,474.84)
Increase in deferred income tax liabilities (decrease expressed with "-")	1,171,551.44	12,165,608.24
Decrease in inventories (increase expressed with "-")	(473,630,443.01)	(365,641,049.64)
Decrease in operating receivables (increase expressed with "-")	(27,098,897.28)	(499,624,352.97)
Increase in operating payables (decrease expressed with "-")	(289,569,059.18)	1,272,381,877.68
Others	84,732,891.89	73,520,200.51
Net cash flow from operating activities	871,689,901.93	4,767,496,287.39
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	4,088,612,262.04	4,149,734,694.38
Less: Beginning balance of cash	4,149,734,694.38	459,169,719.65
Plus: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase of cash and cash equivalents	(61,122,432.34)	3,690,564,974.73

(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	4,088,612,262.04	4,149,734,694.38
Including: cash on hand	65,897.39	49,287.18
Bank deposit readily available for payment	4,088,546,364.65	4,149,685,407.20
III. Balance of cash and cash equivalents at end of period	4,088,612,262.04	4,149,734,694.38

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:

Not applicable.

81. Assets with ownership or use rights restricted

Unit: yuan

Item	Ending book value	Causes for restriction
Cash and cash equivalents	185,326,064.78	For details, see "1. Monetary Funds, VII. Notes to Items in Consolidated Financial Statements" of Section 10 Financial Statements
Fixed assets	6,567,843.41	For details, see "1. Urban Renewal Project of Winner Industrial Park, 7. Other important matters affecting the decision-making of investors, XVI. Other important issues" of Section 10 Financial Statements
Total	191,893,908.19	--

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
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Cash and cash equivalents	--	--	211,304,211.64
Including: USD	29,934,189.09	6.3757	190,851,409.38
EUR	925,201.16	7.2197	6,679,674.81
HKD	16,386,640.74	0.8176	13,397,717.47
Yen	4,960,507.92	0.0554	274,812.14
Ringgit	65,892.34	1.5267	100,597.84
Accounts receivable	--	--	204,411,955.36
Including: USD	30,221,063.60	6.3757	192,680,435.20
EUR	190,050.34	7.2197	1,372,106.44
HKD	10,829,513.87	0.8176	8,854,210.54
Ringgit	985,919.42	1.5267	1,505,203.18
Other receivables			1,739.66
Including: Ringgit	1,139.49	1.5267	1,739.66
Accounts payable			10,234,002.17
Including: USD	209,718.97	6.3757	1,337,105.24
EUR	26,518.80	7.2197	191,457.78
HKD	7,386,468.03	0.8176	6,039,176.26
Yen	2,553,600.00	0.0554	141,469.44
Ringgit	1,653,758.73	1.5267	2,524,793.45
Other payables			80,708,558.62
Including: USD	10,965,868.63	6.3757	69,915,088.62
HKD	12,371,013.41	0.8176	10,114,540.56
Ringgit	444,703.90	1.5267	678,929.44
Long-term loans	--	--	
Including: USD			
EUR			
HKD			

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			
Subsidy of 2014 Hubei provincial science and technology support plan project (the second batch) - Winner Medical (Huanggang)	1,500,000.00	Deferred income	150,000.00
Subsidy for Huanggang Chibi Avenue demolition company	3,169,359.20	Deferred income	105,645.31

planning change - Winner Medical (Huanggang)			
Technology Center R & D project subsidy - the Company	12,420,000.00	Deferred income	299,841.84
Subsidy funds for municipal government project infrastructure construction - Winner Medical (Chongyang)	12,406,500.00	Deferred income	413,550.00
Park project construction in Yuyue Town - Jiayu Winner	9,880,000.00	Deferred income	406,833.34
Automatic transformation of surgical consumables production line - the Company	1,860,000.00	Deferred income	186,000.00
Second batch of traditional industry transformation subsidy in 2017 - Winner Medical (Huanggang)	1,900,000.00	Deferred income	209,174.28
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 in 2017 - Winner Medical (Tianmen)	930,000.00	Deferred income	107,307.72
Technical innovation subsidy for the Purcotton Phase II Expansion Project - Winner Medical (Jingmen)	4,755,300.00	Deferred income	166,366.20
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	241,698.00
Subsidies for first batch of technological transformation award of industrial enterprises in 2018 - Winner Medical (Chongyang)	1,000,000.00	Deferred income	106,157.12
Provincial traditional industry transformation and upgrading special funds for the first batch of block funds allocation plan in Tianmen City in 2019 - Winner Medical (Tianmen)	1,320,000.00	Deferred income	136,551.72
First batch of traditional subsidies in 2019 - Winner Medical (Huanggang)	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	2,000,000.00
Municipal Economic and Information Bureau on the issuance of emergency material support system construction technical transformation special subsidy - Winner Medical (Huanggang)	1,440,000.00	Deferred income	751,296.00
Production subsidy for	11,400,000.00	Deferred income	6,840,000.00

COVID-19 epidemic prevention materials in 2020 - Huanggang Winner			
Surgical gown production line project subsidy - Chongyang Winner	4,000,000.00	Deferred income	432,432.44
Funds subsidy for purchasing epidemic prevention equipment in key enterprises of "Three Batches" - Chongyang Winner	5,590,000.00	Deferred income	563,697.48
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 - Wuhan Winner	8,000,000.00	Deferred income	582,288.74
Subsidy of COVID-19 epidemic prevention and control materials production enterprise for capacity expansion & technical upgrading project - Wuhan Winner	3,645,000.00	Deferred income	591,720.31
Equipment purchase subsidy for key enterprise "Three Batches" at provincial levels - Winner Medical (Huanggang)	9,370,000.00	Deferred income	6,847,307.73
2020 Special funds for the high-quality development of manufacturing - Winner Medical (Huanggang)	3,000,000.00	Deferred income	308,411.22
2021 urban technical transformation funds - Winner Medical (Huanggang)	1,050,000.00	Deferred income	9,375.00
2021 Equipment subsidies during the COVID-19 pandemic - Winner Medical (Jingmen)	6,800,000.00	Deferred income	1,275,000.00
2020 Provincial special funds for the high-quality development of manufacturing - Winner Medical (Jiayu)	1,000,000.00	Deferred income	96,491.22
Annual equipment investment subsidies (Spunlace Phase III, stereoscopic warehouse) - Winner Medical (Tianmen)	15,000,000.00	Deferred income	
1 million level provincial fund for the development of manufacturing - Winner Medical (Wuhan)	1,000,000.00	Deferred income	104,305.17
Subsidies to increase production capacity of the emergency supplies support system from the central government - Winner Medical (Wuhan)	1,600,000.00	Deferred income	41,139.46
Others	11,625,301.34	Deferred income	996,607.66
Total	159,071,460.54		24,198,305.96

2. Government subsidies related to income			
Special fund for industrial development from Longhua District Industry and Information Bureau - the Company	585,900.00	Other incomes	585,900.00
Subsidies for shipping cotton in 2019 collected	1,739,600.00	Other incomes	1,739,600.00
2020 special funds for stable industrial growth granted by Finance Bureau to ICBC	20,000,000.00	Other incomes	20,000,000.00
Domestic marketing and listing subsidies - the Company	3,500,000.00	Other incomes	3,500,000.00
Special funds for strategic emerging industries - the Company	1,032,300.00	Other incomes	1,032,300.00
Foreign trade premium growth fund - the Company	1,573,787.00	Other incomes	1,573,787.00
Capacity expansion project award - the Company	13,333,300.00	Other incomes	13,333,300.00
Special subsidies for industrial development from the Finance Bureau - the Company	2,500,000.00	Other incomes	2,500,000.00
Science and Technology Innovation Award - the Company	816,000.00	Other incomes	816,000.00
Funding for the cultivation of high-tech enterprises - the Company	1,000,000.00	Other incomes	1,000,000.00
Special funds for economic development - Shenzhen Purcotton	1,400,300.00	Other incomes	1,400,300.00
Incentives for capacity expansion of industrial enterprises - Shenzhen Purcotton	8,524,000.00	Other incomes	8,524,000.00
Enterprise R & D funding - Shenzhen Purcotton	776,000.00	Other incomes	776,000.00
Subsidies for expanding incentive programs - Shenzhen Purcotton	6,666,700.00	Other incomes	6,666,700.00
Special funds for enhancement support program of quality and brand - Shenzhen Purcotton	800,000.00	Other incomes	800,000.00
Consumption promotion support funds in 2021 - Qianhai Purcotton	500,000.00	Other incomes	500,000.00
Post-recognition subsidy for high-tech enterprises, post-innovation platform subsidy - Winner Medical (Huanggang)	1,050,000.00	Other incomes	1,050,000.00
Integration of IT application with industrialization and invisible champion award - Winner Medical (Huanggang)	800,000.00	Other incomes	800,000.00
Planned project fund - Winner Medical (Huanggang)	600,000.00	Other incomes	600,000.00
Electricity subsidies for	1,015,602.25	Other incomes	1,015,602.25

COVID-19 pandemic prevention and control - Winner Medical (Tianmen)			
Subsidies for shipping cotton - Winner Medical (Tianmen)	1,351,100.00	Other incomes	1,351,100.00
Enterprise and school project subsidies - Winner Medical (Jingmen)	1,000,000.00	Other incomes	1,000,000.00
Financial discount interest	797,400.00	Financial expenses	797,400.00
Received Mayor Quality Award 2020 of Longhua District	1,000,000.00	Non-revenue	1,000,000.00
Others	8,572,676.09	Other income / Non-revenue	8,572,676.09
Total	80,934,665.34		80,934,665.34

(2) Return of government subsidies

Applicable Not applicable

Other description:

85. Others

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

Other description:

NA

(2) Combination cost and goodwill

Unit: yuan

Combination cost	
- Cash	
- Fair value of non-cash assets	
- Fair value of liabilities issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value of equity held prior to the acquisition date on the acquisition date	
- Others	
- Total combination cost	
Less: Share of the fair value of the identifiable net assets acquired	
Amount of goodwill/combination cost less than the share of the fair value of the identifiable net assets acquired	

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
Assets:		
Cash and cash equivalents		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowing		
Payables		
Deferred income tax liabilities		
Net assets		
Less: Minority equity		
Net assets acquired		

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	Basis of business	Merger date	Basis for determinatio	Income of the	Net profit of the	Income of the	Net profit of the

	obtained in business combination	combination under common control		n of merger date	combined party from the beginning of current period to the date of combination	combined party from the beginning of current period to the date of combination	combined party during the comparison period	combined party during the comparison period
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Other description:

(2) Combination cost

Unit: yuan

Combination cost	
- Cash	
- Book value of non-cash assets	
- Book value of liabilities issued or assumed	
- Face value of equity securities issued	
- Contingent consideration	

Contingent consideration and explanation of its changes:

Other description:

(3) Book value of assets and liabilities of the combined party on the date of combination

Unit: yuan

	Merger date	End of previous period
Assets:		
Cash and cash equivalents		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowing		
Payables		
Net assets		
Less: Minority equity		
Net assets acquired		

Contingent liabilities of the combined party incurred in business combination

Other description:

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:

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:

6. Others

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)	Heyuan City, Guangdong Province	Heyuan City, Guangdong Province	There is no actual business operation at present	100.00%		Establishment
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 1*	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:

1* Mifu Shanghai was cancelled on February 21, 2022.

(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. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

(1) Description of changes in the owner's equity share in the subsidiary

Not applicable.

(2) Impact of transactions on minority shareholders' equity and shareholders' equity attributable to the owners of parent company

Unit: yuan

Purchase cost/disposal consideration	
- Cash	
- Fair value of non-cash assets	
Total purchase cost/disposal consideration	
Less: Share of net assets of subsidiaries calculated by proportion of equity acquired/disposed	
Difference	
Including: Adjust capital surplus	
Adjust surplus reserve	
Adjust undistributed profit	

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 about Important Cooperative Enterprises

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Current assets		
Including: cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Noncontrolling interest		
Shareholders' equities attributable to the owners of parent company		
Share of net assets in proportion to shareholding		
Adjustment items		
- Goodwill		
- Unrealized profit of internal transaction		
- Others		
Book value of equity investment in joint ventures		
Fair value of equity investment in joint ventures with public offer		
Revenue		
Financial expenses		
Income tax expenses		
Net profit		
Net profits from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures in the current year		

Other description

Not applicable.

(3) Major Financial Information About Important Jointly Operated Enterprises

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Noncontrolling interest		
Shareholders' equities attributable to the owners of parent company		
Share of net assets in proportion to shareholding		
Adjustment items		
- Goodwill		
- Unrealized profit of internal transaction		
- Others		
Book value of equity investment in associated enterprises		
Fair value of equity investment in associated enterprises with public offer		
Revenue		
Net profit		
Net profits from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associated enterprises in the current year		

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	16,949,801.24	13,424,230.41
Total number of following items by shareholding ratio	--	--
- Net profit	3,525,570.83	4,565,754.26
- Total comprehensive income	3,525,570.83	4,565,754.26

Other description

(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. Others

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.

(I) 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.

(II) 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
Notes payable		36,200,130.04				36,200,130.04
Accounts payable		734,521,490.60				734,521,490.60
Other payables		443,946,028.46				443,946,028.46
Lease liabilities		240,795,667.26	189,493,128.55	808,798,827.96		1,239,087,623.77
Total		1,455,463,316.36	189,493,128.55	808,798,827.96		2,453,755,272.87

Item	Balance at the end of previous year					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	Total
Short-term loans		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

(III) 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 continues to monitor foreign currency transactions and the size of foreign currency assets and liabilities to minimize exposure to foreign exchange. 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 Company did not enter into any forward foreign exchange contracts or currency swap contracts during the current and previous periods.

The exchange rate risk faced by the Company mainly come from financial assets and financial liabilities denominated in USD. The amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are listed as follows:

Item	Closing Balance					
	US dollar	EUR	HKD	Yen	Ringgit	Total
Foreign currency financial assets						
Cash and cash equivalents	190,851,409.38	6,679,674.81	13,397,717.47	274,812.14	100,597.84	211,304,211.64
Accounts receivable	192,680,435.20	1,372,106.44	8,854,210.54		1,505,203.18	204,411,955.36
Other receivables					1,739.66	1,739.66
Subtotal	383,531,844.58	8,051,781.25	22,251,928.01	274,812.14	1,607,540.68	415,717,906.66
Foreign currency financial liabilities						
Accounts payable	1,337,105.24	191,457.78	6,039,176.26	141,469.44	2,524,793.45	10,234,002.17
Other payables	69,915,088.62		10,114,540.56		678,929.44	80,708,558.62
Subtotal	71,252,193.86	191,457.78	16,153,716.82	141,469.44	3,203,722.89	90,942,560.79
Net amount	312,279,650.72	7,860,323.47	6,098,211.19	133,342.70	(1,596,182.21)	324,775,345.87

On December 31, 2021, if the RMB appreciates or depreciates by 5% against USD / EUR / HKD / Yen / Ringgit, all other variables being held constant, the net profits of the Company will be increased or decreased by RMB 13,738,289.79. Management considers that 5% is a reasonable reflection of the reasonable range of possible changes in RMB against USD in the next year.

3. Other price risks

Other price risks refer to the risks that the fair value or future cash flow of financial instruments fluctuates due to the change of market price rate other than exchange rate risk and interest rate risk.

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		1,784,696,278.28	1,345,833,430.82	3,130,529,709.10
1. Financial assets measured with fair value and with the changes included in current profit and loss		1,784,696,278.28	1,345,833,430.82	3,130,529,709.10
(1) Debt instruments investment		1,784,696,278.28	1,345,833,430.82	3,130,529,709.10
1. Accounts receivable financing		9,940,272.21		9,940,272.21
Total assets continuously measured at fair value		1,794,636,550.49	1,345,833,430.82	3,140,469,981.31
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. Others

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	16,949,801.24	13,424,230.41
Total number of following items by shareholding ratio		
- Net profit	3,525,570.83	4,565,754.26
— Other comprehensive income		
— Total comprehensive income	3,525,570.83	4,565,754.26

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 6.83% of the Company's shares
Xiamen Leyuan Investment Partnership (Limited Partnership)	Shareholder of the Company, holding 4.14% of the Company's

	shares
Xiamen Yutong Investment Partnership (Limited Partnership)	Shareholder of the Company, holding 2.20% of the Company's shares
SCGC	Shareholder of the Company, holding 1.99% of the Company's shares
Xiamen Huikang Investment Partnership (Limited Partnership)	Shareholder of the Company, holding 1.33% of the Company's shares
Xiamen Zepeng Investment Partnership (limited partnership)	Shareholder of the Company, holding 0.68% 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 of the Company, holding 13.94% of the Company's shares
Li Xiaoyuan	Shareholder of the Company, 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, outgoing in current period
Zhou Xiaoxiong	Independent director, outgoing in current period
Bi Qun	Independent director, outgoing in current period
Liu Weiwei	Chairman of the board of supervisors, outgoing in current period
Ye Yangjing	Supervisor, outgoing in current period
Key Ke Liu	Independent director, take office in current period
Peng Jianfeng	Independent director, take office in current period
Xie Jiawei	Independent director, take office in current period
Zhang Tingting	Chairman of the board of supervisors, take office in current period
Liu Hua	Supervisor, take office in current period
Wang Ying	Supervisor
Yin Wenling	Deputy general manager, outgoing in current period
Zhang Li	Deputy general manager, take office in current period
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	Purchasing goods or services	35,219,394.72			8,983,368.26
Chengdu Winner	Purchasing goods	280,008.49			356,964.47

	or services				
Breo	Purchasing goods or services	84,650.44			107,172.57

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
Ellassay	Selling goods or services	59,342.47	1,407,141.59
SCGC	Selling goods or services	130,787.61	230,380.54

Connected transaction of purchases and sales of goods, provision and acceptance of services

Not applicable.

(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

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

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

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

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

The Company as the secured party

Unit: yuan

Guarantor	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Qianhai Purcotton, Shenzhen Purcotton, Li Jianquan	50,000,000.00	February 05, 2020	February 05, 2021	No
Shenzhen Purcotton	200,000,000.00	February 14, 2020	February 14, 2021	No
Li Jianquan	20,000,000.00	February 17, 2020	February 17, 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.

(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	11,225,549.33	11,404,125.60

(8) Other connected 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	1,925,119.44	96,255.97	39,800.00	1,990.00
Accounts receivable	Ellassay			746,070.00	37,303.50
Accounts receivable	SCGC	35,880.00	1,794.00	-	-
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	69,711.48	67,630.00
Accounts payable	Wuhan Zhuoling	17,557,893.52	4,705,258.45
Accounts payable	Breo		51,511.50
Contract liabilities	Chengdu Winner		1,193,017.20
Contract liabilities	SCGC	11,946.90	29,486.73

7. Related party commitment

NA

8. Others

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 12 billion yuan, the ownership proportion at the Company level is 100%; in case of 10 billion yuan \leq the audited revenue in 2021 < 12 billion yuan, the ownership proportion at the Company level is 80%; in case of the audited business income in 2021 < 10 billion yuan, 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 management 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 stocks of directors and senior management 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	91,858,541.52
Total amount of expenses recognized by equity-settled share-based payments in current period	68,120,291.90

Other description

The first attribution period fails to meet the performance conditions and becomes invalid.

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

NA

5. Others

NA

XIV. Commitment and contingencies

1. Important commitment issues

Important commitments on balance sheet date

- (1) 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, 2021, the outstanding contracts among the large-value contracts signed by the Company and its subsidiaries that are being or are about to be performed are as follows:

Project name	Amount
Winner Medical (Chongyang) - Purification decoration and HVAC engineering for Phase II surgical gown workshop	3,285,000.00
Winner Medical (Huanggang) - Sanitary pads packaging production line	7,420,000.00
Winner Medical (Huanggang) - Sanitary pads production equipment	31,500,000.00
Jiayu Winner- New plant project costs	895,189,115.88
Winner Medical (Tianmen) - EO sterilization workshop	4,232,500.00
Winner Medical (Tianmen) - Intelligent 3D e-commerce warehouse for pure cotton business	50,547,500.00
Tianmen Winner - spunlace seven thread	22,809,900.00
Tianmen Winner - spunlace seven thread - cotton cleaner	24,835,768.00
Winner Medical (Wuhan) - Funds for pile engineering of 1-3 sorting center	258,000,000.00
Winner Medical (Wuhan) - Phase II engineering fund	60,979,447.15
Total	1,358,799,231.03

2. Contingencies

(1) Important contingencies on balance sheet date

The Company has no significant contingencies to be disclosed as of December 31, 2021.

(2) Explanation is also required if the Company has no important contingencies to be disclosed

The Company has no important contingencies to be disclosed.

3. Others

NA

XV. Post-balance sheet events

1. Important non-adjustment items

Unit: yuan

Item	Description	Influence number	Reasons for
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		of financial position and operating results	influence number cannot be estimated
Important foreign investments	On April 08, 2022, the Company held the fifth meeting of the Third Board of Directors and deliberated and approved the <i>Proposal on Acquisition of 55% Equity of Longterm Medical</i> . The Company plans to use its own funds of RMB 727.54 million for acquisition of 55% equity of Zhejiang Longterm Medical Technology Co., Ltd. from Mr. Wu Kangping, Ms. Huang Lepei and Mr. Wu Di. Longterm Medical is mainly engaged in the R&D, production and sales of high-end wound dressing (including silicone rubber foam, hydrocolloid, silica gel, aquogel, film application and stoma products). The transaction parties signed the <i>Equity Transfer Agreement of Zhejiang Longterm Medical Technology Co., Ltd.</i> on April 8, 2022.		

2. Profit distribution

Unit: yuan

Profits or dividends to be distributed	377,763,884.10
Profits or dividends declared for distribution after deliberation and approval	377,763,884.10

3. Sales return

The Company has no significant sales returns after the balance sheet date.

4. Other post-balance sheet events

NA

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. Assets 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
Other description						

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, two reporting segments have been determined, respectively: medical consumables and health consumer goods. 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)	Unallocated	Total
Revenue	3,983,206,080.68	4,054,214,732.23		8,037,420,812.91
Costs	2,091,899,484.86	1,936,347,161.31		4,028,246,646.17
Assets impairment loss & credit impairment loss	57,501,336.49	46,705,131.00	(2,967,234.00)	101,239,233.49
Depreciation expense and amortization expense	67,175,336.55	246,348,258.84		313,523,595.39
Operating profit / loss	870,436,027.53	438,158,425.02	167,045,346.45	1,475,639,799.00
Non-revenue and expense			(12,879,287.72)	(12,879,287.72)
Assets and liabilities				
Total assets	5,441,722,100.96	3,370,887,494.54	4,454,000,604.87	13,266,610,200.37
Total liabilities	950,676,601.26	1,279,372,778.69	349,452,607.68	2,579,501,987.63

(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 Galaxy Real Estate Development Co., Ltd. (hereinafter referred to as “Galaxy 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, Bao’an 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. At present, one to six storeys of Office Building 2, one to six storeys of Dormitory Building 3 and one to six storeys of Dormitory Building 4 have been mortgaged.

(2) Cooperation mode

The Company agrees to entrust the target land and building to Galaxy Real Estate for application for approval of the urban renewal unit plan, and accepts the relocation compensation of Galaxy Real Estate according to the conditions agreed in this agreement. Galaxy 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 Galaxy 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.

Galaxy 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: 400 million yuan; 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.

(3) Current progress

Up to now, Galaxy Real Estate has paid the first margin of 50 million yuan and the second advance compensation of 100 million yuan for demolition to the Company according to the agreement. The project was announced in September 2019 and approved in December 2019. 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 Galaxy Real Estate without interest within 30 days after the termination of the contract.

2. Heyuan investment and construction project

(1) 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, Winner Medical (Heyuan) 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 the project land of Winner Medical (Heyuan).

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 Winner Medical (Heyuan)'s 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 30 million yuan 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 2,655,320.00 yuan. The land transfer deposit of 3 million yuan shall be returned to the Company and compensate for the economic loss of 550 million yuan. 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, 2021, the Company has received the land transfer deposit of 3 million yuan returned by the People's Government of Zijin County and paid the compensation of 314 million yuan. 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

Winner Medical (Heyuan)'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 Winner Medical (Chongyang). Hubei Winner and Winner Medical (Chongyang) have sufficient capacity to undertake the aforementioned production, logistics and warehousing business originally intended to be undertaken by Winner Medical (Heyuan). The above matters of Winner Medical (Heyuan) 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	528,512,638.89	100.00%	26,295,000.03	4.98%	502,217,638.86	711,959,379.83	100.00%	32,314,540.44	4.54%	679,644,839.39
Including:										
Aging analysis combination	521,018,955.26	98.58%	26,295,000.03	5.05%	494,723,955.23	644,741,680.92	90.56%	32,314,540.44	5.01%	612,427,140.48
Other combination	7,493,683.63	1.42%			7,493,683.63	67,217,698.91	9.44%			67,217,698.91
Total	528,512,638.89	100.00%	26,295,000.03	4.98%	502,217,638.86	711,959,379.83	100.00%	32,314,540.44	4.54%	679,644,839.39

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	7,493,683.63	0.00	0.00%
Total	7,493,683.63	0.00	--

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)	518,947,822.64	25,947,391.23	5.00%
1~2 years (including 2 years)	1,614,247.44	161,424.81	10.00%
2~3 years (including 3 years)	386,715.98	116,014.79	30.00%
More than 5 years	70,169.20	70,169.20	100.00%
Total	521,018,955.26	26,295,000.03	--

Description of the basis for determining the combination:

On December 31, 2021, 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, 2021 is estimated based on the aging of accounts and estimated at the original loss ratio.

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 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)	524,223,728.98
1~2 years	1,614,247.44
2~3 years	386,715.98
More than 3 years	2,287,946.49
3~4 years	1,728,440.97
4~5 years	489,336.32
More than 5 years	70,169.20
Total	528,512,638.89

(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	Others	
Provision for bad debt of accounts receivable	32,314,540.44	6,950,424.96	12,969,965.37			26,295,000.03
Total	32,314,540.44	6,950,424.96	12,969,965.37			26,295,000.03

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 connected 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	37,163,406.73	7.03%	1,858,170.34
Second	35,962,673.92	6.80%	1,798,133.70
Third	21,173,173.90	4.01%	1,058,658.70
Fourth	17,964,338.96	3.40%	898,216.95
Fifth	17,338,183.10	3.28%	866,909.16
Total	129,601,776.61	24.52%	

(5) Accounts receivable derecognized due to transfer of financial assets

NA

(6) Amount of assets and liabilities formed by transferring accounts receivables and continuing involvement

NA

Other description:

NA

2. Other receivables

Unit: yuan

Item	Closing Balance	Beginning balance
Other receivables	218,099,656.42	361,160,139.37
Total	218,099,656.42	361,160,139.37

(1) Interest receivable**1) Classification of interest receivable**

Unit: yuan

Item	Closing Balance	Beginning balance
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2) Important overdue interest

Borrower	Closing Balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis
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Other description:

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:

(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 Winner Medical (Heyuan)	238,655,320.00	387,655,320.00
Export drawback	7,187,293.68	7,190,798.48
Margin and deposit	5,370,048.01	3,650,806.01
Employee pretty cash	333,170.12	175,183.18
Others	2,795,640.07	1,528,756.45
Total	254,341,471.88	400,200,864.12

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, 2021	39,040,724.75			39,040,724.75
Balance on January 1, 2021 in the current period	—	—	—	—
Accrual in current period	11,603,126.70			11,603,126.70
Reversal in current period	14,402,035.99			14,402,035.99
Balance on December 31, 2021	36,241,815.46			36,241,815.46

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)	12,850,615.74
1~2 years	2,815,513.64
2~3 years	238,675,342.50
Total	254,341,471.88

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	Others	
Provision for bad debts of other	39,040,724.75	11,603,126.70	14,402,035.99			36,241,815.46

receivables					
Total	39,040,724.75	11,603,126.70	14,402,035.99		36,241,815.46

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 receivable 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 connected 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 Heyuan project	238,655,320.00	2-3 years	93.83%	35,798,298.00
Second	Deposit	2,544,135.21	Within 1 year	1.00%	127,206.76
Third	Deposit	2,311,115.80	Within 1 year	0.91%	115,555.79
Fourth	Others	424,131.00	Within 1 year	0.17%	21,206.55
Fifth	Deposit	399,599.00	Within 1 year	0.16%	19,979.95
Total	--	244,334,301.01	--	96.07%	36,082,247.05

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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NA

7) Other receivables derecognized due to transfer of financial assets

NA

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

NA

Other description:

NA

3. Long-term equity investment

Unit: yuan

Item	Closing Balance	Beginning balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	908,737,678.63	4,086,994.48	904,650,684.15	728,737,678.63	4,086,994.48	724,650,684.15
Investment in associated enterprises and joint enterprises	16,949,801.24		16,949,801.24	13,424,230.41		13,424,230.41
Total	925,687,479.87	4,086,994.48	921,600,485.39	742,161,909.04	4,086,994.48	738,074,914.56

(1) Investment 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	Others		
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	80,000,000.00				130,000,000.00	
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	4,086,994.48
Winner Medical (Heyuan)	100,000,000.00					100,000,000.00	
Winner Medical (Wuhan)	100,000,000.00					100,000,000.00	
PureH2B	50,000,000.00	100,000,000.00				150,000,000.00	
Pure HB (Shanghai)	100,000.00					100,000.00	
Total	724,650,684.15	180,000,000.00				904,650,684.15	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 of period
		Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment	Others		
I. Cooperative enterprise											
II. Joint venture											

Chengdu Winner	13,424,230.41			3,525,570.83					16,949,801.24
Subtotal	13,424,230.41			3,525,570.83					16,949,801.24
Total	13,424,230.41			3,525,570.83					16,949,801.24

(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	3,750,575,739.60	2,431,548,447.53	8,810,788,637.62	4,299,577,993.11
Other businesses	46,506,912.98	6,176,043.52	79,322,320.00	24,356,964.05
Total	3,797,082,652.58	2,437,724,491.05	8,890,110,957.62	4,323,934,957.16

Income related information:

Unit: yuan

Contract classification	Segment 1	Segment 2		Total
Type of goods				
Including:				
Classified by operating area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
Classified by commodity transfer time				
Including:				
Classified by contract period				
Including:				
Classified by sales channels				
Including:				
Total				

Information related to performance obligations:

NA

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 0.00, of which RMB is expected to recognize the income, RMB is expected to recognize the income and

RMB is expected to recognize the income.

Other description:

5. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment gains measured by employing the equity method	3,525,570.83	4,565,754.26
Investment income from purchasing financial products	15,019,953.42	14,559,320.69
Investment income from disposal of tradable financial assets	70,324,759.75	
Total	88,870,284.00	19,125,074.95

6. Others

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	(9,080,387.29)	
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the regular business of a company and continuously enjoyed in accordance with national policies, a certain standard quota or quantity of the state	105,132,971.30	
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 and tradable financial liabilities, as well as the investment income from disposal of tradable financial assets, tradable financial liabilities, and available-for-sale financial assets.	158,186,445.51	
Income and expenditure other than those mentioned above	(2,530,827.65)	
Less: Amount affected by income tax	41,394,596.42	
Amount of minority shareholders' equity affected	(878.83)	
Total	210,314,484.28	--

Details of other profit and loss items that conforming to the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have details of other profit and loss items that conforming to the definition of non-recurring profit and loss.

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

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	11.76%	2.91	2.91
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	9.76%	2.41	2.41

3. Differences in Accounting Data under Domestic and Foreign Accounting Standards

(1) The difference 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) The difference between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards (IAS) 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. Others

NA

In case of a divergence of the interpretation the Chinese version of the annual report shall prevail