



FOR THE HEALTH FOR THE FUTURE  
为明天 为健康

Joincare Pharmaceutical Group Industry Co., Ltd.

# Interim Report 2022

【Mission】 For the health, For the future

【Vision】 Attentively Develop High-quality Medicines and Innovative Medicines

【Core Values】 Putting People at the first place, Valuing Workmanship and Quality,  
Pursuing Innovation and Integrity, Promoting Cooperation and Sharing

## Important Notice

- I The Board of Directors (the “Board”), the Board of Supervisors and directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report (the “Report”), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.
- II All the directors of the Company attended the Board meeting.
- III The interim report of the Company is unaudited.
- IV Mr. Zhu Baoguo (朱保国), the person-in-charge of the Company, and Mr. Qiu Qingfeng (邱庆丰), the person-in-charge of the Company’s accounting work and the person-in-charge of the accounting department (the head of the accounting department), declare that they hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in the Report.
- V Profit distribution plan or plan for conversion of capital reserve to share capital approved by the Board during the Reporting Period  
Not applicable
- VI Risk declaration for the forward-looking statements  
 Applicable  N/A  
The Report contains forward-looking statements which involve the future plans, development strategies, etc. of the Company, yet do not constitute substantive undertakings of the Company to investors. Investors should exercise caution prior to making investment decisions.
- VII Whether there is non-operating use of funds by the controlling shareholder and their related parties  
No
- VIII Whether there is a violation of the prescribed decision-making procedures to provide external guarantees  
No
- IX Whether more than half of directors cannot warrant the truthfulness, accuracy and completeness of the Report disclosed by the Company  
No
- X Significant risk warnings  
There is no exceptionally significant risk that will have a material impact on the productions and operations of the Company during the Reporting Period. The Company has described various risks related to productions and operations that the Company may face and the corresponding response measures taken. Please refer to “Risks” in Chapter 3 “Management Discussion and Analysis”.
- XI Others  
 Applicable  N/A
- XII The Report is prepared in both Chinese and English. In case of any discrepancies between two versions, the Chinese version shall prevail.



MEDICAL TREATMENT  
MONEY MANAGEMENT  
DISEASE COVERAGE

HEALTH  
DIAGNOSIS  
MEDICATION

RY  
BENEFITS

PRESSURE MEASURING  
PROTECTION  
ACCIDENT

FOR THE HEALTH FOR THE FUTURE

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HEALTH CARE  
DIAGNOSIS  
MEDICAL CARE

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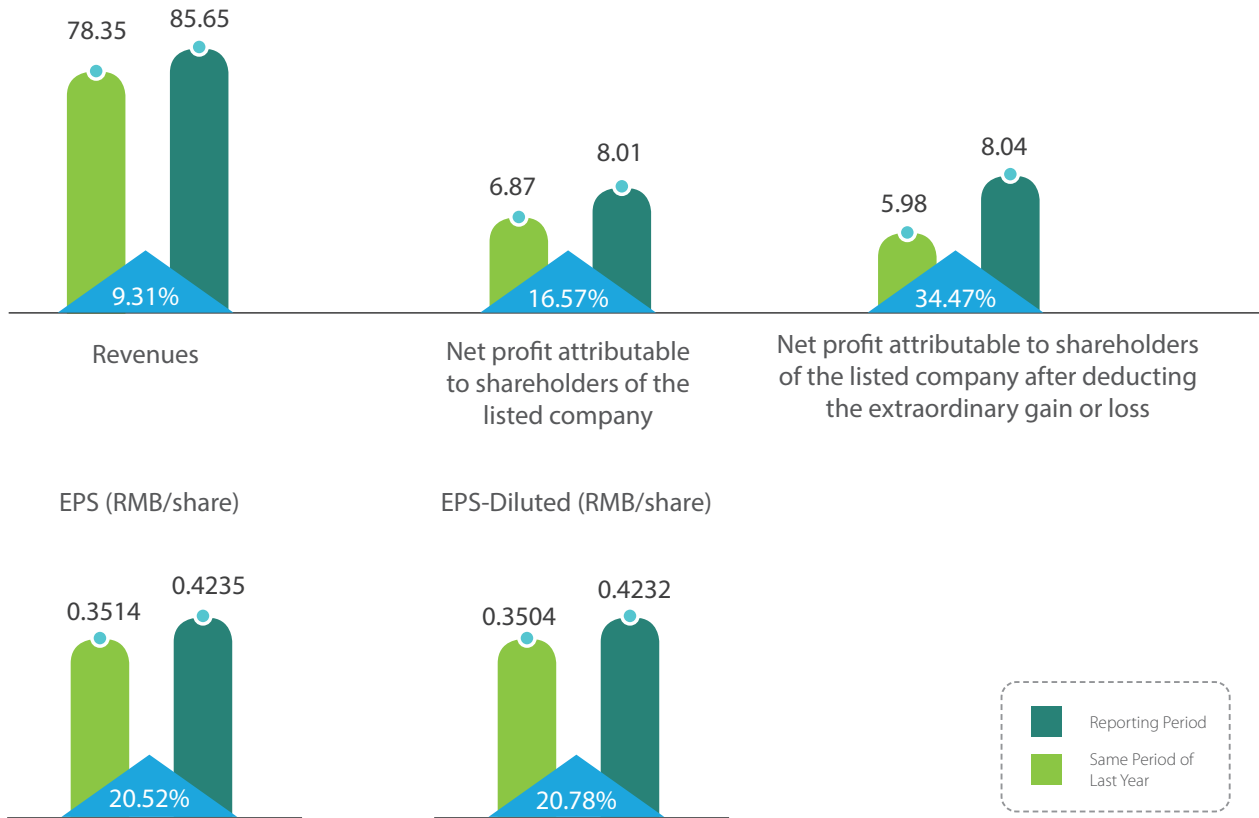
List of documents available for inspection

The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department)

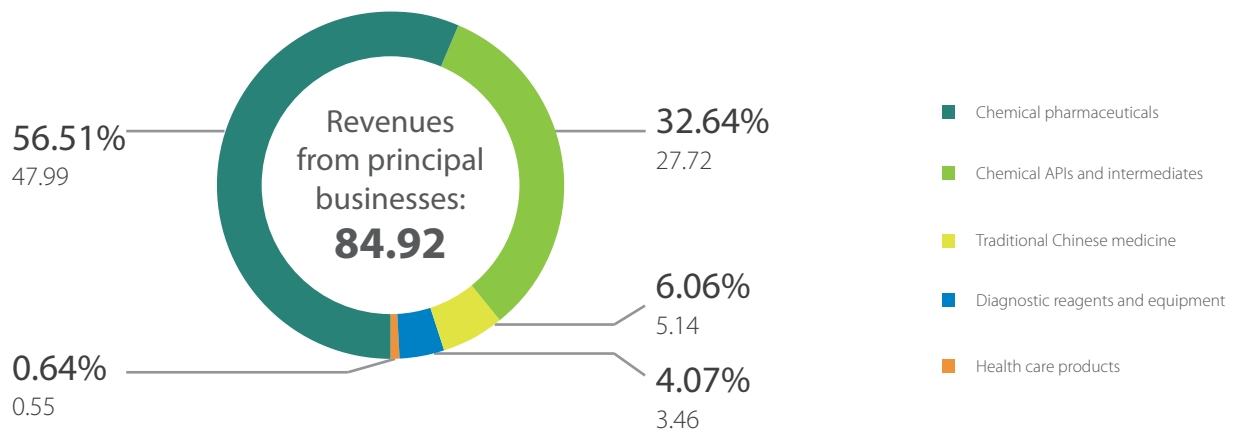
The original copies of all documents and announcements of the Company which have been disclosed to the public on the website designated by CSRC during the Reporting Period

## Financial Highlights

### 1. Major financial indicators (RMB100 million)

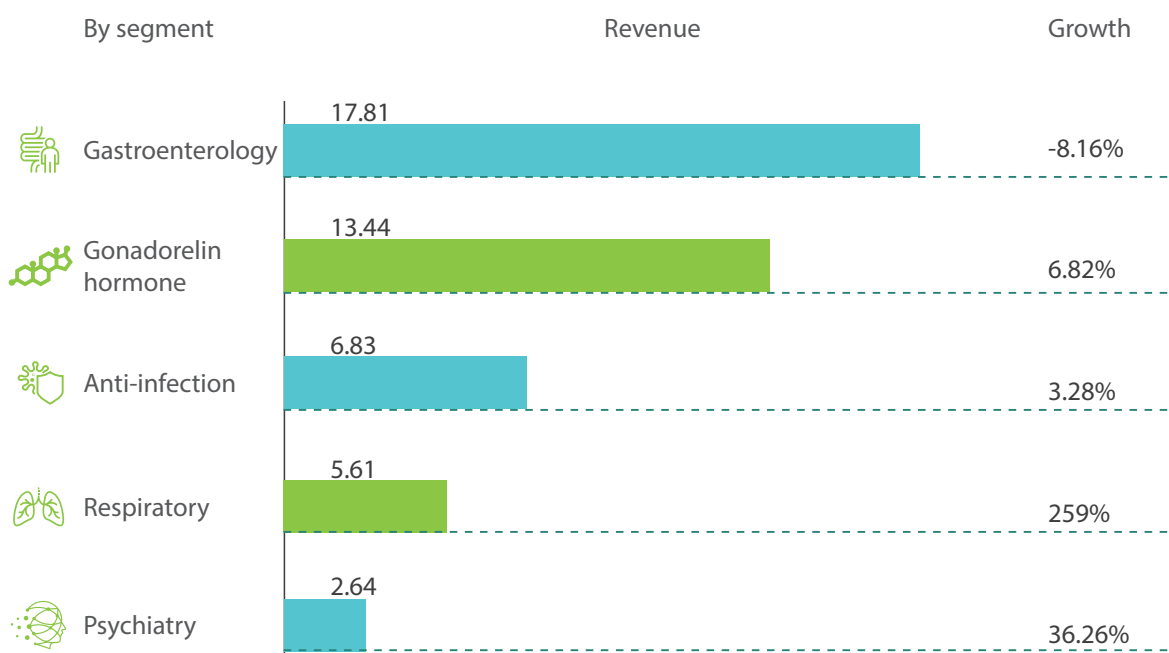


### 2. Principal businesses (RMB100 million)

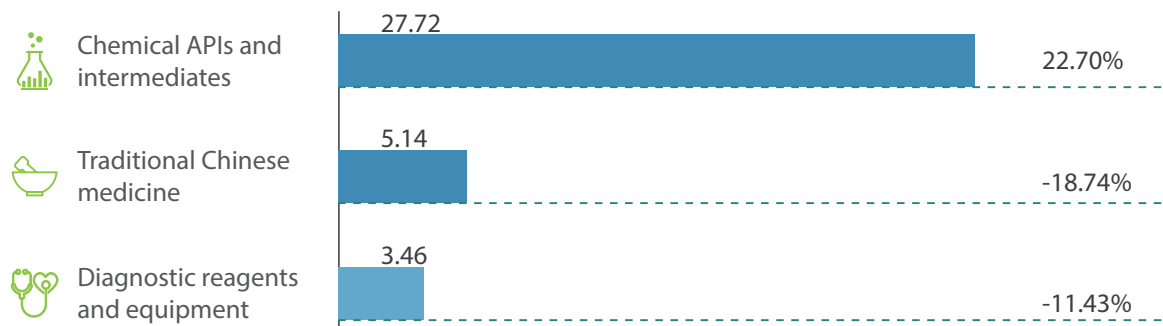


### 3. Segment growth (RMB100 million)

#### Chemical pharmaceuticals



By product	Revenue	Growth
 Chemical APIs and intermediates	27.72	22.70%
 Traditional Chinese medicine	5.14	-18.74%
 Diagnostic reagents and equipment	3.46	-11.43%





## Chapter 1 Definitions

In this Report, unless the context otherwise requires, the following expressions shall have the following meanings:

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
SZSE	Refers to	Shenzhen Stock Exchange
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百业源投资有限公司)
Company or the Company	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd.* (健康元药业集团股份有限公司)
GDR	Refers to	Global Depositary Receipts
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
BE	Refers to	Bioequivalence
BLA	Refers to	Biologics License Application
WHO	Refers to	World Health Organization
CDE	Refers to	Center for Drug Evaluation
EUA	Refers to	Emergency Use Authorizations
KOL	Refers to	Key Opinion Leader
MVR	Refers to	Mechanical Vapor Recompression
QC	Refers to	Quality Control
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc.* (丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd.* (新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd.* (深圳太太药业有限公司)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.* (健康元海滨药业有限公司)
Taitai Genomics	Refers to	Shenzhen Taitai Genomics Inc. Co., Ltd.* (深圳太太基因工程有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司)
Joincare Daily-Use	Refers to	Joincare Daily-Use & Health Care Co., Ltd.* (健康元日用保健品有限公司)
Topsino	Refers to	Topsino Industries Limited* (天诚实业有限公司)
Fenglei Electric Power	Refers to	Shenzhen Fenglei Electric Power Investment Co., Ltd.* (深圳市风雷电力投资有限公司)



Definitions of common terms		
Health Pharmaceutical	Refers to	Health Pharmaceutical (China) Co., Ltd.* (健康药业(中国)有限公司)
Hiyeh Industry	Refers to	Shenzhen Hiyeh Industry Co., Ltd.* (深圳市喜悦实业有限公司)
Shanghai Frontier	Refers to	Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.* (上海方予健康医药科技有限公司)
Appraisal Institution	Refers to	Guangdong Taitai Forensic Test Institute* (广东太太法医物证司法鉴定所)
Hong Kong Pharmaceutical	Refers to	Hong Kong Health Pharmaceutical Industry Company Limited* (香港健康药业有限公司)
Health Investment	Refers to	Health Investment Holdings Ltd.
Joincare Special Medicine Food	Refers to	Joincare (Guangdong) Special Medicine Food Co., Ltd.* (健康元(广东)特医食品有限公司)
Livzon MAB	Refers to	Livzon MABPharm Inc.* (珠海市丽珠单抗生物技术有限公司)
Livzon Diagnostics	Refers to	Zhuhai Livzon Diagnostics Inc.* (珠海丽珠试剂股份有限公司)
Xinbeijiang Pharmaceutical	Refers to	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (丽珠集团新北江制药股份有限公司)
Ningxia Pharmaceutical	Refers to	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.* (丽珠集团(宁夏)制药有限公司)
Gutian Fuxing	Refers to	Gutian Fuxing Pharmaceutical Co., Ltd.* (古田福兴医药有限公司)
Fuzhou Fuxing	Refers to	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (丽珠集团福州福兴医药有限公司)
Livzon Hecheng	Refers to	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (珠海保税区丽珠合成制药有限公司)
Livzon Limin	Refers to	Livzon Group Limin Pharmaceutical Manufacturing Factory* (丽珠集团利民制药厂)
Livzon Pharmaceutical Factory	Refers to	Livzon Group Livzon Pharmaceutical Factory* (丽珠集团丽珠制药厂)
Shanghai Livzon	Refers to	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.* (上海丽珠制药有限公司)
Sichuan Guangda	Refers to	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.* (四川光大制药有限公司)
Jiaozuo Hecheng	Refers to	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (焦作丽珠合成制药有限公司)
Jinguan Electric Power	Refers to	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.* (焦作金冠嘉华电力有限公司)
Tianjin Tongrentang	Refers to	Tianjin Tongrentang Group Co., Ltd.* (天津同仁堂集团股份有限公司)
LivzonBio	Refers to	Zhuhai Livzon Biotechnology Co., Ltd.* (珠海市丽珠生物医药科技有限公司)
National COVID-19 Vaccine Working Group	Refers to	Working group for vaccine development under the State Council joint prevention and control mechanism against COVID-19
COVID-19	Refers to	A new coronavirus (SARS-CoV-2)
COVID-19 pandemic or pandemic	Refers to	The outbreak of the disease caused by a new coronavirus called SARS-CoV-2
Ruihua Certified Public Accountants	Refers to	Ruihua Certified Public Accountants (Special General Partnership)
Reporting Period	Refers to	From 1 January 2022 to 30 June 2022
End of the Reporting Period	Refers to	30 June 2022
Currency or unit	Refers to	RMB unless otherwise specified

\*For identification purpose only

MEDICAL  
CARE



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Company  
Profile and  
Major Financial  
Indicators

2

## Chapter 2 Company Profile and Major Financial Indicators

### I Company profile

Chinese name of the Company	健康元药业集团股份有限公司
Abbreviation of the Chinese name	健康元
English name of the Company	Joincare Pharmaceutical Group Industry Co., Ltd.
Abbreviation of the English name	Joincare
Legal representative of the Company	Zhu Baoguo

### II Contact persons and contact details

	Board Secretary	Representative of Securities Affairs
Name	Zhao Fengguang (赵凤光)	Li Hongtao(李洪涛), Luo Xiao(罗逍)
Address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Telephone	0755-86252656, 0755-86252388	0755-86252656, 0755-86252388
Fax	0755-86252165	0755-86252165
E-mail	zhaofengguang@joincare.com	lihongtao@joincare.com, luoxiao@joincare.com

### III Introduction of the Company's basic information

Registered address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Historical changes in registered address	Registered at B5, Hengfeng Industrial City, Hezhou Community, Huangtian Village, Xin'an Town, Bao'an County on 18 December 1992 Changed its registered address to 4-5/F, Dongpeng Building, Shangmeilin Industrial Area, Futian District, Shenzhen on 25 May 1994 Changed its registered address to 24/F, Block B, Fujian Building, Caitian South Road, Futian District, Shenzhen on 4 July 1995 Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 333, Shennan East Road, Shenzhen on 20 June 1997 Changed its registered address to Taitai Pharmaceutical Industrial Building, the 5th Industrial Area, Nanshan District, Shenzhen on 22 September 2000 Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 5002, Shennan East Road, Luohu District, Shenzhen on 4 June 2003 Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 29 January 2008 Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 27 November 2012
Office address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Postal code of Office address	518057
Website	<a href="http://www.joincare.com">http://www.joincare.com</a>
E-mail	joincare@joincare.com
Index for query of changes during the Reporting Period	There was no change during the Reporting Period

## IV Introduction of changes in information disclosure and places for inspection

Name of designated newspapers for information disclosure by the Company	China Securities Journal, Securities Times, Securities Daily, and Shanghai Securities News
Website for publication of the interim report	http://www.sse.com.cn
Place for inspection of the interim report of the Company	Office address of the Company
Index for query of changes during the Reporting Period	There was no change during the Reporting Period

## V Company stock profile

Class of stock	Listed on	Stock Abbreviation	Stock code	Stock abbreviation prior to change
A Share	Shanghai Stock Exchange	健康元	600380	太太药业, S健康元

## VI Other relevant information

Applicable  N/A

## VII Principal accounting data and financial indicators of the Company

### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	Reporting Period	Same Period Last Year	Increase/(decrease) for the Reporting Period as compared to the same period last year
	(From January to June)		(%)
Revenues	8,564,945,285.55	7,835,372,274.66	9.31
Net profit attributable to Shareholders of the listed company	801,268,519.50	687,347,494.53	16.57
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss	803,994,432.03	597,892,327.43	34.47
Net cash flow from operating activities	1,902,953,224.79	745,787,513.36	155.16
	End of the Reporting Period	End of the Last Year	Increase/decrease as at the end of the Reporting Period as compared to the end of last year
			(%)
Net assets attributable to Shareholders of the listed company	11,922,666,818.93	11,820,293,656.69	0.87
Total assets	32,181,512,667.29	31,103,900,389.29	3.46

## (II) Major Financial Indicators

Major Financial Indicators	Reporting Period (From January to June)	Same Period Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
EPS (RMB/share)	0.4235	0.3514	20.52
EPS Diluted (RMB/share)	0.4232	0.3504	20.78
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.4249	0.3057	38.99
Weighted average return on net assets (%)	6.65	6.04	Increased by 0.61 percentage point
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	6.67	5.26	Increased by 1.41 percentage points

Description of principal accounting data and financial indicators of the Company

Applicable  N/A

At the end of the Reporting Period, the net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss was RMB804 million, representing a year-on-year increase of 34.47%, mainly due to the growth of the sales revenues from the chemical pharmaceuticals and APIs products during the Reporting Period, which is the main driver of the growth of the net incomes. The net cash flow from operating activities was RMB1,903 million, representing a year-on-year increase of 155.16%, mainly due to an increase of cash collections of sales revenues during the Reporting Period.

## VIII Differences in accounting data under domestic and foreign accounting standards

Applicable  N/A

## IX Items and amounts of extraordinary gains and losses

Applicable  N/A

Unit: Yuan Currency: RMB

Items of Extraordinary Gains and Losses	Amounts	Notes (If applicable)
Gains and losses on disposal of non-current assets	3,731,885.55	Proceeds from disposal of fixed assets
Government grants as included in the profit or loss of current period (Note: Government grants that are closely related to the normal business, in compliance with the relevant policies and continuously entitled with specific amount according to certain standards are not included)	94,185,202.59	Government grants through profit and loss for the Period
Gains and losses on fair value changes derived from holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income generated on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the ordinary operating business of the Company	-98,936,528.71	Gains or losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading
Reversals of provision for impairment of accounts receivable and contract assets with individual impairment test	158,470.77	Reversal of accounts receivable tested for impairment individually
Other non-operating Revenues and non-operating expenditures apart from the above items	-2,270,691.97	Other non-operating Revenues and non-operating expenditures apart from the above items
Less: Effect of income tax	10,439,515.79	Effect of the above items on income tax
Effect of minority equity (after tax)	-10,845,265.03	The portion of the above items to which minority shareholders are entitled
Total	-2,725,912.53	

Explanations for classifying items of extraordinary gains and losses defined in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Extraordinary gains and losses as items of recurring profit or loss

Applicable  N/A

## X Others

Applicable  N/A



Management  
Discussion and  
Analysis

3

## Chapter 3 Management Discussion and Analysis

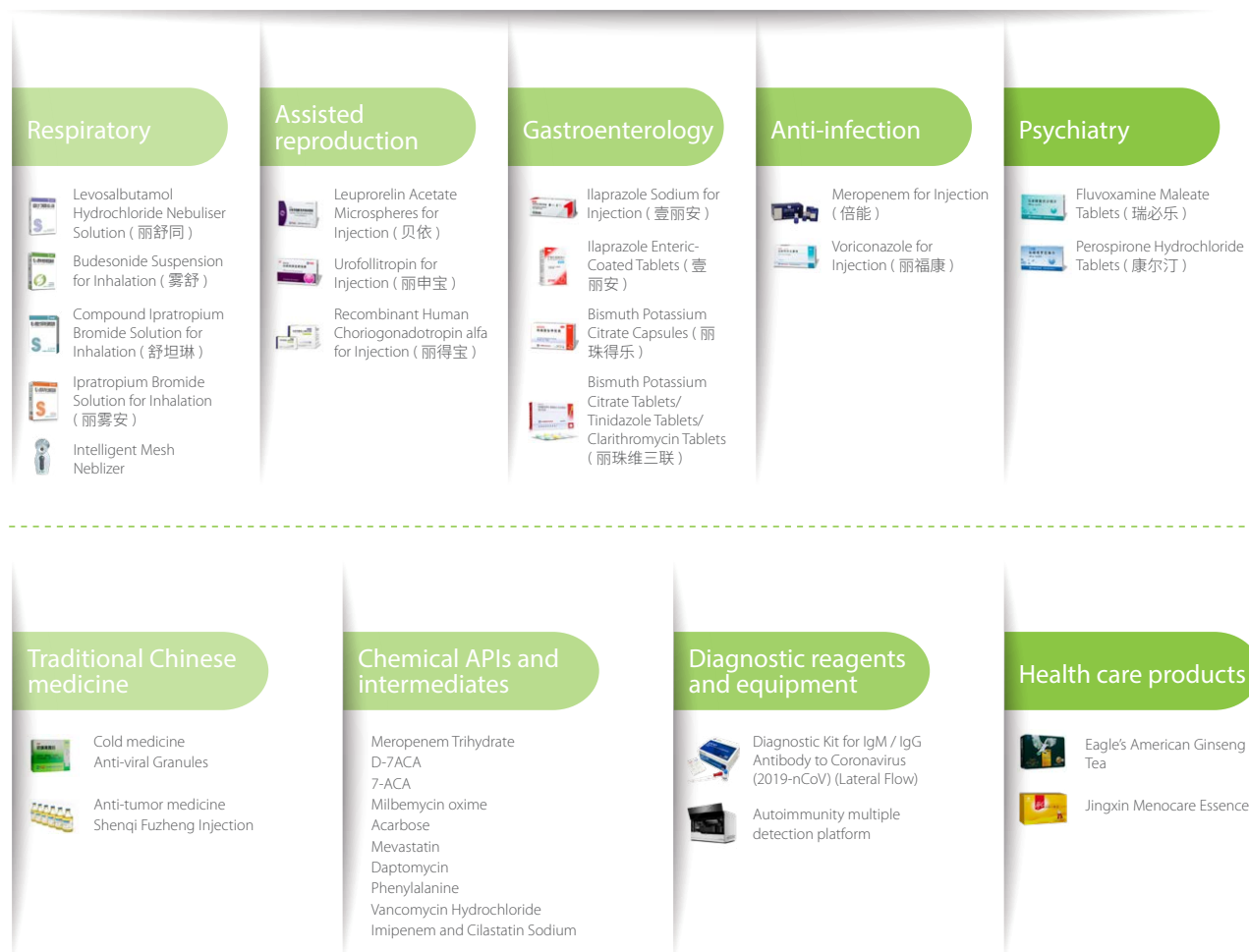
### I Description of the industry in which the Company operates and principal businesses of the Company during the Reporting Period

#### (I) Principal businesses and products of the Company

The Company is primarily engaged in the R&D, production and sale of pharmaceutical products and health care products. Pursuant to the Guidelines for the Industry Classification of Listed Companies (2012 Revision) issued by CSRC, the Company operates in the pharmaceutical manufacturing industry (C27).

At present, the business scope of the Company covers chemical pharmaceuticals, traditional Chinese medicine, chemical active pharmaceutical ingredients (APIs) and intermediates, diagnostic reagents and equipment, and health care products, etc. The comprehensive products portfolio provides more market opportunities and greater room for development for the Company. Below diagram sets forth the main products of the Company:

#### Chemical pharmaceuticals





## (II) Business model of the Company

With the stable operation and rapid development over the years, the Company has become an integrated pharmaceutical group which is driven by scientific research and innovation and integrates the R&D, production, sale and service of pharmaceutical and health care products. It has complete systems of R&D, procurement, production and sale. Main business functions of the Company are as follows:

### 1. R&D

Taking independent R&D as the mainstay and combining external introduction and cooperative development, the Company has been emphasizing cutting-edge technology and unmet clinical needs. Focusing on innovative medicines and high-barrier complex formulation, the Company has established an efficient R&D innovation management model. In terms of independent innovation, the Company has diversified, multi-dimensional R&D organizations with mature R&D teams for chemical pharmaceuticals, traditional Chinese medicine, biologics, APIs, diagnostic reagents and health care products. Based on technology platform construction, the Company has built a clear product R&D pipeline centering on key areas such as respiration, tumor immunity and psychiatry. In terms of cooperative innovation, the Company has launched technical cooperation with domestic and foreign scientific research institutions by way of commissioned development or cooperative development, and introduced new technologies and products that meet the strategic goal of the Company through technology transfer or licensing to implement industrial transformation, so as to reinforce and strengthen our position and strategy in leading fields and emerging fields.

### 2. Procurement

In terms of procurement, the Company pays close attention to effectiveness, quality and cost of procurement and has established long-term and stable partnership with many suppliers. Active pharmaceutical ingredients, supplementary materials, and packaging materials is purchased and stocked up by manufacturers according to production schedules. The Company has developed strict quality standards and procurement management systems and required subordinate manufacturers to make procurements in accordance with the GMP. Meanwhile, the Company established long-term strategic partnerships with bulk material suppliers, and strengthened the management of supply quality and cost control based on strict quality standards. The Company has established an internal evaluation system and files of market prices so as to promptly master market information for procurement through comparisons of quality and price.

### 3. Production

In terms of production, the Company adopts the principle of market demand-oriented approach. Specifically, the Sales Department of the Company investigated market demands, made sales plans, and comprehensively considered factors such as the product inventory quantity and capacity of production lines of the Company so as to determine the monthly production quantities and specifications. Moreover, the purchase orders of raw materials are determined according to the production schedule and the inventory levels of raw materials. The final production plans are issued upon approval of the management of the Company and implemented by the Production Technology Department of the Company.

The Company carried out production in strict compliance with the GMP. The Company and its affiliates have established a sound quality management system and implemented the qualified person system. In terms of quality control, the Company established a strict and sound production quality assurance system, and was geared to international standards and subject to international certification while in compliance with national standards. The Company conducted annual GMP self-inspection, ISO9001 internal and external audits, and was subject to various external audits. It actively pursued the internationally advanced GMP management, and implemented whole-process quality control over supplier selection, audit, incoming material inspection, production process, product release from factory, and market tracking with good system operation.

#### 4. Sales

##### (1) Drug formulation products

End customers of drug formulation products (including Chemical pharmaceuticals, traditional Chinese medicine) of the Company are mainly hospitals, clinics, and retail pharmacies. In line with the pharmaceutical industry practice and the sales model of most peers in the industry, the Company has conducted sales of drug formulation products through drug distribution enterprises. The Company carried out selection and centralized management of qualified drug distribution enterprises (with Drug Supply Certificate, GSP Certification, etc.) according to their distribution capability, market familiarity, financial strength, credit record, and operation scale. General sales process: After end customers place purchase orders to distribution enterprises, drug distribution enterprises will send those orders to the Company according to their inventories, distribution agreements and conditions; then, the Group will deliver products to drug distribution enterprises and do the revenues recognitions.

##### (2) APIs and intermediates

Main target customers of APIs are large pharmaceutical manufacturers. The selling prices are determined based on a set of comprehensive factors such as costs of production, inventory levels, industry rivalry and market conditions. The detailed process of price determination are as follows: The sales and marketing department conduct weekly or bi-weekly meetings to analyze the current market conditions and the trends and drivers of prices: the selling prices are determined based on a set of comprehensive factors such as market trends, costs of production, inventory levels; the selling prices will be effective once are reported by the sales department to our management team and get approvals.

Specific sales methods of APIs include: ① Domestic market: The Company directly signs product sales contracts with large manufacturers to directly sell products to customers. Meanwhile, the Company also sells products through distributors. ② Overseas market: The Company directly sells products in the overseas market and also sells products through distributors in areas with high risks. At present, products of the Company are mainly exported to over 60 countries and regions in Asia, Europe, North America, and Africa.

##### (3) Diagnostic reagents and equipment

Diagnostic reagents and equipment sold by the Company are both in-house manufactured and imported. Main end customers are hospitals, centers for disease control and prevention, and health departments. The Company mainly sells those products in combination with direct sales and sales through drug distribution enterprises.

The Company has an experienced sales team responsible for the sales of diagnostic reagents and equipment and provision of marketing support for some drug distribution enterprises. The Company carried out selection and centralized management of qualified drug distribution enterprises (with Drug Supply Certificate, GSP Certification, etc.) according to their distribution capability, market familiarity, financial strength, credit record, and operation scale.

##### (4) Health care products

The sales model of health care products is mainly distributor management model. Product promotion, price control, and channel carding are managed and improved with the distributor distribution channel and terminal coverage capability. At present, the Company has set up 27 provincial branches and 92 subordinate offices across China and maintained long-term partnership with distributors with better area coverage capability for stable strategic alliance and common development. The Company has cooperated with about 103 primary distributors in total, including 78 businesses in drug production line and around 25 businesses in food production line with over 150,000 subordinate secondary businesses and terminal businesses in drug and food production lines. Products are well managed and promoted through the tiered marketing channel. In addition to the traditional distribution management model, the Company realizes segment growth through coordinated marketing in E-commerce channel.

### (III) Analysis of industry development

As a national strategic and emerging industry which concerns national economy and the people's livelihood, pharmaceutical industry is an integral part of the national economy. According to the *Development Plan of the Pharmaceutical Industry during the "14th Five-Year Plan" Period*, the overall development level of the pharmaceutical industry is expected to reach a new level. During the "13th Five-Year Plan" period, the added value of the pharmaceutical industry above designated scale increased by 9.5% annually, 4.2 percentage points higher than the overall industrial growth rate, and its proportion in the whole industrial added value increased from 3.0% to 3.9%. The revenue and total profits of enterprises above designated scale increased by 9.9% and 13.8% annually, ranking high among all industries. At the same time, the scale of leading pharmaceutical manufacturing enterprises has further expanded, contributing to the steady increase of the industrial concentration. In the first half of 2022, reforms in the pharmaceutical and health care system have deepened further, the environment for innovation continues to improve, and the pharmaceutical industry continues to make progress in the direction of further transformation and upgrading and high-quality development that encourages innovation. As the aging population of our nation grows and the level of urbanization keeps on increasing, the pharmaceutical industry of our nation, in the long run and as a whole, will show a continuous upward development trend.

Meanwhile, we should also pay attention to the severe challenges and universal impacts brought by the COVID-19 pandemic and the ever-mutating COVID-19 variants on national life and the production and operation of pharmaceutical enterprises. In the first half of 2022, the domestic outbreak of COVID-19 occurred and spread repeatedly. Especially in some areas, outbreak emergencies were declared and cases of successive variants reported. In the short term, the prevention and control of domestic pandemic remains rigorous.

Data of National Bureau of Statistics shows that in the first half of 2022, enterprises in the pharmaceutical manufacturing industry above designated scale in China have realized revenues of RMB1,400.78 billion, representing a year-on-year decrease of 0.6%; operating costs of RMB815.96 billion, representing a year-on-year increase of 10.3%; total profits of RMB220.95 billion, representing a year-on-year decrease of 27.6%.

### (IV) Industry status of the Company

Through years of development, the Company has become an integrated pharmaceutical enterprise covering multiple areas including chemical pharmaceuticals, chemical APIs and intermediates, traditional Chinese medicine, diagnostic reagents and equipment as well as health care products. Chemical pharmaceuticals are the largest revenue generator of the Company, among which drugs for alimentary tract medicine, anti-infective drugs and gonadorelin hormone drugs are traditional competitive products of the Company, with key products securing a long-term position in national drug formulation market segment, and respiratory and psychiatric medicine have been the focus of the Company, with key products maintaining a strong sales growth momentum.

During the Reporting Period, the Company, with solid strength in R&D and production and steady marketing presence, ranked Top 9 in "2021 Annual Ranking of Top 100 Chinese Chemical Drug Enterprises" under "2021 Annual Ranking of Top 100 Enterprises in Pharmaceutical Industry in China" of [menet.com.cn](http://menet.com.cn).

### (V) Performance drivers in the Reporting Period

In the first half of 2022, the Company actively implemented sales planning, promoted marketing and reinforced sales specialization amid domestic localized outbreaks and stricter industry supervision and access policies. In addition, the Company increased digital marketing and enhanced delicacy management. That is how we can realize steady growth of main business revenue and consolidate the foundation and ability of sustainable development of enterprises. During the Reporting Period, sales of main varieties in key specialist areas, especially in fields of respiratory system, psychiatry, gonadorelin hormone of the Company kept steady growth, and contribution of sales revenue of key formulation products to overall revenues was continuously improved. In addition, the sales revenue of API segment grew noticeably with an obvious increase of gross profit rate as the Company taken measures to integrate resources, adjust product mix, reinforce international certification while actively using advanced technologies including synthetic biology and continuous production to ensure green production.

## II Analysis of core competitive strengths during the Reporting Period

√ Applicable   □ N/A

### 1. Leading PRC integrated pharmaceutical company under continuous innovation and development

The Company is primarily engaged in the R&D, production and sale of pharmaceutical products and health care products. The business scope of the Company covers chemical pharmaceuticals, chemical APIs and intermediates, traditional Chinese medicine, diagnostic reagents and equipment, as well as health care products, allowing the Company to establish competitive advantages across various therapeutic areas such as respiratory, anti-infection, assisted reproduction, gastroenterology, psychiatry, and tumor immunity. 1) Innovative R&D drives growth: The Company has developed and launched a number of innovative medicine products and high-barrier complex formulation products, strengthening the Group's product portfolio and drug candidates in the pipeline. 2) The Company has first-tier commercialization ability, and its sales network covers all provinces in China and over 80 overseas countries and regions in the world. The Company emphasizes scientific promotion and evidence-based marketing. By building a professional marketing team, the Company has established a comprehensive marketing system, and market education and brand building have been deeply strengthened through digital marketing. Leveraging our comprehensive sales channels, broad market coverage, leading digital marketing and brand awareness, the Company is able to sell the products at scale in an efficient manner. 3) Cross-industry and multi-specialist innovative R&D and coordinated development: On the one hand, the Company actively adapts to the changes in the pharmaceutical market and constantly adjusts its product strategy and R&D direction according to policies and clinical needs. This will realize the continuous iteration and upgrade of the main products; On the other hand, the Company fully utilizes external scientific research and commercial resources, such as strategic collaboration with Chinese Academy of Sciences, Tencent Quantum Lab and other scientific research institutes and innovative companies, and invests in cutting-edge biotechnology companies to expand the Company's product portfolio and R&D pipeline and realize the Company's sustainable development.

### 2. Strong R&D capabilities, diversified product portfolio and leading commercialisation capabilities

Focusing on innovative medicines and high-barrier complex formulation, the Company has formed diversified product portfolio. With the huge clinical demand and high product quality, it has established market competitive advantages in many pharmaceutical segments. The Company's chemical pharmaceuticals cover gastroenterology diseases, assisted reproduction, infectious diseases, respiratory diseases, psychiatric diseases, tumor and other disease treatment fields, among which alimentary tract proton pump inhibitor (PPI) medicines, gonadorelin hormone drugs, and inhalation formulation for respiratory diseases have an advantageous market position. Relying on APIs, the Company's core products, together with our chemical APIs and intermediates, form an integrated and stable pharmaceutical industry chain of "APIs-integration drug formulations". Meanwhile, the Company actively develops overseas markets, and our products are marketed and distributed worldwide, facilitating strategic cooperation with many internationally renowned pharmaceutical companies. In addition, the Company also has a number of traditional Chinese medicine and in vitro diagnostic reagent products, and has accumulated resources and extensive brand influence in health care products for many years.

### 3. Making breakthroughs in the key R&D and industrialization technologies of Complex formulation

The technology platform, which has been developed over the years in the field of innovative medicines and high-barrier complex formulation, enables the Company to address the complex process problems in the R&D and production of relevant drugs. Guided by clinical value, the Company develops R&D projects with high short-term certainty and cutting-edge technologies with long-term growth potential (such as AI-driven drug molecular design, proteolysis targeted chimeric (PROTAC), synthetic biology, gene-editing and cellular treatment, etc.). All in all, the Company's R&D system covers through-cycle of drug development and production. Based on the mature R&D platform of innovative medicines and high-barrier complex formulation, the Company has designed extensive pipeline in fields with significant clinical demand such as respiration, gastroenterology, assisted reproduction, psychiatry and tumor.

#### 4. Stable management and R&D team with expertise, long-term vision and commitment to social responsibility

The Company has a stable, visionary and experienced, results-oriented management team and an outstanding talent team. Outstanding leaders are the key to the Company's rapid development. The founder of the Company has over 30 years of expertise in the pharmaceutical industry as well as a global vision and a strategic mindset. With a deep industry insight, the founder has led us developing platform technologies centered on high-barrier complex formulation, which has established leading position of the Group with sustainable development in the broader healthcare industry. The senior management team of the Company has over 20 years of industry experience on average, with an average of more than 10 years of service in the Company, and has a thorough understanding of market demand, industry development and growth opportunities. Each key R&D field of the Company is led by industry-leading scientists and accompanied by an efficient R&D management team. In addition, the Company has upheld the core value of "Putting People First, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing" and laid emphasis on talent team training to build a diversified reserve of talents with global vision, advanced knowledge, strong implementation capability and sense of self-reliance. Driven by the corporate culture of pursuing excellence, the talent team works diligently and conscientiously to jointly contribute to the sustainable development of the enterprise through teamwork and collaboration.

### III Discussion and analysis of business conditions

#### 1. Main business conditions during the Reporting Period

During the Reporting Period, the Company realized revenues of RMB8,565 million, representing a year-on-year increase of approximately 9.31%; a net profit attributable to shareholders of the listed company of RMB801 million, representing a year-on-year increase of approximately 16.57%, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or loss of RMB804 million, representing a year-on-year increase of approximately 34.47%. Business development of various segments of the Company is as follows:

##### (1) Livzon Group (excluding Livzon MAB)

As at the end of the Reporting Period, the Company directly and indirectly held 44.80% equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized revenues of RMB6,296 million, and a net profit attributable to shareholders of the listed company of about RMB513 million. For the details of business conditions of Livzon Group, please refer to the 2022 Interim Report of Livzon Group.

##### (2) Livzon MAB

As at the end of the Reporting Period, the Company held 55.92% equity interest in Livzon MAB and the amount affecting the Company's net profit attributable to the parent company for the current period was approximately RMB-140 million.

During the Reporting Period, Livzon MAB focused on promoting the application on conditional marketing approval of the Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) ("V-01") project. Livzon MAB has completed the Phase III clinical master analysis report for sequential immunization and basic immunization, submitted related application materials to CDE, and apply sequential EUA (Emergency Use Authorization) with National COVID-19 Vaccine Working Group. In terms of overseas registrations, Livzon MAB has submitted the EUA filings in the Philippines, Indonesia and Malaysia, and has completed the submission of registration filings for the export of stock solution to Pakistan; Livzon MAB actively communicated with WHO on the EUL (Emergency Use Listing) application for V-01. In addition, in response to the global trend of COVID-19 pandemic and the prevalence of COVID-19 variants, Livzon MAB developed several vaccines against the variants and related bivalent vaccines, and carried out animal and clinical trial research related to enhanced immunization/sequential immunization.

Meanwhile, Livzon MAB continued to focus on new molecules, new targets and differentiated molecular designs in the fields of tumors, immune diseases and assisted reproduction. During the Reporting Period, Livzon MAB has made phased progress in the R&D of the following projects: Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒促性素) was approved for marketing in 2021 and was already on sale, which is the first generic drug in China, and Livzon MAB has been promoting overseas registrations and has submitted applications for overseas registration in Uzbekistan, Tajikistan and Nigeria; the BLA application of Tocilizumab Solution for Injection (托珠单抗注射液) (i.e. Recombinant Humanized Anti-human IL-6R Monoclonal Antibody Solution for Injection (重组人源化抗人IL-6R单克隆抗体注射液) is under review by CDE, and it successfully passed the on-site verification of drug registration and the registration inspection report has been received. In addition, Livzon MAB has been actively promoting the PQ (Pre-qualification) with WHO. The phase Ib clinical interim analysis for psoriasis indication for Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody for Injection (重组抗人IL-17A/F人源化单克隆抗体注射液) was completed, both high, medium and low dose groups demonstrated good efficacy and safety; phase II clinical subjects were enrolled with efficacy and safety under observation. In addition to advancing projects in the clinical phase, Livzon MAB is also exploring through R&D in areas such as bispecific antibodies and cell therapy.

### (3) Joicare (excluding Livzon Group and Livzon MAB)

During the Reporting Period, Joicare (excluding Livzon Group and Livzon MAB) realized revenues of RMB2,371 million, up about 35.81% compared with the same period last year; and realized a net profit attributable to shareholders of listed companies of RMB421 million, a year-on-year increase of approximately 45.25%. Joicare realized a net profit attributable to shareholders of the listed company after deducting the extraordinary gains and losses of RMB414 million, representing a year-on-year increase of approximately 56.39%. Key results of the main therapeutic fields and core products are as follows:

#### ① Prescription medicines

During the Reporting Period, Joicare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB1,060 million from prescription drug segment, representing a year-on-year increase of approximately 67.76%. Among them, the sales revenues and year-on-year change of key therapeutic areas are as follows: the revenue generated from the field of respiratory totaled RMB561 million, representing a year-on-year increase of approximately 259%; the revenue generated from the field of anti-infection totaled RMB488 million, representing a year-on-year increase of 4.75%.

In the first half of 2022, the Company continued to accelerate construction of the national sales team in respiratory line, established a three-level fine marketing development system of regional manager, provincial manager, and development manager, actively took various measures to speed up the development of key products in hospitals: 1. Enhanced the coverage and fulfillment rate of evaluation indicators; the development speed of respiratory variety was obviously accelerated; more than 1,400 hospitals above grade II were newly developed; 2. Realized rapid coverage and sales growth of the variety by taking the opportunity that Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) was included in the list of drugs for negotiation led by National Healthcare Security Administration; 3. Continued to advance the construction of digital marketing platforms, accelerated the marketing process through digital means and comprehensively communicated the brand via the platform of "Talk from A Respiratory Specialist" (呼吸专家说); 4. With three inhalation formulation being successfully included to the fifth batch of the volume-based procurement organised by the PRC Government, the Company has rapidly tapped into the domestic sales market and improved market share for inhalation formulation products.

During the Reporting Period, R&D of inhalation formulations of the Company went well. The following products made phased progress: Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) (3mL: 1.25mg); Terbutaline Sulphate Solution for Nebulization (硫酸特布他林雾化吸入用溶液) has been approved for marketing; Tobramycin Inhalation Solution (妥布霉素吸入溶液) (class 2.4) was successfully completed additional research, the product is under review and pending for approval; Fluticasone Propionate Suspension for Inhalation (丙酸氟替卡松雾化吸入用混悬液) has completed the application for market approval; Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂) has received the notice of clinical trials and rapidly initiated phase III clinical trials; Indacaterol Maleate Powder for Inhalation (马来酸茚达特罗吸入粉雾剂) expedited its PD-BE study. Meanwhile, the Company acquired rights of YYP-001 in the Greater China, an innovative inhalation formulation with independent intellectual property rights, through license-in, further enriching the Company's inhalation formulation pipeline. The Company submitted for the first time an application for registration of a medical device to accompany the inhalation product, achieving a new breakthrough in the medical device field and forming a synergy with the inhalation formulation to strengthen the Company's core competitiveness in the field of respiratory diseases. Class 2 new drug YYP-001 has completed preclinical study.

## ② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales income of RMB1,150 million from APIs and intermediates, representing a year-on-year increase of approximately 21.80%.

During the Reporting Period, in the API segment, Joincare continued to strengthen safety and environmental protection construction and drive lean production. Production and yield of key products were improved through further enhancement of technical innovation of production process. Production costs were stable with a slight decline against the backdrop of continued rise of bulk commodities prices and increased pressure from procurement cost of raw materials in the first half of 2022. In terms of marketing, Joincare actively expanded domestic and international markets for the key product 7-ACA by optimising strategic cooperation channels and strengthening in-depth cooperation with strategic customers. Leveraging the advantages in the upstream and downstream industry chains, we continued to increase our market share. The export share of Meropenem Trihydrate (美罗培南混粉) has repeatedly set a new high. Despite increased competition in the market this year, the Company continued to strengthen its position in the market through making plans in advance, and the sales of Meropenem Trihydrate remained steady growth based on a higher base in the same period of previous year. In addition, the Company actively expanded overseas business, applying the registration for Meropenem Trihydrate and Meropenem Crude (美罗培南粗品) in Japanese market and Italy market, respectively.

In terms of API R&D, the Company focuses on two frontier fields to carry out key scientific research. Firstly, conducting research on genetic component design, functional genome mining, synthetic pathway analysis, metabolic network optimization, gene circuit reconstruction and systems metabolic engineering of industry host microorganism by using gene editing, synthetic biology, systems biology, protein directed evolution, high-throughput screening and other technology platforms. The Company has obtained more than 520 potential cephalosporin C (头孢菌素 C, CPC) high-yielding mutant strains from over 38,000 acremonium chrysogenum (产黄支顶孢霉) strains in the initial screening, and has conducted small trials, pilot fermentation and scale-up verification in production, which made the average CPC yield per unit increased steadily. Secondly, the Company fueled innovation in small and large molecule drug-related expression component splicing, molecular structure simulation, synthetic route design, structure and function prediction and heterologous expression of high-value medicinal products by combining machine learning, bioinformatics, customized design in genome scale and other technological tools. The collaborative project with Tencent Quantum Lab made good progress. We have jointly developed deep learning-based algorithm architecture for predicting potential biosynthetic gene clusters (BGCs) and have jointly applied for one national invention patent.

## ③ Health care products and OTC

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB151 million from health care products and OTC segment, representing a year-on-year decrease of approximately 5.79%.

In the first half of 2022, despite that the offline channels were affected by external factors including the resurgence of COVID-19 pandemic and national health insurance policies, the Company's health care products and OTC segment remained a solid performance through continuous brand building with online channels. During the Reporting Period, our health care products and OTC segment built brand reputation with a user-centric approach and consolidated positioning of each brand in sub-segments. Additionally, the segment further explored the channel strategy that integrates online and offline channels and leads to a coordinated development. For brand marketing, through in-depth cooperation with professional KOLs, the Company delivered scientific knowledge and concepts on health care in the form of live broadcasts and short videos, thus building our brand image and reputation as a professional health care enterprise. During the Reporting Period, with focus on our key brands, we have built a content platform, on which we spread scientific knowledge to promote interaction among our brand, consumers and professional KOLs, thereby increasing brand exposure and sales conversions.

## 2. Business plans in the second half of 2022

In the second half of 2022, the major tasks in various business segments of the Company are set out as follows:

### (1) R&D Center

In terms of innovative R&D, the Company will continue to improve its target management and appraisal mechanism to increase R&D efficiency, ensure the R&D progress of core products to rapidly drive product transformation, especially with a focus on promoting the launch application of tobramycin inhalation solution and Recombinant SARS-CoV-2 Fusion Protein Vaccine (V-01). Meanwhile, we will increase innovation effort to improve R&D innovation efficiency through actively using digital and intelligent new technology and model. The Company will actively develop micro and nano injectables, long-acting formulation, liposomes and other high-barrier complex formulation platforms while continuing to promote the original technology platform with edges through various means including independent development, external introduction and collaborative development. Meanwhile, the Company will integrate its resources and fully utilize the edges of its own APIs advantages to couple with the R&D of drug formulation products with the aim of forming an integrated industrial chain. In addition, the Company will continue to strengthen internal and external training and the introduction of senior R&D personnel to promote the overall R&D capacity of the team and enhance the comprehensive R&D strength of the enterprise.

### (2) Production Center

The Company will ensure workplace safety and product quality by constant improving quality management system and implementing product quality-centered risk control. While emphasizing checking raw and auxiliary materials, production sites and production process according to these six systems in GMP to identify workplace safety risks, the Company will continuously optimize the production process by introducing green synthetic technology and synthetic biology technology, and develop the employee training system for improving their professional skills to further ensure product stability and quality. The Company will keep reducing costs and improving efficiency through introducing advanced technology and equipment, production optimization, system improvement and lean management, to effectively improve the production and operation. The Company will adhere to green development, uphold and promote the concept of green, healthy and sustainable development. To effectively implement energy conservation, emission reduction and green production, the Company will enhance the environmental protection and quality standards and requirements, set environmental protection targets, and strengthen monitoring of energy consumption, pollutant emissions and other environmental information in the production and operation. The Company will also keep optimizing production capacity, advance the construction of Pingshan Haibin Factory and the new production line as planned, follow up the establishment of supporting facilities and capacity planning, and improve the technology transformation capacity of new products to meet the increased market demand for new and existing products.

### (3) Sales Center

The key work deployments in marketing of prescription drugs are as follows: 1. Strengthen team building and improve comprehensive quality through expanding the terminal sales team, attracting excellent talents to join the sales team, making brand building a goal, and enhancing the practical capability and comprehensive quality of marketing teams nationwide; 2. Continue to strengthen integration of terminal resources, focus on establishing national benchmark areas, benchmark hospitals and benchmark sales teams, include key hospitals above grade II in appraisal system, and comprehensively enhance the coverage and fulfillment rate of evaluation indicators; 3. Make continuous efforts in business, production, terminal and other links and quickly increase market share and raise brand awareness in all aspects; 4. Continue to advance construction of digital marketing platform and support for terminal market activities, effectively combine online and offline methods, and enhance in-depth brand recognition on the doctor side and patient side; 5. Follow up in real time national medical reform-related policies, strengthen clinical and pharmaco-economic research of products after marketing, and actively respond to medical insurance policy adjustment and volume-based procurement. As Meropenem for injection being included in the national list for the seventh batch of volume-based procurement, the Company will leverage the strength in integrating APIs drug formulation to expedite the development of and expand market for other products.



In terms of marketing and promotion of APIs and intermediates, the Company will further strengthen construction of sales team, make full use of OKR and strengthen management by objectives, to build a vigorous and highly efficient sales team; continue to promote strategic cooperation, pursue further development in segments, actively develop customer resources, maintain partnership, give full play to the strength of the company brand, and establish a long-term, stable and win-win cooperation model with strategic partners. Moreover, the Company will build good brand reputation in global market through close cooperation with world-class enterprises. In addition, the Company will pay close attention to changes in exchange rate and market conditions and promptly adjust sales strategies.

In the second half of the year, the Company will constantly consolidate the advantages of the offline channels in health care products and OTC segment, and improve the word-of-mouth marketing of the brands at the same time. For the brand building, the Company will further promote specialized content and brand value to enhance customers' awareness of our brands and continuously strengthen the core competitiveness of the brands. Besides, the Company will also push forward new product launches and iterations of core brands such as "Taita" leveraging the Company's edges in R&D, manufacturing and marketing integration industry chain. For the marketing system construction, the Company will upgrade the "online + offline" synergistic and coordinated marketing model. We will highlight the refined operation of new media and mainstream e-commerce platforms while paying continued efforts to reform the offline team structure, deepen the distribution channel, integrate the key and chain stores, and empower the Company with resources. The Company will continue to improve online self-operated channels such as platforms of WeChat Mall, TikTok e-commerce, Tmall and Jingdong(JD). In addition, the Company will increase investment in the refined operation throughout the entire customer lifecycle to enhance its data-based marketing capabilities and achieve accurate access of target users. In doing so, the Company will be able to establish a marketing-closed loop covering targeted penetration, accessing, attracting new users, repurchase and in-depth operation.

#### (4) Functions and strategies

The key function works of the Company are as follows: Firstly, we will continue to improve the organizational structure and institutions in subsidiaries of the Group to increase the management efficiency and fully advance lean management. Secondly, we will continue to strengthen talent and policy construction, implement the management by objective (MBO) system with OKRs and KPIs in tandem, conduct quarterly rolling dynamic tracking and adjustment under close cooperation and full support of every department so as to provide powerful service and support for R&D, production and sales. Thirdly, we will continue to drive corporate cultural construction, increase efforts to communicate corporate culture and put them into practices in the Group and its subsidiaries to strengthen the cohesion. Fourthly, we actively give full play to resource advantages of internal and external business cooperation, make investment strategies, and introduce innovative products and technologies to improve strategic planning of the Company. Fifthly, we actively fulfill corporate social responsibility, endeavor to improve corporate governance level, and promote high-quality and sustainable development.

Material changes in business conditions of the Company during the Reporting Period and matters occurred during the Reporting Period that had and are expected to have significant impacts on business conditions of the Company

Applicable     N/A

## IV Overview of business operations during the Reporting Period

### (I) Analysis of principal businesses

#### 1 Table for analysis of changes in items related to financial statements

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of last year	Change (%)
Revenues	8,564,945,285.55	7,835,372,274.66	9.31
Operating costs	3,054,392,703.20	2,743,005,734.93	11.35
Selling expenses	2,512,369,792.45	2,499,949,757.30	0.50
Administrative expenses	529,828,311.93	397,921,091.17	33.15
Financial expenses	-130,401,047.67	-41,726,762.77	N/A
R&D expenses	707,433,078.44	622,962,388.41	13.56
Net cash flow from operating activities	1,902,953,224.79	745,787,513.36	155.16
Net cash flow from investing activities	-433,259,385.19	-1,173,747,818.24	N/A
Net cash flow from financing activities	-656,811,058.44	-1,475,233,697.43	N/A

Reasons for changes in administrative expenses: Mainly due to the provision of incentive fund under Medium to Long-term Partner Share Ownership Scheme for the current period and the provision of appraisal bonuses.

Reasons for changes in financial expenses: Mainly due to the increase in interest income for the current period as compared to the previous period.

Reasons for changes in net cash flow from operating activities: Mainly due to the increase in payment collection during the current period.

Reasons for changes in net cash flow from investing activities: Mainly due to the payment of the consideration for the equity of Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司) in the previous period.

Reasons for changes in net cash flow from financing activities: Mainly due to new and additional long-term borrowings during the current period.

#### 2 Details of material changes in business type, components or source of profits during the current period

Applicable  N/A

### 3 Analysis of revenues and costs

#### Principal businesses by industry, product and region

Unit: Yuan Currency: RMB

#### Principal business by industry

By industry	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Industry and commerce	8,486,018,063.45	3,000,716,833.69	64.64	9.09	11.07	Decreased by 0.63 percentage point
Service industry	6,029,696.27	2,232,496.69	62.97	40.68	91.66	Decreased by 9.85 percentage point

#### Principal business by products

By products	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Chemical pharmaceuticals	4,799,253,426.28	925,086,073.19	80.72	8.23	10.05	Decreased by 0.32 percentage points
Chemical APIs and intermediates	2,771,577,889.05	1,743,742,075.65	37.08	22.70	14.88	Increased by 4.28 percentage points
Traditional Chinese medicine	514,402,423.73	146,937,126.69	71.44	-18.74	-12.99	Decreased by 1.89 percentage points
Diagnostic reagents and equipment	346,042,443.87	164,056,563.15	52.59	-11.43	4.54	Decreased by 7.24 percentage points
Health care products	54,741,880.51	20,894,995.01	61.83	-12.30	20.77	Decreased by 10.45 percentage points

#### Principal business by region

By region	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Domestic	6,974,358,565.54	2,065,054,349.09	70.39	6.96	12.22	Decreased by 1.39 percentage points
Overseas	1,517,689,194.18	937,894,981.29	38.20	20.17	8.74	Increased by 6.50 percentage points

#### Description of principal businesses by industry, product and region

During the Reporting Period, the Company's principal businesses generated revenues of RMB8,492 million, representing a year-on-year increase of RMB709 million or 9.10%. Chemical pharmaceuticals achieved revenue of RMB4.799 billion, representing an increase of 8.23% year-on-year. Among them, the sales revenue in the field of gastroenterology reached RMB1.781 billion, dropping by 8.16% year-on-year; the sales revenue in the field of gonadorelin hormones amounted to RMB1.344 billion, increasing by 6.82% year-on-year; the sales revenue in the field of anti-infection was RMB683 million, increasing by 3.28% year-on-year; the sales revenue in the field of respiratory reached RMB561 million, a year-on-year increase of 259%; the sales revenue of psychiatry products was RMB264 million, a year-on-year increase of 36.26%. Chemical APIs and intermediates recorded revenue of RMB2.772 billion, a year-on-year increase of 22.70%.

The growth of the Company's revenues of principal businesses was primarily due to the Company's continuous efforts in promoting marketing reforms, fully facilitating the mass market product channels and accelerating sales in the key area of Chemical pharmaceuticals. In addition, the sales revenue of API segment grew noticeably with an obvious increase of gross profit rate as the Company taken measures to integrate resources, adjust product portfolio, reinforce international certification while actively using advanced technologies including synthetic biology and continuous production to ensure green production.

#### 4. Investment in R&D

##### (1) Table for investment in R&D

	Unit: Yuan	Currency: RMB
Expensed investment in R&D during the Period		707,433,078.44
Capitalized investment in R&D during the Period		97,081,498.87
Total investment in R&D		804,514,577.31
Total amount of investment in R&D as a percentage of revenues (%)		9.39

##### (2) Description

During the Reporting Period, total investment in R&D of the Company amounted to RMB804.5146 million, representing a year-on-year growth of 15.39%, accounting for 9.39% of total revenues. During the Reporting Period, the Company's investment in R&D was mainly used for R&D of new products and upgrading and reconstruction of project technology. As biologics, inhalation formulations and other projects entered the clinical stage, investment in R&D increased as compared with the same period of last year.

During the Reporting Period, the general R&D efforts of the Company in different segments were as follows:

##### (1) Chemical pharmaceuticals

- ① High-barrier complex formulation: There were a total of 43 projects under research, of which, 2 had been launched to the market, 2 had been applied for production, 6 were under the clinical/BE study and 3 had been applied for clinical trials. The progress of the major projects was as follows:

Inhalation formulations: Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) (3ml:1.25mg) and Terbutaline Sulfate Nebuliser Solution (硫酸特布他林雾化吸入用溶液) had been launched for market; Tobramycin Inhalation Solution (妥布霉素吸入溶液) (class 2.4) was successfully completed additional research, the product is pending for review and approval; Fluticasone Propionate Inhalation Suspension (丙酸氟替卡松雾化吸入用混悬液) had been applied for marketing authorization; Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂) had received the notice of clinical trials and started the phase III clinical study immediately; Indacaterol Maleate Powder for Inhalation (马来酸茚达特罗吸入粉雾剂) had started PD-BE study; Formoterol Fumarate Inhalation Aerosol (富马酸福莫特罗吸入气雾剂) had started phase I clinical research. Class 2 new drug XYP-001 has completed preclinical study.

Sustained-release microspheres: Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球) (1-month sustained release) had been applied for marketing authorization and completed the on-site verification of research and production; Aripiprazole Microspheres for Injection (注射用阿立哌唑微球) (1-month sustained release) was undergoing phase I multiple-dose clinical trials; Octreotide Acetate Microspheres for Injection (注射用醋酸奥曲肽微球) (1-month sustained release) and Leuprorelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球) (3-month sustained release) had carried out the BE pre-trial; Triptorelin Pamoate Microspheres for Injection (注射用双羟萘酸曲普瑞林微球) prepared to commence phase I clinical trials; Alarelin Microspheres for Injection (注射用丙氨瑞林微球) (1-month sustained release) had completed process scale-up research and was undergoing ethical review for phase I clinical trials; Goserelin Acetate Sustained-release Implant (醋酸戈舍瑞林缓释植入剂) had carried out the bridging study of pilot-scale production.

- ② Conventional formulations: There were a total of 41 projects under research, 5 projects had applied for production and 4 projects were under the clinical/BE study. Among others, Cetrorelix Acetate for Injection (注射用醋酸西曲瑞克) had been submitted a response to the deficiency letter for registration application in the United States; Blonanserin Tablets (布南色林片) and Lurasidone Hydrochloride Tablets (盐酸鲁拉西酮片) had been applied for marketing authorization; new indications of Ilaprazole Sodium for injection (注射用艾普拉唑钠) had completed phase III clinical trials and submitted application materials; LZ001, an innovative anti-tumor drug, had received the notice of clinical trials and was undergoing phase I clinical trial; Semaglutide Injection (司美格鲁肽注射液) and Progesterone Injection (黄体酮注射液) had been submitted clinical trial application, which was accepted by CDE and is under review.

- ③ Consistency evaluation: There were a total of 17 projects under research. Imipenem and Cilastatin Sodium for Injection (注射用亚胺培南西司他丁钠) and Cefodizime Sodium for Injection (注射用头孢地嗪钠) had been submitted relevant materials and were under review; the professional review of Bismuth Potassium Citrate Capsule (枸橼酸铋钾胶囊) had been completed and the review conclusion was pending; Rabeprazole Sodium Enteric-Coated Tablets (雷贝拉唑钠肠溶片) was undergoing BE trials.

(2) Biologics

There were a total of 7 projects under research, of which 1 project had been marketed, 1 project had applied for conditional market launch, 1 project had applied for BLA, 2 projects were in the phase Ib/II clinical trials and 2 projects were in the phase I clinical trial.

Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒促性素) was approved for launching in the market in China in 2021, and the work related to overseas registration is being promoted; Recombinant SARS-CoV-2 Fusion Protein Vaccine(V-01) (重组新型冠状病毒融合蛋白疫苗(V-01)) had been applied for sequential emergency use to the National COVID-19 Vaccine Working Group (国家疫苗专班), and a conditional market launch application had been submitted to the National Medical Products Administration (国家药品监督管理局), which were both under review; the BLA of Tocilizumab Solution for Injection (托珠单抗注射液) had been accepted by CDE and was under CDE review; Recombinant Humanized Anti-PD-1 Monoclonal Antibody for Injection (注射用重组人源化抗PD-1单克隆抗体) and Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody for Injection (重组抗人IL-17A/F人源化单克隆抗体注射液) were undergoing phase Ib/II clinical trials; and Recombinant Tumor Enzyme Specific Interferon  $\alpha$ -2b Fc Fusion Protein for Injection (注射用重组肿瘤酶特异性干扰素 $\alpha$ -2b Fc融合蛋白) and Recombinant Human Follicle Stimulating Hormone for Injection (重组人促卵泡激素注射液) were undergoing phase I clinical trials.

(3) APIs and intermediates

There were a total of 35 projects under research, of which 19 were New Product R&D Projects and 16 were Tech-transformation Projects of Existing Products. For New Product R&D Projects, the API of Fluticasone Furoate (糠酸氟替卡松) had been approved for launching in the market, and the registration application for the API of Caspofungin Acetate (醋酸卡泊芬净) had been submitted. For Technological Upgrading Projects of Existing Products, the key project Cephalosporin C-High Producing Strains (头孢菌素C高产菌株) was progressing smoothly. After screening, the strains had been completed the scale production verification, and the average unit yield had been steadily increased; based on the development and selection of new L-phenylalanine – High Producing Strains (L-苯丙氨酸新型高产菌株) driven by IBT technology, a standard molecular genetics element database had been established and strain modification and selection was proceeding.

(4) Traditional Chinese Medicine (TCM)

There were 8 projects under research for new TCM, of which, SXSHL gel, an new improved traditional Chinese medicine, had completed pre-clinical trial experiment research, and its application materials were being prepared and collected. Exploratory clinical trial had been completed for TGDX Granules, a class 1.1 new traditional Chinese medicine, and it were being statistically analyzed.

(5) Diagnostic reagents and equipment

There were 98 projects under research, of which, 12 were in the clinical trial stage (including the projects under review). For reagent development platform, Two products, namely, Antigen Detection Kit for SARS-CoV-2 (2019-nCoV) (Latex Method) (新型冠状病毒(2019-nCoV)抗原检测试剂盒(乳胶法)) and Assay Kit for Immunoglobulin G4 (Chemiluminescence Method) (免疫球蛋白G4测定试剂盒(化学发光法)(IgG4)) had obtained the domestic registration certificate. 12 projects including Rapid Test for Influenza A/B Antigen (Lateral Flow) (甲型乙型流感抗原检测试剂盒(胶体金法)), Diagnostic Kit for Chlamydia Pneumoniae IgM Antibody (Fluorescence Immunochromatography) (肺炎衣原体IgM抗体检测试剂(荧光免疫层析法)), Passive Particle Agglutination Test for Detection of Antibodies to Treponema Pallidum (梅毒螺旋体抗体检测试剂盒(凝集法)), Diagnostic Kit for Measurement of Antibodies to Mycoplasma Pneumonia (Passive Particle Agglutination) (肺炎支原体抗体检测试剂盒(被动凝集法)) had started clinical trials. 9 projects including Diagnostic Kit for IgM Antibody to Mycoplasma Pneumonia (Chemiluminescence Immunoassay) (肺炎支原体抗体检测试剂盒(化学发光法)), Livzon Interferon-Gamma Release Assays (IGRA) Test Kit (Chemiluminescence Immunoassay) (结核感染T细胞测定试剂盒(化学发光法)), Three Tests of ABO Blood Types (Percolation Method) (ABO血型三项(渗滤法)), and Four Tests of Diabetes were in the registration application stage, of which, Three tests of ABO Blood Types (filtration assay) (ABO血型三项(渗滤法)) and Diagnostic Kit for IgM Antibody to Mycoplasma Pneumonia (Chemiluminescence Immunoassay) (肺炎支原体抗体IgM检测试剂盒(化学发光法)) were in the process of submitting supplementary materials for registration. Another batch of projects was under R&D. In regard to the equipment R&D platform, second-generation model of irradiator (辐照仪) had completed the registration inspection and entered the stage of registration submission. The Molecular all-in-one Machine (分子一体机) and Molecular POCT project (分子POCT项目) had entered the stage of the prototype trial production.

## (II) Description of material changes in profits arising from non-principal businesses

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount	Proportion of total profits	Cause	Sustainable or not
Investment income	51,014,159.00	2.81%	Primarily due to changes in gains or losses of the associates in which the investments are made and gains from the settlement of forward settlement contracts upon maturity.	No
Gains or losses from changes in fair value	-95,479,537.15	-5.26%	Primarily due to fluctuations in market value of the securities investment held.	No
Impairment of assets	-27,834,495.93	-1.53%	Primarily due to the impairment provision for inventories.	No
Non-operating income	4,470,914.88	0.25%	It is primarily income from waste disposal, etc.	No
Non-operating expenses	6,741,606.85	0.37%	It is primarily donation expenses and loss on retirement of fixed assets.	No
Other gains	97,242,254.03	5.35%	It is primarily government subsidies received.	Yes

## (III) Analysis of assets and liabilities

√ Applicable □ N/A

## 1. Analysis of assets and liabilities

Unit: Yuan

Item	Ending amount of the period	Ending amount of the period to the total assets (%)	Ending amount of last year	Ending amount of last year to the total assets (%)	Change in the ending amount of the period to that of last year (%)	Cause
Financial assets held for trading	99,806,543.32	0.31	184,638,344.31	0.59	-45.94	Primarily due to fluctuations in market value of the securities investment held.
Other receivables	50,888,736.71	0.16	88,053,825.12	0.28	-42.21	Primarily due to the receipt of Yunfeng's payment during the current period.
Non-current assets due within one year	38,498.84	0.00	317,381.23	0.00	-87.87	Primarily due to the recovery of finance lease payments.
Other current assets	51,971,077.28	0.16	83,986,214.37	0.27	-38.12	Primarily due to the decrease in the amount of VAT credits as a result of the refund thereof.
Long-term receivables	82,574.69	0.00	266,904.13	0.00	-69.06	Primarily due to the recovery of finance lease payments.
Construction in progress	1,138,204,863.10	3.54	742,998,743.75	2.39	53.19	Mainly due to the increase in investment for construction of new plants and workshops of subsidiaries.

Item	Ending amount of the period	Ending amount of the period to the total assets (%)	Ending amount of last year	Ending amount of last year to the total assets (%)	Change in the ending amount of the period to that of last year (%)	Cause
Financial liabilities held for trading	10,791,038.40	0.03	143,302.24	0.00	7,430.26	Primarily due to fluctuations in foreign exchange forward.
Contract liabilities	100,704,258.24	0.31	234,140,702.29	0.75	-56.99	Primarily due to some contract performance obligations during the the current period, which satisfies the conditions for revenue recognition and results in the carrying forward of revenue.
Taxes payable	420,134,507.00	1.31	270,618,183.41	0.87	55.25	Primarily due to the increase in corporate income tax payable and individual income tax payable withheld from the dividend distribution.
Other current liabilities	7,166,683.80	0.02	15,626,224.29	0.05	-54.14	Primarily due to the decrease in pending output tax as the contract payment collected in advance in the current period meets the revenue recognition conditions and is carried forward.
Long-term borrowings	2,403,726,004.58	7.47	826,780,252.78	2.66	190.73	Primarily due to the adjustment from short-term borrowings to long-term borrowings of subsidiaries after debt structure adjustment during the the current period.
Treasury shares	742,977,205.72	2.31	222,644,454.50	0.72	233.71	Primarily due to share repurchases during the current period.
Other comprehensive incomes	-37,611,311.23	-0.12	5,387,545.97	0.02	-798.12	Primarily due to the changes in other comprehensive gains during the current period as a result of the disposal of Galaxy Securities.

2. Overseas assets

Applicable  N/A

(1) Asset size

Among them: Overseas assets were 41.35 (Unit: 100 million Currency: RMB), representing 12.85% of the total assets.

(2) Statement on high proportion of overseas assets

Applicable  N/A

## 3. Restrictions on assets entitlements as at the end of the Reporting Period

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying value at the end of the period	Cause for restriction
Other monetary funds	1,151,193.00	Letters of credit, bank acceptances and forward exchange settlement deposits, etc.
Notes receivable	526,815,981.78	Notes pool business and pledge of notes receivable
Total	527,967,174.78	

## 4. Others

Applicable  N/A

**(IV) Analysis of investment**

Overall analysis of external equity investments

Applicable  N/A

During the Reporting Period, the Company carried out strategic investments according to development plans and schedules as follows:

## 1. Major equity investments

Applicable  N/A

## (1) The capital injection to Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.

On 31 December 2021, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. (珠海市丽珠医药股权投资管理有限公司) "Livzon Equity Investment Company", a wholly-owned subsidiary of Livzon Group, made the capital injection to Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd. ("Atom Bioscience") with its own funds of RMB30 million. After the capital injection, Livzon Equity Investment Company held 7.4858% equity interest in Atom Bioscience and the capital verification process have been completed on 18 March 2022. Up to now, the industrial and commercial registration has been completed.

## (2) Establishment of Livzon Biologics (Malaysia) Sdn. bhd.

On 12 January 2022, Livzon Biologics Hong Kong Limited, a controlled subsidiary of Livzon Group, established Livzon Biologics (Malaysia) Sdn. bhd with a registered capital of 100 Malaysian ringgit wholly held by Livzon Biologics Hong Kong Limited. The new company was mainly engaged in all businesses of manufacturers, producers, importers, exporters, buyers, sellers, distribution agents and distributors of patents, pharmaceutical products, medicines, nutrition products, health care products, drugs and vaccines as well as all related objects, compounds and materials.

## 2. Major non-equity investment

Applicable  N/A

## 3. Financial assets measured at fair value

Applicable  N/A

As of the end of the Reporting Period, for details of the Company's financial assets measured at fair value, please refer to Note 9 "Fair Value" in Chapter X "Financial Statements".



## (V) Sale of major assets and equity

Applicable  N/A

## (VI) Analysis of major controlled and invested companies

Applicable  N/A

Unit: 10,000 Yuan

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	R&D, production and sales of oral liquids, tablets (hormones), aerosols (hormones containing), inhalation formulations (solution for inhalation) (hormones containing), nasal spray (hormones containing), and TCM extraction workshop; production and sales of health care products.	10,000	53,587.90	33,706.01	13,268.07	5,142.79	4,425.65
Taitai Biotechnology	Industry	Wholesale and retail of skincare products, cosmetics, and other daily necessities; domestic business, material supply and marketing industry, R&D of health care products	500	202.00	83.59	49.49	-24.24	-40.75
Haibin Pharma	Industry	Powder injection (including penicillin), tablets, hard capsules, APIs, and sterile APIs. Import and export businesses and domestic trade (excluding commodities under exclusive rights, commodities under special government control, and monopolized commodities)	70,000	248,684.58	138,997.52	88,054.26	17,803.73	15,021.27
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical products, intermediates and other chemical products	17,000	106,658.70	34,849.95	38,513.87	4,237.38	3,646.69
Health Pharmaceutical	Industry	Production and sale of self-produced Eagle's food, health care products, traditional Chinese medicine decoction pieces, and drug products	HKD7,317	12,463.31	9,491.62	1,180.61	-369.30	-349.99
Shanghai Frontier	Industry	R&D of new pharmaceutical products, health care products, medical devices, diagnostic reagents, pharmaceutical intermediates, and provision of relevant technical consulting, technical service and technical transfer	5,000	17,294.43	10,073.80	3,943.08	-38.23	-129.25
Hiyeah Industry	Commerce	Investment in industry, domestic commerce, material supply and marketing industry, and economic information consulting	17,800	641.81	592.38	3.67	-15.46	-15.46
Joincare Daily-Use	Commerce	Wholesale of health care products, ginseng tea, ginseng lozenges, ginseng capsules, and stereotyped packaged food (including health care products)	2,500	3,860.34	3,854.01	0.00	-0.07	-0.07

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Taitai Genomics	Industry	Screening of human disease-specific genes, R&D, production, sale and technical consulting service of genetic engineering drugs and diagnostic reagents, wholesale of medical devices, and in vitro diagnostic reagents (except for diagnostic reagents under special management)	5,000	3,633.22	3,633.22	0.17	3.56	3.56
Appraisal institution	Commerce	Forensic evidence identification	-	1,001.66	925.55	94.34	-17.25	-19.62
Fenglei Electric Power	Investment	Investment in power, industry, domestic commerce, and material supply and marketing industry	10,000	29,271.97	14,276.36	0.00	85.52	85.52
Hong Kong Pharmaceutical	Investment	Investment and trade	HKD1	33,916.15	766.76	0.00	86.33	86.33
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceutical formulations, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	50,000	251,058.39	165,231.00	75,906.16	13,580.33	11,428.09
Topsino	Commerce	Investment and trade	HKD89,693	186,120.66	104,710.39	0.00	21,358.74	21,358.74
Health Investment	Investment	According to law where it was registered	USD5	2,713.79	2,713.79	0.00	0.00	0.00
Joincare Haibin	Industry	R&D, production, storage, transport and sale of chemical APIs (including intermediates) and pharmaceutical formulations. Import and export businesses and domestic trade (excluding commodities under exclusive rights, commodities under special government control, and monopolized commodities)	50,000	85,709.38	64,283.30	31,445.22	21,813.74	18,926.78
Joincare Special Medicine Food	Industry	R&D, production and sale of formula food, health care products and food for special medical use	2,000	2,072.70	160.87	0.00	-103.43	-71.67
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	93,496	2,293,772.91	1,398,682.69	630,256.52	132,515.18	111,750.25

Notes:

1. The companies listed above are companies where the Company directly or indirectly held 100% equity interest, except for Livzon Group and Shanghai Frontier; financial data thereof are data of individual accounting statements and that attributed to parent companies; as there are transactions between subsidiaries or between a subsidiary and the Company, data of individual accounting statements is not separately analyzed.
2. For business conditions of Livzon Group, please refer to the 2022 Interim Report of Livzon Pharmaceutical Group Inc.

## (VII) Structured entities controlled by the Company

Applicable  N/A

## V Other matters for disclosure

### (I) Potential risks

Applicable    N/A

#### 1. Risks of changes in industrial policies

The pharmaceutical manufacturing industry is significantly affected by changes in industrial policies. The pharmaceutical industry will face great challenge in development in the future with continuous deepening of medical reform, advancement of supply-side structural reform in the industry, revision of Drug Administration Law, acceleration of consistency evaluation of generic drugs, adjustment of the new edition of Medical Insurance Catalogue, expansion of volume-based procurement, and other industrial policies that have been successively launched. In July 2022, the Company's key product Meropenem for Injection (注射用美罗培南) was selected in the seventh batch of volume-based procurement organised by the PRC Government. This is expected to be implemented in November 2022 and will have a great impact on the sales price and market share of this product.

**Response measures:** The Company will pay close attention to industry dynamics and reform, cope with major changes in policies of the pharmaceutical industry through early layout, transformation and compliance, and actively strengthen new product R&D and innovation and constantly improve its core competitive strengths. Meanwhile, the Company is actively engaged in the access to the national reimbursement drug list and negotiation, and continue to increase the coverage of hospitals and sales, to realize the objective of "price for quantity", so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the volume-based drug procurement is becoming a regular practice. In the face of the seventh batch of volume-based drug procurement and the possible impact on the business performance of the Company, the Company will continue to strengthen innovation and improve its competitiveness, to ensure sound operation. With the Company's new high-barrier complex formulation, represented by inhalation formulations, appearing on the market one after another, commercialization will gradually enter a stable contribution period. The Company's product structure will be further optimized, and the reliance on a single product will also gradually reduce. The Company will make continued efforts to innovate and develop innovative medicines and high-barrier complex formulation with high added value that are urgently needed for clinical research, explore the types of existing products with market potential and technical barriers, actively reevaluate key medicines after their marketing and assess the consistency of relevant medicines, continuously optimize the product structure, and actively explore and expand overseas markets.

#### 2. Market risk

With advancement of supply-side structural reform in the pharmaceutical manufacturing industry and two invoice policy in circulation domain, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical industry becomes increasingly fierce. Affected by increasingly stricter drug regulation, policy-based drug price reduction, price cutting during bidding, medical insurance premium control, and minimum procurement commitment of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur frequently, thus the Company will be at the risk of drug price reduction.

**Response measures:** The Company will establish a more reasonable market system through strict compliance operation so as to maintain its dominant position and core competitive strengths, and ensure that it can achieve sustainable and steady development and improve its profitability by reinforcing marketing. Meanwhile, the Company will offset the impact of product price reduction by means of price supplement based on quantity, and optimize technical process and reduce production costs through internal exploration and transformation. Moreover, the Company will speed up the R&D and marketing of new products, spread risks of the Company while expanding the range of existing products in segment markets, improve sales and form new profit growth point by increasing product varieties in the future.

### 3. Risk of environmental protection

The Company is an integrated pharmaceutical manufacturing enterprise. During production, it implements relevant chemical synthesis process and uses a large number of acid and alkali and other chemical components, which are inflammable, explosive, toxic, irritant and corrosive, and have hidden hazards of fire, explosion and poisoning, posing certain risks to the production and operation of the Company. As environmental protection policies and regulations have been constantly issued in recent years, environmental protection standards have become more stringent, and the state has strengthened its control over pollutants, risks of environmental protection of the Company are increasing.

**Response measures:** The Company has always obeyed the safety work concept of “Putting People First” and the guideline of “Safety First, Precaution Crucial and Comprehensive Treatment”. It will strengthen the construction of safe production infrastructure and ensure a sound environment for safe production of the Company through regular internal audit of safety and environment systems and employee safety education and training. The Company will carry out discharge after treatment and reaching standards in accordance with environmental protection provisions, actively accept supervision and inspection of environmental protection authorities, and try to reduce emission and increase expenditures in environmental protection by improving production process and promptly updating environmental protection technology.

### 4. Risk in purchase price and supply of raw materials

There is a larger fluctuation in the supply price of some raw materials of the Company due to changes in material prices, especially the materials of traditional Chinese medicine, causing greater volatility or rise in production costs of the Company. Meanwhile, the quantity and category of raw material suppliers of the Company are various, thus quality of final products of the Company will be directly affected by the selection of raw material suppliers and the guarantee and control of quality of raw materials.

**Response measures:** In terms of selection of suppliers, the Company will conduct an open tendering and bidding based on the principle of selecting qualified suppliers, strengthen audit of suppliers, and eliminate the adulteration of adverse suppliers. The Quality Assurance Department and Supply Department of the Company will directly conduct process control of products provided by suppliers of key raw materials and carry out quality inspection and control of final products.

### 5. Risk of R&D for new drugs

New drug R&D is characterized by high input, high risk and long period. The State has frequently issued drug R&D related policies in recent years to further enhance approval work requirements of new drugs for marketing, thus bringing certain risks for new drug R&D of the Company. Meanwhile, promotion of drugs after marketing is affected by national regulations, industry policies, market environment and competitive intensity, causing that income obtained after marketing of new drugs cannot reach the expected income, making the Company at risk of product R&D.

**Response measures:** The Company will focus on innovative medicines and high-barrier complex formulation, pay attention to unmet clinical needs, and continuously invest in innovative research and development. The Company will further improve the R&D and innovation systems, introduce and develop high-end talents, proactively carry out cooperation and introduction of overseas innovative medicines, strengthen market research and evaluation of varieties, reinforce the process regulation and risk management of the initiation of R&D projects, and concentrate efforts and make key breakthroughs in the R&D of core products. At the same time, the Group's advantages in APIs will be fully utilized to reinforce the integration of API and drug formulations to ensure the long-term sustainable development of the Company.

## 6. Risk of the normalization of COVID-19 pandemic

The COVID-19 pandemic brought certain impact on China's overall economic performance. As the demand for prescription medicines irrelevant to the pandemic dropped due to the decline of outpatients and inpatients in medical institutions, the sales of some products were lower than expected, and the Company's production and operations were affected to a certain extent. Since March 2022, the COVID-19 pandemic has broken out in Shanghai with the emergence of mutant strains, and outbreaks have occurred and repeated across the country. As of 30 June 2022, the COVID-19 pandemic generally remained stable nationwide. In the first half of 2022, China implemented pandemic prevention and control on a continuing basis and promoted vaccination against the virus in an orderly manner. According to data on the official website of the National Health Commission, as of 30 June 2022, 31 provinces (autonomous regions and municipalities) and Xinjiang Production and Construction Commission had reported a total of 3,402.622 million doses of vaccines vaccinated.

**Response measures:** In response to the sporadic outbreaks, the Company responded to the government's demand at the first time, actively carried out epidemic prevention and control, strictly implemented relevant measures and coordinated epidemic prevention and control, production and operation. During the outbreak in Shanghai, the Company arranged and adjusted the R&D tasks in advance and transferred the experimental projects to the teams of Guangzhou and Shenzhen. The progress of the Company's R&D projects was not materially affected, and a multi-location and seamless working mode was realized. In general, the Company during the Reporting Period was under normal operation, and the overall impact of the COVID-19 pandemic on its business was relatively slight. The extent of its subsequent impact will depend on the prevention and control of the pandemic on a global scale, the time of continuation, the prevention and control of the pandemic, and the responsive measures of enterprises. The Company will continue to pay attention to the development of the pandemic and any possible impact on the financial conditions and operating results of the Company, while adopting various measures at the same time to mitigate the adverse effect of the pandemic on corporate operations, to ensure that the production and operation activities are performed in a steady and orderly manner. Measures include improving operational management, controlling various operational risks, and promoting innovation and collaboration. In the face of the new global market pattern brought out by COVID-19, the Company will strengthen the export advantages of featured APIs, set up an Internet operation center, strengthen online promotion of some formulations, and accelerate the overseas clinical progress of COVID-19 vaccine, so as to contribute to the global supply of COVID-19 vaccines and actively fulfill its social responsibilities.

## (II) Other matters for disclosure

Applicable     N/A



Corporate  
Governance **4**

## Chapter 4 Corporate Governance

### I Introduction of General Meetings

Meeting sessions	Date of meeting	Query index of designated website	Disclosure date	Meeting resolution
2022 First Extraordinary General Meeting	11 February 2022	www.sse.com.cn	12 February 2022	Eight (8) resolutions were considered and approved, including the Resolution on Changing Certain Projects Invested with Proceeds and the Resolution on Revision of Certain Clauses of Articles of Association. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2022 First Extraordinary General Meeting (Lin 2022-014) for details
2021 Annual General Meeting	18 May 2022	www.sse.com.cn	19 May 2022	Fourteen (14) resolutions were considered and approved, including the 2021 Annual Work Report of the Supervisory Committee, the Resolution on Election of Mr. Xing Zhiwei as Supervisor of the Company, 2021 Annual Work Report of the Board of Directors, 2021 Annual Profit Distribution Scheme, and 2021 Annual Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Abstract). See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2021 Annual General Meeting (Lin 2022-051) for details

#### Holders of Preferred Shares with Resumed Voting Rights Requesting to Hold Extraordinary General Meeting

Applicable  N/A

Description of General Meetings

Applicable  N/A

## II Changes in directors, supervisors and senior management of the Company

√ Applicable    □ N/A

Name	Position	Change
Xie Youguo	Supervisor	Resigned
Xing Zhiwei	Supervisor	Elected

Description of changes in directors, supervisors and senior management of the Company

√ Applicable    □ N/A

During the reporting period, the Supervisory Committee of the Company received a written resignation letter from Mr. Xie Youguo, a Supervisor of the Company. Mr. Xie Youguo applied for resignation from this position of Supervisor due to personal reasons. He continued to hold other positions in the Company even if resigned as supervisor. Before the new supervisor was elected at the General Meeting of the Company, Mr. Xie Youguo continued to perform his duties as a supervisor. In order to ensure the normal operation of the Supervisory Committee, the Company held the ninth Meeting of the eighth Session of the Supervisory Committee to consider and approve the "the Resolution on Election of Mr. Xing Zhiwei as Supervisor of the Company" on 22 April 2022. please see the "Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on the Resignation of Supervisors and the By-election of Supervisors (Lin 2022-046) for details. On 18 May 2022, the Company held the 2021 Annual General Meeting to consider and approve the aforesaid resolution to elect Mr. Xing Zhiwei as a supervisor of the eighth session of the Supervisory Committee of the Company for a term commencing from the date of consideration and approval at the General Meeting to the date of expiry of the term of the eighth session of the Supervisory Committee.

## III Profit distribution plan and plan for conversion of capital reserve into share capital

**Profit distribution plan and plan for conversion of capital reserve into share capital proposed for the first six months of 2022**

Distribution or conversion or not	No
Number of bonus shares to be distributed for every ten shares (share)	N/A
Amount to be distributed for every ten shares (RMB) (tax inclusive)	N/A
Number of shares to be converted into share capital for every ten shares (share)	N/A
Description of profit distribution plan and plan for conversion of capital reserve into share capital	N/A



## IV Equity incentive scheme, employee share ownership scheme or other employee incentives of the Company and their effect

### (I) Matters related to equity incentive scheme have been disclosed in the Provisional Announcements with no progress or change in subsequent implementation

√ Applicable     N/A

Overview	Query index
<p>The third exercise period under the first grant of the 2018 Share Options Incentive Scheme of the Company started on 21 December 2021 until 20 December 2022 by way of independent exercise. The second exercise period under the reserved grant of share options started on 23 September 2021 until 22 September 2022 by way of independent exercise. The total number of share options exercised was 4,005,170 from 1 January 2022 to 31 March 2022. As at 31 March 2022, the number of options cumulatively exercised and completing share transfer registration under the first grant and reserved grant of the 2018 Share Options Incentive Scheme of the Company was 28,835,036.</p>	<p>See the Announcement on 2022 Q1 Independent Exercise Results of the 2018 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. &amp; Changes in Shares (Lin 2022-038) disclosed by the Company on 2 April 2022 for details.</p>
<p>The Resolution on the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary and the Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Related to the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company were considered and approved at the Congress of Workers and Staff, the 10th Meeting of the 8th Session of the Board, and the 9th Meeting of the 8th Session of the Supervisory Committee on 22 April 2022.</p> <p>The said resolutions were considered and approved at the 2021 Annual General Meeting on 18 May 2022.</p>	<p>See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the Congress of Workers and Staff (Lin 2022-044), Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 10th Meeting of the 8th Session of the Board (Lin 2022-047), Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. At the 9th Meeting of the 8th Session of the Supervisory Committee (Lin 2022-045), and the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Draft) and its Summary disclosed by the Company on 25 April 2022 for details.</p> <p>See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2021 Annual General Meeting (Lin 2022-051) disclosed by the Company on 19 May 2022 for details.</p>
<p>The Resolution on Revision of the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Draft) and its Summary was considered and approved at the 11th Meeting of the 8th Session of the Board and at the 10th Meeting of the 8th Session of the Supervisory Committee on 31 May 2022.</p>	<p>See the Announcement on Resolution in Relation to Revision of the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Draft) and its Summary (Lin 2022-053), and the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Revised Draft) and its Summary disclosed by the Company on 1 June 2022 for details.</p>

Overview	Query index
<p>On 1 June 2022, the First Holders' Meeting of the Second Phase Share Ownership Scheme of Medium to Long-term Business Partners was held by the Company. This meeting considered and approved the Resolution on Establishing the Management Committee of the Second Phase Share Ownership Scheme of the Company, the Resolution on Electing Members of the Management Committee of the Second Phase Share Ownership Scheme and the Resolution on Authorizing the Management Committee of the Second Phase Share Ownership Scheme of the Company to Handle Matters Related to the Employee Share Ownership Scheme.</p>	<p>See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the First Holders' Meeting of the Second Phase Share Ownership Scheme of Medium to Long-term Business Partners (Lin 2022-056) disclosed by the Company on 2 June 2022 for details.</p>
<p>As of 7 June 2022, the Second Phase Share Ownership Scheme of the Company has purchased a total of 6,275,372 shares by way of secondary market centralized bidding trading, representing 0.33% of the total share capital of the Company (1,911,733,078 shares), with a total turnover of RMB75,740,661.60 and an average transaction price of approximately RMB12.07 per share. Then the Company has completed the purchase of the underlying shares for the Second Phase Share Ownership Scheme.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Completing the Purchase of Shares for the Second Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme (Lin 2022-059) disclosed by the Company on 8 June 2022 for details.</p>
<p>The Resolution on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company was considered and approved at the 14th Meeting of the 8th Session of the Board and at the 12th Meeting of the 8th Session of the Supervisory Committee on 30 June 2022. Due to profit distribution, the exercise price under the first grant was adjusted to RMB7.59 per share, while that under the reserved grant was adjusted to RMB10.01 per share.</p>	<p>See the Announcement on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company by Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2022-069) disclosed by the Company on 1 July 2022 for details.</p>
<p>The number of options exercised in total was 807,589 from 1 April 2022 to 30 June 2022. As at 30 June 2022, the number of options cumulatively exercised and completing share transfer registration under the first grant and reserved grant of the 2018 Share Options Incentive Scheme of the Company was 29,642,625.</p>	<p>See the Announcement on 2022 Q2 Independent Exercise Results of the 2018 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. &amp; Changes in Shares (Lin 2022-071) disclosed by the Company on 2 July 2022 for details.</p>

## (II) Incentives not disclosed in the Provisional Announcements or with subsequent progress

Equity incentives

Applicable  N/A

Others

Applicable  N/A

Employee share ownership scheme

Applicable  N/A

Other incentive program

Applicable  N/A



Environmental  
and Corporate  
Social  
Responsibility

5

## Chapter 5 Environmental and Corporate Social Responsibility

### I Environmental information

#### (I) Environmental Issues of Companies and Their Major Subsidiaries Belonging to Key Pollutant Discharging Units as Announced by the Environmental Protection Department

√ Applicable    □ N/A

##### 1. Pollution discharge information

√ Applicable    □ N/A

##### i. Jiaozuo Joincare

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Joincare	Chemical oxygen demand	Continuous	1	Master outlet for sewage	114.33	220	351.99	942.1	Nil
	Ammonia nitrogen	Continuous			15.39	35	47.38	105.3	Nil

##### ii. Taitai Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Taitai Pharmaceutical	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	46.5	345	0.212	/	Nil
	Biochemical oxygen demand				1	150	0.0047	/	Nil
	Suspended solids				4	250	0.014	/	Nil
	pH value				7.83	6-9	/	/	Nil
	Sulfur dioxide	Intermittent	1	Discharge outlet of boiler exhaust gas	1.4	50	0.0084	/	Nil
	Nitrogen oxide				14.95	150	0.089	/	Nil
	Particulate matter				9.34	20	0.056	/	Nil

## iii. Haibin Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Haibin Pharma	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	54	500	1.55	41.65	Nil
	Ammonia nitrogen		1	Master outlet for sewage	0.8	45	0.023	3.7485	Nil
	Particulate matter		1	Discharge outlet of boiler exhaust gas	1.4	20	0.02	/	Nil
	Sulfur dioxide		1	Discharge outlet of boiler exhaust gas	5	50	0.08	/	Nil
	Nitrogen oxide		1	Discharge outlet of boiler exhaust gas	20	150	0.33	/	Nil
	Volatile organic compounds		2	Discharge outlet of process organic exhaust gas and tank farm exhaust gas	7.7	60	0.5	5.544	Nil

## iv. Xinxiang Haibin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinxiang Haibin	Chemical oxygen demand	Continuous	1	Master outlet for sewage	51.1	220	4.05	14.81	Nil
	Ammonia nitrogen				8.05	35	0.56	1.66	Nil

## v. Fuzhou Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Fuzhou Fuxing	Chemical oxygen demand (COD)	Intermittent	1	The northwest side of the factory	14.53	100	7.27	124.5	Nil
	Ammonia nitrogen				0.23	15	0.12	18.7	Nil

Note: The discharge concentration represents the actual discharge concentration, and the standards implemented represent the standards for discharge to the environment by Jiangyin sewage plant (江阴污水处理厂) (i.e. COD $\leq$  100mg/L, ammonia nitrogen  $\leq$  15mg/L), and the agreed standard for discharge of COD and ammonia nitrogen from the company to Jiangyin sewage plant shall be  $\leq$  500mg/L and  $\leq$  60mg/L, respectively. The data was obtained from Fuzhou Environmental Protection Bureau.

## vi. Xinbeijiang Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Xinbeijiang Pharmaceutical	Chemical oxygen demand	Intermittent	1	Sewage treatment workshop	78.5	240	31.71	Nil	Nil
	Ammonia nitrogen				2.7	70	1.10	Nil	Nil

Note: The discharge concentration represents the concentration of discharge into Qingyuan Henghe Sewage Treatment Plant (清远横荷污水处理厂), while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD $\leq$  240mg/L, ammonia nitrogen  $\leq$  70mg/L. The data was obtained from Qingyuan Environmental Protection Bureau.

## vii. Livzon Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m <sup>3</sup> )	Pollutant discharge standards implemented (mg/L)/(mg/m <sup>3</sup> )	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Hecheng	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	85.585	192	7.969	/	Nil
	Ammonia nitrogen (NH <sub>3</sub> -N)				8.128	40	0.6748	/	Nil
	Sulfur dioxide	Organized continuous emission	3	Boiler room	3	50	0.044	/	Nil
	Nitrogen oxide				74.85	150	1.2078	/	Nil
	Particulate matter				1.43	20	0.0187	/	Nil
	Hydrogen chloride				2.29	100	0.7063	/	Nil
	Non-methane hydrocarbons				11.41	60	3.790	77.76	Nil
	Non-methane hydrocarbons				5.25	60	0.2670		Nil
	Nitrogen oxide				30	200	1.8892	/	Nil
	Sulfur dioxide				3	200	0.1889	/	Nil

## Notes:

- The discharge concentration of pollutants in waste water represents the average concentration by online monitoring from the master discharge outlet by the company into South District Sewage Treatment Plant, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD $\leq$  192mg/L, ammonia nitrogen $\leq$  40mg/L.
- The discharge concentration of pollutants in the discharge outlet of waste gas represents the average concentration detected by a qualified third party engaged, of which the boiler exhaust adopted the Emission Standard for Boiler Atmospheric Pollutants in Guangdong Province (《广东省锅炉大气污染物排放标准》) (DB44/765-2019), the workshop and wastewater treatment station emission complied with the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB37823-2019).

## viii. Gutian Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Gutian Fuxing	Chemical oxygen demand	Continuous	1	The southeast side of the factory	46.55	120	6,209	108	Nil
	Ammonia nitrogen				9.93	35	1.27	31.5	Nil

Note: The discharge concentration represents the concentration of ultimate discharge into the environment, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD $\leq$  120mg/L, ammonia nitrogen $\leq$  35mg/L.

## ix. Livzon Limin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Limin	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	23.5	110	2.9	Nil	Nil
	Ammonia nitrogen				0.3892	15	0.05	Nil	Nil

Note: The waste water of Livzon Limin was discharged into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂) and the standard adopted for pollutant discharge represented the standard stipulated in the pollutant discharge license of the company, i.e. COD $\leq$  110mg/L, ammonia nitrogen  $\leq$  15mg/L, while the data detected by a third party inspection firm was adopted as the discharge concentration.

## x. Livzon Pharmaceutical Factory

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Pharmaceutical Factory	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	18.48	120	1.15	Nil	Nil
	Ammonia nitrogen		1	Wastewater treatment station	0.11	20	0.007	Nil	Nil

Note: The discharge concentration of pollutants in the wastewater discharge outlet represents the average concentration detected by a qualified third party engaged, by implementing the strictest of Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2 新建企业水污染物排放浓度限值) of the Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category (《混装制剂类制药工业水污染物排放标准》) (GB21908-2008), Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2 新建企业水污染物排放浓度限值) of Discharge Standards for Biopharmaceutical Industrial Wastewater (《生物工程类制药工业水污染物排放标准》) (GB21907-2008), or the level 1 of phase II standard of Guangdong Provincial Capping on Polluted Effluents Discharge (《广东省水污染物排放限值》) (DB44/26-2001).

## xi. Ningxia Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m <sup>3</sup> )	Pollutant discharge standards implemented (mg/L)/(mg/m <sup>3</sup> )	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharmaceutical	Chemical oxygen demand	Continuous	1	Sewage treatment workshop on north side of factory zone	121	200	67.5	Nil	Nil
	Ammonia nitrogen				1.3	25	0.74	Nil	Nil
	Sulfur dioxide	1	Boiler workshop on north side of factory zone	53	200	19.61	156.816	Nil	
	Nitrogen oxide			92	200	35.77	156.816	Nil	
	Particulate matter			8	30	2.92	23.522	Nil	
	Volatile organic compounds			2.7	100	1.25	79.535	Nil	
			9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage					

## Notes:

- (1) The discharge concentration of wastewater represents the concentration of ultimate discharge to the environmental protection control center of Ningxia Xin'an Technology Co., Ltd. (宁夏新安科技有限公司) ("Xin'an Company"), the standard adopted for pollutant discharge was the standard stipulated in the pollutant discharge license of the company and the amount of discharge was calculated by the amount received by Xin'an Company. In respect of the total amount of approved discharge, since Ningxia Pharmaceutical adopted indirect discharge, the local government of Ningxia canceled the limitation of total discharge of chemical oxygen demand and ammonia nitrogen of all indirect discharge enterprises, and the total amount index was directly allocated to sewage treatment plants in the pharmaceutical industrial park established by the government after the renewal of the pollution discharge license.
- (2) The emission concentration of boiler exhaust gas represents the self-monitoring average concentration throughout the year, the standard adopted for discharge was the standard stipulated in the pollutant discharge license of the company and the amount of discharge was calculated by the amount indicated by online monitoring. The concentration of volatile organic compounds (VOCs) represents the concentration of ultimate discharge to the environment (self-monitoring concentration), the adopted standard was the standard limits stipulated in Schedule I of the Air Pollutant Discharge Standards for Pharmaceutical Industry 《制药工业大气污染物排放标准》(GB37823-2019) and the amount of discharge was calculated by the amount of exhaust gas emissions and the discharge concentration recorded by the monitoring report.

## xii. Jiaozuo Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Hecheng	Chemical oxygen demand	Continuous	1	Master outlet in industrial wastewater workshop	94.201	220	3.97	60.8	Nil
	Ammonia nitrogen				3.24	35	0.138	8.8	Nil

Note: The discharge concentration and the total amount of discharge represent the concentration and total amount of ultimate discharge into the downstream sewage treatment plant, and the source is online monitoring data.



## xiii. Shanghai Livzon

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m <sup>3</sup> )	Pollutant discharge standards implemented (mg/L)/(mg/m <sup>3</sup> )	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Shanghai Livzon	Chemical oxygen demand	Intermittent	1	Master outlet in the park	42	500	1.12	Nil	Nil
	Ammonia nitrogen				5.35	40	0.12	Nil	Nil
	Particulate matter	Organized and intermittent discharge	2	No. 5 and 6 outlet on the roof	-	-	-	-	Nil
	Volatile organic compounds		8	No. 1, 2, 3, 4, 7, 8, 9 and 10 outlets on the roof	2.45	60	0.003	2.145	Nil

Note: The discharge concentration was the average of monthly third-party monitoring data, and the amount of discharge was the cumulative sum of monthly discharge. The discharge of VOCs and particulate were in accordance with the Air Pollutant Discharge Standards for Pharmaceutical Industry 《制药工业大气污染物排放标准》(GB37823-2019), and the discharge of COD and Ammonia nitrogen were implemented in accordance with the comprehensive sewage discharge standard DB31/199-2018. Shanghai Livzon was among other key pollutant discharge units, but not among the key pollutant discharge units of water environment and atmospheric environment.

## xiv. Livzon MAB

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon MAB	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	18.48	120	0.78	Nil	Nil
	Ammonia nitrogen		1	Wastewater treatment station	0.11	20	0.005	Nil	Nil

Note: The discharge concentration of pollutants in the wastewater discharge outlet represents the average concentration detected by a qualified third party engaged, by implementing the strictest of Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2 新建企业水污染物排放浓度限值) of the Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category 《混装制剂类制药工业水污染物排放标准》(GB21908-2008), Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2 新建企业水污染物排放浓度限值) of Discharge Standards for Biopharmaceutical Industrial Wastewater 《生物工程类制药工业水污染物排放标准》(GB21907-2008), or the level 1 of phase II standard of Guangdong Provincial Capping on Polluted Effluents Discharge 《广东省水污染物排放限值》(DB44/26-2001).

## 2. Construction and operation of pollution preventive facilities

√ Applicable   □ N/A

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Joincare	<p>Exhaust gas: The treatment process of "water spray + acid spray + alkali spray + mist eliminator + dry filter + adsorption concentrator + RCO" was adopted for fermentation exhaust gas. The treatment process of "bag type dust collector" was adopted for proportioning process dust-laden exhaust gas. The treatment process of "secondary alkali spray" was adopted for exhaust gas treatment facilities in wastewater treatment station. The treatment process of "alkali adsorption" was adopted for process acid waste gas. The treatment process of "tertiary finned condenser + bag type dust collector + secondary alkali spray + RTO"/"-20° condensation + activated carbon adsorption device (including regenerating device) + RTO"/"adsorption device (including regenerating device)+ secondary alkali spray + biological uptake + secondary alkali spray"/"secondary alkali spray + biological uptake + secondary alkali spray" was adopted for process organic exhaust gas. All of them enable stable and up-to-standard discharge of exhaust gas.</p> <p>Wastewater: The treatment process of "regulating pool + hydrolysis acidification pool + UASB + (CASS + air flotation)/modified A/O + secondary settling tank + coagulating sedimentation" was primarily adopted. Standard wastewater outlets were set; online automatic monitoring control system was installed at outlets for real-time monitoring of COD, ammonia nitrogen, total nitrogen, pH, and flow. At present, wastewater treatment process sections can be stably operated. Moreover, indicators of wastewater factors are stable and satisfy the discharge standard.</p>
Taitai Pharmaceutical Haibin Pharma	<p>No new facilities were set up. Pollution preventive facilities functioned properly and ensured up-to-standard discharge.</p> <p>Pollution treatment facilities functioned properly and ensured up-to-standard discharge. A set of laboratory exhaust gas treatment system was newly built.</p>
Xinxiang Haibin	<p>Wastewater: The wastewater treatment system with daily processing capacity of 600 tons through A/O process designed by East China University of Science and Technology started operation in April 2016 and has been functioning properly in the first half of 2022. Moreover, indicators can be stable and satisfy the required discharge standard. A set of MVR concentration wastewater treatment plant was added in April 2020, which has been functioning properly in the first half of 2022. From the second half of 2021 to March 2022, a set of lift aerator system and a set of magnetic levitation blower were added in the biochemical system, and they have been put into operation and functioning properly. A new sewage anaerobic treatment system was built in the first half of 2022 and is currently under commissioning.</p> <p>Exhaust gas: The 40,000 m<sup>3</sup>/h regenerative oxidation exhaust gas treatment system designed by Jiangsu Ruiding started operation on 2 November 2019 and has been functioning properly in the first half of 2022. Moreover, factors achieved ultra-low discharge. After reconstruction of dry tail gas self-circulating process, the activated carbon adsorption pre-treatment device for high concentration waste gas designed by Beijing Rixin Daneng Technology Co., Ltd. has been functioning properly in the first half of 2022. After alkali spray and water spray, the exhaust gas from biochemical aerobic process of wastewater treatment was emitted in compliance with the required standard, which has been functioning properly in the first half year 2022. A set of tetrahydrofuran membrane recovery system was added for high concentration exhaust gas treatment of six workshops, which has been functioning properly in the first half year 2022. The resin adsorption pre-treatment facility of exhaust gas was added and is currently under construction.</p>

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Fuzhou Fuxing	The Company strictly complies with the “Three-Simultaneous” system, collects and treats “Three Wastes (waste water, exhaust gas and solid waste)” according to requirements, and employs an advanced sewage treatment process known as “regulating pool + hydrolysis acidification tank + SBR + air float”. After the sewage has gone through the above treatment process, all indicators are stable and satisfy the discharge standard. After meeting the discharge standards, the sewage is discharged to Jiangyin sewage plant operated by Fujian Huadong Water Treatment Co., Ltd. (福建华东水务有限公司) via sewage pipe network at the industrial park area for further treatment. In 2022, exhaust gas treatment facilities such as the Fenton pool and the regulating pool were added, and the exhaust gas was treated by secondary spray.
Xinbeijiang Pharmaceutical	The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The sewage treatment facilities with an investment amount of over RMB30 million have a designed processing capacity of 3,000t/d and adopt the treatment process of “Pretreatment + Aerobic pool + Hydrolysis acidification tank + SBR + Catalytic oxidation + Air float”. In the first half of 2022, the third round of environmental protection improvement was implemented, including the replacement of biological deodorizer tanks and the addition of spray towers in sewage stations, the reinstallation of the pretreatment exhaust gas collection pipes, which reduced the disorganized emission of exhaust gas and greatly improved the odor around sewage stations; mufflers were installed in sewage stations and discharge outlets of the second fermentation department to lower the air flow of exhaust gas emissions; MVR circulating pumps and vapor compressors were enclosed with sound-absorbing cotton panels, which greatly lowered the noise of the MVR; sound-absorbing cotton panels were also put around many other noisy equipment, so as to control the generation and transmission of noise at source.
Livzon Hecheng	The “Three Wastes” were treated in a centralized and effective manner in strict compliance with the “Three Simultaneous” system and the maintenance and management of pollution preventive facilities were enhanced to ensure that emission of pollutants was stable and in compliance with the required standard. The treatment process of “pre-treatment of drainage from the production process + hydrolytic acidification + up-flow anaerobic sludge blanket (UASB) + advanced oxidation + CASS process + air float/ozonation advanced treatment” was adopted. Treated sewage was discharged through the municipal sewage pipeline network into Zhuhai Leaguer Environmental Protection Co., Ltd. (珠海力合环保有限公司) (water purification plant in the South District).
Gutian Fuxing	At the same time when the enterprise started production, the “Three Wastes” were collected and treated effectively in accordance with the requirements of the “Three Simultaneous” system of environmental protection. This involves a designed sewage treatment capacity of 1,200 t/d, adoption of the advanced “Anarerobic-Oxic activated sludge process (A/O) + SBR + nitrogen removal by denitrification +Fenton decolorizing + air flotation” wastewater treatment process, 6,000 m <sup>3</sup> of effective reservoir capacity of the treatment system and more than 20 sets of treatment equipment with 350 KW installed capacity to improve the water treatment process, thus ensuring that all wastewater treatment indicators are stable and satisfy the discharge standard. Treated sewage that reaches the grade II discharge standard is directly charged into Minjiang River. The hazardous wastes of the company are entrusted to qualified companies for compliant disposal according to the requirements of environmental impact assessment and acceptance inspection opinions.

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Livzon Limin	<p>The “Three Simultaneous” system was strictly implemented by the company for the treatment of “Three Wastes” by collecting and treating the “Three Wastes” effectively. The investment for sewage treatment facilities was over RMB13 million with designed processing capacity of 1,500t/d and adopted the treatment process of “Pre-treatment + Hydrolysis acidification tank + Facultative tank + Aerobic pool + Secondary sedimentation”, and the sewage after treatment was discharged through the municipal pipeline network into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂). In respect of exhaust gas treatment, biomass boilers were all replaced by gas boilers. The technical transformation project of the R&amp;D center has installed waste gas treatment facilities such as activated carbon adsorption and acid mist spray tower. In respect of control of noise pollution, the company built noise segregation walls to reduce noise pollution.</p>
Livzon Pharmaceutical Factory	<p>The “Three Simultaneous” system was strictly implemented by the company for the treatment of “Three Wastes” by collecting and treating the “Three Wastes” effectively. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the sewage after treatment was discharged through the municipal pipeline network into sewage treatment plants. For waste gas: currently, the company uses purchased steam and uses the boilers as backups, greatly reducing exhaust gas emissions. The waste gas of the sewage treatment stations is treated by a combination of first-level spray towers, Ultra Violet (UV) photoion equipment and second-level spray towers.</p>
Ningxia Pharmaceutical	<p>Through strict enforcement of the “Three Simultaneous” system, the “Three Wastes” were collected and treated effectively. The designed total processing capacity of sewage treatment was 7,500m<sup>3</sup>/d (including one plant with capacity of 5,000m<sup>3</sup>/d and one plant with capacity of 2,500m<sup>3</sup>/d), and the actual total treatment amount was 3,100m<sup>3</sup>/d. After the wastewater had reached the standard stipulated in the pollutant discharge license, it would be discharged through the sewage pipeline network in the industrial park to Xin’an Company. In 2021, the installation and use of exhaust gas collection and treatment facilities for hazardous waste stations were completed, and doramectin fermentation exhaust gas of 101 fermentation workshop was introduced into the specific exhaust gas treatment facility for doramectin fermentation exhaust gas of 102 fermentation workshop, and a primary sedimentation tank was added to the sewage treatment station to lead out exhaust gas for treatment. Since May 2022, the original exhaust gas treatment facilities of 103-2 fermentation workshop have been upgraded, mainly by adding a set of process treatment facility known as “sodium hypochlorite spray absorption+ water spray absorption + dual-phase super oxygen water + micro-nano bubble”. With the upgrade undergoing, the facilities are expected to be completed and put into operation in July 2022.</p>

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Hecheng	<p>The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The designed sewage treatment capacity was 3,000t/d, the treatment process of “hydrolytic acidification tank + anaerobic UASB + aerobic pool + materialized treatment” was adopted, and the treated wastewater would be discharged through the municipal pipeline network into the sewage treatment plant of Xiuwu Branch of Kangda Water Co., Ltd. (康达水务有限公司修武分公司). The sewage treatment facilities were under normal operation with compliant discharge. For exhaust gas: In 2021, the company replaced the sewage tertiary spray, added a set of UV photolysis exhaust gas treatment facility for the sewage treatment station and discharged after meeting the standard; exhaust gases generated from technical process in the production zone would be collected and treated by adopting two sets of processes of “water spray + active carbon and -20°C condensation + water spray + active carbon” and then discharged after reaching the required standard. For solid waste: hazardous solid wastes would be stored in the hazardous waste station constructed in compliance with the requirements of “Three Protections” (protection against leaks, erosion and rain) according to the requirements under the (Pilot) Guidelines for Standardized Management of Hazardous Waste in Henan Province 《河南省危险废物规范化管理工作指南(试行)》 for hazardous wastes. In January 2022, the company entered into a self-monitoring and automatic monitoring equipment comparison contract with Henan Sino Quality Testing Technology Co., Ltd (河南中方质量检测技术有限公司) to monitor the discharge outlet of the company regularly; in the same month, the company entered into a continuous online water-quality monitoring system maintenance contract with Jiaozuo Lansheng Environmental Technology Service Co., Ltd. (焦作市蓝晟环保技术服务有限公司), in relation to the provision of relevant maintenance services to the Company. In April 2022, the company entered into a hazardous waste disposal agreement with Henan Zhonghuanxin Environmental Technology Co., Ltd. (河南中环信环保科技有限公司) for disposal of hazardous wastes on a regular basis. Other general solid wastes would be disposed of in compliance with the relevant requirements.</p>
Shanghai Livzon	<p>The company designed and built a sewage treatment station with a processing capacity of 200m<sup>3</sup>/d in 2018. The company’s sewage was treated by such sewage treatment station and then entered the park’s sewage treatment station for secondary treatment, and finally discharged into the municipal pipeline network. The company had the hazardous waste station in compliance with the requirements of “Three Preventions” to store hazardous waste and appointed a qualified company for compliant disposal. The company’s main exhaust outlets were treated with activated carbon adsorption and filtration, and the activated carbon was replaced every half a year to ensure that the exhaust gas emission met the standards. In January 2022, the company demolished the solid formulation workshop on the third floor and renovated it into a microsphere workshop, so there is no discharge of particulate matter from the No. 5 and 6 outlets.</p>
Livzon MAB	<p>The “Three Simultaneous” system was strictly implemented by the company for the treatment of “Three Wastes” by collecting and treating the “Three Wastes” effectively. For wastewater (relying on the wastewater treatment of the pharmaceutical factory in the park): an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the sewage after treatment was discharged through the municipal pipeline network into sewage treatment plants. For waste gas: currently, the company uses purchased steam and uses the boilers as backups, greatly reducing exhaust gas emissions. The waste gas of the sewage treatment stations is treated by a combination of first-level spray towers, UV photoion equipment and second-level spray towers.</p>

## 3. Environmental impact assessment of construction projects and other environmental protection administrative licensing

√ Applicable   □ N/A

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Jiaozuo Joincare	The Approval of Environmental Impact Report on New 12T Natural Gas Boiler Project for Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (Jiao Huan Shen Ma [2022] No. 2) was granted on 11 May 2022.
Taitai Pharmaceutical Haibin Pharma	The preparation of Environmental Impact Report Form for two new products, Efinaconazole and Lidocaine Aerosol, is in progress. The pollutant discharge license was changed on March 2022.
Xinxiang Haibin	Approval of Environmental Impact Report on 20 Tonnes/Year Meropenem Pharmaceutical Intermediate Project (Yu Huan Jian [2005] No. 84), Opinions on Environmental Protection Inspection and Acceptance for 20 Tonnes/Year Meropenem Pharmaceutical Intermediate F9 Project (Yu Huan Bao Yan [2008] No. 89), Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project (Yu Huan Shen [2014] No. 564), Independent acceptance of the Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project on 24 March 2019, Opinions of Comprehensive Supervision and Enforcement Bureau of High-tech Zone on Approval of Environmental Impact Report on Technical Center Expansion Project of Xinxiang Haibin Pharmaceutical Co., Ltd. (Xin Gao Zong Jian Zi [2020] No. 26), and the reply to the Environmental Impact Assessment Report for the Peinan Series API Development Project of Xinxiang Haibin Pharmaceutical Co., Ltd (Xin Huan Shu Shen [2021] No. 24).
Fuzhou Fuxing	The Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. was approved on 23 August 2021. The company strictly implemented the “Three Simultaneous” system and took environmental protection measures required for environmental assessment, while the environmental protection facilities were under normal operation. An approval was granted for the application of a new national pollutant discharge license on 27 December 2017 and the renewal of the national pollutant discharge license was completed in December 2020. The company has been discharging pollutants in strict compliance with the licensing and administrative requirements. The Environmental Impact Report on the Phase IV High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) for this reporting period is under preparation.
Xinbeijiang Pharmaceutical	The Environmental Impact Report on Current Status of Projects of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司项目现状环境影响报告书》) was approved and filed on 6 December 2016. With strict enforcement of the “Three Simultaneous” system and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly. On 29 December 2017, an approval was granted for the application of a new national pollutant discharge license and the work for changing and renewing the pollutant discharge license was completed in December 2020. The environmental protection policies were strictly enforced. On 28 April 2022, the company completed the application for the pollutant discharge license for Shijiao New Factory. On 16 June 2022, the company completed the environmental impact assessment of the new plant for the addition of mixed compound veterinary drugs and obtained the environmental assessment approval (Qingcheng Shen Pi Huan Biao [2022] No. 12).

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Livzon Hecheng	<p>The Environmental Impact Assessment Report on Current Status of the Product Structure and Production Capacity Adjustment Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. 《珠海保税区丽珠合成制药有限公司产品结构及产能调整项目现状环境影响评价报告》) was approved in December 2016. In 2021, the environmental impact assessment of 14 new products including paliperidone palmitate (棕榈酸帕利呱酮), aripiprazole (阿立哌唑), bismuth potassium citrate (枸橼酸铋钾), i.e. the Environmental Impact Assessment Report on Technological Renovation and Expansion Project of Livzon Synthetic Pharmaceutical Co., Ltd. in Zhuhai Free Trade Zone 《珠海保税区丽珠合成制药有限公司技改扩建项目环境影响评价报告》), passed expert review and was approved. The company strictly enforced the “Three Simultaneous” system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. In 2021, it was awarded the green card enterprise of environmental credit rating by Zhuhai Municipal Ecology and Environment Bureau. In March 2022, the company completed the filing of the revised environmental emergency contingency plan.</p>
Gutian Fuxing	<p>The company passed the environmental impact assessment on 30 June 1999 and the inspection and acceptance upon completion of construction carried out by Environmental Protection Bureau of Fujian Province on 5 June 2000. The company re-prepared its post-environmental impact assessment report in 2019 and passed the inspection and acceptance carried out by experts on 11 June 2019. The company strictly enforced the “Three Simultaneous” system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities.</p>
Livzon Limin	<p>The Environmental Impact Report on the Technological Reform Project for the R&amp;D Center of Livzon Group Limin Pharmaceutical Manufacturing Factory 《丽珠集团利民制药厂研发中心技改项目环境影响报告表》) was approved on 6 December 2019. The expert meeting of acceptance was held on 24 April 2021, in which the independent acceptance was completed. The Environmental Impact Report for Workshop II of Small capacity Injection 《小容量注射剂二车间项目环境影响报告表》) was approved on 23 November 2020. On 15 September 2021, the expert meeting of acceptance was held, in which the independent review was completed. The National Sewage Permit was updated on 22 October 2021. The “Three Simultaneous” system was strictly enforced to implement the environmental protection measures required under the environmental impact assessment, and the environmental protection facilities were under normal operation.</p>
Livzon Pharmaceutical Factory	<p>The Environmental Impact Assessment Report on Expansion Project for Production Line of Recombinant Human Chorionic Gonadotropin for Injection of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) was approved in March 2018. The Environmental Impact Assessment Report on Expansion Project for Sewage Treatment Stations of Livzon Group Livzon Pharmaceutical Factory was approved in April 2019. The Environmental Impact Assessment Report on Expansion Project for Production Line of lyophilized Powder Injection of Livzon Group Livzon Pharmaceutical Factory was approved in November 2020. The Environmental Impact Report Form of P07 New Wet Granulation Line Project of Livzon Group Livzon Pharmaceutical Factory was approved on 18 May 2022. The company obtained an updated sewage permit in June 2022. The company will strictly enforce the “Three-simultaneous” system to implement the environmental protection measures as required by environmental assessment.</p>

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Ningxia Pharmaceutical	The environmental protection inspection for completion of doramectin expansion project was completed in March 2021. In September 2021, expert review and government filing were completed for the environmental impact evaluation of project work upon optimized disposal of the company's solid waste. The company applied to change its pollutant discharge permit and passed the review of the Pingluo Branch of Shizuishan Municipal Ecology and Environment Bureau in December 2021. The company strictly enforced the "Three Simultaneous" system to implement the environmental protection measures as required by environmental assessment, while the environmental protection facilities were under normal operation.
Jiaozuo Hecheng	The Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. 《焦作丽珠合成制药有限公司现状环境影响评估报告》 was approved and filed on 15 December 2016. The "Three Simultaneous" system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were under normal operation. The application for the national pollutant discharge license was completed in December 2020, the environmental protection policies were strictly enforced and various management measures were implemented. According to the spirit of the document "Notice of the Office of the Leading Group of Jiaozuo City's Pollution Prevention and Control Battle on Doing a Good Job in the Key Work of Air Pollution Prevention and Control in May 2022", the company formulated the "one policy for one enterprise" plan for Jiaozuo Hecheng VOCs emission enterprise in 2022.
Shanghai Livzon	The company passed the environmental assessment review of the Leuprorelin Acetate Microspheres for Injection Industrialization Project 《注射用醋酸亮丙瑞林微球产业化项目》 on 11 October 2010, obtained the approval for the Environmental Impact Report on Supporting Engineering and Laboratory Projects of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. 《上海丽珠制药有限公司配套工程及实验室项目环境影响报告》 on 10 January 2020, and completed the construction and passed the acceptance inspection in September 2020. The company strictly implemented the "Three Simultaneous" system and took environmental protection measures required for environmental assessment, while the environmental protection facilities were under normal operation.
Livzon MAB	The Environmental Impact Assessment Report on V-01 Industrialization Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂V-01产业化项目环境影响报告书) was approved in April 2021. The Third Line Environmental Impact Report of the Expanded Preparation of the Large-scale Production Capacity Construction Project of Recombinant SARS-CoV-2 Fusion Protein Vaccine (V-01) was approved in March 2022. The company obtained an updated sewage permit in March 2022. The company strictly implemented the "Three Simultaneous" system and took environmental protection measures required for environmental assessment.



## 4. Environmental emergency contingency plan

√ Applicable    □ N/A

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Joincare	Revision of the environmental emergency contingency plan of Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. was completed in May 2022 and was filed in the Macun Branch of Ecological Environment Bureau of Jiaozuo City on 19 May 2022. Revision of the environmental emergency contingency plan for hazardous waste pollution accident of Jiaozuo Joincare was completed in December 2020.
Taitai Pharmaceutical Haibin Pharma	Review and filing was completed in July 2020.
Xinxiang Haibin	The Environmental Emergency Contingency Plan was filed (File No. 440308-2020-0029M). Trainings and drills on emergency responses were provided for employees to improve the capability of the Company for dealing with environmental emergencies.
Fuzhou Fuxing	In July 2022, the environmental emergency contingency plan has passed expert review and is under filing.  Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. 《丽珠集团福州福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of "prevention-oriented, self-help-oriented, unified command, and division of responsibility", which has been filed on 15 April 2022 (File No. 350181-2022-024-M). After environmental emergencies occur, immediate, quick, effective and orderly emergency rescue actions shall be taken to control and prevent the spread of accident and contamination, protect the surrounding environment and safeguard life and property of all employees, the company and nearby communities. In accordance with the contents and requirements of the plan, the company provides trainings and drills for its employees to get them well-prepared for environmental emergencies, so that timely rescue can be taken and the accident can be controlled in a short period of time in case of any environmental emergencies. In May 2022, the second comprehensive emergency drill for four leakage accidents in the workshop was conducted.
Xinbeijiang Pharmaceutical	Based on the principles of "prevention-oriented, on-alert all the time; classified management, level-by-level response; cross-department cooperation, responsibility by levels; scientific prevention and efficient handling", Xinbeijiang Pharmaceutical re-signed and issued the Environmental Emergency Contingency Plan of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. 《丽珠集团新北江制药股份有限公司突发环境事件应急预案》) (File No. 441802-2021-0162-H) on 30 September 2021, which has been approved and filed by Qingyuan Municipal Ecology and Environment Bureau on 22 October 2021. Xinbeijiang Pharmaceutical conducted exercises regularly to identify environmental factors and sources of hazards, as well as drills on the emergency contingency plan. An environmental emergency contingency drill was conducted in June 2022 to improve the operability thereof, and enhance the performance of the emergency rescue staff and the responsiveness and coordination ability of the rescue team.
Livzon Hecheng	Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. 《珠海保税区丽珠合成制药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralized Command, and Division of Responsibility", which has been approved, filed and issued (File No. 440462-2019-001-M). Trainings on emergency response and handling measures were held regularly for employees to enable implementation of safety measures in a timely, fast, effective and orderly manner to control and prevent the spread of accident and contamination when encountering any environmental emergencies, so as to alleviate or eliminate the impact of the accident and resume production as soon as possible.

Name of company or subsidiary	Environmental emergency contingency plan
Gutian Fuxing	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Gutian Fuxing Pharmaceutical Co., Ltd. 《古田福兴医药有限公司突发环境事件应急预案》 was prepared based on the principles of “Focus on Prevention, Aim at Self-rescue, Centralized Command, and Division of Responsibility”. The contingency plan was approved in May 2017 (File No. 352200-2017-005-L) and amended in June 2020, and has passed expert review and completed filing (File No. 350922-2020-002-M).</p> <p>According to the plan, after environmental emergencies occur, immediate, quick, effective and orderly emergency rescue actions shall be taken to control and prevent the spread of accident and contamination, protect the surrounding environment and safeguard life and property of all employees, the company and nearby communities. In accordance with the content and requirements of the plan, the company provides trainings for its employees to get them well-prepared for environmental emergencies, so that timely rescue can be taken and the accident can be controlled in a short period of time in case of any environmental emergencies.</p>
Livzon Limin	<p>The principles of occupational health and safe environment administrative system were followed, including occupational protection to ensure health, risk control to ensure safety, prevention and control of pollution to protect the environment, and compliance with discipline and law for continuous improvement. Identification of environmental factors was performed seriously and preventive measures were adopted for significant environmental factors, while the governance of the “Three Wastes” was strengthened to enhance the ability of control over the “Three Wastes” and ensure that the discharge of the “Three Wastes” had reached the discharge standards. The Environmental Emergency Contingency Plan of Livzon Group Limin Pharmaceutical Manufacturing Factory 《丽珠集团利民制药厂突发环境事件应急预案》 was prepared in accordance with the criteria of the environmental management system and the occupational health and safety administrative system. The plan was issued in May 2021 (File No. 440203-2021-009-L). According to the contingency plan, an environmental accident emergency drill was conducted on 24 September 2021, and a specific drill summary was made. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, and enhance the performance of the emergency rescue staff and the responsiveness and coordination ability of the rescue team.</p>
Livzon Pharmaceutical Factory	<p>Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon Group Livzon Pharmaceutical Factory 《丽珠集团丽珠制药厂突发环境事件应急预案》 was reformulated by the company in 2021, and has been approved, filed and issued (File No. 440404-2021-0212-L). The company conducted a fire emergency evacuation drill in the P10 workshop in April 2022 to improve employees’ emergency handling ability and alleviate or eliminate the impact of the accident.</p>
Ningxia Pharmaceutical	<p>The Environmental Emergency Contingency Plan of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. 《丽珠集团(宁夏)制药有限公司突发环境事件应急预案》 was approved filed and issued in May 2019 (File No. 640221-2019-005-II). Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, and enhance the performance of the emergency rescue staff and the responsiveness and comprehensive coordination ability of the rescue team. The Environmental Emergency Contingency Plan was amended in May 2021, and has passed expert review and the review by and the filing with government environmental department in August 2021.</p>

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Hecheng	The Environmental Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. 《焦作丽珠合成制药有限公司突发环境事件应急预案》) was prepared in accordance with the relevant provisions and requirements and based on the principles of “prevention-oriented, on-alert all the time; classified management, level-by-level response; cross-department cooperation, responsibility by levels; scientific prevention and efficient handling”. The contingency plan was approved, issued and filed in April 2021 (File No. 4108042018005L). The Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. 《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) was prepared under the above provisions, requirements and principles as well, which was approved and filed in January 2018. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, and enhance the performance of the emergency rescue staff and the responsiveness and coordination ability of the rescue team. The company carried out trainings on the Standard Operating Procedure for Acid Mist Purification Towers and the Standard Operating Procedure for Hazardous Waste Storage Pollutants in April 2021 and June 2021, respectively, according to the relevant requirements of the Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. In November 2021, the “Operation Regulations for Exhaust Gas UV Photolysis Equipment” was added and the “Spray Towers Operation Regulations” was amended, and relevant trainings were conducted to increase the environmental protection knowledge of staff. In March 2022, the company amended some environmental protection documents, including “Enterprise Environmental Information Disclosure System”, “Discharge Permit System” and “Operating Procedures for Sewage Treatment”.
Shanghai Livzon	In March 2022, the company issued and filed the Environmental Emergency Contingency Plan of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. 《上海丽珠制药有限公司突发环境事件应急预案》) (File No. 02-310115-2022-108-L). The company conducts drills and reviews of the plan every year to improve its emergency response capabilities through such regular trainings.
Livzon MAB	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon MAB 《丽珠单抗突发环境事件应急预案》) was prepared by the company in 2022. The company conducted an emergency response drill for hazardous chemical leakage in the dangerous goods warehouse in June 2022 to improve employees’ emergency handling ability and alleviate or eliminate the impact of the accident.

#### 5. Environmental self-monitoring program

√ Applicable □ N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joincare	As required by the self-monitoring program for pollutant discharge licenses, Jiaozuo Joincare developed the 2022 self-monitoring program for wastewater and waste gas and carried out self-monitoring according to the program. Up to now, Jiaozuo Joincare has completed the self-monitoring for wastewater and waste gas for the first half year of 2022. The company is a key enterprise in terms of soil monitoring, and should carry out self-monitoring of soil once a year as required. Up to now, the company has completed the preparation, review and on-site sampling of self-monitoring program.
Taitai Pharmaceutical	Wastewater was monitored once a quarter; boiler exhaust gas and plant boundary noise were monitored once a year and exhaust gases generated from technical process was monitored once half a year.

Name of company or subsidiary	Environmental self-monitoring program
Haibin Pharma	A third party is entrusted to conduct regular monitoring in compliance with the requirements of the pollutant discharge licenses and ensure the accuracy, validity and authenticity of the monitoring data. Online wastewater monitoring equipment was installed and connected to environmental monitoring stations at municipal and district levels in accordance with environmental monitoring technical standards to ensure the quality of data transmission.
Xinxiang Haibin	A self-monitoring program was prepared, exhaust gas and wastewater were self-monitored quarterly in accordance with the pollutant discharge license, and the annual self-monitoring of soil has been completed.
Fuzhou Fuxing	According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)” and the “Technical Guidelines for Self-Monitoring by Pollution Discharge Enterprises in the Fermentation Pharmaceutical Industry (HJ882-2017) (《排污单位自行监测技术指南发酵类制药工业(HJ882-2017)》)”, the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Fuqing Environment Protection Bureau and Fuzhou Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In June 2022, the volatile organic matters (VOCs) leak detection and repair (LDAR) work in the first half of the year was finished. Information publicity website: <a href="http://wryfb.fjemc.org.cn">http://wryfb.fjemc.org.cn</a>
Xinbeijiang Pharmaceutical	According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)”, the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Qingyuan Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The automated monitoring equipment for wastewater (COD, ammonia nitrogen, pH, flow) and waste gas (non-methane hydrocarbons) has been installed in accordance with the requirement of environmental assessment technical standards, while online monitoring equipment has passed the inspection and acceptance of the relevant environmental protection authorities and the connection between online information and national development platform and Qingyuan municipal platform has been completed. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. A third party is entrusted to conduct LDAR detection and repair every half year in the workshop using VOCs in compliance with the specification requirements. The fugitive volatile organic compounds around the workshop of the first refinery division were monitored every half year, and the monitoring results met the standard in the first half of 2022.

Name of company or subsidiary	Environmental self-monitoring program
Livzon Hecheng	Through self-monitoring, the requirements under the Technical Standards for Application and Issuance of Pollutant Discharge License for the Pharmaceutical Industry – Active Pharmaceutical Ingredient Manufacturing (HJ858.1-2017) 《排污许可证申请与核发技术规范制药工业—原料药制造(HJ858.1-2017)》 were strictly implemented, and the verification and calibration of monitoring analyzing devices were carried out in strict compliance with relevant provisions. Automated monitoring equipment was installed according to the requirements of technical standards for environmental detection, while online monitoring equipment for COD, ammonia nitrogen and pH level and online monitoring equipment for non-methane hydrocarbons were installed and connected with the national development platform as required.
Gutian Fuxing	According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) 《国家重点监控企业自行监测及信息公开办法(试行)》”, the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Ningde Bureau of Ecology and Environment and Ningde Gutian Bureau of Ecology and Environment. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In June 2022, a qualified third party was engaged to complete volatile organic matter leak detection and repair (LDAR) and a report was obtained. Information publicity website: <a href="http://wryfb.fjemc.org.cn">http://wryfb.fjemc.org.cn</a>
Livzon Limin	An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. In view of its own specific conditions, the company appointed the inspection party to carry out water pollutant detection monitoring every quarter, boiler exhaust gas monitoring every month and VOCs exhaust gas monitoring in R&D center every half year, with every monitoring strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The inspection acceptance of the online monitoring equipment for COD, ammonia nitrogen water quality was completed and it was put into use in January 2021, and the equipment was monitored every 2 hours. The pollution source sharing data were completed and filed to the Shaoguan Ecological Environment Bureau on a timely basis, and the relevant data were announced to the public after being reviewed by Shaoguan Municipal Bureau Ecology and Environment.
Livzon Pharmaceutical Factory	An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. In view of its own specific conditions, the company appointed the inspection party to carry out monitoring on sewage and waste gas every month, with every monitoring strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The installation and commissioning of the online sewage monitoring equipment was completed and it was put into use at the beginning of 2021.

Name of company or subsidiary	Environmental self-monitoring program
Ningxia Pharmaceutical	<p>The company formulated the self-monitoring program for 2021, which was reviewed by and filed with the Ecological Environment Bureau of Shizuishan City. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized exhaust gas emission, exhaust gas emission from boiler, waste water discharge, underground water, soil, unorganized environmental air monitoring above plant boundary, noise and recycled water TOC, and volatile organic matter leak detection and repair (LDAR) work was carried out. The monitoring results would be announced to the public through the System of National Pollution Sources Monitoring Information Management and Sharing Platform 《《全国污染源监测信息管理与共享平台系统》》 and the System of Self-monitoring Information Open Platform for Enterprises in Shizuishan 《《石嘴山市企业自行监测信息公开平台系统》》. The automated monitoring equipment was connected to the network of the competent environmental protection authority and passed the inspection conducted by the competent environmental protection authority. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In the first half of 2021, the RTO exhaust VOCs online monitoring equipment was installed and put into use, and passed the inspection conducted by the government in August 2021. Monitoring was carried out in accordance with the requirements of the program in the first half of 2022.</p>
Jiaozuo Hecheng	<p>According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation)” 《《国家重点监控企业自行监测及信息公开办法(试行)》》, the company implemented and completed the self-monitoring program based on its own specific conditions in a timely manner and made the program available to the public after being examined by and filed with relevant competent environmental protection authorities. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. Volatile organic matter leakage detection and repair (LDAR) was completed in June 2022. Equipment and facilities such as solvent pipelines and flanges in the workshop were detected, and places with leakage were repaired and rectified. The automated monitoring equipment for sewage has been installed online in accordance with the requirement of environmental assessment technical standards. The online monitoring equipment of COD, ammonia nitrogen, pH, flow and total nitrogen was installed, which has been connected to the national development platform as required. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the self-monitoring program, which focused primarily on organized exhaust gas emission, waste water discharge, plant boundary unorganized environmental air and noise.</p>
Shanghai Livzon	<p>In accordance with the General Rules for the Self-Monitoring Technical Guidelines for Pollutant Discharge Units 《《排污单位自行监测技术指南总则》》 (HJ819-2017) and the relevant requirements (including those on pollution discharge license), the company organized self-monitoring and information disclosure of the pollutants it has discharged, and formulated the Self-monitoring Program. In 2022, the company monitored main exhaust gas outlets once a month, common discharge outlets once half year, noise once every quarter and sewage once a month. The monitoring items and frequency meet the requirements of the pollutant discharge license.</p>
Livzon MAB	<p>Entities with national qualification on inspection were engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the Company appointed the inspection party to carry out regular monitoring on sewage and waste gas according to the requirements of the implementation plan of the pollutant discharge permit, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data.</p>

## 6. Administrative penalties imposed for environmental issues during the Reporting Period

 Applicable  N/A

## 7. Other environmental information to be disclosed

 Applicable  N/A**(II) Statement on environmental protection measures of companies except for key pollutant discharge units** Applicable  N/A

The rest subsidiaries of the Company strictly implemented and obeyed the Environmental Protection Law of the People's Republic of China, Cleaner Production Law of the People's Republic of China and other environmental protection and safe production laws and regulations. They constantly increased investment in environmental protection, continuously invested in energy conservation and consumption reduction projects, actively promoted cleaner production, improved comprehensive utilization efficiency of resources, and reduced and avoided pollutants so as to ensure mental and physical health of employees and the coordinated and sustainable development of economic, environmental and social benefits.

## 1. Administrative penalties imposed for environmental issues

 Applicable  N/A

## 2. Refer to other environmental information disclosed by key pollutant discharge units

 Applicable  N/A

## 3. Reason for non-disclosure of other environmental information

 Applicable  N/A**(III) Statement on subsequent progress or change in environmental information disclosed during the Reporting Period** Applicable  N/A**(IV) Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities** Applicable  N/A

Name of company	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Jiaozuo Joincare	Detection of hidden hazards in soil was completed LDAR leak detection and repair was completed in the first half of the year Update of the Environmental Emergency Contingency Plan was completed
Taitai Pharmaceutical	The low nitrogen burner of the 4T boiler was upgraded
Haibin Pharma	The emission concentration of pollutants was reduced through the refined control of the operating parameters of pollutant treatment facilities
Xinxiang Haibin	The Letter of Undertaking for Environmental Protection was submitted by the Company to the competent authority Annual LDAR leak detection and repair was completed Environmental taxes were paid in full and on time
Joincare Haibin	All wastewater from production was collected and sent to the wastewater treatment station for treatment, and then sent back to the cooling tower for reuse, so as to realize "zero" discharge of wastewater.

Name of company	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Fuzhou Fuxing	LDAR leak detection and repair was completed in the first half of the year; the amendment and filing of the Environmental Emergency Contingency Plan was completed; preparation of "one policy for one enterprise 2.0" and expert review were completed; the application for the certificate of provincial green factory was in process; the preparation of the "Environmental Impact Assessment Report on the Phase IV High-end Antibiotics" was in process; in the environmental credit evaluation completed, the company was rated as an environmentally credible enterprise. The monthly and quarterly self-monitoring was completed as required.
Xinbeijiang Pharmaceutical	LDAR leak detection and repair was completed; unorganized emission of VOCs was reduced; a series of exhaust gas and noise control and improvement measures, such as connecting the exhaust gas fan of Workshop II of Refining I to the exhaust gas treatment equipment, were made to reduce unorganized emission of VOCs; the old biological deodorization tank in the sewage treatment station was replaced, and 2 new exhaust gas spray towers were introduced; exhaust gas collection and treatment in the sewage treatment station was upgraded; pollutants in exhaust gas were degraded efficiently; silencers were installed in the sewage treatment station and on the exhaust gas vent of Fermentation II to reduce air-flow noise; fermentation II and the first floor of power freezer room were enclosed with brick wall to diminish the impact of noise on the surrounding environment; other equipment with much noise in the plant was enclosed with sound-absorbing cotton board to reduce noise. The self-monitoring plan of the first half year was completed and the results of wastewater, exhaust gas and noise met the emission standards. A qualified third party is entrusted to dispose of the waste in compliance with laws and regulations.
Livzon Hecheng	LDAR leak detection and repair was completed in the first half of the year; unorganized emission of organic gas was reduced by 1.105 tonnes; the equipment for RTO exhaust was maintained regularly to ensure its safe operation and the emission of exhaust gas within the emission standards; items were washed after the completion of RTO process to reduce sulfur dioxide emissions and smell; qualified units were entrusted to treat hazardous waste with a compliance treatment rate of 100%; and tail gas treatment facilities were added at gas collection station by the QC Testing and Technical Development Department. The self-monitoring program was completed and environmental responsibilities were fulfilled as required.
Gutian Fuxing	LDAR leak detection and repair was completed; cover and sealing were added to sewage treatment regulating pool; waste gas was collected and treated so as to avoid odor emit; HV frame was replaced in the sewage treatment workshop; water content of sludge was reduced; total volume of sludge was reduced; sludge generated was entrusted to qualified units for treatment; and the entrusted testing of waste water, waste gas, soil and groundwater in 2021 was completed, with the results showing they all met standards. Hazardous waste was entrusted to qualified companies for compliant treatment to reduce the risk of environmental pollution.
Livzon Limin	Solid preparations and steam equipment in high-capacity workshop were renovated; steam usage was reduced; locations of different drugs in the overhead cabin and TCM cabin were adjusted; storage energy consumption of the two cabins was reduced; three idle water pumps of the factory were used; post-treated waste water was used for watering flowers, trees and grass in the factory in three lines.
Livzon Pharmaceutical Factory	Installation and debugging of online monitoring equipment were completed; a qualified third party was entrusted to detect waste water and waste gas; compliant treatment of hazardous wastes was made to reduce the risk of environmental pollution. Environmental impact assessment was conducted for new workshops as required. The facilities at the waste water treatment station were renovated to ensure the sewage treatment meets the national standards, and at the same time, improve the treatment efficiency.



Name of company	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Ningxia Pharmaceutical	LDAR leak detection and repair was completed; field check of “one policy for one enterprise” for corporate VOCs governance was carried out in cooperation with leaders and experts of the Municipal Environmental Protection Department; installation of online monitoring equipment for RTO exhaust and VOCs was completed; installation of treatment facilities for exhaust gas from hazardous waste stations, primary sedimentation tank at the sewage treatment station and 101 doramectin fermentation workshop, and installation of the dust collection and treatment facilities for the boiler coal conveying system were completed. The environmental protection inspection for completion of doramectin expansion project was completed, and the evaluation of project work upon optimized disposal of the company’s solid waste was carried out. The amendment of the Environmental Emergency Contingency Plan was completed. The monthly and quarterly self-monitoring was completed as required.
Jiaozuo Hecheng	Automatic construction was carried out; LDAR leak detection and repair was completed; green development evaluation of the pharmaceutical industry in Henan Province was completed; the result of being No. 8 in the pharmaceutical industry of Henan Province was achieved; treated waste gas was replaced to ensure the treatment effect; hazardous waste was entrusted to qualified units for treatment with a compliance treatment rate of 100%; waste gas was entrusted to qualified third party for testing; the facilities of the waste water system were entrusted to a qualified third party for maintenance; the “one policy for one enterprise” as advocated by the Municipal Environmental Protection Bureau for emergency emission reduction in heavily polluted weather was implemented.
Shanghai Livzon	The company discharged pollutants in strict compliance with standards set out in the pollution discharge license obtained, developed the annual self-monitoring program for pollution discharge at the beginning of 2022 and implemented it, and successfully passed the semi-annual and annual review of corporate pollution discharge by the third party entrusted by government departments. It also completed the annual report on compliance with the pollution discharge license without violation of laws and regulations. Meanwhile, the company further strengthened the daily monitoring of operation of waste gas treatment facilities and waste water treatment stations, and entrusted a third party to detect the emissions of waste gas and wastewater every month to ensure the effective operation of equipment and facilities. The company developed the Plan on Comprehensive VOCs Treatment and Emission Reduction in General Enterprises in accordance with the Notice on Comprehensive Treatment of Volatile Organic Compounds in Key Industries in the City issued by Shanghai Ecological Environment Department, and used bromogeramine (benzalkonium bromide) solution to replace part of ethanol for disinfection, so as to meet the VOCs emission targets.
Livzon MAB	A qualified third party was entrusted to detect waste water and waste gas; compliant treatment of hazardous wastes was made to reduce the risk of environmental pollution. Environmental impact assessment was conducted for new workshops as required. Sewage is discharged to the sewage station of Livzon Pharmaceutical Factory for treatment.

## (V) Measures for carbon emission reduction and effect during the reporting period

√ Applicable   □ N/A

Name of company or subsidiary	Measures for carbon emission reduction and effect during the reporting period
Jiaozuo Joincare	<ol style="list-style-type: none"> <li>1. The 1# fractional column preheater of the solvent storage tank was upgraded, saving about 200 tonnes of steam per month and about 2,000 tonnes per year, reducing carbon emissions by about 600 tonnes annually;</li> <li>2. The structure of the fractional column for distilling isopropanol was adjusted and the number of distillations was changed, saving 10 tonnes of steam per month and about 120 tonnes per year, reducing carbon emissions by about 36 tonnes annually;</li> <li>3. An air suspension blower was replaced, saving 120,000kWh of electricity per year, reducing carbon emissions by about 60 tonnes.</li> </ol>
Taitai Pharmaceutical	<ol style="list-style-type: none"> <li>1. Lighting facilities in the park were replaced with “energy-saving lamps” in response to the call of the municipal government, producing prominent energy-saving effect;</li> <li>2. The high-power motor in the factory was replaced with the efficient energy-saving motor in accordance with energy-saving requirements of the government and frequency conversion devices were installed to maximize energy conservation;</li> <li>3. Low-NOx burner of the 4T boiler was upgraded in response to the call of “Green Shenzhen”;</li> <li>4. Employees were organized to learn energy conservation knowledge so as to achieve energy conservation and emission reduction in routine work by turning off lamps and machines timely.</li> </ol>
Haibin Pharma	Carbon verification and energy conservation diagnostics were conducted to identify key energy-consuming equipment, and targeted energy-saving improvements were done thereon to reduce carbon emissions.
Xinxiang Haibin	<ol style="list-style-type: none"> <li>1. Centrifugal pumps were replaced with diaphragm pumps during sewage transfer, saving about 70 kWh of electricity per day and 27,000 kWh per year and reducing carbon emissions by about 14 tonnes annually;</li> <li>2. A raw material pre-heater was added to the solvent recovery system, and then mother liquor raw material can be pre-heated with steam condensate, saving about 12 tonnes of steam per day and 3,600 tonnes per year and reducing carbon emissions by about 1,080 tonnes annually;</li> <li>3. The circulating water system used efficient energy-saving pumps to replace the existing chemical pumps, which is expected to save 774,000 kWh of electricity and reduce carbon emissions by about 387 tonnes annually.</li> </ol>
Joincare Haibin	The company purchased energy-saving and power-saving equipment meeting new standards, developed energy-saving habits and thinking, reduced the use of natural gas in boilers, increased the frequency of facility maintenance and pipeline inspection, adopted effective heat preservation measures, and encouraged use of pure electric cars for traveling to save fuel.
Fuzhou Fuxing	The company utilized PV power generation to reduce power consumption. Energy-saving renovation of high energy consumption pumps were carried out, effectively reducing energy consumption. Old pumps were replaced by ones with high efficiency motors to save energy. The company vigorously publicized energy conservation and consumption reduction, and called on employees to promptly turn off lamps, air conditioners and computers in routine work.

Name of company or subsidiary	Measures for carbon emission reduction and effect during the reporting period
Xinbeijiang Pharmaceutical	The company introduced PV power generation to reduce power consumption. Fans of cooling towers were driven by hydrodynamic kinetic energy rather than motors, achieving the same cooling effect while reducing power consumption. Boiler soft water was preheated through running heat of air compressor and boiler inlet temperature was raised, effectively reducing the consumption of natural gas. Inner wall of MVR equipment was cleaned at regular intervals, making the evaporation rate of sugar water for MVR equipment increase by approximately 40% so as to effectively reduce the run time of MVR equipment and greatly reduce power consumption. Old boilers with high energy consumption and high maintenance costs were replaced with new ones, reducing the average steam consumption per ton by 1.06 m <sup>3</sup> natural gas.
Livzon Hecheng	Water cooling units were maintained and renovated so as to use energy in a more reasonable manner; power consumption for production was saved through a more reasonable production scheduling of the Production Department; the natural gas was used as the fuel for the canteen and boiler; the roots fans for sewage treatment at the Environmental Protection Center were replaced with magnetic levitation fans with a relative energy saving rate of 30%, saving about 107,000 kWh of power annually. All employees in the factory were called on to save electricity by turning off lamps and air conditioners after work, and limit the minimum temperature of air conditioners; green travel was promoted; employees were encouraged to take public transportation for business trips; commuting buses were provided for employees.
Gutian Fuxing	Four sets of 130 m <sup>3</sup> /min air compressors were installed to replace the previous more power-consuming ones so as to reduce power consumption; a set of water cooling unit was replaced to reduce power consumption; all employees were called on to "save every drop of water and every kilowatt hour" by turning off lamps and shutting down equipment after work.
Livzon Limin	In the solid agent workshop, the set values of temperature and humidity of the air conditioning system were appropriately adjusted (within the reference range) to be as close as possible to the values of the ambient temperature and humidity to reduce steam consumption; the energy consumption was reduced by the QC Department through control of the number of compressors of the air conditioning unit in service and parameter setting, and intermittent use of the biological test room; the consumption of natural gas is reduced by using the hot tail water generated by the distilled water machine in the production workshop to heat the soft water of the boiler; the exhaust devices of the air conditioning system in the R&D center were retrofitted to save power consumption.
Livzon Pharmaceutical Factory	Incandescent light bulbs were replaced with LED lamps to reduce power consumption. PV inverter cabinets and roof PV modules were renovated, which improved PV power generation efficiency and could save about 600,000 kWh per year. Outsourced steam was introduced to reduce boiler combustion and save energy. Functional departments were required to further tighten energy conservation management, and encourage employees to turn off lights and machines during the lunch break, or when they leave their post, so as to reduce power consumption. The company also provided commuting buses for employees.
Ningxia Pharmaceutical	Phenylalanine concentration system was renovated, in which the original triple effect thickening system was replaced with MVR thickening system, thus reducing energy consumption by 50%. The boiler system was overhauled and maintained regularly so as to ensure efficient operation of boiler body and desulfurization and dust removal facilities. Consumption of outsourced steam was increased to reduce coal consumption and carbon emission.

Name of company or subsidiary	Measures for carbon emission reduction and effect during the reporting period
Jiaozuo Hecheng	Steam condensate was recycled to reduce steam use and carbon emission; the packaging equipment was changed to automatic packaging to increase production efficiency; energy conservation and consumption reduction were vigorously publicized in the company; all employees were called on to “save every drop of water and every kilowatt hour”; workshop paint was put unified management to avoid waste; a view mirror was added behind the steam trap valve to observe steam loss; steam condensate was diverted to the production auxiliary system of the hot water tank and the crystallizing tank for use to reduce steam use; the lights in the public areas and corridors of workshops were changed to voice-controlled or light-controlled ones and workshop lighting was gradually replaced with LED lights; and high energy-consumption equipment and facilities in workshops were gradually replaced with low energy-consumption or automatic interlocking ones.
Shanghai Livzon	The company further strengthened daily energy conservation management according to existing energy conservation plan, effectively enhanced energy conservation awareness of employees through inspection and publicity, and encouraged employees to develop the good habit of water and power conservation. Meanwhile, the company improved more than 10% of peptide yield by optimizing peptide process so as to reduce power consumption of unit product. The solid preparation workshop was transformed into a powder injection workshop, which can produce less waste while saving electricity; the comfort air conditioning unit (refrigeration) uses the cooling capacity of the water cooling unit in the power room, and the multi-expansion air conditioning unit is installed outdoors to use air cooling, which can save the cooling capacity and reduce the energy consumption.
Livzon MAB	The outsourced steam was introduced to save energy. The company effectively enhanced energy conservation awareness of employees through inspection and publicity, and encouraged employees to develop the good habit of water and power conservation. LED lights were used to reduce electricity consumption. The company encouraged employees to turn off lights and machines when they leave their post in order to reduce power consumption. The company also provided commuting buses for employees.

## II Consolidation and expansion of achievements in poverty alleviation and rural revitalization

√ Applicable    □ N/A

### 1. Industrial revitalization

The Company follows important guiding principles of the CPC Central Committee and the General Secretary. In accordance with the relevant requirements, we establish and implement the plan of “Revitalization of Astragalus Root (黄芪) Industry” and adopt the model of “Company + Base” and “Company + Professional Cooperative”, encouraging locals to cultivate and process astragalus root and develop the astragalus root industry based on the local conditions. Making it a pillar industry for local economy in the long-term and a new path to improve the lives of the people, the Company explores the development of the featured astragalus root industry to promote the construction of the “Chinese Medicine Ecological Base”.

The “Revitalization of Astragalus Root Industry” program was initiated in 2017 and is still in operation today. Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) (“Datong Livzon”), a subsidiary of the Company’s controlled subsidiary Livzon Group, built cultivation bases independently in Hunyuan County of Datong City in Shanxi Province and Zizhou County of Yulin City in Shaanxi Province. And Datong Livzon cooperated with 12 cooperatives and 3 individuals to jointly build cultivation bases for astragalus root in Tianzhen County of Datong City and Ying County of Shuozhou City in Shanxi Province and Yulin City of Shaanxi Province. The total area of the self-built bases and jointly constructed bases is about 33,000 mu and a total of 265 people have been assisted. This program has effectively boosted the economy of corresponding areas in Shanxi and Shaanxi.

During the reporting period, the planting area of the self-built base in Hunyuan County of Datong City in Shanxi Province increased by 300 mu. And the number of newly hired local workers reached 55. In addition, Datong Livzon cooperated with the village committee of Mazhuang Village, Guaner Township, Hunyuan County, Datong City, Shanxi Province to initiate the “Joint Construction by Villages and Enterprises” program and built factories in Mazhuang Village for the preliminary processing of astragalus root.

## 2. Access to Public Welfare Program for Prevention and Treatment of Chronic Diseases

In order to respond positively to the call of national policies and support consolidation and expansion of achievements in poverty alleviation and rural revitalization, the Company and its controlled subsidiary Livzon Group have launched the “Access to Public Welfare for Chronic Diseases Prevention and Treatment (普惠慢病防治公益项目)” program based on our own industrial advantages, bringing real health benefits to the grass roots. The program targets at hypertension, hyperlipidemia, cardiovascular and cerebrovascular diseases, and drugs for treatment of chronic diseases have been donated to remote areas, including Pravastatin Capsules (普伐他汀钠胶囊), Amlodipine Besylate Capsules (苯磺酸氨氯地平胶囊), Valsartan Capsules (缬沙坦胶囊), and Isosorbide Mononitrate Tablets (单硝酸异山梨酯片), which could be worth millions of RMB. These drugs can really help families in remote areas, make it convenient for patients in the regions to take drugs nearby, help the families with patients to alleviate medical pressures, and provide timely assistance. Based on actual conditions, the program regularly makes continuous drug donations to remote areas and helps the families with patients in such regions.

Since late 2018 onwards, with the support of local government agencies and relevant authorities at all levels, we have carried out the “Access to Public Welfare for Chronic Diseases Prevention and Treatment” successively in areas including Chaotian District of Guangyuan City, Songpan County of the Autonomous Prefecture of Aba Zangs and Qiangs, Jiange County and Pingwu County in Sichuan Province, Hunyuan County, Guangling County and Lingqiu County of Datong City in Shanxi Province, Dongxiang County, Tianzhu County, Linze County and Shandan County in Gansu Province, Xianghai national nature reserve in Jilin Province, Chayu County in Tibet Autonomous Region, Macun District of Jiaozuo City in Henan Province, Huangshan District of Huangshan City in Anhui Province, Suining County of Hunan Province, and Fenyi County of Jiangxi Province, bringing benefits to many patients. As at the end of the Reporting Period, the Company has donated drugs to low-income patients with chronic conditions in the abovementioned regions, which could be worth millions of RMB.

As of 30 June 2022, a total of 18 agreements for the “Public Welfare Program for Prevention and Treatment of Chronic Diseases” program were signed to assist 16 underserved remote areas and 1 state-level nature, more than 6,000 low-income patients with chronic conditions helped. In the second half of 2022, it is planned to donate drugs to areas including Gansu, Sichuan, Guizhou, Anhui, and Jilin etc.



Major Events **6**

## Chapter 6 Major Events

### I Fulfillment of undertakings

- (I) Undertakings fulfilled during the Reporting Period or not yet fulfilled as of the Reporting Period by the parties to the commitment such as de facto controllers, shareholders, related parties, acquirers of the Company and the Company

√ Applicable    □ N/A

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
Commitment related to initial public offering	Settlement of horizontal competition	Baijeyuan	Shenzhen Baijeyuan Investment Co., Ltd., the controlling shareholder of the Company, undertook that it would not be directly or indirectly engaged in or cause subsidiaries and branches under its control to be engaged in any business or activity constituting horizontal competition with the Company after the founding of the Company, including but not limited to the research, production and sales of any products that were the same as or similar to products under research, production and sales of the Company, and was willing to undertake compensation responsibility for economic losses to the Company arising from violation of the said commitment.	30 April 2001, long-term	No	Yes	-	-
	Settlement of horizon competition	Baijeyuan, de facto controllers and persons acting-in concert, and the Company	Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any business that constituted competitive relation or potential competitive relation with drug research, development, production and sale businesses ("Restricted Businesses") of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were researched, developed, manufactured and sold on the date of relevant letter of undertaking by the controlling shareholders and de facto controller of the Company, the Company and its controlled subsidiaries except for Livzon Group; 2. If any new business opportunity was found to constitute competitive relation with Restricted Businesses, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would inform Livzon Group in written form immediately and firstly provide Livzon Group with the business opportunity in accordance with reasonable and fair terms and conditions. If Livzon Group gave up the business opportunity, the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group may accept the business opportunity in accordance with the terms and conditions that were not superior to those offered to Livzon Group; 3. If assets and businesses that directly or indirectly constituted competitive relation and potential	10 January 2014, long-term	No	Yes	-	-

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
			<p>competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group; 4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group; 5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group. 6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlled subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement; (4) The controlling shareholders, de facto controllers and persons acting-in-concert of</p>					



Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
			the Company, the Company (and its controlled subsidiaries except for Livzon Group) would provide Livzon Group with the Letter of Confirmation in relation to compliance with clauses of the Letter of Undertaking every year so as to be included in the annual report of Livzon Group. 7. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, and the Company undertake that they would bear corresponding legal responsibility and consequence arising from violation of any clause relevant letter of undertaking from the date of issuance thereof by the Company (or the Company's controlled subsidiaries except for Livzon Group or its contact persons). 8. The said undertakings would terminate in case of the following circumstances (whichever is earlier): (1) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and any of its controlled subsidiaries were not the controlling shareholders of Livzon Group anymore; (2) Livzon Group terminated the listing of its shares on the Hong Kong Stock Exchange and other overseas stock exchanges (except that shares of Livzon Group stopped to be traded temporarily for any reason).					
Commitment related to seasoned offerings	Others	The Company and de facto controllers	Do not interfere in the operation and management activities of Livzon Group or encroach on the interests of Livzon Group	From 8 March 2016 to the date of completion of remedial measures in connection with the non-public offering of Livzon Group	Yes	Yes	-	-
	Others	Baiyeyuan and the de facto controller	Pursuant to the Guiding Opinions on Matters Relating to the Dilution of Current Returns As a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (Announcement of CSRC [2015] No. 31), the company shall undertake to adopt specific remedial measures relating to dilution of current returns as a result of the company's initial public offering, refinancing of the listed company, or major asset restructuring and shall fulfill such undertaking. Pursuant to relevant provisions of CSRC, Zhu Baoguo, the de facto controller of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder: 1. Do not intervene in the operation and management activities or encroach on the interests of the company; 2. If CSRC issued other new regulatory provisions on the remedial measures in relation to returns and the relevant undertakings and the aforesaid undertakings did not conform to such provisions from the date of issuance of the undertaking to the completion of IPO share allotment, the Company/the de facto controller would undertake to issue a supplemental undertaking in accordance with the latest provisions of CSRC; 3. The Company/the de facto controller undertook to practically take the remedial measures in relation to returns formulated by the company and fulfill the undertaking concerning the remedial measures. In case of violation of the undertaking, causing losses to the company or investors, the Company/the de facto controller was willing to assume compensation responsibilities to the company or investors in accordance with law. In case of violation of the said undertakings or rejection to fulfill the said undertakings, as one of the liability subjects relating to the remedial measures concerning returns, it was agreed that relevant punishment shall be imposed on or relevant management measures shall be taken against the Company/the de facto controller by CSRC, the Shanghai Stock Exchange and other securities regulators in accordance with relevant provisions and rules set or issued by them.	From 11 May 2017 to the date of completion of remedial measures in connection with rights issue of Joincare	Yes	Yes	-	-

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
	Others	The Company	After the proceeds for issuance of allotment were in place, the Company would use them according to the disclosure in the announcement, and carry out the policies, including deposit in special account, approval by specially-assigned person, and special use of special funds in accordance with management measures for proceeds of the Company. The Board of the Company would regularly check the progress of projects invested with proceeds, issue a special report on deposit and use of proceeds, engage an accounting firm during the annual audit to issue a verification report on deposit and use of proceeds, would be supervised by regulators and sponsors at any time, and would not make major investment, asset purchase or similar financial investment though proceeds in disguise.	From the date of proceeds for issuance of the Rights issue in place to the date of completion of use of proceeds	Yes	Yes	-	-
Other commitments made to the medium and small shareholders of the company	Others	The Company	1. While transferring tradable shares subject to selling restrictions held by the company in Livzon Group, the company shall strict obey relevant provisions of Guidelines of Listed Companies on Transfer of Stock Shares Subject to Selling Restrictions ((2008) No. 15); 2. If the Company had shares subject to selling restrictions held by it in Livzon Group that were planned to be sold through the bid trading system of Shenzhen Stock Exchange and reduced more than 5% shares within six months from the first share reduction, the Company would pass the Announcement on Sales disclosed by Livzon Group within two trading days before the first share reduction.	17 December 2008, long-term	No	Yes	-	-

## II Non-operating use of funds by the controlling shareholder and their related parties during the reporting period

Applicable  N/A

## III Information on illegal guarantees

Applicable  N/A

## IV Audit of interim report

Applicable  N/A

## V Information on changes and handling of matters related to non-standard audit opinions in the annual report for the previous year

Applicable  N/A

## VI Matters related to bankruptcy reorganization

Applicable  N/A

## VII Material Litigation and Arbitration Matters

During the Reporting Period, the Company had material litigation and arbitration matters.

During the Reporting Period, the Company did not have any material litigation or arbitration matters.

## VIII Information on punishment and rectification of the listed company and its directors, supervisors, senior management, controlling shareholders, and de facto controllers due to violations of laws and regulations

Applicable  N/A

## IX Integrity of the Company and its controlling shareholders and de facto controllers during the Reporting Period

Applicable  N/A

## X Substantial related party transactions

### (I) Related party transactions in the ordinary course of business

1. Provisional Announcements without progress or change in subsequent implementation

Applicable  N/A

Overview	Query index
Pursuant to the "Resolution on Related Party Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power" considered and approved at the ninth Meeting of the 8th Session of the Board on 29 March 2022, Jiaozuo Joincare intended to purchase no more than RMB270 million (inclusive) of steam and power from Jinguan Electric Power in 2022 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. The independent directors of the Company gave prior approval opinions on the Resolution and gave opinions on the approval at the Board meeting. Both parties referred to the market price to fix a price of the said related party transactions. During the Reporting Period, the actual amount of the said related party transactions was RMB129.0814 million.	See the Announcement on Resolutions Considered and Approved at the 9th Meeting of the 8th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2022-026) and the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Related Party Transactions in the Ordinary Course of Business of the Controlled Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power (Lin 2022-032) disclosed by the Company on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ) on 31 March 2022 for details.

2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation

Applicable  N/A

3. Matters that have not been disclosed in the provisional announcements

Applicable  N/A

### (II) Related party transactions relating to assets or equity acquisition and sale

1. Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation

Applicable  N/A

2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation

Applicable  N/A

3. Matters that have not been disclosed in the provisional announcements

Applicable  N/A

4. In case of performance agreement, information on performance realization during the Reporting Period shall be disclosed

Applicable  N/A

**(III) Substantial related party transactions of joint outbound investment**

- Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation  
 Applicable  N/A
- Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation  
 Applicable  N/A
- Matters that have not been disclosed in the Provisional Announcements  
 Applicable  N/A

**(IV) Credits and debts with related parties**

- Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation  
 Applicable  N/A
- Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation  
 Applicable  N/A
- Matters that have not been disclosed in the provisional announcements  
 Applicable  N/A

Unit: Yuan Currency: RMB

Related party	Relationship with related party	Provision of funds for related party			Provision of funds for the listed company by related party		
		Balance at the beginning of the period	Amount changed	Balance at the end of the period	Balance at the beginning of the period	Amount changed	Balance at the end of the period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	Others	25,653,956.55	-18,746,863.87	6,907,092.68	379,960.00	20,737,717.33	21,117,677.33
Zhuhai Sanmed Gene Diagnostics Co., Ltd. (珠海市圣美基因检测科技有限公司)	Others	229,288.83	-124,433.99	104,854.84			
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	Others	337,395.02	234,361.68	571,756.70	8,936.17	32,668,386.45	32,677,322.62
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Others	211,200.00	58,955.40	270,155.40			
Shenzhen Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Others	154,500.00	311,100.00	465,600.00			
Zhongsan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Shenzhen Jiekang Health Care Co., Ltd. (深圳市捷康保健有限公司)	Others	18,577,246.63	-18,577,246.63	0.00			
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Others	4,680.00	-4,680.00	0.00			
Total		45,638,162.81	-36,848,807.41	8,789,355.40	388,896.17	53,406,103.78	53,794,999.95
Reason for occurrence of credits and debts with related parties	During the Reporting Period, the Company had normal operating fund transactions with related parties						
Effect of credits and debts with related parties on the operating results and financial position of the Company	The said credits and debts with related parties are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and related parties						

## (V) Financial businesses among the Company, related financial companies, financial companies controlled by the Company, and related parties

 Applicable  N/A

## (VI) Other substantial related party transactions

 Applicable  N/A

## (VII) Others

 Applicable  N/A**XI Material contracts and their enforcement**

## 1. Custody, contracting and leasing

 Applicable  N/A

## 2. Major guarantees that have been performed and outstanding during the Reporting Period

 Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)

Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee Start date	Guarantee Maturity date	Guarantee type	Fulfilled or not	Overdue or no	Overdue amount	Whether there's a counter-guarantee	Guaranteed for a related party or not	Relationship
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000	2021/7/8	2021/7/8	2022/7/8	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	5,000	2021/7/14	2021/7/14	2022/7/14	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000	2021/8/12	2021/8/12	2022/8/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,200	2021/9/23	2021/9/23	2022/9/22	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,200	2021/10/11	2021/10/11	2022/10/11	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,800	2021/10/13	2021/10/13	2022/10/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,840	2022/2/14	2022/2/14	2022/11/30	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,960	2022/2/24	2022/2/24	2022/12/26	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Jiaozuo	Wholly-owned subsidiary	Jinguan Electric Power	2,000	2022/3/28	2022/3/28	2022/12/13	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000	2022/6/8	2022/6/8	2023/6/8	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000	2022/6/22	2022/6/22	2023/6/22	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)												16,800.00	
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)												39,000.00	

Guarantee provided by the Company and its subsidiaries to subsidiaries	
Total amount of guarantees to subsidiaries during the Reporting Period	231,947.82
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)	227,478.75
Total guaranteed amount of the Company (including guarantees to subsidiaries)	
Total guaranteed amount (A+B)	266,478.75
Percentage of total guaranteed amount in the Company's net assets (%)	13.26
In which:	
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)	0
Amount of debt guarantee directly or indirectly provided to a guaranteed party with an asset-liability ratio exceeding 70% (D)	180,879.39
Portion of total guaranteed amount exceeding 50% of net assets (E)	0
Total guaranteed amount of the above three items (C+D+E)	180,879.39
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee	N/A
Statement on guarantees	See X 5(4) Related party guarantees in the notes to financial statements for the said related party guarantees in details

### 3. Other material contracts

Applicable  N/A

## XII Explanation of other significant events

Applicable  N/A

### 1. Use of proceeds

Pursuant to the Reply to the Approval of Share Allotment of Joicare Pharmaceutical Group Industry Co., Ltd. issued by CSRC (Zheng Jian Xu Ke [2018] No.1284), the Company allotted 365,105,066 shares to original shareholders. The amount of expect proceeds for the allotment was RMB2,000,000,000 and the total amount of actual proceeds for the allotment was RMB1,715,993,800; the deducted distribution expenses were RMB46,253,600; the net amount of proceeds was RMB1,669,740,200. As at 16 October 2018, the said proceeds were in place and validated by the Capital Verification Report of Joicare Pharmaceutical Group Industry Co., Ltd. issued by Ruihua Certified Public Accountants (Rui Hua Yan Zi [2018] No.40060006).

#### (1) Temporary Replenishment of Working Capital with Proceeds

Pursuant to the Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 7th Meeting of the 8th Session of the Board of the Company on 30 December 2021, it was agreed that the Company temporarily replenished the working capital with no more than RMB700 million of idle proceeds from 1 January 2022 to 31 December 2022 so as to improve the use efficiency of proceeds and reduce financial expenses of the Company. For details, please refer to the Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on the Temporary Replenishment of Working Capital with Certain Idle Proceeds (Lin 2021-159).

As of 30 June 2022, the balance for temporary replenishment of working capital with idle proceeds of the Company was RMB700 million.

#### (2) The Alteration of the Projects Invested with Proceeds

Pursuant to the "Resolution on Change of Certain Projects Invested with Proceeds" considered and approved at the 8th Meeting of the 8th Session of the Board of the Company on 24 January 2022, it was agreed that Zhuhai Health Industry Base Construction Project was changed to the New Product R&D Project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project. The resolution was approved at the 2022 1st extraordinary general meeting of the Company on 11 February 2022.

Before this alteration, the projects invested with proceeds for the allotment is as follows:

Unit: 10,000 Yuan

Project name	Total amount of investment	Total amount of proceeds investment	Use of proceeds as at 31 December 2021	Balance of proceeds as at 31 December 2021
Zhuhai Health Industry Base Construction Project (珠海大健康产业基地建设项目)	98,066.84	76,974.02	3,386.29	73,587.73
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project (海滨制药坪山医药产业化基地项目)	125,471.35	90,000.00	66,745.58	23,254.42
Total	223,538.19	166,974.02	70,131.87	96,842.15

Given the facts that the "Zhuhai Health Industry Base Construction Project" has been postponed for several times for not meeting the conditions for commencement, and the market environment and the Company's business situation have changed, which resulted in changes in the project feasibility, that the Company has an urgent need of funds for R&D investment and other projects, and that other financing channels are time-consuming and costly, the Company changed the aforementioned project to the New Product R&D Project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project. See below for details:

Unit: 10,000 Yuan

Project name	Before alteration		Project name	After alteration	
	Total amount of investment	Total amount of proceeds investment		Total amount of investment	Total amount of proceeds investment
Zhuhai Health Industry Base Construction Project (珠海大健康产业基地建设项目)	98,066.84	76,974.02	New Product R&D Project (新产品研发项目)	110,000.00	54,587.73
			Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project (海滨制药坪山医药产业化基地扩建项目)	18,139.39	16,000.00
			The Information Platform Construction Project (信息化平台建设项目)	3,000.00	3,000.00
Total	98,066.84	76,974.02	Total	131,139.39	73,587.73

The details of alteration of the projects invested as follows:

a The New Product R&D Project

The total investment amount of the project is RMB1,100,000,000, in which RMB545,877,300 is raised, mainly for the research and development of inhalation formulations, complex injections, and new drug delivery devices among others. In particular, the investment is used for acquiring R&D equipment, pre-clinical and clinical R&D inputs. Main products involved in this project are: 1) Respiratory drugs: the main purpose of the project as a part of the Company's strategic layout in the respiratory drug market, in a bid to increase sources of profit and enhance the Company's comprehensive competitiveness in the pharmaceutical market; 2) Complex injections: mainly micronano injections. The Company has built a complex injection technology development platform, specializing in the development of special injection products such as nanocrystals, microcrystals, liposomes and emulsions. The micronano formulations proposed with this platform will be developed based on existing drugs with exact clinical value to further expand the clinical use of the drug; 3) New drug delivery devices: to be developed based on the progress of R&D of drugs for respiratory diseases, so as to improve the industrial chain of core products, and enhance the added value and core competitiveness of products to be marketed.

b Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project

The total investment amount of this project is RMB181,393,900, in which RMB160,000,000 is raised. Based on the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project, this project established new production lines of Tobramycin Solution for Inhalation, Fluticasone Propionate Suspension for Inhalation, among others and expanded existing production lines of Budesonide Suspension for Inhalation and Levalbutamol Hydrochloride Nebuliser Solution. This project is implemented for two key reasons: 1) New products are to be marketed, which requires related production lines. With inhalation formulations incorporated in its key layout in recent years, the Company has continuously invested in the R&D of several new products with high clinical value and broad market space. As new products like Tobramycin Inhalation Solution and Fluticasone Propionate Suspension for Inhalation are to be marketed, related production lines are necessary to make preparation for commercial production. 2) The capacity is unable to meet demand of some products: Budesonide Suspension for Inhalation was involved in the fifth batch of national volume-based drug procurement in June 2021, and will be supplied to public hospitals in 7 domestic provinces, meeting 70% of the drug needs according to policies. Levalbutamol Hydrochloride Nebuliser Solution is the first approved exclusive generic drug in China. As of the date of the adoption of this proposal (January 24, 2022), no originator manufacturers or other generic drug manufacturers have been approved for market in China. However, the market demand is huge. The original capacity of the above two products is unable to meet such market demand, making capacity expansion a must.

c The Information Platform Construction Project

The total investment amount of this project is RMB30,000,000, in which RMB30,000,000 is raised. The investment is used to purchase information management software and hardware as well as computer room facilities. The project planned to upgrade and improve: (1) the information infrastructure of existing information management system, including disaster recovery and infrastructure of the server, and security equipment; (2) financial management system, including financial sharing system and tax administration system; (3) group management and control system, including HR system and SAP system.

For details of the changes in the above-mentioned projects invested with proceeds, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Change of Certain Projects Invested with Proceeds (Lin 2022-007).



In addition, as a result of the changes in the above-mentioned projects invested with proceeds, the Company, Taitai Pharmaceutical, Haibin Pharma, Joincare Haibin, wholly-owned subsidiaries of the Company, together with Minsheng Securities Co., Ltd. and Shenzhen Branch of China Merchants Bank Co., Ltd. Shenzhen Bagualing Sub-branch of Industrial Bank Co., Ltd., Shenzhen Hongwei Sub-branch of Industrial and Commercial Bank of China Limited and Shenzhen University City Sub-branch of China Everbright Bank Co., Ltd. signed a tripartite supervision agreement in relation to deposits in the Special Account for Proceeds. For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Signing A Tripartite Supervision Agreement in Relation to Deposits in the Special Account for Proceeds (Lin 2022-015).

As a result of the changes in the above-mentioned projects invested with proceeds, the special account for the proceeds (account number: 4000029129200529625) related to Zhuhai Health Industry Base Construction Project, the original projects invested with proceeds, has been cancelled. A tripartite supervision agreement in relation to deposits in the Special Account for Proceeds signed by the Company, Health Pharmaceutical (a wholly-owned subsidiary of the Company) and Minsheng Securities Co., Ltd. and Shenzhen Hongwei Sub-branch of Industrial and Commercial Bank of China Limited on the Special Account for Proceeds was terminated accordingly. For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Completion of Cancellation of the Special Account for the Proceeds (Lin 2022-016).

As at 30 June 2022, the projects invested with proceeds were as follows:

Unit: 10,000 Yuan

Project name	Total amount of investment	Total amount of proceeds invested	Use of proceeds as at 30 June 2022	Balance of proceeds as at 30 June 2022
Zhuhai Health Industry Base Construction Project (珠海大健康产业基地建设项目)	–	3,386.29	3,386.29	–
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project(海滨制药坪山医药产业化基地项目)	125,471.35	90,000.00	77,520.60	12,479.40
New Product R&D Project (新产品研发项目)	110,000.00	54,587.73	3,041.30	51,546.43
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project (海滨制药坪山医药产业化基地扩建项目)	18,139.39	16,000.00	4,088.05	11,911.95
The Information Platform Construction Project (信息化平台建设项目)	3,000.00	3,000.00	195.61	2,804.39
Total	256,610.74	166,974.02	88,231.85	78,742.17

Note: The above-mentioned Zhuhai Health Industry Base Construction Project was terminated.

For details of deposit and actual use of proceeds for the six months ended on 30 June 2022, please refer to the Special Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Use of Proceeds for the Six Months Ended 30 June 2022 disclosed by the Company on 11 August 2022.

## 2. Matters about share repurchase

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized bidding transactions and other resolutions considered and approved at the 6th Meeting of the 8th Session of the Board and the 2021 Fifth Extraordinary General Meeting of the Company on 6 December 2021 and 23 December 2021, it was approved that the Company repurchased company shares by way of Centralized bidding transactions with its own funds; the shares repurchased this time would be used to reduce the registered capital; the total amount of repurchase funds should be no less than RMB300 million (inclusive) and no more than RMB600 million (inclusive); the repurchase price should be no more than RMB15/share (inclusive); the repurchase term should be no more than 12 months from the date when the repurchase scheme was approved by the General Meeting of the Company. For the details, please see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized Bidding Transactions (Lin 2021-145) and the Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized Bidding Transactions (Lin 2022-002);

On 20 January 2022, the Company initially repurchased 785,992 shares by way of centralized price bidding, representing 0.04% of total share capital of the Company (1,907,727,908 shares); the total amount paid was RMB9.9807 million (including the transaction costs); see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Initial Share Repurchase by Way of Centralized Bidding Transactions (Lin 2022-004) for details;

As a result of the cash dividend of the Company for the year 2021, the above price cap of repurchased shares was adjusted to RMB14.85/share; see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Adjustment of the Price Cap of the Company's Shares by Way of Centralized Bidding Transactions after the Equity Distribution for the Year 2021 (Lin 2022-068);

On 7 July 2022, the Company completed the repurchase. The Company cumulatively repurchased 50,959,668 shares by way of centralized price bidding, representing 2.66% of total share capital of the Company (1,912,540,667 shares); the maximum repurchase price was RMB13.02/share; the minimum repurchase price was RMB10.02/share; the average repurchase price was RMB11.77/share; the total amount paid was RMB599,981,715.83 (including commissions); and de-registration of 50,959,668 purchased shares this time was completed on 11 July 2022. For details, see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Implementation Results of Share Repurchase and Share Changes (Lin 2022-076).

## 3. Overall relocation and expansion project of Sichuan Guangda

On 6 March 2019, the Board of Directors of Livzon Group, a controlling subsidiary of the Company, considered and approved to enter into the "Investment Agreement for the Overall Relocation and Expansion Project of Sichuan Guangda Pharmaceutical Manufacturing" (《四川光大制药整体搬迁调迁扩建项目投资协议书》) (the "Investment Agreement") and the Supplemental Agreement I with Sichuan Chengdu Pengzhou Municipal People's Government (四川省成都市彭州市人民政府). Pursuant to the Investment Agreement, the Company will inject capital of RMB646 million for investment in construction of the overall relocation and expansion project (the "Project") of Sichuan Guangda, a wholly-owned subsidiary of the Company. Pursuant to the Supplemental Agreement I, Pengzhou Municipal People's Government has agreed to pay a compensation for demolition of RMB90 million and grant total incentive of not more than RMB125.8 million for the construction of new plant to the Company.

As of 30 June 2022, the total investment of the specific contracts entered into for the Project amounted to RMB477.4202 million, and the sum of subsidies received from government authorities at various levels amounted to RMB137.1799 million, the construction works for the warehousing system and the QC main body were completed, the construction works for the main body of the extraction workshop and the pre-treatment workshop were implemented, and the foundation construction works for the granulation workshop, the comprehensive preparation workshop and the packaging workshop were implemented, and the overall Project was smooth in progress.

#### 4. Invested company Tianjin Tongrentang initial public offering of shares and listing progress

The Shenzhen Stock Exchange suspended the review of listing of Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司) (“Tianjin Tongrentang”) on 26 January 2022, as CSRC has initiated an investigation against ShineWing Certified Public Accountants (Special General Partnership), the accountant engaged by Tianjin Tongrentang for the initial public offering of its shares and listing on the ChiNext Board.

Since ShineWing Certified Public Accountants (Special General Partnership), the engaged accountant, has issued the review report, the Shenzhen Stock Exchange resumed the review of listing of Tianjin Tongrentang on 30 March 2022.

Save as disclosed above, please refer to the 2021 Annual Report of the Company for its investment in Tianjin Tongrentang.

#### 5. Livzon Group’s plan to spin off Livzon Diagnostics for A-share listing progress

On 7 August 2020, the Board of Directors of Livzon Group, a majority-controlled subsidiary of the Company, considered and approved the proposal to spin off its subsidiary Zhuhai Livzon Diagnostics Inc. (hereinafter referred to as Livzon Diagnostics) for A-share listing (hereinafter referred to as spin-off listing). Livzon Diagnostics is mainly engaged in the R&D, production and sale of diagnostic reagents and equipment. As at the end of the Reporting Period, Livzon Group held approximately 39.425% of shares of Livzon Diagnostics. After completion of this spin-off, the shareholding structure of Livzon Group will remain unchanged, and Livzon Group will still maintain control over Livzon Diagnostics. For more details, please see “the Suggestive Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Livzon Group’s Planned Spin-off of Its Subsidiary Livzon Diagnostics for A-share Listing” (Lin 2020-106).

On 16 October 2020, the Stock Exchange of Hong Kong Limited agreed to Livzon Group’s spin-off listing, and agreed to exempt the group from the applicable regulations concerning the assured entitlement related to the spin-off listing. For details, see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the progress of Livzon Group’s Planned Spin-off of Its Subsidiary Livzon Diagnostics for A-share Listing (Lin 2020-131).

Livzon Diagnostics would go spin-off listing on the ChiNext Board of Shenzhen Stock Exchange pursuant to the Resolution on the Spin-off of the Subsidiary Zhuhai Livzon Diagnostics Inc. to Go Listing on the ChiNext Board of Shenzhen Stock Exchange considered and approved at the Board meeting of Livzon Group on 23 October 2020. For details, see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the progress of Livzon Group’s Planned Spin-off of Its Subsidiary Livzon Diagnostics for A-share Listing (Lin 2020-134).

The spin-off listing of Livzon Diagnostics was approved at the 2020 4th extraordinary general meeting of Livzon Group on 20 November 2020, and was registered with Guangdong Securities Regulatory Bureau for pre-listing tutoring in November 2020. As of the disclosure date of this report, Livzon Diagnostics has submitted the seven issues of reports on progress of the tutoring. As of the disclosure date of this report, Livzon Diagnostics has not submitted any application to or registered with Shenzhen Stock Exchange or any relevant Chinese regulatory authorities other than those progresses listed above.

#### 6. Progress of the Company planned to issue GDR and list on the Swiss Stock Exchange

On 15 June 2022, the Company held the 12th Meeting of the 8th Session of the Board, at which the Resolution for Issuance of Global Depository Receipts Overseas and Listing on the Swiss Stock Exchange was considered and approved. The resolution is designated to expand international finance channels and promote the international brand image of the Company. The Company proposed to issue Global Depository Receipts (“GDR”) overseas and list on the Swiss Stock Exchange, the details of which set out in the Indicative Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Planning to Issue Global Depository Receipts Overseas and List on the Swiss Stock Exchange (Lin 2022-061).

On 22 June 2022, the Company convened the 13rd Meeting of the 8th Session of the Board, at which the Resolution on the Company's Issuance of GDR and Listing on the Swiss Stock Exchange and Conversion into a Joint Stock Limited Company Offering Shares Overseas, the Resolution on the Company's Issuance of GDR and Listing on the Swiss Stock Exchange and other relevant resolutions were considered and approved. For this issuance of GDR, the newly issued RMB ordinary A shares of the Company are used as the underlying securities. The new underlying A shares represented by GDR do not exceed 191,254,066 shares, including the securities issued due to the exercise of any over-allotment options (if any), and do not exceed 10% of the total share capital of ordinary share of the Company (1,912,540,667) before this issuance. In the event that the Company's share capital increases or decreases due to bonus issue, bonus share issue by way of conversion of capital reserve or rights issue, repurchase during the period from the date of the resolution of the Board of Directors to the issuance date, the number of new underlying A shares represented by GDR shares will be adjusted accordingly in accordance with relevant regulations. Meanwhile, the Company formulated the Confidentiality and File Management Policy related to Overseas Securities Issuance and Listing of Joincare Pharmaceutical Group Industry Co., Ltd., and revised the Articles of Association, Rules of Procedure for General Meetings and other Company rules and regulations involving GDR. For details, see the Announcement on the Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 13th Meeting of the 8th Session of the Board (Lin 2022-063) and the Announcement on the Establishment of the Articles of Association and its Appendixes Applicable to the Company upon the Listing of GDR in accordance with the Confidentiality and File Management Policy related to Overseas Securities Issuance and Listing of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2022-064).

On 8 July 2022, the Company held the Second Extraordinary General Meeting of 2022, at which related resolutions concerning issuance of GDR overseas and listing on the Swiss Stock Exchange were considered and approved. At the meeting we also submitted to the General Meeting to authorize the Board of Directors and its authorized persons to take full charge of all the matters involved in GDR issuance and listing. For details, see the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the Second Extraordinary General Meeting of 2022 (Lin 2022-077).

On 13 July 2022, the Company submitted the above GDR issuance application documents to CSRC and received the Acceptance Notice from CSRC on 20 July 2022. For details, see the Announcement on GDR Application of Joincare Pharmaceutical Group Industry Co., Ltd. Accepted by CSRC (Lin 2022-080).



report

4,826  
88,905  
1,645,921  
66,630  
110,327  
56,303  
74,393  
72,921  
1,472



### Equity statement

Current year	1,774,576
Comprehensive income	86,902
Issue of share capital	23,853
Dividends	
Previous year	166,630
Comprehensive income	110,327
Issue of share capital	56,303
Dividends	67,676

### Cash flow statement

Operations	12,978,516
Net earnings	12,873,892
Depreciation	104,624
Investing	6,372,535
Real estate	1,385,386
Equipment	4,438,118
Financing	6,505,981
Notes payable	6,505,981



ment  
978,516  
12,873,892  
104,624  
3,372,535  
1,385,386  
4,438,118  
548,022  
6,505,981



Changes in  
Equity and  
Shareholders

7

## Chapter 7 Changes in Equity and Shareholders

### I Changes in equity

#### (I) Changes in shares

##### 1. Changes in shares

Unit: shares

	Before the current change		Increase/decrease (+, -) due to the current change					After the current change	
	Number	Percentage (%)	Issuance of new shares	Issuance of bonus shares	Conversion of capital reserve to share capital	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions									
1. Shares held by state government									
2. Shares held by state-owned entities									
3. Shares held by other domestic holders									
Including: Shares held by domestic non-state-owned entities									
Shares held by domestic natural persons									
4. Shares held by foreign holders									
Including: Shares held by foreign entities									
Shares held by foreign natural persons									
II. Shares not subject to selling restrictions	1,907,727,908	100	4,812,759	0	0	0	4,812,759	1,912,540,667	100
1. Ordinary shares denominated in Renminbi	1,907,727,908	100	4,812,759	0	0	0	4,812,759	1,912,540,667	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,907,727,908	100	4,812,759	0	0	0	4,812,759	1,912,540,667	100

##### 2. Description of changes in shares

Applicable  N/A

The number of exercisable options during the third exercise period of the first grant under the 2018 Share Options Incentive Scheme of the Company was 7.263 million and the exercise period was from 21 December 2021 to 20 December 2022. The number of exercisable options during the second exercise period of the reserved grant under the 2018 Share Options Incentive Scheme of the Company was 2.935 million, and the exercise period was from 23 September 2021 to 22 September 2022 by way of independent exercise.

During the Reporting Period, the number of options exercised and completed share transfer registration under the 2018 Share Options Incentive Scheme of the Company was totaled 4,812,759.

##### 3. Impact of changes in shares on earnings per share, net assets per share and other financial indicators from the Reporting Period to the date of disclosure of the interim report (if any)

Applicable  N/A

##### 4. Other information deemed necessary by the Company or as required by the securities regulators

Applicable  N/A

**(II) Changes in shares with selling restrictions**

Applicable  N/A

**II Shareholders****(I) Total number of shareholders:**

Total number of ordinary shareholders at the end of the Reporting Period 95,021

Total number of shareholders of preferred shares with resumed voting rights at the end of the Reporting Period Not applicable

**(II) Shareholdings of the Top 10 shareholders and the Top 10 shareholders of tradable shares (or shareholders without selling restrictions) at the End of the Reporting Period**

Unit: shares

Shareholdings of the Top 10 shareholders

Name of shareholder (Full name)	Change during the reporting period	Number of shares held at the end of the Period	Percentage (%)	Number of shares held with selling restrictions	Pledge, mark or lock-up Share status	Number	Nature of Shareholder
Shenzhen Baiyeyuan Investment Co., Ltd.*	0	895,653,653	46.83	0	Pledge	95,679,725	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	15,002,871	106,964,297	5.59	0	Unknown		Unknown
Might Seasons Limited	-14,371,900	57,487,434	3.01	0	Unknown		Foreign entity
108 portfolio of national social security fund	-810,300	11,461,721	0.60	0	Unknown		Unknown
Huaxia Life Insurance Co., Ltd. – Proprietary fund	163,100	9,275,718	0.48	0	Unknown		Unknown
16011 portfolio of basic endowment insurance fund	-1,089,400	7,960,834	0.42	0	Unknown		Unknown
He Zhong	-50,000	7,800,024	0.41	0	Unknown		Domestic natural person
Bosera Funds Management Co., Ltd. – 419 portfolio of social security funds	-2,143,800	6,589,146	0.34	0	Unknown		Unknown
Joincare Pharmaceutical Group Industry Co., Ltd. – the Second Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	6,275,372	6,275,372	0.33	0	Unknown		Others
Agricultural Bank of China Limited – CSI 500 Exchange Traded Index Securities Investment Fund	-376,000	5,021,294	0.26	0	Unknown		Unknown

## Shareholdings of the Top 10 shareholders without selling restrictions

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
Shenzhen Baiyeyuan Investment Co., Ltd.*	895,653,653	Ordinary shares denominated in Renminbi	895,653,653
Hong Kong Securities Clearing Company Limited	106,964,297	Ordinary shares denominated in Renminbi	106,964,297
Might Seasons Limited	57,487,434	Ordinary shares denominated in Renminbi	57,487,434
108 portfolio of national social security fund	11,461,721	Ordinary shares denominated in Renminbi	11,461,721
Huaxia Life Insurance Co., Ltd. - Proprietary fund	9,275,718	Ordinary shares denominated in Renminbi	9,275,718
16011 portfolio of basic endowment insurance fund	7,960,834	Ordinary shares denominated in Renminbi	7,960,834
He Zhong	7,800,024	Ordinary shares denominated in Renminbi	7,800,024
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds	6,589,146	Ordinary shares denominated in Renminbi	6,589,146
Joincare Pharmaceutical Group Industry Co., Ltd. - the Second Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	6,275,372	Ordinary shares denominated in Renminbi	6,275,372
Agricultural Bank of China Limited - CSI 500 Exchange Traded Index Securities Investment Fund	5,021,294	Ordinary shares denominated in Renminbi	5,021,294
Notes on the special repurchase account among the top 10 shareholders	As at the end of the Reporting Period, the special repurchase account of the Company (special securities repurchase account of Joincare Pharmaceutical Group Industry Co., Ltd.) owned 62,156,456 shares in total, accounting for 3.25%.		
Description of the participation of the top 10 shareholders and the top 10 shareholders without selling restriction in securities margin trading and refinancing business	He Zhong, a shareholder, held 800,000 shares through an ordinary securities account and 7,000,024 shares through a credit guarantee account, namely 7,800,024 shares in total.		
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	Not applicable		
Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown		
Description of holders of preferred shares with resumed voting rights and number of preferred shares	Not applicable		

Number of shares held by the Top 10 shareholders with selling restrictions and selling restrictions

Applicable  N/A

**(III) Strategic investors or general legal persons who became Top 10 shareholders through placement of new shares**

Applicable  N/A



### III Information on directors, supervisors, and senior management

#### (I) Changes in shareholdings of current directors, supervisors, and senior management and those who resigned during the Reporting Period

Applicable  N/A

Unit: shares

Name	Title	Number of shares held at the beginning of the Period	Number of shares held at the end of the Period	Changes in shareholdings during the Reporting Period	Reason for changes
Yu Xiong	Director	660,000	800,000	140,000	Exercise of Equity incentive
Qiu Qingfeng	Director	537,409	717,409	180,000	Exercise of Equity incentive
Lin Nanqi	Director	1,051,040	1,291,040	240,000	Exercise of Equity incentive

Note: In addition to being a director, Yu Xiong acts as President of the Company, Qiu Qingfeng as the Vice President and CFO of the Company, and Lin Nanqi as the Vice President of the Company.

Description of other information

Applicable  N/A

#### (II) Equity incentive granted to directors, supervisors, and senior management during the Reporting Period

Applicable  N/A

Unit: shares

Name	Title	Number of share options held at the beginning of the Period	Number of share options granted during the Reporting Period	Number of exercisable shares during the Reporting Period	Number of share options exercised during the Period	Number of share options held at the end of the Period
Yu Xiong	Director	140,000	0	140,000	140,000	0
Qiu Qingfeng	Director	180,000	0	180,000	180,000	0
Lin Nanqi	Director	240,000	0	240,000	240,000	0
Zhao Fengguang	Senior management	180,000	0	180,000	0	180,000
Total	/	740,000	0	740,000	560,000	180,000

Note: In addition to being a director, Yu Xiong acts as President of the Company, Qiu Qingfeng as the Vice President and CFO of the Company, and Lin Nanqi as the Vice President of the Company.

#### (III) Others

Applicable  N/A

### IV Changes in controlling shareholders or de facto controllers

Applicable  N/A



# Information on Preferred Shares 8

## **Chapter 8** Information on Preferred Shares

Applicable  N/A



- +98.0%
- 0.05%
- 20.0%
- +50.0%
- 10.0%
- 30.0%
- +65.0%
- +55.0%
- 15.0%
- 25.0%

92%

45%

78%

# Information on Bonds

# 9

## Chapter 9 Information on Bonds

### I Enterprise bonds, corporate bonds, and non-financial enterprise debt financing instruments

Applicable  N/A

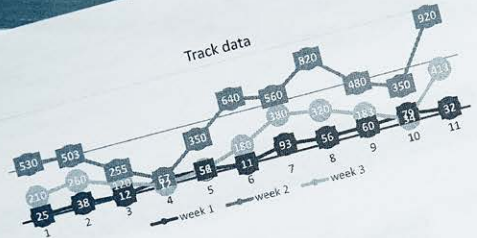
### II Information on convertible corporate bonds

Applicable  N/A

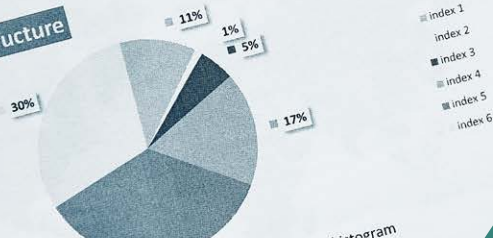


Report

Item	Value
1	2,000.00
2	1,500.00
3	1,000.00
4	800.00
5	700.00
6	600.00
7	500.00
8	400.00
9	300.00
10	200.00
11	100.00



Main structure



Part data

	week 2	week 3
25	530	210
38	503	120
12	255	12
67	67	56
52	350	180
11	640	380
93	560	320
56	820	183
60	480	34
79	350	413
32	920	

Additional histogram



Variation



Oceania	0,3	0,1	0,1
Russia	0,6	0,2	0,1
Africa	1,8	0,1	0,1

1	689,23
2	230,79
3	505,64
4	93,28
5	113,53
6	520,99
7	326,19
8	606,71
9	450,70
10	85,44
11	731,60
12	38,75
13	5,42
14	03
15	1

18	693,54
19	291,63
20	450,70
21	85,44
22	731,60
23	238,75
24	15,42
25	230,77
26	500,31
27	96,20
28	923,01
29	568,31
30	209,11
31	69,03
32	875,25
33	614,98
34	238,42

35	404,65	H91
36	329,49	AB-0
37	15,42	
38	157,03	
39	500,31	
40	914,63	
41	58,97	G30
42	489,56	
43	689,26	
44	568,00	AC/8HB
45	930,12	
46	68,92	
47	48,43	
48	658,04	
49	309,11	14/Z
50	438,63	
51	167,15	

# Financial Statements 10



revenue	561
cost sales	850
Gross profit	287
other income	48
expenses	60
accounting	71
fees	31
marketing	6

661 120  
659 111

## Chapter 10 Financial Statements

### I. Auditor's report

Applicable     N/A

## II. Financial statements

### Consolidated Balance Sheet

30 June 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash and bank balances	V.1	12,653,108,949.17	11,729,230,390.98
Financial assets held for trading	V.2	99,806,543.32	184,638,344.31
Notes receivable	V.3	1,888,473,693.79	1,977,286,022.02
Accounts receivable	V.4	2,895,463,163.96	2,853,655,551.54
Receivables financing			
Prepayments	V.5	438,456,122.38	369,232,546.29
Other receivables	V.6	50,888,736.71	88,053,825.12
Including: Interest receivables			365,873.64
Dividend receivables		215,678.92	
Inventories	V.7	2,254,220,729.87	2,078,944,387.68
Contract assets			
Assets held-for-sale			
Non-current assets due within one year	V.8	38,498.84	317,381.23
Other current assets	V.9	51,971,077.28	83,986,214.37
Total current assets		20,332,427,515.32	19,365,344,663.54
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivables	V.10	82,574.69	266,904.13
Long-term equity investment	V.11	1,423,034,057.29	1,419,349,454.84
Other equity instrument investments	V.12	1,170,558,267.07	1,408,882,377.42
Other non-current financial assets			
Investment properties	V.13	6,191,475.43	6,191,475.43
Fixed assets	V.14	4,742,112,777.95	4,839,005,169.81
Construction in progress	V.15	1,138,204,863.10	742,998,743.75
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.16	45,641,439.30	46,774,759.69
Intangible assets	V.17	487,393,277.62	456,782,094.80
Development cost	V.18	858,336,350.91	786,993,435.71
Goodwill	V.19	614,468,698.73	614,468,698.73
Long-term prepaid expenses	V.20	220,173,833.64	200,715,740.93
Deferred tax assets	V.21	633,378,856.81	552,542,866.71
Other non-current assets	V.22	511,560,279.43	663,584,003.80
Total non-current assets		11,851,136,751.97	11,738,555,725.75
Total assets		32,181,512,667.29	31,103,900,389.29



Item	Note	30 June 2022	31 December 2021
<b>Current liabilities:</b>			
Short-term loans	V.23	1,982,775,000.02	2,518,484,835.09
Financial liabilities held for trading	V.24	10,791,038.40	143,302.24
Notes payable	V.25	1,601,063,168.35	1,582,386,767.93
Accounts payable	V.26	933,275,211.76	871,553,210.51
Receipts in advance			
Contract liabilities	V.27	100,704,258.24	234,140,702.29
Employee benefits payable	V.28	375,599,648.25	475,430,823.20
Taxes payable	V.29	420,134,507.00	270,618,183.41
Other payables	V.30	3,398,357,996.68	3,292,407,989.79
Including: Interest payables			
Dividend payables		24,631,984.46	6,951,984.46
Liabilities held-for-sale			
Non-current liabilities due within one year	V.31	93,190,354.84	91,576,066.33
Other current liabilities	V.32	7,166,683.80	15,626,224.29
Total current liabilities		8,923,057,867.34	9,352,368,105.08
<b>Non-current liabilities:</b>			
Long-term loans	V.33	2,403,726,004.58	826,780,252.78
Bonds payable			
Lease liabilities	V.34	22,599,182.60	25,071,794.32
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.35	472,360,136.25	433,543,352.40
Deferred tax liabilities	V.21	175,493,047.27	208,525,905.39
Other non-current liabilities	V.36	84,000,000.00	78,000,000.00
Total non-current liabilities		3,158,178,370.70	1,571,921,304.89
Total liabilities		12,081,236,238.04	10,924,289,409.97
<b>shareholders' equity</b>			
Share capital	V.37	1,912,540,667.00	1,907,727,908.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	V.38	2,316,360,798.95	2,265,357,311.92
Less: Treasury shares	V.39	742,977,205.72	222,644,454.50
Other comprehensive income	V.40	-37,611,311.23	5,387,545.97
Special reserve			
Surplus reserve	V.41	649,438,942.76	640,821,179.08
Undistributed profits	V.42	7,824,914,927.17	7,223,644,166.22
Total shareholders' equity attributable to the parent		11,922,666,818.93	11,820,293,656.69
Minority shareholder's equity		8,177,609,610.32	8,359,317,322.63
Total shareholders' equity		20,100,276,429.25	20,179,610,979.32
<b>Total liabilities and shareholders' equity (or shareholder's equity)</b>		<b>32,181,512,667.29</b>	<b>31,103,900,389.29</b>

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

## Balance Sheet of the Parent Company

30 June 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash and bank balances		2,118,729,226.61	1,370,906,734.13
Financial assets held for trading			
Notes receivable		234,490,808.52	374,296,302.21
Accounts receivable		353,134,208.48	535,543,070.24
Receivable financing			
Prepayments		457,868,974.09	201,605,530.55
Other receivables		1,093,801,818.49	1,136,237,811.25
Including: Interest receivables			
Dividends receivable		769,999,500.00	814,041,000.00
Inventories		725,704.05	
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets		9,167,665.15	9,379,100.23
<b>Total current assets</b>		<b>4,267,918,405.39</b>	<b>3,627,968,548.61</b>
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,513,434,646.47	3,530,939,152.29
Other equity instrument investment		136,995,826.79	372,609,966.35
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		46,653,548.90	45,139,232.27
Construction in progress		11,625,599.55	7,890,737.14
Productive biological assets			
Oil & gas assets			
Right-of-use assets		10,132,677.63	12,470,703.77
Intangible assets		15,181,241.41	15,316,963.24
Development cost		26,092,293.12	21,304,063.68
Goodwill			
Long-term prepaid expenses		722,794.65	900,737.50
Deferred income tax assets		157,391,273.73	134,711,371.96
Other non-current assets		54,055,428.72	54,866,150.94
<b>Total non-current assets</b>		<b>3,978,476,806.40</b>	<b>4,202,340,554.57</b>
<b>Total assets</b>		<b>8,246,395,211.79</b>	<b>7,830,309,103.18</b>

Item	Note	30 June 2022	31 December 2021
<b>Current liabilities:</b>			
Short-term loans		100,000,000.00	450,436,811.38
Financial liabilities held for trading			
Notes payable		484,246,155.59	358,526,972.01
Accounts payable		257,392,547.42	461,763,867.32
Receipts in advance			
Contract liabilities		21,785,124.52	31,637,971.91
Employee benefits payable		81,504,877.32	95,624,280.17
Taxes payable		18,276,040.20	17,190,533.60
Other payables		1,759,567,632.80	810,207,330.35
Including: Interest payables			
Dividends payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		45,424,338.61	44,954,632.42
Other current liabilities		3,255,248.49	2,140,860.88
<b>Total current liabilities</b>		<b>2,771,451,964.95</b>	<b>2,272,483,260.04</b>
<b>Non-current liabilities:</b>			
Long-term loans		610,000,000.00	160,000,000.00
Bonds payable			
Lease liabilities		4,955,487.04	7,683,561.03
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		47,145,500.00	40,796,000.00
Deferred tax liabilities		47,219.34	29,371,338.01
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>662,148,206.38</b>	<b>237,850,899.04</b>
<b>Total liabilities</b>		<b>3,433,600,171.33</b>	<b>2,510,334,159.08</b>
<b>Shareholders' equity:</b>			
Share capital		1,912,540,667.00	1,907,727,908.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,641,909,016.94	1,605,482,128.64
Less: Treasury shares		742,977,205.72	222,644,454.50
Other comprehensive income		-3,879,108.52	77,015,953.08
Special reserve			
Surplus reserve		560,836,994.38	552,219,230.70
Undistributed profits		1,444,364,676.38	1,400,174,178.18
Total shareholders' equity attributable to the parent		4,812,795,040.46	5,319,974,944.10
<b>Total liabilities and shareholders' equity</b>		<b>8,246,395,211.79</b>	<b>7,830,309,103.18</b>

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

## Consolidated Income Statement

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2022	First half of 2021
<b>I. Revenue from operations</b>	V.43	8,564,945,285.55	7,835,372,274.66
Including: Operating revenues		8,564,945,285.55	7,835,372,274.66
<b>II. Total operating costs</b>		6,767,945,476.66	6,312,457,301.60
Including: Cost of operations	V.43	3,054,392,703.20	2,743,005,734.93
Taxes and surcharges	V.44	94,322,638.31	90,345,092.56
Selling expenses	V.45	2,512,369,792.45	2,499,949,757.30
Administrative expenses	V.46	529,828,311.93	397,921,091.17
Research and development expenses	V.47	707,433,078.44	622,962,388.41
Financial expenses	V.48	-130,401,047.67	-41,726,762.77
Including: Interest expenses		60,979,386.68	38,708,820.91
Interest income		117,501,999.50	78,035,350.84
Add: Other income	V.49	97,242,254.03	131,455,378.87
Investment income ("-" for loss)	V.50	51,014,159.00	46,810,627.37
Including: Gains from investments in associates and joint ventures		41,208,487.80	9,750,424.27
Gain from derecognition of financial assets at amortized cost ("-" for loss)			
Gain from net exposure of hedging ("-" for loss)			
Gains from changes of fair value ("-" for loss)	V.51	-95,479,537.15	33,316,547.15
Credit impairment loss ("-" for loss)	V.52	-2,805,440.83	-9,485,295.67
Assets impairment loss ("-" for loss)	V.53	-27,834,495.93	-28,878,059.99
Gain from disposal of assets ("-" for loss)	V.54	-510,518.91	17,927,771.94
<b>III. Operating profit ("-" for loss)</b>		1,818,626,229.10	1,714,061,942.73
Add: Non-operating income	V.55	4,470,914.88	4,641,364.71
Less: Non-operating expenses	V.56	6,741,606.85	6,039,971.44
<b>IV. Total profit ("-" for loss)</b>		1,816,355,537.13	1,712,663,336.00
Less: Income tax expenses	V.57	271,175,329.55	244,565,734.30
<b>V. Net profit ("-" for net loss)</b>		1,545,180,207.58	1,468,097,601.70
(I) Classified by continuity of operations:			
Including: Net profit from continuing operations ("-" for net loss)		1,545,180,207.58	1,468,097,601.70
Net profit from discontinued operations ("-" for net loss)			
(II) Classified by attribution to ownership:			
Including: Net profit attributable to shareholders of the parent ("-" for net loss)		801,268,519.50	687,347,494.53
Net profit attributable to minority interests ("-" for net loss)		743,911,688.08	780,750,107.17

Item	Note	First half of 2022	First half of 2021
<b>VI. Other comprehensive income – after tax</b>		-25,063,137.51	-161,118,765.76
(I) Other comprehensive income – after tax attributable to shareholders of the parent		-42,998,857.20	-80,061,071.46
1. Other comprehensive income not reclassified into profit or loss subsequently		-79,078,918.80	-61,841,866.88
(1) Changes in remeasurement of defined benefit plan			
(2) Share of other comprehensive income of the equity method investments		1,109,969.99	
(3) Changes in fair value of other equity instruments investment		-80,188,888.79	-61,841,866.88
(4) Changes in fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss subsequently		36,080,061.60	-18,219,204.58
(1) Share of other comprehensive income of associates and joint ventures under equity method			
(2) Changes in the fair value of other debt investments			
(3) Reclassification of financial assets recognised as other comprehensive income			
(4) Credit impairment loss of other debt investments			
(5) Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
(6) Translation of foreign currency financial statements		36,080,061.60	-18,219,204.58
(7) Others			
(II) Other comprehensive income – after tax attributable to minority interests		17,935,719.69	-81,057,694.30
<b>VII. Total comprehensive income</b>		1,520,117,070.07	1,306,978,835.94
(I) Total comprehensive income attributable to shareholders of the parent		758,269,662.30	607,286,423.07
(II) Total comprehensive income attributable to minority interests		761,847,407.77	699,692,412.87
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share		0.4235	0.3514
(II) Diluted earnings per share		0.4232	0.3504

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

## Income Statement of the Parent Company

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan    Currency: RMB

Item	Note	First half of 2022	First half of 2021
<b>I. Revenue from operations</b>		1,177,100,137.17	767,872,298.02
Less: Cost of operations		788,887,001.95	461,788,716.17
Taxes and surcharges		7,310,543.59	5,768,988.93
Selling expenses		347,794,247.66	197,183,327.14
Administrative expenses		106,346,117.92	47,548,122.82
Research and development expenses		30,185,363.06	23,202,371.94
Financial expenses		-7,269,224.74	-7,191,444.75
Including: Interest expenses		7,190,074.41	1,860,476.04
Interest income		15,043,357.51	9,132,475.57
Add: Other income		874,278.66	559,381.42
Investment income ("-" for loss)		315,106,835.25	595,277,628.57
Including: Gains from investments in associates and joint ventures		576,377.39	-1,300,363.73
Gain from derecognition of financial assets at amortized cost ("-" for loss)			
Gain from net exposure of hedging ("-" for loss)			
Gains from changes of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)		1,514,532.04	-100,938.45
Assets impairment loss ("-" for loss)			
Gain from disposal of assets ("-" for loss)			
<b>II. Operating profit ("-" for loss)</b>		221,341,733.68	635,308,287.31
Add: Non-operating income		94,336.14	71,272.57
Less: Non-operating expenses		23,452.93	483,009.57
<b>III. Total profit ("-" for loss)</b>		221,412,616.89	634,896,550.31
Less: Income tax expenses		-22,775,639.86	11,595,521.04
<b>IV. Net profit ("-" for net loss)</b>		244,188,256.75	623,301,029.27
(I) Net profit from continuing operations ("-" for net loss)		244,188,256.75	623,301,029.27
(II) Net profit from discontinued operations ("-" for net loss)			

Item	Note	First half of 2022	First half of 2021
<b>V. Other comprehensive income – after tax</b>		-80,895,061.60	-22,304,174.23
(I) . Other comprehensive income not reclassified into profit or loss subsequently		-80,895,061.60	-22,304,174.23
1. Changes in remeasurement of defined benefit plan			
2. Share of other comprehensive income of the equity method investments			
3. Changes in fair value of other equity instruments investment		-80,895,061.60	-22,304,174.23
4. Changes in fair value of the Company's own credit risks			
(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1. Share of other comprehensive income of associates and joint ventures under equity method			
2. Changes in the fair value of other debt investments			
3. Reclassification of financial assets recognised as other comprehensive income			
4. Credit impairment loss of other debt investments			
5. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
6. Translation of foreign currency financial statements			
7. Others			
Other comprehensive income – after tax attributable to minority interests			
<b>VI. Total comprehensive income</b>		163,293,195.15	600,996,855.04
<b>VII. Earnings per share</b>			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

## Consolidated Cash Flow Statement

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2022	First half of 2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		9,266,508,015.60	7,419,412,296.34
Tax refund received		167,531,739.91	61,962,005.91
Other cash received relating to operating activities	V.58	320,066,884.87	284,172,439.10
Sub-total of cash inflows		9,754,106,640.38	7,765,546,741.35
Cash paid for goods and services		2,686,391,136.11	1,884,769,945.39
Cash paid to and on behalf of employees		1,283,240,953.21	1,116,771,823.55
Payments of all types of taxes		862,562,844.21	867,755,091.60
Other cash paid relating to operating activities	V.58	3,018,958,482.06	3,150,462,367.45
Sub-total of cash outflows		7,851,153,415.59	7,019,759,227.99
<b>Net cash flows from operating activities</b>		<b>1,902,953,224.79</b>	<b>745,787,513.36</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		216,970,980.42	86,940,226.39
Cash received from returns on investments		121,544,073.53	63,907,310.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		931,662.20	2,121,444.19
Cash received from disposal of subsidiaries and other business units			3,311,220.53
Other cash received relating to investing activities	V.58	12,984,186.55	13,361,577.34
Sub-total of cash inflows		352,430,902.70	169,641,779.30
Cash paid to acquire fixed assets, intangible assets and other long-term assets		739,956,798.62	597,823,351.45
Cash paid to acquire investments		30,338,557.45	744,000,000.00
Cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities	V.58	15,394,931.82	1,566,246.09
Sub-total of cash outflows		785,690,287.89	1,343,389,597.54
<b>Net cash flows from investing activities</b>		<b>-433,259,385.19</b>	<b>-1,173,747,818.24</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from capital contribution		61,420,564.63	474,991,831.37
Including: Cash received from investment by minority interests of subsidiaries		22,444,277.37	428,234,715.52
Cash received from borrowings		3,620,437,809.48	1,211,215,105.43
Cash received relating to other financing activities	V.58	3,124,846.38	2,809,612.35
Sub-total of cash inflows		3,684,983,220.49	1,689,016,549.15
Cash repayments of amounts borrowed		2,583,795,608.09	1,282,584,146.53
Cash payments for interest expenses and distribution of dividends or profits		1,219,425,266.74	1,158,748,844.24
Including: Dividend paid to minority interests of subsidiaries		900,571,289.90	842,390,603.13
Other cash payments relating to financing activities	V.58	538,573,404.10	722,917,255.81
<b>Sub-total of cash outflows</b>		<b>4,341,794,278.93</b>	<b>3,164,250,246.58</b>
<b>Net cash flows from financing activities</b>		<b>-656,811,058.44</b>	<b>-1,475,233,697.43</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>105,379,819.98</b>	<b>-26,647,873.71</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>918,262,601.14</b>	<b>-1,929,841,876.02</b>
Add: Opening balance of cash and cash equivalent		11,697,518,141.18	12,122,781,311.49
<b>VI. Closing balance of cash and cash equivalent</b>		<b>12,615,780,742.32</b>	<b>10,192,939,435.47</b>

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng



## Cash Flow Statement of Parent Company

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2022	First half of 2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		1,627,134,774.34	689,547,745.88
Tax refund received			
Other cash received relating to operating activities		1,361,915,765.88	253,368,418.30
Sub-total of cash inflows		2,989,050,540.22	942,916,164.18
Cash paid for goods and services		1,220,271,835.02	411,827,084.87
Cash paid to and on behalf of employees		171,079,267.11	83,143,842.68
Payments of all types of taxes		59,188,798.29	49,857,359.03
Other cash paid relating to operating activities		747,239,926.63	464,776,999.67
Sub-total of cash outflows		2,197,779,827.05	1,009,605,286.25
<b>Net cash flows from operating activities</b>		<b>791,270,713.17</b>	<b>-66,689,122.07</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		216,970,980.42	
Cash received from returns on investments		403,351,191.73	592,402,254.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		13,000.00	77,600.00
Cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		158,470.77	
Sub-total of cash inflows		620,493,642.92	592,479,854.45
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,688,331.00	2,023,634.00
Cash paid to acquire investments			319,037,191.00
Cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities			
Sub-total of cash outflows		3,688,331.00	321,060,825.00
<b>Net cash flows from investing activities</b>		<b>616,805,311.92</b>	<b>271,419,029.45</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from capital contribution		38,976,287.26	46,757,115.85
Cash received from borrowings		750,000,000.00	-
Cash received relating to other financing activities		2,214,629.88	1,598,029.40
Sub-total of cash inflows		791,190,917.14	48,355,145.25
Cash repayments of amounts borrowed		650,000,000.00	500,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		281,112,849.39	289,069,487.47
Other cash payments relating to financing activities		520,332,751.22	229,511,622.91
Sub-total of cash outflows		1,451,445,600.61	1,018,581,110.38
<b>Net cash flows from financing activities</b>		<b>-660,254,683.47</b>	<b>-970,225,965.13</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>1,150.86</b>	<b>-302.33</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>747,822,492.48</b>	<b>-765,496,360.08</b>
Add: Opening balance of cash and cash equivalent		1,370,906,734.13	1,369,821,002.61
<b>VI. Closing balance of cash and cash equivalent</b>		<b>2,118,729,226.61</b>	<b>604,324,642.53</b>

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

# Consolidated Statement of Changes in Owner's Equity

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	First half of 2022													Total shareholders' equity
	Owner's equity attributable to the parent company											Minority interests		
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		Subtotal	
	Preferred share	Perpetual bonds	Others											
<b>I. Balance at end of previous year</b>	1,907,727,908.00				2,265,357,311.92	222,644,454.50	5,387,545.97		640,821,179.08		7,223,644,166.22	11,820,293,656.69	8,359,317,322.63	20,179,610,979.32
Add: Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
<b>II. Balance in beginning of period</b>	1,907,727,908.00				2,265,357,311.92	222,644,454.50	5,387,545.97		640,821,179.08		7,223,644,166.22	11,820,293,656.69	8,359,317,322.63	20,179,610,979.32
<b>III. Movement over the period (* for loss)</b>	4,812,759.00				51,003,487.03	520,332,751.22	-42,998,857.20		8,617,763.68		601,270,760.95	102,373,162.24	-181,707,712.31	-79,334,550.07
(I) Total comprehensive income							-42,998,857.20				801,268,519.50	758,269,662.30	761,847,407.77	1,520,117,070.07
(II) Capital contribution or reduction from shareholders	4,812,759.00				34,163,528.26	520,332,751.22						-481,356,463.96	16,410,217.23	-464,946,246.73
1. Capital contribution from ordinary shareholders	4,812,759.00				34,163,528.26	520,332,751.22						-481,356,463.96	16,410,217.23	-464,946,246.73
2. Capitals invested by other equity instrument holders														
3. Increase in shareholders' equity resulted from share-based payments														
4. Others														
(III) Appropriation of profits											-277,557,631.65	-277,557,631.65	-967,251,289.90	-1,244,808,921.55
1. Transfer to surplus reserve														
2. Transfer to general risk reserve														
3. Distributions to shareholders											-277,557,631.65	-277,557,631.65	-967,251,289.90	-1,244,808,921.55
4. Others														
(IV) Transfer within shareholders' equity								8,617,763.68		77,559,873.10	86,177,636.78			86,177,636.78
1. Capital reserve converting into share capital (or capital)														
2. Surplus reserve converting into share capital (or capital)														
3. Surplus reserve cover the deficit														
4. Changes of equity from the revaluation of defined benefit plan														
5. Other comprehensive income transfer to retained earnings								8,617,763.68		77,559,873.10	86,177,636.78			86,177,636.78
6. Others														
(V) Specific reserve														
1. Appropriation for the period														
2. Used in the period (* for loss)														
(VI) Others					16,839,958.77							16,839,958.77	7,285,952.59	24,125,911.36
<b>IV. Balance at end of period</b>	1,912,540,667.00				2,316,360,798.95	742,977,205.72	-37,611,311.23		649,438,942.76		7,824,914,927.17	11,922,666,818.93	8,177,609,610.32	20,100,276,429.25

Item	First half of 2021														
	Owner's equity attributable to the parent company												Minority shareholders' equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal			
	Preferred shares	Perpetual bonds	Others												
<b>I. Balance at end of previous year</b>	1,952,780,764.00				2,533,288,674.28	253,637,154.50	116,300,559.28		515,941,465.19			6,231,451,582.26	11,096,125,890.51	8,140,772,186.49	19,236,898,077.00
Add: Changes in accounting policies															
Correction of prior period errors															
Business combination under common control															
Others															
<b>II. Balance in beginning of period</b>	1,952,780,764.00				2,533,288,674.28	253,637,154.50	116,300,559.28		515,941,465.19			6,231,451,582.26	11,096,125,890.51	8,140,772,186.49	19,236,898,077.00
<b>III. Movement over the year ("-" for loss)</b>	5,812,453.00				90,832,636.74	229,511,622.91	-80,061,071.46					475,713,532.40	262,785,927.77	-114,422,359.65	148,363,568.12
(I) Total comprehensive income							-80,061,071.46					687,347,494.53	607,286,423.07	699,692,412.87	1,306,978,835.94
(II) Capital contribution or reduction from shareholders	5,812,453.00				42,329,998.05	229,511,622.91						-181,369,171.86	-96,353,455.66	-277,722,627.52	
1. Capital contribution from ordinary shareholders	5,812,453.00				40,944,662.85	229,511,622.91						-182,754,507.06	-96,353,455.66	-279,107,962.72	
2. Capitals invested by other equity instrument holders															
3. Increase in shareholders' equity resulted from share-based payments					1,385,335.20								1,385,335.20		1,385,335.20
4. Others															
(III) Appropriation of profits												-288,675,388.05	-288,675,388.05	-840,923,997.09	-1,129,599,385.14
1. Transfer to surplus reserve															
2. Transfer to general risk reserve															
3. Distributions to shareholders												-288,675,388.05	-288,675,388.05	-840,923,997.09	-1,129,599,385.14
4. Others															
(IV) Transfer within shareholders' equity												77,041,425.92	77,041,425.92	94,885,363.55	171,926,789.47
1. Capital reserve converting into share capital (or capital)															
2. Surplus reserve converting into share capital (or capital)															
3. Surplus reserve cover the deficit															
4. Changes of equity from the revaluation of defined benefit plan															
5. Other comprehensive income transfer to retained earnings												77,041,425.92	77,041,425.92	94,885,363.55	171,926,789.47
6. Others															
(V) Specific reserve															
1. Appropriation for the period															
2. Used in the period ("-" for loss)															
(VI) Others					48,502,638.69								48,502,638.69	28,277,316.68	76,779,955.37
<b>IV. Balance at end of period</b>	1,958,593,217.00				2,624,121,311.02	483,148,777.41	36,239,487.82		515,941,465.19			6,707,165,114.66	11,358,911,818.28	8,026,349,826.84	19,385,261,645.12

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

## Statement of Changes in Owner's Equity of the Parent Company

January to June, 2022

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	First half of 2022										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	1,907,727,908.00				1,605,482,128.64	222,644,454.50	77,015,953.08		552,219,230.70	1,400,174,178.18	5,319,974,944.10
Add: Changes in accounting policies											
Correction of errors											
Others											
II. Balance in beginning of period	1,907,727,908.00				1,605,482,128.64	222,644,454.50	77,015,953.08		552,219,230.70	1,400,174,178.18	5,319,974,944.10
III. Movement over the period ("-" for loss)	4,812,759.00				36,426,888.30	520,332,751.22	-80,895,061.60		8,617,763.68	44,190,498.20	-507,179,903.64
(I) Total comprehensive income							-80,895,061.60			244,188,256.75	163,293,195.15
(II) Capital contribution or reduction from shareholders	4,812,759.00				34,163,528.26	520,332,751.22					-481,356,463.96
1. Capital contribution from shareholders	4,812,759.00				34,163,528.26	520,332,751.22					-481,356,463.96
2. Capitals invested by other equity instrument holders											
3. Increase in shareholders' equity resulted from share-based payments											
4. Others											
(III) Appropriation of profits										-277,557,631.65	-277,557,631.65
1. Transfer to surplus reserve											
2. Distributions to shareholders										-277,557,631.65	-277,557,631.65
3. Others											
(IV) Transfer within shareholders' equity									8,617,763.68	77,559,873.10	86,177,636.78
1. Capital reserve converting into share capital (or capital)											
2. Surplus reserve converting into share capital (or capital)											
3. Surplus reserve cover the deficit											
4. Changes of equity from the revaluation of defined benefit plan											
5. Other comprehensive income transfer to retained earnings									8,617,763.68	77,559,873.10	86,177,636.78
6. Others											
(V) Specific reserve											
1. Appropriation for the period											
2. Used in the period ("-" for loss)											
(VI) Others					2,263,360.04						2,263,360.04
IV. Balance at end of period	1,912,540,667.00				1,641,909,016.94	742,977,205.72	-3,879,108.52		560,836,994.38	1,444,364,676.38	4,812,795,040.46

Item	First half of 2021										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>I. Balance at end of previous year</b>	1,952,780,764.00				2,169,622,381.22	253,637,154.50	110,581,751.29		427,339,516.81	564,932,141.19	4,971,619,400.01
Add: Changes in accounting policies											
Correction of errors											
Others											
<b>II. Balance in beginning of year</b>	1,952,780,764.00				2,169,622,381.22	253,637,154.50	110,581,751.29		427,339,516.81	564,932,141.19	4,971,619,400.01
<b>III. Movement over the period</b> (* for loss)	5,812,453.00				46,862,278.46	229,511,622.91	-22,304,174.23			334,625,641.22	135,484,575.54
(I) Total comprehensive income							-22,304,174.23			623,301,029.27	600,996,855.04
(II) Capital contribution or reduction from shareholders	5,812,453.00				42,329,998.05	229,511,622.91					-181,369,171.86
1. Capital contribution from shareholders	5,812,453.00				40,944,662.85	229,511,622.91					-182,754,507.06
2. Capitals invested by other equity instrument holders											
3. Increase in shareholders' equity resulted from share-based payments					1,385,335.20						1,385,335.20
4. Others											
(III). Profit distribution									-	-288,675,388.05	-288,675,388.05
1. Transfer to surplus reserve											
2. Distributions to shareholders										-288,675,388.05	-288,675,388.05
3. Others											
(IV) Transfer within shareholders' equity											
1. Capital reserve converting into share capital (or capital)											
2. Surplus reserve converting into share capital (or capital)											
3. Surplus reserve cover the deficit											
4. Changes of equity from the revaluation of defined benefit plan											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(V) Specific reserve											
1. Appropriation for the period											
2. Used in the period (* for loss)											
(VI) Others					4,532,280.41						4,532,280.41
<b>IV. Balance at end of period</b>	1,958,593,217.00				2,216,484,659.68	483,148,777.41	88,277,577.06		427,339,516.81	899,557,782.41	5,107,103,975.55

Person-in-charge of the Company:  
Zhu Baoguo

Person-in-charge of the Company's accounting work:  
Qiu Qingfeng

Person-in-charge of the accounting department:  
Qiu Qingfeng

# Joincare Pharmaceutical Group Industry Co., Ltd

## Notes to the financial statements

(All amounts in RMB Yuan unless otherwise stated)

### I Company Profile

#### 1. Overview

Applicable  N/A

The Company is formerly known as Shenzhen Aimier Food Co., Ltd. (深圳爱迷尔食品有限公司), was a Sino-foreign joint venture officially established on 18 December 1992 with the approval from Shenzhen Administration for Industry and Commerce.

On 24 November 1999, the Company was reorganized as a joint stock limited company.

On 6 February 2001, the Company was approved by the China Securities Regulatory Commission to issue domestically listed shares (A shares) to the public. On 8 June 2001, shares of the Company were listed and traded on Shanghai Stock Exchange.

As of 30 June 2022, the total share capital of the Company was RMB1,912,540,667 and the total number of shares of the Company was 1,912,540,667. The controlling shareholder of the Company is Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), and the ultimate controlling party is Zhu Baoguo (朱保国).

The Company is engaged in the integrated pharmaceutical industry.

The Company and its subsidiaries primarily engaged in the R&D, production and sale of pharmaceutical products and healthcare products, which covered drug preparation products, active pharmaceutical ingredients (“APIs”) and intermediates, diagnostic reagents and equipment as well as healthcare products.

The financial statements and notes to the financial statements of the Company were approved at the 15th Meeting of the 8th Session of the Board on 10 August 2022.

#### 2. Scope of consolidated financial statements

Applicable  N/A

The information of subsidiaries included in the scope of consolidation for the first six months of 2022 refer to Note VII “Equity in other entities” and the information of the changes in scope of consolidation during the period refer to Note VI “Changes in scope of consolidation”.

## II Basis of Preparation for the Financial Statements

### 1. Basis of preparation

The Company's financial statements have been prepared on the going-concern basis.

### 2. Continuing operation

Applicable  N/A

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China ("MOF") and its application guidance, interpretations and the other related provisions (collectively, the "Accounting Standards for Business Enterprises"). In addition, the Company also discloses relevant financial information in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2014 Revision) issued by the China Securities Regulatory Commission.

The financial statements have been prepared on the going-concern basis.

The Company's accounting is measured on an accrual basis. Except for certain financial instruments, the financial statements are generally measured at historical cost. Non-current assets held for sale are stated at the lower of fair value less estimated selling costs and their original carrying amount if they qualify as held for sale. In case of asset impairment, the Company shall make provisions for impairment in accordance with applicable provisions.

## III Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimate tips:

Applicable  N/A

The Company determines the depreciation of fixed assets, amortisation of intangible assets, capitalisation condition of R&D expenses and revenue recognition policies on the basis of its production and operation characteristics. Details of accounting policies are set out in Note III. 16, Note III. 20, Note III. 21 and Note III. 28.

### 1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the consolidated and the Company's financial positions as at June 30, 2022, and the consolidated and the Company's operating results and the consolidated and the Company's cash flows and other relevant information for the 6 months period ending June 30, 2022.

### 2. Accounting period

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

### 3. Business cycle

Applicable  N/A

The Company's operating cycle is 12 months.

### 4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi ("RMB"). Overseas subsidiaries of the Company usually recognise HK dollar, Macau Pataca and US dollar as their functional currencies according to the primary economic environment of which these subsidiaries operate. The Company prepares its financial statements in RMB.

## 5. Accounting treatment for business combinations involving enterprises under common control and business combinations involving enterprises not under common control

Applicable  N/A

### (1). Business combinations involving enterprises under common control

For the business combination involving entities under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date, except the adjustment made due to different accounting policies. The difference between the carrying amount of the consideration paid for the combination and the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Business combination involving enterprises under common control and achieved in a number of transactions

In the separate financial statements, the initial investment cost will be recognised at the carrying amount of the Company's share in the combined party's net assets in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial investment cost and the sum of the carrying amount of the investment held and the carrying amount of consideration paid for the combination at the combination date is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

In the consolidated financial statements, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date, except the adjustment made due to different accounting policies. The difference between sum of the carrying amount of the investment held and the carrying amount of the consideration paid for the combination and the carrying amount of the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. For long-term equity investment held before the control over the combined party is obtained, profit or loss, other comprehensive income and other changes to equity interest attributable to the owners recognised from the later of the acquisition of the original equity interest and the date when the combining party and the combined party are placed under common control until the date of combination shall be offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

### (2). Business combinations involving enterprises not under common control

For the business combinations involving enterprises not under common control, the combination cost shall be the fair value of the assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer for acquisition of control in the acquiree on the acquisition date. The assets, liabilities and contingent liabilities acquired or assumed on the date of acquisition are recognised at fair value.

Where the combination cost exceeds the fair value of the acquiree's identifiable net assets in the business combination, the difference is recognised as goodwill and is subsequently measured at cost less accumulated impairment provisions. Where the combination cost is less than the fair value of the acquiree's identifiable net assets in the business combination, the difference shall be included in profit or loss for the period after review.



Business combination involving enterprises not under common control and achieved in a number of transactions

In the separate financial statements, the initial cost of the investment is the sum of the carrying amount of the acquiree's equity investment held before the acquisition date and the additional investment cost on the acquisition date. In respect of the equity investment held prior to the acquisition date, other comprehensive income will not be recognised using equity method on the acquisition date, and such investment will be accounted for on the same accounting treatment as direct disposal of relevant asset or liability by the investee at the time of disposal. Shareholder's equity recognised due to the changes of other shareholder's equity other than the changes of net loss and profit, other comprehensive income and profit distribution shall be transferred to profit or loss for current period when disposed. If the equity investment held prior to the acquisition date is measured at fair value, the cumulative changes in fair value recognised in other comprehensive income shall be transferred to profit or loss for current period when accounted for using cost method.

In the consolidated financial statements, the combination cost is the sum of consideration paid on the acquisition date and fair value of the acquiree's equity held prior to the acquisition date. The equity of the acquirees held before the acquisition date is re-measured at the fair value of the equity on the acquisition date and the differences between the fair value and the carrying amount are recognised in the income for the current period; in respect of any other comprehensive income attributable to the equity interest in the acquiree held prior to the acquisition date and any changes of other shareholder's equity shall be transferred to investment profit or loss for current period on the acquisition date, except for the other comprehensive income incurred due to the changes arising from remeasuring net assets or net liabilities of defined benefit plan attributable to the acquiree.

(3). Transaction fees attribution during the combination

The intermediary and other relevant administrative expenses such as audit, legal and valuation advisory for business combinations are recognised in profit or loss when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

## 6. Preparation of consolidated financial statements

Applicable    N/A

(1) Scope of consolidation

The scope of consolidated financial statements is determined based on control. Control means the Company has exposures or rights to variable returns from its involvement with the investee and the ability to affect those returns through power over such investee. Subsidiaries are the entities controlled by the Company (including enterprises, a dividable part of investees and structured entities).

(2) Method for preparation of the consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the Company in accordance with other relevant information. In preparing the consolidation financial statements, the Company and its subsidiaries are required to apply consistent accounting policy and accounting period, intra-group transactions and balances shall be offset.

A subsidiary or a business acquired through a business combination involving entities under common control in the reporting period shall be included in the scope of the consolidation of the Company from the date when it is under control of the ultimate controlling party, and then its operating results and cash flows will be included in the consolidated income statement and the consolidated cash flow statement, respectively.

For a subsidiary or a business acquired through a business combination involving entities not under common control in the reporting period, its income, expenses and profits are included in the consolidated income statement, and its cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

The shareholders' equity of the subsidiaries that are not attributable to the Company shall be presented under shareholders' equity in the consolidated balance sheet as minority interests. The portion of net profit or loss of subsidiaries for the period attributable to minority interest is presented in the consolidated income statement under the "profit or loss of minority interest". When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against minority interest.

(3) Purchase of the minority stake in the subsidiary

The difference between the long-term equity investments costs acquired by the purchase of minority interests and the share of the net assets that the subsidiaries have to continue to calculate from the date of purchase or the date of consolidation in proportion to the new shareholding ratio, and the difference between the disposal of the equity investment without losing control over its subsidiary and the disposal of the long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of purchase or the date of consolidation, shall be adjusted to the capital reserve (or share premium), if the capital reserve is not sufficient, any excess will be adjusted to retained earnings.

(4) Treatment of loss of control of subsidiaries

Where the Company loses its control over the original subsidiary due to the disposal of some equity investment or other reasons, the remaining equity is re-measured at its fair value on the date when the Company loses its control. The difference between the sum of the consideration acquired due to the disposal of the equity and the fair value of the remaining equity, and the Company's share in the sum of carrying value of net assets of the original subsidiary and goodwill calculated on an ongoing basis from the acquisition date based on the original shareholding proportion is recognised in the investment income for the current period when the control is lost.

Other comprehensive income in relation to the original subsidiary's equity investment are transferred to profit or loss for the current period when control ceases, except for those arising from re-measuring net assets or net liabilities of defined benefit plan by the investee.

(5) Treatment of disposal through several transactions until the loss of control of subsidiaries

Where the Company disposes of the equity interests in the subsidiary through several transactions until it loses control, and the transaction terms, conditions and economic effects satisfy one or several of the following circumstances, such several transactions shall be deemed as a basket of transactions in accounting treatment:

- ① Such transactions are entered into simultaneously or upon the consideration of the mutual impacts;
- ② No complete commercial result will be realised without such transactions as a whole;
- ③ The occurrence of one transaction depends on the occurrence of at least another transaction;
- ④ The result of an individual transaction is not economical, but it would be economical after taken into account of other transactions in the series.

In the separate financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, and such transactions are not regarded as “a basket of transactions”, the carrying amount of the long-term equity investment involving each disposal will be carried forward, with the difference between the disposal price and the carrying amount of the long-term equity investment involving the disposal being accounted into the investment incomes for the current period; where the transactions constitute “a basket of transactions”, the difference between the consideration of each disposal and the carrying amount of the long-term equity investment involving the disposal before the loss of the control, is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.

In the consolidated financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, the measurement of the remaining equity interest and the accounting treatment of the losses and gains of the disposal will be made with reference to the “Treatment of loss of control of subsidiaries” as described above. For the difference between the consideration of each disposal before the loss of the control and the carrying amount of the Company’s share in the net assets involving the disposal of such subsidiary calculated on an on-going basis from the acquisition date, the treatment will be made as follows:

- ① In case the transactions are “a basket of transactions”, such difference is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.
- ② In case the transactions are not “a basket of transactions”, such difference is accounted into the capital reserve (or share premium) as equity, and shall not be carried forward to the profit or loss for the current period when the control is lost.

## 7. Classification of joint arrangement and accounting treatment for joint operation

Applicable    N/A

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company’s joint arrangement is classified into the joint operation and the joint venture.

### (1) Joint operation

A joint operation is a joint arrangement whereby the Company have rights and obligations to the relevant assets and liabilities.

The Company recognises the following items in relation to its interest in a joint operation, and makes corresponding accounting treatment in accordance with relevant accounting standards:

- A. The solely-held assets, and the share of any assets held jointly;
- B. The solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. Its revenue from the sale of its share of the output arising from the joint operation;
- D. Its share of the revenue from the sale of the output by the joint operation;
- E. The solely-incurred expenses, including its share of any expenses incurred jointly.

### (2) Joint ventures

A joint venture is a joint arrangement whereby the Company only entitled to the net assets of the arrangements.

The Company’s investment in joint ventures is accounted for using the equity method according to the rules of the long-term equity investment.

## 8. Standards for determination of cash and cash equivalents

Cash and cash equivalents of the Company include cash on hand, bank deposit readily available for payment and those investments held by the Company that are short-term (normally due in three months since the acquisition date), highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

## 9. Foreign currency transactions and translation of financial statements in foreign currency

Applicable  N/A

### (1) Foreign currency transactions

Foreign currency transactions incurred by the Company are translated to the functional currency at the spot exchange rates on the date of the transactions upon initial recognition.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate on the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period; non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rate on the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rate on the date the fair value is determined; the resulting exchange differences between the amounts in functional currency upon translation and in original functional currency are recognised in profit or loss for the current period.

### (2) Translation of financial statements in foreign currency

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; all items except for "Retained earnings" of the shareholders' equity are translated at the spot exchange rate on the transaction date.

The revenue and expenses in profit or loss are translated at the spot exchange rate on the transaction date.

All items in the statement of cash flows are translated at the spot exchange rate on the transaction date. The effect of exchange difference on cash is adjusted and separately presented as "Effect of changes in foreign exchange rates on cash and cash equivalents" in the cash flow statement.

The exchange differences arising from translation of the financial statements are presented as the "other comprehensive income" in the shareholders' equity of the balance sheet.

When the Company disposes of the overseas operation and loses control, the differences arising from the translation of the financial statements in foreign currency that have been presented under the shareholders' equity in the balance sheet and involving such overseas operation are carried forward to the profit or loss for the current period in whole or in the proportion of the disposal of the overseas operation.

## 10. Financial instruments

Applicable  N/A

Financial instruments are contracts creating financial assets of a party and financial liabilities or equity instruments of other parties.

(1) Recognition and De-recognition of financial instruments

A financial asset or financial liability is recognised when the Company becomes one of the parties under a financial instrument contract.

The financial assets will be derecognised if any of the following conditions is satisfied:

- ① The contractual right to receive the cash flow of the financial assets is terminated;
- ② The financial assets have been transferred and the transferred financial asset satisfies the following conditions of derecognition.

If the current obligation of a financial liability (or a part thereof) has been discharged, the financial liability (or that part of the financial liability) will be derecognised. When the Company (as the debtor) and the lender have signed an agreement which uses a new financial liability to replace the existing financial liability, and the contract terms of the new financial liability are substantially different with the original financial liability, the original financial liability shall be de-recognised, and the new financial liability shall be recognised at the same time.

The regular transactions of the financial assets are recognised and derecognised at the transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets into three categories: financial assets at amortised cost; financial assets at fair value through other comprehensive income; and financial assets at fair value through profit or loss based on the business model for managing financial assets and their contractual cash flow characteristics upon initial recognition.

Financial assets at amortised cost

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss for the current period as financial assets measured at amortised cost:

- A. The Company's business model for managing the financial assets is to collect contractual cash flow;
- B. The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets which are measured at amortised cost and not part of any hedging relationship are included in the profit and loss of the current period upon de-recognition, amortisation using the effective interest method, or impairments recognition.

Financial assets at fair value through other comprehensive income

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss for the current period as financial assets measured at fair value through other comprehensive income.

- A. The Company's business model for managing the financial assets is both to collect contractual cash flows and to sell the financial assets;
- B. The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

After initial recognition, these financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange losses and gains calculated using the effective interest method are recognised in profit or loss for the current period, while other gains or losses are recognised in other comprehensive income. The cumulative profit or loss previously included in other comprehensive income will be transferred to the profit or loss for the current period upon derecognition of the financial assets.

Financial assets at fair value through profit or loss for the current period

In addition to the above financial assets which are measured at amortised cost or at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss for the current period. When initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortised cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss for the current period.

After initial recognition, these financial assets are subsequently measured at fair value, and the profits or losses (including interest and dividend income) generated from which are recognised in profit or loss for the current period, unless the financial assets are part of the hedging relationship.

However, with respect to non-trading equity instrument investments, the Company may irrevocably designate them as financial assets measured at fair value through other comprehensive income at initial recognition. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instruments from the issuer's point of view.

After initial confirmation, financial assets are subsequently measured at fair value. Dividend income that meets the requirements is recognised in profit and loss, and other gains or losses and changes in fair value are recognised in other comprehensive gains. When derecognised, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains to retained earnings.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flow. The business model decides whether the source of cash flow of financial assets managed by the Company is to collect contract cash flow, sell financial assets or both of them. Based on objective facts and the specific business objectives of financial assets management decided by key managers, the Company determines the business model of financial assets management.

The Company evaluates the characteristics of the contract cash flow of financial assets to determine whether the contract cash flow generated by the relevant financial assets on a specific date is only to pay principal and interest based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at the time of initial confirmation; interest includes the consideration of time value of money, credit risk related to the amount of unpaid principal in a specific period, and other basic borrowing risks, costs and profits. In addition, the Company evaluates the terms and conditions of the contracts that may lead to changes in the time distribution or amount of cash flow in financial asset contracts to determine whether they meet the requirements of the above contract cash flow's characteristics.

Only when the Company changes its business model of managing financial assets, all the financial assets affected shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial confirmation.

Financial assets are measured at fair value on initial recognition. The relevant transaction cost of financial assets at fair value through profit or loss is directly recognised in profit or loss for the current period, and that of other types of financial assets is included in the initially recognised amount. Trade receivables or notes receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company.

### (3) Classification and measurement of financial liabilities

On initial recognition, the Company's financial liabilities are classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. For financial liabilities not classified as financial liabilities at fair value through profit or loss, the relevant transaction costs are included in the initially recognised amount.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, all gains and losses arising from changes in fair value and dividend and interest expense relative to the financial liabilities are recognised in profit or loss for the current period.

#### Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method; gains and losses arising from derecognition or amortisation is recognised in profit or loss for the current period.

#### Distinction between financial liabilities and equity instruments

The financial liability is the liability that meets one of following criteria:

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- ③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- ④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability.

If a financial instrument must or are able to be settled by the Company's own equity instrument, the Company should consider whether the Company's equity instrument as the settlement instrument is a substitute of cash or other financial assets or the residual interest in the assets of the Company after deducting all of its liabilities. If the former, the tool is the Company's financial liability; if the latter, the tool is the equity instrument of the Company.

### (4) Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments include forward foreign exchange contracts, and are initially measured at fair value on the date of the derivative contract signed and are subsequently measured at fair value. A derivative with positive fair value shall be recognised as an asset, otherwise that with negative fair value shall be recognised as a liability. Any profit or loss arising from changes of fair value and not compliance with the accounting provision of hedge shall be recognised as profit or loss for current period.

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in relation to the classification of financial assets shall apply to the hybrid instrument as a whole. Where the host contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the profit and loss for the current period for accounting purposes, there is no close relation between the embedded derivatives and the host contract in terms of economic features and risks, and the instrument that has the same condition with the embedded derivatives and exists independently meets the definition of derivatives, the embedded derivatives shall be separated from the hybrid instrument and treated as a separate derivative financial instrument. If it is unable to separately measure the embedded derivatives upon acquisition or on the subsequent balance sheet date, the hybrid instrument shall be entirely designated as the financial assets or financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period.

(5) Fair value of the financial instrument

The methods for determining the fair value of the financial assets or financial liabilities are set out in Note III. 11.

(6) Impairment of financial assets

The following items are subject to impairment accounting and recognition of loss allowances based on expected credit losses:

- A. Financial assets measured at amortised cost;
- B. Receivables and debt investments that are measured at fair value through other comprehensive income;
- C. Contract assets as defined in the Accounting Standard for Business Enterprises No. 14 – Revenue;
- D. Lease receivables;
- E. Financial guarantee contracts, except for those carried at fair value through profit or loss, those which the transfer of financial assets does not satisfy the derecognition condition or those formed as a result of continued involvement of the transferred financial assets.

Measurement of expected credit loss (ECLs)

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Company discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

The Company takes into account reasonable and valid information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probabilistic weighted amount of the present value of the difference between the cash flow receivable from contract and the expected cash flow to be received and recognise the expected credit loss.

The Company respectively measures the expected credit losses of financial instruments by different stages. If the credit risk of the financial instrument does not increase significantly since the initial recognition, it would be classified in Stage 1, the Company would measure loss allowance according to the future 12-month expected credit losses. If the credit risk of a financial instrument has significantly increased since the initial recognition but not yet credit-impaired, it would be classified in Stage 2, the Company would measure loss allowance according to the lifetime expected credit losses of that instrument. If the financial instrument has credit-impaired since the initial recognition, it would be classified in Stage 3, and the Company would measure loss allowance according to the lifetime expected credit losses of that instrument.



For financial instruments with lower credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial recognition, and measures loss allowance according to the 12-month expected credit losses.

Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. Future 12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the balance sheet date (or the expected life of the instrument, if it is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company are exposed to credit risk (including the option to renew).

For the financial instruments classified in Stage 1 and Stage 2 and those with lower credit risk, the Company would measure the interest income by the book balance (that is, without deduction for credit allowance) and the effective interest rate. For financial instruments classified in Stage 3, the Company would measure the interest income by the amortised cost (that is, book balance less impairment allowance) and the effective interest rate.

For notes receivable, trade receivables and contract assets, regardless whether it has significant financing components or not, the Company has always measured its loss allowance at an amount equal to lifetime expected credit losses.

If the expected credit losses of one individual financial asset cannot be estimated at a reasonable cost, the Company classifies notes receivable and trade receivables into portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

A. Notes receivable

- Bills receivable portfolio 1: Bank acceptance bills
- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivables

- Accounts receivables portfolio 1: Amount due from domestic customers
- Accounts receivables portfolio 2: Amount due from overseas customers
- Accounts receivables portfolio 3: Receivables of consolidated companies

Contract assets

Contract assets portfolio: Sale of products

For bills receivable classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

For accounts receivables classified as portfolio, the Company measures expected credit losses through preparing a table of concordance between the aging of trade receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

## Other receivables

The Company classifies other receivables into certain portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

- Other receivables portfolio 1: Receivables of export tax refund
- Other receivables portfolio 2: Receivables of deposits under guarantee and security deposits and lease expenses
- Other receivables portfolio 3: Other receivables
- Other receivables portfolio 4: Receivables of consolidated companies

For other receivables classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and future 12-month or lifetime expected credit losses rate.

## Long-term receivables

The Company's long-term receivables include finance lease receivables and equity transfer receivables.

The Company classifies finance lease receivables and equity transfer receivables into certain portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

### A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

### B. Other long-term receivables

- Portfolio of other long-term receivables: equity transfer receivables

For finance lease receivables and equity transfer receivables, the Company measures expected credit losses based on the risk exposures of default and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

For other receivables and long-term receivables other than finance lease receivables and equity transfer receivables that are classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and future 12-month or lifetime expected credit losses rate.

## Debt investments and other debt investments

For debt investments and other debt investments, the Company measures expected credit losses based on the nature of investments, counterparties and various types of risk exposures and the risk exposures of default and future 12-month or lifetime expected credit losses rate.

## Assessment of significant increase in credit risk

By comparing the risk of default of financial instruments occurring on the balance sheet date and on the initial recognition date, the Company determines the relative changes in risk of default over the expected life of financial instruments and assesses whether the credit risk of financial instruments have increased significantly since the initial recognition.

When determine whether credit risks have significantly increased since the initial recognition, the Company considers information that is reasonable and supportable, including forward-looking information that is available without undue cost or effort. The information considered by the Company includes:

- Failure to make payments of principal or interest on debtors' contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any);
- An actual or expected significant deterioration in the operating results of debtors;
- Existing or forecast changes in the technological, market, economic or legal environment that have significant adverse effect on the debtors' abilities to repay to the Company.

Depending on the nature of the financial instruments, the Company assesses whether credit risks have significantly increased on either an individual financial instrument basis or a collective financial instrument basis. When the assessment is performed on a collective financial instrument basis, the Company can classify the financial instruments based on the shared credit risk characteristics, such as past due information and credit risk ratings.

The Company determines that the credit risk on a financial instrument has increased significantly if it is more than 30 days past due.

#### Credit-impaired financial assets

The Company assesses whether financial assets at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired at balance sheet date. A financial asset is 'credit-impaired' when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by debtor, such as a default or delinquency in interest or principal payments;
- For economic or contractual reasons relating to the borrower's financial difficulty, the Company having granted to the borrower a concession that would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

#### Presentation of allowance for ECL

The Company re-measures the ECLs on each balance sheet date to reflect changes in the financial instruments' credit risk since initial recognition, and the increase or reversal of the loss provision resulted therefrom is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, the loss provision is offset against their carrying amounts in the balance sheet. For debt investments at FVOCI, the Company recognises the loss provision in other comprehensive income and does not deduct the carrying amount of the financial assets.

## Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### (7) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Company derecognises a financial asset only if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the Company should not derecognise a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

The Company neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Company has forgone control over the financial assets, derecognise the financial assets and verify the assets and liabilities; if the Company retains its control of the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and recognise an associated liability is recognised.

### (8) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognised financial assets and financial liabilities, and the legal right can be executed at present, and the Company has a plan to settle the financial assets and financial liabilities at the same time or at net amount, the financial assets and financial liabilities can be presented on the balance sheet after offsetting. Except for the above circumstances, financial assets and financial liabilities cannot be offset and shall be presented separately on the balance sheet.

## 11. Fair value measurement

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant assets or liability at fair value supposing the orderly transaction of asset selling or liability transferring incurring in a principal market of relevant assets or liabilities. In the absence of a principal market for the asset or liability, the Company assumes that the transaction takes place at the most advantageous market of relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the Company can enter into at measurement date. The Company implements the hypothesis used by the market participants to realise the maximum economic benefit in assets or liabilities pricing.

If there exists an active market for the financial assets or financial liabilities, the Company uses the quotation on the active market as its fair value. For those in the absence of active market, the Company uses valuation technique to recognise its fair value. However, under limited circumstances, the Company may use all information about the results and operation of the investee obtained after the date of initial recognition to determine whether cost represents fair value. Cost may represent the best estimate of fair value of the relevant financial asset within the scope of distribution, and such cost represents the appropriate estimate of fair value within the scope of distribution.

For non-financial assets measured at fair value, the Company should consider the capacity of the market participants to put the assets into optimal use thus generating the economic benefit, or the capacity to sell assets to other market participants who can put the assets into optimal use and generate economic benefit.

The Company implements the valuation technique suitable for the current condition and supported by enough available data and other information, gives priority in use of relevant observable inputs, only the observable inputs cannot be obtained or impracticable before using unobservable inputs.

For the assets and liabilities measured or disclosed at fair value on financial statements, fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement: Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Company re-evaluates the assets and liabilities recognised to be measured at fair value on the financial statements to make sure whether conversion occurs between fair value hierarchies.

## 12. Inventories

Applicable    N/A

### (1) Classification of inventories

The Company's inventories include raw materials, packaging materials, finished goods, work-in-progress, low-value consumables, subcontracting materials, inventory goods and expendable biological assets.

### (2) Method of costing

The method of costing of the Company's inventories: Cost of finished goods are measured at planned cost, and material cost differences are carried forward at the end of the period to adjust planned cost to actual cost; other inventories are measured at actual cost on acquisition and raw materials received are accounted for by the weighted-average method; low-value consumables and packaging materials are amortised in full upon the use.

### (3) Method in the determination and the basis of provision for diminution in net realisable value of inventories

On the balance sheet date, the inventories are calculated at the lower of cost and the net realisable value. When the net realisable value is lower than the cost, the provision for diminution in value of inventories is made on an item-by-item basis at the excess of the cost of the inventory over its net realisable value. For large volume inventories with low unit price, the provision for diminution in the value of inventories is made by categories. Inventories that are related to a product line manufactured and sold in the same region, have the same or similar end use or purpose, and are difficult to measure separately from other items are consolidated the provision for diminution in the value of inventories.

### (4) Inventory system

The Company maintains a perpetual inventory system.

### (5) Amortisation methods of consumables

Low-value consumables and packaging materials of the Company are amortised in full when used.

### 13. Assets held for sale

√ Applicable    □ N/A

#### (1) Category and measurement of non-current assets or the disposal group held for sale

Non-current assets and disposal groups are classified as held for sale if the Company recovers its book value mainly by selling (including the exchange of nonmonetary assets with commercial substance) rather than continuing to use it.

The aforesaid non-current assets do not include investment property measured with the basis of fair value; the biological assets measured with the basis of fair value less selling costs; the assets formed by employee benefits; financial assets and the right arising from deferred income tax assets and insurance contracts.

A disposal group is a group of assets to be disposed through sale or other means as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. In certain circumstance, disposal groups include the goodwill obtained through business combination.

Non-current assets and disposal groups that meet the following conditions are classified as held for sale: according to the practice of disposing of this type of assets or disposal groups in a similar transaction, a non-current asset or disposal group is available for immediate sale at its present condition; the sale is likely to occur, that is, a decision has been made on a sale plan and a determined purchase commitment is made, and the sale is expected to be completed within one year. Where the loss of control over the subsidiaries is due to the sales of investment in subsidiaries, no matter whether the Company retains part of the equity investment after selling or not, the investment in subsidiaries shall be classified as held for sale in the separate financial statements when it satisfies the conditions for category of held for sale; all assets and liabilities of subsidiaries shall be classified as held for sale in the consolidated financial statements.

The difference between carrying amount of non-current assets or disposal groups classified as held for sale and the net amount of fair value less selling costs shall be recognised as impairment loss on assets upon initial measurement or when such noncurrent assets or disposal groups are remeasured at the balance sheet date. For the amount of impairment loss on assets recognised in disposal groups, the carrying amount of disposal groups' goodwill shall be offset against first, and then offset against the carrying amount of non-current assets according to the proportion of carrying amount of the individual non-current assets in the disposal groups.

If on a subsequent balance sheet date, the net amount of the fair value of a held-for-sale disposal group less its selling costs increases, the amount reduced previously shall be recovered, and reversed in the asset impairment loss recognised on the noncurrent asset which is applicable to the measurement requirements of Held-For-Sale Standards after the non-current asset is classified into held-for-sale category. The reversed amount is credited to current profit or loss. The carrying value of goodwill which has been offset cannot be reversed.

No depreciation or amortisation is provided for the non-current assets in the held-for-sale and the assets in the disposal group held for sale. The interest on the liabilities and other costs in the disposal group held for sale is recognised continuously. As far as all or part of investment in the associates and joint ventures is concerned, for the part classified into the held-for-sale category, the accounting with equity method shall be stopped, while the remaining part (which is not classified into the held for – sale category) shall still be accounted for using the equity method. When the Company loses the significant influence on the associates and joint venture due to the sale, the use of equity method shall be ceased.

When certain non-current asset or disposal group classified into the held-for-sale category no longer meets the classification criteria for held-for-sale category, the Company shall stop classifying it into the held-for-sale category and measure it according to the lower of the following two amounts:

- ① The carrying amount of the asset or disposal group before it was classified into the held-for-sale category after being adjusted with the depreciation, amortisation or impairment that could have been recognised if it was not classified into the held-for-sale category;
- ② The recoverable amount.

(2) Discontinued operation

Discontinued operation refers to the component meeting one of the following conditions that has been disposed of by the Company or classified by the Company into the held-for-sale type and can be identified separately:

- ① The component represents an independent principal business or a separate principal business place.
- ② The component is a part of the related plan for the contemplated disposal of an independent principal business or a separate principal business place.
- ③ The component is a subsidiary acquired exclusively for the purpose of resale.

(3) Presentation

The Company presents the non-current assets held for sale and the assets in the disposal group held for sale under “assets classified as held for sale”, and the liabilities in the disposal group held for sale under “liabilities classified as held for sale” in the balance sheet.

The Company presents the profit and loss for continuing operation and profit and loss for discontinued operation in the income statement, respectively. The impairment loss and reversal amount and disposal profit and loss of the non-current assets held for sale or disposal group not meeting the definition of discontinued operation will be presented as the profit and loss of continuing operation. The operating profit and loss (such as impairment loss and reversal amount) and disposal profit and loss of the discontinued operation will be presented as the profit and loss of the discontinued operation.

The disposal group proposed for retirement rather than sale and meeting the condition about the relevant component in the definition of the discontinued operation will be presented as discontinued operation from the date of retirement.

For the discontinued operation reported in the current period, the information formerly presented as profit and loss of continuing operation will be presented as the profit and loss of discontinued operation for the comparable accounting period in the financial statement of the current period. If the discontinued operation no longer meets the classification criteria for held for – sale category, the information formerly presented as profit and loss of discontinued operation will be presented as the profit and loss of continuing operation for the comparable accounting period in the financial statement of the current period.

## 14. Long-term equity investment

Applicable    N/A

The long-term equity investment includes the equity investment in the subsidiary, joint ventures and associates. The investee over which the Company has significant influence is the associates of the Company.

### (1) Determination of initial investment cost

The long-term equity investment resulting from corporate merger: For the long-term equity investment resulting from merger of companies under the same control, the carrying amount of the ownership equity of the merged party obtained on the merger date presented in the consolidated financial statement of the final controlling party will be used as the investment cost. For the long-term equity investment resulting from merger of companies under different controls, the merger cost will be used as the investment cost of the long-term equity investment.

The long-term equity investment obtained by other means: For the long-term equity investment obtained by paying cash, the actually paid purchase price will be used as the initial investment cost. For the long term equity investment obtained by issuing equity securities, the fair value of the issued equity securities will be used as the initial investment cost.

### (2) Subsequent measurement and recognition method of profit or loss

The investment in subsidiary will be accounted for using cost method, unless the investment meets the criteria of held-for-sale category. The investment in associates and joint venture will be accounted with equity method.

For the long-term equity investment accounted for using cost method, except for the price actually paid upon the investment or the cash dividend or profit in the consideration that has been declared but not released, the cash dividend or profit declared and distributed by the investee is recognised as the investment income and recorded into the profit and loss for the current period.

For the long-term equity investment accounted for using equity method, the investment cost of the long-term equity investment shall not be adjusted if the initial investment cost of the long-term equity investment is higher than the Company's share in the fair value of the identifiable net value of the investee at the time of investment; if the initial investment cost of the long-term equity investment is lower than the Company's share in the fair value of the identifiable net value of the investee at the time of investment, the carrying amount of the long-term equity investment will be adjusted, with the difference recorded into the profit and loss for the current period of investment.

When accounted for using the equity method, return on investment and other comprehensive income are recognised according to the share in the investee's realised net profit or loss and other comprehensive income respectively, and the carrying amount of the long-term equity investment is adjusted. The carrying amount of the long-term equity investment will be deducted according to the profit distribution declared by the investee or cash dividend attributable to the Company. The carrying amount of long term equity investment will be adjusted for changes to equity interest attributable to the owners of the investee other than net profit or loss, other comprehensive income and profit distribution, and recorded into capital reserve (other capital reserve). The Company's share of the net profit or loss of the investees will be recognised after adjustment of the net profit of the investees according to the accounting policy and accounting period of the Company on the basis of fair value of all identifiable assets of the investee on acquisition.

If the Company is able to exert significant influence or implement joint control (which does not constitute control) on the investee through additional investment or other reason, the sum of the fair value of the original equity plus the additional investment cost will be used as the initial investment cost, which will be accounted for with equity method, on the conversion date. The difference between the fair value of the original equity on the conversion date and its carrying amount, and the accumulated change of fair value recorded into other comprehensive income will be transferred into the profit and loss for the current period, which will be accounted for using equity method.



If an entity loses joint control or has no significant influence over investees due to the elimination of parts of the equity investment, the surplus equity after disposal shall be recognised in accordance with “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the difference between fair value and carrying amount should be recognised as profit or loss for current period. Other comprehensive income of original equity investment recognised under equity method shall be recognised in accordance with the same foundation used by the investees when dispose the relevant assets or liabilities directly in the termination of equity method. Other changes of owners’ equity related to the original equity investment shall be transferred into profit or loss for current period.

If an entity loses control over investees due to the elimination of parts of the equity investment, the surplus owners’ equity that is able to implement joint control or have significant influence over investees shall be measured at equity method and are deemed to be recognised under equity method since the acquisition date. The surplus owners’ equity that are unable to implement joint control or have no significant influence over investees shall be processed in accordance with “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the difference between fair value and carrying amount at the day of loss of control shall be recognised as profit or loss for current period.

If the shareholding ratio of the Company is reduced due to the increase of capital of other investors, and thus the control is lost, but the joint control or significant influence can be exerted on the invested entity, the Company should recognise net asset according to the new shareholding ratio. The difference between the original book value of the long-term equity investment corresponding to the decrease in the shareholding ratio should be included in the current profit and loss; then, according to the new shareholding ratio, the equity method is used to adjust the investment.

The Company recognises the unrealised profit or loss of intra-transaction between the joint ventures or associates that belongs to itself according to the proportion of the shares and recognises the investment income or loss after offset. However, the loss arising from the unrealised intra-transaction between the Company and investees, which belongs to the impairment loss of assets transferred, cannot be offset.

### (3) Basis of determining common control and significant influence on the investee

Joint control is the contractually agreed sharing of control over an arrangement under which the decisions relating to any activity require the unanimous consent of the parties sharing control. In determining whether there is a joint control, the first judge is to determine whether the relevant arrangement is controlled collectively by all the parties involved or the group of the parties involved. Secondly, and then determine whether the decisions related to the basic operating activities should require the unanimous consent of the parties involved. If the parties involved or the group of the parties involved must act consistently to determine the relevant arrangement, it is considered that the parties involved or the group of the parties involved control the arrangement. If two or more parties involve in the collectively control of certain arrangement, it shall not be considered as joint control. Protection of rights shall not be considered in determining whether there is joint control.

Significant influence refers to the power to participate in the decision making process for financial and operational policies of the investees without control or common control over the formulation of such policies. When determining whether it has significant influence over the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company owns directly or indirectly through its subsidiaries more than 20% (including 20%) but less than 50% of the voting shares of the investee, it is generally considered to have significant influence over the investee, unless there is clear evidence that it cannot participate in the production and operation decisions of the investee and does not have a significant influence under such circumstances. When the Company owns less than 20% (excluding) of the voting shares of the investee, it is generally not considered to have significant influence on the investee unless there is clear evidence that it can participate in the production and operation decisions of the investee and have significant influence under such circumstances.

(4) Held-for-sale equity investment

Refer to Note III. 13 for the relevant accounting treatment of the equity investment to joint ventures or associates all or partially classified as assets held for sale.

The surplus equity investments that are not classified as assets held for sale shall be accounted for using equity method.

The equity investment to joint ventures or associates already classified as held for sale no longer meets the conditions of assets held for sale shall be adjusted retroactively using equity method from the date of being classified as assets held for sale.

(5) Impairment test and impairment provision

Refer to note III. 22 for investment to subsidiaries, associates and joint ventures and the impairment provision of assets.

## 15. Investment properties

Investment properties are properties held to earn rental or capital appreciation or both. The investment properties of the Company include land use rights that have already been leased out, land use rights that are held for the purpose of sale after capital appreciation, buildings that have already been leased out, etc.

Investment properties of the Company are measured initially at cost upon acquisition, and subject to depreciation or amortisation in the relevant periods according to the relevant provisions on fixed assets or intangible assets.

The Company adopts the cost model for subsequent measurement of the investment properties. The method for asset impairment provision is set out in note III. 22.

The balance after the disposal income from the disposal, transfer, scrapping or destruction of the investment properties deducts the book value and the relevant taxes shall be recorded into the profit and loss for the current period.

## 16. Fixed assets

(1) Conditions for recognition of fixed assets

Applicable  N/A

The Company's fixed assets represent the tangible assets held by the Company using in the production of goods, rendering of services, rent and for operation and administrative purposes with useful life over one year.

The fixed asset can be recognised only when the economic benefit related to the fixed asset is probable to flow into the company and the cost of the fixed asset can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

## (2) Method of depreciation

√ Applicable     N/A

Category	Useful years (year)	Residual rate %	Annual depreciation
Properties and Buildings	20	5%-10%	4.5%-4.75%
Machine and equipment	10	5%-10%	9%-9.5%
Transportation equipment	5	5%-10%	18%-19%
Electric equipment and others	5-10	5%-10%	18%-19%

Where, for the fixed assets for which depreciation provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset depreciation provision that has been made shall be deducted.

## (3) Refer to note III. 22 for the impairment testing and the impairment provision of fixed assets.

## (4) Recognition basis, valuation and depreciation method of financial leased fixed assets

When the Company's leased fixed assets meet one or more of the following criteria, it is recognized as finance leased fixed assets:

- ① At the expiration of the lease term, the ownership of the leased assets is transferred to the Company.
- ② The Company has the option to purchase leased assets. The agreed purchase price is expected to be much lower than the fair value of the leased asset when the option is exercised. Therefore, it can be reasonably determined that the Company will exercise this option on the lease start date.
- ③ Even if the ownership of the asset is not transferred, the lease term occupies most of the useful life of the leased asset.
- ④ The present value of the Company's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased assets on the lease start date.
- ⑤ The leased assets are of special nature, and only our company can use them if they don't undergo major transformation.

For fixed assets leased by finance leases, the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment shall be the entry value. The minimum lease payment is taken as the entry value of the long-term payable, and the difference is taken as the unrecognized financing expense. In the process of lease negotiation and signing of the lease contract, the initial direct costs attributable to the lease item, such as handling fees, attorney fees, travel expenses, stamp duty, etc., are included in the value of the leased asset. The unrecognized financing costs shall be amortized by the effective interest method during each period of the lease term.

The fixed assets acquired by finance lease adopt the same policy as self-owned fixed assets to calculate the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, depreciation shall be accrued on the useful life of the leased asset; if it cannot be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, depreciation is accrued in the shorter of the lease period and the useful life of the leased asset.

- (5) The Company reviews the useful life and estimated net residual value of fixed asset and the depreciation method applied annually at each of the period end.

The useful lives of fixed asset are adjusted if their expected useful lives are different from the original estimates; the estimated net residual values are adjusted if they are different from the original estimates.

- (6) Overhaul costs

The overhaul costs occurred in regular inspection of fixed assets are recognised in the cost of property, plant and equipment if there is undoubted evidence to confirm that they meet the recognition criteria of fixed assets, otherwise, the overhaul costs are recognised in profit or loss for the current period. Property, plant and equipment are depreciated during the intervals of the regular overhaul.

## 17. Construction in progress

Applicable  N/A

Construction in progress is measured at actual cost. Actual cost comprises necessary project expenditure incurred during construction, borrowing cost that are eligible for capitalisation and other necessary cost incurred to bring the fixed assets ready for their intended use.

Construction in progress is transferred to fixed assets when the assets are ready for their intended use.

For provision for impairment of construction in progress, refer to note III. 22.

In the balance sheet, the ending balance of construction materials is presented under "construction in progress".

## 18. Borrowing costs

Applicable  N/A

- (1) Recognition principle of capitalisation of borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalised and included in the cost of related assets; other borrowing costs are recognised as expenses and included in profit or loss when incurred. Capitalisation of such borrowing costs can commence only when all of the following conditions are satisfied:

- ① Expenditures for the asset incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or the interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalisation;
- ② Borrowing costs incurred;
- ③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

- (2) Capitalisation period of borrowing costs

Capitalisation of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The borrowing cost incurred after that is recognised as an expense in the period in which they are incurred and included in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months; the borrowing costs in the normally interrupted period continue to capitalise.

(3) Calculation of the capitalisation rate and amount of borrowing costs

The interest expense of the specific borrowings incurred at the current period, deducting any interest income earned from depositing the unused specific borrowings in bank or the investment income arising from temporary investment, shall be capitalised. The capitalisation rate of the general borrowing is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings.

During the capitalisation period, exchange differences on foreign currency special borrowings shall be capitalised; exchange differences on foreign currency special borrowings shall be recognised as current profits or losses.

## 19. Biological assets

Applicable  N/A

(1) Determination of biological assets

Biological assets refer to assets comprising living animals and plants. No biological asset shall be recognised unless it meets the conditions as follows simultaneously:

- ① An enterprise possesses or controls the biological asset as a result of past transaction or event;
- ② The economic benefits or service potential concerning this biological asset are likely to flow into the enterprise;
- ③ The cost of this biological asset can be measured reliably.

(2) Classification of biological assets

The Company's biological assets are consumable biological assets which include traditional Chinese medical herbal plant species.

The consumable biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing traditional Chinese medical herbal plant species. The consumable biological asset is initially measured at cost. The cost of any consumable biological assets by way of self-planting, self-cultivating, self-breeding is the necessary cost directly attributable to this asset prior to the harvest, consisting of borrowing costs that meet the conditions of capitalisation. The subsequent expenses for the maintenance, protection and cultivation of a consumable biological asset after the harvest shall be included in the current profits or loss.

The cost of a consumable biological asset shall, at the time of harvest or sale, be carried over at its book value by the weighted average method.

(3) Impairment of biological assets

If the net realisable value of the consumable biological assets is lower than their carrying amount, provision of impairment loss is made and recognised in the profit or loss for the current period as the excess of the carrying amount over the net realisable value. If the factors affecting the impairment of consumable biological assets no longer exist, the amount of write-down shall be resumed and shall be reversed from the original provision for the impairment loss before being recognised in the profit or loss for the current period.

## 20. Intangible assets

### (1) Pricing methods, useful lives and impairment tests

Applicable  N/A

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company. An intangible asset is recognised only when all of the following conditions are satisfied: It is probable that the economic benefits associated with the intangible assets will flow to the enterprise; The cost of the intangible asset can be reliably measured. Intangible assets are initially measured at actual cost.

The Company's intangible assets include land use rights, patents and proprietary technologies, software, trademark rights, etc.

Intangible assets are initially measured at historical cost, and the Company shall make judgement to determine the useful life of intangible assets upon acquisition. Intangible assets with finite useful life are amortised in the profit or loss over the estimated useful life, using the method that reflects the expected realisation of economic benefits associated with the asset, and if the expected realisation cannot be reliably determined, it is amortised using the straight-line method. Intangible assets with indefinite useful life is not amortised.

Amortisation of intangible assets with finite useful life is as follows:

Category	Expected useful life
Land use rights	Useful life specified in the land use right certificate
Patent and technical know-how	Protection period or benefit period stipulated by relevant national laws and regulations
Trademark rights	Ten years
Others	Benefit period

The useful life for an intangible asset with a finite useful life and the method of amortisation are reviewed at least once at the end of each financial year. If the useful life and amortisation method for the intangible assets are different from the previous estimate, the change of amortisation is recognised prospectively as the change of accounting estimate.

When the Company estimates an intangible asset can no longer bring future economic benefits to the Company at the end of a period, the carrying amount in which should be reversed to profit or loss for the current period.

Please refer to note III. 22 for the provision of impairment of intangible assets.

## 21. Research and development expenditures

Applicable  N/A

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase.

Expenditures on the research phase shall be recognised in profit or loss for the current period when incurred.

Expenditures on the development phase will be capitalised only when all of the following conditions are satisfied: it is technically feasible to complete the intangible asset so that it will be available for use or sale; the Company intends to complete the intangible asset and use or sell it; it can be demonstrated how the intangible asset will generate economic benefits, including proving that the intangible assets or the products produced by it will have markets, or the intangible assets for internal use will be useful; there are adequate technical, financial and other resources to complete the development and the Company is able to use or sell the intangible assets; and expenditures on the development phase attributable to the intangible assets can be reliably measured. The development expenditures that do not satisfy the above conditions shall be recognised in profit or loss for the current period.

Our research and development projects enter the development stage after meeting the above conditions and forming the project through the technical and economic feasibility studies.

Capitalised expenditures on the development phase are shown as development expenditures on the balance sheet and reclassified as intangible assets on the date the project meets the intended purpose.

Capitalisation conditions for specific research and development projects are as follows:

- ① For research and development projects that are not required to obtain clinical approvals, the period from the beginning of research and development to the pilot phase is treated as the research phase, and all expenditures shall be recognised in profit or loss for the current period when incurred; the period from the pilot phase to the obtaining of production approvals is treated as the development phase, and all expenditures shall be recognised as development expenditures and reclassified as intangible assets after the obtaining of production approvals.
- ② For research and development projects that require clinical approval, the period from the beginning of research and development to the obtaining of clinical approval is treated as the research phase, and all expenditures incurred shall be recognised in profit or loss for the current period when incurred; the period from the obtaining of clinical approval to the obtaining of production approval is treated as the development phase, and the expenditures shall be recognised as development expenditures and reclassified as intangible assets after the obtaining of production approval.
- ③ External technology transfer fees and the cost of purchasing clinical approvals can be recognised directly as development expenditures, and subsequent expenditures are accounted for in accordance with ① and ② above.
- ④ The Company reviews the latest research and development status of each project at the end of each year and if the research and development project no longer qualifies for the development stage, the corresponding development expenditure are recognised in profit or loss for the current period.
- ⑤ Where it is impossible to differentiate the expenditures on the research phase and the expenditures on the development phase, all the research and development expenditures are recognised in profit or loss for the current period.

Please refer to note III. 22 for the impairment testing methodology and impairment provision for intangible assets.

## 22. Impairment of assets

Applicable  N/A

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, investment properties subsequently measured at cost, fixed assets, construction in progress, right-of-use assets, intangible assets, etc. (Excluding inventories, investment properties measured at fair value, deferred income tax assets and financial assets) are determined as follows:

At the balance sheet date, the Company determines whether there may be evidence of impairment, if there is any, the Company will estimate the recoverable amount for impairment, and then test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and the intangible assets that have not yet ready for use are tested for impairment annually regardless of whether such evidence exists.

The recoverable amount of an asset is determined by the higher amount of fair value deducting disposal costs and net present value of future cash flows expected from the assets. The Company estimates the recoverable amount based on individual asset; for individual asset which is difficult to estimate the recoverable amount, the recoverable amount of the asset group is determined based on the asset group involving the asset. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is included in profit or loss, while the provision for impairment of assets is recognised.

In terms of impairment test of the goodwill, the carrying amount of the goodwill, arising from business combination, shall be allocated to the related asset group in accordance with a reasonable basis at acquisition date. Those that are difficult to be allocated to related assets shall be allocated to related asset group. Related assets or assets group refer to those that can benefit from the synergies of business combination and are not larger than the Company's recognised reporting segment.

When there is an indication that the asset and asset group are prone to impair, the Company should test for impairment for asset and asset group excluding goodwill and calculate the recoverable amount and recognise the impairment loss accordingly. The Company should test for impairment for asset or the asset group including goodwill and compare the asset or asset group's recoverable amount with its carrying amount, provision for impairment of assets shall be recognised when the recoverable amount of assets is lower than its carrying amount.

Once impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

### 23. Long-term deferred expenses

Applicable  N/A

The Company's long-term deferred expenses measured at cost actually incurred and evenly amortised on straight-line basis over the expected beneficial period. For the long-term deferred expense items that cannot benefit in subsequent accounting period, their amortised value is recognised through profit or loss.

### 24. Employee compensation

#### (1) The scope of employee compensation

Employee compensation are all forms of remuneration and compensation given by the Company in exchange for service rendered by employees or the termination of employment. Employee compensation include short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits. Employee compensation include benefits provided to employees' spouses, children, other dependants, survivors of the deceased employees or to other beneficiaries.

According to liquidity, employment compensations are presented separately as "accrued payroll" item and "long-term employment compensation payable" item in the balance sheet.

#### (2) Short-term employee compensation

Applicable  N/A

During the accounting period in which the employees render the related services, wages, bonuses, social security contributions (including medical insurance, injury insurance, maternity insurance, etc.) and house funding are recognised as liability and included in the profit or loss for the current period or related asset costs. If the liability cannot be wholly settled within twelve months after the end of the annual reporting period in which the employees render the related service and have significant financial impact, the liability shall be measured as the discounted amounts.



## (3) Post-employment benefits

√ Applicable  N/A

Post-employment benefit plans mainly includes defined contribution plans and defined benefit plans. Defined contribution plans include the basic pension insurance, unemployment insurance, etc., and the contributions to defined contribution plans are recognised and included in profit or loss for the current period or related asset costs.

## (4) Termination benefits

√ Applicable  N/A

The liability of employee compensation arising from termination benefits is recognised and included in profit or loss for the current period in the earlier date of the followings: The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; the Company recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

For the implementation of the internal retirement plan for employees, the economic compensation before the official retirement date is a termination benefit. The wage of and social insurance contributions for the internally retired employee which would have incurred from the date on which the employee cease rendering services to the Company to the scheduled retirement date will be included in the profit or loss for the current period. Economic compensation after the official retirement date (such as normal pension) should be treated as post-employment benefits.

## (5) Other long-term employee benefits

√ Applicable  N/A

When other long-term employee benefits provided to the employees by the Company are satisfied the conditions of a defined contribution plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined contribution plans. When the benefits are satisfied the conditions of a defined benefit plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined benefit plans, except that the "change in remeasurement of the net liability or net assets of the defined benefit plans" in the cost of the related employee compensation shall be included in profit or loss for the current period or related asset costs.

**25. Provision for liabilities**√ Applicable  N/A

An obligations related to a contingency is recognised as a provision when all of the following conditions are satisfied:

- (1) The obligation is a present obligation of the Company;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If the expenses for clearing of provisions is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognised separately as asset. The compensated amount recognised shall not be greater than the carrying amount of the liability recognised.

## 26. Share-based payment and equity instruments

√ Applicable   □ N/A

### (1) Accounting treatment of share-based payment

Share-based payments are transactions in which equity instruments are granted or liabilities are assumed on the basis of equity instruments in order to obtain services from employees or other parties. Share-based payment is classified into equity-settled share-based payment and cash-settled share-based payment.

#### ① Equity-settled share-based payment

Equity-settled share-based payment is measured at the fair value of the equity instruments granted to employees. If vesting is conditional upon completion of services in the pending period or fulfilment of performance conditions, at each balance sheet date during the pending period, based on the best estimates of the number of vested equity instruments, the services received for the period are recognised as the costs or expenses on a straight-line basis. Instruments which are vested immediately upon the grant are included in relevant costs or expenses at the fair value of equity instruments on the date of grant and capital reserves are increased accordingly.

At each balance sheet date during the pending period, the Company makes the best estimate and revises the number of equity instruments expected to be exercisable based on subsequent information such as changes in the number of exercisable employees obtained from the latest available information. The effect of the above estimates is recognised as the relevant cost or expense in the current period, and capital surplus is adjusted accordingly.

For the equity instruments granted under an equity-settled share-based payment for services from other parties, if the fair value of services received from other parties can be measured reliably, the fair value of the equity instruments is measured at the fair value of services from other parties on the grant date; if the fair value of services received from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, the fair value of the equity instruments on the date on which services are received shall be recognised as related costs or expenses, with a corresponding increase in owners' equity.

#### ② Cash-settled share-based payment

Cash-settled share-based payments are measured at the fair value of the liabilities (share-based or other equity instrument-based) assumed by the Company. Instruments which are vested immediately upon the grant are included in relevant costs or expenses at the fair value of liabilities assumed by the Company on the date of grant and liabilities are increased accordingly. If vesting is conditional upon completion of services in the pending period or fulfilment of performance conditions, at each balance sheet date during the pending period, based on the best estimates of the vesting situation, the services received for the period are recognised as the costs or expenses and corresponding liabilities at fair value of the liabilities assumed by the Company.

At each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of liabilities is re-measured and the resulting changes are included in the profit and loss for the current period.

### (2) Accounting treatment for amendment and termination of share-based payments

When the Company modifies the share-based payment plan, and if such modification increases the fair value of the equity instruments granted, the increase in services received will be recognised accordingly following the increase in fair value of the equity instruments; if such modification increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognised as a corresponding increase in service achieved. The increase in fair value of the equity instruments refers to the difference in fair value on the date of modification before and after the modification in respect of the equity instruments. If the modification reduces the total fair value of the share-based payments or adopts any form that is unfavorable to employees to modify the terms and conditions of the share-based payment plan, accounting treatment will be continued to be conducted in respect of the services received and the modification will be deemed to have never occurred, unless the Company had cancelled part or all of the equity instruments granted.

During the pending period, if the equity instruments granted are cancelled (except for failure to meet the non-market conditions of the vesting conditions), the Company will undertake an accelerated vesting in respect of the cancelled equity instruments that had been granted, include the remaining amount that shall be recognised during the pending period in the current profit and loss immediately and recognise capital reserve accordingly. Where employees or other parties are permitted to choose to fulfil non-vesting conditions but have not fulfilled during the pending period, the Company will treat the granted equity instruments as cancelled.

- (3) Accounting treatment for share-based payments involving the Company and the shareholders or the de facto controller of the Company

For share-based payment transactions involving the Company and the shareholders or the de facto controller of the Company, the settlement enterprise and the enterprise receiving services (one under the Company while another external to the Company) shall follow the requirements below to conduct accounting treatment in the Company's consolidated financial statements:

- ① For settlement enterprises settling through their own equity instruments, such share-based payment transaction will be treated as equity-settled share-based payment; except for this, such share-based payment transaction will be treated as cash-settled share-based payment.

Where a settlement enterprise is an investor of an enterprise receiving services, the fair value of the equity instruments on the date of grant or the fair value of the liabilities that shall be assumed are recognised as long-term equity investment in the enterprise receiving services, at the same time, capital reserve (other capital reserve) or liabilities are recognised.

- ② Where an enterprise receiving services has no settlement obligations or grants its own equity instruments to employees, such share-based payment transaction will be treated as equity-settled share-based payment; where an enterprise receiving services has settlement obligations and grants equity instruments (other than its own) to employees, such share-based payment transaction will be treated as cash-settled share-based payment.

For a share-based payment transaction occurring among enterprises under the Company where the enterprise receiving services and the settlement enterprise are not the same enterprise, such share-based payment transaction shall be recognised and measured in each of the respective financial statements of the enterprise receiving services and the settlement enterprise by reference to the above principles.

## 27. Preferred shares, perpetual bonds and other financial instruments

Applicable  N/A

- (1) Classification of financial liabilities and equity instruments

The Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the initial recognition based on the contract terms of the issued financial instrument and the economic substance it reflects, instead of only in legal form, and combine the definition of financial assets, financial liabilities and equity instruments.

- (2) Accounting treatment of preferred shares, perpetual bonds and other financial instruments

The financial instruments issued by the Company are initially recognised and measured in accordance with the financial instrument standards; thereafter, interest or dividends are accrued or distributed on each balance sheet date and processed in accordance with relevant specific accounting standards for enterprises. That is, on the basis of the classification of the financial instrument issued, the accounting treatment of interest expenses or dividend distributions of the instrument is determined. For financial instruments classified as equity instruments, interest expenses or dividend distributions are treated as profit distribution of the Company, and repurchases and cancellations are treated as changes in equity; for financial instruments classified as financial liabilities, interest expenses or dividend distributions are in principle treated according to borrowing costs, and gains or losses arising from repurchase or redemption are credited to profit or loss for the current period.

The transaction costs such as charges and commissions incurred by the Company when issuing financial instruments, if classified as debt instruments and measured at amortised cost, are included in the initial measurement amount of the issued instrument; if classified as equity instruments, are deducted from equity.

## 28. Revenue

Applicable  N/A

The Company shall recognise revenue when the Company satisfies the performance obligation of the contract, that is, the customer obtains control of relevant goods or services.

When the contract contains two or more performance obligations, on the effective date of the contract, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of a good or service guaranteed by each performance obligation, and the revenue is measured according to the transaction price allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company satisfies a performance obligation over time; otherwise, it satisfies a performance obligation at a point in time:

- ① When the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract.
- ② When the customer is able to control the commodity in progress in the course of performance by the Company under the contract.
- ③ The product produced by the Company under the contract is irreplaceable and the Company has the right to payment for performance completed to date during the term of the contract.

For a performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the process towards complete satisfaction of the performance obligation. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be recoverable, the revenue will be recognised to the extent of the costs incurred until the progress of performance can be reasonably determined.

For a performance obligation satisfied at a point in time, the Company shall recognise revenue when the customer obtains control of relevant goods or services. When determining whether the customer has obtained control of the goods and services, the Company will consider the following indications:

- ① The Company has the current right to receive payment for the goods or services, which is when the customers have the current payment obligations for the goods.
- ② The Company has transferred the legal title of the goods to the client, which is when the client possesses the legal title of the goods.
- ③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.
- ④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the client obtains all of the substantial risks and rewards of ownership of the goods to the customer.
- ⑤ When the customer has accepted the goods or services.
- ⑥ When other information indicates that the customer has obtained control of the goods.

A contract asset represents the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on factors other than passage of time, for which the loss allowances for expected credit loss is recognised (see Note III. 10(6)). The Company shall present any unconditional (i.e. if only the passage of time is required) rights to consideration separately as a receivable. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

The contract assets and liabilities under the same contract shall be shown on a net basis. If the net amount stated in debit balance, it will be presented under the items of "Contract assets" or "Other non-current assets" according to its mobility; If the net amount stated in credit balance, it will be presented under the items of "Contract liabilities" or "Other non-current liabilities" according to its mobility.

The Company enters into sales contracts with customers. Revenue from sales is recognised according to the invoiced amount upon the delivery of goods to the designated carrier or purchaser according to the orders received from customers; revenue from export sales is recognised mainly by adopting FOB mode according to custom declaration upon making declaration for goods and completing the export procedures.

## 29. Contract costs

Applicable    N/A

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① Remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② The cost estimated to be happened for the transfer of related goods or services.

The costs of contract performance recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as "Inventories" item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as "Other non-current assets" item.

The contract obtaining costs recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as "Other current assets" item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as "Other non-current assets" item.

### 30. Government grants

Applicable  N/A

A government grant shall be recognised only when the enterprise can comply with the conditions attaching to the grant and the enterprise can receive the grant.

If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value, when fair value is not reliably determinable, the item is measured at a nominal amount of RMB1.

Government grant related to assets represents the government grant received for acquisition and construction of long term assets, or forming long term assets in other ways. Except for these, all are government grant related to income.

Regarding to the government grant not clearly defined in the official documents and can form long term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income.

The government grant related to assets is recognised as deferred income and would be transferred to profit or loss in reasonable and systematic manner within the period of use of the relevant assets. The government grant related to income which is used to compensate the relevant costs or losses incurred should be recognised in the profit or loss for the current period; the government grant related to income which is used to compensate the relevant costs or losses for the subsequent period is recognised as deferred income and shall be recognised in profit or loss during the relevant cost or loss confirmation period. Government grants measured in nominal terms are directly included in the profit or loss for the current period. The Company has adopted a consistent approach to the same or similar government grant business.

The government grants related to daily activities are recognised as other gains in accordance with the substance of economic business. Government grants that are not related to daily activities are recognised as non-operating income and expenses.

If the recognised government grants need to be refunded, adjust the carrying amount of assets when the carrying amount of assets is offset at the time of initial recognition; the balance of deferred income is offset against the carrying amount of the balance of deferred income and the excess is recognised in the profit or loss for the current period. Other circumstances, it is directly recognised in the profit or loss for the current period.

### 31. Deferred tax assets and deferred tax liabilities

Applicable  N/A

#### (1) Current tax

At the balance sheet date, for the current tax liabilities (or assets) arising from the current period and the previous period, should be measured by the tax of the estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of the tax payable which is based by the calculation of the current tax expenses, are according to the result measured from the corresponding adjustment of the pre-tax accounting profit of the current period which in accord to the relevant regulations of the tax law.

#### (2) Deferred tax assets and deferred tax liabilities

The difference between the carrying amount of an asset or liability and its tax basis, as well as the temporary differences arising from differences between the carrying amount and tax basis of items that are not recognised as assets and liabilities but in accordance with the tax law, can be recognised as deferred tax assets and deferred tax liabilities by adopting the balance sheet liability method.

No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets will be recognised for the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, if the Company can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the foreseeable future. Except for the above exceptions, the Company recognises all deferred income tax liabilities arising from other taxable temporary differences.

The deductible temporary differences the initial recognition of assets or liabilities arising from transactions that are neither a business combination, nor do they affect accounting profits and taxable income (or deductible losses), will not be recognised as related deferred income tax assets. In addition, as for the taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Company is able to control the timing of the reversal of the temporary differences, and the temporary differences may not be reversed in the foreseeable future, the related deferred income tax assets will also not be recognised. Except for the above exceptions, the Company recognises a deferred tax asset arising from other deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary differences.

The Company recognises a deferred tax asset for the carry-forward of deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible losses and tax credits can be utilised.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

### (3) Tax expenses

The tax expenses comprise current tax and deferred tax.

The rest current tax and deferred tax expenses or revenue should be included into current gains and losses expect for the current tax and the deferred tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders' equity which should be included in other comprehensive income or shareholders' equity as well as the book value for adjusting the goodwill of the deferred income tax occurs from the business combination.

### (4) Offset of tax

The current tax assets and liabilities of the Company should be listed by the written-off net amount which intend to execute the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred tax assets and liabilities of the Company should be listed as written-off net amount when having the legal rights of settling the current tax assets and liabilities by net amount and the deferred tax and liabilities is relevant to the tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

## 32. Leases

### (1) Identification of leases

At the inception of a contract, the Company, as a lessee or lessor, assesses if the customer in a contract has the right to obtain substantially all the economic benefits from use of the identified assets and the right to direct the use of the identified assets in the period of use. The Company would identify that a contract is a lease, or contains a lease if a party of the contract transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration.

### (2) The Company as the lessee

At the inception of a lease, the Company recognises all its leases as the right-of-use assets and lease liabilities, except for the short-term leases and the leases of low-value assets which are treated with a simplified approach.

For the accounting policies on the right-of-use assets, please refer to Note III. 33.

Lease liabilities are initially measured based on the present value of outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease or the incremental borrowing rate. Lease payment include: fixed payments and in-substance fixed payments, less any lease incentives (if there is a lease incentive); variable lease payment that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments of penalties for terminating the lease option, if the lease term reflects that the lessee will exercise that option; and amounts expected to be payable under the guaranteed residual value provided by the lessee. The Company shall subsequently calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into the profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

#### Short-term lease

Short-term lease refers to the lease that the lease term does not exceed 12 months from the inception of a lease, and the lease that includes the option of purchase is not a short-term lease.

The Company recognises the amount of lease payments of short-term lease in the cost of the related asset or the profit or loss for the current period, on a straight-line method over each period of the lease term.

#### Leases of low-value assets

For the Leases of low-value assets, the Company chooses to adopt the above simplified treatment method in accordance with the specific conditions of each lease.

The Company recognised the lease payments for the leases of low-value assets in the relevant asset cost or the profit or loss for the current period on a straight-line basis over each period of the lease term.

### (3) The Company as the lessor

When the Company is the lessor, the lease that substantially transfers all the risks and rewards related to the ownership of assets is recognised as a finance lease, and leases other than finance leases are recognised as operating leases.

### (4) Accounting treatment method of operating lease

Applicable  N/A

For the rental of operating leases, the Company recognises it in the profit or loss for the current period on a straight – line basis over each period of the lease term. The initial direct cost incurred in connection with an operating lease shall be capitalised and amortised on the same basis for recognition of rental income during the lease term, and shall be included in instalments in the profit or loss for the current period. The variable lease payment, which is obtained in connection with an operating lease and not included in the lease receivables, shall be included in the profit and loss for the current period when they actually occur.



## (5) Accounting treatment method of finance leases

√ Applicable  N/A

In a financial lease, the Company uses the net investment in leases as the carrying amount of finance lease receivables at the inception of a lease. The net investment in leases is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognises the interest income over each period of the lease term at a fixed periodic interest rate. Variable lease payments not included in the measurement of the lease liability, which are obtained by the Company as a lessor, are recognised in profit or loss as incurred.

The termination of recognition and impairment of financial lease receivables is accounted for in accordance with the provisions of "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument" and "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets".

**33. Right-of-use assets**√ Applicable  N/A

## (1) Recognition condition of right-of-use assets

The right-of-use assets of the Company are defined as the right of underlying assets in the lease term for the Company as a lessee.

Right-of-use assets are initially measured at cost as at the commencement date of the lease, which consists of: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received if any; initial direct expenses incurred by the Company as a lessee; costs to be incurred by the Company as a lessee in dismantling and removing a leased asset, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company as a lessee recognises and measures the costs of demolition and restoration according to "Accounting Standards for Business Enterprises No.13 – Contingencies", and subsequently adjusts for any remeasurement of lease liability.

## (2) Depreciation method of right-of-use assets

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

## (3) For methods of impairment testing and provision for impairment for right-of-use assets, please refer to note III. 22.

**34. Repurchase of shares**

Prior to cancellation or transfer of shares repurchased, the Company recognises all expenditures arising from share repurchase as cost of treasury shares in the treasury share account. Considerations and transaction fee incurred from the repurchase of shares shall lead to the elimination of owners' equity and does not recognise profit or loss when shares of the Company are repurchased, transferred or cancelled.

The difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve when the treasury stocks are transferred, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit. When the treasury stocks are cancelled, the capital shall be eliminated according to the number of shares and par value of cancellation shares, the difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit.

### 35. Restricted Shares

If the Company grants the restricted shares to incentive participants under the Share Options Incentive Scheme, the incentive participants subscribe for the shares first. If the unlocking conditions stipulated in the Share Options Incentive Scheme cannot be fulfilled subsequently, the Company repurchases the shares at the predetermined price. If the registration and other capital increase procedures for the restricted shares issued to employees are completed in accordance with relevant regulations, the Company recognises share capital and capital reserve (or capital premium) based on the subscription money received from the employees on the grant date; and recognises treasury shares and other payables for repurchase obligation.

### 36. Other significant accounting judgements and estimates

Applicable  N/A

Significant accounting estimates and critical assumptions adopted by the Company are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The significant accounting estimates and critical assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are set out below:

#### (1) Classification of financial assets

Significant judgements involved in determining the classification of financial assets include analysis of business mode and characteristics of the contractual cash flows.

Factors considered by the Company in determining the business model of financial assets management for a group of financial assets include past experience on how financial asset's performance is evaluated and reported to key management personnel, how risks affecting the performance of financial asset are assessed and managed and how managers of related businesses are compensated.

When assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangement, the Company adopts the following significant judgements: whether the time distribution or amounts of the principal within the duration may change due to early repayment and other reasons; whether the interest includes only the time value of money, credit risk, other basic lending risks and the consideration for cost and profit. For example, the amounts of early repayment only reflect principal unpaid, the interest based on principal unpaid and reasonable compensation paid for early termination of a contract.

#### (2) Measurement of ECL for accounts receivables

The Company calculates ECL of accounts receivables according to their exposure at default and ECL rate, and determines ECL rate based on probability of default and loss given default. When determining ECL rate, the Company adopts data like historical credit loss experience in combination with current situation and forward-looking information to adjust historical data. When considering forward-looking information, the Company uses indicators including the risk of economic downturn, external market environment, technology environment and changes on customer situation. The Company periodically monitors and reviews assumptions relevant to the measurement of ECL.

#### (3) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

#### (4) Development costs

Determining the amounts to be capitalised requires the management to make assumptions regarding the expected future cash flows generated from the relevant assets, discount rates to be applied and the expected period of benefits.

## (5) Deferred tax assets

The deferred income tax assets will be recognised for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits against which the loss is utilised. This requires the management to exert numerous judgments to estimate the timing and amount of the future taxable profits so as to determine the amount of deferred income tax assets to be recognised with reference to the tax planning strategy.

## (6) Revenue recognition

As stated in note III. 28, the Company makes the following significant accounting judgements and estimates in terms of revenue recognition: identifying customer contracts; estimating the recoverability of the considerations that are entitled to be obtained by transferring goods to customers; identifying the performance obligation in the contract; estimating the variable consideration in the contract and cumulative revenue recognised where it is highly probable that a significant reversal therein will not occur when the relevant uncertainty is resolved; assessing whether there is a significant financing component in the contract; estimating the individual selling price of the individual performance obligation in the contract, etc. The Company makes judgments primarily based on historical experiences and works. Changes in these significant judgments and estimates may have significant impacts on the operating income, operating costs, and profit or loss of the current or subsequent periods.

## (7) Determination of the fair value of unlisted equity investment

The fair value of unlisted equity investments represents the expected future cash flows discounted at the prevailing discount rate of items with similar terms and risk characteristics. It requires the Company to estimate the expected future cash flows and discount rates, and therefore there is uncertainty. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and cost represents the best estimate of the fair value within such scope, the cost may represent an appropriate estimate of the fair value within such distribution scope.

**37. Changes in significant accounting policies and accounting estimates and correction to accounting errors**

## (1) Changes in significant accounting policies

Applicable    N/A

The Ministry of Finance (MOF) issued the Interpretation No. 15 of Accounting Standards for Business Enterprises ("Interpretation No. 15") in December 2021.

According to Interpretation No. 15, if the Company sells the products or by-products produced before the fixed assets reach the status of intended use or during the research and development process (hereinafter collectively referred to as "revenue in trial operation"), in accordance with the "Accounting Standards for Business Enterprises No. 14 – Revenue", "Accounting Standards for Business Enterprises No. 1 – Inventories" and other regulations, the relevant sale revenue and costs of the trial operation shall be accounted for separately and included in the profit or loss for the current period, rather than the net amount of sale revenue after offsetting relevant costs of the trial operation sales write-off against the cost of fixed assets or research and development expenditures.

Interpretation No. 15 clarifies the judgment on onerous contracts. When judging an onerous contract, the costs of contract performance includes the incremental cost of performing the contract and the direct attributed amount of other costs relevant to the performance of the contract.

Interpretation 15 came into effect on January 1, 2022, and the Company adopts the prospective method to account for the above changes in accounting policies.

The adoption of Interpretation No. 15 has not had a material impact on the Company's financial position and results of operations.

## (2) Changes in significant accounting estimates

Applicable    N/A

## VI. Taxation

### 1. Major taxes and their tax rates

√ Applicable    □ N/A

Tax category	Basis of taxation	Statutory tax rate
Value added tax	Taxable revenue	3%, 6%, 13%
Urban maintenance and construction tax	Turnover tax to be paid	1%, 5%, 7%
Education surcharges	Turnover tax to be paid	3%
Local education surcharge	Turnover tax to be paid	Note 1
Enterprise income tax	Turnover tax to be paid	Note 2

Note 1: The Company and its subsidiaries that are incorporated in Shenzhen and Zhuhai shall pay local education surcharges that are charged as 2% of the turnover tax payable. Other subsidiaries shall pay local education surcharges according to the tax rate as specified at their places of incorporation on the basis of turnover tax payable.

Note 2: The implementation of enterprise income tax rate is as follows:

Disclosure of taxpayers (if any) with different rates of enterprise income tax

√ Applicable    □ N/A

Taxpayer	Rate of enterprise income tax (%)
Hong Kong Health Pharmaceutical Industry Company Limited, Livzon Pharmaceutical Biotechnology Co., Ltd., Lian (Hong Kong) Co., Ltd., Livzon Biologics Hong Kong Limited	16.5
Companhia de Macau Carason Limitada, Li Zhu (Macau) Limitada	0 or 12 (Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.)
Shenzhen Taitai Pharmaceutical Co., Ltd., Shenzhen Haibin Pharmaceutical Co., Ltd., Xinxiang Haibin Pharmaceutical Co., Ltd., Jiaozuo Joincare Bio Technological Co., Ltd, Shanghai Frontier Health Medicine Technology Co., Ltd., Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd, Joincare Haibin Pharmaceutical Co., Ltd., Livzon Group and subsidiaries of Livzon Group, Livzon Group Limin Pharmaceutical Manufacturing Factory, Livzon Group Livzon Pharmaceutical Factory, Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd., Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd., Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc., Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd., Zhuhai Livzon Diagnostics Inc., Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd., Shanghai Livzon Biotechnology Co., Ltd., Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd., Zhuhai Lihe Medical Diagnostic Product Company Limited, Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd.	15
Livzon MAB Pharm (US) Inc.	21
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co.,Ltd., Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II.	0 (Note 1)
Other subsidiaries	25

Note 1: Companies registered in the British Virgin Islands and the Cayman Islands are not subject to enterprise income tax.

## 2. Tax incentives

Applicable  N/A

### (1) Preferential value added tax

In accordance with the Announcement on Value Added Tax on Biological Products Sold by Pharmaceutical Operation Enterprises issued by the State Administration of Taxation (Announcement of State Administration of Taxation 2012 No. 20) and the Notice of the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the State Drug Administration on the Value-Added Tax Policies for Anti-Cancer Drugs (Caishui [2018] No. 47), the biological products sold by the Company are subject to value added tax at 3% by the simple approach.

### (2) Preferential enterprise income tax

The Company's subsidiaries, Shenzhen Taitai Pharmaceutical Co., Ltd, Shenzhen Haibin Pharmaceutical Co., Ltd, Xinxiang Haibin Pharmaceutical Co., Ltd and Shanghai Frontier Health Medicine Technology Co., Ltd are entitled to enjoy preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2020, and Joincare Haibin Pharmaceutical Co., Ltd is entitled to enjoy preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2021. Jiaozuo Joincare Bio Technological Co., Ltd., Guangzhou Joincare Respiratory Drug Engineering Technology Co., Ltd. have reapplied for recognition of high and new technology enterprises in the period. Livzon Group and its subsidiaries – Livzon Group Limin Pharmaceutical Manufacturing Factory, Livzon Group Livzon Pharmaceutical Factory, Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd., Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd., Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. and Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. are entitled to enjoy preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2020; Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. and Zhuhai Livzon Diagnostics Inc. have reapplied for recognition of high and new technology enterprises in the period; Shanghai Livzon Biotechnology Co., Ltd. are entitled to preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2021. Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. was approved to enjoy the enterprise taxation preference of the Encouraged Industries in Western China. The above companies were subject to enterprise income tax rate of 15% for the period.

In accordance with Article 27 of the Enterprise Income Tax Law of the People's Republic of China and Article 86 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the business of planting Chinese herbal medicines engaged by the subsidiaries of the Livzon, Datong Livzon Qiyuan Medicine Co., Ltd. and Longxi Livzon Shenyuan Medicine Co., Ltd. are exempted from enterprise income tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Enterprise Income Tax Policies of the Guangdong-Macao In-depth Cooperation Zone of Hengqin (Cai Shui [2022] No. 19), qualified industrial enterprises located in the Guangdong-Macao In-depth Cooperation Zone of Hengqin will be subject to a reduced enterprise income tax rate of 15%. Zhuhai Lihe Medical Diagnostic Product Company Limited and Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. met relevant conditions, and were subject to an enterprise income tax rate of 15% for the Period.

According to the preferential tax policies for small low-profit enterprises, the portion of annual taxable income of a small low profit enterprise which does not exceed RMB1 million is subject to enterprise income tax at a tax rate of 2.5%; the portion over RMB1 million but not exceeding RMB3 million is subject to enterprise income tax at a tax rate of 10%.

## 3. Others

Applicable  N/A

## V. Notes to the items of consolidated financial statements

### 1. Cash and bank balances

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Items	Balance at End of the Period	Balance at Beginning of the Period
Cash on hand	190,985.30	225,179.98
Bank deposits	12,498,359,889.55	11,554,754,721.43
Other monetary funds	154,558,074.32	174,250,489.57
Total	12,653,108,949.17	11,729,230,390.98
Including: total overseas deposits	1,543,366,154.88	1,309,853,620.27

Other descriptions:

- ① Other monetary funds are mainly deposits for investments, deposits under guarantee of letter of guarantee, issuing letters of credit and foreign exchange forward contracts, etc.
- ② Restricted funds relating to issuing letters of credit and foreign exchange forward contracts, etc. in other monetary funds were deducted from cash and cash equivalents in the cash flow statement. Apart from these restricted funds, there is no other charge, pledge or lock up on the balance of cash at bank and on hand that may limit its use, is kept outside China and may have probable risks in its collection. Below are the details of the use of restricted monetary funds:

Item	30 June 2022	31 December 2021
Deposits for letter of credit	188,710.11	1,788,607.74
Deposits for bank acceptance bills	377.93	6,004,457.37
Deposits for other business	962,104.96	3,949,531.92
Total	1,151,193.00	11,742,597.03

### 2. Financial assets held for trading

√ Applicable    □ N/A

#### (1) Classification

Unit: Yuan    Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Financial asset measured at fair value through profit or loss	99,806,543.32	184,638,344.31
Including:		
Debt instrument investments	953,678.89	940,162.94
Equity instrument investments	98,802,998.87	176,321,853.05
Derivative financial assets	49,865.56	7,376,328.32
Total	99,806,543.32	184,638,344.31

Other descriptions:

Applicable  N/A

- ① The Company's investments in equity instruments and debt instruments for financial assets held for trading at the End of the Period were listed for trading on Shenzhen Stock Exchange, Hong Kong Stock Exchange and NASDAQ in the United States. The fair value was determined based on the closing price on the last trading day in the Reporting Period.
- ② Derivative financial assets represent foreign currency forward contracts, futures contracts and gains from unexpired contracts measured at fair value which were recognised as financial assets as at the balance sheet date.

No restrictive financial asset measured at fair value through profit or loss was included in the closing balance.

No hedging instruments in the closing balance and no hedging transactions have occurred during the period.

### 3. Notes receivable

- (1) Classified presentation of notes receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,888,954,693.79	1,977,767,022.02
bad debts	-481,000.00	-481,000.00
Total	1,888,473,693.79	1,977,286,022.02

- (2) Notes receivable pledged at period end

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Amount pledged at period end
Bank acceptance bills	526,815,981.78
Total	526,815,981.78

As at 30 June 2022, bank acceptance bills with carrying amount of RMB526,815,981.78 (31 December 2021: RMB870,153,979.75) have been used as pledge for opening of bills.

- (3) Bills endorsed or discounted to other parties but not yet expired at balance sheet date

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Derecognised amount at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	407,822,740.99	0.00
Bank acceptance bills not yet mature but already discounted	429,075,183.95	0.00
Total	836,897,924.94	0.00

In the current period, the Company discounted bank acceptance bills of RMB714,219.83 thousand (previous year: RMB76,908.32 thousand), including discounted bank acceptance bills of RMB285,144.65 thousand that have expired, and bank acceptance bills not yet mature but already discounted of RMB429,075.18 thousand. Since the major risks and rewards such as interest rate risk related to these bank acceptance bills have been transferred to the bank, the Company derecognizes the discounted unexpired bank acceptance bills. Factoring expenses incurred was RMB6,657.46 thousand (previous year: RMB506.78 thousand).

(4) Bills transferred into account receivables for non-performance by the issuer as at balance sheet date of the period

Applicable  N/A

(5) Disclosure by method of provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying value	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on individual item	481,000.00	0.03	481,000.00	100.00	0.00	481,000.00	0.02	481,000.00	100.00	0.00
Including:										
Bank acceptance bills	481,000.00	0.03	481,000.00	100.00	0.00	481,000.00	0.02	481,000.00	100.00	0.00
Provision for bad debts on portfolio basis	1,888,473,693.79	99.97	0.00	0.00	1,888,473,693.79	1,977,286,022.02	99.98	0.00	0.00	1,977,286,022.02
Including:										
Bank acceptance bills	1,888,473,693.79	99.97	0.00	0.00	1,888,473,693.79	1,977,286,022.02	99.98	0.00	0.00	1,977,286,022.02
Total	1,888,954,693.79	100.00	481,000.00	0.03	1,888,473,693.79	1,977,767,022.02	100.00	481,000.00	0.02	1,977,286,022.02

Provision for bad debts on individual item:

Applicable  N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			Reason of provision
	Book balance	Provision for bad debts	Expected credit loss rate (%)	
Henan Jiuzhoutong Pharmaceutical Co., Ltd.	431,000.00	431,000.00	100.00	Expected to be uncollectible
Other customers	50,000.00	50,000.00	100.00	Expected to be uncollectible
Total	481,000.00	481,000.00	100.00	/

Descriptions of provision for bad debts made individually:

Applicable  N/A

Provision for bad debt on a collective basis:

Applicable  N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

Applicable  N/A



## (6) Provision for bad debts

√ Applicable  N/A

Unit: Yuan Currency: RMB

Category	Beginning balance	Changes for the current period			Closing balance
		Provision	Recovery or reversal	Removal/write-off	
Provision for bad debts	481,000.00	0.00	0.00	0.00	481,000.00
Total	481,000.00	0.00	0.00	0.00	481,000.00

Significant recovery or reversal of bad debt provision for the current period:

 Applicable  N/A

## (7) Actual write-off of notes receivable in the period

 Applicable  N/A

Other descriptions:

 Applicable  N/A**4. Accounts receivable**

## (1) Disclosed by aging

√ Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year:	2,922,163,126.08
1-2 years	12,655,577.05
2-3 years	2,497,810.03
3-4 years	12,108,874.22
4-5 years	3,007,544.08
Over 5 years	13,998,361.28
Total	2,966,431,292.74

According to the credit policy of the Company, the Company usually grants a credit period ranging from 30 to 90 days to customers.

## (2) Disclosure by method of provision for bad debts

√ Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying value	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on individual item	9,709,854.02	0.33	5,513,168.82	56.78	4,196,685.20	9,709,854.02	0.33	5,513,168.82	56.78	4,196,685.20
Including:										
Receivables from domestic customers	9,709,854.02	0.33	5,513,168.82	56.78	4,196,685.20	9,709,854.02	0.33	5,513,168.82	56.78	4,196,685.20
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	2,956,721,438.72	99.67	65,454,959.96	2.21	2,891,266,478.76	2,916,387,527.16	99.67	66,928,660.82	2.29	2,849,458,866.34
Including:										
Receivables from domestic customers	2,334,525,444.66	78.70	57,869,210.59	2.48	2,276,656,234.07	2,333,938,533.50	79.76	58,705,544.56	2.52	2,275,232,988.94
Receivables from overseas customers	622,195,994.06	20.97	7,585,749.37	1.22	614,610,244.69	582,448,993.66	19.91	8,223,116.26	1.41	574,225,877.40
Total	2,966,431,292.74	100.00	70,968,128.78	2.39	2,895,463,163.96	2,926,097,381.18	100.00	72,441,829.64	2.48	2,853,655,551.54

Provision for bad debt on individual item:

√ Applicable  N/A

Unit: Yuan Currency: RMB

Name	Book balance	Provision for bad debts	Closing balance	
			Expected credit loss rate (%)	Reason of provision
Purchase of goods	9,709,854.02	5,513,168.82	56.78	Not expected to be recoverable
Total	9,709,854.02	5,513,168.82	56.78	/

Descriptions of Provision for bad debt on individual item:

 Applicable  N/A

Provision for bad debts on portfolio basis:

√ Applicable  N/A

## Provision for bad debts on portfolio basis: Receivables from domestic customers

Unit: Yuan Currency: RMB

Aging	Account receivables	Closing balance	
		Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	2,299,967,132.02	34,989,010.81	1.52
1 to 2 years (inclusive of 2 years)	12,655,577.05	2,215,019.09	17.50
2 to 3 years (inclusive of 3 years)	2,497,810.03	1,590,936.19	63.69
3 to 4 years (inclusive of 4 years)	3,715,503.81	3,421,392.09	92.08
4 to 5 years (inclusive of 5 years)	2,662,504.28	2,625,934.94	98.63
Over 5 years	13,026,917.47	13,026,917.47	100.00
Total	2,334,525,444.66	57,869,210.59	2.48

Standards of provision for bad debts on portfolio basis and descriptions thereof:

 Applicable  N/A

## Provision for bad debts on portfolio basis: Receivables from overseas customers

Unit: Yuan Currency: RMB

Aging	Account receivables	Closing balance	
		Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	622,195,994.06	7,585,749.37	1.22
1 to 2 years (inclusive of 2 years)	0.00	0.00	0.00
2 to 3 years (inclusive of 3 years)	0.00	0.00	0.00
3 to 4 years (inclusive of 4 years)	0.00	0.00	0.00
4 to 5 years (inclusive of 5 years)	0.00	0.00	0.00
Over 5 years	0.00	0.00	0.00
Total	622,195,994.06	7,585,749.37	1.22

Standards of provision for bad debts on portfolio basis and descriptions thereof:

 Applicable  N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

 Applicable  N/A

## (3) Provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Beginning balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Removal/write-off	Others	
Provision for bad debts	72,441,829.64	933,002.92	0.00	2,400,580.01	-6,123.77	70,968,128.78
Total	72,441,829.64	933,002.92	0.00	2,400,580.01	-6,123.77	70,968,128.78

At 30 June 2022 and 31 December 2021, the Company had no overdue but not impaired accounts receivable.

Significant recovery or reversal of bad debt provision for the current period:

Applicable  N/A

## (4) Actual write-off of accounts receivable in this period

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written off	2,400,580.01

Significant accounts receivable that are written off:

Applicable  N/A

Descriptions of write-off of accounts receivable:

Applicable  N/A

## (5) Accounts receivable due from the top five debtors

Applicable  N/A

As of 30 June 2022, the total amount of the top five debtors in closing balance is RMB304,945,004.71, accounting for 10.28% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB3,946,783.44.

## (6) Accounts receivable derecognized due to the transfer of financial assets.

Applicable  N/A

## (7) Assets or liabilities formed by the continuing involvement of transferred accounts receivables.

Applicable  N/A

Other descriptions:

Applicable  N/A

## 5. Prepayments

### (1) Disclosure of prepayments by aging analysis

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		Balance at the Beginning of the Period	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	416,455,356.38	94.98	354,340,559.20	95.97
1 to 2 years	16,468,966.32	3.76	8,031,100.50	2.17
2 to 3 years	2,993,038.53	0.68	6,323,201.42	1.71
Over 3 years	2,538,761.15	0.58	537,685.17	0.15
Total	438,456,122.38	100	369,232,546.29	100.00

### (2) Prepayments due from the top five debtors

Applicable  N/A

As of 30 June 2022, the total amount of the top five prepayments in closing balance is RMB88,652,518.54, accounting for 20.22% of the total amount of closing balance of prepayments.

Other descriptions:

Applicable  N/A

## 6. Other receivables

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Interest receivable	0.00	365,873.64
Dividends receivable	215,678.92	0.00
Other receivables	50,673,057.79	87,687,951.48
Total	50,888,736.71	88,053,825.12

Other descriptions:

Applicable  N/A

Interest receivable

### (1) Classification of interest receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Interest on fixed deposits	0.00	365,873.64
Total	0.00	365,873.64

(2) Significant overdue interest

Applicable  N/A

(3) Provision made for bad debts

Applicable  N/A

Other receivables

Applicable  N/A

Dividends receivable

(1) Dividends receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Kunlun Energy Company Limited	215,678.92	0.00
Total	215,678.92	0.00

(2) Significant dividends receivable aged over 1 year

Applicable  N/A

(3) Provision made for bad debts

Applicable  N/A

Other receivables

Applicable  N/A

Other receivables

(1) Disclosed by aging

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	44,761,237.21
1 to 2 years	5,991,763.20
2 to 3 years	4,250,801.61
3 to 4 years	1,811,358.86
4 to 5 years	724,672.76
Over 5 years	32,060,805.56
Provision for bad debt	-38,927,581.41
Total	50,673,057.79

## (2) Disclosure by nature

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Security deposits, deposits and rental fees	11,815,897.51	11,003,281.04
Reserved fund and advances	21,260,877.28	17,870,245.40
Related party balances	2,811,088.86	20,323,903.96
External entities balances	16,196,803.74	22,421,780.76
Tax refund on exports	13,916,376.41	17,708,111.60
Treasury bonds and security deposits	17,968,386.04	17,968,386.04
Capital reduction	0.00	24,078,925.22
Amounts of exercised options	2,429,180.84	8,463,240.98
Others	3,202,028.52	3,327,263.14
Total	89,600,639.20	143,165,138.14

## (3) Information of provision for bad debts

√ Applicable    □ N/A

At the End of the Period, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	2,429,180.84	0.00	0.00	2,429,180.84	
Amounts of exercised options	2,429,180.84	0.00	0.00	2,429,180.84	Expected to be recovered
Capital reduction	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	2,429,180.84	0.00	0.00	2,429,180.84	

At the End of the Period, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	58,926,446.39	18.13	10,682,569.44	48,243,876.95	
Export tax refund receivable	13,916,376.41	2.01	280,211.71	13,636,164.70	
Security deposits, deposits and rental receivable	11,815,897.51	28.66	3,386,116.92	8,429,780.59	
Other receivables	33,194,172.47	21.14	7,016,240.81	26,177,931.66	
Total	58,926,446.39	18.13	10,682,569.44	48,243,876.95	

At the End of the Period, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	28,245,011.97	100.00	28,245,011.97	0.00	
Other receivables	28,245,011.97	100.00	28,245,011.97	0.00	Not expected to be recoverable
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	28,245,011.97	100.00	28,245,011.97	0.00	

As of 31 December 2021, information of provision for bad debts:

As of 31 December 2021, Provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	32,542,166.20	0.00	0.00	32,542,166.20	
Amounts of exercised options	8,463,240.98	0.00	0.00	8,463,240.98	Expected to be recovered
Capital reduction	24,078,925.22	0.00	0.00	24,078,925.22	Expected to be recovered
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	32,542,166.20	0.00	0.00	32,542,166.20	

As of 31 December 2021, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	63,594,020.80	13.28	8,448,235.52	55,145,785.28	
Export tax refund receivable	17,708,111.60	1.12	198,927.69	17,509,183.91	
Security deposits, deposits and rental receivable	11,003,281.04	26.33	2,897,272.69	8,106,008.35	
Other receivables	34,882,628.16	15.34	5,352,035.14	29,530,593.02	
Total	63,594,020.80	13.28	8,448,235.52	55,145,785.28	



As of 31 December 2021, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	47,028,951.14	100.00	47,028,951.14	0.00	
Other receivables	47,028,951.14	100.00	47,028,951.14	0.00	Not expected to be recoverable
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	47,028,951.14	100.00	47,028,951.14	0.00	

(4) Accrual, recovery or reversal of bad debt provision during the period

Unit: Yuan Currency: RMB

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss within 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Beginning balance	0.00	8,448,235.52	47,028,951.14	55,477,186.66
Movement of beginning balance during the period				
– transfer to second stage	0.00	0.00	0.00	0.00
– transfer to third stage	0.00	0.00	0.00	0.00
– Reverse to second stage	0.00	0.00	0.00	0.00
– Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the period	0.00	2,030,908.68	-158,470.77	1,872,437.91
Reversal in the period	0.00	0.00		0.00
Transfer in the period	0.00	0.00	0.00	0.00
Write-off in the period	0.00	0.00	18,556,821.63	18,556,821.63
Other movement	0.00	203,425.24	-68,646.77	134,778.47
Closing balance	0.00	10,682,569.44	28,245,011.97	38,927,581.41

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period:

Applicable  N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable  N/A

## (5) Actual written-off of other receivables in this period

 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount written off
Other receivables actually written off	18,715,292.40

Significant other receivables that are written off:

 Applicable  N/A

Descriptions of write-off of other receivables:

 Applicable  N/A

## (6) Other receivables due from the top five debtors

 Applicable  N/A

Unit: Yuan Currency: RMB

Name of entity	Nature	Other receivables Closing balance	Aging	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Hua Xia Securities Co., Ltd.	Treasury bonds and security deposits	17,968,386.04	Over 5 years	20.05	17,968,386.04
Tax refund on exports	Export tax refund	13,916,376.41	Within 1 year	15.53	280,211.71
Guangzhou Yinhe Sunshine Biological Products Co., Ltd.	Loan	5,000,000.00	Over 5 years	5.58	5,000,000.00
China Securities Depository and Clearing Corporation Limited (Shenzhen Branch)	Amount of exercised options	2,429,180.84	Within 1 year	2.71	0.00
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Balance with associates	2,282,237.68	Within 1 year	2.55	38,113.37
Total	/	41,596,180.97	/	46.42	23,286,711.12

## (7) Receivables involving government subsidies

 Applicable  N/A

## (8) Other receivables derecognised due to the transfer of financial assets

 Applicable  N/A

## (9) Assets or liabilities formed by the continuing involvement of transferred other receivables:

 Applicable  N/A

Other descriptions

 Applicable  N/A

## 7. Inventories

### (1) Inventories by category

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	541,490,235.48	22,310,365.15	519,179,870.33	553,234,567.88	16,068,254.74	537,166,313.14
Packaging materials	150,276,691.49	7,259,384.01	143,017,307.48	125,197,237.91	7,099,883.19	118,097,354.72
Goods in process and Proprietary semi-finished goods	630,272,047.08	2,853,223.04	627,418,824.04	538,151,968.97	2,891,675.04	535,260,293.93
Low-value consumables	73,877,997.91	28,804.49	73,849,193.42	61,806,078.47	217,760.90	61,588,317.57
Finished goods and stock goods	907,382,619.18	34,085,747.72	873,296,871.46	834,035,538.26	30,182,179.43	803,853,358.83
Sub-contracting materials	1,178,080.36	0.00	1,178,080.36	2,251,074.26	0.00	2,251,074.26
Consumptive biological assets	12,645,273.43	0.00	12,645,273.43	12,342,303.96	0.00	12,342,303.96
Goods in transit	1,583,709.35	0.00	1,583,709.35	8,385,371.27	0.00	8,385,371.27
Total	2,318,706,654.28	66,537,524.41	2,252,169,129.87	2,135,404,140.98	56,459,753.30	2,078,944,387.68

### (2) Provision for diminution in value of inventories and provision for diminution in value of contract performance costs

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Balance at the Beginning of the Period	Increase during the Period		Decrease during the Period		Balance at the End of the Period
		Provision	Others	Reversal or written-off	Others	
Raw materials	16,068,254.74	8,816,432.52	0.00	2,574,322.11	0.00	22,310,365.15
Packaging materials	7,099,883.19	2,947,801.96	0.00	2,788,301.14	0.00	7,259,384.01
Goods in process and Proprietary semi-finished goods	2,891,675.04	197,665.95	0.00	236,117.95	0.00	2,853,223.04
Low-value consumables	217,760.90	445.91	0.00	189,402.32	0.00	28,804.49
Finished goods and stock goods	30,182,179.43	16,846,294.76	0.00	12,942,726.47	0.00	34,085,747.72
Total	56,459,753.30	28,808,641.10	0.00	18,730,869.99	0.00	66,537,524.41

## Provision for decline in value of inventories

Item	Basis in determination of net recoverable amount/ residual value and cost to be incurred	Reason for reversal or written-off of provision for decline in value of inventories/Provision for impairment of contract performance cost
Raw materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Goods in process and Proprietary semi-finished goods	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	The estimated selling price less the related taxes	Used or discard
Finished goods and stock goods	The estimated selling price less the estimated selling expenses and related taxes	Sale and discard

(3) Descriptions at the End of the Period of inventories including capitalised amount of borrowing costs

Applicable  N/A

(4) Description of amortization amount of contract performance cost in the current period

Applicable  N/A

Other descriptions:

Applicable  N/A

## 8. Non-current assets due within one year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Long-term receivables due within one year	38,498.84	317,381.23
Total	38,498.84	317,381.23

Significant debt investments and other debt investments at the end of the period:

Applicable  N/A

## 9. Other current assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Input VAT pending deduction/Input tax pending for verification	32,216,866.02	53,179,328.86
Prepaid income tax	18,454,794.32	30,667,849.83
Others	1,299,416.94	139,035.68
Total	51,971,077.28	83,986,214.37

## 10. Long-term receivables

### (1) Descriptions of long-term receivables

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period			Range of discount rate
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value	
Financing lease payments	121,073.53	0.00	121,073.53	584,285.36	0.00	584,285.36	4.75%
Less: Long-term receivables due within one year	38,498.84	0.00	38,498.84	317,381.23	0.00	317,381.23	
Total	82,574.69	0.00	82,574.69	266,904.13	0.00	266,904.13	

### (2) Provision for bad debts

Applicable  N/A

### (3) Long-term receivables derecognized due to the transfer of financial assets

Applicable  N/A

### (4) Assets or liabilities formed by the continuing involvement of transferred long-term receivables

Applicable  N/A

Other descriptions:

Applicable  N/A

## 11. Long-term equity investment

Applicable  N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Period	Movement during the Period								Balance at the End of the Period	Closing balance of provision for impairment	
		Additions in investment	Decrease in investment	Investment gain or loss under equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others			
I. Subsidiaries												
Zhongshan Renhe Health Products Co., Ltd.	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,337,823.35	6,337,823.35
Guangzhou Hiyeah Industry Co., Ltd.	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,949,893.45	1,949,893.45
Subtotal	8,287,716.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,287,716.80	8,287,716.80
II. Associates												
Livzon Medical Electronic Equipment (Plant) Co., Ltd.	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd.	78,029,592.18	0.00	0.00	8,449,190.92	0.00	0.00	0.00	0.00	0.00	0.00	86,478,783.10	0.00
Shenzhen City Youbao Technology Co., Ltd.	1,222,398.89	0.00	0.00	59,159.96	0.00	0.00	0.00	0.00	0.00	0.00	1,281,558.85	0.00
AbCyte Therapeutics Inc.	15,154,709.96	0.00	0.00	-267,465.90	0.00	0.00	0.00	0.00	0.00	0.00	14,887,244.06	0.00

Investee	Balance at the Beginning of the Period	Movement during the Period								Balance at the End of the Period	Closing balance of provision for impairment
		Additions in investment	Decrease in investment	Investment gain or loss under equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
L&L Biopharma, Co. Ltd.	14,886,838.46	0.00	0.00	-377,548.72	0.00	0.00	0.00	0.00	0.00	14,509,289.74	0.00
Zhuhai Sanmed Biotech Inc.*	83,155,557.16	0.00	0.00	-12,522,892.78	0.00	0.00	0.00	0.00	0.00	70,632,664.38	0.00
Aetio Biotherapy, Inc.	16,028,488.48	0.00	0.00	-309,835.55	0.00	0.00	0.00	0.00	0.00	15,718,652.93	0.00
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	67,908,607.98	30,000,000.00	0.00	-850,773.32	0.00	0.00	0.00	0.00	0.00	97,057,834.66	0.00
Tianjin Tongrentang Group Co., Ltd.*	751,549,763.92	0.00	0.00	46,004,235.14	2,476,997.86	0.00	51,920,000.00	0.00	0.00	748,110,996.92	0.00
Infinite Intelligence Pharmaceutical Co. Ltd.	19,937,909.64	0.00	0.00	-656,809.94	0.00	0.00	0.00	0.00	0.00	19,281,099.70	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	284,619,909.01	0.00	0.00	855,150.06	0.00	0.00	0.00	0.00	0.00	285,475,059.07	0.00
Ningbo Ningrong Biomedical Co., Ltd.	27,464,098.71	0.00	0.00	-203,057.33	0.00	0.00	0.00	0.00	0.00	27,261,041.38	0.00
Feellife Health Inc.	12,734,373.22	0.00	0.00	749,101.62	0.00	0.00	0.00	0.00	0.00	13,483,474.84	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	18,080,883.21	0.00	18,080,883.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	28,576,324.02	0.00	0.00	280,033.64	0.00	0.00	0.00	0.00	0.00	28,856,357.66	0.00
Subtotal	1,420,549,454.84	30,000,000.00	18,080,883.21	41,208,487.80	2,476,997.86	0.00	51,920,000.00	0.00	0.00	1,424,234,057.29	1,200,000.00
Total	1,428,837,171.64	30,000,000.00	18,080,883.21	41,208,487.80	2,476,997.86	0.00	51,920,000.00	0.00	0.00	1,432,521,774.09	9,487,716.80

Other descriptions:

Note 1. In January 2022, Zhuhai Lizhu pharmaceutical Equity Investment Management Co., Ltd., a subsidiary of Livzon group, increased the capital of Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd. by 30 million. After the capital increase, the shareholding ratio was 7.4858%, and the industrial and commercial registration has been completed.

Note 2. In January 2022, the company signed an equity transfer agreement with Tang Jiansheng to transfer all the equity of Xinling Pharmaceutical Technology (Shenzhen) Co., Ltd. to Tang Jiansheng. The equity transfer payment has been received and the industrial and commercial registration has been completed.

## 12. Other equity instrument investments

### (1) Descriptions of other equity investment

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
China Galaxy Securities Co., Ltd.	0.00	212,384,666.97
Shanghai Yunfeng Xinchuang Equity Investment Center	69,006,351.58	94,040,236.88
Shanghai JingYi Investment Center	67,979,475.21	66,175,062.50
Qianhai Equity Investment Fund	264,930,500.00	264,930,500.00
Apricot Forest, Inc	137,711,800.01	137,711,800.01
PANTHEON D,L.P.	7,924,639.91	3,715,566.69
Zhuhai China Resources Bank Co., Ltd.	164,395,200.00	164,395,200.00
GLOBAL HEALTH SCIENCE	222,393,107.44	235,133,216.46
SCC VENTURE VI 2018-B,L.P.	6,963,959.64	6,615,626.07
Nextech V Oncology S.C.S., SICAV-SIF	32,640,308.82	30,667,263.04
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	59,999,953.41	59,999,953.41
ELICIO THERAPEUTICS, INC.	33,557,014.21	31,878,510.16
CARIAMA THERAPEUTICS INC.	33,555,357.83	31,876,936.63
Beijing Luzhu Biotechnology Co., Ltd.	41,944,015.67	41,944,015.67
Shanghai Keentai Biotechnology Co., Ltd.	12,000,000.00	12,000,000.00
Others	15,556,583.34	15,413,822.93
<b>Total</b>	<b>1,170,558,267.07</b>	<b>1,408,882,377.42</b>

## (2) Descriptions of investments in non-trading equity instruments

√ Applicable   □ N/A

Item	Dividend income recognized for the Period	Cumulative gains	Cumulative losses	Amount transferred from other comprehensive income to retained earning	Reason for the designation	Reason for transfer as fair value through other comprehensive income
China Galaxy Securities Co., Ltd.	0.00	0.00	0.00	94,089,666.09	non-trading	Disposal
Shanghai Yunfeng Xinchuang Equity Investment Center	0.00	0.00	0.00	-7,912,029.31	non-trading	Disposal
Shanghai JingYi Investment Center	0.00	0.00	0.00	0.00	non-trading	
Qianhai Equity Investment Fund	8,713,730.74	0.00	0.00	0.00	non-trading	
Apricot Forest, Inc	0.00	0.00	0.00	0.00	non-trading	
PANTHEON D,L.P.	0.00	0.00	0.00	0.00	non-trading	
Zhuhai China Resources Bank Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
GLOBAL HEALTH SCIENCE	0.00	0.00	0.00	0.00	non-trading	
SCC VENTURE VI 2018-B,L.P.	0.00	0.00	0.00	0.00	non-trading	
Nextech V Oncology S.C.S., SICAV-SIF	0.00	0.00	0.00	0.00	non-trading	
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
ELICIO THERAPEUTICS, INC.	0.00	0.00	0.00	0.00	non-trading	
CARIAMA THERAPEUTICS INC.	0.00	0.00	0.00	0.00	non-trading	
Beijing Luzhu Biotechnology Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
Shanghai Keantai Biotechnology Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
Others	0.00	0.00	0.00	0.00	non-trading	
Total	8,713,730.74	0.00	0.00	86,177,636.78		

Other descriptions:

□ Applicable   √ N/A



### 13. Investment properties

Measurement of investment properties

(1) Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1. Beginning balance	61,914,754.28	61,914,754.28
2. Increase	0.00	0.00
3. Decrease	0.00	0.00
4. Closing balance	61,914,754.28	61,914,754.28
II. Accumulated depreciation and amortisation		
1. Beginning balance	55,723,278.85	55,723,278.85
2. Increase	0.00	0.00
(1) Amortisation for the period	0.00	0.00
3. Decrease	0.00	0.00
(1) Disposal	0.00	0.00
4. Closing balance	55,723,278.85	55,723,278.85
III. Provision for impairment		
1. Beginning balance	0.00	0.00
2. Increase	0.00	0.00
(1) Provision	0.00	0.00
3. Decrease	0.00	0.00
(1) Disposal	0.00	0.00
4. Closing balance	0.00	0.00
IV. Carrying amount		
1. Carrying value at period end	6,191,475.43	6,191,475.43
2. Carrying value at beginning of the period	6,191,475.43	6,191,475.43

(2) Investment properties whose title certificate has not completed:

Applicable  N/A

Other descriptions:

Applicable  N/A

### 14. Fixed assets

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Year
Fixed assets	4,742,112,777.95	4,839,005,169.81
Fixed assets for disposal	0.00	0.00
Total	4,742,112,777.95	4,839,005,169.81

## Fixed assets

## (1) Details of fixed assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Book value:					
1. Beginning balance	3,976,199,210.91	5,119,816,758.02	108,015,330.21	783,366,162.98	9,987,397,462.12
2. Increase	16,987,642.59	145,528,062.21	2,686,703.98	47,333,758.14	212,536,166.92
(1) Purchase	1,640,224.66	66,081,533.52	2,100,072.20	36,776,040.68	106,597,871.06
(2) Transfer from construction in progress	15,347,417.93	79,446,528.69	0.00	10,520,893.09	105,314,839.71
(3) Others	0.00	0.00	586,631.78	36,824.37	623,456.15
3. Decrease	1,401,442.20	27,348,770.54	3,975,785.05	9,397,644.21	42,123,642.00
(1) Disposal or scrap	1,401,442.20	27,348,770.54	3,975,785.05	9,397,644.21	42,123,642.00
(2) Others	0.00	0.00	0.00	0.00	0.00
4. Closing balance	3,991,785,411.30	5,237,996,049.69	106,726,249.14	821,302,276.91	10,157,809,987.04
II. Accumulated depreciation					
1. Beginning balance	1,633,263,266.38	2,850,461,052.50	76,499,140.97	478,176,262.36	5,038,399,722.21
2. Increase	88,591,976.23	167,264,766.79	5,243,765.58	36,872,592.45	297,973,101.05
(1) Provision	88,591,976.23	167,264,766.79	4,664,718.48	36,835,768.08	297,357,229.58
(2) Other increase	0.00	0.00	579,047.10	36,824.37	615,871.47
3. Decrease	553,160.81	15,980,583.16	3,652,520.20	8,504,096.64	28,690,360.81
(1) Disposal or scrap	553,160.81	15,980,583.16	3,652,520.20	8,504,096.64	28,690,360.81
(2) Others	0.00	0.00	0.00	0.00	0.00
4. Closing balance	1,721,302,081.80	3,001,745,236.13	78,090,386.35	506,544,758.17	5,307,682,462.45
III. Provision for impairment					
1. Beginning balance	26,564,784.45	64,186,228.26	41,578.65	19,199,978.74	109,992,570.10
2. Increase	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	1,967,903.15	0.00	9,920.31	1,977,823.46
(1) Disposal or scrap	0.00	1,967,903.15	0.00	9,920.31	1,977,823.46
4. Closing balance	26,564,784.45	62,218,325.11	41,578.65	19,190,058.43	108,014,746.64
IV. Carrying amount					
1. Carrying value at period end	2,243,918,545.05	2,174,032,488.45	28,594,284.14	295,567,460.31	4,742,112,777.95
2. Carrying value at beginning of the period	2,316,371,160.08	2,205,169,477.26	31,474,610.59	285,989,921.88	4,839,005,169.81

## (2) Fixed assets with temporary idle

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Housing and buildings	23,926,279.99	14,477,225.44	5,155,770.80	4,293,283.75	
Machinery and equipment	176,823,529.41	127,444,897.48	36,626,874.85	12,751,757.08	
Electronic equipment and others	3,125,233.36	2,677,764.68	174,034.89	273,433.79	
Total	203,875,042.76	144,599,887.60	41,956,680.54	17,318,474.62	

## (3) Fixed assets held under finance leases

 Applicable  N/A

## (4) Fixed assets leased out under operating leases

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount
Housing and buildings	1,755,573.68

## (5) Fixed assets without property certificate

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount	Reason for pending for certificate of ownership
Housing and buildings	263,540,166.29	Application in progress

Other descriptions

 Applicable  N/A

Disposal of fixed assets

 Applicable  N/A

## 15. Construction in progress

Line items

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Construction in progress	1,137,740,068.11	742,533,534.23
Construction materials	464,794.99	465,209.52
Total	1,138,204,863.10	742,998,743.75

## Construction in progress

## (1) Descriptions of construction in progress

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Haibin Pharma Pingshang New Factory	214,422,917.60	0.00	214,422,917.60	144,364,877.42	0.00	144,364,877.42
Guangda New Factory Project	244,731,213.54	0.00	244,731,213.54	179,745,064.48	0.00	179,745,064.48
Fuxing Company Phase I & II Projects and others	55,792,535.39	0.00	55,792,535.39	36,580,114.83	0.00	36,580,114.83
Project of Shijiao New Factory	67,954,038.81	0.00	67,954,038.81	61,845,397.73	0.00	61,845,397.73
Transformation Project of Pharmaceutical Factory Workshop	38,783,326.13	0.00	38,783,326.13	19,579,452.17	0.00	19,579,452.17
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	46,447,337.04	0.00	46,447,337.04	15,616,651.12	0.00	15,616,651.12
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	90,092,594.58	0.00	90,092,594.58	83,020,966.01	0.00	83,020,966.01
Project of lyophilized powder injection workshop	120,126,722.32	0.00	120,126,722.32	70,673,332.62	0.00	70,673,332.62
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	129,454,273.32	0.00	129,454,273.32	54,924,595.61	0.00	54,924,595.61
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	469,262.41	0.00	469,262.41	257,441.66	0.00	257,441.66
Technology transformation project for Microsphere Phase II of Shanghai Livzon	25,856,843.52	0.00	25,856,843.52	10,123,776.54	0.00	10,123,776.54
Others	103,778,343.91	169,340.46	103,609,003.45	65,971,204.50	169,340.46	65,801,864.04
Total	1,137,909,408.57	169,340.46	1,137,740,068.11	742,702,874.69	169,340.46	742,533,534.23

## (2) Changes in significant construction in progress

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Project item	Budget	Balance at the Beginning of the Period	Increase	Transfer to fixed assets	Other decrease	Balance at the End of the Period	Proportion of cumulative input to budget (%)	Progress (%)	Cumulative amount of interest capitalised	Interest capitalisation rate for the year (%)	Including: interest capitalised in the year	Source of fund
Haibin Pharma Pingshang New Factory	1,037,000,000.00	144,364,877.42	123,347,091.24	20,905,937.36	32,383,113.70	214,422,917.60	70.08	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
Guangda New Factory Project	646,000,000.00	179,745,064.48	64,986,149.06	0.00	0.00	244,731,213.54	37.88	Under construction	0.00	0.00	0.00	Self-funding
Fuxing Company Phase I & II Projects and others	378,090,800.00	36,580,114.83	42,774,239.62	23,561,819.06	0.00	55,792,535.39	78.39	Completion of some projects	0.00	0.00	0.00	Self-funding
Project of Shijiao New Factory	377,005,000.00	61,845,397.73	6,108,641.08	0.00	0.00	67,954,038.81	61.50	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
Transformation Project of Pharmaceutical Factory Workshop	306,558,388.48	19,579,452.17	38,569,073.78	19,365,199.82	0.00	38,783,326.13	50.60	Completion of some projects	0.00	0.00	0.00	Self-funding
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	262,445,000.00	15,616,651.12	35,779,491.04	4,948,805.12	0.00	46,447,337.04	67.59	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	117,710,000.00	83,020,966.01	7,071,628.57	0.00	0.00	90,092,594.58	76.54	Under construction	0.00	0.00	0.00	Self-funding
Project of lyophilized powder injection workshop	143,500,000.00	70,673,332.62	49,453,389.70	0.00	0.00	120,126,722.32	83.71	Under construction	0.00	0.00	0.00	Self-funding and funds raised
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	296,580,000.00	54,924,595.61	89,157,562.20	14,627,884.49	0.00	129,454,273.32	98.82	Under construction	0.00	0.00	0.00	Self-funding
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	126,880,000.00	257,441.66	211,820.75	0.00	0.00	469,262.41	0.37	Under construction	0.00	0.00	0.00	Self-funding
Technology transformation project for Microsphere Phase II of Shanghai Livzon	40,500,000.00	10,123,776.54	15,733,066.98	0.00	0.00	25,856,843.52	63.84	Under construction	0.00	0.00	0.00	Self-funding
Others		65,971,204.50	71,708,326.33	21,905,193.86	11,995,993.06	103,778,343.91			0.00	0.00	0.00	Self-funding
Total	3,732,269,188.48	742,702,874.69	544,900,480.35	105,314,839.71	44,379,106.76	1,137,909,408.57			0.00	0.00	0.00	-

Other decrease is mainly transferred to long-term deferred expenses.

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

□ Applicable √ N/A

Other descriptions:

□ Applicable √ N/A

## 16. Right-of-use assets

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1. Beginning balance	69,960,518.27	69,960,518.27
2. Increase	16,013,133.16	16,013,133.16
(1) Leasing	16,013,133.16	16,013,133.16
3. Decrease	4,538,405.42	4,538,405.42
4. Closing balance	81,435,246.01	81,435,246.01
II. Accumulated depreciation		
1. Beginning balance	23,185,758.57	23,185,758.57
2. Increase	16,158,894.05	16,158,894.05
(1) Provision	16,158,894.05	16,158,894.05
3. Decrease	3,550,845.91	3,550,845.91
4. Closing balance	35,793,806.71	35,793,806.71
III. Provision for impairment		
1. Beginning balance	0.00	0.00
2. Increase	0.00	0.00
3. Decrease	0.00	0.00
4. Closing balance	0.00	0.00
IV. Carrying amount		
1. Carrying value at period end	45,641,439.30	45,641,439.30
2. Carrying value at beginning of the period	46,774,759.69	46,774,759.69

Other descriptions:

As of 30 June 2022, the Company recognised lease expenses related to short-term leases and the leases of low value assets of RMB2,392,800.

## 17. Intangible assets

### (1) Details of intangible assets

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Land use rights	Patent and technical know-how	Software	Trademark rights	Others	Total
I. Book value						
1. Beginning balance	413,762,737.87	519,813,876.67	79,232,390.69	62,769,716.98	10,985,294.53	1,086,564,016.74
2. Increase	24,832,070.29	25,738,583.67	9,145,484.51	0.00	0.00	59,716,138.47
(1) Purchase	24,832,070.29	0.00	9,145,484.51	0.00	0.00	33,977,554.80
(2) Internal R&D	0.00	25,738,583.67	0.00	0.00	0.00	25,738,583.67
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
(2) Change in scope of consolidation	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	438,594,808.16	545,552,460.34	88,377,875.20	62,769,716.98	10,985,294.53	1,146,280,155.21
II. Accumulated amortisation						
1. Beginning balance	122,997,170.29	369,635,517.03	56,287,892.35	62,765,196.55	5,584,191.37	617,269,967.59
2. Increase	4,542,730.55	20,616,662.20	3,396,062.32	235.86	549,264.72	29,104,955.65
Provision	4,542,730.55	20,616,662.20	3,396,062.32	235.86	549,264.72	29,104,955.65
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
(2) Change in scope of consolidation	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	127,539,900.84	390,252,179.23	59,683,954.67	62,765,432.41	6,133,456.09	646,374,923.24
III. Provision for impairment						
1. Beginning balance	981,826.94	11,530,127.41	0.00	0.00	0.00	12,511,954.35
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00
Provision	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	981,826.94	11,530,127.41	0.00	0.00	0.00	12,511,954.35
IV. Carrying amount						
1. Carrying value at period end	310,073,080.38	143,770,153.70	28,693,920.53	4,284.57	4,851,838.44	487,393,277.62
2. Carrying value at beginning of the period	289,783,740.64	138,648,232.23	22,944,498.34	4,520.43	5,401,103.16	456,782,094.80

The proportion of intangible assets created due to the internal R&D in the balance of intangible assets at the End of the Period is 22.76%.

## (2) Intangible assets pending for certificates of ownership

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for pending title certificate
Land use rights	4,101,535.62	Application in progress

Other descriptions

√ Applicable  N/A

The land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC laws in China, and the term of grant will be 50 years commencing from the date of obtaining the land use rights.

## 18. Development Costs

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Internal development costs	Other increase	Recognized as intangible assets	Recognised in profit or loss in the year	
Chemical pharmaceuticals	179,411,666.34	56,328,213.56	0.00	25,738,583.67	51,139,662.12	158,861,634.11
Biologics	213,102,130.11	14,538,062.23	0.00	0.00	0.00	227,640,192.34
Vaccine	314,172,937.62	67,659,803.79	0.00	0.00	0.00	381,832,741.41
APIs and others	80,306,701.64	14,869,016.05	0.00	0.00	5,173,934.64	90,001,783.05
Total	786,993,435.71	153,395,095.63	0.00	25,738,583.67	56,313,596.76	858,336,350.91

Other descriptions:

Item	Time for commencement of capitalisation	Specific basis of capitalisation	Progress of research and development at year end
Chemical pharmaceuticals	Clinical trial	Obtain approval for clinical trial	Clinical stage
Biologics	Clinical trial	Obtain approval for clinical trial	Clinical stage
Vaccine	Clinical trial	Obtain approval for clinical trial	Clinical stage
APIs and others	Pilot stage	Pilot related information	Post-pilot stage



## 19. Goodwill

### (1) Book value of goodwill

Applicable  N/A

Unit: Yuan Currency: RMB

Name of investee or matter from which goodwill arose	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Formation by business combination	Others	Disposal	Others	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.	2,045,990.12	0.00	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25
Livzon Group Livzon Pharmaceutical Factory	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66
Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd.	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd.	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd.	92,035.87	0.00	0.00	0.00	0.00	92,035.87
Total	640,550,053.67	0.00	0.00	0.00	0.00	640,550,053.67

### (2) Provision for impairment of goodwill

Applicable  N/A

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Joincare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Total	26,081,354.94	0.00	0.00	0.00	0.00	26,081,354.94

### (3) Relevant information regarding the asset portfolio and set of asset portfolios to which the goodwill belongs

Applicable  N/A

Goodwill of the Company arose from its business combination involving enterprises not under common control in previous years.

- (4) Descriptions of the process of goodwill impairment testing, key parameters (such as the growth rate of the forecast period, the growth rate of the stable period, the profit rate, the discount rate and the forecast period, etc. when the present value of future cash flows are expected, if applicable) and the recognition method of the impairment losses on goodwill

Applicable  N/A

On the balance sheet date, the Company conducts an impairment test on goodwill. When estimating the recoverable amount of input costs, it uses a assets group related to goodwill to estimate the present value of future cash flows.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group, key assumptions are a gross margin of 63.24%-63.43% and a business revenue growth rate of 0-9.07% as well as a cash flow discount rate of 12.99%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司), key assumptions are a gross margin of 58.33%-59.13% and a business revenue growth rate of 0-5.27% as well as a cash flow discount rate of 11.78%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the period.

- (5) The impact of goodwill impairment test

Applicable  N/A

Other descriptions:

Applicable  N/A

## 20. Long-term deferred expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Amortisation	Other decrease	Balance at the End of the Period
Renovation costs of offices	26,940,700.02	1,624,869.15	1,752,302.84	0.00	26,813,266.33
Renovation costs of plants	78,337,095.23	31,014,325.77	12,732,418.83	0.00	96,619,002.17
Plants reconstruction project	60,368,163.71	0.00	1,461,035.72	0.00	58,907,127.99
Certification costs of GMP project	311,654.79	0.00	60,320.28	0.00	251,334.51
Others	34,758,127.18	11,637,488.16	8,812,512.70	0.00	37,583,102.64
Total	200,715,740.93	44,276,683.08	24,818,590.37	0.00	220,173,833.64

## 21. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets before offsetting

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Deductible timing differences	Deferred tax assets	Deductible timing differences	Deferred tax assets
Provision for impairment of assets	319,543,705.42	53,265,222.24	323,372,877.26	54,704,601.96
Accrued expenses	943,927,069.68	168,472,108.29	945,774,497.50	166,481,490.01
Deductible tax loss	628,988,008.18	106,750,561.99	497,850,865.29	84,167,365.69
Deferred income	388,228,236.56	62,715,785.49	375,321,674.10	60,145,851.14
Unrealised gains from intra-company transactions	802,993,093.55	120,336,149.12	560,934,298.63	84,185,529.66
Changes in fair value of other equity instrument investments	133,008,102.67	33,252,025.67	146,653,568.40	36,663,392.10
Deductible difference arising from share incentive expenses	78,252,770.29	11,864,488.78	77,872,943.63	11,933,224.52
Changes in fair value of financial assets held for trading	17,654,550.12	2,938,251.93	6,918,505.67	1,158,336.82
Other deductible temporary difference	374,001,517.03	73,784,263.30	282,821,670.90	53,103,074.81
Total	3,686,597,053.50	633,378,856.81	3,217,520,901.38	552,542,866.71

### (2) Deferred tax liabilities before offsetting

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Taxable timing difference	Deferred tax liabilities	Taxable timing difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading	16,507,990.79	2,556,409.29	19,970,547.94	3,215,329.05
Accelerated depreciation of fixed assets	744,846,785.16	112,897,099.81	752,180,706.08	114,114,492.09
Changes in fair value of other equity instrument investments	230,707,941.33	39,248,538.17	359,110,036.65	70,405,084.25
Unrealised gains from intra-company transactions	105,940,000.00	20,791,000.00	105,940,000.00	20,791,000.00
Total	1,098,002,717.28	175,493,047.27	1,237,201,290.67	208,525,905.39

### (3) Deferred income tax assets or liabilities listed as net amount after offset

Applicable  N/A

## (4) Details of unrecognized deferred tax assets

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Deductible temporary difference	194,378,204.58	175,707,417.84
Deductible tax losses	1,682,454,124.29	1,365,909,940.62
Total	1,876,832,328.87	1,541,617,358.46

## (5) Expiry of deductible tax losses in subsequent period

√ Applicable  N/A

Unit: Yuan Currency: RMB

Year	Balance at the End of the Period	Balance at the Beginning of the Period	Note
2022	129,386,282.89	129,386,282.40	
2023	182,300,762.40	182,300,761.96	
2024	385,139,111.62	385,138,859.92	
2025	254,439,677.09	254,360,863.53	
2026	393,596,990.55	389,994,598.37	
2027	232,550,613.10	0.00	
Indefinite	105,040,686.64	24,728,574.44	
Total	1,682,454,124.29	1,365,909,940.62	

Other descriptions:

 Applicable  N/A

## 22. Other non-current assets

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book Balance	Provision for impairment	Carrying amount	Book Balance	Provision for impairment	Carrying amount
Term deposit and interests	53,140,277.78	0.00	53,140,277.78	52,127,500.00	0.00	52,127,500.00
VAT carry forward	7,172,520.86	0.00	7,172,520.86	56,384,552.60	0.00	56,384,552.60
Prepayment for acquisition of project and equipment	400,810,146.41	0.00	400,810,146.41	491,703,933.59	0.00	491,703,933.59
Prepayment for acquisition of technical know-how	50,437,334.38	0.00	50,437,334.38	63,368,017.61	0.00	63,368,017.61
Total	511,560,279.43	0.00	511,560,279.43	663,584,003.80	0.00	663,584,003.80

### 23. Short-term loans

#### (1) Short-term loans by category

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	1,982,775,000.02	1,666,838,964.15
Guaranteed loans	0.00	851,645,870.94
Total	1,982,775,000.02	2,518,484,835.09

#### (2) Overdue short-term loans

Applicable  N/A

Other descriptions:

Applicable  N/A

### 24. Financial liabilities held for trading

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Financial liabilities held for trading	143,302.24	10,647,736.16	0.00	10,791,038.40
Including:				
Derivative financial liabilities	143,302.24	10,647,736.16	0.00	10,791,038.40
Total	143,302.24	10,647,736.16	0.00	10,791,038.40

Other descriptions:

Derivative financial liabilities represent foreign currency forward contracts. The loss from unexpired onerous contracts measured at fair value on balance sheet date was recognised as financial liabilities held for trading.

### 25. Notes payable

Applicable  N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,601,063,168.35	1,582,386,767.93
Total	1,601,063,168.35	1,582,386,767.93

The total of bills payable due but not yet paid during the period is RMB0.00.

## 26. Accounts payable

### (1) Presentations of accounts payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	849,420,487.04	809,539,858.35
Over 1 year	83,854,724.72	62,013,352.16
Total	933,275,211.76	871,553,210.51

### (2) Significant accounts payable aged aging over one year

Applicable  N/A

Other descriptions:

Applicable  N/A

## 27. Contract liabilities

### (1) Descriptions of contract liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	71,225,218.75	208,025,612.34
Over 1 year	29,479,039.49	26,115,089.95
Total	100,704,258.24	234,140,702.29

### (2) Significant changes in the carrying amount during the Reporting Period and reasons therefor

Applicable  N/A

Other descriptions:

Applicable  N/A

As at the End of the Period, there was no significant contract liabilities with Aging for more than 1 year at the end of the period. The amount of contract liabilities at beginning of the period recognised as revenue during the period is RMB190,765,419.73.

## 28. Employee benefits payables

### (1) Descriptions of employee benefits payables

√ Applicable     N/A

Unit: Yuan    Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
I. Short-term employee benefits	473,806,357.40	1,148,748,952.64	1,248,238,817.59	374,316,492.45
II. Post-employment benefits -Defined contribution plans	341,723.80	67,046,246.89	67,387,556.89	413.80
III. Termination benefits	1,282,742.00	90,466.00	90,466.00	1,282,742.00
Total	475,430,823.20	1,215,885,665.53	1,315,716,840.48	375,599,648.25

### (2) Descriptions of Short-term employee benefits

√ Applicable     N/A

Unit: Yuan    Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I Salaries, bonus and allowances	325,123,978.13	980,622,250.71	1,078,207,277.75	227,538,951.09
II Staff welfare	5,352,134.66	29,556,528.19	29,832,718.53	5,075,944.32
III Social insurances	569,488.75	25,771,265.89	25,962,009.81	378,744.83
Including: 1. Medical insurance	467,562.91	22,989,302.05	23,178,174.82	278,690.14
2. Work injury insurance	62,711.37	1,277,241.35	1,281,491.57	58,461.15
3. Maternity insurance	39,214.47	1,504,722.49	1,502,343.42	41,593.54
IV Housing fund	1,493,719.88	25,479,834.86	25,474,436.46	1,499,118.28
V Union funds and staff education	541,564.60	2,863,628.63	3,002,375.04	402,818.19
VI Stock Ownership Plan Special Fund	140,725,471.38	84,455,444.36	85,760,000.00	139,420,915.74
Total	473,806,357.40	1,148,748,952.64	1,248,238,817.59	374,316,492.45

### (3) Defined contribution plans

√ Applicable     N/A

Unit: Yuan    Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Post-employment benefits				
Including: 1. Basic pension insurance	303,582.07	65,273,430.40	65,576,598.67	413.80
2. Unemployment insurance	38,141.73	1,772,816.49	1,810,958.22	0.00
Total	341,723.80	67,046,246.89	67,387,556.89	413.80

Other descriptions:

√ Applicable     N/A

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company makes contributions to these plans in accordance with relevant requirements of the local government. Save for the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

## 29. Taxes payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Value added tax	112,926,445.66	91,860,518.74
Enterprise income tax	209,788,306.89	145,106,168.70
Individual income tax	64,079,500.84	9,991,974.56
Urban maintenance and construction tax	11,360,588.54	10,047,715.71
Property tax	8,707,755.51	2,178,644.31
Land use tax	3,042,691.51	1,716,626.70
Stamp duty	846,515.07	676,792.62
Education surcharges	7,097,530.94	6,594,414.24
Others	2,285,172.04	2,445,327.83
Total	420,134,507.00	270,618,183.41

## 30. Other payables

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends payable	24,631,984.46	6,951,984.46
Other payables	3,373,726,012.22	3,285,456,005.33
Total	3,398,357,996.68	3,292,407,989.79

Dividends payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Common shares dividend	20,174.46	20,174.46
Dividends payable – Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Dividends payable – Other legal persons and individual shares of subsidiaries	12,351,300.00	3,311,300.00
Dividends payable – Staff shares of subsidiaries	11,059,800.00	2,419,800.00
Total	24,631,984.46	6,951,984.46



Other payables

(1) Other payables by nature

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Office expenses	60,537,028.88	66,603,733.56
Security deposits	84,212,943.40	85,316,947.15
Business promotion expenses	1,625,250,668.49	1,385,121,675.36
Technology transfer fee	10,000,000.00	10,000,000.00
Accrued expenses	1,546,261,405.35	1,696,272,218.54
Others	47,463,966.10	42,141,430.72
Total	3,373,726,012.22	3,285,456,005.33

The obligations of repurchasing restricted shares of the directors, the senior management and their spouses amounted RMB0.00 at the End of the Period.

(2) Significant other payables aged over 1 year

Applicable  N/A

Other descriptions:

Applicable  N/A

Of which, the breakdown of accrued expenses was as follows:

Item	30 June 2022	31 December 2021	Reason for outstanding at the End of the Period
Utility bill	27,466,692.82	23,611,733.95	Unpaid
Research expenses	28,761,380.34	122,637,625.45	Unpaid
Business development and promotion expenses	1,413,316,758.37	1,459,695,485.76	Unpaid
Audit and information disclosure expenses	5,270,541.09	4,893,299.88	Unpaid
Others	71,446,032.73	85,434,073.50	Unpaid
Total	1,546,261,405.35	1,696,272,218.54	

31. Non-current liabilities due within one year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease liabilities due within one year	22,846,465.95	21,295,233.00
Long-term loans and interest due within one year	70,343,888.89	70,280,833.33
Total	93,190,354.84	91,576,066.33

### 32. Other current liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Output VAT pending for transfer	7,166,683.80	15,626,224.29
Total	7,166,683.80	15,626,224.29

Change of short-term bonds payable

Applicable  N/A

Other descriptions:

Applicable  N/A

### 33. Long-term loans

(1) Classification of long-term loans

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	989,343,888.89	897,061,086.11
Guaranteed loans	1,484,726,004.58	0.00
Less: Long-term loans due within one year	70,343,888.89	70,280,833.33
Total	2,403,726,004.58	826,780,252.78

Other descriptions, including interest rate range:

Applicable  N/A

The interest rate range of credit loan is 2.60% – 3.20%, and the interest rate range of guaranteed loan is 2.70% – 3.60%.

### 34. Lease liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease payments payable	45,445,648.55	46,367,027.32
Lease liabilities due within one year	-22,846,465.95	-21,295,233.00
Total	22,599,182.60	25,071,794.32

Other descriptions:

Interest expenses accrued on lease liabilities during the 6-month period ended 30 June 2022 was RMB805,700, which was recorded in financial expenses-Interest expense.

### 35. Deferred income

Deferred income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period	Reason of formation
Government grants	433,543,352.40	80,953,200.00	42,136,416.15	472,360,136.25	/
Total	433,543,352.40	80,953,200.00	42,136,416.15	472,360,136.25	/

Projects involving government grants:

Applicable  N/A

Unit: Yuan Currency: RMB

Projects with grants	Beginning balance	Additions in the period	Charged to Non-operating income for the period	Transfer to other income	Other movement	Closing balance	Related to assets/ Related to income
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I类治疗用人源化抗人肿瘤坏死因子α单克隆抗体新药研制资金)	8,000,000.00	0.00	0	5,924,000.00	2,076,000.00	0.00	Related to income
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	166,439.46	0.00	0	37,665.18	0.00	128,774.28	Related to income
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	2,200,000.00	0.00	0	0.00	0.00	2,200,000.00	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds (珠海市工业企业“云上平台”服务券支持资金)	89,431.86	0.00	0	12,770.43	0.00	76,661.43	Related to income
China Postdoctoral Science Foundation subsidy funds (中国博士后科学基金会资助经费)	80,000.00	0.00	0	0.00	0.00	80,000.00	Related to income
Structure-efficiency optimization of marine microorganisms and evaluation of antitumor activity (海洋微生物物效优化与抗肿瘤活性评价)	312,366.27	0.00	0	216,622.02	0.00	95,744.25	Related to income
Laboratory project of respiratory system inhalation preparation engineering laboratory project (呼吸系统吸入制剂工程实验室项目)	3,501,550.00	0.00	0	808,050.00	0.00	2,693,500.00	Related to assets
Construction of a recycling production base for carbapenem products (碳青霉烯类系列产品循环化生产基地建设)	3,625,000.00	0.00	0	0.00	0.00	3,625,000.00	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动泡罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	927,666.66	0.00	0	121,000.02	0.00	806,666.64	Related to assets
Change in National Science and Technology Major Project* Research funding for lipid injection * Baiyunshan Hanfang transfer (国家重大专项项目变更*注射脂质研究经费*白云山汉方转入)	150,000.00	0.00	0	150,000.00	0.00	0.00	Related to assets
Research on common key technologies for the large-scale development of new inhalation preparations (新型吸入制剂规模化发展共性关键技术研究)	365,700.00	0.00	0	0.00	0.00	365,700.00	Related to assets
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	2,262,600.00	0.00	0	0.00	0.00	2,262,600.00	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	23,840,000.00	0.00	0	0.00	0.00	23,840,000.00	Related to assets
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	67,248,400.00	6,349,500.00	0	0.00	0.00	73,597,900.00	Related to assets
Zhimu total saponigenin project (知母总皂甙元项目)	8,900,000.00	0.00	0	0.00	0.00	8,900,000.00	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素液项目)	3,600,000.00	4,000,000.00	0	0.00	0.00	7,600,000.00	Related to assets

Projects with grants	Beginning balance	Additions in the period	Charged to Non-operating income for the period	Transfer to other income	Other movement	Closing balance	Related to assets/ Related to income
Financial appropriations for small molecule peptide projects (收 Financial allocation 用于小分子肽项目)	319,999.80	0.00	0	40,000.02	0.00	279,999.78	Related to assets
Radix Rhapontici total sterone project (漏芦总甾酮项目)	2,500,000.00	0.00	0	0.00	0.00	2,500,000.00	Related to assets
R&D of active substances with bone and joint repair and health care functions (具有骨关节修复与保健功能的活性物质研发)	957,649.92	0.00	0	59,853.12	0.00	897,796.80	Related to assets
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	2,508,333.33	0.00	0	175,000.02	0.00	2,333,333.31	Related to assets
Return of land holding tax (土地使用税返还)	3,567,661.42	0.00	0	703,111.26	0.00	2,864,550.16	Related to assets
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	40,741,354.94	0.00	0	0.00	0.00	40,741,354.94	Related to assets
Innovation Coupon (Jingjin Filter Press Equipment) (收创新券(景津压滤设备))	233,332.79	0.00	0	0.00	0.00	233,332.79	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金扶持)	1,861,111.08	0.00	0	28,198.68	0.00	1,832,912.40	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations (开发区财政局拨款创业领军人才项目-药品吸入制剂共性共建技术的研究)	2,800,000.00	0.00	0	0.00	0.00	2,800,000.00	Related to assets
Research and development of respiratory system drug and clinical research technology service platform project talent funding (呼吸系统药物研发和临床研究技术服务平台项目人才经费)	1,500,000.00	0.00	0	0.00	0.00	1,500,000.00	Related to assets
Science and technology help the economy key special projects (科技助力经济重点专项)	500,000.00	0.00	0	0.00	0.00	500,000.00	Related to assets
City Service Development Special project (市服务发展专项)	800,000.00	0.00	0	0.00	0.00	800,000.00	Related to assets
Patent funding (专利资助)	200,000.00	0.00	0	0.00	0.00	200,000.00	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020 年度上海市专业技术平台能力提升项目立项)	1,000,000.00	0.00	0	0.00	0.00	1,000,000.00	Related to assets
High-growth small and micro innovation enterprises (高成长小微科创企业)	400,000.00	0.00	0	0.00	0.00	400,000.00	Related to assets
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3 鱼油中/长链脂肪乳注射液研究开发补助)	350,000.00	0.00	0	350,000.00	0.00	0.00	Related to assets
R&D and industrialization of innovative llaprazole Series (艾普拉唑系列创新药物研发及产业化)	16,078,166.25	0.00	0	2,455,000.32	0.00	13,623,165.93	Related to assets
Fund for industrialization of prolonged-action microsphere preparation (长效微球制剂的产业化款项)	12,550,000.00	0.00	0	0.00	0.00	12,550,000.00	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I) (长效微球制剂产业化建设项目(一期工程))	20,719,505.48	0.00	0	1,202,654.94	0.00	19,516,850.54	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	2,400,000.00	0.00	0	0.00	0.00	2,400,000.00	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	1,366,750.00	0.00	0	115,500.00	0.00	1,251,250.00	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	1,040,000.14	0.00	0	79,999.98	0.00	960,000.16	Related to assets
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	40,045,946.93	0.00	0	5,280,044.64	0.00	34,765,902.29	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	2,455,499.43	0.00	0	551,000.04	0.00	1,904,499.39	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	2,703,484.56	0.00	0	204,182.88	0.00	2,499,301.68	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋(参芪扶正注射液)技改项目)	15,676,470.62	0.00	0	1,911,764.70	0.00	13,764,705.92	Related to assets

Projects with grants	Beginning balance	Additions in the period	Charged to Non-operating income for the period	Transfer to other income	Other movement	Closing balance	Related to assets/ Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	5,459,555.72	0.00	0	564,781.68	0.00	4,894,774.04	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	7,359,670.81	0.00	0	891,684.24	0.00	6,467,986.57	Related to assets
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects ((节能减排项目)配电变压器能效提升)	380,000.00	0.00	0	24,000.00	0.00	356,000.00	Related to assets
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	1,534,833.44	234,000.00	0	28,999.92	0.00	1,739,833.52	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	4,802,478.80	0.00	0	222,877.68	0.00	4,579,601.12	Related to assets
Achievement transfer of blood screening (BCI) nucleic acid detection testing (血液筛查(BCI)核酸检测试剂成果转化)	3,961,282.44	0.00	0	0.00	0.00	3,961,282.44	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for $\alpha$ -glucosidase inhibitor) ( $\alpha$ -葡萄糖苷酶抑制剂类原料药阿卡糖生产车间工艺升级技术改造项目)	464,285.80	0.00	0	53,571.42	0.00	410,714.38	Related to assets
R&D and industrialization of Statins (降血脂他汀类药物的研发与产业化)	30,000.48	0.00	0	14,999.94	0.00	15,000.54	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	28,566.20	0.00	0	28,566.20	0.00	0.00	Related to assets
Commissioner workstation (特派员工作站)	85,000.00	0.00	0	30,000.00	0.00	55,000.00	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	2,445,500.01	0.00	0	579,000.00	0.00	1,866,500.01	Related to assets
Phase IV clinical study of innovative drug llaprazole (创新药物艾普拉唑 IV 期临床研究)	8,210,800.00	0.00	0	8,210,800.00	0.00	0.00	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	308,333.75	0.00	0	99,999.96	0.00	208,333.79	Related to assets
New industrialization development grant (新型工业化发展奖金)	3,584,066.38	0.00	0	175,000.02	0.00	3,409,066.36	Related to assets
Policy fund for leading industrial enterprises loan interests (工业龙头企业贷款贴息政策资金)	366,666.57	0.00	0	100,000.02	0.00	266,666.55	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	300,000.20	0.00	0	49,999.98	0.00	250,000.22	Related to assets
Capital project for innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	12,500,000.00	0.00	0	0.00	0.00	12,500,000.00	Related to assets
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020 年度珠海市创新创业团队(纳米晶))	1,500,000.00	0.00	0	0.00	0.00	1,500,000.00	Related to assets
Fund for R&D and industrialization of innovative llaprazole series (R&D and industrialization of innovative llaprazole Series (艾普拉唑系列创新药物研发及产业化))项目资金)	5,600,000.00	0.00	0	5,600,000.00	0.00	0.00	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	3,000,000.00	0.00	0	0.00	0.00	3,000,000.00	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业协同平台示范项目)	3,650,000.00	0.00	0	365,000.00	0.00	3,285,000.00	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch) (珠海市产业核心和关键技术攻关方向项目资金(第二批))	2,000,000.00	0.00	0	0.00	0.00	2,000,000.00	Related to assets
Innovative drug of llaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	2,400,000.00	0.00	0	0.00	0.00	2,400,000.00	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	1,533,100.00	0.00	0	0.00	0.00	1,533,100.00	Related to assets
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	675,000.00	0.00	0	45,000.00	0.00	630,000.00	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	180,000.08	0.00	0	4,999.98	0.00	175,000.10	Related to assets
Green factory (绿色工厂)	1,131,666.71	0.00	0	64,999.98	0.00	1,066,666.73	Related to assets
HCG project construction (HCG 项目建设)	3,387,835.84	0.00	0	197,824.98	0.00	3,190,010.86	Related to assets

Projects with grants	Beginning balance	Additions in the period	Charged to Non-operating income for the period	Transfer to other income	Other movement	Closing balance	Related to assets/ Related to income
Sewage treatment system upgrade project (污水处理系统升级改造项目)	64,239.92	0.00	0	4,015.02	0.00	60,224.90	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛促性腺激素研发及产业化)	1,137,500.00	0.00	0	75,000.00	0.00	1,062,500.00	Related to assets
Subsidies for online monitoring equipment and installations of coal-fired boilers (燃煤锅炉在线监控设备装置补助)资金)	82,500.00	0.00	0	11,250.00	0.00	71,250.00	Related to assets
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化)资金)	181,632.12	0.00	0	0.00	0.00	181,632.12	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019 年度第一批科技创新专项资金立项配套资助)	600,000.00	0.00	0	0.00	0.00	600,000.00	Related to assets
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019 年度省产业创新(省级企业技术中心)项目)	1,046,533.33	0.00	0	0.00	0.00	1,046,533.33	Related to assets
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	4,116,415.65	0.00	0	0.00	0.00	4,116,415.65	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds ((香洲区采购设备补贴扶持资金(疫情防控专项资金)	11,467.25	0.00	0	0.00	0.00	11,467.25	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	12,000,000.00	0.00	0	0.00	0.00	12,000,000.00	Related to assets
Development and Industrialization of Cyclosporine Self-Emulsifying Soft Capsule Formulation with High Technology (高技术屏障的环孢素自乳化软胶囊制剂的开发及产业化研究)	0.00	240,000.00	0	2,000.00	0.00	238,000.00	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug Research and Development Enterprises (广东省特色药物研发企业重点实验室)	0.00	1,000,000.00	0	8,333.33	0.00	991,666.67	Related to assets
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	20,000,000.00	30,000,000.00	0	0.00	0.00	50,000,000.00	Related to assets
2022 Special funds for the reconstruction of the industrial base of the central government and the high-quality development of the manufacturing industry (2022 年中央财政产业基础再造和制造业高质量发展专项资金)	0.00	32,740,000.00	0	0.00	0.00	32,740,000.00	Related to assets
Subsidy Fund LZM009 for National Science and Technology Major Special Projects (国家科技重大专项项目后补助资金 LZM009)	0.00	4,744,900.00	0	2,171,293.53	0.00	2,573,606.47	Related to assets
Xiangzhou District actively responds to the impact of the epidemic and stabilizes the innovation-driven technology industry sub-item (香洲区积极应对和疫情影响保稳创新驱动科技工业分项)	0.00	1,644,800.00	0	0.00	0.00	1,644,800.00	Related to assets
Environmental protection bureau RTO project special funds (环保局 RTO 项目资金)	179,999.96	0.00	0	10,000.02	0.00	169,999.94	Related to assets
Strategic emerging industries in 2014 (sustained release microspheres) (2014 年战略性新兴产业(缓释微球))	16,700,000.00	0.00	0	0.00	0.00	16,700,000.00	Related to assets
Total	433,543,352.40	80,953,200.00	0	40,060,416.15	2,076,000.00	472,360,136.25	

Other descriptions:

Applicable  N/A

### 36. Other non-current liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	84,000,000.00	78,000,000.00
Total	84,000,000.00	78,000,000.00

### 37. Share capital

Applicable  N/A

Unit: Yuan Currency: RMB

	Balance at the Beginning of the Period	Changes for the Period (+ -)				Subtotal	Balance at the End of the Period
		Issuance of new shares	Conversion from capital reserve	Others			
I. Tradable shares subject to selling restrictions							
1. Domestic legal person shares	0	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0	0
II. Tradable shares							
1. Ordinary shares denominated in RMB	1,907,727,908	4,812,759	0	0	4,812,759	1,912,540,667	
2. Domestically listed foreign shares	0	0	0	0	0	0	0
Tradable shares in aggregate	1,907,727,908	4,812,759	0	0	4,812,759	1,912,540,667	
III. Total number of shares	1,907,727,908	4,812,759	0	0	4,812,759	1,912,540,667	

Other descriptions:

The increase in share capital in this period was due to the exercise of stock options.

### 38. Capital reserve

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Capital premium (Share premium)	2,152,860,227.84	44,936,885.69	0.00	2,197,797,113.53
Other capital reserve	112,497,084.08	9,042,659.92	2,976,058.58	118,563,685.42
Total	2,265,357,311.92	53,979,545.61	2,976,058.58	2,316,360,798.95

Other descriptions, including changes for the current period and reasons therefor:

Reasons for increase in capital premium: 1) 4,812,759 shares of the Company's stock options were exercised, increasing the capital premium by RMB34,163,528.26; 2) The Company's subsidiary Livzon's stock options are exercised, according to the shareholding ratio of the Company, the corresponding increase in the share capital premium of RMB7,130,961.18; 3) After the stock options are exercised, the difference between the pre-taxable expenses and the accrued expenses will reduce the income tax payable by RMB3,642,396.25, and the share capital premium will be increased accordingly;

Reasons for increase in Other capital reserves: The equity incentive fee accrued by the Livzon Group and its subsidiaries was RMB9,042,659.92.

Reasons for decrease in Other capital reserves: The exercise of the stock options of the incentive plan and repurchase of the subsidiary Livzon Group lead to changes in the Company's shareholding ratio and changes in other equity instrument investment; thus the capital reserve decreased by RMB2,976,058.58.

### 39. Treasury shares

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Repurchase of shares due to Share Ownership Scheme and Share Options Incentive Scheme	222,644,454.50	0.00	0.00	222,644,454.50
Repurchase of shares to be cancelled	0.00	520,332,751.22	0.00	520,332,751.22
Total	222,644,454.50	520,332,751.22	0.00	742,977,205.72

Other descriptions, including changes for the current period and reasons therefor:

The reason for decreases in the ending balances of Repurchase of A Shares due to Share Ownership Scheme and the Company repurchased 44,696,643 shares totally through centralized bidding transactions by the Company.

### 40. Other comprehensive income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of The Period	Amount before tax	Less: transferred to profit or loss in current period or retained earnings	For the Period			Balance at the End of the Period
				Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently	102,556,982.18	9,039,908.20	86,177,636.78	3,693,873.01	-79,078,918.80	-1,752,682.78	23,478,063.37
1. Other comprehensive income not reclassified to profit or loss under equity method	6,658,847.65	2,476,997.86	0.00	0.00	1,109,969.99	1,367,027.87	7,768,817.64
2. Changes in fair value of other equity instrument investments	95,898,134.53	6,562,910.34	86,177,636.78	3,693,873.01	-80,188,888.79	-3,119,710.65	15,709,245.73



Item	Balance at the Beginning of The Period	Amount before tax	Less: transferred to profit or loss in current period or retained earnings	For the Period			Balance at the End of the Period
				Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
II. Other comprehensive income that will be reclassified into profit or loss subsequently	-97,169,436.20	55,768,464.08	0.00	0.00	36,080,061.60	19,688,402.47	-61,089,374.60
Including: Other comprehensive income that will be transferred to profit or loss under equity method	37,989.91	0.00	0.00	0.00	0.00	0.00	37,989.91
Translation difference of foreign currency financial statements	-97,207,426.12	55,768,464.080	0.000	0.000	36,080,061.60	19,688,402.47	-61,127,364.52
Total of other comprehensive income	5,387,545.97	64,808,372.28	86,177,636.78	3,693,873.01	-42,998,857.20	17,935,719.69	-37,611,311.23

#### 41. Surplus reserve

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Statutory surplus reserve	599,506,581.71	8,617,763.68	0.00	608,124,345.39
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve funds	1,103,954.93	0.00	0.00	1,103,954.93
Total	640,821,179.08	8,617,763.68	0.00	649,438,942.76

#### 42. Undistributed profits

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Retained earnings in previous period before adjustments	7,223,644,166.22	6,231,451,582.26
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00
Opening balance of retained earnings after adjustments	7,223,644,166.22	6,231,451,582.26
Add: Net profit attributable to parent company for the current period	801,268,519.50	687,347,494.53
Gains from disposal of other equity instruments investment	86,177,636.78	77,041,425.92
Less: Appropriation of statutory surplus reserve	8,617,763.68	0.00
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation for dividends to ordinary shares	277,557,631.65	288,675,388.05
Dividend converted to share capital of ordinary shares	0.00	0.00
Closing balance of undistributed profits	7,824,914,927.17	6,707,165,114.66

### 43. Operating income and operating cost

(1) The information of operating income and operating cost

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Primary operations	8,492,047,759.72	3,002,949,330.38	7,783,517,167.36	2,702,753,651.01
Other operations	72,897,525.83	51,443,372.82	51,855,107.30	40,252,083.92
Total	8,564,945,285.55	3,054,392,703.20	7,835,372,274.66	2,743,005,734.93

Other descriptions:

(2) Breakdown information of principal activities income

① Segregation by products

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Chemical pharmaceuticals	4,799,253,426.28	925,086,073.19	4,434,234,171.70	840,614,882.95
Chemical APIs and Intermediates	2,771,577,889.05	1,743,742,075.65	2,258,879,617.33	1,517,873,006.34
Traditional Chinese medicine	514,402,423.73	146,937,126.69	633,012,054.83	168,867,289.58
Diagnostic reagents and equipment	346,042,443.87	164,056,563.15	390,683,579.78	156,931,989.53
Health care products	54,741,880.51	20,894,995.01	62,421,585.01	17,301,631.46
Industry and Commerce Subtotal	8,486,018,063.45	3,000,716,833.69	7,779,231,008.65	2,701,588,799.86
Service industry	6,029,696.27	2,232,496.69	4,286,158.71	1,164,851.15
Total	8,492,047,759.72	3,002,949,330.38	7,783,517,167.36	2,702,753,651.01

② Segregation by operating location

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Domestic	6,974,358,565.54	2,065,054,349.09	6,520,552,394.49	1,840,235,327.71
Overseas	1,517,689,194.18	937,894,981.29	1,262,964,772.87	862,518,323.30
Total	8,492,047,759.72	3,002,949,330.38	7,783,517,167.36	2,702,753,651.01

③ Segregation by timing of revenue recognition

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Commodities (recognised at a point of time)	8,492,047,759.72	3,002,949,330.38	7,783,517,167.36	2,702,753,651.01
Total	8,492,047,759.72	3,002,949,330.38	7,783,517,167.36	2,702,753,651.01

④ Information of top five customers of business revenue

Period	Total operating income of the top five customers	Proportion to primary operating income in the period (%)
January to June 2022	784,737,990.71	9.24
January to June 2021	630,159,477.01	8.10

## ⑤ Segregation by other operations

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Sales of raw materials	32,752,345.84	20,358,443.93	12,758,350.56	11,496,878.44
Processing fee	1,336,854.96	546,940.37	1,140,976.90	396,907.15
Rental fees	5,928,780.42	930,025.57	5,089,008.66	89,288.66
Power fee	6,434,386.87	6,293,501.06	6,555,922.19	6,473,672.50
Others	26,445,157.74	23,314,461.89	26,310,848.99	21,795,337.17
Total	72,897,525.83	51,443,372.82	51,855,107.30	40,252,083.92

## 44. Taxes and surcharges

√ Applicable   □ N/A

Unit: Yuan   Currency: RMB

Item	For the Period	For the Previous Period
Urban construction tax	40,929,152.73	37,829,206.02
Education surcharge	30,058,369.58	28,856,430.50
Property tax	11,993,989.59	11,683,354.15
Land use tax	5,195,628.85	5,029,764.24
Stamp duty and others	6,145,497.56	6,946,337.65
Total	94,322,638.31	90,345,092.56

Other descriptions:

The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

## 45. Selling expenses

√ Applicable   □ N/A

Unit: Yuan   Currency: RMB

Item	For the Period	For the Previous Period
Marketing and promotional expenses	2,183,934,600.06	2,221,503,601.12
Staff salaries	260,162,330.69	203,807,784.32
Entertainment and travel expenses	20,988,461.23	27,758,220.54
Conference fees	8,609,021.92	6,762,806.37
Others	38,675,378.55	40,117,344.95
Total	2,512,369,792.45	2,499,949,757.30

#### 46. Administrative expenses

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	276,280,216.68	163,036,323.73
Depreciation and amortization	52,062,021.03	55,667,766.18
Loss on suspension of operations	83,168,875.94	31,970,734.79
Shares incentive expenses	10,488,471.09	13,424,119.37
Advisory, consultancy and information disclosure fees	12,483,135.10	14,019,770.61
Quality project expenses	11,250,121.78	17,217,491.18
Office, entertainment and travelling expenses	22,601,820.05	27,835,340.08
Repair of utilities, transportation and miscellaneous expenses	16,250,836.91	19,422,163.38
Recruitment and staff training expenses	2,548,844.21	4,669,835.42
Others	42,693,969.14	50,657,546.43
Total	529,828,311.93	397,921,091.17

#### 47. R&D expenses

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	For the Period	For the Previous Period
Material fee	146,857,218.55	144,814,730.87
Staff salaries	207,091,826.90	187,188,506.60
Shares incentive expenses	9,799,989.00	175,632.62
Testing fee	205,299,479.02	182,107,386.82
Depreciation and amortization	67,800,559.34	55,398,138.72
Others	70,584,005.63	53,277,992.78
Total	707,433,078.44	622,962,388.41

#### 48. Finance expenses

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	60,979,386.68	38,708,820.91
Interest income	-117,501,999.50	-78,035,350.84
Exchange gains and losses	-77,672,355.34	-6,123,814.35
Bank charges and others	3,793,920.49	3,723,581.51
Total	-130,401,047.67	-41,726,762.77

#### 49. Other income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Related to assets/ Related to income
Government grants	33,869,358.52	24,627,144.39	Related to assets
Government grants	60,315,844.07	104,833,852.88	Related to income
Handling fees for tax withholding	3,025,074.11	1,994,381.60	
Tax refund on super-deduction	31,977.33	0.00	
Total	97,242,254.03	131,455,378.87	

Other descriptions:

For specific information on government grants, please refer to Note V. 62. Government grants for details.

#### 50. Investment income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Investment income from financial assets held for trading during the holding period	306,527.56	75,810.76
Investment income from disposal of financial assets held for trading	-3,456,991.56	22,232,401.40
Dividend income from other equity instrument investments	8,713,730.74	12,328,961.74
Long-term equity investments income under equity method	41,208,487.80	9,750,424.27
Investment income from disposal of long-term equity investments	4,242,404.46	2,423,029.20
Total	51,014,159.00	46,810,627.37

#### 51. Gains from changes in fair value

Applicable  N/A

Unit: Yuan Currency: RMB

Sources of gains from changes in fair value	For the Period	For the Previous Period
Financial assets held for trading	-89,596,630.72	33,851,438.22
Including: Debt instruments investment	13,515.95	17,055.84
Equity instruments investment	-80,056,904.18	43,142,356.83
Derivative financial assets	-9,553,242.49	-9,307,974.45
Financial liabilities held for trading	-5,882,906.43	-534,891.07
Including: Derivative financial liabilities	-5,882,906.43	-534,891.07
Total	-95,479,537.15	33,316,547.15

## 52. Credit impairment loss

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debts of notes receivable	0.00	0.00
Bad debts of accounts receivable	-933,002.92	-8,839,388.74
Bad debts of other receivables	-1,872,437.91	-645,906.93
Total	-2,805,440.83	-9,485,295.67

## 53. Asset impairment losses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Losses on bad debts	0.00	0.00
II. Losses on decline in value of inventories and on impairment of contract performance costs	-27,834,495.93	-28,787,578.96
III. Losses on impairment of long-term equity investments	0.00	0.00
IV. Losses on impairment of property	0.00	0.00
V. Losses on impairment of fixed assets	0.00	-90,481.03
VI. Losses on impairment of project materials	0.00	0.00
VII. Losses on impairment of construction in progress	0.00	0.00
VIII. Losses on impairment of bearer biological assets	0.00	0.00
IX. Losses on impairment on oil and gas assets	0.00	0.00
X. Losses on impairment of intangible assets	0.00	0.00
XI. Losses on impairment of goodwill	0.00	0.00
XII. Others	0.00	0.00
Total	-27,834,495.93	-28,878,059.99

## 54. Gains on disposal of assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Gain from disposal of fixed assets ("-" for Loss)	-510,518.91	664,575.34
Gain from disposal of intangible assets ("-" for Loss)	0.00	17,263,196.60
Total	-510,518.91	17,927,771.94

## 55. Non-operating income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Gain from retirement of non-current assets	774,200.18	662,808.97	774,200.18
Including: Gain from disposal of fixed assets	774,200.18	662,808.97	774,200.18
Income from scraps	1,368,658.80	1,887,207.65	1,368,658.80
Waiver of payables	651,801.74	390,917.12	651,801.74
Compensation income	122,240.53	52,270.26	122,240.53
Others	1,554,013.63	1,648,160.71	1,554,013.63
Total	4,470,914.88	4,641,364.71	4,470,914.88

Government grants included in current profit or loss

Applicable  N/A

## 56. Non-operating expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Loss on retirement of non-current assets	2,249,701.49	2,965,842.31	2,249,701.49
Including: Loss from disposal of fixed assets	2,249,701.49	2,965,842.31	2,249,701.49
Donation expenses	3,675,341.69	2,336,297.53	3,675,341.69
Others	816,563.67	737,831.60	816,563.67
Total	6,741,606.85	6,039,971.44	6,741,606.85

## 57. Income tax expenses

(1) Table of income tax expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Current income tax	357,374,828.74	210,262,491.71
Deferred income tax	-86,199,499.19	34,303,242.59
Total	271,175,329.55	244,565,734.30

## (2) Reconciliation between income tax expenses and accounting profits

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period
Profit before tax	1,816,355,537.13
Income tax expenses calculated at statutory (or applicable) tax rates	454,088,884.28
Impact from tax preferential rate in certain subsidiaries	7,080,084.10
Effect of tax reduction and exemption	-265,360,638.45
Effect of non-deductible costs, expenses and losses	2,596,350.93
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-661,040.08
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	76,086,577.35
Others	-2,654,888.58
Income tax expenses	271,175,329.55

Other descriptions:

 Applicable  N/A**58. Notes to cash flows statement**

## (1) Other cash received relating to operating activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants	135,472,208.17	142,823,778.95
Interest income	99,798,243.58	77,872,010.67
Security deposits	18,200,506.40	26,683,882.26
Current accounts and others	66,595,926.72	36,792,767.22
Total	320,066,884.87	284,172,439.10

## (2) Other cash paid relating to operating activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Business promotion expenses	2,410,016,519.70	2,370,624,490.78
Research and development expenses	314,240,104.94	388,887,165.89
Bank charges	3,538,284.90	3,723,581.51
Letter of credit and bank acceptance bill deposit, etc.	1,164,843.92	13,196,993.75
Current accounts and others	10,960,309.52	28,848,576.74
Other expenses paid	279,038,419.08	345,181,558.78
Total	3,018,958,482.06	3,150,462,367.45



## (3) Other cash received relating to investing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Tiantong Securities bankruptcy distribution	158,470.77	0.00
Security deposits	6,825,715.78	13,359,977.34
Compensation for demolition	6,000,000.00	0.00
Others	0.00	1,600.00
Total	12,984,186.55	13,361,577.34

## (4) Other cash paid relating to investing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Security deposits	5,303,620.21	165,000.00
Foreign exchange forward contract losses	10,091,161.61	1,397,587.39
Others	150.00	3,658.70
Total	15,394,931.82	1,566,246.09

## (5) Other cash received relating to financing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Collection and advance payment of individual income tax	3,124,846.38	2,809,612.35
Total	3,124,846.38	2,809,612.35

## (6) Other cash paid relating to financing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Repurchase of shares	520,433,907.64	396,161,155.31
Capital reduction in minority interests in subsidiary	0.00	324,225,000.00
Rent	16,902,285.66	0.00
Collection and advance payment of individual income tax	1,237,210.80	2,531,100.50
Total	538,573,404.10	722,917,255.81

## 59. Supplemental to cash flow statement

### (1) Supplemental to cash flow statement

√ Applicable   □ N/A

Unit: Yuan   Currency: RMB

Supplemental information	For the Period	For the Previous Period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,545,180,207.58	1,468,097,601.70
Add: Assets impairment loss	27,834,495.93	28,878,059.99
Credit impairment loss	2,805,440.83	9,485,295.67
Depreciation of fixed assets	297,357,229.58	270,738,090.75
Amortization of right-of-use assets	16,158,894.05	0.00
Amortization of intangible assets	29,104,955.65	26,718,305.93
Long-term prepaid expenses amortization	24,818,590.37	21,713,671.84
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	510,518.91	-17,927,771.94
Loss on retirement of fixed assets (Gain as in "-")	1,475,501.31	2,303,033.34
Losses on changes in fair value (Gain as in "-")	95,479,537.15	-33,316,547.15
Financial expenses (Gain as in "-")	4,262,214.38	43,511,052.15
Investment losses (Gain as in "-")	-51,014,159.00	-46,810,627.37
Decrease in deferred tax assets (Increase as in "-")	-84,323,187.15	19,964,526.43
Increase in deferred tax liabilities (Decrease as in "-")	-1,876,312.04	5,245,308.28
Decrease in inventories (Increase as in "-")	-201,059,238.14	-73,016,408.46
Decrease in operating receivables (Increase as in "-")	559,085,768.30	-1,194,193,008.38
Increase in operating payables (Decrease as in "-")	-393,594,247.88	209,621,503.66
Others	30,747,014.96	4,775,426.92
Net cash flows from operating activities	1,902,953,224.79	745,787,513.36
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital	0.00	0.00
Convertible bonds mature within one year	0.00	0.00
Fixed assets acquired under finance leases	0.00	0.00
3. Net increase/(decrease) in cash and cash equivalents:		
Cash and bank balance as at end of period	12,615,780,742.32	10,192,939,435.47
Less: cash and bank balance at beginning of period	11,697,518,141.18	12,122,781,311.49
Add: cash equivalents at end of period	0.00	0.00
Less: cash equivalents at beginning of period	0.00	0.00
Net increase in cash and cash equivalents	918,262,601.14	-1,929,841,876.02

(2) Net cash paid for acquisition of subsidiaries during the period

Applicable  N/A

(3). Net cash received from disposal of subsidiaries during the period

Applicable  N/A

(4). Details of cash and cash equivalents

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
I. Cash	12,615,780,742.32	11,697,518,141.18
Including: Cash on hand	190,985.30	225,179.98
Cash at bank readily available for payment	12,498,359,889.55	11,554,754,721.43
Other monetary fund readily available for payment	117,229,867.47	142,538,239.77
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	12,615,780,742.32	11,697,518,141.18

Other descriptions:

Applicable  N/A

Cash and cash equivalents do not include any cash and cash equivalents that are restricted in use.

## 60. Ownership or using rights of assets subject to restriction

Applicable  N/A

Item	Carrying value at period end	Reason of restriction
Other monetary funds	1,151,193.00	Security deposits of letters of credit, bank acceptance bills and forward settlement
Notes receivable	526,815,981.78	Bills pool business, pledge notes receivable
Total	527,967,174.78	/

## 61. Items in foreign currencies

### (1). Items in foreign currencies

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance in foreign currency at year end	Conversion rate	Equivalent RMB balance at year end
Cash and bank balances			
Including: HKD	769,925,909.50	0.85519	658,432,938.55
Euro	77,484.74	7.0084	543,044.05
USD	206,543,479.61	6.7114	1,386,195,909.06
MOP	5,036,397.92	0.8295	4,177,692.07
JPY	97,062,652.00	0.049136	4,769,270.47
GBP	1,940.10	8.1365	15,785.63
Accounts receivable	–	–	–
Including: USD	93,908,294.24	6.7114	630,256,125.96
Euro	207,750.00	7.00840	1,455,995.10
MOP	1,272,858.45	0.8295	1,055,836.08
Other receivables	–	–	–
Including: USD	23,247.31	6.7114	156,022.00
HKD	3,318,534.67	0.85519	2,837,977.66
MOP	581,188.00	0.8295	482,095.45
Accounts payable	–	–	–
Including: USD	408,078.53	6.7114	2,738,778.25
Euro	5,665.41	7.0084	39,705.46
JPY	123,464,265.53	0.049136	6,066,540.15
Other payables	–	–	–
Including: HKD	1,387,073.22	0.85519	1,186,211.15
USD	4,551,101.16	6.7114	30,544,260.33

### (2). Descriptions of overseas operating entities, including disclosure of the main overseas

Business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any)

Applicable  N/A

## 62. Government grants

### (1) Basic information of government grants

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Amount	Line item	Amount included in profit or loss for the current period
Related to assets	33,869,358.52	Other income	33,869,358.52
Related to income	60,315,844.07	Other income	60,315,844.07

## (2) Return of government grants

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Items	Amount	Reasons
Research and development funds for new drug for Class I Treatment of humanized anti-TNF – α monoclonal antibody (I类治疗用人源化抗人肿瘤坏死因子α单克隆抗体新药研制资金)	2,076,000.00	Remaining funds returned in project settlement

## Other descriptions

## (1). Government grants recorded as deferred income and measured at gross amount method subsequently

Projects with grants	Category	Beginning balance	Additions in the period	Transfer to profit or loss	Other movement	Closing balance	Item presented in income statement	Related to assets/Related to income
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I类治疗用人源化抗人肿瘤坏死因子α单克隆抗体新药研制资金)	Financial allocation	8,000,000.00	0.00	5,924,000.00	2,076,000.00	0.00	Other income	Related to income
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Financial allocation	166,439.46	0.00	37,665.18	0.00	128,774.28	Other income	Related to income
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	2,200,000.00	0.00	0.00	0.00	2,200,000.00	Other income	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds (珠海市工业企业“云上平台”服务券支持资金)	Financial allocation	89,431.86	0.00	12,770.43	0.00	76,661.43	Other income	Related to income
China Postdoctoral Science Foundation subsidy funds (中国博士后科学基金会资助经费)	Financial allocation	80,000.00	0.00	0.00	0.00	80,000.00	Other income	Related to income
Structure-efficiency optimization of marine microorganisms and evaluation of antitumor activity (海洋微生物构效优化与抗肿瘤活性评价)	Financial allocation	312,366.27	0.00	216,622.02	0.00	95,744.25	Other income	Related to income
Laboratory project of respiratory system inhalation preparation engineering laboratory project (呼吸系统吸入制剂工程实验室项目)	Financial allocation	3,501,550.00	0.00	808,050.00	0.00	2,693,500.00	Other income	Related to assets
Construction of a recycling production base for carbapenem products (碳青霉烯类产品循环化生产基地建设)	Financial allocation	3,625,000.00	0.00	0.00	0.00	3,625,000.00	Other income	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	Financial allocation	927,666.66	0.00	121,000.02	0.00	806,666.64	Other income	Related to assets
Change in National Science and Technology Major Project* Research funding for lipid injection * Baiyunshan Hanfang transfer (国家重大专项项目变更*注射脂质研究经费*白云山汉方转入)	Financial allocation	150,000.00	0.00	150,000.00	0.00	0.00	Other income	Related to assets
Research on common key technologies for the large-scale development of new inhalation preparations (新型吸入制剂规模化发展共性关键技术研究)	Financial allocation	365,700.00	0.00	0.00	0.00	365,700.00	Other income	Related to assets
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	Financial allocation	2,262,600.00	0.00	0.00	0.00	2,262,600.00	Other income	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	Financial allocation	23,840,000.00	0.00	0.00	0.00	23,840,000.00	Other income	Related to assets
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Financial allocation	67,248,400.00	6,349,500.00	0.00	0.00	73,597,900.00	Other income	Related to assets
Zhimu total saponin project (知母总皂甙元项目)	Financial allocation	8,900,000.00	0.00	0.00	0.00	8,900,000.00	Other income	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素注射液项目)	Financial allocation	3,600,000.00	4,000,000.00	0.00	0.00	7,600,000.00	Other income	Related to assets
Financial appropriations for small molecule peptide projects (收 Financial allocation 用于小分子肽项目)	Financial allocation	319,999.80	0.00	40,000.02	0.00	279,999.78	Other income	Related to assets
Radix Rhapontici total sterone project (漏芦总甾酮项目)	Financial allocation	2,500,000.00	0.00	0.00	0.00	2,500,000.00	Other income	Related to assets

Projects with grants	Category	Beginning balance	Additions in the period	Transfer to profit or loss	Other movement	Closing balance	Item presented in income statement	Related to assets/Related to income
R&D of active substances with bone and joint repair and health care functions (具有骨关节修复与保健功能的活性物质研发)	Financial allocation	957,649.92	0.00	59,853.12	0.00	897,796.80	Other income	Related to assets
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	Financial allocation	2,508,333.33	0.00	175,000.02	0.00	2,333,333.31	Other income	Related to assets
Return of land holding tax (土地使用税返还)	Financial allocation	3,567,661.42	0.00	703,111.26	0.00	2,864,550.16	Other income	Related to assets
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	Financial allocation	40,741,354.94	0.00	0.00	0.00	40,741,354.94	Other income	Related to assets
Receiving Innovation Coupon (Jingjin Filter Press Equipment) (收创新券(景津压滤设备))	Financial allocation	233,332.79	0.00	0.00	0.00	233,332.79	Other income	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金支持)	Financial allocation	1,861,111.08	0.00	28,198.68	0.00	1,832,912.40	Other income	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations (开发区财政局拨款创业领军人才项目:药品吸入制剂共性共建技术的研究)	Financial allocation	2,800,000.00	0.00	0.00	0.00	2,800,000.00	Other income	Related to assets
Research and development of respiratory system drug and clinical research technology service platform project talent funding (呼吸系统药物研发和临床研究技术服务平台项目人才经费)	Financial allocation	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Other income	Related to assets
Science and technology help the economy key special projects (科技助力经济重点专项)	Financial allocation	500,000.00	0.00	0.00	0.00	500,000.00	Other income	Related to assets
City Service Development Special (市服务发展专项)	Financial allocation	800,000.00	0.00	0.00	0.00	800,000.00	Other income	Related to assets
Patent funding (专利资助)	Financial allocation	200,000.00	0.00	0.00	0.00	200,000.00	Other income	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020年度上海市专业技术平台能力提升项目立项)	Financial allocation	1,000,000.00	0.00	0.00	0.00	1,000,000.00	Other income	Related to assets
High-growth small and micro innovation enterprises (高成长小微科创企业)	Financial allocation	400,000.00	0.00	0.00	0.00	400,000.00	Other income	Related to assets
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3 鱼油中/长链脂肪乳注射液研究开发补助)	Financial allocation	350,000.00	0.00	350,000.00	0.00	0.00	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Financial allocation	16,078,166.25	0.00	2,455,000.32	0.00	13,623,165.93	Other income	Related to assets
Fund for industrialization of prolonged-action microsphere preparation (长效微球制剂的产业化款项)	Financial allocation	12,550,000.00	0.00	0.00	0.00	12,550,000.00	Other income	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I) (长效微球制剂产业化建设项目(一期工程))	Financial allocation	20,719,505.48	0.00	1,202,654.94	0.00	19,516,850.54	Other income	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Financial allocation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Financial allocation	1,366,750.00	0.00	115,500.00	0.00	1,251,250.00	Other income	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Financial allocation	1,040,000.14	0.00	79,999.98	0.00	960,000.16	Other income	Related to assets
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	40,045,946.93	0.00	5,280,044.64	0.00	34,765,902.29	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	2,455,499.43	0.00	551,000.04	0.00	1,904,499.39	Other income	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	Financial allocation	2,703,484.56	0.00	204,182.88	0.00	2,499,301.68	Other income	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋(参芪扶正注射液)技改项目)	Financial allocation	15,676,470.62	0.00	1,911,764.70	0.00	13,764,705.92	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	5,459,555.72	0.00	564,781.68	0.00	4,894,774.04	Other income	Related to assets

Projects with grants	Category	Beginning balance	Additions in the period	Transfer to profit or loss	Other movement	Closing balance	Item presented in income statement	Related to assets/Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	7,359,670.81	0.00	891,684.24	0.00	6,467,986.57	Other income	Related to assets
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects ((节能减排项目) 配电变压器能效提升)	Financial allocation	380,000.00	0.00	24,000.00	0.00	356,000.00	Other income	Related to assets
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	Financial allocation	1,534,833.44	234,000.00	28,999.92	0.00	1,739,833.52	Other income	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Financial allocation	4,802,478.80	0.00	222,877.68	0.00	4,579,601.12	Other income	Related to assets
Achievement transfer of blood screening (BCI) nucleic acid detection testing (血液筛查(BCI)核酸检测试剂成果转化)	Financial allocation	3,961,282.44	0.00	0.00	0.00	3,961,282.44	Other income	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for $\alpha$ -glucosidase inhibitor) ( $\alpha$ -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Financial allocation	464,285.80	0.00	53,571.42	0.00	410,714.38	Other income	Related to assets
R&D and industrialization of Statins (降血脂他汀类药物的研发与产业化)	Financial allocation	30,000.48	0.00	14,999.94	0.00	15,000.54	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	28,566.20	0.00	28,566.20	0.00	0.00	Other income	Related to assets
Commissioner workstation (特派员工作站)	Financial allocation	85,000.00	0.00	30,000.00	0.00	55,000.00	Other income	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	2,445,500.01	0.00	579,000.00	0.00	1,866,500.01	Other income	Related to assets
Phase IV clinical study of innovative drug Ilaprazole (创新药物艾普拉唑 IV 期临床研究)	Financial allocation	8,210,800.00	0.00	8,210,800.00	0.00	0.00	Other income	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	Financial allocation	308,333.75	0.00	99,999.96	0.00	208,333.79	Other income	Related to assets
New industrialization development grant (新型工业化发展奖金)	Financial allocation	3,584,066.38	0.00	175,000.02	0.00	3,409,066.36	Other income	Related to assets
Policy fund for leading industrial enterprises loan Interests (工业龙头企业贷款贴息政策资金)	Financial allocation	366,666.57	0.00	100,000.02	0.00	266,666.55	Other income	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Financial allocation	300,000.20	0.00	49,999.98	0.00	250,000.22	Other income	Related to assets
Capital project for innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	Financial allocation	12,500,000.00	0.00	0.00	0.00	12,500,000.00	Other income	Related to assets
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020 年度珠海市创新创业团队(纳米晶))	Financial allocation	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Other income	Related to assets
Fund for R&D and industrialization of innovative Ilaprazole series (R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)项目资金)	Financial allocation	5,600,000.00	0.00	5,600,000.00	0.00	0.00	Other income	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	Financial allocation	3,000,000.00	0.00	0.00	0.00	3,000,000.00	Other income	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Financial allocation	3,650,000.00	0.00	365,000.00	0.00	3,285,000.00	Other income	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch) (珠海市产业核心和关键技术攻关方向项目资金(第二批))	Financial allocation	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Other income	Related to assets
Innovative drug of Ilaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	Financial allocation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	Financial allocation	1,533,100.00	0.00	0.00	0.00	1,533,100.00	Other income	Related to assets
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	Financial allocation	675,000.00	0.00	45,000.00	0.00	630,000.00	Other income	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	Financial allocation	180,000.08	0.00	4,999.98	0.00	175,000.10	Other income	Related to assets
Green factory (绿色工厂)	Financial allocation	1,131,666.71	0.00	64,999.98	0.00	1,066,666.73	Other income	Related to assets
HCG project construction (HCG 项目建设)	Financial allocation	3,387,835.84	0.00	197,824.98	0.00	3,190,010.86	Other income	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	Financial allocation	64,239.92	0.00	4,015.02	0.00	60,224.90	Other income	Related to assets

Projects with grants	Category	Beginning balance	Additions in the period	Transfer to profit or loss	Other movement	Closing balance	Item presented in income statement	Related to assets/Related to income
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛膜促性腺激素研发及产业化)	Financial allocation	1,137,500.00	0.00	75,000.00	0.00	1,062,500.00	Other income	Related to assets
Subsidies for online monitoring equipment and installations of coal-fired boilers (燃煤锅炉在线监控设备装置补助资金)	Financial allocation	82,500.00	0.00	11,250.00	0.00	71,250.00	Other income	Related to assets
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化)资金)	Financial allocation	181,632.12	0.00	0.00	0.00	181,632.12	Other income	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019 年度第一批科技创新专项资金立项配套资助)	Financial allocation	600,000.00	0.00	0.00	0.00	600,000.00	Other income	Related to assets
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019 年度省产业创新(省级企业技术中心)项目)	Financial allocation	1,046,533.33	0.00	0.00	0.00	1,046,533.33	Other income	Related to assets
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	Financial allocation	4,116,415.65	0.00	0.00	0.00	4,116,415.65	Other income	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds ((香洲区采购设备补贴扶持资金(疫情防控专项资金))	Financial allocation	11,467.25	0.00	0.00	0.00	11,467.25	Other income	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	Financial allocation	12,000,000.00	0.00	0.00	0.00	12,000,000.00	Other income	Related to assets
Development and Industrialization of Cyclosporine Self-Emulsifying Soft Capsule Formulation with High Technology (高技术屏障的环孢素自乳软胶囊制剂的开发及产业化研究)	Financial allocation	0.00	240,000.00	2,000.00	0.00	238,000.00	Other income	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug Research and Development Enterprises (广东省特色药物研发企业重点实验室)	Financial allocation	0.00	1,000,000.00	8,333.33	0.00	991,666.67	Other income	Related to assets
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	Financial allocation	20,000,000.00	30,000,000.00	0.00	0.00	50,000,000.00	Other income	Related to assets
2022 Special funds for the reconstruction of the industrial base of the central government and the high-quality development of the manufacturing industry (2022 年中央财政产业基础再造和制造业高质量发展专项资金)	Financial allocation	0.00	32,740,000.00	0.00	0.00	32,740,000.00	Other income	Related to assets
Subsidy Fund LZM009 for National Science and Technology Major Special Projects (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	0.00	4,744,900.00	2,171,293.53	0.00	2,573,606.47	Other income	Related to assets
Xiangzhou District actively responds to the impact of the epidemic and stabilizes the innovation-driven technology industry sub-item (香洲区积极应对和疫情影响保稳创新驱动科技工业分项)	Financial allocation	0.00	1,644,800.00	0.00	0.00	1,644,800.00	Other income	Related to assets
Environmental protection bureau RTO project special funds (环保局 RTO 项目资金)	Financial allocation	179,999.96	0.00	10,000.02	0.00	169,999.94	Other income	Related to assets
Strategic emerging industries in 2014 (sustained release microspheres) (2014 年战略性新兴产业(缓释微球))	Financial allocation	16,700,000.00	0.00	0.00	0.00	16,700,000.00	Other income	Related to assets
Total		433,543,352.40	80,953,200.00	40,060,416.15	2,076,000.00	472,360,136.25		



## (2) Government grants recognized in income for the period by gross method

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Social security subsidy (社保补助)	Financial allocation	61,986.60	0.00	Other income	Related to income
Patent grant (专利补助)	Financial allocation	10,000.00	2,500.00	Other income	Related to income
Job stabilization subsidy	Financial allocation	23,920.00	577,232.17	Other income	Related to income
Others	Financial allocation	124,712.03	2,600.00	Other income	Related to income
Maternity benefits (生育津贴)	Financial allocation	222,116.49	278,357.04	Other income	Related to income
Intellectual Property Rights Protection Funding (知识产权维权资助)	Financial allocation	0.00	58,000.00	Other income	Related to income
Talent quality improvement project (人才素质提升工程项目款)	Financial allocation	0.00	100,000.00	Other income	Related to income
Nanshan Bole Award (南山伯乐奖)	Financial allocation	0.00	20,000.00	Other income	Related to income
Pay the 2021 talent housing subsidy – the remaining RMB20,000 subsidize the company (支付21年人才住房补贴 – 余下两万补贴公司)	Financial allocation	0.00	2,000.00	Other income	Related to income
BIS	Financial allocation	0.00	175,000.02	Other income	Related to assets
2022 High-tech Enterprise Cultivation Funding (2022年高新技术企业培育资助)	Financial allocation	0.00	500,000.00	Other income	Related to income
Water Saving Carrier Incentive Fund (节水载体奖励资金)	Financial allocation	0.00	153,203.50	Other income	Related to income
2022 Industrial “Carbon Peak” Subsidy (2022年工业“碳达峰”补贴)	Financial allocation	0.00	100,000.00	Other income	Related to income
Marine small molecule peptide beauty moisturizing health drink project (海洋小分子肽美容补水保健饮料项目)	Financial allocation	40,000.02	40,000.02	Other income	Related to assets
Domestic patent annual fee incentive (国内专利年费奖励)	Financial allocation	2,500.00	0.00	Other income	Related to income
Shenzhen Economic and Trade Bureau Electricity Cost Reduction Subsidy (深圳经贸局用电降成本补助)	Financial allocation	387,715.44	0.00	Other income	Related to income
Enterprise R&D investment plan (企业研发投入计划)	Financial allocation	1,000,000.00	0.00	Other income	Related to income
Bone and joint repair and health care (骨关节修复与保健)	Financial allocation	59,853.12	59,853.12	Other income	Related to assets
Amortization of special funds for engineering laboratories (工程实验室专项资金项目摊销)	Financial allocation	0.00	808,050.00	Other income	Related to assets
Amortization of special funds for powder spray production line (粉雾生产线专项资金项目摊销)	Financial allocation	0.00	121,000.02	Other income	Related to assets
2022 High-tech Enterprise Cultivation Funding (2022年高新技术企业培育资助)	Financial allocation	0.00	500,000.00	Other income	Related to income
Industrial Development Fund (Green Factory) Project Funding (产业发展资金(绿色工厂)项目资助经费)	Financial allocation	0.00	200,000.00	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Industrial Development Fund Energy Management System Certification Subsidy (产业发展资金能源管理体系认证资助)	Financial allocation	0.00	14,000.00	Other income	Related to income
Insurance premium subsidy for export from July to December 2020 (2020年07-12月出口用保险保费资助款)	Financial allocation	0.00	259,097.00	Other income	Related to income
Expansion and improve efficiency (扩产增效)	Financial allocation	0.00	620,000.00	Other income	Related to income
Production line project funding (生产线项目资助)	Financial allocation	0.00	2,045,300.00	Other income	Related to income
Project funding for enterprises that meet the standards for value-added growth (增加值增速达标企业项目资助)	Financial allocation	0.00	1,145,100.00	Other income	Related to income
Insurance premium subsidy for export (出口用保险保费资助款)	Financial allocation	0.00	110,000.00	Other income	Related to income
Major special project injection lipid research funding (重大专项项目注射脂质研究经费)	Financial allocation	0.00	500,000.00	Other income	Related to assets
China Patent Award Supporting Award (中国专利奖配套奖)	Financial allocation	0.00	200,000.00	Other income	Related to income
"Carbon Peak" work pilot demonstration project funding ("碳达峰"工作试点示范项目资助款)	Financial allocation	0.00	500,000.00	Other income	Related to income
Electricity Subsidy (用电补贴)	Financial allocation	793,292.78	625.38	Other income	Related to income
Insurance premium subsidy for export (出口用保险保费资助款)	Financial allocation	347,965.00	0.00	Other income	Related to income
2020 Yantian District Enterprise Trial Post (Training Subsidy) Batch 9 (2020年盐田区企业试岗(培训补贴)第9批次)	Financial allocation	153,240.00	0.00	Other income	Related to income
The first batch of funding support for the development of science and technology industries in 2021 (2021年第一批科技类产业发展资金扶持资助)	Financial allocation	200,000.00	0.00	Other income	Related to income
One-time employment subsidy (一次性吸纳就业)补贴	Financial allocation	62,400.00	0.00	Other income	Related to income
Corporate research and development funding (企业研究开发资助)	Financial allocation	871,000.00	0.00	Other income	Related to income
Industrial added value growth rate compliance projects (工业增加值增速达标项目)	Financial allocation	2,880,000.00	0.00	Other income	Related to income
2021 Project investment in weak links in the industrial chain (2021年产业链薄弱环节投资项目)	Financial allocation	3,000,000.00	0.00	Other income	Related to income
Shenzhen New Inhalant Engineering Laboratory Subsidy (深圳新型吸入剂工程实验室补助)	Financial allocation	538,700.00	0.00	Other income	Related to assets

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
2020 Enterprise R&D Financial Subsidy Special Subsidy Fund District Matching Fund (2020 年企业研发财政补助专项补助资金区配套资金)	Financial allocation	0.00	1,400,000.00	Other income	Related to income
Export Credit Insurance (出口信保费)	Financial allocation	0.00	651,400.00	Other income	Related to income
Support enterprise development funds (扶持企业发展资金)	Financial allocation	0.00	1,503,000.00	Other income	Related to income
Return of land holding tax	Financial allocation	53,514.87	703,111.26	Other income	Related to assets
Construction of 500 cubic meters/day wastewater membrane concentration system (建设 500 立方米/日废水膜浓缩系统)	Financial allocation	9,708.66	0.00	Other income	Related to assets
Subsidy funds allocated by the Bureau of Finance (财政局拨付补助资金)	Financial allocation	649,596.47	0.00	Other income	Related to assets
Enterprise R&D Subsidy Fund (企业研发补助资金)	Financial allocation	720,000.00	0.00	Other income	Related to income
2019 SME subsidies (2019 中小开补贴)	Financial allocation	107,500.00	0.00	Other income	Related to income
Export credit insurance subsidy in the second half of 2019 (2019 年下半年(出口信保补贴)资金)	Financial allocation	304,900.00	0.00	Other income	Related to income
Subsidies for work-based training (以工代训补贴)	Financial allocation	77,547.17	0.00	Other income	Related to income
Advanced Group and Advanced Individual Subsidy in 2020 (2020 年度先进集团和先进个人补助)	Financial allocation	20,000.00	0.00	Other income	Related to income
Recruitment of social insurance subsidies for non-employment difficulties in the fourth quarter of 2021 (2021 年第 4 季度招聘非就业困难社会保险补贴)	Financial allocation	0.00	70,242.16	Other income	Related to income
Recruitment of social insurance subsidies for non-employment difficulties in the first quarter of 2022 (2022 年第 1 季度招聘非就业困难社会保险补贴)	Financial allocation	0.00	60,501.27	Other income	Related to income
One-time job retention allowance (一次性留工补助)	Financial allocation	0.00	25,750.00	Other income	Related to income
Unemployment benefits in Guangzhou (广州市失业待遇)	Financial allocation	0.00	35,942.96	Other income	Related to income
Second tranche of high-level subsidies (40%) in 2019 (2019 年认定高企补贴第二笔(40%))	Financial allocation	0.00	400,000.00	Other income	Related to income
District Innovation Voucher Funding (区创新券资助)	Financial allocation	0.00	43,400.00	Other income	Related to income
Innovative talent support during the "13th Five-Year Plan" period in Pudong New District (浦东新区“十三五”期间创新型人才扶持)	Financial allocation	500,000.00	0.00	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
One-time job training subsidy (一次性留工培训补助)	Financial allocation	0.00	29,375.00	Other income	Related to income
Funding for pilot demonstration projects of industrial carbon peaking work (工业碳达峰工作试点示范项目资助款)	Financial allocation	0.00	100,000.00	Other income	Related to income
Second batch of special funds for scientific and technological innovation in 2020 (2020年度科技创新专项资金第二批资助)	Financial allocation	767,637.00	0.00	Other income	Related to income
One-time job retention allowance (一次性留工补助)	Financial allocation	0.00	4,000.00	Other income	Related to income
Land Support Fund (土地扶持资金)	Financial allocation	0.00	28,198.68	Other income	Related to assets
Water company refunds differentiated sewage treatment fee from August to October 2021 (水务公司退还 2021 年 8-10 月差别化污水处理费)	Financial allocation	0.00	13,918.10	Other income	Related to income
VAT relief for veterans (退役军人减免增值税)	Financial allocation	0.00	54,750.00	Other income	Related to income
2021 Provincial Special Fund for Foreign Economic and Trade Development (2021 年度省级外经贸发展专项资金)	Financial allocation	0.00	20,000.00	Other income	Related to income
Special funds for corporate R&D financial subsidies in 2020 (2020 年企业研发财政补助专项资金)	Financial allocation	265,000.00	0.00	Other income	Related to income
Return of land transfer fee (土地出让金返还)	Financial allocation	28,198.68	0.00	Other income	Related to assets
Incremental value-added tax refund (增值税增量留抵退税)	Financial allocation	0.00	2,781.07	Other income	Related to income
Export credit insurance subsidy (出口信保补贴)	Financial allocation	258,812.70	1,110,960.80	Other income	Related to income
R&D subsidy (研究开发费补助)	Financial allocation	2,420,000.00	950,440.00	Other income	Related to income
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I 类治疗人源化抗人肿瘤坏死因子 α 单克隆抗体新药的研制资金)	Financial allocation	0.00	5,924,000.00	Other income	Related to income
Government Subsidy for Long-acting Microspheres Major New Drug Creation (长效微球重大新药创制政府补助)	Financial allocation	431,665.47	1,202,654.94	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Financial allocation	2,455,000.02	16,265,800.32	Other income	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Financial allocation	80,000.00	79,999.98	Other income	Related to assets
Conformity Evaluation Research of Quality of Varieties such as Livzon Dele (丽珠得乐等品种质量一致性评价研究)	Financial allocation	115,500.00	115,500.00	Other income	Related to assets

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	Financial allocation	45,000.00	45,000.00	Other income	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛促性素研发及产业化)	Financial allocation	75,000.00	75,000.00	Other income	Related to assets
HCG project construction (HCG 项目建设)	Financial allocation	197,825.00	197,824.98	Other income	Related to assets
Fiscal Subsidy and Operating Subsidy (财政补贴及经营运营补贴)	Financial allocation	83,032,194.60	21,859,039.00	Other income	Related to income
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	5,280,044.56	5,280,044.64	Other income	Related to assets
Provincial Science and Technology Innovation Strategy Special Fund (省科技创新战略专项资金)	Financial allocation	444,166.64	28,999.92	Other income	Related to assets
Import interest discount and supporting funds (进口贴息及配套资金)	Financial allocation	0.00	211,356.00	Other income	Related to income
Promoting Imports of Foreign Trade Development Special Fund (外贸经济发展专项资金)	Financial allocation	0.00	1,230,271.00	Other income	Related to income
Technological upgrading and transformation projects of workshop for acarbose (APIs for $\alpha$ -glucosidase inhibitor) ( $\alpha$ -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Financial allocation	53,571.42	53,571.42	Other income	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	Financial allocation	204,182.88	204,182.88	Other income	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋 (参芪扶正注射液)技改项目)	Financial allocation	1,911,764.70	1,911,764.70	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	551,000.02	551,000.04	Other income	Related to assets
Subsidies for high and new technology enterprises and high and new technology products (高新技术企业及高新技术产品项目补贴)	Financial allocation	0.00	100,000.00	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	0.00	3,687,400.00	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	2,209,246.44	1,257,556.68	Other income	Related to assets

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
R&D and industrialization of Statins (降血脂他汀类药物的研发与产业化)	Financial allocation	14,999.94	14,999.94	Other income	Related to assets
Technology transformation of recycling system of Acarbose project (阿卡波糖回收系统技术改造项目)	Financial allocation	0.00	198,909.24	Other income	Related to assets
Commissioner workstation (特派员工作站)	Financial allocation	30,000.00	30,000.00	Other income	Related to assets
Special Fund and Encouraging funds for Energy Saving and Emission Reduction (节能减排专项资金及奖励金)	Financial allocation	628,000.00	150,000.00	Other income	Related to income
Energy-saving and emission reduction projects (节能减排项目)	Financial allocation	43,015.02	43,015.02	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	1,200,000.00	1,140,000.00	Other income	Related to income
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	305,462.80	28,566.20	Other income	Related to assets
Postdoctoral station establishment and scientific research subsidies (博士后建站和科研补贴)	Financial allocation	100,000.00	0.00	Other income	Related to income
Patent (Intellectual Property) Support Fund (专利(知识产权)资助资金)	Financial allocation	779,370.00	0.00	Other income	Related to income
Structure-efficiency optimization of marine microorganisms and evaluation of antitumor activity (海洋微生物构效优化与抗肿瘤活性评价)	Financial allocation	0.00	216,622.02	Other income	Related to income
Policy fund for leading industrial enterprises loan interests (工业龙头企业贷款贴息政策资金)	Financial allocation	100,000.02	100,000.02	Other income	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	Financial allocation	99,999.96	99,999.96	Other income	Related to assets
Reward Fund for Industry Growth and Production Expansion (工业保值增长及增产奖励)	Financial allocation	0.00	42,600.00	Other income	Related to income
New industrialization development funds (新型工业化发展资金)	Financial allocation	175,000.02	175,000.02	Other income	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	579,000.00	579,000.00	Other income	Related to assets
Industrial supporting funds (产业扶持资金)	Financial allocation	143,000.00	0.00	Other income	Related to income
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Financial allocation	49,999.98	49,999.98	Other income	Related to assets
Employment Assurance and Re-employment and Attraction to Graduates of Tertiary Academic Institutions Subsidy (企业稳岗及再就业和吸纳高校毕业生补贴款)	Financial allocation	769,100.46	1,690,234.86	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物试验室))	Financial allocation	222,877.68	222,877.68	Other income	Related to assets
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物试验室))	Financial allocation	37,665.18	37,665.18	Other income	Related to income
Subsidy for online monitoring equipment for coal-fired boilers (燃煤锅炉在线监控设备装置补助)	Financial allocation	11,250.00	11,250.00	Other income	Related to assets
Special funds for key leading enterprises in the 13th Five-Year Plan (2019) (十三五重点领军企业专项资金(2019年))	Financial allocation	0.00	5,503,400.00	Other income	Related to income
Green factory (绿色工厂)	Financial allocation	65,000.00	64,999.98	Other income	Related to assets
Special capital replenishment for industrial enterprise Restructuring (工业企业结构调整专项资金)	Financial allocation	0.00	1,000,000.00	Other income	Related to income
Others	Financial allocation	29,000.00	34,170.43	Other income	Related to income
Subsidy for Rental and Property Fee of the Investment and Promotion Center (投促中心租金及物业费补贴)	Financial allocation	67,500.00	0.00	Other income	Related to income
Electricity Incentive Funds (用电奖励资金)	Financial allocation	301,257.43	0.00	Other income	Related to income
Supporting subsidy for "Talents Plan" and subsidy for talents introduction and cultivation ("人才计划"配套补贴及引才育才补贴)	Financial allocation	150,000.00	583,774.23	Other income	Related to income
Rewards for the integration of informatization and industrialization (两化融合奖励)	Financial allocation	0.00	500,000.00	Other income	Related to income
Subsidies for work-based training (以工代训补贴)	Financial allocation	23,500.00	160,500.00	Other income	Related to income
Subsidies for insurance fees (保险费用补贴)	Financial allocation	0.00	144,322.90	Other income	Related to income
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Financial allocation	328,020.00	0.00	Other income	Related to income
Grants to high-growth technology companies from Dazhangjiang project A04 (大张江项目 A04 对高增长技术企业资助款)	Financial allocation	1,500,000.00	0.00	Other income	Related to income
Inland Transport Subsidy for Export Enterprises (出口企业内陆运输补助)	Financial allocation	163,000.00	0.00	Other income	Related to income
Achievement transfer of blood screening (BCI) nucleic acid detection testing (血液筛查(BCI)核酸检测试剂成果转化)	Financial allocation	6,000,000.00	0.00	Other income	Related to assets

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	Financial allocation	1,497,000.00	0.00	Other income	Related to assets
"Specialized and new" subsidy ("专精特新"补贴)	Financial allocation	0.00	950,000.00	Other income	Related to income
The Science and Technology Bureau pulls out the second phase of supporting funds for the fifth batch of projects in the 2020 provincial key field R&D plan (科技局拨2020年省重点领域研发计划第5批项目第二期配套资金)	Financial allocation	0.00	741,000.00	Other income	Related to income
Factory rental subsidy in Hengqin Guangdong-Macao Deep Cooperation Zone (横琴粤澳深度合作区厂房租金补贴)	Financial allocation	0.00	345,012.00	Other income	Related to income
Development and Industrialization of Cyclosporine Self-Emulsifying Soft Capsule Formulation with High Technology (高技术屏障的环孢素自乳化软胶囊制剂的开发及产业化研究)	Financial allocation	0.00	2,000.00	Other income	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug Research and Development Enterprises (广东省特色药物研发企业重点实验室)	Financial allocation	0.00	8,333.33	Other income	Related to assets
Subsidy Fund LZM009 for National Science and Technology Major Special Projects (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	0.00	2,171,293.53	Other income	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Financial allocation	0.00	365,000.00	Other income	Related to assets
Several measures for payment companies to tide over the difficulties in response to the new coronavirus pneumonia epidemic-financial support project funds (应对新型冠状病毒肺炎疫情支付企业共渡难关的若干措施-金融支持项目资金)	Financial allocation	0.00	200,000.00	Other income	Related to income
Total		129,460,997.27	94,185,202.59		



## VI. Change to Consolidation Scope

### 1. Business combination not involving enterprises under common control

Applicable  N/A

### 2. Business combination involving enterprises under common control

Applicable  N/A

### 3. Reverse purchase

Applicable  N/A

### 4. Disposal of subsidiaries

Was there any circumstance under which a single disposal of the investment in subsidiaries will lose control

Applicable  N/A

Other descriptions:

Applicable  N/A

### 5. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

Applicable  N/A

The Company's subsidiary, Livzon Group's Subsidiaries Livzon Biotechnology Hong Kong Co., Ltd. established LIVZON BIOLOGICS (MALAYSIA) SDN. BHD. on January 12, 2022, with registered capital of Malaysia Ringgit 100, and accounts for its registered capital of 100%.

### 6. Others

Applicable  N/A

## Vii. Equity in Other Entities

### 1. Interests in subsidiaries

#### (1). Group structure

√ Applicable    □ N/A

Name of subsidiary	Main operating location	Place of registration	Business nature	Shareholding %		Acquisition method
				Direct	Indirect	
Topsino Industries Limited (Topsino Industries)	Hong Kong	Hong Kong	Business	100	0	Set-up by investment
Shenzhen Taitai Genomics Inc. Co., Ltd. (Taitai Genomics)	Shenzhen	Shenzhen	Industry	75	25	Set-up by investment
Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (Taitai Pharmaceutical)	Shenzhen	Shenzhen	Industry	100	0	Set-up by investment
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd.(BVI)*	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd. (CAYMAN ISLANDS)	Cayman Islands	Cayman Islands	Investment	0	100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd.(Xinxiang Haibin)	Henan Xinxiang	Henan Xinxiang	Industry	0	100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	Shenzhen	Investment	100	0	Set-up by investment
Jiaozuo Joincare Bio Technological Co., Ltd.(Jiaozuo Joincare) (Jiaozuo Joincare)	Henan Jiaozuo	Henan Jiaozuo	Industry	75	25	Set-up by investment
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.(Shanghai Frontier) *Note 2	Shanghai	Shanghai	Industry	65	0	Set-up by investment
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	Shenzhen	Industry	100	0	Set-up by investment
Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd.(Joincare Respiratory)	Guangzhou	Guangzhou	Industry	0	26	Set-up by investment
Guangdong Taitai Forensic Test Institute	Shenzhen	Shenzhen	Business	0	100	Set-up by investment
Joincare Haibin Pharmaceutical Co., Ltd (Joincare Haibin)	Shenzhen	Shenzhen	Industry	25	75	Set-up by investment
Shenzhen Haibin Pharmaceutical Co., Ltd. (Haibin Pharma)	Shenzhen	Shenzhen	Industry	97.87	2.13	Business combination not under common control
Joincare Daily-Use & Health Care Co., Ltd. (Joincare Daily-Use))	Shenzhen	Shenzhen	Business	80	20	Business combination not under common control
Health Pharmaceuticals (China) Limited (Health China)	Zhuhai	Zhuhai	Industry	0	100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group) *Note 1 & 2	Zhuhai	Zhuhai	Industry	23.68	21.12	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	100	Business combination not under common control

Name of subsidiary	Main operating location	Place of registration	Business nature	Shareholding %		Acquisition method
				Direct	Indirect	
Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	100	Business combination not under common control
Shenzhen Hiyeah Industry Co., Ltd (Hiyeah Industry)	Shenzhen	Shenzhen	Business	97.58	2.42	Business combination not under common control
Guangzhou Hiyeah Industry Co., Ltd.	Guangzhou	Guangzhou	Industry	0	100	Business combination not under common control
Zhongshan Renhe Health Products Co., Ltd.	Zhongshan	Zhongshan	Industry	0	100	Business combination not under common control
Shenzhen Jiekang Health Care Co., Ltd.	Shenzhen	Shenzhen	Industry	0	100	Business combination not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd.	Shaoguan	Shaoguan	Industry	100	0	Set-up by investment
Henan Joincare Biomedical Research Institute Co., Ltd.*Note 3	Jiaozuo	Jiaozuo	Industry	0	70.13	Set-up by investment

\*Note 1: Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) and the Company's subsidiary Livzon Group established Shanghai Liyu Biomedical Technology Co., Ltd. (上海丽予生物医药技术有限责任公司) on 30 March 2021. Livzon Group holds 55% of the shares and Shanghai Frontier Health Pharmaceutical Technology Co., Ltd holds 45%.

\*Note 2: Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司) is a subsidiary within the scope of Livzon Group's consolidation. It was originally 100% indirectly held by Livzon Group. In the current period, due to the restructuring of the shareholding structure of the subsidiary, Livzon Group holds 51% of its shares, the Company holds 33.07% of the shares, and YF Pharmab Limited holds 8.43% of the shares and Hainan Lisheng Juyuan Investment Partnership (Limited Partnership) holds 7.50% of the shares.

\*Note 3: Henan Joincare Biomedical Research Institute Co., Ltd. (河南省健康元生物医药研究院有限公司) is a joint venture established on 26 October 2020 by Jiaozuo Joincare Biological Products Co., Ltd. (焦作健康元生物制品有限公司), a subsidiary of the Company, and Livzon Group Xinbeijiang Pharmaceutical Co., Ltd. (丽珠集团新北江制药股份有限公司), a subsidiary of the Company's Livzon Group. Jiaozuo Joincare Biological Products Co., Ltd. holds 51% of the shares. The investee completed its industrial and commercial registration on 26 October 2020.

Other descriptions:

Subsidiaries not included in the scope of consolidation in the current period:

Name of subsidiary	Registered Capital	Actual investment	Interest held
Guangzhou Hiyeah Industry Co., Ltd.	3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd.	500,000.00	500,000.00	100%
Shenzhen Jiekang Health Care Co., Ltd.	4,000,000.00	4,000,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司), Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司), are wholly-owned subsidiaries of Shenzhen Hiyeah. They entered the liquidation process in 2008, and has been out of business for many years, and completed the tax cancellation procedures, so they were not included in the scope of the consolidated.

Shenzhen Jiekang Health Care Co., Ltd. (深圳市捷康保健有限公司) is wholly-owned subsidiaries of Shenzhen Hiyeah, which entered the liquidation process in 2008, and has been out of business for many years, and completed the cancellation by Shenzhen Market Supervision and Administration Bureau on May 30, 2022.

## (2). Significant non-wholly owned subsidiaries

√ Applicable  N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding of minority interest	Profit or loss attributable to minority interest	Dividend paid to minority interest	Balance of minority interests at period end
Livzon Group	55.1981%	561,572,328.51	670,811,289.90	7,102,295,405.43

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

 Applicable  N/A

Other descriptions:

 Applicable  N/A

## (3). Principal financial information of significant non-wholly owned subsidiaries

√ Applicable  N/A

Unit: 100,000,000 Yuan Currency: RMB

Name of subsidiary	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
Livzon Group	150.13	79.24	229.38	67.52	21.99	89.51	146.73	76.99	223.72	69.25	11.36	80.61

Name of subsidiary	Current period				Prior Period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	63.03	11.18	11.51	14.26	62.36	11.80	10.32	6.75

## (4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts:

 Applicable  N/A

## (5). Financial supports or other supports offered for the structured entities included in the scope of consolidated financial statements:

 Applicable  N/A

Other descriptions:

 Applicable  N/A

## 2. Changes in share of owners' equity in subsidiaries and still controls the subsidiaries

 Applicable  N/A

### 3. Interests in joint arrangements or associates

Applicable  N/A

#### (1). Significant joint arrangements or associates

Applicable  N/A

Unit: Yuan Currency: RMB

Name of joint arrangements or associates	Main operating location	Place of registration	Business nature	Shareholding (%)		Accounting treatment of joint investment
				Direct	Indirect	
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Jiaozuo City, Henan Province	Jiaozuo City, Henan Province	Electricity production,	0.00	49	Equity method
Tianjin Tongrentang Group Co., Ltd.	Tianjin	Tianjin	Manufacture of medicine	0.00	40.00	Equity method

#### (2). Key financial information of significant joint arrangements

Applicable  N/A

#### (3). Main financial information of significant associates

Applicable  N/A

##### ① Jinguan Electric Power

Unit: Yuan Currency: RMB

Item	Closing balance/ Amount for the period	Beginning balance/ Amount for the prior period
	Jinguan Electric Power	Jinguan Electric Power
Current assets	912,376,226.14	900,929,930.10
Including: Cash and cash equivalents	162,284,264.90	151,817,021.98
Non-current assets	287,103,859.48	295,290,603.34
Total assets	1,199,480,085.62	1,196,220,533.44
Current liabilities	622,969,810.80	621,231,810.54
Non-current liabilities	13,525,568.14	13,660,568.14
Total liabilities	636,495,378.94	634,892,378.68
Net assets	562,984,706.68	561,328,154.76
Including: Minority interests	0.00	0.00
Owners' equity attributable to parent company	562,984,706.68	561,328,154.76
Share of net assets calculated based on shareholding ratio	275,862,506.27	275,050,795.83
Adjustment items		
Goodwill		
Unrealized profit on internal transactions		
Others	9,590,852.41	9,569,113.18
Carrying value of equity investment in associates	285,453,358.68	284,619,909.02
Fair value of publicly quoted equity investments of associates		
Operating income	545,919,608.69	326,758,406.59
Financial expenses	5,790,628.01	9,179,331.31
Income tax expenses	0.00	1,776,961.35
Net profit	1,656,551.92	5,330,884.06

Item	Closing balance/ Amount for the period Jinguan Electric Power	Beginning balance/ Amount for the prior period Jinguan Electric Power
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	1,656,551.92	5,330,884.06
Net cash flows from operating activities	120,800,417.88	-103,889,799.14
Dividends received from joint ventures in the current period		

## ② Tianjin Tongrentang Group Co., Ltd.

Item	Tianjin Tongrentang Group Co., Ltd. 2022.6.30
Owners' equity attributable to parent company	624,133,283.11
Share of net assets by shareholding	249,653,313.24
Adjustments	
Including: Goodwill	498,457,683.68
Unrealized profit or loss in internal transactions	0.00
Provision for impairment	0.00
Others	0.00
Carrying value of equity investment in associates	748,110,996.92
Fair value of publicly quoted equity investments	Suspension from 22 June 2021

Continued:

Item	Tianjin Tongrentang Group Co., Ltd. Amount for the period
Operating income	548,022,065.65
Dividends received by the company from associates in the current period	51,920,000.00

Other descriptions:

√ Applicable    □ N/A

The Company calculated share of assets by shareholding ratio based on the amount attributable to the parent company in the associates' consolidated financial statements. The amounts of associates on the consolidated financial statements take into account the fair value of net identifiable assets and liabilities of the associate when acquiring the investment and the effect of unifying accounting policies.

As Tianjin Tongrentang is in the IPO application stage, the above data is based on the performance forecast.

## (4). Summary of financial information of other insignificant associates

√ Applicable     N/A

Unit: Yuan    Currency: RMB

	Closing balance/ Current period	Beginning balance/ Prior period
Associates:		
Total carrying amount of investment	389,448,001.30	326,526,576.36
The following amount are calculated on the basis of shareholding ratio		
Net profit	-5,650,897.40	-7,855,283.00
Other comprehensive income	0.00	0.00
Total comprehensive income	-5,650,897.40	-7,855,283.00

## (5). Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the company

 Applicable    √ N/A

## (6). Excess losses incurred by joint ventures or associates

 Applicable    √ N/A

## (7). Unconfirmed commitments related to joint venture investment

 Applicable    √ N/A

## (8). Contingent liabilities related to investments in joint ventures or associates

 Applicable    √ N/A**4. Important joint operations** Applicable    √ N/A**5. Equity in structured entities not included in the scope of consolidated financial statements**

Relevant descriptions of structured entities not included in the scope of consolidated financial statements:

 Applicable    √ N/A**6. Others** Applicable    √ N/A

## VIII. Risks Management of Financial Instruments

√ Applicable   □ N/A

The major financial instruments of the Company include cash, bills receivable and accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, long-term receivables, bills payable and accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, short-term borrowings, bonds payable and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

### 1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

#### (1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar, Euro and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong Kong dollars, U.S. dollar and Eurodollar. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

#### ① As at 2022.06.30

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP
Financial assets in foreign currency –						
Cash and bank balances	658,432.94	1,386,195.91	543.04	4,769.27	15.79	4,177.69
Financial assets held for trading	83,917.72	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	630,256.13	1,456.00	0.00	0.00	1,055.84
Other receivables	2,837.98	156.02	0.00	0.00	0.00	482.10
Other equity instruments investment	470,537.12	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,215,725.75	2,016,608.06	1,999.04	4,769.27	15.79	5,715.62
Financial liabilities in foreign currency –						
Accounts payable	0.00	2,738.78	39.71	6,066.54	0.00	0.00
Other payables	1,186.21	30,544.26	0.00	0.00	0.00	0.00
Subtotal:	1,186.21	33,283.04	39.71	6,066.54	0.00	0.00



② As at 2021.12.31

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP
Financial assets in foreign currency –						
Cash and bank balances	516,034.78	1,296,568.06	559.42	2,406.62	16.70	1,121.33
Financial assets held for trading	163,071.45	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	579,062.08	4,493.18	0.00	0.00	2,824.85
Other receivables	2,712.73	0.00	0.00	0.00	0.00	461.23
Other equity instruments investment	480,531.75	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,162,350.71	1,875,630.14	5,052.60	2,406.62	16.70	4,407.41
Financial liabilities in foreign currency –						
Accounts payable	0.00	213.29	40.90	0.00	0.00	11.01
Other payables	2,503.18	16,034.63	0.00	0.00	0.00	0.00
Subtotal:	2,503.18	16,247.92	40.90	0.00	0.00	11.01

As at 30 June 2022, in respect of the Company's financial assets and liabilities denominated in foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau Pataca, should the value of RMB appreciate or depreciate by 5% against foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau Pataca, and other factors remain unchanged, the Company would be subject to an increase or decrease in profit of approximately RMB160,212,900 (31 December 2021: approximately RMB151,553,060).

## (2). Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings and bonds payables. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

## (3). Credit risk

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivables and other receivables. In respect of cash at banks, they were placed at several banks with good reputations, for which the credit risk was limited. In respect of receivables, the Company shall assess the credit limit granted to customers for credit purpose. Moreover, as the customer base of the Company is large, the credit risk on accounts receivables is not concentrated. In terms of bills receivable settlement, external payments are settled with bills receivable with priority and most of the remaining bills are high-quality bills with maturity within three months; thus none expected major credit risk exits. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivable of the Company, the accounts receivable of the top five customers accounted for 10.28% (31 December 2021: 11.60%); among the other receivables of the Company, the other receivables of the top five customers accounted for 46.42% (31 December 2021: 60.63%).

## (4). Liquidity risk

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels were available, such as direct financing by inter-bank market including short-term financing bills and medium-term financing bills, corporate bonds etc. These instruments can effectively reduce the effects of scale of financing and the macro monetary policies of China on indirect bank financing, which shall secure adequate funds in a flexible manner.

As at the date of the balance sheet, the contractual cash flows of financial assets and financial liabilities are presented below by term of maturity:

## ① As at 2022.06.30

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	12,653,108,949.17	0.00	0.00	0.00	12,653,108,949.17
Financial assets held for trading	99,806,543.32	0.00	0.00	0.00	99,806,543.32
Notes receivable	1,888,473,693.79	0.00	0.00	0.00	1,888,473,693.79
Accounts receivable	2,895,463,163.96	0.00	0.00	0.00	2,895,463,163.96
Other receivables	50,888,736.71	0.00	0.00	0.00	50,888,736.71
Non-current assets due within one year	38,498.84	0.00	0.00	0.00	38,498.84
Long-term receivables	0.00	82,574.69	0.00	0.00	82,574.69
Subtotal:	17,587,779,585.79	82,574.69	0.00	0.00	17,587,862,160.48
Financial liabilities:					
Short-term loans	1,982,775,000.02	0.00	0.00	0.00	1,982,775,000.02
Financial liabilities held for trading	10,791,038.40	0.00	0.00	0.00	10,791,038.40
Notes payable	1,601,063,168.35	0.00	0.00	0.00	1,601,063,168.35
Accounts payable	933,275,211.76	0.00	0.00	0.00	933,275,211.76
Other payables	3,398,357,996.68	0.00	0.00	0.00	3,398,357,996.68
Non-current liabilities due within one year	93,190,354.84	0.00	0.00	0.00	93,190,354.84
Lease liabilities	0.00	12,130,536.90	10,468,645.70	0.00	22,599,182.60
Long term loans	0.00	389,000,000.00	2,014,726,004.58	0.00	2,403,726,004.58
Subtotal:	8,019,452,770.05	401,130,536.90	2,025,194,650.28	0.00	10,445,777,957.23

## ② As at 2021.12.31

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	11,729,230,390.98	0.00	0.00	0.00	11,729,230,390.98
Financial assets held for trading	184,638,344.31	0.00	0.00	0.00	184,638,344.31
Notes receivable	1,977,286,022.02	0.00	0.00	0.00	1,977,286,022.02
Accounts receivable	2,853,655,551.54	0.00	0.00	0.00	2,853,655,551.54
Other receivables	88,053,825.12	0.00	0.00	0.00	88,053,825.12
Non-current assets due within one year	317,381.23	0.00	0.00	0.00	317,381.23
Long-term receivables	0.00	266,904.13	0.00	0.00	266,904.13
Subtotal:	16,833,181,515.20	266,904.13	0.00	0.00	16,833,448,419.33

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial liabilities:					
Short-term loans	2,518,484,835.09	0.00	0.00	0.00	2,518,484,835.09
Financial liabilities held for trading	143,302.24	0.00	0.00	0.00	143,302.24
Notes payable	1,582,386,767.93	0.00	0.00	0.00	1,582,386,767.93
Accounts payable	871,553,210.51	0.00	0.00	0.00	871,553,210.51
Other payables	3,292,407,989.79	0.00	0.00	0.00	3,292,407,989.79
Non-current liabilities due within one year	91,576,066.33	0.00	0.00	0.00	91,576,066.33
Lease liabilities	0.00	13,186,526.27	11,885,268.05	0.00	25,071,794.32
Long term loans	0.00	466,780,252.78	360,000,000.00	0.00	826,780,252.78
Subtotal:	8,356,552,171.89	479,966,779.05	371,885,268.05	0.00	9,208,404,218.99

## 2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets). On 30 June 2022, the Company's gearing ratio is 37.54% (31 December 2021: 35.12%).

## 3. Transfer of financial assets

- (1). Financial assets which are transferred but have not been derecognised in their entirety

None.

- (2). Financial assets which have been transferred and ceased to be recognised but still have involvement with the transferor

As of 30 June 2022, the Company's carrying amounts of bank acceptance bills undue and endorsed to suppliers for settling account payables is RMB407,822,740.99 (31 December 2021: RMB186,290,992.91); the Company has no commercial acceptance bills undue and endorsed to suppliers for settling account payables in the period (31 December 2021: Nil). The Company's bank acceptance bill discounted to bank as at 30 June 2022 is RMB429,075,183.95 (31 December 2021: RMB67,908,033.05), which are having due dates fall into 1 to 12 months. In accordance with the Negotiable Instruments Law, the holders of the bills have a right of recourse against the Company if payment is refused by the bank of acceptance (the "Continuing Involvement"). In the opinion of the Company, the Company has transferred substantially all risks and rewards. Accordingly, their full carrying amounts and the corresponding account payables have been derecognised. The maximum loss and the undiscounted cash flows from the Continuing Involvement and repurchasing is equal to their carrying amounts. In the opinion of the Company, the fair values of the Continuing Involvement are not significant.

During the 6-month period ended 30 June 2022, no gain or loss was generated by the Company on the date of transfer of the bills. The Company had no current or accumulated gain or loss arising from the continuing involvement in financial assets which had been derecognised. The endorsement was incurred evenly throughout the period.

## IX. Fair Value

### 1. Closing balance of the fair value of assets and liabilities measured at fair value

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Recurring fair value measurement				
(I) Financial assets held for trading	99,756,677.76	49,865.56	0.00	99,806,543.32
1. Financial assets at fair value through profit or loss				
(1) Debt instruments investment	953,678.89	0.00	0.00	953,678.89
(2) Equity instruments investment	98,802,998.87	0.00	0.00	98,802,998.87
(3) Derivative financial assets	0.00	49,865.56	0.00	49,865.56
2. Financial asset designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Other investments in equity instruments	0.00	0.00	1,170,558,267.07	1,170,558,267.07
(IV) Investment properties				
1. A land use right that is used to be leased out.				
2. A building that is leased out.				
3. A land use right held for transfer upon capital appreciation				
(V) Biological asset				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured at fair value on a recurring basis	99,756,677.76	49,865.56	1,170,558,267.07	1,270,364,810.39
(VI) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Including: Issued tradable bonds				
Derivative financial liabilities	0.00	10,791,038.40	0.00	10,791,038.40
Others				
2. Financial liabilities designated as at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis	0.00	10,791,038.40	0.00	10,791,038.40
II. Non-recurring fair value measurement				
(I) Assets held-for-sale	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

In 6-month period ended 30 June 2022, there were no transfers of the fair value measurements between level 1 and level 2 and no transfers into or out of level 3.

## 2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

√ Applicable  N/A

The basis for determining the market price of level 1 fair value measurement items is when listed and traded on the Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange and the United States, its fair value is determined by the closing price on the last trading day of the reporting period.

## 3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

√ Applicable  N/A

For the items in level 2 fair value measurement which uses valuation techniques and qualitative and quantitative information of important parameters to determine the fair value. For derivative financial instruments such as foreign exchange forward contracts, the fair value is determined based on the quoted forward exchange rate corresponding to the expiring contract.

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	49,865.56	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	10,791,038.40	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

## 4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

√ Applicable  N/A

For the items in level 3 fair value measurement uses valuation techniques and qualitative and quantitative information of important parameters to determine the fair value. For some other equity instruments held, the fair value is based on the cost or the present value of the estimated future net cash flow as the best estimate.

5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

Applicable  N/A

Item	Fair value at the end of the period	Valuation techniques
Other equity instruments investment-Shanghai Yunfeng Xinchuang Equity Investment Centre (上海云锋新创股权投资中心)	69,006,351.58	Net assets
Other equity instruments investment-Shanghai JingYi Investment Centre (上海经颐投资中心)	67,979,475.21	Net assets
Other equity instruments investment-Qianhai Equity Investment Fund (前海股权投资基金)	264,930,500.00	Net assets
Other equity instruments investment-Apricot Forest, Inc (杏树林)	137,711,800.01	Income method
Other equity instruments investment-Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	164,395,200.00	Market method
Other equity instruments investment-Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海)有限公司)	59,999,953.41	Recent financing price
Other equity instruments investment-Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	6,971,000.00	Recent financing price
Other equity instruments investment-Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	41,944,015.67	Recent financing price
Other equity instruments investment-GLOBAL HEALTH SCIENCE	222,393,107.44	Net assets
Other equity instruments investment-SCC VENTURE VI 2018-B,L.P.	6,963,959.64	Net assets
Other equity instruments investment-Nextech V Oncology S.C.S., SICAV-SIF	32,640,308.82	Net assets
Other equity instruments investment – Others	95,622,595.29	Cost
Total	1,170,558,267.07	

6. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Applicable  N/A

7. Changes in valuation techniques for the current period and reasons for changes

Applicable  N/A

8. Fair value of financial assets and liabilities not measured at fair value

Applicable  N/A

9. Others

Applicable  N/A

## X. Related Parties and Related Party Transactions

### 1. Information of parent company

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio by parent company (%)	Voting right by parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd.	Shenzhen	Investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	46.83	46.83

Notes to the parent company of the Company:

The parent company of the Company is Shenzhen Baiyeyuan Investment Co., Ltd., which was established on 21 January 1999, and its main business scope is investment and establishment of industry, domestic commerce, and material supply and marketing.

The ultimate controller of the Company: Zhu Baoguo

Other descriptions:

#### (1) Registered capital of parent company and its changes

Name of parent company	2021.12.31	Increase for the Period	Decrease for the Period	2022.06.30
Shenzhen Baiyeyuan Investment Co., Ltd.	80,000,000.00	0.00	0.00	80,000,000.00

#### (2) Shares of the company held by the parent company and its changes

Name of parent company	2021.12.31	Ratio	Increase for the Period	Decrease for the Period	2022.06.30	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd.	895,653,653.00	46.95%	0.00	0.00	895,653,653.00	46.83%

### 2. Subsidiaries of the Company

Details of subsidiaries refer to Note

√ Applicable    □ N/A

Please refer to notes VII.1. for the details of subsidiaries.

### 3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please see the notes.

Applicable  N/A

Details of significant joint ventures or associates refer to Note V. 11/Note VII. 3.

Other joint ventures or associates entered into transactions with the Company during the period, or during the prior period with remaining closing balance were as follows:

Applicable  N/A

Name of joint ventures and associates	Relationship with the Company
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Associate
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Associate
Novastage Pharmaceuticals (Shenzhen), Ltd.	Associate
Shenzhen City Youbao Technology Co., Ltd.	Associate
AbCyte Therapeutics Inc.	Associate
L&L Biopharma, Co. Ltd.	Associate
Zhuhai Sanmed Biotech Inc.	Associate
Aetio Biotherapy Inc	Associate
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	Associate
Tianjin Tongrentang Group Co., Ltd.	Associate
Infinite Intelligence Pharmaceutical Co. Ltd.	Associate
Zhuhai Sanmed Gene Diagnostics Ltd.	Entity controlled by an associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd.	Entity controlled by an associate

Other descriptions

Applicable  N/A

### 4. Other related parties of the Company

Applicable  N/A

Name of other related parties	Relationship with the Company
Shenzhen Taitelixing Investment Development Co., Ltd.	Others
Zhuozhou Jingnan Yongle Golf Club Co., Ltd.	Others
Shenzhen Healthy Deer Information Technology Co., Ltd.	Others
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Others
Zhuhai Medpha Biotechnology Co., Ltd.	Others
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership)	Others
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	Others
Zhuhai Liying Investment Management Partnership (Limited Partnership)	Others
Jiangsu Yiyinjia Medical Technology Co., Ltd.	Others
Directors, Supervisors and other senior management personnel	Others



## 5. Related party transactions

### (1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods, receipt of services

Applicable  N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Prior period
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Raw materials	1,458,973.45	3,122,300.89
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods	0.00	12,157.00
Jiangsu Yiyingjia Medical Technology Co., Ltd.	Finished goods, Business promotion	368,692.00	0.00
Shenzhen Youbao Technology Co., Ltd.	Business promotion	871,765.00	141,700.00
Zhuhai Sanmed Biotech Inc.	Testing	53,443.40	0.00
L&L Biopharma, Co., Ltd.	R&D	0.00	188,679.24
Beijing Infinite Intelligence Pharmaceutical Technology Co., Ltd.	R&D	339,805.83	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Electricity, steam	129,081,366.42	103,613,339.79
Total		132,174,046.10	107,078,176.92

Sales of goods/rendering of services

Applicable  N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Prior period
Guangdong Blue Treasure Pharmaceutical Co. Ltd.	Finished goods, water and electricity, power	15,282,052.21	30,514,098.48
Zhuhai Sanmed Biotech Inc.	Finished goods, water and electricity, power and others	194,261.12	292,011.06
Zhuhai Sanmed Gene Diagnostics Ltd.	Finished goods, water and electricity, power and others	325,180.92	199,918.70
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods	1,987,679.87	2,697,554.00
Total		17,789,174.12	33,703,582.24

Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

Applicable  N/A

## (2). Related entrusted management/contracting and entrusting management/outsourcing

Table of the entrusted management/contracting of the Company:

Applicable  N/A

Descriptions of related trusteeship/outsourcing

Applicable  N/A

Table of the entrusting management/outsourcing of the Company:

Applicable  N/A

Descriptions of related management/outsourcing

Applicable  N/A

## (3). Related party leases

The Company as a lessor

Applicable  N/A

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in prior year
Zhuhai Sanmed Biotech Inc.	Buildings	1,113,149.50	1,113,149.50
Zhuhai Sanmed Gene Diagnostics Ltd.	Buildings	120,000.00	120,000.00
Shenzhen Baiyeyuan Investment Co., Ltd.	Buildings	9,445.88	9,445.88
Novastage Pharmaceuticals (Shenzhen) Ltd.	Buildings & Equipment	468,302.76	163,189.08
Shenzhen Taitelixing Investment Development Co., Ltd.	Buildings	9,360.00	9,360.00
Shenzhen Healthy Deer Information Technology Co., Ltd.	Buildings	8,587.16	8,587.16
Shenzhen City Youbao Technology Co., Ltd.	Buildings	8,587.16	8,587.16
Total		1,737,432.46	1,432,318.78

The Company as a lessee:

Applicable  N/A

Descriptions of related leases

Applicable  N/A

## (4). Related party guarantees

The Company as the guarantor

Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

Name of guaranteed party	Guarantee amount	Actual date of event	Guarantee maturity date	Performance completed or not
Jinguan Electric Power	4,000	2021/7/8	2022/7/8	No
Jinguan Electric Power	5,000	2021/7/14	2022/7/14	No
Jinguan Electric Power	3,000	2021/8/12	2022/8/12	No
Jinguan Electric Power	3,200	2021/9/23	2022/9/22	No
Jinguan Electric Power	3,200	2021/10/11	2022/10/11	No
Jinguan Electric Power	3,800	2021/10/13	2022/10/12	No
Jinguan Electric Power	3,840	2022/2/14	2022/11/30	No
Jinguan Electric Power	4,960	2022/2/24	2022/12/26	No
Jinguan Electric Power	2,000	2022/3/28	2022/12/13	No
Jinguan Electric Power	3,000	2022/6/8	2023/6/8	No
Jinguan Electric Power	3,000	2022/6/22	2023/6/22	No

The Company as the guaranteed party

Applicable  N/A

Descriptions of guarantees with related parties

Applicable  N/A

- ① In order to ensure the stable development of production and operation of Jinguan Electric Power, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) according to "the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare" considered and approved at the First Extraordinary General Meeting of the Company on 6 July 2016, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2019. Pursuant to "the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare" considered and approved at the 2017 Annual General Meeting of the Company on 22 May 2018, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts), with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022. In order to ensure the stable development of production and operation of Jinguan Electric Power, the revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) considered and approved at the 2017 General Meeting of the Company was changed to the revolving guarantee facility with balance of no more than RMB450 million (inclusive) on 10 May 2019 due to the actual business needs of Jinguan Electric Power, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022. On 18 May 2022, the "Proposal on the Company and its subsidiary Jiaozuo Joincare in Providing Loan Guarantee for Jinguan Electric Power" was reviewed and approved by the Company's 2021 annual general meeting, the Company and its subsidiary Jiaozuo Joincare jointly provided a guarantee for Jinguan Electric Power on its revolving loans facility with a balance of not more than RMB450 million (including RMB450 million) (the specific guarantor will be specified in each guarantee contract), and the term is from the date of approval of this guarantee proposal at the Company's annual general meeting to 31 December 2025.

As at 30 June 2022, the Company provided Jinguang Electric Power with guarantees for loans of RMB390 million; of which RMB120 million in Shenzhen Branch of Nanyang Commercial Bank, and RMB220 million in Shenzhen Branch of China Everbright Bank, RMB30 million in Shenzhen Branch of Zheshang Bank and RMB20 million in Jiaozuo Branch of China CITIC Bank.

In order to ensure the safety of secured loans, Jinguang Electric Power provided counter guarantees for the said guarantees provided by the Company and its subsidiary, Jiaozuo Joincare, based on its owned assets, and undertook that it would unconditionally provide mutual guarantees for the Company or its controlling subsidiary designated with total facility of no more than RMB450 million (inclusive) whenever the Company deemed necessary.

- ② Another shareholder of Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) – the Company has issued a “Counter Guarantee Commitment”, promising that it will share the joint and several guarantee liability to the extent of 33.07% of the scope of guarantee responsibility in relation to the guarantee provided to Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), and the counter guarantee period will expire on the date when the Company’s guarantee responsibility expiry.
- ③ Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙), being another shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) has issued a “Counter Guarantee Commitment”, promising that it will share the joint and several guarantee liability to the extent of 8.44% of the scope of guarantee responsibility incurred by the Company in relation to the guarantee provided to Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), and the counter guarantee period will expire on the date when the Company’s guarantee responsibility expiry.

(5). Lending funds of related parties

Applicable  N/A

(6). Asset transfer and debt restructuring between related parties

Applicable  N/A

(7). Remuneration of key management personnel

Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration of key management personnel	799.59	602.26

For the 6-month period ended 30 June 2022

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	162.50	0.00	3.42	1.25	0.00	0.00	0.00	167.17
Liu Guangxia (刘广霞)	162.50	9.03	4.51	1.25	0.00	0.00	0.00	177.29
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	0.00	130.00
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Lin Nanqi (林楠棋)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Cui Ligu (崔利国)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Huo Jing (霍静)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Qin Yezhi (覃业志)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Peng Juan (彭娟)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Supervisors:								
Yu Xiaoyun (余孝云)	2.40	19.23	3.46	1.12	0.00	0.00	0.00	26.21
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Xing zhiwei (幸志伟)	0.57	32.00	3.36	1.05	0.00	0.00	0.00	36.98
Xie Youguo (谢友国) (Resigned)	1.83	18.46	0.00	0.00	0.00	0.00	0.00	20.29
Other senior management:								
Zhao Fengguang (赵凤光)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Total	354.37	411.23	25.55	8.44	0.00	0.00	0.00	799.59

Note: Mr. Zhu Baoguo (朱保国) serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong (俞雄) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon. The remuneration presented in above does not include the portion paid by Livzon.

For the 6-month period ended 30 June 2021

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	106.30	0.00	2.94	1.15	0.00	0.00	0.00	110.39
Liu Guangxia (刘广霞)	106.30	0.00	2.94	1.15	0.00	0.00	0.00	110.39
Qiu Qingfeng (邱庆丰)	0.00	52.50	2.94	1.15	0.00	0.00	0.00	56.59
Lin Nanqi (林楠棋)	0.00	52.50	2.94	1.15	0.00	0.00	0.00	56.59
Cui Ligu (崔利国)	4.80	0.00	0.00	0.00	0.00	0.00	0.00	4.80
Huo Jing (霍静)	4.80	0.00	0.00	0.00	0.00	0.00	0.00	4.80
Qin Yezhi (覃业志)	4.80	0.00	0.00	0.00	0.00	0.00	0.00	4.80
Supervisors:								
Yu Xiaoyun (余孝云)	1.80	19.08	2.85	1.06	0.00	0.00	0.00	24.79
Peng Jinhua (彭金花)	1.80	30.00	0.00	1.15	0.00	0.00	0.00	32.95
Xie Youguo (谢友国)	1.80	16.78	0.00	1.01	0.00	0.00	0.00	19.58
Other senior management:								
Zhao Fenguang (赵凤光)	0.00	120.00	0.00	0.00	0.00	0.00	0.00	120.00
Yu Xiong (俞雄)	0.00	52.50	2.94	1.15	0.00	0.00	0.00	56.59
Total	232.40	343.36	17.54	8.97	0.00	0.00	0.00	602.26

Note: Mr. Zhu Baoguo serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong and Mr. Qiu Qingfeng serve as non-executive directors of Livzon. The remuneration listed above does not include the part paid by Livzon.

## (8). Other related transactions

Applicable  N/A

## 6. Receivables and payables with related parties

### (1). Receivables from related parties

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Name of related parties	Balance at the End of the Period		Balance at the Beginning of the Period	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bills receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	4,624,855.00	0.00	5,492,960.00	379,960.00
Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	0.00	0.00	18,889,500.00	490,875.00
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Ltd.	104,854.84	1,006.66	224,023.83	8,578.07
Accounts receivables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	571,756.70	64,688.94	337,395.02	48,933.97
Prepayments	Zhuhai Sanmed Biotech Inc.	211,200.00	0.00	211,200.00	0.00
Prepayments	Shenzhen Youbao Technology Co., Ltd.	465,600.00	0.00	154,500.00	0.00
Other receivables	Zhongshan Renhe Health Products Co., Ltd.	469,895.78	469,895.78	469,895.78	469,895.78
Other receivables	Shenzhen Jiekang Health Care Co., Ltd.	0.00	0.00	18,577,246.63	18,577,246.63
Other receivables	Shenzhen Healthy Deer Information Technology Co., Ltd.	0.00	0.00	4,680.00	74.38
Other receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	2,282,237.68	38,113.37	1,271,496.55	21,233.99
Other receivables	Zhuhai Sanmed Biotech Inc.	58,955.40	2,847.55	0.00	0.00
Other receivables	Zhuhai Sanmed Gene Diagnostics Ltd.	0.00	0.00	5,265.00	87.93

### (2). Payables to related party

√ Applicable    □ N/A

Unit: Yuan    Currency: RMB

Item	Related parties	Balance at the End of the Period	Balance at the Beginning of the Period
Bills payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	21,117,677.33	379,960.00
Contract liabilities	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	47,254.63	0.00
Accounts payables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	32,621,131.82	0.00
Other payables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	8,936.17	8,936.17

## XI. Share-based Payment

### 1. General information about share-based payment

√ Applicable    □ N/A

Unit: Share Currency: RMB

Total equity instruments granted during the Current Period by the Company	0
Total equity instruments exercised during the Current Period by the Company	4,812,759
Total equity instruments of the Company expired during the Current Period	0
Range of exercise price of share option of the Company outstanding and remaining term of contract as at the End of the Period	Note 1
Range of exercise price of other equity instruments of the Company and remaining term of contract as at the End of the Period	–

Note 1: Share Option

Other description:

- ① On 13 December 2018, “the Resolution on 2018 Share Options Incentive Scheme (Draft) and its summary”, “the Resolution on Administrative Measures for Appraisal System of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc.” and “the Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Regarding the 2018 Share Options Incentive Scheme” were considered and approved at the 2018 Third Extraordinary General Meeting. On 21 December 2018, “the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Grant under 2018 Share Options Incentive Scheme” and “the Resolution on the First Grant of Share Options to Incentive Participants” were considered and approved at the 6th Meeting of the 7th Session of the Board and the 5th Meeting of the 7th Session of the Supervisory Committee. On 24 January 2019, “the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Grant under 2018 Share Options Incentive Scheme” was considered and approved at the 7th Meeting of the 7th Session of the Board and the 6th Meeting of the 7th Session of the Supervisory Committee, pursuant to which, 21 December 2018 was set as the date of grant, on which 35.72 million share options were granted to 320 incentive participants at an exercise price of RMB8.21 per share option.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 12th Meeting of the 7th Session of the Board of the Company on 10 June 2019, 3.95 million share options that have been granted but not yet exercised by 39 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 320 to 281, while the number of share options under the first grant was adjusted from 35.72 million to 31.77 million.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 17th Meeting of the 7th Session of the Board of the Company on 28 October 2019, 2.46 million share options that have been granted but not yet exercised by 23 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 281 to 258, while the number of share options under the first grant was adjusted from 31.77 million to 29.31 million.

Pursuant to “the Resolution on Fulfillment of Exercise Conditions for the First Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme” considered and approved at the 19th Meeting of the 7th Session of the Board of the Company on 4 December 2019, it was believed that the exercise conditions for the first exercise period of the first grant under the Incentive Scheme had been achieved, and it was agreed that the 258 incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 11.724 million, and the exercise period was from 21 December 2019 to 20 December 2020.



Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 30th Meeting of the 7th Session of the Board of the Company on 14 August 2020, 1.488 million share options that have been granted but not yet exercised by 23 Incentive Participants under the first grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 258 to 235, while the number of share options under the first grant was adjusted from 18,928,900 to 17,444,100.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 33rd Meeting of the 7th Session of the Board of the Company on 16 November 2020, 96,000 share options that have been granted but not yet exercised by 2 Incentive Participants under the first grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 235 to 233, while the number of share options under the first grant was adjusted from 16,940,000 to 16,844,400.

As at 30 June 2022, the number of share options exercised for the Period was 24,603,309 and the number of outstanding share options was 2,368,691.

- ② Pursuant to “the Resolution on the Grant of Share Options to Incentive Participants under the Reserved Grant” considered and approved at the 16th Meeting of the 7th Session of the Board of the Company on 23 September 2019, 23 September 2019 was set as the date of grant, on which 8.99 million share options were granted to 187 incentive participants at an exercise price of RMB10.47 per share option.

Pursuant to “the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Reserved Grant under 2018 Share Options Incentive Scheme” considered and approved at the 17th Meeting of the 7th Session of the Board of the Company on 28 October 2019, the number of Incentive Participants for the Reserved Grant of share options was adjusted from 187 to 186, while the number of share options under the Reserved Grant was adjusted from 8.99 million to 8.97 million.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 30th Meeting of the 7th Session of the Board of the Company on 14 August 2020, 1.88 million share options that have been granted but not yet exercised by 28 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the Reserved Grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 186 to 158, while the number of share options under the Reserved Grant was adjusted from 8.97 million to 7.09 million.

Pursuant to “the Resolution on Fulfillment of Exercise Conditions for the First Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme” considered and approved at the 31st Meeting of the 7th Session of the Board of the Company on 27 August 2020, it was believed that the exercise conditions for the first exercise period of the reserved grant under the Incentive Scheme had been achieved, and it was agreed that the incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 3,545,000, and the exercise period was from 23 September 2020 to 22 September 2021.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 33rd Meeting of the 7th Session of the Board of the Company on 16 November 2020, 450,000 share options that have been granted but not yet exercised by 8 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the reserved grant of the 2018 share options incentive scheme of the Company was adjusted from 158 to 150, while the number of share options under the reserved grant was adjusted from 4,616,500 to 4,166,500.

As at 30 June 2022, the number of share options exercised for the Period was 5,039,316 and the number of outstanding share options was 1,440,684.

## (2) Livzon Group, a subsidiary of the Company

Total equity instruments granted during the Current Period by the Company (share)	–
Total equity instruments exercised during the Current Period by the Company (share)	496,836
Total equity instruments of the Company expired during the Current Period (share)	–
Range of exercise price of share option of the Company outstanding and remaining term of contract as at the end of the Period	Note 1
Range of exercise price of other equity instruments of the Company and remaining term of contract as at the end of the Period	Note 2

## Note 1: Share Option

- ① On 5 September 2018, “the Resolution on 2018 Share Options Incentive Scheme (Revised Draft) and its summary”, the “Resolution on Administrative Measures for Appraisal System of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc.” and “the Resolution on the General Meeting For Granting Mandate to the Board to Deal with Matters Regarding the 2018 Share Options Incentive Scheme” were considered and approved at the 2018 Third Extraordinary General Meeting, the 2018 Third Class Meeting of A Shareholders and the 2018 Third Class Meeting of H Shareholders of Livzon Group. Pursuant to “the Resolution in Relation to the Adjustment of the List of Incentive Participants of the First Grant and the Quantity to be Granted for the First Grant under 2018 Share Options Incentive Scheme” and “the Resolution on the Related Matters of the First Grant of 2018 Share Options Incentive Scheme” considered and approved at the 19th Meeting of the 9th Session of the Board of Livzon Group on 11 September 2018, 11 September 2018 was set as the date of grant, on which 17,475,500 Share Options were granted to 1,050 Incentive Participants at an exercise price of RMB47.01 per share option.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, 254,995 share options that have been granted but not yet exercised by 17 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of Livzon Group was adjusted from 1,050 to 1,033, while the number of share options under the first grant was adjusted from 22,718,150 to 22,463,155.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 162,912 share options under the first exercise period held but not yet exercised by 55 Incentive Participants and 1,535,765 share options granted and no longer meeting the exercising conditions to 129 Incentive Participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 1,033 to 904, while the number of share options under the first grant was adjusted from 22,463,155 to 20,764,478.

Pursuant to “Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the the 25th meeting of the tenth session of the Board of Livzon Group on 10 November 2021, 323,274 share options under the second exercise period held but not yet exercised by 80 Incentive Participants and 673,422 share options granted and no longer meeting the exercising conditions to 107 Incentive Participants who were no longer qualified for the incentive are cancelled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 904 to 797, while the number of share options under the first grant was adjusted from 20,764,478 to 19,767,782.

As at 30 June 2022, the number of outstanding share options was 4,885,030.

- ② Pursuant to “the Resolution relating to Relevant Issues concerning the Reserved Grant under the 2018 Share Options Incentive Scheme” considered and approved at the 31st Meeting of the 9th Session of the Board of Livzon Group on 28 August 2019, the Board approved 28 August 2019 as the date of grant, on which 2,535,000 share options were granted to 145 Incentive Participants and the exercise price was RMB28.87 per A share.

Pursuant to “the Resolution relating to Adjusting the List of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme” considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, the number of Incentive Participants under the reserved grant of the share option incentive plan was adjusted from 145 to 170.

On 28 October 2019, the Reserved Grant of the share options has completed registration. During the process of registration, 1 Incentive Participant was no longer qualified for incentive due to his resignation, and 2 Incentive Participants voluntarily gave up the Share Options to be granted by Livzon Group due to personal reasons. Therefore, the number of Incentive Participants under the Reserved Grant is adjusted from 170 to 167, and the total number of Share Options under the Reserved Grant is adjusted from 2,535,000 to 2,524,500.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 309,900 share options granted and no longer meeting the exercising conditions to 10 incentive participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 167 to 157, while the number of share options under the Reserved Grant was adjusted from 2,524,500 to 2,214,600.

Pursuant to “Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the the 25th meeting of the tenth session of the Board of Livzon Group on 10 November 2021, 31,150 share options under the first exercise period held but not yet exercised by 7 Incentive Participants and 129,400 share options granted and no longer meeting the exercising conditions to 18 incentive participants who were no longer qualified for the incentive are cancelled. After the completion of the cancellation, the number of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 157 to 139, while the number of share options under the Reserved Grant was adjusted from 2,214,600 to 2,054,050.

As at 30 June 2022, the number of outstanding share options was 614,199.

Note 2: Other equity incentive

Pursuant to “the Resolution on the Disposal of Certain Equity of a Holding Subsidiary and Connected Transaction” considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, it was agreed that 9.5% equity interests (totally 8,382,100 shares) in Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) held by Livzon Group shall be transferred to Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)) at the consideration of RMB21,122,892. Pursuant to the Assets Appraisal Report on the Valuation of the Shareholders’ Equity as a Whole of Zhuhai Livzon Diagnostics Inc. in Relation to the Proposed Equity Transfer by Livzon Pharmaceutical Group Inc. (Huaya Zhengxin Appraisal Report [2019] No. A02-0011), the valuation of the shareholders’ equity as a whole of Zhuhai Livzon Diagnostics Inc. as at 30 June 2019 was RMB647.3075 million, and the above equity transfer price was lower than its fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB40.4017 million, which should be amortized within 5 years according to the partnership agreement and share incentive expenses were recognised due to the share-based payment as a result of the change in the shareholding of the shareholders of Zhuhai Liying Investment Management Partnership (Limited Partnership).

Pursuant to “the Resolution on the Implementation of Employee Equity Incentive Scheme by a Holding Subsidiary” considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, the total number of shares of new issuance by Zhuhai Livzon Diagnostics Inc. for implementation of employee equity incentive scheme shall not be more than 4,643,839 shares, and the scheme participants shall contribute a total of RMB11,702,474.28 to directly subscribe for the above shares or indirectly subscribe for the such shares through the holding of the limited partnership shares of the employee shareholding platform. In December 2019, pursuant to the Capital Increase Agreement of Zhuhai Livzon Diagnostics Inc., the total shares of Zhuhai Livzon Diagnostics Inc. increased from 88,232,932 shares to 92,876,771 shares with par value of RMB1 per share. The increased number of shares were subscribed for by Zhuhai Haoxun Enterprise Management Consulting Partnership (Limited Partnership) (珠海豪讯企业管理咨询合伙企业(有限合伙)), Zhuhai Yichen Enterprise Management Consulting Partnership (Limited Partnership) (珠海熠臣企业管理咨询合伙企业(有限合伙)) and Zhuhai Qijing Enterprise Management Consulting Partnership (Limited Partnership) (海启靖企业管理咨询合伙企业(有限合伙)) at the consideration of RMB11,702,474. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB20,709,000, which should be amortized within 5 years according to the Partnership Agreement, and share incentive expenses were recognized due to the share-based payment as a result of the change in the shares/shareholding of the shareholders of Zhuhai Livzon Diagnostics Inc.

On 31 August 2021, the general meeting of LivzonBio considered and approved the Equity Incentive Scheme of Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司), granting 66,666,667 restricted shares of Livzon Biologics to incentive participants, among which 42 million shares were granted in the first batch and 24,666,667 shares were reserved. Incentive participants indirectly subscribed for the above shares through the holding of the limited partnership shares of the employee shareholding platform. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB33.6 million, which should be amortized during the lock-up period according to the Equity Incentive Scheme of LivzonBio and the Grant Agreement and RMB9,800,000 was amortized in the 6-month period ended 30 June 2022.

## 2. Equity settled share-based payments

Applicable  N/A

Unit: Yuan Currency: RMB

Method in determining the fair value of equity instruments at the date of grant	Black-Scholes Model, market price
Basis for determining quantity of exercisable equity instruments	–
Reasons for significant discrepancies between estimate for the Period and Previous Period	None
Accumulated amount of equity settled share-based payments included in capital reserve	174,837,926.50
Total expense recognised for equity settled share-based payments for the Period	20,288,460.09

## 3. Cash settled share-based payments

Applicable  N/A

## XII. Commitments and Contingencies

### 1. Significant commitments

Applicable  N/A

Significant commitments to outsiders as of the balance sheet data, and their nature and amount

#### (1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitments in relation to acquisition of long-term assets	623,138,265.76	582,336,168.87
Commitments in relation to external investment	8,000,000.00	8,000,000.00
Commitments in relation to research and development expenditures	285,490,623.32	309,313,880.64

#### (2) Other commitments

None.

#### (3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 30 June 2022.

### 2. Contingencies

#### (1). Significant contingencies as of the balance sheet date

Applicable  N/A

#### (2) .Please also make explanations thereof if the Company has no significant contingency to be disclosed:

Applicable  N/A

Except for the guarantee with related parties mentioned in Note X. 5. (4). As at 30 June 2022, there were no significant contingencies required to be disclosed by the Company.

### 3. Others

Applicable  N/A

### XIII. Events after the Balance Sheet Date

#### 1. Significant non-adjustment events

Applicable  N/A

#### 2. Profit distribution

Applicable  N/A

#### 3. Sales returns

Applicable  N/A

#### 4. Descriptions of other events after the balance sheet date

Applicable  N/A

##### (1) Share repurchase

On 23 December 2021, the Company's 5th Extraordinary General Meeting of Shareholders of 2021 reviewed and approved the "Plan on Repurchasing the Company's Shares by Centralized Bidding Transactions", and plans to repurchase shares through centralized bidding transactions in the Shanghai Stock Exchange trading system, the total amount of funds for repurchase shares shall not be less than RMB300 million (inclusive) and not more than RMB600 million (inclusive), and the repurchase price shall not exceed RMB15 per share (inclusive). The repurchased shares will be used to reduce the Company's registered capital, and the source of repurchase fund are self-funding or self-financing by the Company. The repurchase period is no more than 12 months from the date when the Company's general meeting of shareholders considers and approves the repurchase plan, that is, from 23 December 2021 to 22 December 2022.

As of 7 July 2022, the Company repurchased a total of 50,959,668 shares and paid a total of RMB599,981,715.83 (including transaction fees), and de-registration was completed on 11 July 2022.

##### (2) Issue GDR in the SIX Swiss Exchange

The Company held the 13th meeting of the 8th session of the Board of Directors on 22 June 2022, at which it reviewed and approved the "Proposal on the Company's Issuance of GDR, Listing on the SIX Swiss Exchange and Conversion to Joint Stock Company Floatation and Listing Abroad", the Company is planning for overseas issuance of Global Depository Receipts ("GDR") and applying for listing on the SIX Swiss Exchange. GDR is the newly issued A shares of the Company's RMB ordinary shares as the underlying securities. This proposal still needs to be submitted to the shareholders general meeting for approval.

As of 10 August 2022, the Company has no other events that needed to be disclosed after the balance sheet date.

##### (3) Stock option incentive

The company held the 15th meeting of the 8th session of the Board of Directors on 10 August 2022, at which it reviewed and passed the "Proposal on the Company's 2022 Stock Option Incentive Plan(Draft) and its Abstract" which is still to be submitted to the general meeting of shareholders of the company for deliberation.

## XIV. Other significant events

### 1. Other significant events

√ Applicable    □ N/A

#### (1). Important supplier

Jiaozuo Xincheng Huai Medicine Co., Ltd. (hereinafter referred to as "Xincheng Company") is a supplier of Chinese herbs of the Company. The Company purchased Chinese herbs of RMB11.39 million (tax inclusive) from Xincheng Company during the 6-month period ended 30 June 2022, accounting for 95.77% of the total amount of purchases of Chinese herbs (excluding Livzon Group). Xincheng Company delivered commodities to the Company according to the Purchase Contract of the Company and issued VAT special invoices after acceptance by the Company. As at 30 June 2022, the balance of prepayment of the Company to Xincheng Company was RMB13,155,269.50.

#### (2) Leases

The Company had adopted a simplified approach for short-term leases and leases of low value assets and did not recognized right-of-use assets and lease liabilities. The expense of short-term leases, leases of low value assets and variable lease payments not included in the measurement of lease liabilities are included in the expenses in the current period as follows:

Item	Amount for the Period
Short-term leases	2,392,763.95
Leases of low value assets	0.00
Total	2,392,763.95

As at 30 June 2022, save as the disclosed above, there were no other significant matters required to be disclosed by the Company.

## XV. Notes to the Key Components of Financial Statements item of the Parent Company

### 1. Notes receivables

Category	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	234,490,808.52	0.00	234,490,808.52	374,296,302.21	0.00	374,296,302.21
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	234,490,808.52	0.00	234,490,808.52	374,296,302.21	0.00	374,296,302.21

#### (1) Notes receivable pledged at the end of the period

Category	Amount pledged at the End of the Period
Bank acceptance bills	126,859,793.46

#### (2) Notes receivable endorsed or discounted to other parties but not yet expired at balance sheet date

Category	Amount derecognised at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	11,214,600.10	
Bank acceptance bills not yet mature but already discounted	154,026,768.58	
Total	165,241,368.68	

(3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

(4) Classification by the method of bad debt provision

Category	Balance at the End of the Period				Balance at the Beginning of the Period					
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying value
Provision for bad debt on an individual basis										
Provision for bad debt on a collective basis	234,490,808.52	100.00	0.00	0.00	234,490,808.52	374,296,302.21	100.00	0.00	0.00	374,296,302.21
Including:										
Bank acceptance bills	234,490,808.52	100.00	0.00	0.00	234,490,808.52	374,296,302.21	100.00	0.00	0.00	374,296,302.21
Total	234,490,808.52	100.00	0.00	0.00	234,490,808.52	374,296,302.21	100.00	0.00	0.00	374,296,302.21

(5) Provision for bad debt made, recovered or reversed during the Period

None

(6) There are no bills receivables actually written-off for the Period.

## 2. Accounts receivables

(1). Disclosure using the aging analysis method

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Within 1 year	354,284,687.76
1-2 years	2,155,591.77
2-3 years	335,434.36
3-4 years	520,033.44
4-5 years	383,816.50
Over 5 years	7,902,586.13
Total	365,582,149.96



## (2). Classification by the method of bad debt provision

√ Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on individual basis	771,300.68	0.21	771,300.68	100.00	0.00	771,300.68	0.14	771,300.68	100.00	0.00
Including:										
Receivables from domestic customers	771,300.68	0.21	771,300.68	100.00	0.00	771,300.68	0.14	771,300.68	100.00	0.00
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	364,810,849.28	99.79	11,676,640.80	3.20	353,134,208.48	548,813,091.14	99.86	13,270,020.90	2.42	535,543,070.24
Including:										
Receivables from domestic customers	364,810,849.28	99.79	11,676,640.80	3.20	353,134,208.48	548,813,091.14	99.86	13,270,020.90	2.42	535,543,070.24
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	365,582,149.96	100.00	12,447,941.48	3.40	353,134,208.48	549,584,391.82	100	14,041,321.58	2.55	535,543,070.24

Provision for bad debts on individual item:

√ Applicable  N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision made
Purchase of goods	771,300.68	771,300.68	100.00	Not expected to be recoverable
Total	771,300.68	771,300.68	100.00	/

Statements of provision for bad debt on individual basis:

 Applicable  N/A

Provision for bad debts on portfolio basis:

√ Applicable  N/A

Item on portfolio basis: Due from domestic customers

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		
	Accounts receivables	Provision for bad debts	Carrying Value (%)
Within 1 year	354,284,687.76	3,435,867.57	0.97
1-2 years (inclusive of 2 years)	2,155,591.77	217,779.59	10.10
2-3 years (inclusive of 3 years)	335,434.36	114,630.31	34.17
3-4 years (inclusive of 4 years)	520,033.44	400,016.72	76.92
4-5 years (inclusive of 5 years)	38,776.70	32,021.36	82.58
Over 5 years	7,476,325.25	7,476,325.25	100.00
Total	364,810,849.28	11,676,640.80	3.20

Standards of provision for bad debts made by portfolio and descriptions thereof:

Applicable  N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

Applicable  N/A

(3). Provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Changes for the current period			Other changes	Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off		
Accounts receivables	14,041,321.58	-1,593,380.10	0.00	0.00	0.00	12,447,941.48
Total	14,041,321.58	-1,593,380.10	0.00	0.00	0.00	12,447,941.48

As at 30 June 2022 and 31 December 2021, the Company had no accounts receivables that are past due but not impaired.

Significant recovery or reversal of bad debt provision for the current period:

Applicable  N/A

(4). Accounts receivable actually written off for the current period

Applicable  N/A

(5). The top five balances of accounts receivable by debtors as at the End of the Period

Applicable  N/A

As of 30 June 2022, the total amount of the top five debtors in closing balance is RMB43,228,720.97, accounting for 11.82% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB432,287.21.

(6). Derecognised accounts receivables in the Company due to the transfer of financial assets.

Applicable  N/A

(7). Amount of assets or liabilities for which accounts receivable have been transferred but involvement continues in the Company.

Applicable  N/A

Other descriptions:

Applicable  N/A

### 3. Other receivables

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	769,999,500.00	814,041,000.00
Other receivables	323,802,318.49	322,196,811.25
Total	1,093,801,818.49	1,136,237,811.25

Other descriptions:

Applicable  N/A

#### (1). Dividends receivable

Dividends receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Topsino	749,999,500.00	749,999,500.00
Haibin Pharma	0.00	44,041,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Provision for bad debts	0.00	0.00
Total	769,999,500.00	814,041,000.00

Other receivables

#### (1) .Disclosure by aging

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	323,737,556.35
1-2 years	247,451.44
2-3 years	149,386.44
3-4 years	146,228.36
4-5 years	0.00
Over 5 years	19,105,586.00
Provision for bad debts	-19,583,890.10
Total	323,802,318.49

## (2) .Disclosure by nature of the amount

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Other receivables of each company within the scope of combination	322,930,996.47	294,833,504.86
Capital reduction	0.00	24,078,925.22
Treasury bonds and security deposits	17,968,386.04	17,968,386.04
External entities balances	1,656,243.34	3,763,793.73
Security deposits	830,582.74	848,272.56
Others	0.00	50,500.11
Total	343,386,208.59	341,543,382.52

## (3) .Provision made for bad debts

√ Applicable □ N/A

As at the End of the Period, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	0.00	0.00	0.00	0.00	
Capital reduction	0.00	0.00	0.00	0.00	
Provision for bad debt on portfolio basis	322,930,996.47	0.00	0.00	322,930,996.47	
Other receivables of each company within the scope of combination	322,930,996.47	0.00	0.00	322,930,996.47	Expected to be recovered
Total	322,930,996.47	0.00	0.00	322,930,996.47	

As at the End of the Period, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item					
Provision for bad debt on portfolio basis	2,486,826.08	64.96	1,615,504.06	871,322.02	
Receivables of security deposits	830,582.74	18.94	157,320.34	673,262.40	
Other receivables	1,656,243.34	88.04	1,458,183.72	198,059.62	
Total	2,486,826.08	64.96	1,615,504.06	871,322.02	

As at the End of the Period, provision for bad debts in third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	17,968,386.04	100.00	17,968,386.04	0.00	
National debt and Margin	17,968,386.04	100.00	17,968,386.04	0.00	Not expected to be recoverable
Provision for bad debt on portfolio basis	0.00	0.00	0.00	0.00	
Total	17,968,386.04	100.00	17,968,386.04	0.00	

As at 31 December 2021, provision made for bad debts:

As at 31 December 2021, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	24,078,925.22	0.00	0.00	24,078,925.22	
Capital reduction	24,078,925.22	0.00	0.00	24,078,925.22	Expected to be recovered
Provision for bad debt on portfolio basis	294,833,504.86	0.00	0.00	294,833,504.86	
Other receivables of each company within the scope of combination	294,833,504.86	0.00	0.00	294,833,504.86	Expected to be recovered
Total	318,912,430.08	0.00	0.00	318,912,430.08	

As at 31 December 2021, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	4,662,566.40	29.56	1,378,185.23	3,284,381.17	
Receivable deposits and deposits and rental fees	877,102.56	17.99	157,778.54	719,324.02	
Other receivables	3,785,463.84	32.24	1,220,406.69	2,565,057.15	
Total	4,662,566.40	29.56	1,378,185.23	3,284,381.17	

As at 31 December 2021, provision for bad debts in the third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	17,968,386.04	100.00	17,968,386.04	0.00	
Treasury bonds and Margin	17,968,386.04	100.00	17,968,386.04	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	-
Total	17,968,386.04	100.00	17,968,386.04	0.00	

(4) Provision for bad debts made, recovered or reversed during the Period

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (without impairment of credit)	Expected credit losses over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period	0.00	1,378,185.23	17,968,386.04	19,346,571.27
Movement of beginning balance during the period				
– Transferred to Second stage	0.00	0.00	0.00	0.00
– Transferred to third stage	0.00	0.00	0.00	0.00
– Reversed to second stage	0.00	0.00	0.00	0.00
– Reversed to first stage	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	237,318.83	-158,470.77	78,848.06
Reversals for the Period	0.00	0.00	0.00	0.00
Write-off for the Period	0.00	0.00	0.00	0.00
Settlement for the Period	0.00	0.00	-158,470.77	-158,470.77
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,615,504.06	17,968,386.04	19,583,890.10

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period:

Applicable  N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments have increased significantly:

Applicable  N/A

(5). Actual written-off of other receivables at the End of the Period

Applicable  N/A

## (6) Other receivables due from the top five debtors at the End of the Period

√ Applicable  N/A

Unit: Yuan Currency: RMB

Name of entity	Nature of receivables	Balance at the End of the Period		Aging	Proportion to total other receivables at the End of the Period (%)	Balance of provision for bad debts at the End of the Period
Shenzhen Fenglei Electric Power Investment Co., Ltd.	Other receivables of each company within the scope of combination	129,956,104.29		Within one year	37.85	0.00
Joincare Haibin Pharmaceutical Co., Ltd.	Other receivables of each company within the scope of combination	125,587,663.86		Within one year	36.57	0.00
Topsino Industries Limited	Other receivables of each company within the scope of combination	36,963,997.56		Within one year	10.76	0.00
Huaxia Securities Co., Ltd	Treasury bonds and security deposits	17,968,386.04		Over 5 years	5.23	17,968,386.04
Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd.	Other receivables of each company within the scope of combination	16,177,205.99		Within one year	4.71	0.00
Total	/	326,653,357.74		/	95.12	17,968,386.04

## (7) Other receivables derecognised due to the transfer of financial assets

 Applicable  N/A

## (8) Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

 Applicable  N/A

Other descriptions:

 Applicable  N/A

## 4. Long-term equity investments

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,453,138,312.11	7,010,047.91	3,446,128,264.20	3,453,138,312.11	7,010,047.91	3,446,128,264.20
Investments in associates and joint ventures	67,306,382.27	0.00	67,306,382.27	84,810,888.09	0.00	84,810,888.09
Total	3,520,444,694.38	7,010,047.91	3,513,434,646.47	3,537,949,200.20	7,010,047.91	3,530,939,152.29

## (1). Investments in subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Change during the Period						Balance of provision for impairment at the End of the Period
	Balance at the Beginning of the Year	Increase during the Period	Decrease during the Period	Balance at the End of the Period	Provision for impairment for the Period	Balance at the End of the Period	
Livzon	608,741,654.08	0.00	0.00	608,741,654.08	0.00	0.00	
Haibin Pharma	783,054,186.38	0.00	0.00	783,054,186.38	0.00	0.00	
Joincare Daily-Use	24,116,498.56	0.00	0.00	24,116,498.56	0.00	1,610,047.91	
Topsino	813,552,689.31	0.00	0.00	813,552,689.31	0.00	0.00	
Taitai Genomics	37,500,000.00	0.00	0.00	37,500,000.00	0.00	0.00	
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	105,939,709.72	0.00	0.00	
Shenzhen Hiyeah	170,100,000.00	0.00	0.00	170,100,000.00	0.00	5,400,000.00	
Fenglei Electric Power	100,763,433.06	0.00	0.00	100,763,433.06	0.00	0.00	
Jiaozuo Joincare	375,000,000.00	0.00	0.00	375,000,000.00	0.00	0.00	
Shanghai Frontier	32,500,000.00	0.00	0.00	32,500,000.00	0.00	0.00	
Taitai Biological	4,832,950.00	0.00	0.00	4,832,950.00	0.00	0.00	
Joincare Haibin	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00	
Joincare Special medicine Food	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00	
Livzon Biotechnology *	294,037,191.00	0.00	0.00	294,037,191.00	0.00	0.00	
Total	3,453,138,312.11	0.00	0.00	3,453,138,312.11	0.00	7,010,047.91	

## (2). Investment in associates and joint ventures

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Change during the Period									Balance of provision for impairment at the End of the Period	
	Balance at the Beginning of the Year	Increased investment	Decreased investment	Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others		Balance at the End of the Period
II Associates											
Ningbo Ningrong Biological Medicine Co., Ltd.	27,464,098.71	0.00	0.00	-203,057.33	0.00	0.00	0.00	0.00	0.00	27,261,041.38	0.00
Feellife Health Inc.	10,689,582.15	0.00	0.00	499,401.08	0.00	0.00	0.00	0.00	0.00	11,188,983.23	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	18,080,883.21	0.00	18,080,883.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd	28,576,324.02	0.00	0.00	280,033.64	0.00	0.00	0.00	0.00	0.00	28,856,357.66	0.00
Total	84,810,888.09	0.00	18,080,883.21	576,377.39	0.00	0.00	0.00	0.00	0.00	67,306,382.27	0.00



## 5. Operating income and operating cost

Operating income and operating cost

√ Applicable   □ N/A

Unit: Yuan   Currency: RMB

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Principal activities	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45
Other activities	7,768,255.94	3,116,156.20	8,294,340.88	2,648,591.72
Total	1,177,100,137.17	788,887,001.95	767,872,298.02	461,788,716.17

Other descriptions:

(2). Descriptions of operating income

① Operating income and operating cost presented by product types

Item	For the Period		For the Previous Period	
	Cost	Income	Income	Cost
Chemical pharmaceuticals	1,091,103,688.17	735,913,959.70	674,814,842.94	406,252,524.34
Health care products	54,408,929.55	35,996,134.48	62,009,176.42	39,684,403.79
Traditional Chinese medicine	23,819,263.50	13,860,751.57	22,753,937.78	13,203,196.32
Total	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45

② Operating income and operating cost presented by major operating regions

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Domestic	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45
Total	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45

③ Operating income and operating cost presented by time of income recognition

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Commodities (transferred at a point in time)	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45
Total	1,169,331,881.23	785,770,845.75	759,577,957.14	459,140,124.45

(3) Descriptions of other activities

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Rental fees	5,325,285.20	781,055.72	6,705,251.57	1,059,502.41
Others	2,442,970.74	2,335,100.48	1,589,089.31	1,589,089.31
Total	7,768,255.94	3,116,156.20	8,294,340.88	2,648,591.72

## 6. Investment income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Long-term equity investments income under cost method	310,288,053.40	592,353,897.50
Long-term equity investments income under equity method	576,377.39	-1,300,363.73
Investment income from disposal of long-term equity investments	4,242,404.46	0.00
Dividend income from other equity instrument investments	0.00	4,175,569.86
Investment income from disposal of financial assets held for trading	0.00	48,524.94
Total	315,106,835.25	595,277,628.57

## 7. Others

Applicable  N/A

## XVI. Supporting Information

### 1. Statement of non-recurring profit or loss

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss on disposal of non-current assets	3,731,885.55
Return, exemption and discharge of taxes resulting from approving ultra vires, or without formal approval or incidentally incurred	0.00
Government grants as included in the current profit or loss, however, except for those which are closely related to the normal business of an enterprise, comply with the policies of the State and are continuously entitled with specific amount or quantity according to certain standards	94,185,202.59
Funds occupation fees charged from non-financial enterprises	0.00
Gains resulting from the investment cost of the enterprise for the purpose of acquisition of the subsidiaries, joint operation and joint ventures is lower than the fair value of net identifiable assets of the investee as entitled at the time of receipt of the investment	0.00
Profit or loss from exchange of non-monetary assets	0.00
Profit or loss from investment or management of assets by the others	0.00
Provision for impairment of assets accrued due to force majeure factors, such as natural disasters	0.00
Profit or loss from debts restructuring	0.00
Enterprise restructuring fees, such as the expenses for employees' settlement and the integration fees	0.00
Profit or loss exceeding the fair value and generated from the transaction of which the transaction price is obviously unfair	0.00
Net profit or loss over the current period of the subsidiaries as a result of business combination under common control from the beginning of the year to the date of consolidation	0.00
Profit or loss from contingent issues irrelevant to the Company's normal business	0.00
Except for the efficient hedging related to the Company's normal business, profit or loss from changes in fair value as generated from financial assets and financial liabilities held for trading and gains from investment as a result of the disposal of financial assets and financial liabilities held for trading and debt investments	-98,936,528.71

Item	Amount
Reversals of provision for impairment of accounts receivable with individual impairment test	158,470.77
Profit or loss from entrusted loans	0.00
Gains or losses from changes in the fair values of investment properties that are subsequently measured using the fair value model	0.00
Impact of a one-time adjustment on current profit and loss according to the requirements of tax and accounting laws and regulations	0.00
Custody fees of entrusted operation	0.00
Other non-operating income and expenses besides the above items	-2,270,691.97
Other items that conform to the definition of non-recurring profit or loss	0.00
Less: Effect of income tax	10,439,515.79
Effect of minority equity (After tax)	-10,845,265.03
Total	-2,725,912.53

Provide explanations for classifying non-recurring profit and loss items defined in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses, and for classifying non-recurring profit and loss items listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses as recurring profit and loss item.

Applicable  N/A

## 2. Rate of return on net assets and earnings per share

Applicable  N/A

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net loss attributable to the Company's ordinary shareholders	6.65	0.4235	0.4232
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	6.67	0.4249	0.4246

## 3. Differences in accounting data under domestic and foreign accounting standards

Applicable  N/A

## 4. Others

Applicable  N/A

Chairman: Zhu Baoguo

Date of Submission Approved by the Board: 10 August, 2022

Revised information

Applicable  N/A