



2023

Winner Medical Co., Ltd.
Annual Report

To Shareholders

Dear shareholders and partners:

The challenging and volatile year of 2023 has passed, and through the collective efforts of the entire Winner Medical team, we have achieved this hard-won outcome. We are grateful for the strong support of the investors and partners from all sectors, without whom this accomplishment would not have been possible. On behalf of the Company's Board of Directors and management, we sincerely thank you for your understanding and assistance.

For Winner Medical, 2023 was exceptionally difficult.

The macroeconomic environment presented numerous challenges, with a sharp decline in demand for infection protection products and a volatile and segmented consumer market. These factors significantly impacted our production and operations. The severity of external impacts made ensuring a smooth transition of the Company's overall operations the primary concern for management throughout the year.

In 2023, the entire industrial chain of infection protection products grappled with excess inventory. Despite this challenge, the medical business team rose to the occasion, innovating and proactively adjusting the product structure while actively seeking opportunities and breakthroughs. For our infection protection products, we decisively and efficiently managed inventory and disposed of equipment. Simultaneously, we proactively collaborated with suppliers, distributors, and customers to navigate through challenges and weather the industry downturn together. We steadfastly uphold the principle that in times of difficulty, we must not pass the burden onto others but work collectively to find solutions. It's through joint efforts during crises that we forge enduring and healthy cooperative relationships. As the domestic market continues to adjust in 2023, we recognize the importance of seizing opportunities in foreign markets. We dedicated considerable efforts to this endeavor, with management frequently exploring international markets to secure business opportunities and expand our market share. Additionally, after a year of empowerment, efficiency enhancements, and resource integration, it yielded positive results in terms of business synergy and value optimization across the merged companies. Overall, while the scale of medical business revenue experienced a decline due to a high base figure, our businesses gradually returned to normal this year. Excluding infection protection products, revenue from conventional medical products saw double-digit growth, stabilizing the fundamentals of our long-term business development and showcasing the resilience of our operations for sustained growth.

In 2023, amidst the general recovery of the consumer market, the trend of consumption stratification and the coexistence of pleasure and rationality significantly influenced the competitive landscape of the segment. Moving forward, the Consumer Goods business team will persist in exploring the essence of "rationality" under pressure. We hold the belief that "rationality" does not equate to low prices; instead, its core should embody the concept of value for money. As a result, we have consistently upheld our strategic strength by maintaining product leadership, prioritizing the development of the cotton category, exercising control over discounts, and ensuring the provision of high-quality, differentiated cotton products to consumers at reasonable prices. We prioritize consumer demand as our core focus, implementing an explosive product strategy by actively innovating, accelerating new product launches, and expanding channels. We are committed to strengthening the brand building of Purcotton, refining management practices, and ultimately driving steady growth in revenue and profitability. Simultaneously, our overseas division of Purcotton was established in August last year, and we are steadily testing the waters and gradually promoting the brand globally. The quality of Purcotton's operations remains robust, demonstrating strong potential for overall development.

Reflecting on the past year, we confronted the challenges of the downturn cycle with resilience, persevering while upholding our business fundamentals and continually enhancing operational quality. As we reflect on our past experiences, it's essential to also gaze ahead to chart our course. As the industry cycle continues to unfold, Winner Medical has adeptly navigated through four economic cycles over its 33-year history. Our resilience stems from consistently meeting the needs of our target consumers and customers, maintaining steadfastness in our strategic goals despite short-term temptations most importantly, embodying our core values of "quality over profit, brand over speed, and social responsibility over corporate value". These principles have formed the bedrock of our long-term development and are the critical success factors we must remain committed to.

In the long run, our business has consistently revolved around life, health, and people's quest for a better quality of life. The industry we operate in follows a high-quality trajectory with ample opportunities for long-term survival and expansive growth. Externally, the prevailing trend emphasizes green, health, and sustainable development. Within the medical sector, the emergence of trends such as the silver economy, domestic substitution, and consumer medical care is poised to unlock significant market opportunities for Winner Medical. In the consumer goods industry, our products boast just-in-demand, high-frequency, high-quality, and safe characteristics. The Cotton Era's commitment to delivering high-quality products will persist in meeting consumers' unwavering pursuit of safety and quality of life. Furthermore, our continuously enhancing brand awareness and reputation will serve as pivotal assurances for steadfast development along the quality trajectory.

While our brand and operational management capabilities have accumulated over time, there remains ample room for refinement. Moving forward, we are dedicated to further enhancing these aspects of our business.

In our medical business, we prioritize investment in research and development, boasting a remarkable advantage in the number of medical product registration certificates. This forms a robust competitive barrier and supports our strategic goal of “one-stop procurement of global medical consumables”. Over the past three years, our medical brand has built valuable awareness and reputation. Converting this reputation into sales and channel capacity to drive growth is now a critical business focus. Moving forward, we aim to enhance the service response capability for major overseas customers, expedite entry into domestic hospitals, and advance the best-selling product strategy for C-end channels. We should embrace a strategy of “leading products with operational excellence” while breaking free from past inertia. It’s crucial to establish specialized capabilities for deep industry engagement under the new normal. Refined management tailored to the unique characteristics of products and channels is imperative.

In terms of consumer goods business, Purcotton stands as a national brand with widely acknowledged product quality. We’ve laid the groundwork for a product concept centered on “comfortable, healthy, and environmentally friendly”, garnering initial traction. Moreover, our core best-selling products have demonstrated consistent growth in performance. In light of the current era of rational consumption, we must address challenges without merely chasing short-term trends. Instead, we must approach it wholeheartedly, taking action to deliver unmatched comfortable, healthy, and environmentally friendly benefits to consumers. Simultaneously, we should adapt our sales strategies to align with evolving consumer shopping habits, facilitating conversion and creating synergies. We aim to tell the Purcotton’s story, allowing consumers to recognize our commitment to cotton quality, our innovations in cotton fabric processing technology, and our ongoing dedication to meeting consumer needs. In terms of channels, our online e-commerce efforts will focus on boosting product market share to capture a larger portion of the market. Offline stores will work on enhancing operational efficiency while steadily expanding, aiming to increase store penetration rates.

In terms of operations and management, we’ll leverage cutting-edge information technology, the metaverse, artificial intelligence, and other advanced technologies to progressively implement basic management processed, process management digitized, and digital management intelligence, ultimately enhancing overall operational efficiency and quality. Regarding organization and talent development, we’ll stay committed to the “four highs” talent concept: “high quality, high efficiency, high performance and high reward”. We’ll gradually adjust the talent structure and actively enhance the organization’s capacity and talent density, ensuring a solid foundation for strategic policy implementation.

In the long term, corporate culture serves as the intangible asset that unifies and rejuvenates the organization throughout its development journey. Our core operating principle is “quality over profit, brand over speed, and social value over corporate value”. We will stick by our core values of “hard work, self-criticism, exploration and innovation, and sustainable development”. The Company operates with honesty and integrity, actively embracing social responsibility. Our enterprising culture, characterized by upward striving, inspires all stable and healthy individuals, eventually coalescing into a strong fighting force driving the Company’s continuous development. This ethos forms the resilient backbone driving our continuous development, embodying the enduring spiritual essence we uphold.

Encourage people to pave the way for success, one step at a time.

With a development history of 33 years for Winner Medical and 15 years for Purcotton, we believe in the importance of long-term commitment to navigate through cycles. Our endurance hinges on consistently delivering value to customers and consumers. Under the strategic framework of “leading products with operational excellence”, the Company has a clear development path. All staff will adopt an integrated approach, seizing every market opportunity with a proactive mindset, and striving for excellence in every detail. In the future, we will all continue to strive, forge ahead, and endeavor to propel the Company toward “a century of Winner Medical”!

Li Jianquan

Chairman and general manager of Winner Medical

April 23, 2024

Guo Jingjing

Brand Ambassador
of
Purcotton
Guo Jingjing



01

Section I
Important Notes, Contents, and
Definitions

Important Notes

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

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

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

In 2023, the net profit attributable to shareholders of the listed company amounted to 580 million yuan, marking a year-on-year decrease of 64.84%. This decline was primarily attributed to three factors: (1) The impact of public health events resulted in a significant drop in market demand for infection protection products, leading to a decrease in operating income by approximately 3.82 billion yuan compared to the previous year, consequently causing a substantial decline in net profit attributable to the Company. (2) The Company addressed the decrease in demand for infection protection products by disposing of related production equipment, resulting in a reduction in net profit of about 250 million yuan. (3) Additionally, the impairment of goodwill further reduced net profit by approximately 188 million yuan. The Company's business performance aligns with industry trends, and there are no significant risks to its ability to continue operating.

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

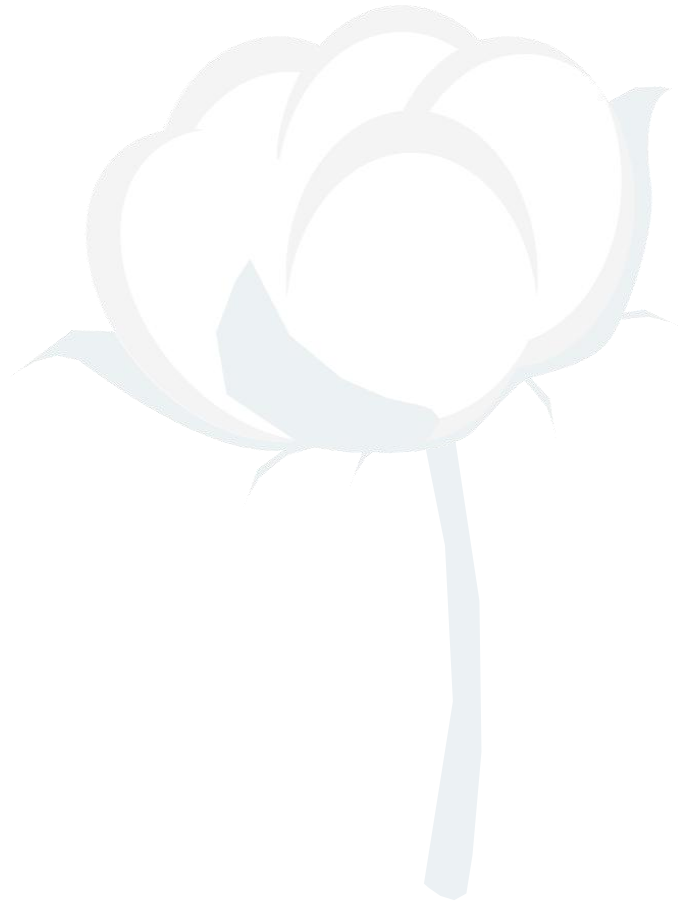
The profit distribution proposal considered and approved by the Board of Directors is as follows: a cash dividend of 5.00 yuan (inclusive of tax) per 10 shares to all shareholders, based on 583,938,148 shares after deduction of repurchased shares. Additionally, there are no bonus shares or transfer of shares from the capital reserve.

Contents

Section I Important Notes, Contents, and Definitions	4
Section II Company Profile and Major Financial Indicators	9
Section III Management Discussion and Analysis	15
Section IV Corporate Governance	75
Section V Environmental Protection and Social Responsibility	101
Section VI Important Matters	113
Section VII Changes in Shares and Shareholders	126
Section VIII Preferred Shares-related Information	136
Section IX Bond-related Information	137
Section X Financial Report	138

Document Catalog

- (I) Financial statements containing the signatures and seals of the person in charge of the Company, the accounting head, and the person in charge of the accounting body (accounting manager).
- (II) The original audit reports with the seal of the accounting firm and the signatures and seals of the certified public accountants.
- (III) The originals of all Company documents and announcements publicly disclosed during the reporting period.



Definitions

Term	Refers to	Definition
Company, Winner Medical	Refers to	Winner Medical Co., Ltd.
Reporting period	Refers to	Sunday, January 1, 2023 to Sunday, December 31, 2023
Purcotton	Refers to	Shenzhen Purcotton Technology Co., Ltd., a wholly-owned subsidiary of the Company
Longterm Medical	Refers to	Zhejiang Longterm Medical Technology Co., Ltd., of which the Company acquired 55% equity in 2022
Winner Medical (Hunan)	Refers to	Winner Medical (Hunan) Co., Ltd., of which the Company holds 68.70% equity after acquisition and capital increment in 2022
Winner Guilin	Refers to	Winner Guilin Latex Co., Ltd., of which the Company has acquired its equity in 2022
Winner Jinzhou	Refers to	Winner (Jinzhou) Latex Products Co., Ltd., a company acquired by its subsidiary Winner Guilin Latex Co., Ltd. in 2023 with 100% equity
Junjian Medical	Refers to	Shenzhen Junjian Medical Device Co., Ltd., of which the Company has acquired 100% equity in 2022
Winner Medical (Huanggang)	Refers to	Winner Medical (Huanggang) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jiayu)	Refers to	Winner Medical (Jiayu) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Chongyang)	Refers to	Winner Medical (Chongyang) Co., Ltd., a wholly-owned subsidiary of the Company
Winner Medical (Jingmen)	Refers to	Winner Medical (Jingmen) Co., Ltd., a wholly-owned subsidiary of the Company



Purcotton Home Textiles and
Home Apparel
Global spokesperson Zhao Liying



02

Section II
Company Profile and Major
Financial Indicators

I. Company information

Stock abbreviation	Winner Medical	Stock code	300888
Company name in Chinese	Winner Medical Co., Ltd.		
Chinese abbreviation of the Company	Winner Medical		
Company name in foreign language (if any)	Winner Medical Co., Ltd.		
Company short name in foreign language (if any)	Winner Medical		
Legal representative of the Company	Li Jianquan		
Registered address:	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; Winner Industrial Park, No.660 Bulong Road, Longhua District, Shenzhen City		
Postal code of the Company's registered address	518131		
Change history of the Company's registered address	On June 1, 2021, the Company completed the registration of industrial and commercial change of registered address from "Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen City" to "F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen City"		
Office address of the Company	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City		
Postal code of the Company's office address	518131		
Website	http://www.winnermedical.com		
Email	investor@winnermedical.com		

II. Contacts and contact information

	Secretary to the Board of Directors	Securities affairs representative
Name	Chen Huixuan	Liu Yanxiang
Contact address	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City	F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City
Tel	0755-28066858	0755-28066858
Fax	0755-28134688	0755-28134688
Email	investor@winnermedical.com	investor@winnermedical.com

III. Information disclosure and keeping place

Website of the stock exchange where the Company discloses its annual report	http://www.szse.cn/
Name and websites of the media on which the Company discloses its annual report	http://www.cninfo.com.cn/new/index
Place of preparation of the Company's annual report	Securities Department of the Company

IV. Other relevant information

Accounting firm engaged by the Company

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

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

Applicable Not applicable

Name of sponsor institution	Office address of sponsor institution	Name of sponsor representative	Continuous supervision period
China International Capital Corporation Limited	27 th and 28 th floors, Tower 2, International Trade Building, No. 1, Jianguo Menwai Main Street, Chaoyang District, Beijing	Shen Lulu, Wang Shenchen	From the date of initial public offering to December 31, 2023

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

Applicable Not applicable

V. Major accounting data and financial indicators

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

Yes No

Retroactive adjustment or restatement of reasons

Changes in accounting policies

	2023	2022		Increase/decrease this year compared to the previous year	2021	
		Before adjustments	After adjustments		Before adjustments	After adjustments
Operating income (yuan)	8,185,022,057.20	11,351,331,545.08	11,351,331,545.08	-27.89%	8,037,420,812.91	8,037,420,812.91
Net profits attributable to shareholders of listed companies (yuan)	580,403,232.37	1,650,582,427.43	1,650,717,282.64	-64.84% ¹	1,239,320,067.26	1,254,164,970.92
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	412,027,497.25	1,560,914,973.08	1,561,049,828.29	-73.61%	1,029,005,582.98	1,043,850,486.64
Net cash flow from operating activities (yuan)	1,063,326,232.23	2,983,472,230.27	2,983,472,230.27	-64.36% ²	871,689,901.93	871,689,901.93
Basic EPS (yuan/share)	0.98	3.90	2.79	-64.87%	2.91	2.11
Diluted EPS (yuan/share)	0.98	3.90	2.79	-64.87%	2.91	2.11
Weighted average return on net assets	5.03%	14.89%	14.87%	-9.84%	11.76%	11.89%

	End of 2023	End of 2022		Increase/decrease at the end of this year compared to the end of the previous year	End of 2021	
		Before adjustments	After adjustments		Before adjustments	After adjustments
Total assets (yuan)	17,112,022,449.97	18,237,749,401.56	18,252,727,626.66	-6.25%	13,266,610,200.37	13,281,456,374.32
Net assets attributable to shareholders of listed companies (yuan)	11,533,224,328.00	11,704,606,570.71	11,719,585,811.13	-1.59%	10,674,912,166.80	10,689,757,070.46

Note 1: This decline of 64.84% was primarily attributed to three factors: (1) The impact of public health events resulted in a significant drop in market demand for infection protection products, leading to a decrease in operating income by approximately 3.82 billion yuan compared to the previous year, consequently causing a substantial decline in net profit attributable to the Company. (2) The Company addressed the decrease in demand for infection protection products by disposing of related production equipment, resulting in a reduction in net profit of about 250 million yuan. (3) Additionally, the impairment of goodwill further reduced net profit by approximately 188 million yuan.

Note 2: The 64.36% decline in net cash flows from operating activities was primarily attributed to the decrease in revenue from the Company's medical business.

Reasons for changes in accounting policies and correction of accounting errors

On November 30, 2022, the Ministry of Finance promulgated and implemented the *Interpretation of Accounting Standards for Business Enterprises No.16*, which stipulates "the deferred income tax related to assets and liabilities arising from individual transactions shall not be applicable to the accounting treatment of initial recognition exemption", and shall come into effect from January 1, 2023. For lease liabilities and right-of-use assets recognized at the beginning of the earliest period of financial statement presentation in which the provision is first implemented that give rise to taxable temporary differences and deductible temporary differences as a result of a single transaction to which the provision applies, the Company has adjusted the cumulative effect to retained earnings at the beginning of the earliest period of financial statement presentation and other relevant financial statement items in accordance with the said provision and *Accounting Standard No. 18 for Business Enterprises - Income Tax*.

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

Yes No

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

Yes No

VI. Key quarterly financial indicators

	Unit: yuan			
	Q1	Q2	Q3	Q4
Revenue	2,352,114,690.56	1,914,723,348.10	1,743,604,478.34	2,174,579,540.20
Net profits attributable to shareholders of listed companies	376,938,135.34	304,678,887.35	1,466,156,270.99	-1,567,369,246.94 ¹
Net profits attributable to shareholders of the listed Company after deduction of non-recurring profits and losses	309,834,876.09	240,223,583.10	70,847,155.84	-208,878,117.78
Net cash flow from operating activities	-223,247,317.38	381,426,030.27	64,194,457.56	851,121,625.28

Note: 1 (1) The main reasons for the higher net income in the third quarter and the lower net income in the fourth quarter were as follows: (i) In the third quarter, a gain of 1,360,206,000 yuan was recognized from the disposal of the urban renewal and renovation project; and (ii) In the fourth quarter, due to the deferral of the progress of the urban renewal project, the Company reversed the gain of 1,360,206,000 yuan from the disposal of the project as aforementioned. Further details on these matters are provided in “Section VI Important Matters - XVI Description of other important events” and “Section X Financial Report - XVIII Other important matters - 7. Other important transactions and matters affecting the decision-making of investors” (2) Factors contributing to the net loss in the fourth quarter, after excluding the impact of urban renewal and reconstruction, include: (i) Impairment loss of goodwill amounting to 188.79 million yuan. (ii) Significant net loss on disposal of inventory of infection protection products and related equipment.

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

Yes No

VII. Differences in accounting data under domestic and foreign accounting standards

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Non-recurring profit and loss items and amount

Applicable Not applicable

				Unit: yuan
Item	Amount in 2023	Amount in 2022	Amount in 2021	Description
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-46,464,882.49	-39,993,220.64	-9,080,387.29	
Government grants recognized in the current period's profit or loss (excluding grants closely related to the Company's regular business operations, aligned with national policies, and meeting specific criteria with a continuous impact on the Company's profit or loss)	74,822,989.42	84,859,103.35	105,132,971.30	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations, and gains and losses from the disposal of financial assets and liabilities, excluding effective hedging operations related to the Company's regular business operations	172,439,376.04	78,921,808.85	158,186,445.51	The substantial increase in FY2023, as opposed to FY2022, was mainly attributable to short-term fluctuations in the net value of the wealth management market during Q4 of FY2022, resulting in a decline in wealth management income for FY2022
Income and expenditure other than those mentioned above	10,371,355.38	-13,810,132.25	-2,530,827.65	
Less: Amount affected by income tax	35,321,337.22	17,067,455.98	41,394,596.42	
Amount of minority shareholders' equity affected (after tax)	7,471,766.01	3,242,648.98	-878.83	
Total	168,375,735.12	89,667,454.35	210,314,484.28	--

Other profit and loss items that are consistent with the definition of non-recurring profit and loss:

Applicable Not applicable

There was no other profit and loss items that are consistent with the definition of non-recurring profit and loss.

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

Applicable Not applicable

There was no circumstance in which non-recurring profit and loss items enumerated in the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurring Profits and Losses* are defined as non-recurring profit and loss items.

A young girl with brown hair, wearing a white bonnet with a ruffled edge and a white dress with a floral pattern, is sitting in a white wicker basket. She is smiling broadly, showing her teeth. The background is a bright, sunny outdoor setting with green foliage and a clear blue sky. The overall mood is cheerful and bright.

03

Section III
Management Discussion and
Analysis

I. The industry in which we operate

1. Industry definition

According to the *Classification Rules of Medical Devices (2015)* (Order No. 15 of the China Food and Drug Administration) and the *Classification Catalogue of Medical Devices* (Notice No. 104 of the China Food and Drug Administration in 2017), the medical dressings produced and sold by the Company belong to the nursing and protective devices in medical devices. According to

According to the *Industry Classification of National Economy (GB/T4754-2017)* and the *Industry Classification Guidelines for Listed Companies* (revised in 2012), the industry of the Company is special equipment manufacturing industry (C35) in manufacturing industry (C).

The products of the Company's healthy consumer goods include pure cotton tissues, sanitary napkins with pure cotton surface, cotton wet tissues and other non-woven consumer goods, baby supplies, baby clothing, adult apparel and other textile consumer goods. According to the *Industry Classification of National Economy (GB/T4754-2017)* and the *Industry Classification Guidelines for Listed Companies* (revised in 2012), the consumer goods operated by the Company mainly belong to the textile industry (C17) and the textile and apparel industry (C1 8) in the manufacturing industry (C).

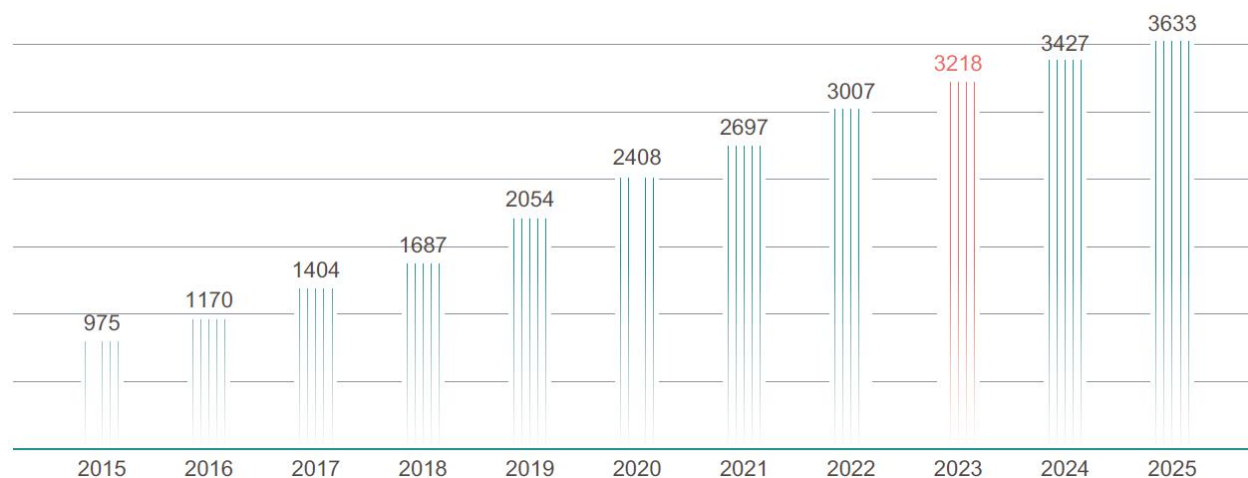
2. Development of the industry

With the strengthening of the national policy support for the medical device industry, the substitution of imported medical device with domestic products has gradually accelerated in recent years. Meanwhile, global aging and chronic disease are becoming increasingly prominent. According to the *United Nations World Population Prospects 2022*, the global fertility rates continue to decline. In the 1950s, women in the world had around 5 children each. In 2021, this has dropped to 2.3. The statistical bulletin on national economic and social development, released by the National Bureau of Statistics (NBS), indicates that China's population aged 60 years and above numbered 280 million at the end of 2022, constituting 19.8% of the country's population. By the end of 2023, the population aged 60 years and above in China reached 296 million, accounting for 21.1% of the country's population. Adapting the social medical environment to the demand of aging population is becoming a major trend. This has provided new space for the development of the medical device industry and will drive the innovation of the medical device industry.

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

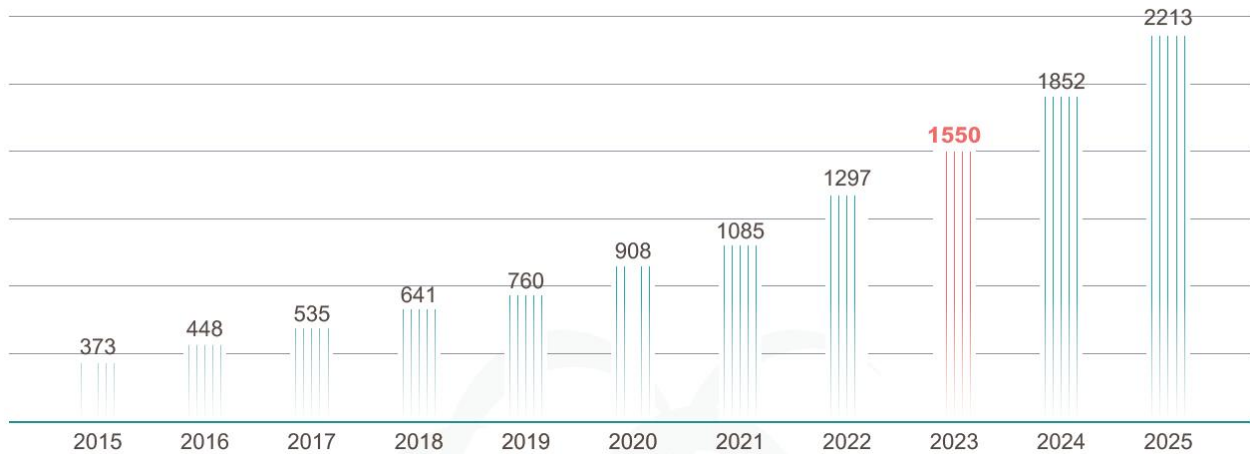
Medical consumables refer to the medical and health materials used in the process of clinical diagnosis and nursing, testing and repair. With a wide variety of models and wide application, they are important materials for medical institutions to carry out daily medical and nursing work. From the perspective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

Size of medical consumables market in china from 2015 to -2025 (100 million yuan)



Data source: *China Medical Consumables Market Conditions and Investment Prospect Survey Report 2021-2026*, *China Medical Device Blue Book*, Chinese Medicine, IBM Report

Size of low-value medical consumables market in china from 2015 to 2025 (100 million yuan)



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

Compared with high-value medical consumables, low-value medical consumables are mainly medical hygiene materials and dressings, injection and punching, medical polymer materials and products, medical disinfection materials, anesthetic consumables, operating room consumables and medical technology consumables, with low entry threshold and fierce market competition. Due to the wide application and benefit from the improvement of people's living standards and the continuous growth of medical demand in China, the market space of low-value medical consumables is huge, and will continue to maintain high-speed growth in the future. According to the research and analysis of IBM, it is estimated that the market scale of low-value medical consumables in China will reach 221.3 billion yuan by 2025 (Terminal market price). In addition to medical technology consumables, the existing business of Winner Medical has covered six of the seven major categories of low-value medical consumables. The Company's medical business is positioned as a leader in the medical consumables field, providing one-stop medical consumables solutions. Low-value medical consumables have the characteristics of rigid demand and high usage frequency. Relying on good brand reputation, channel coverage and strong manufacturing capability, the Company will continue to increase its share in the international and domestic markets.

① Market development of operating room infection control products

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

Operating room infection control products can be divided into reusable products and disposable products. Compared with the reusable products, the disposable operating room infection control products can significantly reduce the risk of cross infection. According to Coherent, disposable operating room infection control products can reduce the risk of cross infection during surgery by 60%. The *Guide to Operating Room Nursing Practice* compiled by the Operating Room Professional Committee of Chinese Nursing Association also recommends the use of disposable aseptic products in the operating room to reduce the risk of cross infection during surgery. At the same time, disposable operating room infection control products also have advantages in convenience compared with reusable products, which makes the demand for disposable products more active.

Compared with individual products, customized surgical package products may be customized according to the type of surgery and doctor's needs. Therefore, it may improve surgical efficiency and safety, avoid waste of surgical devices and materials and reduce hospital costs and environmental burdens. For these reasons, the market of customized surgical package is growing rapidly. According to the statistics of CMI, the market size of global customized surgical packs is expected to grow to USD 21.347 billion in 2026, with an average annual compound growth rate of 10.2%. In China, the market size of customized surgical packs is expected to rise to USD 1.504 billion, with an average compound annual growth rate of 12.2%, which is quite promising.

② Market development of high-end wound dressing products

Compared to the traditional wound dressings, high-end wound dressings are able to control exudate and have better breathability. In addition, it does not adhere to the wound, does not destroy new tissue, and may avoid bacterial infection. The typical products include hydrogel dressings, hydrocolloid dressings, transparent film dressings, foam dressings, alginate dressings, etc. Judging from the global trend, the demand for high value-added and multifunctional medical dressings made of new materials is increasing, and the high-end medical dressing industry will usher in good development opportunities. According to the research compiled by QY Research, the global high-end wound dressings market size reached USD 5.846 billion in 2020, and is expected to reach USD 7.230 billion in 2027.

The market size in China is growing rapidly and the major factors contributing to the growth of the high-end wound dressings market include increasing aging population, increasing awareness of high-end wound dressings, increasing number of road accidents and burn cases, and high incidence of diabetic wounds and chronic infections.

Most of the sales of the high-end wound dressing enterprises in China are still from overseas markets. After years of development, the product quality has reached a higher level and gained recognition in the international market. With the increase of consumption by domestic residents, the rising awareness of medical care, the popularization of domestic home care system, and the gradual convergence with international advanced medical care knowledge, the high-end wound dressings market in China will embrace a promising future.

In recent years, the relevant government departments and agencies have introduced supporting policies, indicating a general trend of replacement of international brands by domestic brands. There will also be a greater space in the high-end medical dressings field for domestic products, and the market concentration in China will further increase.

③ Development status of injection and puncture devices market

The injection and puncture device industry are divided into two categories: infusion and puncture. The main products in the infusion category are infusion sets, syringes and other infusion devices. Most of them are disposable medical supplies of high demand. As one of the most conventional medical devices, syringes are mainly used for injecting medicine into human muscles, subcutaneous tissue and vein. Puncture products mainly refer to puncture needle, and are rich in categories such as nursing and specialist categories.

According to QY Research, at present, China's injection and puncture devices industry mainly presents three major development trends. From the perspective of market concentration, with the rise of volume procurement for medical injection and puncture devices at the provincial and municipal level, large enterprises are expected to occupy more market by virtue of scale advantage, and the market of small and medium-sized enterprises will be further compressed. Therefore, the industry concentration will continue to increase. From the perspective of application scenarios, it is extending from the dominant infusion scenarios to more scenarios. The demand for puncture needle products arising from the clinical needs mainly includes high-end multi-site biopsy needles, and needles for assisted reproduction such as egg retrieval. From the technical point of view, high-end, intelligence and safety will become the technical development trend of infusion and puncture devices.

QY Research estimates that the sales of injection and puncture devices in China will reach 36.75 billion yuan in 2026.

④ Development status of medical latex gloves market

Medical gloves are mainly divided into latex gloves, nitrile gloves, polyethylene (PE) gloves and polyvinyl chloride (PVC) gloves according to the material; according to the application scenarios, they are divided into medical surgical gloves and medical examination gloves. Latex gloves feature high elasticity and skin-friendliness, and occupy an important position in medical gloves. According to QY Research data, the global market size of disposable medical gloves reached \$23.014 billion in 2021, with a latex gloves market size of \$6.99 billion, accounting for 30%. Latex gloves are expected to grow at a CAGR of 5.84% during 2021-2027 and will reach a market size of \$9,829 million by 2027.

(2) Development of consumer goods segmentation industry

In recent years, as people grow more confident on the national culture, the domestic goods have injected new vitality into the national economy, becoming an important driving force of consumption and domestic demand. At the same time, consumers are increasingly concerned about the environmental performance and sustainability of products, and the rise of environmental protection and low carbon concept is also driving the transformation and upgrading of the consumer goods industry. In January 2022, the National Development and Reform Commission and other departments issued the *Implementation Plan for Promoting Green Consumption* to comprehensively promote the green transformation of consumption in key areas. It is mentioned in one of the main goals of the plan that by 2025, the concept of green consumption will be deeply rooted in people's minds; by 2030, green consumption will become a conscious choice of the public and green low-carbon products will become the mainstream of the market.

① Development of cotton tissues

Because of its more environmental protection and less sensitization, pure cotton tissues can replace traditional paper products and towels with increasing market penetration. According to the *China's Cotton Tissues Industry Status and Development Trend Research Report 2019-2025* published by the China IRN Industry Research Institute, based on product attributes, production efficiency, environmental protection and other advantages, the customers groups of infants, maternity, people with sensitive skin and people with frequent beauty makeup and skin care needs are more willing to pay higher prices for high-quality products. So the consumer awareness for cotton tissue product is rapidly increasing, promoting the rapid growth of market demand. According to Euromonitor statistics, the global cotton tissues market demand reached 61 billion pieces in 2023, indicating a high growth stage.

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



② Development of disposable sanitary products industry

According to Euromonitor statistics, the market of absorptive care products in China increased from 151.1 billion yuan to 160.5 billion yuan in 2017-2023, with an average annual compound growth rate of 1.0%.

Among them, female health care products increased from 82.3 billion yuan in 2017 to 102.1 billion yuan in 2023, with an average annual compound growth rate of 3.7%. As Chinese women's health care awareness and consumption ability continue to rise, consumers are paying more attention to product quality, functionality, material safety and product experience, leading to the increasing proportion of medium- and high-end sanitary napkin consumption.

In 2023, the market size of baby diapers reached 40.2 billion yuan.

The market scale of adult incontinence products increased from 3.7 billion yuan in 2017 to 6.6 billion yuan in 2023, with an average annual compound growth rate of 10.1%. Since the overall development of adult incontinence products in China is lagging behind the feminine sanitary napkins and infant diapers market, it is still in the introduction period. Considering multiple factors such as growing life expectancy per capita, increasing number of elderly population, increasing disposable income per capita and increasing hygiene and health awareness, China's adult incontinence products market is at a stage of rapid growth in sales and market penetration.

The market scale of wet tissues increased from 6.7 billion yuan in 2017 to 11.6 billion yuan in 2023, with an average annual compound growth rate of 9.4%. At present, the market is dominated by baby wet tissues and general-purpose wet tissues. Female hygiene wet tissues, makeup removal wet tissues, home cleaning wet tissues and other categories account for a relatively small proportion, so there is a large market space to develop.

③ Development of textile industry and textile clothing and apparel industry

According to data released by the National Bureau of Statistics, retail sales of apparel, footwear, headwear, needles, and textiles increased from 302.4 billion yuan in 2007 to 1,409.5 billion yuan in 2023, representing a compound annual growth rate of 10.1%.

The development of e-commerce industry also led to the transformation and upgrading of textile and apparel. According to statistics from the Ministry of Commerce, online retail sales of apparel, shoes, hats, needles, and textiles in China accounted for 22.0% of the nation's online retail sales of physical commodities in 2023, making it the category with the largest share.

According to Euromonitor statistics, the market size of China's children's apparel industry fluctuated up from 2016 to 2021, with slight decline in 2020 and 2022 under the influence of public health events. As of 2023, China's children's apparel market size is about 252.6 billion yuan. In the future, under the influence of the growing attitude of "exquisite child raising", the children's apparel industry still has a large development potential.

As people's demand for health and comfort continues to rise, the market of intimate apparel (in the broad sense of underwear, meaning clothing worn close to the skin or under outerwear, including underwear, warm clothing, leisure wear, socks, etc.) is also evolving in the direction of high quality and comfort. According to the customer group, underwear can be divided into three categories: men's underwear, women's underwear and children's underwear, of which women's underwear occupies a dominant position, accounting for about half of the overall market share. According to the *Chinese Lingerie Industry Development Blue Book* released by CIC, the market size of women's lingerie will reach 217.14 billion yuan and men's lingerie will reach 84.91 billion yuan by 2026, and the overall market size of men's and women's lingerie will increase at a CAGR of 5.2% from 2020 to 2026.

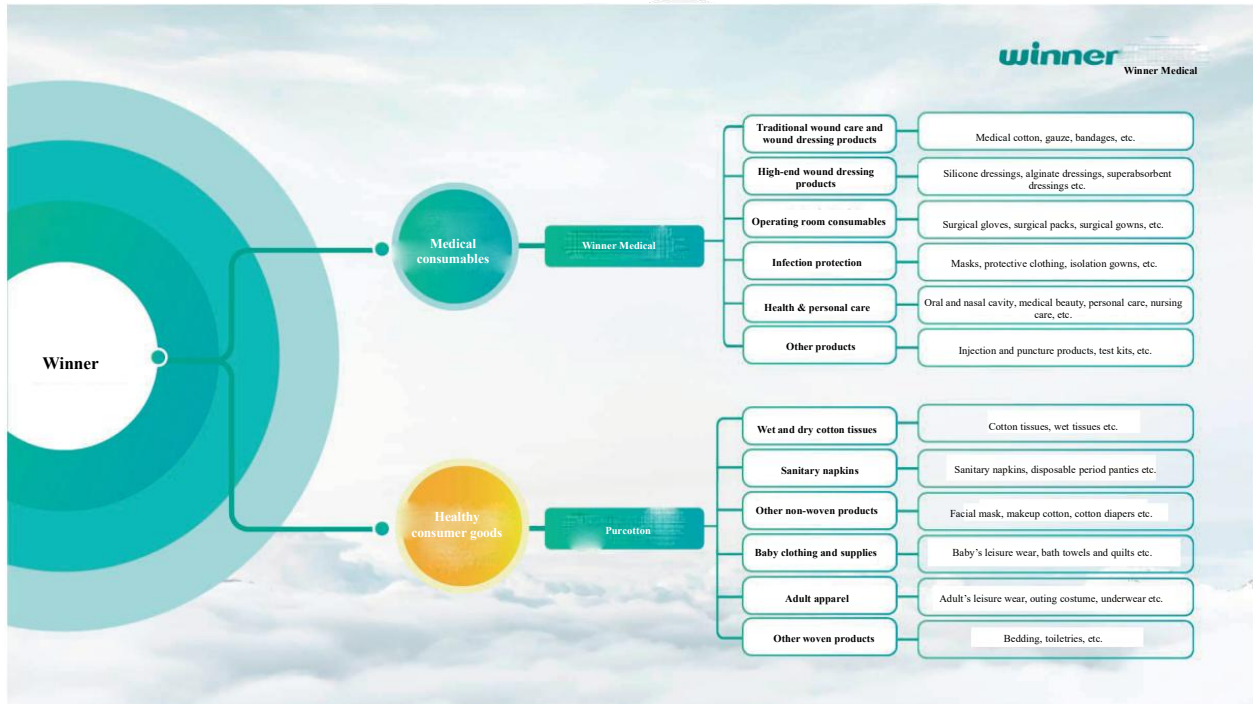


The Company needs to comply with the disclosure requirements of the “Textile and Apparel Business” stipulated in the *No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure*.

II. Main business of the company during reporting period

The Company needs to comply with the disclosure requirements of the “Medical Device Business” in the *No. 4 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Information Disclosure by Growth Enterprises*.

Winner Medical is a health enterprise developing both medical and consumption products under its brands of “Winner” and “Purcotton”. Specifically, the Company has adhered to the core business principles of “quality over profit, brand over speed, and social responsibility over corporate value”. With the development of domestic and international markets, it has evolved from a single medical consumables manufacturer into a company that encompasses wound care, infection protection, personal care, home care, maternal and child care, home textiles, apparel, and other fields of medical care and consumer health enterprises.



1. Medical consumables section

Winner Medical is a benchmarking enterprise in the domestic medical consumables industry, with its primary product lines including traditional wound care and wound dressings, high-end wound dressings, operating room consumables, infection protection, and health and personal care.

winner Winner Medical

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

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



2. Healthy consumer goods section

Purcotton is a healthy life brand with “Medical background, Purcotton philosophy, Quality in our DNA” as its core competitiveness, which starts with pure cotton spunlace non-woven fabric and takes “medicine close to life, Purcotton care for health” as its brand proposition. Its products include wet and dry cotton towels, sanitary napkins, baby and children’s apparel and supplies, adult apparel, and other non-woven/woven products. Purcotton advocates the life concept of “comfortable, healthy, and environmentally friendly”, replacing chemical fiber with cotton and keeping away from chemical stimulation. It provides overall solutions for different life scenes, having a good user reputation and formed a fully differentiated brand image in the field of consumer goods with strong brand appeal.



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



winner Winner Medical

(II) Main products and purposes

The product categories of the medical consumables segment are divided into traditional wound care and wound dressing, high-end wound dressing, operating room consumables, infection protection, health and personal care and other products; the product categories of the healthy consumer products segment are divided into wet and dry wipes, sanitary napkins, other non-woven products, baby clothing and supplies, adult apparel and other textile products.

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



Main Purpose:
For absorbing wound exudate, dressing wounds, and sports protection

Product:
Medical cotton, gauze, bandages, etc.



Main Purpose:
For creating a moisture balance at the wound interface to optimize its benefits for wound healing, reduce the frequency of dressing replacement, and reduce secondary damage

Product:
Silicone dressings, alginate dressings, superabsorbent dressings etc.



Main Purpose:
For preventing infections in the operating room

Product:
Surgical gloves, surgical packs, surgical gowns, etc.



Main Purpose:
For occupational protection of medical staff and patient isolation

Product:
Masks, protective clothing, isolation gowns, gloves, foot straps, hats, etc.



Main Purpose:
For wound cleaning and disinfection, and daily health care

Product:
Oral and nasal cavity, medical beauty, personal care, nursing care, etc.



Main Purpose:
For health management to meet their medical needs

Product:
Injection and puncture products, test kits, etc.

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



Wet and dry cotton tissues

Product:

Cotton tissues, wet tissues etc.



Sanitary napkins

Product:

Sanitary napkins, disposable period panties etc.



Other non-woven products

Product:

Facial mask, makeup cotton, cotton diapers, disposable underwear, etc.



Baby clothing and supplies

Product:

Baby's leisure wear, outing costume, underwear, bath towels, handkerchiefs and quilts, etc.



Adult apparel

Product:

Adult's leisure wear, outing costume, underwear, footwear, etc.



Other woven products

Product:

Bedding, toiletries, etc.

(III) Main operating modes

1. Procurement mode

The Company promotes digital platform management and has established a robust procurement management system, procurement process, and risk control platform. Procurement is driven by planning, with procurement plans and strategies formulated based on annual, quarterly, and monthly demands. Different modes of procurement are implemented according to the types of materials required, including strategic procurement, bidding procurement, centralized procurement, and separate procurement, among other models. Integrating purchasing needs with R&D, product specifications, and quality standards to establish technical benchmarks, formulate purchasing strategies encompassing plans, supplier selection, and commercial negotiations, and devise order allocation plans in conjunction with supplier performance evaluations. In the pursuit of a sustainable supply chain ecosystem, collaborative suppliers across product development, manufacturing, procurement fulfillment and other domains remain steadfast in their commitment to achieving low carbon emissions, cost-effectiveness, transparency and social responsibility.

1) Responsible Purchasing: The Company mandates that purchasing requirements be generated by the demand department based on customer orders, sales plans, and production schedules to fulfill production and sales needs. The Group's supply chain then devises tailored purchasing strategies for different procurement types, including strategic, bidding, centralized, and decentralized purchasing. For instance, strategic procurement rules are uniformly applied to formulate purchasing strategies and plans for bulk raw materials like cotton and cotton yarn. Centralized purchasing strategies are employed for materials or categories conducive to group-wide adaptability and scale effects. To ensure the effective implementation of the Group's procurement strategy, the Company adopts a system that visualizes the entire procurement process and facilitates supervision and management. This includes demand assessment, sourcing, quotation, price comparison, contract signing, purchase order issuance and approval, receipt, warehousing, reconciliation, payment processing, etc. This ensures that the procurement process adheres strictly to the principles of fairness, openness, and impartiality as outlined in the procurement management system.

2) Procurement control process: The Company has established the *Procurement Control Process* and *Procurement Price Management System* alongside other management protocols to delineate clear responsibilities and approval authorities for each position. This ensures the reliability of product quality and the stability of product supply. Additionally, by implementing the *Integrity Commitment Agreement* with suppliers, the Company fosters a culture of integrity, openness, transparency, and mutual trust. This cooperative mechanism prioritizes procurement principles such as transparency, quality, and sustainability, thereby nurturing a sustainable supply chain ecosystem.

3) Implementing hierarchical classification management of supply resources: Based on the Company's development goals and commodity planning requirements, reserve resources from at least two or more suppliers. For critical materials or services, establish a framework for multiple suppliers to compete, ensuring supply stability and mitigating risks. Simultaneously, adhere to the Company's supplier evaluation criteria to select vendors aligned with the Company's requirements, striving for a mutually beneficial cooperation model with suppliers. Using the supplier evaluation system and considering their overall capabilities, suppliers are regularly graded and categorized. These assessments guide the creation of cooperation programs and order allocation, with the goal of cost control, efficiency improvement, and mitigating supply risks.

4) Supplier Management Process

4.1 Admission assessment: New suppliers undergo validation following the *Supplier Admission Assessment Specification*. Suppliers are evaluated across various dimensions, including technical capability, quality management, planning and production capabilities, and corporate social responsibility, through written assessments. On-site audits are conducted for all key suppliers, with additional audits for other suppliers as needed. The Company enters into agreements such as *Purchasing Framework Contract*, *Quality Agreement*, *Confidentiality Agreement*, *Integrity Commitment Agreement*, and others with verified suppliers, establishing a list of qualified suppliers.

4.2 Performance management: Adhering to the *Supplier Performance Management System*, conduct routine performance evaluations of suppliers. Engage in ongoing communication with suppliers regarding their performance status, analyze reasons for any deficiencies identified, develop improvement plans, monitor the implementation of these plans, and verify their effectiveness.

4.3 Annual review: Adhere to the *Supplier Management Program* to conduct yearly evaluations for key suppliers, those with significant deviations or anomalies in the prior year, and suppliers with alterations in production sites or equipment. Issue improvement notices for any non-compliance identified during the review process, monitor the implementation of improvements, and verify their effectiveness.

4.4 Qualification adjustment: Following the *Supplier Grading and Classification Management System* and *Supplier Performance Management System*, as well as the results of the annual review, supplier qualifications are regularly revised. An elimination mechanism is activated for suppliers whose improvements prove ineffective.

5) Sustainable supply chain: The Company keeps improving its green and sustainable development, such as cooperation with schools and hospitals. At the same time, it also aligns the upstream and downstream of the supply chain to further achieve sustainable development. For example, we have promoted the project of product package de-plasticization; multiple categories of Purcotton products have obtained carbon footprint certification; we optimize product process to minimize the use of energy, and upgrade the production equipment to enable energy recovery and reuse.

6) Digital supply chain: In 2023, the Company introduced a Supplier Relationship Management (SRM) and Supply Chain Management (SCM) supplier collaboration system. Additionally, enhancements were made to the Material Data Management System (MDC) and Product Lifecycle Management (PLM) data management system. The integration of various systems and modules advances digital management, significantly enhancing procurement execution efficiency and making pricing modules more transparent. Implementing end-to-end order delivery and inbound and outbound inventory visualization management; leveraging internally developed Business Intelligence (BI) visualization tools by the IT team; integrating demand and supply planning information data to minimize offline communication and enhance overall operational efficiency.

2. Production mode

Aligned with the Company's business strategy objectives, and directed by the Company-level S & OP sales and operation plan, we formulate medium and long-term strategic plans and short-term production and procurement plans according to the Company's development and customer demand. We also coordinate all related upstream and downstream departments to ensure the balance from front-end demand to supply and delivery. In the process of order fulfillment, we match capacity according to the characteristics of different demands and in combination of the actual supply of human, machine, material, method and environment. Through the flexible deployment of different production modes (MTO (Make to Order), MTS (Make to Stock), ETO (Engineer to Order) and ATO (Assemble to Order)), we continuously improve our service level to meet customer demands and create value for customers.

1) In the production mode of Make to Order MTO, products are produced according to the customer's original product design; procurement is performed according to the BOM for the accepted order. Therefore, inventory basically remains zero. For OEM customer orders, as the market constantly reduces delivery cycle, it is common now to combine MTO & MTS production modes.

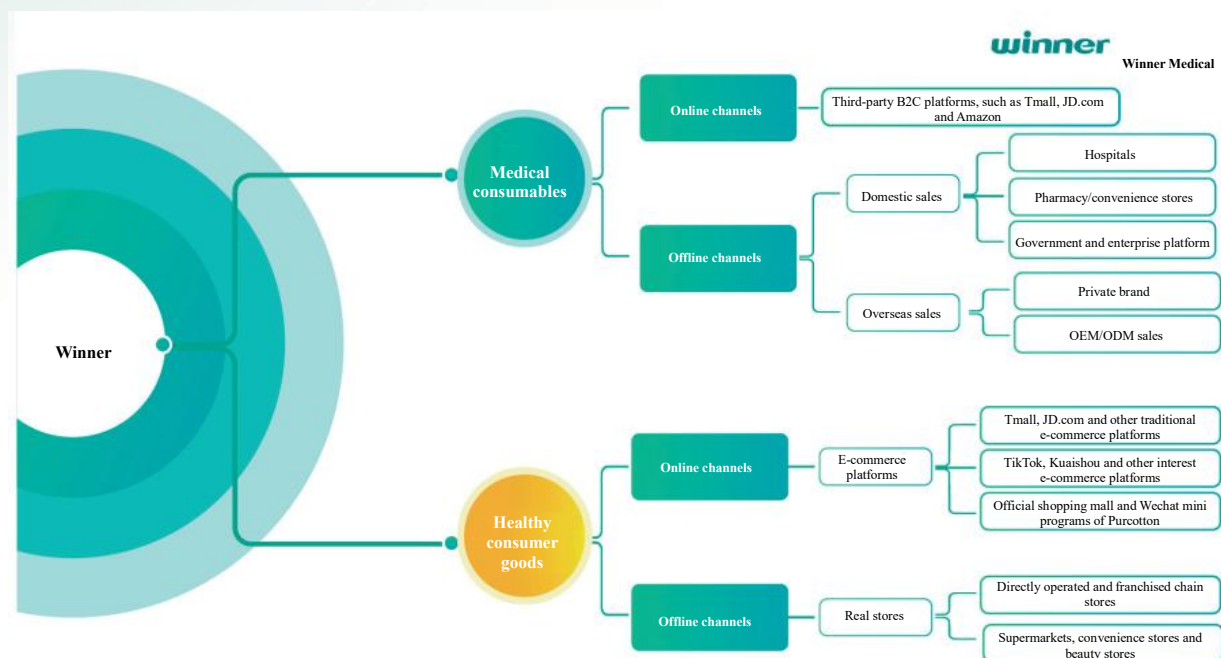
2) In the production mode of Make to Stock MTS, products are not customized for specific customers, and are usually delivered to different customers; production plans are formulated according to market demand and existing inventory. Safe inventory is determined for such products according to the production cycle and the frequency of demand to ensure that products are available when the customer places order.

3) In the mode of Engineer to Order, specific design requirements from a single customer can be met, usually for small production lots; in the production process, the value mainly lies in product and packaging design work. Support for custom design is an important part of this production mode. Inventory basically remains zero.

4) In the Assemble to Order mode, the components required for the production of finished products are stocked in advance. When the customer places order, products can be assembled quickly to meet flexible delivery demands. Common materials are stocked in advance to maintain balance between rapid delivery and inventory.

3. Sales mode

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



4. Marketing mode

The Company is developing its products under the Winner Medical and Purcotton in a coordinated way. With 30 years of experience in the production of medical supplies, Winner is a leading medical consumables brand in the Chinese market and a brand with a global vision. With “caring for health and life, making a better world” as its vision and industry-leading product quality as the cornerstone of its brand value, the product marketing and promotion for the brand rely more on its brand reputation. With pure cotton products as its label, Purcotton adopts unique, differentiated strategies to build its brand. By integrating multiple promotion channels such as directly-sales stores, brand roadshows, celebrity endorsements, event sponsorship, new media, and advertising, Purcotton keeps conveying to consumers its proposition of “medicine close to life, Purcotton care for health” and its vision of “changing the world with pure cotton”, which helps deepen the meaning of Purcotton brand and increase its brand awareness and loyalty.

(IV) Main driving factors of performance

1. Medical consumables industry and consumer goods industry will keep growing rapidly

As global healthcare improves and daily healthcare demands rise, the global medical consumables market is experiencing stable growth and landscape changes. Concurrently, domestic public healthcare institutions are undergoing reform, driven by policies like national examinations, centralized procurement, and SPD/DRG advancements. These changes are expected to lead to consolidation and reshuffling within the medical consumables industry. After public health events, there’s heightened focus from the government, healthcare professionals, and consumers on emergency prevention and personal health management autonomy. Consequently, demand for family emergency and daily healthcare has significantly increased compared to pre-event levels. The domestic market for medical and household consumables is rapidly consolidating, providing a favorable external environment for the development of leading enterprises.

In October 25, 2021, the CPC Central Committee and the State Council officially announced the *Opinions on the complete, accurate and comprehensive implementation of the new development concept to achieve carbon peak and carbon neutrality*. It is pointed out that strengthening China's green and low-carbon technological innovation and continuously expanding green and low-carbon industries will accelerate the formation of new drivers and sustainable growth poles of green economy. We will significantly improve the quality and efficiency of economic and social development and provide strong impetus to build China into a great modern socialist country in all respects. In December 2023, the *Opinions on Comprehensive Promotion of Building a Beautiful China* issued by the CPC Central Committee and the State Council emphasized the importance of prioritizing the construction of a beautiful China in the nation's development and revival efforts. It underscored the strategic imperative to strengthen ecological civilization construction, steadfastly pursue a path of civilized development encompassing production, prosperity, and ecological well-being. The aim is to create a picturesque homeland characterized by clear skies, verdant landscapes, and pristine waters, while advocating for simple, moderate, green, low-carbon, civilized, and healthy lifestyles and consumption habits. At the same time, consumers are increasingly concerned about the environmental performance and sustainability of products, and the rise of environmental protection and low carbon concept is also driving the transformation and upgrading of the consumer goods industry.

2. High-quality products and precise brand positioning enhance brand value

The Company is one of the earliest medical consumables enterprises in China to establish a full industrial chain covering cotton procurement, R&D, production, and direct export. The Company is one of the early companies that established a medical-grade quality management system in the industry, and has passed the ISO13485 Medical Devices Quality Management System Certification. Its product quality complies with the European, American, Japanese, and Chinese standards. Winner Medical enjoys a high brand reputation and recognition. In May 2021, Winner Medical was selected by the Federation of Shenzhen Industries as the "Benchmarking Enterprise in China's Medical Consumables Sector" and at the same time recognized as an "International Renowned Brand" by the United Nations Industrial Development Organization. In December 2021, "pure cotton spunlace non-woven fabrics and its products" of Winner Medical was awarded as the national single champion of manufacturing industry. In April 2022, Winner Medical was awarded the honor of "National Pioneer Worker" by the All-China Federation of Trade Unions. Winner Medical has expanded its business from the medical field to the consumer goods field, which has also increased the brand value of its consumer products.

Purcotton is committed to fulfilling consumers' demand for high-quality products which are "comfortable, healthy, and environmentally friendly". Constantly winning recognition from consumers since its launch in 2009, Purcotton has rapidly grown into a top brand of maternal and child products on Tmall, and has gained greater market shares in the field of maternal and child consumer products. In October 2019, Purcotton won the reputation of "70 Brand of the 70th Anniversary of the Founding of New China" sponsored by CCTV. In January 2021, Purcotton was honored as one of the "Shenzhen Top Brands" by Federation of Shenzhen Industries. In April 2021, Purcotton was included into the list of the second "Shenzhen Top 100 Brands" announced by Shenzhen Quality City Promotion Association.

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

The Company needs to comply with the disclosure requirements of the "Textile and Apparel Business" stipulated in the *No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure*.

III. Analysis of core competitiveness

1. Advantages of business philosophy and corporate culture

The Winner Medical brand embraces the responsibility of "promoting health, nurturing life", guiding the Company and the medical dressing industry from humble beginnings to global recognition, transitioning from OEM to an independent brand, and earning the trust of customers and users. After over 30 years of development, the Company remains committed to R&D innovation and maintaining product leadership. In the hospital sector, it provides a wide range of medical consumables, including infusion sets, gloves, high-end wound dressings, and operating room supplies, aiming to be a leading force in this field and offering comprehensive solutions through an "internal growth + external growth" approach. In the retail sector, the Company continuously introduces consumers' favorite home personal health care products, fostering a sense of health guardianship and companionship.

With its corporate vision of “changing the world with pure cotton”, Purcotton advocates a lifestyle with pure cotton by applying “comfortable, healthy, and environmentally friendly” in all aspects of daily life, and deliver the brand concept of “reassurance, happiness and sustainability” to consumers. Sticking to the “cotton fiber only” principle in its operation, Purcotton aims to develop recyclable and renewable resources, gradually replace chemical fibers with natural fibers, and give full play to the use value and environmental protection value of cotton fibers, following the path of low carbon, environmental friendly and sustainable development. The visions and business philosophies regarding the Company’s two brands are focused on human health, environmental protection, and improving the quality of life, which are in line with humans’ sustainable development strategy.

Adhering to core business principles “quality over profit, brand over speed, and social responsibility over corporate value”, the Company consistently delivers superior solutions and service experiences to customers and users while actively contributing to community development, showcasing its social responsibility. Guided by the values of “hard work, self-criticism, exploration and innovation, and sustainable development”, we will stay true to the original entrepreneurial spirit and brand-building efforts. At the organizational level, we prioritize building process-oriented structures while also establishing an integrated organization to support cohesive business operations. We maintain a long-term focus on enhancing organizational efficiency and capacity to elevate business value. Our team incentives aim to bolster market competitiveness through fixed salary enhancements and the implementation of performance-based bonus sharing systems. We incentivize business ownership and growth, retaining core leaders through the initiation of equity incentive plans. Regarding talent, we embrace a culture centered on the principles of “high-quality, high-efficiency, high-performance and high-return”, fostering an environment conducive to the rapid growth of individuals. We aim to remove barriers to the development of top-tier talent and continually fortify our business partner mechanism.

2. Advantages of R&D and innovation

The Company independently developed the pure cotton spunlace non-woven technology in 2005, and has built a complete technology cluster based on the technology, obtaining patent licenses in more than 30 countries and regions including the United States, Europe, and Japan. The silica gel foam dressing and foam dressings successfully developed and launched by the Company have been awarded with China’s registration certificate for Class II and Class III medical devices respectively. Building upon the success of last year’s research and development efforts in core materials and mass production applications, the Company has further refined its technology layout for the second generation of high-end wet wound dressings. New scar repair products have been successfully introduced to the domestic market, while various antimicrobial dressings and bio-active collagen dressings developed this year have obtained FDA qualifications for access in the United States. In the field of medical consumables, the Company focused on the development of core basic materials on the application of operating room consumables such as surgical gowns, isolation gowns, surgical towels and wipes, to enhance the comfort of the products, reduce the cost of production of the products, and to further enhance the market competitiveness of the products. It was invited to participate in the formulation of many national standards and industry standards, including the performance requirements of pure cotton nonwoven surgical dressings, and technical specifications for contact layer dressings and masks for children. In the field of consumer products, the Company has developed pure cotton tissues, pure cotton wet tissues, sanitary napkins with pure cotton surface, as well as disposal cleansing towels, disposable underwear and other products. As the first and major drafter, Purcotton, a wholly-owned subsidiary of the Company, led the development of national standards for cotton tissues (GB/T 40276-2021), which requires that the fiber composition and content of cotton tissues shall be identified, and the fiber content tolerance shall comply with the provisions of GB/T 29862 (implemented on December 1, 2021). In December 2021, “pure cotton spunlace non-woven fabrics and its products” of the Company was awarded as the national single champion of manufacturing industry. In 2023, we were involved in the establishment of a group standard for technical requirements in carbon footprint evaluation for several products, including soft towels, sanitary napkins, and diapers.

Since its establishment, the Company has been attaching great importance to scientific and technological innovation and cooperation. It has carried out industry–university–research (IUR) projects with many universities and research institutes, including Hong Kong Polytechnic University, Hong Kong Research Institute of Textiles and Apparel, Wuhan Textile University, and Soochow University. In January 2022, the Company and Huazhong Agricultural University jointly established the Cotton Research Institute and appointed Academician Zhang Xianlong as the Chief Cotton Scientist of Purcotton to cooperate in research and development. The research institute relies on biological breeding technology to cultivate cotton strains that are exclusive to cotton, and to discover cotton strains that are specialized for spunlace nonwoven fabrics. In June 2022, the Company, together with Wuhan Textile University and Huazhong University of Science and Technology, jointly declared a major science and technology project in Hubei to promote the industrialization of the currently developed corrugated structure with slow-release function artificial blood vessels and polyester large-caliber woven artificial blood vessels, so as to realize the domestic replacement of artificial blood vessels early, solve the bottleneck project in China, and better serve patients with vascular diseases. In addition, the Company also joined hands with Wuhan Textile University to set up the Innovation Research Institute of Winner Medical & Wuhan Textile University to accelerate the transformation of scientific and technological achievements. Xu Weilin, academician of the Chinese Academy of Engineering, deputy party secretary and principal of Wuhan Textile University, was appointed as the president of the Research Institute.

As of Sunday, December 31, 2023, the Company has obtained 112 invention patents, 802 utility model patents, and 425 design patents in China; 28 invention patents and 8 utility model patents have been obtained overseas. The Company was regarded as a

“Leading Enterprise in Independent Innovation” by the Shenzhen Municipal People’s Government, and a “Shenzhen Enterprise with Intellectual Property Advantages” by the Shenzhen Administration for Market Regulation.

3. Advantages of quality control

With a history of more than 30 years since its establishment, Winner Medical has achieved sustainable development and maintained a leading position in the industry. It is inseparable from the Company’s three core principles of “quality over profit, brand over speed, social value over corporate value”. In this context, the quality policy of “Rigorous work, strict compliance with laws and regulations, and continuously improve to win the full trust of customers” was formed and has been implemented to date. Based on this guideline, Winner Medical Group has adopted EN ISO13485:2016 (ISO13485:2016), *China’s Medical Device Manufacturing Quality Management Practice*, the United States 21 CFR Part 820, and the European Union MDD (DIRECTIVE 93/42/EEC), EU MDR (REGULATION (EU) 2017/745) and EU PPE (REGULATION (EU) 2016/425) as cornerstones, forming a quality management system model based on process management. Under this model, Winner Medical focuses on the research of product quality standards and regulatory requirements of different countries/regions, and actively passes the corresponding product registration/certification procedures. It has obtained product access qualifications in China, EU, USA, Japan, UK, Switzerland, Russia, Australia, Malaysia, Thailand, Saudi Arabia and other countries/regions, providing domestic and foreign customers with high quality products and good after-sales service. At the same time, Winner Medical has been committed to building professional, reliable and comprehensive product quality testing capabilities. The Company’s R&D center laboratory and Jingmen Winner Laboratory have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS). With professional and reliable product testing capabilities, it not only provides guarantee for product quality control, but also serves as a source of data for continuous product improvement.

To ensure the safety of raw materials for its products, Purcotton uses high-quality cotton from around the world to produce its core products, such as its pure cotton tissue, sanitary napkins with pure cotton surface, and pure cotton wet tissues. All the workshops are managed according to the management requirements for the workshops of medical dressings, which can help strictly control bacterial contamination and pollution sources. With its strict quantity management control system, Purcotton is able to provide customers with high-quality consumer goods that are safe and environmentally friendly. Adhering to the concept of “medicine close to life, Purcotton care for health”, Purcotton not only applies quality natural cotton but also attaches importance to the environmental friendly weaving and finishing process. To ensure that its products are ecologically safe, no fluorescent brighteners are added to its products. Some of its products are OEKO-TEX Standard 100 certified. Some non-woven products have passed the testing performed in accordance with the EU AP (2002) 1 and EC1935/2004 EU Food Contact Materials Regulation.

4. Product advantages

(1) Medical consumables

The Company’s product categories include high-end wound dressing products, traditional wound care and wound dressing products, consumable products in operating room, infection protection products and health & personal care products, covering application scenarios like clinical and medical institutions and families, which can better meet clients’ needs of one-stop procurement. In addition to traditional wound care products and wound dressing products, the Company has also developed representative high-end wet dressings like silicone foam dressings, hydrocolloid dressings, super absorbent pads and scar treatment strip for chronic wounds that are difficult to heal, which has further enrich its products. For the clinical use scenarios, the Company is committed to changing from selling single products to providing customers with integrated solutions. Its infection protection products include dozens of surgical packs for various sections, such as heart and brain, abdominal cavity, urology, reproduction, facial features, and limbs. In terms of protective products, the Company has successfully developed and marketed biodegradable masks, N95 medical protective masks of high permeability and other products, providing solutions for the environmental attributes of mask products and greatly enhancing the comfort of mask products. In the field of home care, the Company provides professional products for clinical use such as hyaluronic acid masks, saline cleaning pads, hydrocolloid band-aids and medical sheet masks to consumers through portable, sterilized and diversified packages. These professional health care products and services in daily home care help customers reduce the frequency of going to the hospital.

(2) Healthy consumer goods

The Company’s healthy consumer goods consist of non-woven consumer goods and textile consumer goods. Non-woven consumer products mainly include wet and dry cotton towels, sanitary napkins, etc.; textile consumer products mainly include baby clothing and supplies, adult apparel and other textile products. Cotton fiber has ten prominent advantages, including natural, safe, comfortable, naturally degradable, high output ratio, drought-resistant, salt and alkali-resistant, environmentally friendly, time-honored, as well as great economic and social value. The Company takes the lead in proposing the innovative concept of replacing chemical fibers with cotton and getting rid of chemical stimulation, and provides consumers with healthy, comfortable and environmentally friendly consumer goods. And its cotton tissues are pioneering tissues in the industry, which can partially replace household paper. Pure cotton tissues are made of degradable cotton after physical processing. There are less chemical stimulation and the tissues can be reused. The tissues are more comfortable, safe, and environmentally friendly, so consumer acceptance of the tissues has been significantly improved, and there are many imitators in the market. For pure cotton wet tissues

winner Winner Medical

and sanitary napkins with pure cotton surface, cotton materials are innovatively used in the parts of these products that contact human skin to replace traditional chemical fiber and effectively reduce chemical irritation, so they are popular in the markets of baby and female consumers. Due to the excellent breathability and softness of gauze fabrics, the Company's apparel and textile consumer products such as gauze children's apparel, household apparel, bedding and bath towels are getting more popular.

5. Brand advantages

(1) Brand advantages in the field of medical consumables

As a leading enterprise in the medical consumables sector, the Company's core strategy revolves around "leading products with operational excellence". Through global exhibitions, the Stable Academy's sense control training courses, operating room management forums, wound training programs, and other initiatives, the "Winner Medical" brand has gained widespread recognition in the medical industry. Both domestically and internationally, customers trust the Company's business philosophy and product quality. The Company's medical consumables are mainly sold to 110 countries, mainly developed countries and regions such as Europe, Japan and the United States, and the products under its brand Winner are mainly sold to developing countries and regions such as Asia, Africa, and Latin America. The Company are providing services for world-renowned medical supplies companies such as Mölnlycke, Lohmann, and PAUL HARTMANN. The products of "Winner Medical" brands have covered all public and most private hospitals in Hong Kong.

(2) Brand advantages in the field of healthy consumer goods

Purcotton is a wholly owned subsidiary of Winner Medical. With high quality cotton as the core material, Purcotton insists on prioritizing quality with heart and soul, bringing comfortable, healthy, and environmentally friendly cotton lifestyle to consumers. Purcotton products have been recognized and trusted by more than 52.42 million members. Adhering to the brand concept of "reassurance, happiness and sustainability", Purcotton advocates the public to use more cotton, reduce environmental pollution and return to the natural way of life. The Purcotton tissues developed by Purcotton is a pioneering category. Purcotton are creating new categories and lifestyles by applying cotton materials in its core products, such as its all-cotton cotton wet wipes, sanitary napkins with pure cotton surface, pure cotton diapers, and its gauze textile products and apparel. It has shaped an brand image of "new Chinese products" with cotton as the core material and excellent product quality. Its brand awareness is increasing and its reputation is improving year by year, forming effective competition barriers and bringing powerful added value of products for Purcotton.

6. Advantages of sales channels

(1) Advantages of online channels

In terms of online channels, the Company's "Winner Medical" and "Purcotton" have completed the deployment of mainstream third-party e-commerce platforms, including Tmall, JD.com, Pinduoduo, Vipshop and Amazon. With the huge user traffic gathered, its sales has covered most online shopping consumer groups, and the sales data indicated that the sales of its products rank among the top in the relevant product categories in major e-commerce platforms. With the attributes of "sales + social", Purcotton's official website and WeChat mini programs are important platforms for its product display, user interaction, and brand promotion. At the same time, Purcotton is also cooperating with new social retail platforms such as TikTok, Kuaishou and Xiaohongshu, which helps it open up new sales growth channels.

(2) Advantages of offline channels

As of the end of 2023, the medical consumables segment has reached over 6,000 medical institutions and 190,000 retail pharmacies across China. Additionally, the Company's foreign medical business serves customers and distributors in hundreds of countries and regions worldwide, including Europe, Japan, and the United States.

In the healthy consumer goods section, as of June 30, 2023, Purcotton has opened 411 offline stores (including 74 franchisees) in more than 90 mid- and high-end shopping malls in Shenzhen, Shanghai, Beijing, Guangzhou and other key cities in China. The Company integrates its brand concept into its store design. It hires well-known designers at home and abroad to upgrade its store image and to enhance its consumer experience with an exhibition-style product display balancing both aesthetics and richness of products. It also adds an experience area to highlight product display and consumer experience, which has helped increase the Company's sales revenue and further increase its brand awareness. As for offline terminals like chain stores and supermarkets, based on Purcotton's positioning of high-quality consumer goods, the Company mainly deploys Purcotton products in nationally renowned supermarket chains, high-end boutique supermarkets, leading regional supermarkets, convenience store chains, beauty stores, and offline mother and baby stores. Meanwhile, the Company also has set up dedicated sales teams to cover the bulk purchase or customized purchase needs of corporate clients.

(3) Advantages of integration between online and offline channels

The omnichannel retail model is a newly emerging retail form that provides consumers with a consistent shopping experience by integrating physical stores, third-party e-commerce platforms, and mobile e-commerce channels. In such form, the convenience of online channels and the consumer experience of offline channels can complement each other. Having a deep insight into the development trend of integrating online and offline omni-channel integration, the Company thoroughly optimized and integrated various channels to integrate traffic and sales of offline stores, supermarkets, stores and online apps, and home delivery platforms (Meituan, daojia.jd.com, and ele.me, etc.), thereby further improving its operating efficiency and performance. Online channels can meet offline consumers subsequent consumption needs while offline channels can provide online consumers further product information and service experience. Flows of traffics can be directed between the two kinds of channels, so online and offline traffic can be effectively obtained. As of December 31, 2023, Purcotton boasted approximately 52.42 million members across all domains, with over 26 million registered members on the private domain platform (over 12 million in stores and over 14 million on the official website and mini-programs).

7. Advantages of full industrial chain

Adhering to the business philosophy of “quality over profit”, the Company has been constantly improving its product quality, cost and delivery management and control, and has built a full industrial chain with advantages from procurement, production, sterilization, warehousing, to delivery. With eleven manufacturing branches/subsidiaries, the Company annually distributes a wide range of high-quality medical consumables and health-conscious consumer goods worldwide. Winner Medical (Yichang), established in 1999, operates with 137 advanced air-jet looms and serves as the primary production base for grey fabrics. Winner Medical (Tianmen), founded in 2000 and spanning an area of 150,000 square meters, specializes in producing cotton spunlace nonwoven fabrics, cotton soft towels, medical dressings, and medical protection products. It serves as a key domestic production base for cotton spunlace nonwoven fabrics and medical gauze. Established in 2005 with an area of 550,000 square meters, Winner Medical (Huanggang) is the main production site of pure cotton spunlace non-woven fabrics, cotton tissues, sanitary napkins, and masks; with an area of 67,000 square meters, Winner Medical (Jingmen) is the main production site of gauze apparel, degreased medical bleached gauze, and dyed medical gauze; with an area of 93,000 square meters, Winner Medical (Jiayu) has four product categories with pure cotton as basic materials, i.e. the cleaning, disinfection, beauty, and care categories, and two product collections: medical and daily use products; established in 2001 with an area of 140,000 square meters, Winner Medical (Chongyang) is the Company’s main force of producing its disposable surgical kits and other infection control products in operating room, protective clothing and other epidemic prevention products, all kinds of cotton balls and cotton pads; established in 2017 with a total area of about 467,000 square meters of its phase I and phases II sites, Winner Medical (Wuhan) has brought in electron beam sterilization and international modern cotton spunlace production line. In January 2022, the Company acquired an industrial land of nearly 15,000 square meters located in Guanlan Street, Longhua District. In the future, the land will be built into an industrial base for medical biological and infection control protection in the Guangdong-Hong Kong-Macao Greater Bay Area, which will be used for scientific research innovation and industrial production of medical biology, high-end medical dressings and medical infection control protection products. In 2022, the Company acquired three companies, i.e. Longterm Medical, Winner Guilin, and Winner Medical (Hunan), to solidify the key foundation for building the capability of one-stop medical consumables solution. Through continuous construction and improvement, the daily management system within the factory was optimized through lean management, standardization, automation, digitalization and greening. In future, the Company is also going to explore and build smart factories. It will realize “unmanned production, process-based management, and process digitalization” step by step.

IV. Analysis of main business

1. Overview

(I) Business analysis

In 2023, the domestic economy fully rebounded, with supply and demand steadily improving, leading to overall economic enhancement. In the face of the changing external environment under the new situation, Winner Medical positions itself as a leading healthcare enterprise, emphasizing synergistic development in healthcare and consumer sector. Based on the two businesses of medical consumables and consumer healthcare products, it has responded positively and adjusted flexibly under the guidance of the three core business principles of “quality over profit, brand over speed, and social value over corporate value”. In 2023, the Company sticks to the core strategy of “leading products with operational excellence”, maintaining a commitment to independent innovation and R&D of fundamental materials. We consistently enhance product competitiveness, prioritize core popular products, expand channel development, and foster the continuous enhancement of brand awareness and reputation. Additionally, we’ll focus on elevating overall operation and management quality. In the previous year, due to the high base in infection protection products, market demand sharply declined this year, leading to unfavorable conditions. In 2023, the Company’s cumulative operating income reached 8.19 billion yuan, marking a year-on-year decline of 27.9%. It achieved a net profit attributable to shareholders of listed companies of 580 million yuan, with a net profit of 410 million yuan excluding non-recurring gains and losses, reflecting year-on-year declines of 64.8% and 73.6%, respectively. Excluding infection protection products, the traditional medical consumables business achieved operating income of 2.95 billion yuan, while the consumer products business achieved operating income of 4.26 billion yuan. This marks a year-on-year growth of 17.3% and 6.4%, respectively, highlighting the enduring strength of Winner Medical’s long-term development.

(1) Medical consumables business: significant impact of high base of infection protection products, steady development of conventional products business

In recent years, under the influence of tightening global medical regulation and accelerated process of population aging and chronic disease, the medical device industry has ushered in a golden period of rapid development. The medical consumables sector is in a rapid development stage for its high frequency of use and low industry concentration ratio. Compared with the global market, China’s medical consumables market is more promising in terms of scale and growth rate.

Our medical consumables brand, Winner Medical, has been cultivating the medical consumables industry for more than 33 years and has steadily went through several rounds of economic and industry development cycles. In the face of public health events in the past three years, the Company has made every effort to guarantee the supply of medical supplies. While making due contributions to society, its brand awareness and reputation have been significantly improved. Our channels have been further consolidated. In 2023, due to the impact of the high baseline set by infection protection products in the previous year and a significant decrease in market demand this year, the medical consumables business achieved a cumulative operating income of 3.86 billion yuan. This represents a year-on-year decline of 46.7%. Meanwhile, the core medical consumables sector recorded an operating income of 2.95 billion yuan, marking a robust 17.3% year-on-year growth. This sets a strong footing for the enduring advancement of our medical business.

① Products

Committed to evolving into a comprehensive solution brand for medical consumables, the Company offers a wide range of products encompassing traditional wound care and wound dressings, high-end wound dressing products, operating room consumables, infection protection products, and health personal care products. The Company prioritizes R&D investment and holds a significant advantage in the number of medical product registration certificates, establishing a competitive barrier in the stable medical sector. As of the end of the reporting period, we hold 883 patents in the medical consumables segment and 367 medical product registrations (including 25 registrations of Category III medical products). In 2023, there were 159 net new R&D patents and 48 net new medical product registrations.

Throughout the reporting period, market demand for infection protection products notably declined starting from the second quarter. Coupled with high market inventory, this category experienced a steep year-on-year decrease in annual operating income, dropping by 3.82 billion yuan or 80.7% due to low sales volume. In addition, the business of conventional medical consumables developed steadily. Among them, the traditional dressings business generated revenue of 1.15 billion yuan, marking a 7.0% year-on-year increase; the high-end dressings and operating room consumables businesses achieved operating revenue of 600 million yuan and 560 million yuan, respectively, representing a 27.7% and 17.7% year-on-year growth, demonstrating stronger growth momentum. Guided by the strategy of “leading products with operational excellence”, several categories upheld robust competitiveness within their respective segments. In 2023, sales of various core products surged significantly, with surgical kits, film dressings, and oral-nasal and incontinence care categories all experiencing year-on-year growth rates exceeding 35%.

Through the acquisition of Longterm Medical, Winner Medical (Hunan), Winner Guilin and other companies, the Company increased product lines in the fields of high-end wound dressings, injection and puncture consumables, latex gloves and condoms, which strongly improved its industrial layout. Following a year of extensive empowerment and resource integration in 2023, the merged companies delivered positive outcomes in business synergy and value optimization. In the future, the Company will continue to strengthen the in-depth integration of M&A companies in multiple fields such as capacity enhancement, product technology, brand channels and operation management to help the relevant category and the product production lines make greater contributions to the Company.

② Channel

In 2023, the Company continued to enhance its marketing initiatives through various means and actively expanded its marketing channels. Besides, changes in the public health event situation restored a more balanced and rationalized revenue structure across channels.

Throughout the reporting period, despite the multifaceted impacts of the international environment, the Company's overseas channels remained resilient, achieving a cumulative operating income of 1.45 billion yuan. This marks a remarkable growth of 15.4% against the prevailing trend and constitutes 37.5% of the revenue of the medical segment. Domestic hospital channels are steadily expanding. As of the end of 2023, the Company has reached over six thousand medical institutions, generating operating income of 920 million yuan for the year. This accounts for 23.7% of the revenue share in the medical segment.

The C-suite business saw active development, with e-commerce and domestic pharmacies generating operating revenues of 630 million yuan and 330 million yuan respectively during the year, collectively representing 24.7% of the medical segment's revenue. The domestic popular e-commerce product strategy is gaining clarity and focus. Cross-border e-commerce is rapidly growing, with the core large-item category maintaining its top position on the Amazon platform for cross-border sales. In the domestic market, the Company's products were available in over 190,000 over-the-counter (OTC) pharmacies by the end of the period, marking an addition of over 40,000 pharmacies throughout the year, reflecting significant expansion.

(2) Consumer health products business: remarkable product advantages, and substantial efficiency improvement in store expansion

According to data from the National Bureau of Statistics, the total retail sales of consumer goods in 2023 reached 47.1 trillion yuan, marking a 7.2% year-on-year increase and setting another record high. As the overall vitality of the consumer market continues to improve, the trend of consumption stratification is evident, where both pleasing aesthetics and rationality coexist. This profoundly influences the competitive dynamics within segmented market tracks. In such a market environment, the Company is positioned in the premium national product segment, aligning with the contemporary surge in the national trend economy and demonstrating sustained growth momentum.

Backed by the parent Company with a medical background of more than 30 years, Purcotton, the Company's healthy consumer goods brand starts with the technology of cotton spunlace non-woven fabric, and continuously enrich its product categories. The consumption scene has expanded from maternal and infant to the whole family consumption of women and home. The three core advantages of "Medical background, Purcotton philosophy, Quality in our DNA" have united a highly loyal customer base in pursuit of "reassurance, happiness and sustainability" for Purcotton. In 2023, Purcotton continued to strengthen brand building, emphasizing three major scenarios and implementing the pop-up strategy, achieving operating income of 4.26 billion yuan during the reporting period. With the base from last year not significantly lower, it grew by 6.4% year-on-year, and by 41.7% compared to that of 2019, demonstrating strong development resilience.

① Products

Guided by the principle of "cotton fiber only", Purcotton continuously invests in technology research and development, and has built up a differentiated product matrix. In 2023, the Company continued to innovate through research and development, highlighting the unique selling points of its products. It steadily improved its industry ranking in core categories, achieving record-high sell-out rates for both infant and adult apparel. Additionally, it significantly reduced inventory turnover days, greatly enhancing merchandise operations efficiency. Amidst consumption stratification, the Company embraced the brand IP story of "What She Changed", launched the brand "Hello, Cotton Color", and employed scientific marketing strategies such as "Soft Cotton Tissues ≠ Cotton Tissues". The official announcement of spokespersons and other promotional activities effectively highlighted the advantages of Purcotton, resulting in a record-high brand volume.

The Company introduced the cotton soft towel category in 2009, and Purcotton led the formulation of the national standard of "Soft Towels" in 2021, further promoting its position in the industry. Sales of wet and dry cotton towels, the core flagship products, have seen steady growth, maintaining a leading market position. In the reporting period, they achieved operating income of 1.19 billion yuan, marking a 2.8% year-on-year increase. The Purcotton sanitary napkin products transitioned to a 100% cotton core from wood pulp, boasting skin-friendly and non-allergenic qualities. During the reporting period, the Company achieved an operating income of 590 million yuan, marking a 4.2% increase. Thanks to the recovery of offline sales, there was a notable growth rate in adult apparel and other textile products, particularly bedding and toiletries products, which prioritize the sensory experience. During the reporting period, they achieved operating revenues of 840 million yuan and 410 million yuan, respectively, representing year-on-year growth of 21.7% and 17.1%. By the end of the reporting period, Purcotton has obtained a total of 492 patents, 67 new patents in 2023. The Company continues to promote green product certification, product carbon footprinting, research and development of biodegradable products, organic cotton breeding and application, leading the green development of the industry.

② Channel

In terms of channels, Purcotton has diversified online and offline channels, including traditional third-party platforms such as Tmall, JD.com, Vipshop, e-commerce platforms such as TikTok, Xiaohongshu and other interest in e-commerce platforms, as well as its own official website and applets and other self-owned platforms. In terms of the offline channel, the strategy involves direct encryption of offline presence in first and second-tier cities, while focusing on joining in the core of third and fourth-tier cities; At the same time, through the mode of offline experience and online re-purchase, deep integration of multiple channels, complementary advantages of multiple platforms. In 2023, building on its omni-channel strategy, Purcotton vigorously expanded its offline presence through high-quality chain superstores and instant retail outlets. Meanwhile, online operations were fine-tuned with a focus on platforms like the TikTok. As of the end of the reporting period, there were approximately 52.42 million members in across the domain, an increase of 12.1% from the end of last year.

The offline market witnessed a swift recovery, with offline stores emerging as the primary revenue driver for Purcotton. During the reporting period, offline stores generated operating income of 1.36 billion yuan, marking an impressive 18.7% year-on-year increase. Embracing digital transformation, the Company leveraged tools such as smart shelves and tailored display strategies for different store formats. It also prioritized area efficiency improvement, targeting cabinet and product efficiency enhancements. As a result, store area efficiency surged by approximately 15% year-on-year. In line with its expansion strategy, the Company significantly ramped up store openings during the reporting period, launching a total of 84 new stores (comprising 42 new directly-managed stores and 42 franchise stores). By the end of the reporting period, the Company boasted a total of 411 offline stores, including 337 directly-managed stores and 74 franchise stores. During the year, Purcotton continued to explore its online channels. It improves its fine operation ability, focuses on the matrix of new products and popular products, and strengthens the mutual penetration among categories. Through brand activities, content community, membership system and other in-depth operation, the conversion rate of new customers and old customers are increased. During the reporting period, the online channel achieved operating revenue of 2.58 billion yuan, marking a 1.2% year-on-year increase. The development of the supermarket channel remained steady and promising, contributing revenue of 240 million yuan in 2023, reflecting a solid 4.3% year-on-year increase.

(3) Company profitability analysis

The profitability performance of the two businesses diverged due to the varying industry conditions they operate in.

In the medical consumables sector, there was a notable decline in demand for infection protection products throughout the year. This led to a widespread issue of high inventory levels coupled with sluggish sales movement across the industry. On one hand, the Company decisively and efficiently cleared inventory and disposed of equipment. On the other hand, to safeguard the sustainable development of the Company's supply chain, the Company took the initiative to collaborate with suppliers, distributors, and customers to manage inventory and share the pressure collectively. While these actions impacted profitability for the current year, they maintained long-term cooperative relationships, reflecting the Company's commitment to responsibility and forward-thinking operations. These measures collectively reduced net profit by approximately 250 million yuan for the full year.

In the healthy living consumer product business, Purcotton pursued a multifaceted strategy to enhance profitability in 2023. This included strict discount control, cost-saving measures, efficiency enhancements, product innovation, structural optimization, and operational refinement. During the reporting period, Purcotton achieved a gross profit margin of 56.9% for the year, marking a 3.9 percentage point increase year-on-year. Operating profit amounted to 490 million yuan, reflecting a 24.0% year-on-year increase, with an operating profit margin of 11.4%, indicating steady profitability improvement.

Additionally, due to shifts in the medical consumables industry and market conditions, the two subsidiaries, Winner Medical (Hunan) and Winner Guilin, acquired by the Company in 2022, experienced lower-than-expected performance during the reporting period. Signs of goodwill impairment emerged, prompting the Company to engage Yinxin Appraisal Co., Ltd. for a goodwill assessment. The assessment revealed a goodwill impairment of 160 million yuan for Winner Medical (Hunan) and 30 million yuan for Winner Guilin, significantly impacting the income statement for the period. Throughout 2023, the Company implemented various operational initiatives to facilitate a stable transition in the acquired companies' performance and lay a robust foundation for their long-term development. To boost its overall competitiveness, Winner Medical (Hunan) dedicated itself to constructing a benchmark project for the second phase of the Medical Device Industrial Park. The goal was to transition into a smart factory emphasizing precision manufacturing, standardization, automation, intelligence, and digitization. Additionally, the Company worked to successfully engage overseas strategic cooperation customers in launching high-end infusion products in Europe and the United States, aiming for dual-wheel growth in both overseas and domestic sales. These efforts aimed to establish a strong foundation for the long-term development of Winner Medical (Hunan). Throughout the year, Winner Medical (Hunan) acquired Winner Medical Jingzhou Glove Factory, which offers cost advantages and operates 10 glove production lines. This acquisition facilitated increased investment in automation, aimed at enhancing cost competitiveness, overcoming capacity constraints, and striving to expand both domestic and overseas market shares.

(II) Business analysis

(1) Product R&D

The Company sticks to independent innovation and development of basic materials. In the field of medical wound care, the Company continued to improve the second generation of high-end wet wound dressings product line technology arrangements, had the scar repair new products successfully marketed in China, and several newly developed antimicrobial dressings and bioactive collagen dressings received FDA clearance in the US. Relying on the success of last year's research and development of a variety of core basic materials and mass production and application, the Company in the first half of this year focused on improving product competitiveness in the direction of product development and upgrading to meet the differentiated customized design needs of customers. In the field of medical consumables, the Company focuses on the development of core basic materials on the application of operating room consumables such as surgical gowns, isolation gowns, surgical towels and wipes, to enhance the comfort of the products, reduce the cost of production of the products, and to further enhance the market competitiveness of the products, provide a better experience of the products for the medical practitioners and other users, and continue to create greater value for users. In the area of production and research, in June 2023, the Company and Wuhan Textile University jointly built a comprehensive technological innovation platform for advanced fiber materials in Hubei Province to carry out industrial incubation, and trying to complete the in vitro and in vivo biological evaluation of a new series of artificial blood vessels with high patency rate early, to break the monopoly of artificial blood vessels abroad, and to achieve the substitution with home-made products. In November 2023, the Company's bionic artificial cornea project was successfully designated as a major scientific and technological research project in Shenzhen, in collaboration with the Southern University of Science and Technology. Venturing into the research of high-value medical bionic implant materials and expanding the application fields of collagen will help the Company enhance the production capacity of its collagen production line.

In the healthy consumer goods sector, the Company combined snow cotton yarn technology with the mercerization process to launch the first cool sensation gauze products. These products surpassed the national standard for cool sensation value by 30% upon contact. Additionally, by leveraging cotton covering yarn technology and equipment upgrades, the Company achieved a breakthrough in gauze elasticity with its elastic gauze. Moreover, implementing a low-temperature de-bleaching process enhanced the softness of cotton-soft towels by 15%. Combining this with high-fluff hydroent spunlace technology increased thickness by 10% while significantly reducing energy consumption through lower production temperatures. Through independent research on wind-soft cotton yarn, the Company developed a series of warm products called wind-soft cotton warm flannels. These products boast a heat preservation rate exceeding 30% and are 20% lighter. The development of stretch jersey fabrics has significantly enhanced the comfort and elasticity of baby and toddler jerseys and pants. The developed ozone bleaching technology can be used to desize and bleach cotton fabric by gaseous ozone treatment at low temperature. Compared with traditional pretreatment, it saves 92% of water and discharges zero sewage; and it saves 44% of chemicals, 49% of energy, and reduces carbon dioxide emissions by 95%. The technology has been pioneered in the application of bedding suits and sandwich quilts. The Company continues to carry out the excavation and transformation of low-carbon production processes, and has completed the verification statement of carbon footprint for several core products. In addition, on that basis, the Company has carried out carbon reduction by the low-temperature de-bleaching technology, with the unit steam consumption reduced by more than 30%. In terms of production, learning, and research, the Company collaborates with Tianjin Polytechnic University to conduct research on the wearing comfort of cotton leisure wear. Additionally, it partners with Jiangnan University to enhance the performance of cotton and cotton-type yarn through technological advancements. Furthermore, the Company conducts research with Soochow University on the effects of fabrics on the surface temperature of baby blankets and sleeping bags.

(2) Brand building

Winner Medical continued to consolidate the brand image favored by the public and trusted by doctors and nurses, and continuously improved brand awareness and reputation through effective means. Through clinical promotion, Winner Medical optimizes end-to-end marketing transformation through content operation, creates brand values through public welfare activities, and achieves corporate strategies by leveraging brand marketing as a catalyst. During the reporting period, brand building efforts primarily focused on large-scale tournament activities, collaborations with public relations media, and partnerships with various industry brand associations. The "55 Hand Care Festival", an original IP brand of Winner Medical, garnered over 110 million exposures. Additionally, the Company collaborated with various C-end young brands across different industries, resulting in online exposure exceeding 16 million. Winner Medical participated in 14 domestic and overseas large and medium-sized exhibitions, showcasing its product range and overall capabilities to both professional and general audiences. In November 2023, Winner Medical took part in the inaugural China International Supply Chain Promotion Expo in Beijing, representing the Healthy Life Pavilion and showcasing Chinese enterprises' supply chain resilience. As to branding, Winner Medical cooperated and interacted with leading media and business magnates to co-create positive communications and actively build its brand image. The advertising on Weibo, WeChat, Xiaohongshu, TikTok, elevator ads and other channels generated an overall exposure of over 1.4 billion. The Company showcased its latest products and state-of-the-art technologies to customers and consumers at home and abroad.

In terms of brand construction, Purcotton continued to deepen its communication with consumers, and continued to convey to consumers the multiple advantages of "cotton" in environmental protection and sustainable development through spokespersons, creation of original high-quality content, offline exhibition tours and press conferences, so as to enhance consumer awareness and

is highly to the brand. In February 2023, Purcotton officially announced new generation actor Sun Qian as its brand ambassador and held a new product release event. In March 2023, the brand continued to launch its original character documentary series, “What She Changed” by Bai Xiangen, with over 42 million video views and 734 million microblog topic reads. The Purcotton Traceability Tour continues its mission of spreading cotton culture and values. During the annual 818 membership day, we ventured into the cotton fields in Xinjiang, situated at 44° north latitude. With cameras in hand, we captured the life journey of cotton. Additionally, we hosted the “Hello Cotton Color” cotton color theme exhibition, blending art, science, and humanities. This innovative exhibition invites the public to explore the vibrant world of cotton and experience its unique “gentle but resilient” vitality. On August 16, 2023, the “Hello Cotton Color” theme event - Sun Qian meeting took place in Shenzhen, inviting members to delve into the natural beauty and color charm of cotton. In October 2023, Zhao Liying was announced as the global spokesperson for Cotton Era Home Textiles and Home Apparel, promoting the soft, light, and warm cotton home lifestyle. CNY continues its theme of “Every Generation has a Cotton Era”, sharing cotton-related New Year stories that bring joy to every generation of Chinese people. In February, Winner Medical and Purcotton, as the “Official Partner of 2022 Shenzhen Marathon” and “Official Sponsor of Shenzhen Marathon 2023”, provided high-quality health protection products and cotton lifestyle products to convey the concept of “Love Life and Love Health”. To harness the environmental activism of young people, Cotton Era has introduced the [WE Eco Cotton-Use] Campus Environmental Protection Series in 50 cities across 25 provinces and 296 colleges and universities nationwide. This initiative invites young individuals to embrace a green and sustainable all-cotton lifestyle through public welfare lectures, packaging design competitions, and various online and offline campus-wide environmental protection activities. The goal is to promote clean skies, green landscapes, and clear waters.

2. Revenues and costs

(1) Composition of operating income

Overall operating income

Unit: yuan

	2023		2022		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	8,185,022,057.20	100%	11,351,331,545.08	100%	-27.89%
By industries					
Medical consumables	3,861,746,216.57	47.18%	7,250,181,476.631	63.87%	-46.74%
Healthy consumer goods	4,262,578,436.61	52.08%	4,007,570,333.37	35.30%	6.36%
Others	60,697,404.02	0.74%	93,579,735.08	0.82%	-35.14%
By products					
Medical consumables - traditional wound care and wound dressing products	1,152,978,257.74	14.09%	1,077,558,999.19	9.49%	7.00%
Medical consumables - advanced wound dressing products	595,391,352.74	7.27%	466,329,531.98	4.11%	27.68%
Medical consumables - operating room consumables	555,205,865.12	6.78%	471,737,488.55	4.16%	17.69%
Medical consumables - infection protection products	912,495,298.85	11.15%	4,735,248,687.64	41.72%	-80.73%
Medical consumables - health & personal care products	298,890,864.36	3.65%	316,264,298.92	2.79%	-5.49%
Medical consumables - other products	346,784,577.76	4.24%	183,042,470.35	1.61%	89.46% ²
Healthy consumer goods - wet and dry cotton tissues	1,187,127,619.96	14.50%	1,155,141,187.50	10.18%	2.77%
Healthy consumer goods - sanitary napkins	593,006,956.43	7.25%	569,333,764.43	5.02%	4.16%
Healthy consumer goods - other non-woven products	381,405,875.17	4.66%	393,710,479.90	3.47%	-3.13%

	2023		2022		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Healthy consumer goods - baby clothing and supplies	850,728,263.63	10.39%	848,630,484.33	7.48%	0.25%
Healthy consumer goods - adult apparel	836,195,171.03	10.22%	687,219,850.71	6.05%	21.68%
Healthy consumer goods - other woven products	414,114,550.39	5.06%	353,534,566.50	3.11%	17.14%
Other businesses	60,697,404.02	0.74%	93,579,735.08	0.82%	-35.14%
By regions					
Domestic	6,641,101,860.83	81.14%	10,044,710,560.59	88.49%	-33.88%
Abroad	1,543,920,196.37	18.86%	1,306,620,984.49	11.51%	18.16%
By sales modes					
Medical consumables - direct sales	1,304,478,252.94	15.94%	1,489,139,092.80	13.12%	-12.40%
Medical consumables - distribution	1,694,286,484.17	20.70%	4,539,719,035.77	40.01%	-62.68%
Medical consumables - agency	235,692,905.75	2.88%	267,075,893.05	2.35%	-11.75%
Medical consumables - e-commerce	627,288,573.71	7.66%	954,247,455.01	8.41%	-34.26%
Healthy consumer goods - e-commerce	2,582,593,865.54	31.55%	2,552,211,792.04	22.48%	1.19%
Healthy consumer goods - offline stores	1,364,371,807.21	16.67%	1,149,718,252.71	10.13%	18.67%
Healthy consumer goods - supermarket channels	241,650,661.47	2.95%	231,766,054.19	2.04%	4.26%
Healthy consumer goods - key accounts	73,962,102.39	0.90%	73,874,234.43	0.65%	0.12%
Other businesses	60,697,404.02	0.74%	93,579,735.08	0.82%	-35.14%

Note: 1- In 2023, the Company undertook a restructuring and management organization adjustment of the PureH2B business. It merged the health and personal care business of PureH2B into the medical segment for management. Consequently, the data for FY2022 was synchronously adjusted by reallocating a portion of PureH2B's business, originally in the consumer goods segment, to the health personal care products of the medical segment. The adjusted revenue amounted to 47,415,228.79 yuan.

2-Medical Consumables-Other products primarily include infusion products from Winner Medical (Hunan), which experienced an 89.46% increase. This surge is largely attributable to Winner Medical (Hunan)'s consolidation into our operations in July 2022. Revenue from Winner Medical (Hunan) was consolidated from July to December in 2022, and the full year in the current period.

(2) Industries, products, regions and sales patterns that account for more than 10% of the Company's operating income or operating profits

Applicable Not applicable

Unit: yuan

	Revenue	Operating costs	Gross profit margin	Year-on-year increase/decrease of revenue	Increase or decrease in costs over the same period of the previous year	Year-on-year increase/decrease of gross profit margin
By industries						
Medical consumables	3,861,746,216.57	2,300,419,930.63	40.43%	-46.74%	-42.87%	-4.03%
Healthy consumer goods	4,262,578,436.61	1,839,082,724.68	56.86%	6.36%	-2.36%	3.85%
By products						
Medical consumables - infection protection products	912,495,298.85	504,221,134.36	44.74%	-80.73%	-79.35%	-3.69%
Medical consumables - traditional wound care and wound dressing products	1,152,978,257.74	756,271,542.20	34.41%	7.00%	4.83%	1.36%
Healthy consumer goods - wet and dry cotton tissues	1,187,127,619.96	560,892,390.86	52.75%	2.77%	-4.19%	3.43%
Healthy consumer goods - baby clothing and supplies	850,728,263.63	361,286,447.91	57.53%	0.25%	-9.55%	4.60%
Healthy consumer goods - adult apparel	836,195,171.03	308,237,685.37	63.14%	21.68%	8.63%	4.43%
By regions						
Domestic	6,641,101,860.83	3,289,931,216.04	50.46%	-33.26%	-36.28%	2.34%
Abroad	1,543,920,196.37	884,666,071.70	42.70%	18.16%	18.39%	-0.11%
By sales modes						
Medical consumables - direct sales	1,304,478,252.94	777,136,388.30	40.43%	-12.40%	-5.30%	-4.46%
Medical consumables - distribution	1,694,286,484.17	1,051,643,696.25	37.93%	-62.68%	-60.07%	-4.05%
Healthy consumer goods - e-commerce	2,582,593,865.54	1,223,659,985.13	52.62%	1.19%	-7.11%	4.23%
Healthy consumer goods - offline stores	1,364,371,807.21	487,857,068.67	64.24%	18.67%	10.42%	2.67%

Note: In 2023, the Company underwent a restructuring and management organization adjustment of the PureH2B business. It merged the health personal care business of PureH2B into the medical segment for management. Consequently, the data for 2022 was synchronously adjusted by reallocating a portion of PureH2B's business, originally in the consumer goods segment, to the medical segment. The adjusted revenue amounted to 47,415,228.79 yuan, and the adjusted cost amounted to 30,538,838.48 yuan.

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

Applicable Not applicable

The Company needs to comply with the disclosure requirements of the “Textile and Apparel Business” stipulated in the No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure.

Unit: yuan

	Revenue	Operating costs	Gross profit margin	Year-on-year increase/decrease of revenue	Increase or decrease in costs over the same period of the previous year	Year-on-year increase/decrease of gross profit margin
By industries						
Healthy consumer goods	4,262,578,436.61	1,839,082,724.68	56.86%	6.36%	-2.36%	3.85%
By products						
Healthy consumer goods - wet and dry cotton tissues	1,187,127,619.96	560,892,390.86	52.75%	2.77%	-4.19%	3.43%
Healthy consumer goods - baby clothing and supplies	850,728,263.63	361,286,447.91	57.53%	0.25%	-9.55%	4.60%
Healthy consumer goods - adult apparel	836,195,171.03	308,237,685.37	63.14%	21.68%	8.63%	4.43%
By regions						
By sales modes						
Healthy consumer goods - e-commerce	2,582,593,865.54	1,223,659,985.13	52.62%	1.19%	-7.11%	4.23%
Healthy consumer goods - offline stores	1,364,371,807.21	487,857,068.67	64.24%	18.67%	10.42%	2.67%

In 2023, the Company split PureH2B’s business and reorganized its management structure. The health and personal care business of PureH2B was integrated into the medical segment for management. Consequently, the data for 2022 was adjusted accordingly. The PureH2B business, originally classified under the consumer goods segment, was reclassified to the medical segment. This resulted in an adjusted income amounting to 47,415,228.79 yuan and an adjusted cost amounting to 30,538,838.48 yuan.

If the statistical caliber of the Company’s main business data is adjusted in the reporting period, the Company shall follow the primary business data in the past year changed by the caliber at the end of the reporting period

Applicable Not applicable

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

Yes No

Distribution of brick-and-mortar stores

Types of stores	Number of stores	Area of stores	Number of new stores during the reporting period	Number of stores closed at the end of the reporting period	Reasons for store closings	Brands involved
Direct-sale stores	337	107,800	42	13	Voluntarily store closing because of expiration of contract or subjective wishes	Purcotton
Franchises	74	16,591	42			

winner Winner Medical

Total area and performances of direct-sale stores

Levels of areas	Number of stores	Total area	Revenue (10,000 yuan)	Same period last year	Average performance of stores
					Year-on-year increase/decrease
300m ² or less	150	33,729.59	47,252.71	40,900.38	15.53%
300-500m ²	94	34,454.11	39,980.40	35,413.13	12.90%
500-800m ²	36	21,392.89	21,105.56	18,577.52	13.61%
800m ² or more	11	8,750.48	7,332.41	6,594.88	11.18%
Total	291	98,327.07	115,671.09	01,485.92	13.98%

Note: The above stores are Purcotton's stores opened for more than 12 months as of Sunday, December 31, 2023. This figure includes stores that were downsized during the current year. After adjusting for the efficiency of direct stores (ping efficiency), the same-store year-on-year growth rate was 15.5%. It's important to note that the operating income of offline stores does not include revenue from offline stores that transitioned to online sales through mini-programs.

Top 5 Stores in terms of Operating Revenues

S/N	Name of stores	Opening date	Operating income (yuan)	Average performance of the store
1	First	October 25, 2017	14,270,991.38	35,298.02
2	Second	August 6, 2012	12,723,977.12	21,758.20
3	Third	May 15, 2010	12,571,671.70	19,326.17
4	Fourth	September 19, 2014	11,473,019.50	15,256.67
5	Fifth	November 11, 2017	11,158,182.93	10,061.48
Total			62,197,842.62	17,767.82

New stores of listed companies

Yes No

Name of stores	Address of stores	Opening time	Contract area (m ²)	Investment amount (yuan)	Product category	Business type	Business model	Property ownership status	Number of stores
Direct-sale stores of Purcotton	North China	2023	1,148.50	9,058,522.70	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	7
Direct-sale stores of Purcotton	East China	2023	2,114.00	13,286,007.24	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	10
Direct-sale stores of Purcotton	South China	2023	2,012.77	12,302,631.39	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	10
Direct-sale stores of Purcotton	West China	2023	1,565.59	10,898,149.36	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	7
Direct-sale stores of Purcotton	Central China	2023	1818.78	11,038,628.87	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	7
Direct-sale stores of Purcotton	Northeast China	2023	250.00	1,750,056.20	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	1
Purcotton franchises	South China	2023	1297.66	3,420,387.79	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	6
Purcotton franchises	West China	2023	3196.64	8,061,534.58	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	16
Purcotton franchises	Central China	2023	1710.82	3,928,841.99	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	8
Purcotton franchises	East China	2023	1601.11	3,495,491.81	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	7
Purcotton franchises	North China	2023	937.13	2,328,504.45	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	5
Total			17,653.00	79,568,756.37					84

Note: Investment amount includes: stores' inventory balance, renovation costs, renovation deposit, 6-month lease and personnel costs at the end of the reporting period.

Does the Company disclose the information on Top 5 franchises

Yes No

Top five franchised stores

For more details, please see “Section III Management Discussion and Analysis - 4. Other Information Required by Industry Disclosure Guidelines - (3) Franchising and Distribution” below.

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

Yes No

Classification of sectors	Item	Unit	2023	2022	Year-on-year increase/decrease
Medical consumables - gauze	Sales volume	ton	7,044.14	7,173.86	-1.81%
	Output	ton	6,983.00	6,957.17	0.37%
	Inventory	ton	718.10	779.24	-7.85%
Medical consumables - masks	Sales volume	‘0,000 pieces	223,322.00	596,641.63	-62.57%
	Output	‘0,000 pieces	183,736.00	606,491.33	-69.71%
	Inventory	‘0,000 pieces	30,555.19	70,141.19	-56.44%
Medical consumables - medical combo kits	Sales volume	‘0,000 kits	4,049.36	3,393.69	19.30%
	Output	‘0,000 kits	4,126.75	3,452.04	19.50%
	Inventory	‘0,000 kits	424.12	346.73	22.30%
Healthy consumer goods - cotton tissues	Sales volume	‘0,000 kits	18,058.51	17,751.6	1.70%
	Output	‘0,000 kits	18,537.53	16,558.21	11.95%
	Inventory	‘0,000 kits	2,733.00	2,253.98	21.25%
Healthy consumer goods - sanitary napkins	Sales volume	‘0,000 pieces	74,976.64	69,709.59	7.56%
	Output	‘0,000 pieces	76,266.63	71,338.37	6.91%
	Inventory	‘0,000 pieces	20,545.53	19,255.54	6.70%

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

Applicable Not applicable

The market demand for masks sharply declined due to recent public health events, resulting in a significant drop in mask production, sales, and inventory.

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

Applicable Not applicable

(5) Composition of operating costs

Classification of sectors and products

Unit: yuan

Classification sectors	of	Item	2023		2022		Year-on-year increase/decrease
			Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Medical consumables		Direct material cost	1,554,038,332.02	67.55%	2,998,344,558.83	74.46%	-48.17%
Medical consumables		Direct labor cost	373,090,284.06	16.22%	566,440,550.52	14.07%	-34.13%
Medical consumables		Manufacturing cost	373,291,314.55	16.23%	461,886,870.12	11.47%	-19.18%
Subtotal of medical consumables			2,300,419,930.63	100.00%	4,026,671,979.47	100.00%	-42.87%
Healthy goods	consumer	Direct material cost	1,397,052,162.76	75.96%	1,420,245,134.45	75.41%	-1.63%
Healthy goods	consumer	Direct labor cost	186,270,904.11	10.13%	189,156,042.76	10.04%	-1.53%
Healthy goods	consumer	Manufacturing cost	255,759,657.81	13.91%	274,073,422.55	14.55%	-6.68%
Subtotal of healthy living consumer products			1,839,082,724.68	100.00%	1,883,474,599.76	100.00%	-2.36%
Other businesses			35,094,632.43	0.84%	62,654,238.06	1.05%	-43.99%
Total			4,174,597,287.74	100.00%	5,972,800,817.29	100.00%	-30.11%

Unit: yuan

Classification of products	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating Cost	
Medical consumables	Traditional wound care and wound dressing products	756,271,542.20	18.12%	721,435,653.90	12.08%	4.83%
Medical consumables	Advanced wound dressing products	267,838,902.18	6.42%	214,388,590.22	3.59%	24.93%
Medical consumables	Operating room consumables	305,768,350.25	7.32%	324,986,710.26	5.44%	-5.91%
Medical consumables	Infection protection products	504,221,134.36	12.08%	2,441,987,072.10	40.89%	-79.35%
Medical consumables	Health & personal care products	181,923,331.62	4.36%	191,426,828.33	3.20%	-4.96%
Medical consumables	Other products	284,396,670.02	6.81%	132,447,124.66	2.22%	114.72%
Subtotal of medical consumables		2,300,419,930.63	55.11%	4,026,671,979.47	67.42%	-42.87%
Healthy consumer goods	Wet and dry cotton tissues	560,892,390.86	13.44%	585,437,456.89	9.80%	-4.19%
Healthy consumer goods	Sanitary napkins	199,809,154.77	4.79%	208,924,450.61	3.50%	-4.36%
Healthy consumer goods	Other non-woven products	230,564,498.16	5.52%	238,661,531.94	4.00%	-3.39%
Healthy consumer goods	Baby clothing and supplies	361,286,447.91	8.65%	399,427,311.55	6.69%	-9.55%
Healthy consumer goods	Adult apparel	308,237,685.37	7.38%	283,748,829.92	4.75%	8.63%

Classification of products	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion in operating Cost	Amount	Proportion in operating costs	
Healthy consumer goods	Other woven products	178,292,547.61	4.27%	167,275,018.85	2.80%	6.59%
Subtotal of healthy living consumer products		1,839,082,724.68	44.05%	1,883,474,599.76	31.53%	-2.36%
Other businesses		35,094,632.43	0.84%	62,654,238.06	1.05%	-43.99%
Total		4,174,597,287.74	100.00%	5,972,800,817.29	100.00%	-30.11%

In 2023, the Company restructured the PureH2B business, merging its health personal care division into the medical segment for streamlined management. Consequently, the data for FY2022 was adjusted accordingly. Specifically, a portion of PureH2B's business, initially categorized under the Consumer Products Segment, was shifted from Healthy Life Consumer Products-Other Nonwovens to the Health Personal Care Products category within the Medical Segment. This adjustment amounted to a cost adjustment of 30,538,838.48 yuan.

(6) Whether the consolidation scope changes in the reporting period

Yes No

For details, see Section X. Financial Report "Note 10. Interests in other entities".

(7) Major changes or adjustments of business, products or services of the Company during the reporting period

Applicable Not applicable

(8) Major customers and major suppliers

The Company's major customers

Total sales amount of the Top 5 customers (Rmb)	1,197,940,332.64
The proportion of Top 5 customers' combined sales amount in total annual sales	14.64%
The proportion of related party sales in the total annual sales of the Top 5 customers	0.00%

Information on the Company's Top 5 customers

S/N	Name of customer	Sales (Rmb)	Proportion in total annual sales
1	First	574,835,439.21	7.02%
2	Second	230,352,491.53	2.81%
3	Amazon	146,990,248.64	1.80%
4	Hengan Group	123,024,162.99	1.50%
5	MO Group	122,747,568.23	1.50%
Total	--	1,197,949,910.60	14.64%

Other description of major customers

Applicable Not applicable

The Company's major suppliers

Total sales amount of the Top 5 customers (Rmb)	1,197,940,332.64
The proportion of Top 5 customers' combined sales amount in total annual sales	14.64%
The proportion of related party sales in the total annual sales of the Top 5 customers	0.00%

Information on the Company's Top 5 suppliers

S/N	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchases
1	First	342,533,460.41	10.69%
2	Second	129,263,350.56	4.03%
3	Third	83,927,253.35	2.62%
4	Zhongshan Fendiya Underwear Co., Ltd.	78,123,798.02	2.44%
5	Yichang Diyuan Medical Materials Co., Ltd.	56,888,432.38	1.78%
Total	--	690,736,294.72	21.56%

Other descriptions of major supplier

Applicable Not applicable

3. Cost

Unit: yuan

	2023	2022	Year-on-year increase/decrease	Description of significant changes
Selling expenses	2,090,492,506.10	2,050,176,407.46	1.97%	No major changes
Administrative expenses	693,647,621.42	633,614,634.95	9.47%	No major changes
Financial expenses	-61,858,959.93	-122,574,572.07	-49.53%	Primarily attributed to reduced foreign exchange gains.
R&D expenses	322,051,868.43	487,583,652.11	-33.95%	Mainly due to the decrease in R&D investment

The Company needs to comply with the disclosure requirements of the "Textile and Apparel Business" stipulated in the *No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure*.

Composition of selling expenses:

Selling expenses	2023	2022	Year-on-year increase/decrease	Description of significant changes
Advertising and promotion expenses	651,816,390.71	600,156,113.14	8.61%	Mainly attributed to Purcotton's branding and marketing efforts Promotion cost
Employee compensation	643,446,712.68	649,605,092.33	-0.95%	No major changes
Sales commissions and expenses from the e-commerce platform	261,088,807.68	240,516,336.22	8.55%	Primarily e-commerce platform commissions
Depreciation of Right-of-use assets	196,694,977.33	188,658,565.69	4.26%	No major changes
Lease and property management expenses	118,909,705.83	152,186,000.56	-21.87%	No major changes
Depreciation and amortization	54,120,612.33	82,408,480.44	-34.33%	The reduction in store renovation amortization in the current period is mainly due to the transfer and downsizing of Purcotton stores. Additionally, there was an increase in renovation losses due to store remodeling in the same period last year.
Travel expenses	24,738,868.66	12,266,843.44	101.67%	Moreover, the lower base of travel expenses in 2022, largely stemming from the impact of the public health incident, returned to normal levels in 2023.
Material consumption	23,880,919.78	29,027,854.76	-17.73%	No major changes
Office communication costs	15,318,336.04	17,665,180.74	-13.29%	No major changes
Water/electricity fee	12,448,568.50	12,817,521.54	-2.88%	No major changes
Insurance premiums	7,355,088.51	5,076,079.44	44.90%	Primarily due to the increase in export credit insurance
Service fees	17,439,391.54	7,485,101.27	132.99%	Mainly attributed to the rise in service fees, including consultancy fees
Others	63,234,126.51	52,307,237.89	20.89%	No major changes
Total	2,090,492,506.10	2,050,176,407.46	1.97%	No major changes

4. Other information required by industry disclosure guidelines

The Company needs to comply with the disclosure requirements of the "Textile and Apparel Business" stipulated in the *No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure*.

(1) Production capacity

The Company's own production capacity

			Current reporting period				Same period last year			
More than 10% YoY change in production capacity utilization rate										
√ Yes □ No										
Business category	Product category	Unit	2023			2022			Percentage of change in production capacity utilization rate	Change reason description
			Production capacity	Output	Production capacity utilization rate	Production capacity	Output	Production capacity utilization rate		
Medical consumables	Gauze	ton	10,396	6,983	67.17%	10,396	7,056	67.87%	-0.70%	No major changes
	Mask	'0,000 pieces	365,313	183,736	50.30%	726,710	590,693	81.28%	-30.98%	The mask market saw a decline in demand due to public health events, prompting the Company to swiftly adjust production supply. This adjustment resulted in decreased capacity utilization rates.
	Medical combo kits	'0,000 kits	4,550	4,127	90.70%	4,550	3,452	75.87%	14.83%	Conversely, there was a surge in demand for sales of combination packs, leading to increased output and higher capacity utilization.
	Pure cotton spunlace non-woven fabric	ton	54,330	29,000	53.38%	54,330	29,922	55.08%	-1.70%	No major changes
Healthy consumer goods	Cotton tissues	'0,000 kits	37,641	18,538	49.25%	34,795	16,558	47.59%	1.66%	No major changes
	Sanitary napkins	'0,000 pieces	63,738	53,012	83.17%	50,078	44,858	89.57%	-6.40%	No major changes

Note: The capacity and production in this table are based on the statistics of self-produced capacity and output, while the output in the Sales-output Ratio Table includes self-produced and purchased outputs, where the output of menstrual pads under "healthy living consumer product" is lower than that in the Sales-output Ratio Table, which is mainly due to the outsourced processing of some models of menstrual pads. Additionally, the output of 100% cotton spunlace nonwoven fabrics is the total output, including the output for direct external sales and that for self-consumption.

Is there overseas production capacity?

□ Yes √ No

(2) Sales model and channels

Sales channels and actual operation of products

The Company's healthy consumer goods are involved in the textile and apparel industries. The sales channels for healthy consumer goods include online sales, offline stores, supermarkets, key accounts.

Unit: yuan

Sales channels	Revenue	Operating costs	Gross profit margin	Year-on-year increase/decrease of operating income (%)	Year-on-year increase/decrease of operating cost (%)	Year-on-year increase/decrease of gross margin ratio
Online sales	2,582,593,865.54	1,223,659,985.13	52.62%	1.19%	-7.11%	4.23%
Offline stores	1,364,371,807.21	487,857,068.69	64.24%	18.67%	10.42%	2.67%
Supermarket channels	241,650,661.47	91,561,909.56	62.11%	5.21%	4.67%	0.34%
Key Client	73,962,102.39	36,003,761.30	51.32%	0.12%	-3.65%	1.90%

Reason for the change: In 2023, the Company underwent organizational restructuring, splitting the PureH2B business and merging its health personal care division into the medical segment. Consequently, the data for 2022 was adjusted to reallocate online sales and offline store revenues from PureH2B's consumer goods segment to the medical segment. This resulted in a revenue adjustment of 47,415,228.79 yuan and a cost adjustment of 30,538,838.48 yuan.

(3) Franchising and distribution

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

Yes No

Top 5 franchisees

S/N	Name of franchisee	Time of cooperation	A related party or not	Total sales (yuan)	Level of franchisee
1	First	November 9, 2020	No	5,557,369.21	Primary
2	Second	May 1, 2020	No	4,759,814.67	Primary
3	Third	December 28, 2022	No	4,389,501.83	Primary
4	Fourth	June 26, 2021	No	3,792,428.13	Primary
5	Fifth	June 10, 2021	No	3,571,729.92	Primary
Total	--	--	--	22,070,843.76	--

(4) Online sales

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

Yes No

Is there a self-built sales platform?

Yes No

Operation starting time	January 6, 2014
Number of registered users	14,027,034
Average number of monthly active users	1,648,165

Does it work with a third-party sales platform?

Yes No

Unit: yuan

Name of platform	Transaction amount during the reporting period	Return rate
Taobao (healthy consumer goods)	1,292,094,692.54	2.24%

Opening or closing online sales channels by the Company

Applicable Not applicable

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

(5) Agency operation

Does it adopt agency operation?

Yes No

(6) Inventory

Inventory

Main products	Inventory turnover in days	Inventory amount	Inventory aging	YoY increase/decrease in inventory balance	Reasons
Raw materials and goods processed by the commission		243,950,021.65		-143,892,457.63	Mainly due to decreased demand for infection protection products following the public health incident, resulting in reduced material preparation
Work in process		166,527,201.33		2,984,188.61	
Merchandise inventory		982,467,601.73		52,193,314.38	
Semi-finished products shipped in transit		24,716,158.02		-36,673,954.10	Resulting mainly from decrease in shipments
Low priced and easily worn articles		16,665,305.23		791,623.33	
Total	154	1,434,326,287.96		-124,597,285.41	Mainly attributed to a decrease in inventories of infection protection products and a decline in inventories of Purcotton textile products

Provision accrual for inventory depreciation

Class	Closing balance of the previous year	Amount increased in current period			Amount decreased in current period		Closing Balance
		Current consolidated increase	Accrual	Others	Reversal or write-back	Other - Exchange rate movement	
Raw materials and goods processed by the commission	54,831,465.50		16,801,848.94		58,042,549.52		13,590,764.92
Work in process	9,184,849.77		26,909,385.39				36,094,235.16
Merchandise inventory	258,680,380.74	1,084,931.09	266,138,204.39		320,646,375.36	-2,814.07	205,259,954.93
Semi-finished products shipped in transit	130,228.78				130,228.78		
Low priced and easily worn articles	1,591,988.35		1,352,093.22		1,345,090.99		1,598,990.58
Total	324,418,913.14	1,084,931.09	311,201,531.94		380,164,244.65	-2,814.07	256,543,945.59

Inventory information of end channels such as franchises or distributors

The Purcotton had 74 franchisees stores. Its business model requires franchisees to be responsible for store construction and daily operation while Purcotton provides goods and supply chain supports. After the sales of stores, Purcotton and the franchisees obtain their respective profits through sharing; the franchise store inventory ownership belongs to Purcotton. As of Sunday, December 31, 2023, there was an inventory balance of 39.85 million yuan, with average 540,000 yuan in each store.

(7) Brand building

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

√ Yes No

Private brand

Brand name	Trademark name	Main product types	Features	Target customers	Main product price bands	Main market territory	Level of cities
Purcotton	Purcotton	Cotton tissues	Made of 100% high-quality natural cotton without fluorescent whitening agent; mild and non-irritating; meeting the daily needs of consumers	All-age customer base	5-30 yuan/pack (100 pieces)	Nationwide	Second- and third-tier cities and above
Purcotton	Nice Princess	Sanitary napkins	100% cotton surface layer (surface layer, spacer, sanitary wing surface layer)	Female population at appropriate ages	1.5-4.99 yuan/piece	Nationwide	Second- and third-tier cities and above
Purcotton	BBNice	Cotton diapers	100% cotton surface layer; unique in the market; made from natural cotton; 2mm ultra-thin core with 28 times ultra-high absorption capacity	Parental population	2.45-5.45 yuan/piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Wet tissues	100% cotton material; soft and non-slippery; gentle and non-irritating	All-age customer base	20-40 yuan/pack	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Baby products/clothing	100% cotton material without fluorescent nor formaldehyde; the unique gauze fabric to provide more comfortable care	Expecting mothers, newborns, babies, toddlers	100-500 yuan /piece	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Adult apparel / intimate apparel	100% cotton material; high-quality cotton without fluorescent nor formaldehyde; soft to the touch; the unique gauze fabrics to provide more comfortable care	Adult apparel: adult men and women of all ages; intimate apparel: customers of all ages	Outwear: 150-800 yuan/piece; leisure wear: 200-800 yuan/piece; thermal underwear: 200-600 yuan/piece; underwear: 58-108 yuan/pair (pack); socks: 20-40 yuan/pair	Nationwide	Second- and third-tier cities and above
Purcotton	Purcotton	Bedding, toiletries	100% cotton material; high-quality cotton without fluorescent nor formaldehyde; soft to the touch; the unique gauze fabrics to provide more comfortable care	Expecting mothers, newborns, babies, toddlers and adult customer base	Children bedding: 268-500 yuan/set; toddler bedding: 198-1098 yuan/set; Adult bedding: 268-3198 yuan /set; toiletries: 38-398 yuan /piece	Nationwide	Second- and third-tier cities and above

Partner brands

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

Licensed brand

Brand name	Trademark name	Main product types	Features	Target customers	Main product price bands	Main market territory	Level of cities	Licensor	License period	Exclusive license or not
Purcotton, China Aerospace	Purcotton, China Aerospace modeling figures	Baby clothing and supplies	The product is made from 100% cotton material and designed with China Aerospace image	Infants and young children customer group	198-458 yuan /piece	Nationwide	Second- and third-tier cities and above	Party A: Koni Culture (Beijing) Co., Ltd. Party B: Hangzhou Qianxi Culture Communication Co., Ltd.	2021.9.15-2023.10.14	No
Purcotton, Ultraman	Purcotton, Ultraman modeling characters	Cotton tissues, wet tissues, bath towels	The product is made from 100% cotton material and designed with Ultraman cartoon image	All-age customer base	21.8-298 yuan /piece	Nationwide	Second- and third-tier cities and above	Shanghai Character License Administrative Co., Ltd.	2021.9.1-2024.1.31	No

Marketing and operation of each brand during the reporting period

Please refer to the “1. Overview” in “IV. Analysis of Main Business” of “Section III Management Discussion and Analysis” for details.

Cases involved in trademark ownership disputes

Applicable Not applicable

(8) Others

Whether the Company is engaged in apparel design-related business

Yes No

The number of fashion designers in the Company	41	The number of contracted fashion designers	0
The operation of the built designer platform	PLM system, 3D design platform and digital color tool		

Did the Company hold an order meeting?

Yes No

5. R&D expenses

Applicable Not applicable

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected impacts on the Company
Research and application of fully molded integrated weaving technology	Through research into fully molded integrated weaving technology, it streamlines the production process, shortens production cycles, minimizes raw material wastage, achieves rapid product iteration akin to 3D printing, and meets consumers' demand for high-tech comfort.	Launched	Full forming technology revolutionizes the traditional knitting process, eliminating stitching and other steps, achieving one-time forming knitting of the fabric, and enhancing wearer comfort. Achieve a new breakthrough in cotton baby products and cotton underwear category.	Adoption of new processes to develop innovative products, enhance consumer experience, and bolster the competitive advantage of the Company's offerings in the market
Development and expanded application of high-count fine blending "wind-soft cotton".	This project begins with research on cotton blending, integrating spinning technology, independent innovation, and development of wind-soft cotton yarn. It then progresses to fulfill the demand for fluffy, lightweight, and warm cotton products, aiming to provide a solution for thick and lightweight cotton products.	Launched	Based on the principle of high-count fine matching, we independently innovate and research wind-soft cotton yarn to facilitate application multi-category transformation while ensuring optimal quality. This ensures our autumn and winter products are light, soft, and warm, all while adhering to the principles of comfortable, healthy, and environmentally friendly.	Enhance the added value of products, increase the variety of fall and winter products, and improve their market competitiveness.
Research and product development of "Sandwich" hollow warm feeling cotton fabrics	Enhancing the market for traditional chemical fiber material air layer or sandwich fabric to address issues such as stiffness, lack of breathability, sweat absorption, and susceptibility to creasing, thereby enhancing the wearer's experience.	Launched	Through a differentiated three-layer three-dimensional weaving process, utilizing varying structures and yarn thicknesses, we achieve the desired effect: a tight outer layer, a hollow middle layer, and a fluffy inner layer. This approach enhances fabric warmth and improves the wearing experience, facilitating the development of warm cotton products for fall and winter seasons.	Substitute chemical fiber with cotton to enhance the quality of fall and winter cotton products, leading the technological advancement in the cotton products industry
Develop a crepe-feel fresh cotton sunscreen jacket	Address the drawbacks of traditional chemical fiber sunscreen apparel, including poor moisture absorption and breathability, resulting in discomfort from sweat buildup and skin irritation during wear.	Mass production	Develop a cotton woven sunscreen jacket with a wrinkled texture. The product boasts UPF>50 and UVA<5%, with the cotton material being absorbent and breathable. Its wrinkled texture prevents sticking to the skin, while its thin and elastic nature ensures comfortable wear.	Use cotton to replace chemical fiber to improve the quality of outerwear, leading the technological upgrading and development of cotton products
Research and development of a system for evaluating human deep sleep comfort and cotton gauze bedding	Establish a method to evaluate the sleep comfort performance of gauze quilts through subjective sleep evaluation and EEG test analysis	Closed	Publish a white paper on sleep quality to offer technical support for product design and development, and provide consumers with a scientific basis for purchasing suitable sleep products.	Address user pain points and reinforce brand values
Biodegradable agricultural cultivation fabric material	Develop biodegradable agricultural cultivation fabric materials to expand the application range of cotton spunlace materials, providing environmentally friendly options for agricultural cultivation	Launched	Achieve degradation within 2-3 months while meeting material strength requirements	Expand the utilization scope of cotton spunlace nonwoven fabrics and boost sales

winner Winner Medical

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected impacts on the Company
Conduct research and development on ultra-soft and ultra-thick cotton spunlace materials	Enhance the packaging height and improve the comfort experience of cotton soft towel products	Launched	Enhance the thickness and softness of the material while ensuring minimal linting, thereby improving the comfort of cotton towel products	The products are more aligned with consumer demand, enhancing the product competitiveness of cotton soft towel products.
Cotton-lined surgical mask	Developed cotton-lined surgical masks to enhance comfort and eco-friendliness	Launched	Ensure high protection while improving the comfort of wearing surgical masks	Develop unique mask products to enhance market competitiveness and promote the Company's offerings towards green environmental protection and resource conservation.
Low-resistance industrial protective masks	Improve the wearing comfort of industrial protective masks	Launched	Ensure high protection while improving the comfort of wearing surgical masks	Expand mask product categories to boost sales
Collagen products R&D	Developed a biologically active collagen dressing for wound care	Mass production	Mastered the collagen extraction and dressing molding process, and obtained marketing authorization for the product	Also, mastered the collagen raw material extraction technology, entered the research field of bioactive wound repair materials, expanded the high-end dressing product line, and established technical barriers
Biodegradable three-dimensional masks	Develop environmentally-friendly biodegradable masks to protect the earth and reduce environmental pollution	Mass production	Ensure the high protective performance of masks while keeping the biodegradation rate of masks \geq 95%;	Expand the biodegradable mask product series to enhance the competitiveness of the mask category in the market and promote the development of the Company's core products towards green environmental protection and resource conservation
Optimize the research and development of antibacterial hydrogel dressing products	Development of a hydrogel dressing product with antimicrobial properties	Mass production	Obtained marketing authorization for the product	Expanded high-end dressing product line and increased sales

R&D personnel of the Company

	2023	2022	Proportion of change
Number of R&D personnel (people)	1,259	1,588	-20.72%
Proportion of R&D personnel	9.67%	10.63%	-0.96%
Educational background of R&D personnel			
Bachelor	314	413	-23.97%
Master	93	102	-8.82%
Age composition of R&D personnel			
Under 30	199	316	-37.03%
30 - 40	587	732	-19.81%

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

	2023	2022	2021
R&D investment amount (yuan)	322,051,868.43	487,583,652.11	298,162,366.16
The proportion of R&D investment in operating income	3.93%	4.30%	3.71%
Capitalized amount of R&D expenditure (yuan)	0.00	0.00	0.00
The proportion of capitalized R&D expenditure in R&D investment	0.00%	0.00%	0.00%
The proportion of capitalized R&D expenditure in current net profit	0.00%	0.00%	0.00%

Reasons for and effects of significant changes in the composition of the Company's R&D personnel

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

The Company needs to comply with the disclosure requirements of the "Medical Device Business" in the *No. 4 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Information Disclosure by Growth Enterprises*.

Information on Medical Device Products

Applicable Not applicable

For details, please refer to the Annex "Information on Medical Device Products" at the end of the annual report.

6. Cash flow

Unit: yuan

Item	2023	2022	Year-on-year increase/decrease
Subtotal of cash inflow from operating activities	9,103,514,793.19	12,542,790,330.22	-27.42%
Subtotal of cash outflow from operating activities	8,040,188,560.96	9,559,318,099.95	-15.89%
Net cash flow from operating activities	1,063,326,232.23	2,983,472,230.27	-64.36%
Subtotal of cash inflow from investment activities	6,589,667,664.51	8,238,580,617.85	-20.01%
Subtotal of cash outflow from investment activities	5,559,389,985.82	12,056,695,936.67	-53.89%
Net cash flow from investing activities	1,030,277,678.69	-3,818,115,318.82	126.98%
Subtotal of cash inflow from financial activities	2,303,457,500.00	2,276,661,290.38	1.18%
Subtotal of cash outflow from financial activities	4,088,884,914.09	1,159,153,982.55	252.75%
Net cash flow from financing activities	-1,785,427,414.09	1,117,507,307.83	-259.77%
Net increase in cash and cash equivalents	306,518,824.28	282,209,696.13	8.61%

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

Applicable Not applicable

1. The substantial year-on-year decline in net cash flows from operating activities was mainly driven by a significant decrease in market demand for infection protection products.
2. The larger year-on-year decrease in the subtotal cash outflow from investment activities was mainly attributed to the reduced purchase of wealth management products and higher cash disbursements for mergers and acquisitions in 2022.
3. Net cash flow from investment activities was positive in the current period compared to negative in the same period last year. This was mainly because cash received from redemptions of wealth management products exceeded cash paid for purchases of wealth management products in the current period, and cash paid for mergers and acquisitions was lower than in the same period last year.
4. The larger subtotal increase in cash outflows from financing activities and the cash generated from financing activities were mainly due to the increase in cash paid for debt repayment in the current period. Explanation of the reason for the significant difference between the Company's net cash flow generated from operating activities during the reporting period and the net profit in the current year

Applicable Not applicable

The main reasons for the substantial difference between the net cash flows from operating activities of 1,063 million yuan for the year and the net profit of 629 million yuan for the year are detailed in "Section X Financial Report - VII Notes to Items in the Consolidated Financial Statements 78. Supplementary Information to the Statement of Cash Flows".

V. Non-main operations

√Applicable □ Not applicable

Unit: yuan

	Amount	Proportion in total profits	Formation reasons	Is it sustainable
Investment income	127,342,880.98	16.98%	It is mainly due to the gain on maturity of financial products and the recognition of investment income from joint ventures.	Investment income from joint ventures Yes, others No
Profit/loss from changes in fair value	46,678,103.27	6.23%	It is mainly due to the changes in fair value of financial products (such as structured deposits).	No
Impairment of assets	-393,761,240.50	-52.51%	Mainly due to provisions for inventory value decline, goodwill impairment, and fixed asset impairment	No
Non-operating income	16,618,496.48	2.22%	Mainly attributed to non-operating income from non-current assets, such as gains on asset retirement and compensation income	No
Non-operating expenses	84,742,148.34	11.30%	It is mainly due to the losses on the scrapping of non-current assets.	No
Credit impairment Loss	4,725,509.30	0.63%	It is mainly due to the expected credit losses on the accrual of accounts receivable and other receivables.	No
Gains from asset disposal	32,201,950.01	4.29%	It is mainly due to the losses on disposal of non-current assets.	No
Other incomes	101,105,274.61	13.48%	It is mainly due to receiving government subsidies related to operating activities.	No

VI. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: yuan

	End of 2023		Early 2023		Increase/decrease in proportions	Description of significant changes
	Amount	The proportion in total assets	Amount	The proportion in total assets		
Cash and cash equivalents	4,706,132,071.27	27.50%	4,526,877,578.90	24.80%	2.70%	No major changes
Accounts receivable	768,602,289.60	4.49%	932,642,061.04	5.11%	-0.62%	No major changes
Inventory	1,434,326,287.96	8.38%	1,558,923,573.37	8.54%	-0.16%	No major changes
Investment real estates	7,693,341.79	0.04%	8,747,014.25	0.05%	-0.01%	No major changes
Long-term investment equity	20,879,244.20	0.12%	21,747,635.99	0.12%	0.00%	No major changes
Fixed assets	2,749,018,750.62	16.06%	2,312,982,598.88	12.67%	3.39%	No major changes
Construction progress in	984,571,329.05	5.75%	765,009,910.63	4.19%	1.56%	No major changes
Right-of-use assets	417,496,021.36	2.44%	472,356,125.64	2.59%	-0.15%	No major changes
Short-term loans	1,493,238,955.00	8.73%	2,295,218,930.85	12.57%	-3.84%	Mainly attributed to the restructuring of short-term and long-term loans and loan repayments during the period
Contract liabilities	193,262,892.15	1.13%	566,819,254.08	3.11%	-1.98%	It is mainly due to the increased consideration received in advance from customers.
Long-term loans	170,000,000.00	0.99%			0.99%	It is mainly due to the increase in long-term bank borrowings
Lease liabilities	292,009,504.04	1.71%	326,459,697.90	1.79%	-0.08%	No major changes
Tradable financial assets	2,850,058,540.71	16.66%	4,378,789,960.23	23.99%	-7.33%	Mainly due to the decrease in purchases of structured deposits and other financial products
Amounts receivable financing	29,348,618.44	0.17%	93,093,113.79	0.51%	-0.34%	Mainly due to a decrease in the receipt of bankers' acceptances
Advances to suppliers	122,281,742.75	0.71%	229,225,273.09	1.26%	-0.55%	Mainly due to the decrease in material purchases
Other current assets	378,853,652.64	2.21%	119,059,084.47	0.65%	1.56%	Mainly attributed to the increase in pledged large certificates of deposit
Other non-current financial Assets	70,000,000.00	0.41%	40,000,000.00	0.22%	0.19%	It is mainly due to the purchase of long-term financial assets
Notes payable	315,902,844.15	1.85%	24,760,000.00	0.14%	1.71%	Mainly due to the increased use of bankers' acceptances for settling payments for goods
Taxes payable	62,877,779.86	0.37%	322,255,874.61	1.77%	-1.40%	Mainly due to a decrease in corporate income tax and value-added tax
Other current liabilities	19,712,328.19	0.12%	59,604,591.85	0.33%	-0.21%	Mainly due to the decrease in advance receipts, corresponding to the decrease in sales tax pending transfer
Capital stock	594,387,367.00	3.47%	426,492,308.00	2.34%	1.13%	Mainly due to the capitalization of capital surplus during the period

High percentage of foreign assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: yuan

Item	Opening balance	Gain/loss from changes in fair value for the period	Accumulated fair value changes included in equity	Impairment in accrual of current period	Purchase amount during the reporting period	Sales amount during the reporting period	Other changes	Closing balance
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	4,378,789,960.23	46,678,103.27			4,409,245,000.00	6,027,240,000.00	42,585,477.21	2,850,058,540.71
Financial assets subtotal	4,378,789,960.23	46,678,103.27			4,409,245,000.00	6,027,240,000.00	42,585,477.21	2,850,058,540.71
Total of the above	4,378,789,960.23	46,678,103.27			4,409,245,000.00	6,027,240,000.00	42,585,477.21	2,850,058,540.71
Financial liabilities		0.00						0.00

Other changes

The item "Others" mainly refers to the increase by business combination.

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

Yes No

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

For details, see "Section X. Financial Report - VII Notes to consolidated financial statements - 31. Assets with Restricted Ownership or Use Rights".

VII. Analysis of investment

1. Overall situation

Applicable Not applicable

Investment amount in the reporting period (yuan)	Investment amount in the same period of the previous year (yuan)	Change percentage
5,203,756,536.64	12,418,231,649.20	-58.10%

Note: The larger decrease in investments in the reporting period compared to the same period of the previous year was mainly due to (1) a higher amount of financial product investments purchased in the previous year; and (2) a higher number of inputs for the acquisition of merged companies in the previous year.

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

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

Applicable Not applicable

Unit: yuan

Project name	Investment method	Investment in fixed assets or not	Industries involved in investment projects	Investment amount in the current reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Project progress	Estimated income	Gains realized up to the reporting period, not cumulatively	Reasons for not meeting the scheduled progress and projected earnings	Date of disclosure (if any)	Disclosure index (if any)
High-end production line construction project	Independent	Yes	Medical consumables	30,057,916.26	145,788,435.58	Proceeds	67.23%	0.00	0.00	N/A		
Marketing network construction project	Independent	Yes	Healthy consumer goods	313,168,743.39	621,494,696.40	Proceeds	100.56%	0.00	0.00	N/A		
R&D Center construction project	Independent	Yes	Medical consumables + healthy consumer goods	65,615,625.90	189,569,797.87	Proceeds	88.00%	0.00	0.00	N/A		
Digital management system project	Independent	Yes	Medical consumables + healthy consumer goods	78,593,887.95	198,807,408.59	Proceeds	73.96%	0.00	0.00	N/A		
Winner Industrial Park (Jiayu) Project	Independent	Yes	Medical consumables	193,532,132.51	435,061,389.73	Proceeds	103.59%	0.00	0.00	N/A		
Phase II Expansion Project of Winner Medical Wuhan	Independent	Yes	Medical consumables + healthy consumer goods	83,428,830.16	609,515,780.73	Proceeds	101.59%	0.00	0.00	N/A		
Total	--	--	--	764,397,136.17	2,200,237,508.90	--	--	0.00	0.00	--	--	--

4. Investment in financial assets

(1) Securities investment

Applicable Not applicable

Unit: yuan

Category	Code	Abbreviation	Initial investment cost	Accounting measurement mode	Beginning book value	Gain/loss from changes in fair value for the period	Accumulated fair value changes included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Profit or loss for the reporting period	Ending book value	Accounting account	Source of funds
Trust products	N/A	N/A	1,340,000,000.00	Fair value measurement	1,351,258,920.46	3,550,353.51		400,000,000.00	640,000,000.00	22,663,804.95	1,114,809,273.97	Tradable financial assets	Self-owned funds
Others	N/A	N/A	3,041,995,000.00	Fair value measurement	3,027,531,039.77	43,127,749.76		4,009,245,000.00	5,387,240,000.00	103,097,467.82	1,735,249,266.74	Tradable financial assets	Owned + raised funds
Funds	N/A	Shenzhen Hongtu Private Investment Partnership (Limited Partnership) Yihao Equity Fund	40,000,000.00	Fair value measurement	40,000,000.00			30,000,000.00			70,000,000.00	Other non-current financial assets	Self-owned funds
Total			4,421,995,000.00	--	4,418,789,960.23	46,678,103.27	0.00	4,439,245,000.00	6,027,240,000.00	125,761,272.77	2,920,058,540.71	--	--

Note 1: Trust products primarily consist of risk-rated R2/R3 products and do not involve investments in stocks and real estate.

Note 2: Securities - Others: The amount derived from the change in book value at the beginning of the period, plus gains or losses on changes in fair value during the period, plus the amount purchased during the period, minus the amount sold during the period, was 42,585,477.21 yuan lower than the book value at the end of the period. This difference was mainly due to the inclusion of the increase in the opening balance resulting from the business combination in 2023 in the book value at the end of the period.

(2) Derivatives investment

Applicable Not applicable

No derivative investment in the Company during the reporting period

5. The use of proceeds

Applicable Not applicable

(1) The overall use of proceeds

Applicable Not applicable

Year	Proceeds Method	Total amount of proceeds	Net amount of proceeds	Total amount of proceeds used during the current reporting period	Total accumulated amount of proceeds used during the current reporting period	Total amount of proceeds for alteration purposes during the current reporting period	Total accumulated amount of proceeds for alteration purposes during the current reporting period	Proportion of total amount of proceeds for alteration purposes during the current reporting period	Total amount of proceeds not used during the current reporting period	Usage and purposes of proceeds not used during the current reporting period	Amount of proceeds that have been idle for more than two years
2020	IPO	371,500	355,884.93	76,451.15	346,567.62	2,000	11,102.34	2.99%	24,806.64	Of which: the balance of cash management was 780.00 million yuan, and the balance deposited in the proceeds account was 203.6361 yuan.	0
Total	--	371,500	355,884.93	76,451.15	346,567.62	2,000	11,102.34	2.99%	24,806.64	--	0

Description of the overall use of proceeds

The China Securities Regulatory Commission (CSRC) approved that, in its "CSRC License [2020] No. 1822" document, the Company made an initial public offering of 50 million yuan ordinary shares (A shares) at an offer price of 74.30 yuan per share, and the total proceeds amounted to 3,715.0000 million yuan. After deducting issuance fees of 156.1507 million yuan (excluding tax), net proceeds totaled 3,558.8493 million yuan. The proceeds mentioned above were verified by BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP with a *Capital Verification Report* (Xin Kuai Shi Bao Zi [2020] No. Z1210584). In FY2023, the Company utilized proceeds of 764,511,500 yuan, with 764,397,000 yuan allocated to fundraising projects and 114,400,000 yuan designated for supplementing working capital. As of the end of 2023, the Company had utilized a total of 3,465,676,200,000 yuan in proceeds. Of this amount, 2,200,237,500,000 yuan was utilized for fundraising projects, including 1,866,346,100,000 yuan invested cumulatively in fundraising projects and 333,891,400,000 yuan used to pre-invest in fundraising projects by replacing self-financed funds. Additionally, 1,265,438,700,000 yuan was utilized to permanently supplement liquidity.

(2) Committed proceeds projects

Applicable Not applicable

Committed investment projects and investment of over-raised proceeds	Whether the project has been changed (including partial change)	Total investment in committed proceeds	Adjusted total investment (1)	Investment amount in the current reporting period	Cumulative investment amount as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (3) = (2)/(1)	The project reaches the intended usable status date	Benefits realized in the current reporting period	Cumulative benefits realized as of the end of the reporting period	Whether project benefits are met	Whether there is a significant change in project feasibility
Committed investment projects											
High-end dressing production line construction project	No	21,685.86	21,685.86	3,005.79	14,578.84	67.23%	September 1, 2024	0	0	N/A	No
Marketing network construction project	Yes	70,456.87	61,804.04	31,316.87	62,149.47	100.56%	September 1, 2024	0	0	N/A	No
R&D Center construction project	Yes	23,542.15	21,542.15	6,561.56	18,956.98	88.00%	September 1, 2024	0	0	N/A	No
Digital management system project	No	26,881.05	26,881.05	7,859.39	19,880.74	73.96%	September 1, 2024	0	0	N/A	No
Bolster working capital	No		9,102.34	0.21	9,102.34			0	0	N/A	No
Subtotal of committed investment projects	--	142,565.93	141,015.44	48,743.82	124,668.37	--	--	0	0	--	--
Investment of over-raised proceeds											

Committed investment projects and investment of over-raised proceeds	Whether the project has been changed (including partial change)	Total investment in committed proceeds	Adjusted total investment (1)	Investment amount in the current reporting period	Cumulative investment amount as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (3) = (2)/(1)	The project reaches the intended usable status date	Benefits realized in the current reporting period	Cumulative benefits realized as of the end of the reporting period	Whether projected benefits are met	Whether there is a significant change in project feasibility
Winner Industrial Park (Jiayu) Project	Yes		42,000	19,353.21	43,506.14	103.59%	December 1, 2023	0	0	N/A	No
Phase II Expansion Project of Winner Medical Wuhan	No		60,000	8,342.88	60,951.58	101.59%	December 1, 2023	0	0	N/A	No
Bolster working capital (if any)	--		117,441.53	11.23	117,441.53	--	--	--	--	--	--
Subtotal of use of over-raised proceeds	--		219,441.53	27,707.32	221,899.25	--	--	0	0	--	--
Total	--	142,565.93	360,456.97	76,451.14	346,567.62	--	--	0	0	--	--
Description of and reasons for not meeting the scheduled progress or projected earnings by projects (including the reasons for selecting "Not applicable" for "Whether projected benefits are met")		N/A									
Description of significant changes in project feasibility		N/A									
Amount, purpose and progress of use of over-raised proceeds		Applicable									

On October 12, 2020, the 13th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the *Proposal Regarding the Use of Some Over-raised Proceeds To Permanently Supplement the Working Capital*, and agreed that the Company could allocate 639 million yuan of the over-raised proceeds to supplement the working capital permanently. The Fifth Extraordinary General Meeting of 2020 held on October 29, 2020, considered and approved the proposal. As of November 2, 2020, 639.0000 million yuan of over-raised proceeds have been used to bolster working capital.

On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the *Proposal Regarding the Use of Over-raised Proceeds for the Investment in Winner Industrial Park (Jiayu) Project*. The proposal was considered and passed by the Sixth Extraordinary General Meeting of 2020 held on December 15, 2020 and became effective. The main body of the Proposal is as follows: The Company plans to allocate 400.0000 million yuan of the over-raised proceeds to the investment in the Winner Industrial Park (Jiayu) Project. The total investment in Winner Industrial Park (Jiayu) Project is estimated at 900.0000 million yuan, and the implementing entity is Winner Medical (Jiayu) Co., Ltd. The project is located in Hubei Jiayu Economic Development Zone, adjacent to the Park's 2nd Road in the north, 3rd Road in the south, Jiayu Avenue in the east, and Shijingpu Road in the west. The total land area is about 451 mu. The project relies on independent research and development of patented technology achievements, and based on the existing advantages of the Company in the industry, considers natural cotton as the main raw material to innovate and improve degreasing and spunlace technology. It adopts comprehensive use of high-pressure "water needle" and other high-efficiency production technologies, and plans to build production projects in relation to spunlace, wash care, wet tissues, medical cotton/gauze/non-woven fabrics, hand sanitizer and other products. As of Sunday, December 31, 2023, the total amount invested in the above project is 435.0614 million yuan.

On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the *Proposal Regarding the Use of Over-raised Proceeds for the Phase II Expansion Project of Winner Medical Wuhan*. The main body of the Proposal is as follows: The Company plans to allocate 600.0000 million yuan of the over-raised proceeds to the investment in the Phase II Expansion Project of Winner Medical Wuhan. The total investment in Phase II Expansion Project of Winner Medical Wuhan totals 1,500.0000 million yuan, and the implementing entity is Winner Medical (Wuhan) Co., Ltd. The project includes non-woven coil center, sterilization processing center, domestic medical sales and marketing center, intelligent distribution center of Hubei regional headquarters, regional headquarters in Central China and the second R&D center of the Group, which are fully invested and independently operated by the Company. Thanks to the project construction, the Company's production capacity and market share will be increased, enabling it to become a global leader in overall technical level and product quality scale. As of Sunday, December 31, 2023, the total amount invested in the above project is 609.5158 million yuan.

The Company held the sixth meeting of the third session of the Board of Directors and the fifth meeting of the third session of the Board of Supervisors on April 20, 2022 and reviewed and approved the *Proposal Regarding the Use of Some Over-raised Proceeds To Permanently Supplement the Working Capital*, and agreed that the Company could allocate 494.19 million yuan of the over-raised proceeds and the corresponding cash proceeds to permanently supplement the working capital (and subsequently, together with the proceeds from finance products, the actually supplemented working capital was 535.4153 million yuan). The proposal was considered and passed by the Annual General Meeting of 2021 held on May 13, 2022 and became effective.

	Applicable
	Occurred in the previous year
Change of location for the implementation of the proceeds investment project	On November 27, 2020, the 15 th meeting of the Second Board of Directors and the 9 th meeting of the Second Board of Supervisors of the Company reviewed and approved the <i>Proposal Regarding Capital Increase in Wholly owned Subsidiaries with Some of the Proceeds, Changes to Implementing Entity of the Fundraising Projects, and Addition of Implementation Sites of Some Fundraising Projects</i> . The main body of the Proposal is as follows: To further improve the production, management efficiency and comprehensive utilization rate of resources, seize market development opportunities, and better promote the implementation of fundraising projects, the Company plans to use some of the proceeds to increase the capital of the wholly-owned subsidiaries and change the implementing entity of the fundraising projects, and add new implementation sites for the fundraising projects. Among them, the original implementing entity of the "R&D Center Construction Project" was Winner Medical (Wuhan) Co., Ltd. According to the Company's development strategy and actual business needs, it plans to include Winner Medical Products Co., Ltd. as the implementing entity of "R&D Center Construction Project", a fundraising project. A new implementation site in Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen is also included accordingly.
	Applicable
	Occurred in the previous year
Adjustment of the implementation mode of the proceeds investment project	The Company held the sixth meeting of the third session of the Board of Directors and the fifth meeting of the third session of the Board of Supervisors on April 20, 2022, and reviewed and approved the <i>Proposal on Adjusting the Implementation Mode, Extending the Construction Period and Permanently Bolstering the Working Capital of Some Fund Raising Projects</i> , which became effective after the consideration of the 2021 Annual General Meeting of Shareholders held on May 13, 2022. The main contents of the proposal were as follows: To quickly respond to market changes and improve the utilization efficiency of proceeds, the marketing network building project increased the investment related to online marketing of Shenzhen Purcotton Technology Co., Ltd., a wholly-owned subsidiary. Also, due to strategic adjustments, the marketing network building project terminated the investment related to network building of Shenzhen PureH2B Technology Co., Ltd., a wholly-owned subsidiary.
	Applicable
	Occurred in the previous year
Pre-investment and replacement of the proceeds investment project	On February 26, 2021, the 18 th meeting of the Second Board of Directors and the 12 th meeting of the Second Board of Supervisors of the Company reviewed and approved the <i>Proposal on Opening bank Accounts and the Replacement of Self-financing Funds Pre-invested in New Projects with Excess Funds Raised</i> , respectively, and agreed that the Company could replace the self-raised funds pre-invested in the fundraising project with 100.1742 million yuan of proceeds. It has been verified by the [2021] No.Z110031 <i>Special Auditor's Report on Proceeds Replacement of Winner Medical Products Co., Ltd.</i> issued by BDO Certified Public Accountants (Special General Partnership) on February 23, 2021. Among them: the actual investment amount of the Company's self-raised funds pre-invested in the proceeds investment project is 100.1742 million yuan, of which: 85.8942 million yuan was invested in the Wuhan Phase II expansion project, and 14.28 million yuan was invested in Winner Industrial Park (Jiayu) Project. In February and March 2021, the Company transferred 14.28 million yuan and 85.8942 million yuan respectively from the special account for proceeds to replace the self-raised funds that had been invested in advance in the proceeds project. On October 12, 2020, the 13 th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the <i>Proposal Regarding the Use of Proceeds to Replace Self-raised Funds Pre-invested in the Fundraising Project</i> , respectively, and agreed that the Company could replace the self-raised funds pre-invested in the fundraising project with 233.7173 million yuan of proceeds. It has been verified by the [2020] No.Z110635 <i>Special Auditor's Report on Proceeds Replacement of Winner Medical Products Co., Ltd.</i> issued by BDO Certified Public Accountants (Special General Partnership) on October 12, 2020. Among them: the actual investment amount of the Company's self-raised funds pre-invested in the proceeds investment project is 233.7173 million yuan, of which: 26.5062 million yuan was invested in high-end dressing production line construction project, 110.0794 million yuan was invested in marketing network construction project, 50.2174 million yuan was invested in R&D center construction project, 46.9143 million yuan was invested in digital management system project. In October and November 2020, the Company transferred 73.4204 million yuan and 160.2968 million yuan respectively from the special account for proceeds to replacing the self-raised funds that had been invested in advance in the proceeds project.
Temporary replenishment of working capital with idle proceeds	N/A
Amount of and reasons for the balance of proceeds resulting from project implementation	N/A
Usage and purposes of proceeds not used during the current reporting period	As of Sunday, December 31, 2023, the balance of unused proceeds of the Company was 248.0664 million yuan, of which: the balance of cash management was 88.0000 million yuan and the balance of 160.0664 million yuan was deposited in the account for proceeds.
Problems or other circumstances in the use and disclosure of proceeds	None

(3) Changes in proceeds projects

Applicable Not applicable

Unit: 10,000 yuan

Project after change	Corresponding original committed projects	Total amount of proceeds to be invested in the changed project (1)	Actual investment amount in the current reporting period	Actual cumulative investment amount as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (3) = (2)/(1)	The project reaches the intended usable status date	Benefits realized in the current reporting period	Whether projected benefits are met	Whether there is a significant change in the feasibility of the changed project
Marketing network construction project	Marketing network construction project	61,804.04	31,316.87	62,149.47	100.56%	2024 September 1 st	0	N/A	No
R&D Center construction project	R&D Center construction project	21,542.15	6,561.56	18,956.98	88.00%	2024 September 1 st	0	N/A	No
Winner Industrial Park (Jiayu) Project	Winner Industrial Park (Jiayu) Project	42,000	19,353.21	43,506.14	103.59%	2023 December 1 st	0	N/A	No
Total	--	125,346.19	57,231.64	124,612.59	--	--	0	--	--
Reasons for change, decision-making procedures and information disclosure (Depending on specific project)	<p>The Company held the sixth meeting of the third session of the Board of Directors and the fifth meeting of the third session of the Board of Supervisors on April 20, 2022, and reviewed and approved the <i>Proposal on Adjusting the Implementation Mode, Extending the Construction Period and Permanently Bolstering the Working Capital of Some Fund Raising Projects</i>, which became effective after the consideration of the 2021 Annual General Meeting of Shareholders held on May 13, 2022. The investment on the marketing network building project of PureH2B was terminated. The remaining proceeds not used for the marketing network building project amounted to approximately 89.6426 million yuan (including the income of financial products), which will be used for permanently replenishing the working capital (the actual amount to be replenished together with the proceeds of the financial products will be 91.0234 million yuan). (Announcement No.: 2022-021)</p> <p>The Company held the twelfth meeting of the third session of the Board of Directors and the ninth meeting of the third session of the Board of Supervisors on 5 May 2023, and reviewed and approved the <i>Proposal on Adjusting the Use of Proceeds, Extending the Construction Period of Some Fund Raising Projects</i>, which became effective after the consideration of the 2022 Annual General Meeting of Shareholders held on May 16, 2022. The proceeds from the research and development center construction project should be adjusted among the implementation entities, part of the proceeds from the R&D Center Construction Project shall be moved to the Winner Industrial Park (Jiayu) Project. (Announcement No.: 2023-018)</p>								
Information on and reasons for not meeting the scheduled progress or projected earnings (by specific project)	The fund-raising capital investment project has not been completed and the benefits generated by the fund-raising capital investment project cannot be calculated yet								
Description of significant changes in the feasibility of the changed project	There has been no material change in the feasibility of the marketing network building project, the R&D center construction project and the Winner Industrial Park (Jiayu) Project								

VIII. Sales of significant asset and equity

1. Information of significant assets for sale

Applicable Not applicable

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

2. Information of significant equity for sale

Applicable Not applicable

IX. Analysis of major holding companies and joint stock companies

Applicable Not applicable

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

Unit: yuan

Company name	Company type	Principal operation	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Winner Medical (Huanggang) Co., Ltd.	Subsidiaries	Mainly responsible for the production of large rolls of cotton and cotton tissues	259,459,200.00	1,306,689,791.06	899,666,078.81	1,142,916,472.34	169,616,886.45	135,030,291.42

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and performances
Winner (Jinzhou) Latex Products Co., Ltd.	Acquisition	No significant direct impacts
Shanghai Hongsong Medical Device Co., Ltd.	Acquisition	No significant direct impacts

Description of major holding companies and joint stock companies

N/A

X. Structured subjects controlled by the Company

Applicable Not applicable

XI. Prospects of the Company

(I) Strategic planning

As a leading healthcare enterprise, our core values steer our strategic trajectory. Since its inception 33 years ago, spanning four global economic cycles, we have maintained robust vitality while upholding our founding vision: “Caring for health and life, making a better world” and “changing the world with pure cotton”. We consistently adhere to three core principles: quality over profit, brand over speed, and social responsibility above corporate value. Our commitment to the values of “hard work, self-criticism, exploration and innovation, and sustainable development” ensures that the steady march of Winner Medical and Purcotton remains firmly on course. As the world changes, our vision, core principles, and values stay constant. Our original goal of creating value for consumers and society remains unchanged.

We stick to the strategic guideline of “leading products with operational excellence”. Moving forward, we’re dedicated to embracing change, tackling challenges, and championing transformative practices and capacity building. We’ll ramp up digital empowerment and drive digital upgrading towards “basic management processed, process management digitized, and digital management intelligence”. We’ll boost the organization’s operational capability and talent density, sticking to the “four highs” talent concept, forging robust business partnerships, leading high-quality development, and navigating the cycle.

1. Medical business

Over the next three years, the Company will maintain its strategic prowess, solidify its financial foundation, and steadily advance to firmly establish itself as a one-stop expert in medical consumables solutions through both internal and external approaches to meet market demand. We’ll enhance technology and R&D innovation focusing on materials, user needs, and scenarios, aiming to drive breakthroughs in overseas business, domestic critical medical care, and everyday consumer medical care, with a primary emphasis on strategic products.

Refining our commitment to operational excellence, we’ve outlined a clear mission and set of requirements: to establish internationally renowned, fully automated, intelligent, unmanned, environmentally sustainable lighthouse factories and black-light workshops within our manufacturing operations. This initiative aims to accelerate the integration and synergy of strategic acquisitions within the Group while maintaining a steadfast focus on innovation, quality, and value.

2. Healthy consumer goods business

Over the past 15 years, Purcotton has dedicated itself to becoming the epitome of safety, happiness, and sustainability in the eyes of consumers. In the future, following the strategic guideline of “leading products with operational excellence”, the Company will adhere to the “four adherence”: adhering to corporate vision and values; adhering to non-woven over spun, cotton over synthetic fiber; adhering to all-cotton all-categories; adhering to socialist core values. By maintaining strategic strength, the aim is to achieve the world’s unique “Purcotton.”

Over the next three years, in product leadership: guided by the vision of Purcotton, we will prioritize materials, innovate, and embrace change. We will remain committed to basic material research and development and cotton cultivation. Through cotton/genetic modification and technological applications, we aim to unlock more possibilities for cotton. Relying on science and technology to empower all-cotton products, our ultimate goal is to establish a significant advantage, leading the industry forward. Clearly focus on five strategic products to establish an absolute advantage. Through innovative marketing strategies, deep market penetration, and the gradual development of a “cotton for all categories” brand identity, we aim to solidify our position. Simultaneously, we will concentrate on best-selling products, actively streamline operations, and further enhance overall efficiency to achieve product leadership.

In terms of operational excellence, the Company has established an efficient operational mechanism comprising three key elements. Starting with the product as the focal point, we refine our marketing and channel operations management models. Moving forward, we will maintain our focus on product branding and storytelling, emphasizing the brand and product values of Purcotton and Nice Princess. We will enhance our strategic product content production and marketing capabilities to enable precision marketing. The channel prioritizes the growth opportunities of strategic products, delivers excellent customer service, enhances overall operational awareness, further boosts the Company’s overall profitability, and achieves operational excellence.

(II) FY2024 business plans

1. Medical consumables business

Amidst the ongoing “new healthcare reform” policy, the medical industry is undergoing significant changes and seeking new ideas. Prioritizing essentials and eliminating unnecessary elements, the procurement of medical equipment bands is underway, with domestic substitution accelerating. The demand ceiling for urban and rural primary healthcare and the sinking market remains unmet. Meanwhile, the overseas market pattern and division of labor in the industrial value chain are being reshaped. Additionally, meeting the public’s demand for more convenient and efficient medical services imposes higher development requirements on enterprises. Meanwhile, the aging population, worsening chronic diseases, and increased health awareness among the public have heightened market demand and iterative requirements for products and services in the consumer healthcare business.

In 2024, the Company will prioritize four management themes: “Aggressiveness, Growth, Efficiency, and Talent”. We will focus on strategic categories, deepen cultivation and iteration, and enhance integrated combat capabilities through refined operations in overseas business, serious healthcare, and consumer healthcare. Additionally, we will boost operational excellence through the upgrading of our digitalization strategy. With these efforts, we aim to confidently navigate changes in the global market, pursue new growth opportunities, explore new paths, and stimulate new momentum. Our goal is to move forward steadily towards a hundred years of development.

(1) Commodity strategy: Focus on strategic products, engage in deep iterative development, consistently innovate, accelerate in-house research, and integrate industry, academia, and medical sectors for innovation. This includes technology, materials, design, production, and other value chain integrations to enhance combat capability. These efforts aim to drive the upgrade of core category competitiveness, establish an absolute leading position in strategic product market segments, and foster brand and scene mindfulness to support the Company’s overall strategic development.

(2) Channel operation: Break through each track with three key strategies, continuously adjust the category structure, and prioritize strategic categories and customers. Enhance operational thinking, strengthen the foundation, refine operations, and improve execution efficiency. Prioritize customer-centricity and enhance integration and synergy.

(3) On the manufacturing side, we aim to precisely align and focus on strategic categories and strategic customers. We adopt a proactive and innovative approach, embracing change with a zero mindset. By benchmarking against industry standards, we continuously strive for cost reduction, efficiency enhancement, cost control, and supply assurance. This comprehensive effort aims to upgrade our manufacturing capabilities, creating modernized, high-technology, high-efficiency, and high-quality productivity. Simultaneously, we continue to accelerate the integration and coordination of M&A business within the group. We strengthen post-investment management, empower and support investee companies, and drive progress and execution of new business and projects to achieve maximum value.

2. Healthy consumer goods business

The external environment is changing, but the overall trend of consumers’ awareness of social and environmental protection and the concept of sustainable living remains unchanged. In the trillion-dollar industry track, the relentless pursuit of quality lifestyles by mid-to-high-end users has created new consumption opportunities. National brands are innovating and growing, marking an era of economic strength and national self-confidence. Social awareness of environmental protection and the concept of sustainable living is on the rise, with the “all-cotton” concept leading the trend of the new era. In 2024, guided by the strategic principles of leading products with operational excellence, the Company prioritized “aggressiveness, growth, efficiency, and talent” as the four major business themes. It formulated a series of business plans for merchandise, branding, marketing, channels, supply chain, and more.

(1) Commodity strategy: Focus on five strategic categories to ensure leadership in market share and competitiveness, driving penetration across the entire category scene.

(2) Brand strategy: Continuously strengthen the brand development of the Purcotton flagship brand while managing the Nice Princess sub-brand. Maintain a dual-brand operation, ensuring seamless value transfer and consistency in product effectiveness.

(3) Marketing strategy: Integrate operations around the strategic category GTM (Go-To-Market), strengthen scientific communication around product selling points, and employ social media for differentiated product seeding to achieve extensive brand marketing penetration and ensure commercial success

(4) Channel strategy: Maintain operational excellence, focusing on platform/store traffic, customer orders, conversion metrics, and solid foundational management. Strengthen user engagement among high-value users, enhance user communication capabilities, reinforce brand strength, improve performance, and increase revenue.

(5) Supply chain strategy: Establish a comprehensive organizational and operational mechanism, enhancing the agility and capability of omni-channel commodity operations. We will establish a quick-response mechanism, with a focus on strategic core fabrics, strengthen procurement and supplier management capabilities, enhance collaboration with global first-class suppliers, and streamline the entire chain from R&D to supply to delivery.

In 2024, opportunities and challenges coexist. Confronting risks and challenges in both domestic and international market economies, competitors, and the natural environment, the Company remains committed to sustainable development and value creation for customers and consumers. We widen the Company's competitive advantage through operational excellence, achieve market leadership through product innovation, and stride confidently toward our centennial milestone!

The above business plan does not constitute a commitment by the Company to investors. Investors are advised to invest rationally, be aware of investment risks and understand the differences between business plans and commitments.

(III) Possible risks to the Company

1. Risk of changes in industry policies and standards

Medical device, which directly affects users' life and health safety, has been a key supervised industry. In recent years, as China further deepens the reform of the medical and health system, relevant government departments have introduced a series of regulations and policies on industry standards, bidding, price formation mechanisms, circulation systems, etc., which have a wide and profound impact on the development of the medical device industry. If the Company fails to adapt to profound changes in industry policies in a timely manner, it may impact the Company's operations.

2. Risk of raw material price fluctuations and countermeasures

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

To manage the risk of cotton price fluctuations, the Company employs a cotton procurement stocking mechanism. Typically, it procures cotton at relatively low prices. When cotton prices increase to a certain level, the Company adjusts the sales price accordingly and controls the sales price discount to mitigate the adverse impact on profitability. The Company will invest in cotton derivative products at the appropriate time to mitigate the impact of cotton price fluctuations on its performance.

3. Exchange rate risks and countermeasures

Medical consumables are the main exports of the Company, which are settled in major international currencies such as US dollars. In 2023, the Company's foreign sales amount in the overall revenue accounted for 11%. Additionally, exchange rate fluctuations will affect the cost of cotton purchased by the Company from abroad. In recent years, with the accelerated pace of China Yuan internationalization and further marketization of the China Yuan exchange rate formation mechanism, the exchange rate flexibility of China Yuan has increased. Fluctuations in the RMB exchange rate will, on the one hand, affect the Company's product export sales prices; on the other hand, it will also cause the Company to generate exchange gains and losses. Suppose there is a significant appreciation of China Yuan in the future. In that case, it will affect the Company's price competitiveness in overseas markets, and cause exchange losses, which will adversely affect the Company's operating income and profits.

To reduce the impact of exchange rate fluctuations on the Company's performance, (1) for long-term stable customers, the Company has an agreed price adjustment mechanism, and in case of significant fluctuations in key elements affecting the price, the price shall be adjusted generally according to the agreed price adjustment mechanism; and at the same time, the Company adjusts the quotation cycle for new orders received, shortens the quotation cycle, and adjusts the quotation exchange rate in a timely manner; Secondly, the Company conducts forward settlement and sale of foreign exchange business for hedging purposes according to the market situation. It locks in the forward settlement exchange rate in advance to reduce the risk and hedge against exchange rate fluctuations in international business. Thirdly, the Company will enhance research and analysis of exchange rates, closely monitor changes in the international market environment, adjust business strategies as necessary, and minimize the risk of exchange rate fluctuations.

4. Impairment risk of goodwill and countermeasures

To establish a comprehensive solution for medical consumables, since 2022, the Company acquired Longterm Medical, Winner Medical (Hunan) and Winner Guilin to improve its industrial chain. As of December 31, 2023, the carrying value of goodwill amounted to 860 billion yuan, representing 7.49% of the equity attributable to the owners of the parent company. The Company will conduct impairment tests on goodwill at the end of each year and will make provisions for impairment based on the results of these tests. Therefore, there is a risk of goodwill impairment, which could negatively impact net profit.

due to shifts in the medical consumables industry and market conditions, the two subsidiaries, Winner Medical (Hunan) and Winner Guilin, acquired by the Company in 2022, experienced lower-than-expected performance during the reporting period. Signs of goodwill impairment emerged, prompting the Company to engage Yinxin Appraisal Co., Ltd. for a goodwill assessment. The assessment revealed a goodwill impairment of 160 million yuan for Winner Medical (Hunan) and 30 million yuan for Winner Guilin, significantly impacting the income statement for the period. To deal with the risk of impairment of as goodwill, the Company will make more efforts to strengthen its business management, improve its business performance and reduce the risk of asset impairment.

5. Risk of not receiving reimbursement for the Medical Investment Project of Winner Medical (Heyuan) and countermeasures

Due to the planning of the square of Heyuan High-speed Railway Station and the surrounding high-speed railway new town along the Jiangxi-Shenzhen High-speed Railway, the *Agreement on Investment and Construction of Medical Package and Cotton Household Goods Production Project* entered into by and between the Company and the People's Government of Zijin County, Heyuan City in May 2016 could not be fulfilled. In November 2019, the International Arbitration Court in Ganjiang New District issued an *Award* confirming the termination of the *Agreement on Investment and Construction of Medical Package and Cotton Household Goods Production Project*, and the People's Government of the Zijin County shall compensate the Company for economic losses of 550 million yuan, with 50% to be paid by the People's Government of Zijin County by December 31, 2019 and 50% by February 29, 2020. As of the disclosure date of the report, the Company has received a land transfer deposit of 3 million yuan and a compensation payment of 330 million yuan returned by the People's Government of Zijin County. There is a risk that the remaining amount of 220 million yuan may not be received on time in accordance with the *Award*. The Company has made a provision for bad debts of 110 million yuan in accordance with the accounting policy. The Company has applied to the court for enforcement and has been accepted by the court. The Company is currently closely following up on the subsequent payment plan of the People's Government of Zijin County, Heyuan City.

6. Risks of proceeds projects and countermeasures

The Company plans to allocate the proceeds from this listing to the construction projects of advanced wound dressing production lines, a marketing network, an R&D Center and a digital management system. Such projects' development progress and operation will contribute to the Company's development and profitability in the next few years. In 2023, the "High-end dressing production line construction project", "Phase II Expansion Project of Winner Medical Wuhan" and "Winner Industrial Park (Jiayu) Project" all reached their intended operational status. These projects were officially closed in January 2024, and the surplus funds were used to bolster the Company's working capital. Other projects are progressing as planned. As of December 31, 2023, the remaining 250 million yuan had not been utilized.

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

7. Risks associated with the Urban Renewal Project of Winner Industrial Park

The Longhua District Government of Shenzhen approved a special plan for the urban renewal project of the Urban Renewal Project of Winner Industrial Park in May 2023. The plan outlined a total area of 138,915 square meters, with 88,450 square meters designated for residential use, 39,740 square meters for commercial, office, and hotel buildings, and 10,725 square meters for public facilities (including underground structures). Following this approval, the Company finalized an agreement with its partner, SINDA Group, in July 2023, regarding the relocation, compensation, and resettlement of the urban renewal unit within the Urban Renewal Project of Winner Industrial Park. Subsequently, the Company carried out site clearance and other necessary tasks as per the agreement. As of December 31, 2023, the Company had received a total of 250 million yuan in cash: A 50 million yuan deposit was received in April 2017. In February 2020, 100 million yuan was received as prepaid relocation compensation. Another 100 million yuan, the initial installment of monetary compensation according to the relocation compensation and resettlement agreement, came in July 2023. Due to significant shifts in the real estate market, in January 2024, after friendly negotiations, both SINDA Group and the Company agreed to temporarily halt the project's construction. They signed the *Confirmation Letter on the Revocation of the "Relinquishment of Real Estate Rights Statement"*, confirming the suspension of construction advancement. The Company temporarily rescinded the *Statement of Renunciation of Real Estate Rights* entirely, withdrawing all related statements, and similarly withdrew the *Declaration of Waiver of Real Estate Rights* under the Agreement, nullifying its contents. Consequently, uncertainty looms over the project's completion timeline. The Company commits to closely monitoring real estate market dynamics, fostering communication with SINDA Group, and collaboratively reinstating project implementation when the real estate market rebounds.

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

√Applicable □ Not applicable

The Company prioritizes investor communication, valuing opportunities to engage with stakeholders. We actively address inquiries and welcome suggestions from investors, striving to cultivate a positive capital market environment. During the reporting period, the Company attracted over 600 institutional investors of diverse profiles.

Time	Location	Method	Types of objects	Objects	Main contents of discussions and documents provided	Basic information index of surveys
January 17, 2023	Headquarter conference rooms	Telephone communication	Institutions	119 investors, including China Southern Fund, Fullgoal Fund and Invesco Great Wall Funds	2022 annual performance forecast	For details, please refer to SZSE Interactive Ease
February 18, 2023	Headquarter conference rooms	Telephone communication	Institutions	32 investors including Huatai Asset Management, Ping An Fund, and Nomura Asset Management	Business overview and operation	For details, please refer to SZSE Interactive Ease
February 20, 2023	Headquarter conference rooms	Telephone communication	Institutions	53 investors including Boshi Fund, China Merchants Fund, and CICC Asset Management	Business overview and operation	For details, please refer to SZSE Interactive Ease
April 25, 2023	Panorama studio	Others	Others	87 investors and media including Southern Fund, Dacheng Fund, and 21 st Century Business Herald	FY2022 operation	For details, please refer to SZSE Interactive Ease
April 26, 2023	Headquarter conference rooms	Telephone communication	Institutions	80 investors, including GF Fund, ChinaAMC, WanJia Asset Management	Business overview and operation	For details, please refer to SZSE Interactive Ease
June 5, 2023	Headquarter conference rooms	Field surveys	Institutions	4 investors, including CCB Wealth Management, Danyi Investment, China Europe Fund	Business overview and operation	For details, please refer to SZSE Interactive Ease
July 14, 2023	Headquarter conference rooms	Telephone communication	Institutions	104 investors, including China Southern Fund, Dacheng Fund and Invesco Great Wall Funds	Business overview and operation	For details, please refer to SZSE Interactive Ease
August 16, 2023	Headquarter conference rooms	Field surveys	Institutions	164 investors including Harvest Fund, China Europe Fund, HSBC Jinxin	2023 Half-Year Operations	For details, please refer to SZSE Interactive Ease
October 24, 2023	Headquarter conference rooms	Telephone communication	Institutions	110 investors including Guo TaiFund, HuaAn Fund, and Dajia Asset Management	Business overview and operation	For details, please refer to SZSE Interactive Ease

XIII. Progress on the “Dual Enhancement of Quality and Returns” action plan

Has the Company disclosed its action plan for “Dual Enhancement of Quality and Returns”?

Yes No

The Company detailed its concept of “Dual Enhancement of Quality and Returns” by focusing on building high-quality core business development, strengthening corporate governance, fulfilling social responsibility, providing high-quality information disclosure, and emphasizing investor returns.

In terms of advancing high-quality core business development, the Company always upholds the vision of “caring for health and life, making a better world”, with a mission to “pioneer the movement toward optimal health and fostering harmony between humanity and the environment”. It adheres to the four corporate values of “hard work, self-criticism, exploration and innovation, and sustainable development”. The Company operates under the strategic direction of “with leading products as the direction, innovative R&D as the core, brand marketing as the driver, digital operation as the foundation, intelligent manufacturing as the weapon, and high-quality, high-efficiency, high-performance and high-return talents as the guarantee, to build a new chapter of high-quality development”. Winner Medical will stay active to seek opportunities for outward mergers and acquisitions so as to make great strides towards the strategic goal of “leading in medical consumables and providing one-stop medical consumables solutions”. In FY2023, the Company experienced robust growth in revenue from its core medical products, while Purcotton expanded its offline store network. Moreover, the Company significantly increased its patent portfolio and actively contributed to the development of national, industry, and group standards.

Regarding corporate governance and social responsibility, the Company continued to strengthen its governance structure, enhance internal controls, and improve risk management practices. These initiatives facilitated informed decision-making and sustained corporate development while safeguarding shareholders’ interests. The Company has been recognized with honors such as the “Best Practices of Director’s Office” and “5A Level Performance Evaluation of Secretary of the Board of Directors” by the China Listed Companies Association (CLCA) for two consecutive years. For three years running, the Company has voluntarily published its *Corporate Social Responsibility Report* or *Environmental, Social, and Governance Report*, demonstrating its impactful social responsibility practices. As a member of the United Nations Global Compact, the Company actively pursues sustainable development strategies and has received the 2021 United Nations Global Compact Best Practice Cases for Chinese Enterprises award. It has also been honored with the “Excellent Practice Cases of ESG for Listed Companies” by the China Listed Companies Association for three consecutive years.

Regarding information disclosure, the Company not only meets statutory obligations in accordance with securities laws and regulations but also proactively shares additional valuable information for investors. The Company has been featured as an outstanding case in the Shenzhen Stock Exchange GEM Board’s annual report for two consecutive years. Furthermore, it has consistently received an A rating in information disclosure assessments by the Shenzhen Stock Exchange since its listing in FY2021 and FY2022.

In terms of investor returns, since its listing in September 2020 up to the date of this report’s disclosure, the Company has executed cash dividends totaling 1.94 billion yuan (excluding the proposed cash dividends for FY2023) and share buybacks amounting to 640 million yuan, summing up to 2.58 billion yuan, which represents 72.51% of the net proceeds raised during its debut. Among these, 6,094,659 shares (equivalent to 1.03% of the Company’s total share capital before cancellation) were repurchased in March 2024 for subsequent cancellation. Furthermore, the Company disclosed the *Announcement on the Plans of Certain Directors, Supervisors, and Senior Management of the Company to Increase Their Purchases of the Company’s Shares* on January 30, 2024. This announcement outlined intentions by Mr. Fang Xiuyuan, Director, Deputy General Manager, and Chief Financial Officer, Ms. Xu Xiaodan, Director, Ms. Liu Hua, Supervisor, Ms. Chen Huixiang, Vice General Manager and Secretary to the Board of Directors, Ms. Zhang Li, Deputy General Manager, and other Directors and Supervisors to increase their purchases of the Company’s shares by a total amount ranging from 3.15 million yuan to 6.3 million yuan. As of the report’s disclosure date, the aforementioned directors and supervisors had collectively increased their holdings by 96,800 shares and 3.1049 million yuan in total.

04

Section IV Corporate Governance



I. Basic state of corporate governance

The Company strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Shenzhen Stock Exchange GEM Listing Rules*, the *Standardized Operation of Listed Companies in the No. 2 Guideline of Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies*, and other relevant laws and regulations promulgated by the CSRC and Shenzhen Stock Exchange, and formulates the *Articles of Association* and other internal control rules and regulations to standardize the Company's behavior. The corporate governance structure conforms to relevant normative documents on listed corporate governance issued by China Securities Regulatory Commission.

1. Shareholders and general meeting of shareholders

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

2. Company and controlling shareholders, actual controller

The Company has independent and complete main business and independent management ability, independent from the controlling shareholders and actual controllers in personnel, assets, business, management organization and financial accounting system, and can independently operate, independently manage and bear responsibilities and risks. The controlling shareholders and actual controllers of the Company can exercise their rights and undertake corresponding obligations in accordance with the law. During the reporting period, there was no behavior directly or indirectly interfering in the Company's decision-making and business activities and using its controlling position to infringe on the interests of other shareholders beyond the authorization of the general meeting of shareholders and the board of directors, which had no adverse impact on the corporate governance structure and independence. Based on its confidence in the long-term development trends of both domestic and foreign medical and consumer industries, as well as its recognition of the value of Wenwen Medical and its strategic vision, Winner Group voluntarily committed to extending the lock-up period for its shares of Wenwen Medical from September 16, 2023, to September 16, 2024.

3. Directors and board of directors

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

The convening and holding procedures of the board meeting of the Company meet the requirements of relevant regulations; the contents of previous board meeting minutes are true, accurate, complete and under safe preservation; the resolutions of the meetings are fully, accurately and timely disclosed. Under the Board of Directors is a Strategy and Social Responsibility Committee, a Nomination Committee, a Remuneration and Assessment Committee and an Audit Committee.

4. Supervisors and board of supervisors

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

5. Performance evaluation and incentive and restraint mechanisms

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

6. Information disclosure and transparency

During the reporting period, the Company disclosed the Company's information truthfully, accurately, completely, timely and fairly in strict accordance with the requirements of relevant laws and regulations, *Articles of Association* and *Management System of Information Disclosure Affairs*. The Company has designated *China Securities Journal*, *Shanghai Securities News*, *Securities Times* and *Securities Daily* as the designated paper media for information disclosure of the Company, and CNINFO.com is the website specified for the information disclosure to ensure that all shareholders have fair access to the Company's information. Since its listing in 2020, the Company has consistently earned the highest information disclosure rating of A from the Shenzhen Stock Exchange for two consecutive years, in 2021 and 2022.

7. Investor relations management

Following the requirements of relevant laws and regulations and the *Investor Relations Management System*, the Company designates the secretary of the board of directors as the person in charge of investor relations management, responsible for coordinating investor relations, receiving shareholders' visits, answering investors' inquiries, providing investors with the information disclosed by the Company, etc. The Company responds to investors' inquiries through telephone, e-mail, investor relations interactive platform, investor reception day and other forms, which strengthens information communication, promotes benign interaction with investors, and effectively improves the transparency of the Company. Furthermore, the Company has been recognized with honors such as the "Excellent Practice Cases of Annual Report Performance Briefing Meeting" by the China Listed Companies Association for three consecutive years from 2021 to 2023. It also received the "Tianma Award for Investor Relations of China Listed Companies" by the Securities Times in 2022, and the China Listed Company Investor Relations Award in 2023 from the Public Company Association, highlighting its exceptional practices in investor relations management.

8. Stakeholders

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

9. Establishment and implementation of an internal audit system

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

Whether there is a significant difference between the actual situation of corporate governance and the rules on listed corporate governance prescribed by laws, administrative regulations and the China Securities Regulatory Commission

Yes No

There is no significant difference between the actual situation of corporate governance and the rules on listed corporate governance prescribed by laws, administrative regulations and the China Securities Regulatory Commission

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

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

1. Asset independence

The Company has independent and total assets with clear ownership, a separate production system, auxiliary production system and supporting facilities, and has legal right of plants, land, equipment, trademarks, patents, non-patented technology and other assets related to production and operation. It has complete control over all the assets of the Company, and there is no behavior of controlling shareholders and actual controllers occupying the assets of the Company.

2. Personnel independence

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

3. Financial independence

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

4. Organization independence

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

5. Business independence

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

III. Horizontal competition

Applicable Not applicable

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

1. General meeting of shareholders during the reporting period

Meeting session	Meeting type	Investor participation proportion	Convening date	Date of disclosure	Resolutions of the meeting
2022 Annual General Meeting of Shareholders	Annual general meeting of shareholders	76.92%	May 16, 2023	May 17, 2023	<i>Proposals for the 2022 Annual Report, Proposal on the Plan on the Profit Distribution for 2022, Proposal on Adjusting the Use of Proceeds, Extending the Construction Period of Some Fund Raising Projects, and Other Matters</i>
The Extraordinary General Meeting of Shareholders 2023	1 st Extraordinary general meeting of shareholders	76.50%	July 7, 2023	July 7, 2023	<i>Regarding adjustments to the Proposal on Adjusting the Company's Scope of Business, Registered Capital, and Amendment to the "Articles of Association", Proposal on Nominating Candidates for the Third Session of the Board of Supervisors on Behalf of Shareholders, and Proposal on Executing Relevant Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park.</i>
The Extraordinary General Meeting of Shareholders 2023	2 nd Extraordinary general meeting of shareholders	74.85%	September 5, 2023	September 5, 2023	<i>Regarding the Proposal on the Company's First Employee Stock Ownership Plan (Draft) and matters related to the Proposal on the Management Measures for the Company's First Employee Stock Ownership Plan, among others.</i>

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

Applicable Not applicable

V. The Company has a voting rights differential arrangement

Applicable Not applicable

VI. Corporate governance in the red-chip structure

Applicable Not applicable

VII. Directors, supervisors and senior management

1. Basic information

Name	Gender	Age	Position	Status of service	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares increased in current period (shares)	Number of shares decreased in current period (shares)	Other increase and decrease (shares)	Number of shares held at the end of the period (shares)	Causes for change in shares
Li Jianquan	Male	67	Chairman and General Manager	Incumbent	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Fang Xiuyuan	Male	56	Director, Chief Financial Officer and Deputy General Manager	Incumbent	May 18, 2015	July 12, 2024	40,000	0	0	16,000	56,000	Listed companies implement conversion of capital reserves into share capital
Xu Xiaodan	Female	36	Director	Incumbent	May 18, 2015	July 12, 2024	0	0	0	0	0	N/A
Guo Zhenwei	Male	40	Director	Incumbent	June 28, 2018	July 12, 2024	0	0	0	0	0	N/A
Peng Jianfeng	Male	63	Independent director	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Xie Jiawei	Female	51	Independent director	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Key Ke Liu	Male	60	Independent director	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Zhang Tingting	Female	38	Chairman of the Board of Supervisors	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Liu Hua	Female	51	Employee Representative Supervisor	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Zhang Yan	Female	40	Supervisor	Incumbent	July 7, 2023	July 12, 2024	0	0	0	0	0	N/A
Chen Huixuan	Female	42	Secretary to the board of directors, deputy general manager	Incumbent	May 18, 2015	July 12, 2024	5,300	0	0	2,120	5,300	Listed companies implement conversion of capital reserves into share capital
Zhang Li	Female	46	Deputy general manager	Incumbent	July 13, 2021	July 12, 2024	0	0	0	0	0	N/A
Wang Ying	Female	42	Former supervisor	Resign	May 18, 2015	July 7, 2023	30,000	0	0	12,000	42,000	Listed companies implement conversion of capital reserves into share capital
Total	--	--	--	--	--	--	75,300	0	0	30,120	103,300	--

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

Yes No

Ms. Wang Ying, the former Supervisor of the Company, submitted a written *Resignation Application* to the Company on June 5, 2023. The Company convened the First Extraordinary Shareholders' General Meeting of 2023 on July 7, 2023, and Ms. Zhang Yan was re-elected to fill her position as Supervisor.

Change of directors, supervisors and senior management

Applicable Not applicable

Name	Position held	Type	Date	Reasons
Wang Ying	Supervisor	Resign	July 7, 2023	Resign
Zhang Yan	Supervisor	Elected	July 7, 2023	General meeting election

2. Service status

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

(1) Board of directors

Mr. Li Jianquan, born in 1957, Chinese, a permanent resident of the Hong Kong Special Administrative Region; He holds a college degree and is currently pursuing an EMBA at PBC School of Finance, Tsinghua University. He created two brands of "Winner Medical" and "Purcotton" and served as the Chairman and General Manager of Winner Medical Co., Ltd., as well as the Chairman and General Manager of Shenzhen Purcotton Technology Co., Ltd. He is the founder of the Medical Dressing Branch of the China Medical Insurance Chamber of Commerce and rotating chairman of the "China Cotton Sustainable Development Project" of the China Cotton Association, and was honored as one of the "40 People for the 40th Anniversary of the Shenzhen Special Economic Zone" by the Shenzhen Municipal Party Committee and Municipal Government.

Mr. Fang Xiuyuan, born in August 1968, Chinese, without permanent residency abroad; College degree, Chinese Certified Public Accountant. He is currently studying for a Finance EMBA at the Chinese University of Hong Kong (Shenzhen). From July 1988 to April 1998, he served as the Accountant and Chief of Finance Department of Hubei Medical and Health Products Import and Export Corporation. Since 2000, he has been the Director, Deputy General Manager and Chief Financial Officer of Winner Medical Co., Ltd. Mr. Fang Xiuyuan concurrently holds the posts of Chairman of Zhejiang Longterm Medical Technology Co., Ltd. as well as an Executive Partner of Shenzhen Purcotton Technology Co., Ltd., Shenzhen Qianhai Purcotton E-Commerce Co., Ltd., Winner Medical (Huanggang) Co., Ltd., Winner Medical (Chongyang) Co., Ltd., Winner Medical (Jiayu) Co., Ltd., Winner Medical (Jingmen) Co., Ltd., Yichang Winner Medical Textile Co., Ltd., Winner Medical (Tianmen) Co., Ltd., director of Winner Medical (Wuhan) Co., Ltd. and Xiamen Leyuan Investment Partnership (L.P.). Mr. Fang Xiuyuan is currently a member of the 7th Shenzhen Standing Committee of the CPPCC and Vice Chairman of the Federation of Industry and Commerce of Shenzhen Longhua District (general chamber of commerce).

Ms. Xu Xiaodan, born in 1987, Chinese, without permanent residency abroad; She holds a graduate diploma. She joined the Company in 2010; from August 2013 to January 2015, she was the Purchasing Manager of the Procurement Department of Shenzhen Purcotton Technology Co., Ltd. From January 2015 to January 2020, she served as the Director of Commodity Center of Shenzhen Purcotton Technology Co., Ltd., overseeing commodities, major planning, and procurement. In May 2015, she also assumed the role of Company Director. From February 2020 to March 2024, he held the position of Director of the Company's Strategic Planning Department. Starting March 2024, she serves as the Company's Chief Information Officer (CIO) and Director of the Strategic Planning Department. At present, Ms. Xu Xiaodan is also a Director of Winner Medical (Heyuan) Co., Ltd. and Winner Medical (Wuhan) Co., Ltd.

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

Mr. Key Ke Liu, born in 1964, American, Bachelor and Master degree in Chemical Engineering of Northwest University, Doctorate of City University of New York, USA, Master of Management of Rensselaer Polytechnic Institute, USA, foreign academician of Australian National Academy of Engineering. He was a Chief Scientist of GE Global Research, a director of Power Environment and Energy Research Center (PEER) of the California Institute of Technology, a director of the International Pittsburgh Coal Conference (PCC) Organization, a member of PCC Organization, an independent director of Konfoong Materials International Co., Ltd., Shenzhen Hifuture Information Technology Co., Ltd., and Hunan Yussen Energy Technology Co., Ltd. He also has worked for many years with well-known multinational companies such as Exxon-Mobil and UTC. He is currently the dean of the School of Innovation and Entrepreneurship, President of the Clean Energy Research Institute and chair professor of the Department of Chemistry, Southern University of Science and Technology, standing director and deputy director of Center for China and Globalization (CCG), director of Carnegie-Tsinghua Center, and director of Puritek Company Ltd. After returning to China, he was appointed as the deputy director and Chief Technology Officer (CTO) of National Institute of Clean-and-Low-Carbon Energy. He was awarded the Top Fifty China Overseas-educated Scholars in Innovation and Entrepreneurship in 2015, Pitt Award in 2013 and Emerald Honors Special Recognition Award in 2006.

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

Ms. Xie Jiawei, born in 1973, Chinese, without permanent residency abroad; Bachelor degree, certified public accountant and tax accountant. Previously, she successively served as the Deputy Director of Beijing Zhongtian Huazheng Certified Public Accountants Co., Ltd., Deputy Director of Shenzhen Branch of BDO China Shu Lun Pan Certified Public Accountants LLP, Vice Chairman of the 6th Council of Shenzhen Institute of Certified Public Accountants, and Independent Director of Shenzhen Guangju Energy Co., Ltd., Shenzhen Topband Co., Ltd., Guangdong Xinhui Meida Nylon Co., Ltd., and Shenzhen Dynanonic Co., Ltd., as well as Independent Director of Shenzhen Heungkong Holding Co., Ltd. and Han’s Laser Technology Industry Group Co., Ltd., a core member of Vanho Securities, and a member of the 6th Council of Guangdong Certified Public Accountants Association. He is currently a partner of Dahua Accounting Firm.

(2) Board of supervisors

Ms. Zhang Tingting, born in 1986, Chinese, without permanent residency abroad; Bachelor degree. She joined the Company in November 2010, from July 2014 to January 2021, successively served as the Manager of the Supplier Management Department, Domestic Trade Drugstore Management Department, Distributor Management Department, Product Development Department and E-commerce Commodity Department from July 2014 to January 2021. She is currently the Deputy Director of Commodity Department of the Company. She currently serves as a member of the Working Committee of the Two New Parties of Longhua Street, Secretary of the Company Party Committee, Chairwoman of the Women's Federation, Secretary of the Youth League Committee, Party Representative of Longhua District, Member of the 9th Shenzhen Youth Federation, and Representative of the 7th Women's Congress. She has been awarded the title of "Shenzhen Outstanding Communist Party Member" by the Shenzhen Municipal Committee of CPC.

Ms. Liu Hua, born in 1973, Chinese, without permanent residency abroad; MBA and Master degree of Tongji University. From April 2004 to September 2009, she was the Manager of International Trade Department of Winner Industries (Shenzhen) Co., Ltd.; from September 2009 to November 2011, she served as the Director of Operation Center of Shenzhen Purcotton Technology Co., Ltd.; from November 2011 to April 2021, she served as the Deputy General Manager of the Shenzhen Purcotton Technology Co., Ltd.; since January 2015, she has been a Director of Shenzhen Purcotton Technology Co., Ltd.; from July 2015 to present, she serves as director of Shenzhen Qianhai Purcotton E-Commerce Co., Ltd.; and since April 2021, she has been the Vice President of Shenzhen Purcotton Technology Co., Ltd.

Ms. Zhang Yan, born in 1984, Chinese, without permanent residency abroad; Bachelor's degree. Joined the Company in July 2006, and previously held roles including the head of the supply chain at Winner Medical, executive deputy general manager of the wholly-owned subsidiary Winner Medical Supplies (Jingmen) Co., Ltd., and head of the supply chain at the wholly-owned subsidiary Shenzhen Purcotton Technology Co., Ltd. Since March 2020 to present, he has served as the rotating CEO of the Company's medical sector, concurrently holding positions as the executive director and legal representative of the wholly-owned subsidiary Winner Guilin Latex Co., Ltd., and the sub-subsiary of Winner Medical (Jingmen) Co., Ltd.

(3) Other senior management

Ms. Zhang Li, born in 1978, Chinese, without permanent residency abroad; Bachelor's degree. Joined Winner Medical Products Co., Ltd. in September 2010. From September 2010 to June 2021, she successively served as the Medical Business Marketing Director, R&D Director, Export Director, Sales Director, Rotating CEO, and Vice President of the Medical Sector. Currently, she serves as the Company's Deputy General Manager, Vice President of Investment Management, and Chairman of Winner Pingan Medical (Hunan) Co., Ltd.

Ms. Chen Huixuan, born in 1982, Chinese, without permanent residency abroad; Master degree in Finance, University of Glasgow, UK. From February 2007 to June 2009, she was an Analyst Assistant of Brean Murray, Carret & Co.; from September 2009 to May 2015, she served as a Manager of the Investment Management Department of Winner Industries (Shenzhen) Co., Ltd.; since May 2015, she has been the Deputy General Manager and Secretary to the Board of Directors. At present, she also serves as an Executive Partner of Xiamen Huikang Investment Partnership (L.P.) and Director of Chengdu Winner Likang Medical Products Co., Ltd. Ms. Chen Huixuan currently serves as a member of the Third Investor Relations Committee of the China Association of Public Companies and as Deputy Director of the Investor Relations Committee of the Shenzhen Association of Public Companies. She has been recognized with the "Level 5A Performance Evaluation of the Board Secretary" by the China Association of Public Companies in 2022 and 2023, as well as prestigious honors including the 18th and 19th New Fortune Gold Medal Board Secretary awards.

winner Winner Medical

Service status in the shareholder unit

Applicable Not applicable

Name of staff	Shareholder unit name	Position held in shareholder unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in the shareholder unit
Li Jianquan	Winner Group Limited	Director	April 8, 2003		No
Fang Xiuyuan	Xiamen Leyuan Investment Partnership (Limited Partnership)	Executive partner	May 2, 2013		No
Chen Huixuan	Xiamen Huikang Investment Partnership (Limited Partnership)	Executive partner	May 2, 2013		No
Description of service status in the shareholder unit: None					

Service status in other unit

Applicable Not applicable

Name of staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Li Jianquan	Glory Ray Holdings Limited	Director	April 11, 2012		No
Li Jianquan	Glory Ray Limited	Director	May 4, 2012		No
Li Jianquan	Shenzhen Purcotton Technology Co., Ltd.	Chairman, general manager	December 7, 2009		No
Li Jianquan	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Chairman	July 21, 2015		No
Li Jianquan	Winner Medical Malaysia Co., Ltd.	Director	July 17, 2013		No
Li Jianquan	Winner Medical (Hong Kong) Limited	Director	January 14, 2008		No
Li Jianquan	Shenzhen PureH2B Technology Co., Ltd.	Chairman, general manager	January 25, 2018		No
Li Jianquan	Shenzhen Cotton Lining Technology Innovation Co., Ltd.	Chairman	July 9, 2019		No
Li Jianquan	Fanyu Innovation Holding (Shenzhen) Co., Ltd.	Supervisor	September 18, 2021		No
Fang Xiuyuan	Shenzhen Purcotton Technology Co., Ltd.	Director	December 7, 2009		No
Fang Xiuyuan	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Director	July 21, 2015		No
Fang Xiuyuan	Winner Medical (Huanggang) Co., Ltd.	Director	January 14, 2005		No
Fang Xiuyuan	Winner Medical (Chongyang) Co., Ltd.	Director	November 13, 2001		No

Name of staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Fang Xiuyuan	Winner Medical (Jiayu) Co., Ltd.	Director	February 20, 2001		No
Fang Xiuyuan	Winner Medical (Jingmen) Co., Ltd.	Director	December 15, 1995		No
Fang Xiuyuan	Yichang Winner Medical Textile Co., Ltd.	Director	April 22, 1999		No
Fang Xiuyuan	Winner Medical (Tianmen) Co., Ltd.	Director	February 23, 2001		No
Fang Xiuyuan	Winner Medical (Heyuan) Co., Ltd.	Director	May 18, 2016		No
Fang Xiuyuan	Winner Medical (Wuhan) Co., Ltd.	Director	January 23, 2017		No
Fang Xiuyuan	Winner Medical (Hong Kong) Limited	Director	January 14, 2008		No
Fang Xiuyuan	Chengdu Winner Likang Medical Products Co., Ltd.	Director	May 31, 2009		No
Fang Xiuyuan	Shenzhen PureH2B Technology Co., Ltd.	Director	January 25, 2018		No
Fang Xiuyuan	Shenzhen Cotton Lining Technology Innovation Co., Ltd.	Director	July 9, 2019		No
Fang Xiuyuan	Zhejiang Longterm Medical Technology Co., Ltd.	Chairman	May 10, 2022		No
Xu Xiaodan	Winner Medical (Heyuan) Co., Ltd.	Director	May 18, 2016		No
Xu Xiaodan	Winner Medical (Wuhan) Co., Ltd.	Director	January 23, 2017		No
Guo Zhenwei	Sequoia Capital China	Director, manager	October 1, 2010		Yes
Guo Zhenwei	Deqing Jiajun Beverage Co., Ltd.	Director	April 22, 2015		No
Guo Zhenwei	Sichuan Vanov New Material Co. Ltd.	Director	December 5, 2017		No
Guo Zhenwei	Shanghai Shouquanzhai E-commerce Co., Ltd.	Director	July 13, 2018		No
Guo Zhenwei	LOHO Holding Inc.	Director	July 2, 2018		No
Guo Zhenwei	New Dynamics China Holding Company	Director	September 2, 2019		No
Guo Zhenwei	Shijiazhuang Junlebao Dairy Co., Ltd.	Director	March 16, 2020		No
Guo Zhenwei	Lium Group Co., Ltd.	Director	January 14, 2020		No
Guo Zhenwei	Hangzhou Dahiti Science & Technology Co., Ltd.	Director	May 21, 2020		No
Guo Zhenwei	Genki Forest Technology Group Holdings Limited	Director	December 1, 2020		No
Guo Zhenwei	Shanghai Ruishu Electronic Commerce Co., Ltd.	Director	August 26, 2020		No
Guo Zhenwei	Shanghai Wanwuyouyang Catering Management Co., Ltd.	Director	April 8, 2021		No

Name of staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Guo Zhenwei	Shanghai Huaqiao Catering Management Co., Ltd.	Director	July 5, 2021		No
Guo Zhenwei	Sichuan Haocaitou Industrial Co., Ltd.	Director	March 30, 2020		No
Guo Zhenwei	Jixiangju Food Co., Ltd.	Director	July 19, 2023		No
Guo Zhenwei	Pucheng Dairy (Group) Co., Ltd.	Supervisor	March 12, 2021		No
Key Ke Liu	Southern University of Science and Technology	College Dean and Chair Education The credit	February 19, 2016		Yes
Key Ke Liu	Puritek Company Ltd.	Director	January 1, 2019		Yes
Key Ke Liu	Beijing Low Carbon and Clean Energy Research Institute	Deputy Director and Chief Scientist (CTO)	January 1, 2010		No
Key Ke Liu	Carnegie-Tsinghua Center	Director	January 1, 2015		No
Key Ke Liu	Zhejiang University	Honorary Professor and Doctorial tutor	January 1, 2014		No
Key Ke Liu	Center for China and Globalization	Executive Director, Deputy director	January 1, 2012		No
Peng Jianfeng	Renmin University of China	Professor	September 1, 1996		Yes
Peng Jianfeng	Kuang-Chi Technologies Co., Ltd.	Independent director	August 4, 2023		Yes
Peng Jianfeng	Hytera Communications Corporation Limited	Director	December 6, 2019		Yes
Peng Jianfeng	CCB Trust Co., Ltd.	Director	March 25, 2020		Yes
Peng Jianfeng	China Stone Management Consulting Ltd.	Executive director	January 12, 2006		No
Peng Jianfeng	Hunan Happy Times Network Technology Co., Ltd.	Director	December 31, 2015		No
Peng Jianfeng	Siwod Education Technology Co., Ltd.	Director	January 17, 2018		No
Peng Jianfeng	Jiangxi Siwod Commercial Development Co., Ltd.	Director	November 18, 2014		No
Peng Jianfeng	China Stone (Beijing) Corporation Culture Management Consulting Co., Ltd.	Executive Director, General Manager	November 16, 2004		No
Peng Jianfeng	Beijing China Stone Human Resource Consulting Co., Ltd.	Executive director	October 30, 2003		No
Peng Jianfeng	Hangzhou China Stone Management Consulting Co., Ltd.	Director	May 6, 2009		No
Peng Jianfeng	Beijing Ice Smart Technology Co., Ltd.	Director	June 1, 2012		No
Peng Jianfeng	Beijing China Stone Hunting Network Technology Co., Ltd.	Supervisor	July 9, 2019		No

Name of staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Peng Jianfeng	Beijing China Stone Human Resources Management Services Co., Ltd.	Supervisor	April 21, 2016		No
Peng Jianfeng	Beijing 51 Newbie Education Technology Co., Ltd.	Supervisor	November 13, 2015		No
Xie Jiawei	Dahua Certified Public Accountants Co., Ltd. Shenzhen Branch	Partner	May 4, 2010		Yes
Liu Hua	Shenzhen Purcotton Technology Co., Ltd.	Director and Vice President	January 5, 2015		No
Liu Hua	Shenzhen Qianhai Purcotton E-commerce Co., Ltd.	Director	July 21, 2015		No
Zhang Yan	Winner Guilin Latex Co., Ltd.	Executive director	May 24, 2023		No
Zhang Yan	Winner (Jinzhou) Latex Products Co., Ltd.	Executive director	July 10, 2023		No
Chen Huixuan	Chengdu Winner Likang Medical Products Co., Ltd.	Director	May 1, 2018		No
Zhang Li	Winner Medical (Hunan) Co., Ltd.	Chairman	July 4, 2022		No
Description of service status in other unit					
None					

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

Applicable Not applicable

Mr. Peng Jianfeng, an independent director of the Company, engaged in short-term trading by purchasing 215,800 shares of Hytera Communications Corporation Limited on February 2, 2023, and selling 53,950 shares of Hytera on February 3, 2023, while serving as a director of Hytera Communications Corporation Limited. On July 11, 2023, the Shenzhen Securities Regulatory Bureau issued a warning letter to him.

During Mr. Key Ke Liu's tenure as an independent director of the Company, Shenzhen Hifuture Information Technology Co., Ltd., where he served as an independent director, was identified by the SFC as suspected of inaccurate disclosure of information, misstatement of profits, and irregularities in accounting treatment. On February 1, 2024, the SFC issued a letter of prior notice of administrative penalty, proposing administrative penalties against Mr. Key Ke Liu, Shenzhen Hifuture Information Technology Co., Ltd., and other then-directors and supervisors of the Company.

3. Remuneration of directors, supervisors and senior management

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

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

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

Unit: '0,000 yuan

Name	Gender	Age	Position	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Li Jianquan	Male	67	Chairman and General Manager	Incumbent	307.34	No
Fang Xiuyuan	Male	56	Director, Deputy General Manager, Chief Financial Officer	Incumbent	164.49	No
Xu Xiaodan	Female	36	Director	Incumbent	106.49	No
Guo Zhenwei	Male	40	Director	Incumbent	0	No
Peng Jianfeng	Male	63	Independent director	Incumbent	18	No
Xie Jiawei	Female	51	Independent director	Incumbent	18	No
Key Ke Liu	Male	60	Independent director	Incumbent	18	No
Zhang Tingting	Female	38	Chairman of the Board of Supervisors	Incumbent	68.38	No
Liu Hua	Female	51	Employee Representative Supervisor	Incumbent	125.94	No
Zhang Yan	Female	40	Supervisor	Incumbent	66.45	No
Zhang Li	Female	46	Deputy general manager	Incumbent	113.87	No
Chen Huixuan	Female	42	Deputy General Manager, Secretary to the Board Of Directors	Incumbent	100.34	No
Wang Ying	Female	42	Supervisor	Resign	36.7	No
Total	--	--	--	--	1,144 ¹	--

Note: 1 The compensation data mentioned above encompasses the compensation received while serving as directors, supervisors, or senior management during the specified period. Ms. Wang Ying formally resigned from the position of supervisor in July 2023, and Ms. Zhang Yan assumed the position of supervisor in July 2023. Both individuals served as supervisors for less than one year in 2023.

Other Information

Applicable Not applicable

VIII. Performance of duties by directors during the reporting period

1. Board of directors during the reporting period

Meeting session	Convening date	Date of disclosure	Resolutions of the meeting
The 11 th meeting of the Third Board of Directors	April 23, 2023	April 25, 2023	<i>Proposal on the <Annual Report and Summary for 2022>, Proposal on the Plan on the Profit Distribution for 2022, etc.</i>
The 12 th meeting of the Third Board of Directors	May 5, 2023	May 8, 2023	<i>Consideration and adoption of the Proposal on Adjusting the Use of Proceeds, Extending the Construction Period of Some Fund Raising Projects.</i>
The 13 th meeting of the Third Board of Directors	June 7, 2023	June 8, 2023	<i>Consideration and adoption of the Proposal on Adjusting the Company's Scope of Business, Registered Capital, and Amendment to the "Articles of Association", as well as the Proposal on the Company's Social, Environmental, and Governance Report for the Year 2022, among other matters.</i>
The 14 th meeting of the Third Board of Directors	June 12, 2023	June 14, 2023	<i>Consideration and adoption of the Proposal on Executing Relevant Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park.</i>
The 15 th meeting of the Third Board of Directors	June 21, 2023	June 22, 2023	<i>Deliberated and adopted the Proposal on holding the 1st Extraordinary General Meeting of Shareholders in 2023.</i>
The 16 th meeting of the Third Board of Directors	August 15, 2023	August 16, 2023	<i>The Proposal on the Company's 2023 Semi-annual Report and Summary, the Proposal on the Company's First Employee Stock Ownership Plan (Draft), and other matters were considered and approved.</i>
The 17 th meeting of the Third Board of Directors	October 23, 2023	October 24, 2023	<i>The Proposal on the Q3 2023 Report, Proposal on the Use of Part of Idle Proceeds for Cash Management, and other matters were considered and approved.</i>
The 18 th meeting of the Third Board of Directors	December 19, 2023	December 21, 2023	<i>Consideration and approval of Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account and Proposal on Closing Part of the Project and Permanently Supplementing the Working Capital with the Surplus Raised Funds</i>

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

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of Directors	Times of attending the board meetings during this reporting period	Times of attending the board meetings on site	Times of attending the board meetings using communication	Times of attending the board meetings by proxy	Times of absences from the board meetings by proxy	Whether he has not attended two consecutive board meetings in person	Times of attending the general meeting of shareholders
Li Jianquan	8	8	0	0	0	No	3
Fang Xiuyuan	8	8	0	0	0	No	3
Xu Xiaodan	8	8	0	0	0	No	3
Guo Zhenwei	8	1	7	0	0	No	3
Peng Jianfeng	8	0	8	0	0	No	3
Xie Jiawei	8	1	7	0	0	No	3
Key Ke Liu	8	1	7	0	0	No	3

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

During the reporting period, there were no instances of a director failing to attend the board of directors in person for two consecutive times.

3. Objections made by directors on relevant matters

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

Yes No

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

4. Other descriptions of the performance of duties by the directors

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

Yes No

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

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

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

Name of committee	Members	Number of meetings	Convening date	Content	Important comments and suggestions	Performance of other duties	Details of objection (if any)
Audit Committee of the Third Board of Directors	Xie Jiawei, Key Ke Liu and Fang Xiuyuan	1	January 6, 2023	1. <i>Internal Audit Work Report for Q4 2022</i> 2. <i>Internal Audit Work Plan for Q1 2023</i> 3. <i>Audit Committee Work Report for Q4 2022</i>	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports	None
Audit Committee of the Third Board of Directors	Xie Jiawei, Key Ke Liu and Fang Xiuyuan	1	April 23, 2023	1. <i>Proposal on the 2020 Internal Control Self-evaluation Report</i> 2. <i>Internal Audit Work Report for Q1 2023</i> 3. <i>Internal Audit Work Plan for Q2 2023</i> 4. <i>Audit Committee Work Report for Q1 2023</i> 5. <i>Proposal on the 2022 Annual Report and Its Abstract</i> 6. <i>Proposal on the 2022 Financial Final Accounts Report</i> 7. <i>Proposal on the Q1 2023 Report</i> 8. <i>Proposal on the Renewal of the Appointment of the Accounting Firm for the Year 2023</i>	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports	None
Audit Committee of the Third Board of Directors	Xie Jiawei, Key Ke Liu and Fang Xiuyuan	1	August 14, 2023	1. <i>Internal Audit Work Report for Q2 2023</i> 2. <i>Internal Audit Work Plan for Q3 2023</i> 3. <i>Audit Committee Work Report for Q2 2023</i> 4. <i>Proposal on the Company's 2023 Semi-annual Report and Summary</i>	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports	None
Audit Committee of the Third Board of Directors	Xie Jiawei, Key Ke Liu and Fang Xiuyuan	1	October 23, 2023	1. <i>Internal Audit Work Report for Q3 2023</i> 2. <i>Internal Audit Work Plan for Q4 2023</i> 3. <i>Audit Committee Work Report for Q3 2023</i> 4. <i>Proposal on the Q3 2023 Report</i> 5. <i>Proposal on the Use of Part of Idle Proceeds for Cash Management</i>	Ensure that the financial statements truly, accurately and completely reflect the Company's overall financial position	Review the Company's financial data and related written reports	None
Remuneration and Evaluation Committee of the Third Board of Directors	Peng Jianfeng, Xie Jiawei and Li Jianquan	1	April 23, 2023	1. <i>Proposal on the Confirmation of the Remuneration of Non-Independent Directors in 2022</i> 2. <i>Proposal on the Confirmation of the Remuneration of Senior Management in 2022</i> 3. <i>Proposal on Achieving Vesting Conditions for the Second Vesting Period of the 2020 Restricted Stock Incentive Plan</i> 4. <i>Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested</i>	It is essential to align salary levels with the Company's operational performance and ensure that the implementation of equity incentives complies with legal requirements and regulations	Review the related written reports	None
Remuneration and Evaluation Committee of the Third Board of Directors	Peng Jianfeng, Xie Jiawei and Li Jianquan	1	August 14, 2023	1. <i>Proposal on the Company's First Employee Stock Ownership Plan (Draft)</i> 2. <i>Proposal on the Management Measures for the Company's First Employee Stock Ownership Plan</i>	It is necessary to ensure that the ESOP scheme complies with the requirements of laws and regulations.	Review the related written reports	None
Strategy related Social Responsibility Committee of the Third Board of Directors	Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Guo Zhenwei and Peng Jianfeng	1	June 7, 2023	<i>Proposal on the Company's Social, Environmental, and Governance Report for the Year 2022</i>	The Company shall actively undertake social responsibility and practice environmental protection concept	Actively follow the progress of undertaking social responsibility and the preparation progress of the social responsibility report	None

X. Work of the board of supervisors

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

Yes No

The Board of Supervisors has no objection to the supervisory matters during the reporting period

XI. Company employees

1. Number of employees, professional composition and educational background

Number of employees in the parent company at the end of the reporting period (person)	1,120
Number of employees in main subsidiaries at the end of the reporting period (person)	11,894
Total number of employees at the end of the reporting period (person)	13,014
Total number of employees receiving salary in the current period (person)	13,014
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	100
Professional composition	
Professional composition categories	Number of professionals (person)
Production personnel	6,136
Sales personnel	3,667
Technical personnel	1,259
Financial personnel	147
Administrative personnel	1,805
Total	13,014
Education background	
Education background categories	Number (person)
Master's degree or above	254
Bachelor	1,839
Bachelor's degree or below	10,921
Total	13,014

2. Pay policy

To align with the Company's strategic direction and business planning, and to continuously foster individual value (initiative, innovation) leading to performance growth, the Company has adjusted its employee salary structure. Moving from the previous target annual salary system, it now adopts a structure of "fixed salary + bonus + long-term incentives". The fixed salary is gradually adjusted to match market standards, bonuses are allocated based on performance contribution greater contributions yield higher income and long-term incentives are tied to both the Company's long-term performance and individual long-term contribution. This adjustment aims to boost team morale, enhance the sense of responsibility and mission among core team members, implement a business partnership ethos, and refine the salary incentive system for high-performing employees. Highlight integrated teamwork rather than sharing individual contributions, build a closed performance management mechanism from strategy, organization to individuals, adopt a balanced scorecard for organizational performance, and link individual performance to organizational KPIs, while the performance results can be used as the basis for bonus distribution. Variable compensation employs the distribution logic of stock and excess bonuses, with high incentive for excess business and shared revenue. The design logic encourages ambitious, high-quality and high-efficiency growth, and promotes the overall pursuit of short- and long-term benefits, building the capacity of daring to compete and being able to win. Introduce supplementary insurance on top of the basic social insurance, such as personal accident insurance and supplemental medical insurance. The Company gradually improves the employee welfare system, starting from basic needs such as: transportation and catering subsidies, to higher-level needs such as: reunion and anniversary gifts, and provides various forms of welfare to enhance employees' sense of security, happiness and identity.

3. Training plan

The Company puts forward the concept of "high-quality, high-efficiency, high-performance and high-return talents" as the targets of talent attraction and training. It constantly upgrades talent structure, enhances talent team building, improves talent density, and continues to strengthen the capacity building and training of leading talents and professionals. First, a dual-channel development mechanism and qualification system has been set up, encouraging professionals to conduct further research and create value in their areas of expertise to meet the Company's growing demand for professional capacity enhancement and caring of professionals, and promote talent specialization and diversification. Second, conduct talent inventory to identify potential outstanding talents, set benchmarks, and improve talent density in the value plateau. Third, carry out extensive "industry-university-research collaboration", strengthen cooperation and exchange with universities and research institutions, continuously introduce top technical talents, improve the comprehensive quality and professional ability of talent teams, improve innovation in technology R&D to be a true influencer in the medical industry. Fourth, take the initiative to build training and development systems, carry out "Leading Program", skills for product line/marketing line, cost reduction and efficiency, team leaders, corporate culture interpretation and promotion, general knowledge, etc., allowing for the empowerment of key areas and posts, talent development, and improvement of generalist skills in all areas of expertise available throughout the system. Finally, the Company attaches great importance to the new generation of employees. It systematically promotes the training and development of college students, including camp training, assignment of mentors, rotational practice, and fixed-term development. This forms a closed-loop management for the training and development of young talents, comprehensively improves their multi-dimensional development, such as cultural integration, product knowledge, professional skills and professionalism, helping them transform from students in campus to elites in workplace. All kinds of training systems, covering management, professional and general training systems, have been prepared for all professional fields. We focus on annual strategic planning and capacity building of key positions by offering special training. Internal training and external training can be combined to enrich the existing curriculum. Moreover, the Company integrates online platform resources with offline practical projects to provide rich training resources, continuously iterate the curriculum system according to the development and changes of the business, and keep on expanding the faculty to help build the talent team and improve professional capabilities, to support the achievement of the Company's business goals.

4. Labor outsourcing

Applicable Not applicable

XII. Profit distribution and share capital increase from capital surplus

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

Applicable Not applicable

winner Winner Medical

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

Yes No Not applicable

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

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

Bonus shares per 10 shares (shares)	0
Dividend per 10 shares (yuan) (including tax)	5.00
Increase shares per 10 shares	0
Share capital base in distribution plan (shares)	583,938,148
Amount of cash dividend (yuan) (including tax)	291,969,074.00
Amount of cash dividend in other forms (e.g. share repurchase) (yuan)	0.00
Total cash dividends (including other methods) (yuan)	291,969,074.00
Distributive profit (yuan)	4,897,039,093.59
Proportion of total cash dividends (including other methods) in total profit distribution	100.00%
This cash dividends	

Others

Detailed description of the proposal of profit distribution or share capital increase from accumulation fund

According to the *Audit Report of Winner Medical Co., Ltd. in 2023* issued by BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP, the net profit attributable to the shareholders of the parent company in the consolidated statements of the Company in 2023 is 580,403,232.37 yuan, and the net profit of the income statement of the parent company in 2023 is 825,570,993.25 yuan. As of December 31, 2022, the parent company's profit available for distribution is 4,897,039,093.59 yuan.

On the disclosure date of the distribution plan, the Company's total share capital stood at 588,292,708 shares, with 4,354,560 shares held in a special securities account for repurchase. Deducting these repurchased shares, the total share count amounted to 583,938,148 shares. It was planned to distribute a cash dividend of 5.00 yuan per 10 shares to all shareholders (tax included), with no capital increase or bonus shares. The total cash dividend amounted to 291,969,074.00 yuan, representing 50.30% of the net profit attributable to shareholders of the parent company as per the consolidated income statement.

The Company made profits during the reporting period and the profits available for distribution to shareholders of the parent company were positive, but no distribution plan for cash dividends.

Applicable Not applicable

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

Applicable Not applicable

1. Share Incentive

The Company convened the 15th meeting of the second board of directors and the ninth meeting of the second board of supervisors on November 27, 2020, followed by the sixth extraordinary general meeting of shareholders of 2020 on December 15, 2020. The purpose of these meetings was to review and approve the *Proposal on the Company's 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract* and its Summary, as well as the Proposal on Related Matters. The general meeting of shareholders authorized the board of directors to determine the grant date of restricted stocks, and relevant matters which is necessary to grant restricted shares to the incentive object and go through the procedures for granting restricted shares when the incentive object meets the conditions. For details, please refer to relevant announcements disclosed by the Company on the website (<http://www.cninfo.com.cn>) on December 16, 2020 and November 30, 2020.

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

The Company held the 6th meeting of the Third Board of Directors and the 5th meeting of the Third Board of Supervisors on April 20, 2022, as well as the Annual General Meeting of Shareholders 2021 on May 13, 2021, respectively, deliberated and approved the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested*. 3.366925 million granted but unvested restricted shares were revoked, because some incentive recipients could not meet the incentive conditions due to their demission or holding the post of supervisors, while the Company failed to complete the incentive assessment targets for 2021. For details, please refer to relevant announcements disclosed by the Company on CNINFO.com (<http://www.cninfo.com.cn>) on April 22, 2022.

The Company convened the 11th meeting of the third board of directors and the 8th meeting of the third board of supervisors on April 23, 2023, to consider and adopt the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested*. Due to the resignation of 95 additional incentive targets and 419 incentive targets failing to meet individual-level performance appraisal standards in 2022 under the Company's 2020 Restricted Stock Incentive Plan, a total of 1,303,935 shares of granted restricted stocks are planned to be voided. On the same day, the *Proposal on Achieving Vesting Conditions for the Second Vesting Period of the 2020 Restricted Stock Incentive Plan* was reviewed and approved. The conditions for the second vesting period of the 2020 Restricted Stock Incentive Plan have been met, with 1,162,140 shares of Class II restricted shares vested.

On April 23, 2024, the Company conducted the 20th meeting of the third board of directors and the 15th meeting of the third board of supervisors. During this session, the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested* was reviewed and approved. It was confirmed by the Company that incentive recipients who met the assessment standards during the second vesting period of the first-time grant under this incentive plan have chosen to forgo this vesting opportunity. The Company intends to void a total of 1,162,140 restricted shares that have been granted but have not yet vested.

Equity incentive granted to directors and senior management

√Applicable □ Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	Exercise price of shares exercised during the reporting period (yuan/share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (yuan/share)	Number of restricted shares held at the beginning of the period	Number of shares unlocked in the current period	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (yuan/share)	Number of restricted shares held at the end of the period
Li Jianquan	Chairman and General Manager	0	0	0	0	0	0	37.25	40,000	0	0	72.50	44,800
Fang Xiuyuan	Director, Chief Financial Officer and Deputy General Manager	0	0	0	0	0	0	37.25	25,000	0	0	72.50	28,000
Xu Xiaodan	Director	0	0	0	0	0	0	37.25	15,000	0	0	72.50	16,800
Chen Huixuan	Secretary to the board of directors, deputy general manager	0	0	0	0	0	0	37.25	15,000	0	0	72.50	16,800
Zhang Li	Deputy general manager	0	0	0	0	0	0	37.25	20,000	0	0	72.50	28,000
Total	--	0	0	0	0	--	0	--	115,000	0	0	--	134,400

Remark (if any) (i) The restricted stocks held by the aforementioned directors and senior managers are Category II restricted stocks, which have fulfilled the vesting conditions but have not yet undergone the vesting procedures. The Company convened the 20th meeting of the third session of the Board of Directors on April 23, 2024. During the meeting, the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested* was reviewed and approved. Since the market price of the Company's stock is lower than the grant price and the incentive recipients have expressed no intention to vest, the Company will invalidate the aforementioned restricted stocks that have met the vesting conditions but have not yet undergone the vesting procedures. (ii) The increase in the number of restricted stocks held at the end of the period was due to the Company's implementation of converting capital reserves into equity capital.

Evaluation mechanism and incentive of senior management

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

2. Implementation of employee stock ownership plan

√Applicable □ Not applicable

All effective employee stock ownership plans implemented during the reporting period

Employee Scope	Total number of employees	Total number of stocks held (shares)	Change	Proportion of total share capital of listed companies	Sources of funds to implement the plan
Core employees at director level or above (if any)	14	505,000	None	0.08%	Incentive funds raised by employees themselves and provided by the Company

Shareholding status of directors, supervisors, and senior managers in employee stock ownership plans during the reporting period

Name	Position	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)	Proportion of total share capital of listed companies
N/A	N/A	0	0	0.00%

Changes in asset management institutions during the reporting period

Applicable Not applicable

Changes in equity caused by holders' disposal of shares during the reporting period

Applicable Not applicable

Not applicable to the exercise of shareholders' rights during the reporting period

Other pertinent circumstances and explanations regarding the employee stock ownership plan during the reporting period.

Not applicable

Changes in the membership of the Employee Stock Ownership Plan Management Committee

Applicable Not applicable

The financial impact of employee stock ownership plans on listed companies during the reporting period and the associated accounting treatment

Applicable Not applicable

According to the provisions of *Accounting Standards for Business Enterprises No. 11 - Share-based Payment*, on each balance sheet date during the vesting period, the relevant costs or expenses and capital reserves are determined based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instrument on the grant date, reflecting the services obtained in the current period. In 2023, the total expenses recognized for equity-settled share-based payment were 2,181,718.82 yuan, with the entire amount included in the capital reserve.

Termination of employee stock ownership plans during the reporting period

Applicable Not applicable

Other description:

Not applicable

3. Other employee incentive measures

Applicable Not applicable

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

1. Establishment and implementation of internal control

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

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

Yes No

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

Company name	Integration plan	Integration progress	Problems encountered	Solutions taken	Progress	Follow-up solution
Longterm Medical, Winner Guilin, Winner Medical (Hunan), Junjian Medical, Winner Jinzhou	Build and improve the corporate governance structures for subsidiaries, assign directors, supervisors and financial officers to the subsidiaries, and appoint general managers. Clarify the General Manager Responsibility System under the Group's control structure; formulate effective plans for business empowerment, control and synergy according to the business conditions of subsidiaries; improve the efficiency of corporate operations, and promote the subsidiaries' compliance as well as orderly, steady development	The Company sets out clear requirements through the authority and responsibility operation manual that, for material matters related to corporate governance structure and system, strategic planning, investment and financing activities, asset leasing and transfer, financial management, human resources, compliance and risk control, information technology projects and other operational activities, subsidiaries shall, in accordance with the authorization system, report to the Company for approval before implementation, and submit such material matters to the Company's Board of Directors for review and approval as per regulations.	N/A	N/A	N/A	N/A

XVI. Internal control evaluation report or internal control audit report

1. Internal control evaluation report

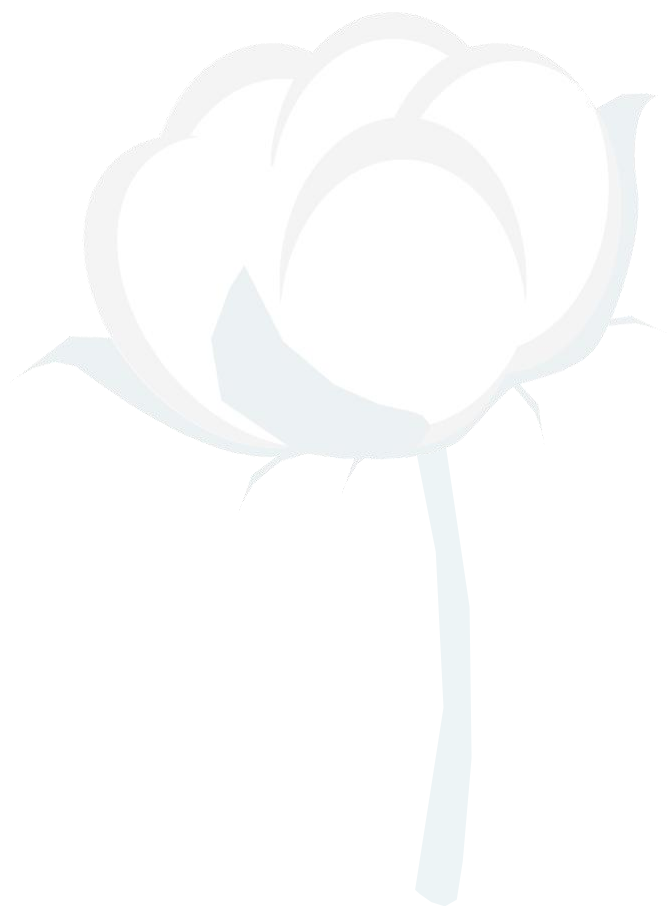
Disclosure date of full text of internal control evaluation report	April 25, 2024	
Disclosure index of full text of internal control evaluation report	http://www.cninfo.com.cn	
The proportion of the total assets of the unit included in the scope of evaluation in the total assets of the Company's consolidated financial statements	97.61%	
The proportion of the operating income of the unit included in the scope of evaluation in the operating income of the Company's consolidated financial statements	86.92%	
Defect identification standard		
Class	Financial Report	Non-financial reports
Qualitative standard	<p>Significant defects:</p> <ol style="list-style-type: none"> 1) The control environment is invalid; 2) The directors, supervisors and senior management of the Company commit fraud and cause significant losses and adverse effects to the Company; 3) The certified public accountant finds that there is material misstatement in the current financial report, which is not found by the internal control in the process of operation; 4) The supervision of the Company's Audit Committee and the internal audit institution over the internal control is invalid. <p>Major defects:</p> <ol style="list-style-type: none"> 1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles; 2) No anti-fraud procedures and control measures have been established; 3) There is no corresponding control mechanism established or no implementation of and no corresponding compensatory control for the accounting treatment of non-routine or special transactions; 4) There are one or more defects in the control of the financial reporting process at the end of the period, and it can not reasonably guarantee the prepared financial statements to achieve the true and accurate goal. <p>Common defects: Other internal control defects that do not constitute significant defects or major defects.</p>	<p>Significant defects: lack of democratic decision-making process; the decision-making process leads to major errors, the important business lacks system control or is systematically invalid, and lack of effective compensatory control; the loss of middle and senior managers and senior technicians is serious; the results of internal control evaluation, especially the significant defects, have not been rectified; other situations that have a significant negative impact on the Company.</p> <p>Major defect: democratic decision-making process exists but is not perfect; the decision-making process leads to general errors; there are defects in important business systems or system; the loss of business personnel in key positions is serious; the results of internal control evaluation, especially the major defects, have not been rectified; other situations that have a large negative impact on the Company.</p> <p>Common defects: the decision-making process is inefficient; the general business systems or system has defects; the loss of business personnel in general positions is serious; general defects have not been rectified.</p>
	<p>Significant defects: 1. potential misstatement of operating income $\geq 2\%$ of the total operating income in the consolidated financial statement; 2. potential misstatement of total profit $\geq 5\%$ of the total profit in consolidated financial statement; 3. potential misstatement of total assets $\geq 2\%$ of the total assets in consolidated statement.</p> <p>Major defects: 1. 1% of the operating income in the consolidated financial statement \leq potential misstatement of operating income $< 2\%$ of the operating income in the consolidated financial statement; 2. 2% of the total profit in the consolidated financial statement \leq potential misstatement of the total profit $< 5\%$ of the total profit in the consolidated financial statement; 3. 1% of the total assets in the consolidated financial statement \leq potential misstatement of total assets $< 2\%$ of the total assets in the consolidated financial statement.</p> <p>Common defects: 1. potential misstatement of operating income $< 1\%$ of the total operating income in the consolidated financial statement; 2. potential misstatement of total profit $< 2\%$ of the total profit in consolidated financial statement; 3. potential misstatement of total assets $< 1\%$ of the total assets in consolidated statement.</p> <p>When the potential misstatement caused by an internal control defect affects multiple indexes, the nature of the defect shall be determined according to the principle of which is lower.</p>	<p>Significant defects: the amount of loss accounted for 5% or more of the total profit in the audited consolidated financial statement of the previous year;</p> <p>Major defects: the amount of loss accounted for 2% (included) to 5% of the total profit in the audited consolidated financial statement of the previous year;</p> <p>Common defects: the amount of loss is less than 2% of the total profit in the audited consolidated financial statement of the previous year</p>
Quantitative standards		
Number of significant defects in financial report		0
Number of significant defects in non-financial report		0
Number of major defects in financial report		0
Number of major defects in non-financial report		0

2. Internal control audit report or authentication report

Not applicable

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

Not applicable.



05

Section V
Environmental Protection and
Social Responsibility



I. Major environmental issues

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

√ Yes □ No

Environmental protection-related policies and industry standards

The Company strictly complies with environmental protection related laws and regulations in its daily production and operation, including the *Environmental Protection Law of the People’s Republic of China*, the *Law of People’s Republic of China on Environmental Impact Assessment and Protection*, the *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Water Pollution Prevention and Control Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Noise Pollution*, *Regulations on Administration of Pollutant Discharge Permits*, and the *Measures for the Management of Automatic Pollution Sources Monitoring and Guidelines for Automatic Pollution Sources Monitoring and Management Technology of Hubei Province*; and strictly implements relevant national emission standards, including the *Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry* (GB4287-2012), the *Integrated Wastewater Discharge Standard* (GB8978-1996), the *Integrated Emission Standard of Air Pollutants* (GB16297-1996), the *Emission Standard of Air Pollutants for Boiler* (GB 13271-2014), the *Emission Standards for Odor Pollutants* (GB14554-1993), and the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008).

Administrative license for environmental protection

Project permit status

Branch	Project name	Approval unit	Approval time	Acceptance
Winner Medical (Chongyang)	Medical degreasing gauze series production line	Chongyang County Environmental Protection Bureau	September 21, 2005	August 22, 2008
	Sterilization packaging and sterilization production line project		March 29, 2013	June 26, 2014
	Qingshan plant construction project		November 18, 2015	March 01, 2016
	Qingshan sewage treatment plant project	Xianning Environmental Protection Bureau	March 01, 2017	March 20, 2017
	Newly built 6390M2 workshop project	Registration	May 17, 2017	/
Winner Medical (Jiayu)	Annual output of 800 tons of degreased cotton project	Jiayu County Environmental Protection Bureau	March 20, 2013	September 20, 2014
	Winner Medical Purcotton construction project		December 25, 2014	September 28, 2017
	Environmental Impact Assessment Report of Winner Industrial Park (Jiayu) Project	Approved by Xianning Ecological Environment Bureau	March 15, 2021	Under construction
Winner Medical (Yichang)	Annual output of 90 million meters of medical gauze project	Zhijiang Environmental Protection Bureau	December 19, 2014	October 14, 2015
Winner Medical (Tianmen)	Pure cotton spunlace non-woven fabric and medical dressing products production project	Tianmen Environmental Protection Bureau	March 11, 2015	Phase I January 25, 2017; Phase II May 10, 2020; Phase III December 31, 2022
	Medical dressing production line automation upgrading project		January 19, 2016	March 23, 2018
	Medical product sterilization center project		January 17, 2022	December 31, 2022

Branch	Project name	Approval unit	Approval time	Acceptance
Winner Medical (Jingmen)	30 million meters/year medical gauze bleaching and refining production line expansion project	Jingmen Environmental Protection Bureau	October 18, 1999	December 14, 2001
	Reform and expansion project of gauze pads, gauze sheets and shrinkage bandages		September 23, 2003	August 03, 2005
	Annual output of 1500t de-bleaching medical gauze project	Jingmen Dongbao District Environmental Protection Bureau	April 05, 2006	September 27, 2017
	Winner Medical Purcotton construction project	Jingmen Environmental Protection Bureau	October 19, 2016	September 27, 2017
	Expansion project of deblended gauze production line (Purcotton phase II expansion project)	Jingmen Ecological Environment Bureau	December 24, 2020	Under construction
Winner Medical (Huanggang)	Phase I of pure cotton spunlace non-woven fabric production project	Hubei E.P.D.	August 5, 2011	May 8, 2012;
	Phase II of pure cotton spunlace non-woven fabric production project		December 31, 2015	January 24, 2017
	New project of Purcotton distribution center		June 27, 2016	October 10, 2018
	Boiler remodeling project	Huanggang Environmental Protection Bureau	January 29, 2018	November 14, 2019
	Foam roll production line project (expansion)		February 05, 2018	October 08, 2018
	High-end wound dressing production line construction project		November 06, 2018	Construction has not started yet
Winner Medical (Wuhan)	Medical protective products renovation project		July 20, 2020	October 19, 2021
	Hubei Winner Medical Co., Ltd. cotton spun laced nonwovens and products production project	Wuhan Xinzhou District Administration and Approval Bureau	July 12, 2017	Phase I January 18, 2020; Phase II June 13, 2023
	R&D Center construction project		December 24, 2018	Construction has not started yet
	New electron accelerator irradiator project	Wuhan Environmental Protection Bureau	January 15, 2018	Phase I May 15, 2020; Phase II November 19, 2021
	Medical protective equipment renovation project	Xinzhou District Administrative Approval Bureau	May 07, 2021	Under construction
	Winner Medical phase II expansion project	Administrative Approval Bureau of Wuhan	June 21, 2022	Under construction
Winner Medical (Shenzhen)	Innovation research institute construction project	Wuhan Ecological Environment Bureau	August 09, 2022	June 13, 2023
	Pingshan Songze Industrial Park New Project of Shenzhen Branch of Winner Medical Co., Ltd.	Shenzhen Ecological Environment Bureau	November 26, 2021	March 18, 2022
Winner Guilin	Expansion Project of Shenzhen Branch of Winner Medical Co., Ltd.	Pingshan Administration	August 11, 2023	December 01, 2023
	Expansion and Technical Transformation Project of Medical Glove Production Line Capacity	Administrative Approval Bureau of Guilin City	December 30, 2020	March 2022
	Annual output of 200 million pairs of TPU-covered medical gloves, automation upgrading and energy saving retrofit project	Guilin Ecological Environment Bureau	May 15, 2023	Under construction

Sewage discharge procedures:

All subsidiaries of the Company have applied for discharge permits in accordance with relevant technical specifications, including *Technical Specifications for the Application and Issuance of Pollutant Permit - General Rules* (HJ942-2018), *Technical Specifications for the Application and Issuance of Pollutant Permit - Textile and Dyeing Industry* (HJ 861-2017), *Technical Specifications for the Application and Issuance of Pollutant Permit - Boiler* (HJ953-2018), *Technical Specifications for the Application and Issuance of Pollutant Permit - General Wastewater Treating Process* (HJ1120-2020), *Self-monitoring Technology Guidelines for Pollution Sources - General Rules* (HJ 819-2017), *Technical Specifications for Environmental Management Ledger and Emission Permit Implementation Report for Pollution Sources - General Rules (Trial)* (HJ944-2018), *Self-monitoring Technology Guidelines for Pollution Sources - Textile and Dyeing Industry* (HJ 879-2017), and *Self-monitoring Technology Guidelines for Pollution Sources - Thermal Power Generation and Boiler* (HJ 820-2017).

The status of emission permits for each and subsidiary is as follows:

Subsidiaries	Certificate type	Certificate No.	Validity	Remark
Chongyang Plant I	Pollutant discharge permit	91421223732699160U003P	August 12, 2023 - August 11, 2028	
Chongyang Plant II	Discharge registration form	91421223732699160U001P	April 28, 2020 - April 27, 2025	
Chongyang Plant III	Discharge registration form	91421223732699160U002w	April 28, 2020 - April 27, 2025	
Winner Medical (Huanggang)	Pollutant discharge permit	91421100767435675X001V	September 22, 2023 - September 21, 2028	
Winner Medical (Jiayu)	Pollutant discharge permit	914212217261049092001V	August 21, 2023 - August 20, 2028	
Winner Medical (Jiayu) - New Factory	Pollutant discharge permit	914212217261049092002P	September 7, 2023 - September 6, 2028	Inactive
Winner Medical (Jingmen)	Pollutant discharge permit	914208006158216140001P	August 27, 2023 - August 26, 2028	
Winner Medical (Tianmen)	Pollutant discharge permit	914290067261112368001P	December 13, 2022-August 30, 2027	
Winner Medical (Wuhan)	Pollutant discharge permit	91420000MA48TD7BXB001V	September 1, 2023 - August 31, 2028	
Winner Medical (Yichang)	Discharge registration form	91420583706860379K001W	April 30, 2020 - April 29, 2025	
Winner Medical (Shenzhen)	Pollutant discharge permit	91440300MA5GKGMX3Y001W	November 8, 2023 - November 7, 2028	
Winner Guilin	Pollutant discharge permit	914503008988813841001U	March 24, 2022 - March 23, 2027	
Winner Medical (Hunan)	Discharge registration form	91430723565949803B001X	June 5, 2020 - June 4, 2025	
Longterm Medical	Discharge registration form	91330500051340478U001Z	May 29, 2020 - May 28, 2025	

Industry emission standards and details of pollutant emissions involved in production and operation activities

Company or subsidiary name	Category of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission mode	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Pollutant emission standards implemented	Total emissions	Total emissions approved	Emissions beyond standards
Winner (Chongyang) Co., Ltd.	Medical Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	6.2mg/m ³ , <3mg/m ³ , 136mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 0.378T, SO ₂ : 0.008T	NOX: 13.28T/a, SO ₂ : 3.32 T/a	Not exceeding the standard
Winner (Chongyang) Co., Ltd.	Medical Liquid pollutants	PH, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.6, 65mg/L, 18.4mg/L, 0.18mg/L, 5mg/L	6-9, 80mg/L, 20mg/L, 10mg/L, 50mg/L	COD: 14.53T, NH ₃ -N: 0.26T	COD: 57.6T/a, NH ₃ -N: 7.27 T/a	Not exceeding the standard
Winner Medical (Jiayu) Co., Ltd.	Medical Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	8.3mg/m ³ , <3mg/m ³ , 87mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 2.692T, SO ₂ : 0.078T	NOX: unlicensed, SO ₂ : unlicensed	Not exceeding the standard
Winner Medical (Jiayu) Co., Ltd.	Medical Liquid pollutants	PH, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.4, 25mg/L, 8.0mg/L, 0.323mg/L, 9mg/L	6-9, 100mg/L, 20mg/L, 15mg/L, 70mg/L	COD: 11.45T, NH ₃ -N : 0.534T	COD: 44.7T/a, NH ₃ -N: 1.19T/a	Not exceeding the standard
Winner (Huanggang) Co., Ltd.	Medical Gaseous pollutants	PM, SO ₂ , NOX	/	2	1#2# boiler discharge outlet	10.6/8.0mg/m ³ , <3 mg/m ³ , 93/87mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 11.9T, SO ₂ : 0.12T	NOX: 23.52T/a, SO ₂ : unlicensed	Not exceeding the standard
Winner (Huanggang) Co., Ltd.	Medical Liquid pollutants	PH, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.2, 68mg/L, 14.3mg/L, 2.78mg/L, 22mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	COD: 47.06T, NH ₃ -N: 1.02T	COD: 78.5T/a, NH ₃ -N: 7.85 T/a	Not exceeding the standard
Winner (Tianmen) Co., Ltd.	Medical Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	2.8mg/m ³ , <3mg/m ³ , 104mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 3.167T, SO ₂ : 0.107T	NOX: 16.8764T/a, SO ₂ : 1.804T/a	Not exceeding the standard
Winner (Tianmen) Co., Ltd.	Medical Liquid pollutants	PH, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.2, 45mg/L, 24.6mg/L, 0.83mg/L, 20mg/L	6-9, 400mg/L, 150mg/, 30mg/L, 250mg/L	COD: 12.09T, NH ₃ -N: 0.431T	COD: 62.573T/a, NH ₃ -N: 6.2573T/	Not exceeding the standard
Winner Medical (Wuhan) Co., Ltd.	Medical Gaseous pollutants	PM, SO ₂ , NOX	/	/	/	/	/	/	No boiler, no license	Not exceeding the standard

Company or subsidiary name	Category of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission mode	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Pollution Solid waste emission standards implemented	Total emissions	Total emissions approved	Emissions beyond standards
Winner Medical (Wuhan) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, chromaticity	Indirect discharge	1	Sewage discharge outlet	7.4, 203mg/L, 39.0mg/L, 1.1mg/L, 3	6-9, 500mg/L, 300mg/L, 45mg/L, 64	COD: 32.51T, NH3-N: 3.251T	COD: 90.35T/a, NH3-N: 9.04T/a	Not exceeding the standard
Winner Medical (Jingmen) Co., Ltd.	Gaseous pollutants	PM, SO2, NOX	/	1	Boiler discharge outlet	2.8mg/m ³ , <3 mg/m ³ , 86mg/m ³	20mg/m ³ , 50mg/m ³ , 150mg/m ³	NOX: 1.51T, SO2: 0.107T	NOX: 10.83T/a, SO2: 3.11T/a	Not exceeding the standard
Winner Medical (Jingmen) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	8.1, 43mg/L, 9.4mg/L, 0.54mg/L, 12mg/L	6-9, 200mg/L, 50mg/L, 20mg/L, 100mg/L	COD: 9.3T, NH3-N: 0.93T	COD: 19.48T/a, NH3-N: 1.95T/a	Not exceeding the standard
Yichang Medical Textile Co., Ltd.	Gaseous pollutants	PM, SO2, NOX	/	1	Boiler discharge outlet	/	20mg/m ³ , 50mg/m ³ , 150mg/m ³	Unlicensed	Unlicensed	Decommissioned in 2023
Yichang Medical Textile Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	7.6, 131mg/L, 39.3mg/L, 12.5mg/L, 45mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	Unlicensed	Unlicensed	Not exceeding the standard
Shenzhen Winner Medical Co., Ltd.	Gaseous pollutants	HCl, VOC	/	2	Production exhaust gas outlet	2.86/0.94mg/m ³ , 3/0.94mg/m ³	100 mg/m ³ , 80 mg/m ³	Unlicensed	Unlicensed	Not exceeding the standard
Winner Guilin Co., Ltd.	Latex Liquid pollutants	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	7.4, 54mg/L, 16mg/L, 4.2mg/L, 110mg/L	6-9, 300mg/L, 80mg/L, 30mg/L, 150mg/L	Unlicensed	Unlicensed	Not exceeding the standard
Winner Medical (Hunan) Co., Ltd.	Liquid pollutants	Residual chlorine	Indirect discharge	1	Sewage discharge outlet	0.2mg/L	-	Unlicensed	Unlicensed	Not exceeding the standard
Zhejiang Medical Co., Ltd.	Longterm Technology Liquid pollutants	PH, COD, NH3-N	Indirect discharge	1	Sewage discharge outlet	7.3, 300mg/L, 0.195mg/L	6-9, 500mg/L, 45mg/L	Unlicensed	Unlicensed	Not exceeding the standard

Processing of pollutants

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

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

Solid waste is mainly domestic waste of employees; impurities (cotton residue, cotton dust and cotton batting) generated in the production process and cotton dust collected by dust removal equipment; the leftover materials produced in the slicing process; sludge from sewage treatment station; the hazardous waste generated is chemical material packaging barrel. For general solid wastes, disposal agreements are signed with disposal units; for hazardous wastes, disposal agreements are signed with qualified disposal units.

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

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

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

(3) Yichang Winner Medical Textile Co., Ltd.:

No production wastewater discharge, domestic wastewater enters the municipal pipe network, and clean energy natural gas is used as fuel. The gas boiler was decommissioned in 2022.

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

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

Treatment agreements are signed with disposal units for general solid waste and domestic waste. Hazardous solid waste is mainly chemical material packaging barrels, which raw material suppliers recycle, and no hazardous waste is transferred for disposal.

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

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

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

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

It is a key wastewater discharge enterprise, and the wastewater discharged by the enterprise is mainly production wastewater and domestic sewage. The wastewater mainly comes from spun lace forming process, degreasing / bleaching process and soft water preparation process. Most of the wastewater from spun lace forming process is reused for production after being treated by water treatment circulation system, while a small part of the wastewater are discharged into the self-built sewage station with that from degreasing / bleaching process, and then discharged after being treated by “hydrolysis acidification + biological contact oxidation” and reaching the standard. After simple treatment in septic tank, domestic sewage will be treated in self-built sewage station. Online monitoring of wastewater has been installed, and the sewage station passed the environmental protection acceptance after completion of Environmental Protection Bureau of Huanggang City on January 24, 2017, implementing the level III standard limit in Table 4 of *Integrated Wastewater Discharge Standard* (GB8978-1996). The sewage plant’s structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

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

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

It is a key wastewater discharge enterprise. The project’s wastewater mainly includes preparation, spun laced, degreasing, bleaching, domestic water, etc. The wastewater discharge of the project is 2126.93t/d after the completion of phase I, 4067.11t/d after phase II, and 6004.5t/d after phase III. The wastewater undergoes treatment using the ‘hydrolysis acidification + anaerobic + biological contact oxidation method.’ Online monitoring has been installed for the wastewater. The initial phase of the sewage station completed its independent acceptance on January 7, 2020, while the second phase concluded in 2023. The independent acceptance of the second phase project was finalized on June 13. The third-level standard limits outlined in Table 4 of the *Integrated Wastewater Discharge Standard* (GB8978-1996) were implemented. The sewage plant’s structure is concrete structure, with a service life of 20 years and environmental protection equipment for 10 years.

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

According to the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2023), the temporary storage room of hazardous waste shall be constructed and the hazardous waste shall be stored as required. Meanwhile, the daily management of hazardous waste should be strengthened. Disposal agreements for all hazardous waste are signed with the qualified units.

(8) Shenzhen Branch of Winner Medical Co., Ltd.

After the production wastewater is collected, it should be entrusted to a qualified unit for treatment and will not be discharged. A small amount of acidic waste gas and organic waste gas are discharged after spraying + activated carbon adsorption.

General solid waste mainly consists of waste packaging and stickers, which are collected and processed by specialized recycling units. Hazardous waste mainly includes waste containers, waste activated carbon, biological waste, etc., which are temporarily stored in hazardous waste storage rooms and are regularly entrusted to qualified units for centralized processing. Hazardous waste is stored in accordance with the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2023).

(9) Winner Guilin Latex Co., Ltd.

The wastewater of the project mainly includes mold cleaning wastewater, leaching wastewater, soaking wastewater and equipment cleaning wastewater, and the production wastewater contains gum, insoluble coagulant and impurities in other raw and auxiliary materials, which are pretreated and removed before entering the comprehensive wastewater treatment station in the plant. The existing three-stage septic tank treats the domestic wastewater of employees and then enters the comprehensive sewage treatment station together with the pretreated production wastewater. The station adopts an air flotation + filtration process and discharges treated water into the municipal sewage treatment plant. The exhaust gas from compound preparation, pre-vulcanization tank, latex parking tank, latex dipping drying and post-vulcanization is collected and discharged after treatment by exhaust gas treatment system (water spray + dehumidification + activated carbon adsorption).

General industrial solid waste is waste rubber, unqualified products, waste packaging shall be taken up by the latex supplier for regular recycling, sludge and domestic waste shall be taken up by the local sanitation department for unified cleaning and disposal. Hazardous wastes are waste resin and waste activated carbon. They shall be collected centrally and entrusted to units with corresponding hazardous waste treatment qualifications for disposal.

(10) Winner Medical (Hunan) Co., Ltd.

A small amount of production wastewater and domestic sewage is discharged, among which production wastewater mainly includes cleaning wastewater, workshop cleaning wastewater, ethylene oxide exhaust absorption wastewater and pure water preparation wastewater. The wastewater, including the cleaning wastewater and workshop cleaning wastewater treated by sedimentation tank, the ethylene oxide exhaust absorption wastewater treated by adsorption method, and the canteen wastewater pretreated by grease trap, will be discharged to septic tank for treatment, and to Li County Wastewater Treatment Plant for further treatment through municipal pipeline network. The waste gas, including the Injection molding waste gas, organic waste gas volatilized from printing process, and organic waste gas from bonding, will be collected and treated by lye spraying tower, and then sent to the "UV photolysis + activated carbon adsorption device" for treatment. After treatment, the waste gas will be discharged through a 15m exhaust pipe.

The general industrial solid waste consists of waste fabric and waste packaging materials, which are collected and recycled by the material company for comprehensive purposes. Hazardous wastes are waste raw material drums, waste activated carbon, waste mineral oil, waste UV photolysis lamps and waste adsorbent, which are collected centrally after classification and disposed of by units entrusted with the corresponding hazardous waste treatment qualification.

(11) Zhejiang Longterm Medical Technology Co., Ltd.

Cleaning wastewater, concentrated water for pure water preparation and domestic sewage are discharged. The septic tank in the factory pretreats domestic sewage, and then piped to Deqing Hengfeng Sewage Treatment Co., Ltd. for centralized treatment with the concentrated water for pure water preparation and domestic sewage. Process exhaust gas is treated by one set of photo-oxidation catalytic treatment equipment and then discharged through a 15m exhaust funnel. After the dust is processed by a bag dust collector, the exhaust gas is discharged through a 15-meter-high exhaust pipe.

The solid wastes are mainly the waste from the daily life of employees and solid wastes from the canteen are disposed of by sanitation department, the trimmings and defective products generated in the production process, waste packaging bags generated from raw and auxiliary materials are sold to material recycling companies; hazardous wastes are waste activated carbon generated in the process of waste gas treatment and ethylene oxide waste liquid generated in the process of sterilization, which is entrusted to corresponding qualified companies for treatment.

winner Winner Medical

Emergency plan for environmental emergencies

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

Environmental self-monitoring scheme

All companies have applied for discharge permits, of which the self-monitoring programs are formulated in accordance with the relevant industry norms. Pollutants are mainly detected through a combination of manual laboratory tests + commissioned monitoring + online monitoring. The key sewage subsidiaries involved in the production of wastewater discharge are installed with online monitoring systems, which are networked with government authorities for real-time monitoring, and the online monitoring equipment is entrusted to a professional third-party company for operation and maintenance. Commissioned monitoring and manual monitoring projects are implemented according to the requirements of the monitoring program, and the monitoring results are released in a timely manner on the provincial pollutant platform. Self-monitoring scheme of each company is made public on the national pollutant discharge permit management platform.

Investment in environmental treatment and protection and related information on payment of environmental protection tax

In 2023, the Company and its subsidiaries collectively disbursed 133,000 yuan for environmental protection taxes.

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

Applicable Not applicable

The Company has been actively engaged in energy-saving and consumption reduction activities by taking measures such as switching to high-efficiency motors, implementing waste heat recovery, and optimizing pipelines. During the reporting period, a total of 8 million yuan was saved in energy costs.

Administrative penalties imposed due to environmental issues during the reporting period

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

Other environmental information that should be disclosed

None.

Other information related to environmental protection

None

The Company needs to comply with the disclosure requirements of the “Textile and Apparel Business” stipulated in the *No. 3 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Industry Information Disclosure*.

Information on environmental accidents of listed companies

None.

II. Social responsibility

We will always prioritize “quality over profit, brand over speed, and social responsibility over corporate value”. We are meticulous, responsible, resilient, and committed to fulfilling our social obligations. We believe that by prioritizing the symbiosis and co-prosperity of corporate and social values, persisting in and innovating within the realm of social responsibility, and crafting environmentally friendly products endorsed by society, we can seize broader and more diverse innovation opportunities and advance further along the path of sustainable development.

1. Products and customer responsibilities

In terms of scientific research and innovation, the Company actively drives the implementation of research findings, accelerating the efficiency of scientific research and technology transformation. Numerous projects in medical dressings and consumer goods have achieved technological breakthroughs, enabling mass production and marketing. New foam dressing products have been added to the Shenzhen standard certification catalog for the medical device industry. Furthermore, Purcotton’s gauze bath towels have earned the industry’s first certification for being free of added softeners, ensuring consumers receive higher quality cotton products.

In quality management, the Company upholds the principle of “quality over profit” and places significant emphasis on ensuring product quality. Through the “Winner Medical (Wuhan) Medical Textile Intelligent Manufacturing Demonstration Factory” project, Winner Medical was successfully selected as one of the intelligent manufacturing demonstration factories listed by the Ministry of Industry and Information Technology in 2023. Additionally, the quality management center achieved ISO9001 quality management system certification, and Cotton Era was honored as a “Longhua District Quality Production Demonstration Enterprise”.

In terms of customer service, we adhere to a customer-centered approach, continually innovating and enhancing service models. Initiatives such as the “Voice of Customers” and “Mystery Shopper” projects are innovatively designed to enhance customer satisfaction. Our goal is to share the comfort and beauty of cotton with customers while ensuring their peace of mind.

In terms of production safety, the Company continually enhances the production safety management mechanism. It actively conducts investigations into potential safety hazards, assesses risks, and implements controls to ensure overall production safety is manageable. Simultaneously, it focuses on preventing internal and external information security risks to safeguard internal and external information security. In 2023, the Company incurred no administrative penalties for production safety, and there were no major production safety accidents.

2. Environment responsibility

Aligned with the goal of “achieving carbon peak by 2027 and carbon neutrality by 2050”, the Company is driving the development of a green and low-carbon demonstration project through a comprehensive approach spanning production to consumption. On the production side, Winner Medical (Wuhan) Co., Ltd. was awarded the title of “Green Factory”, recognizing its expertise in systematic, intelligent energy-saving, and environmental management. On the consumer side, the Company has implemented the “Zero Plastic Program” for green packaging, distributing a total of 48.05 million non-woven environmental shopping bags to replace plastic bags, thus contributing to a better environment.

3. Responsibilities of employees and communities

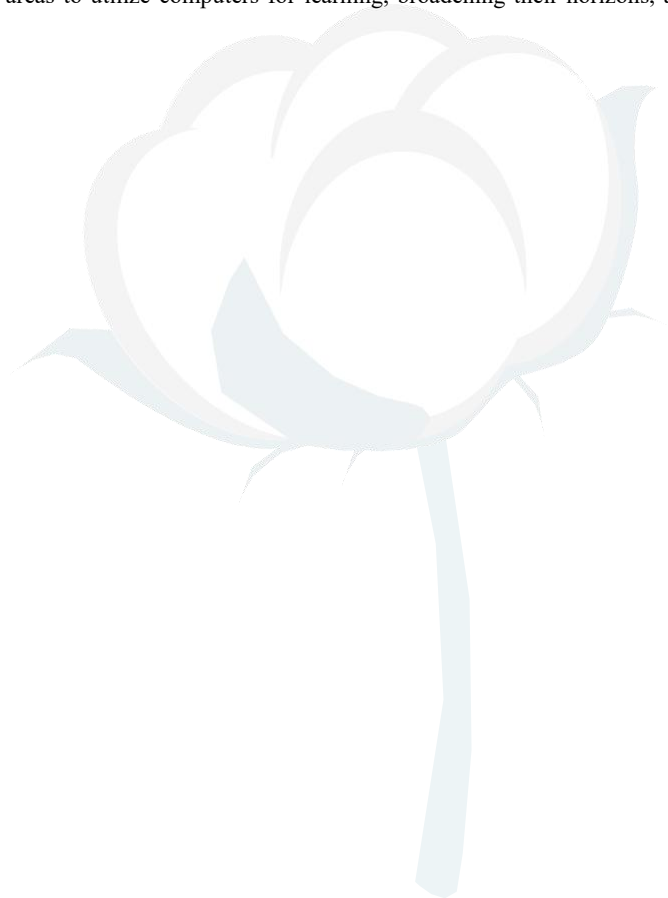
The Company always puts its employees first, continually enhancing their benefits and working environment. It strengthens employee training programs and offers diverse career development paths to help them realize their potential. Additionally, it prioritizes employees’ physical and mental health, fostering cohesion and a sense of belonging through various cultural, sports activities, and health lectures.

winner Winner Medical

The Company actively engages in various philanthropic activities, aiming to provide medical assistance and health education services to local communities. In December 2023, following the earthquake in Jishishan County, Gansu Province, we partnered with the Beijing Public Health Foundation to donate supplies worth over one million yuan. These included first aid kits, medical surgical masks, surgical gloves, cotton sanitary wipes, Fengrou cotton thermal storage sets, and more. Additionally, our brands Purcotton and Nice Princess promptly initiated disaster relief efforts, collaborating with the China Women's Development Foundation to donate 40,000 pairs of pajamas and 800,000 sanitary napkins to the earthquake-affected area. Nearly two million yuan was allocated to support medical institutions, affected individuals, and disaster relief personnel in the earthquake-stricken regions. Furthermore, the Company collaborates with charitable organizations to organize donation activities for the elderly, demonstrating corporate social responsibility through tangible actions.

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

Responding actively to the national initiative, we leverage our resource advantages to contribute to rural revitalization. In 2023, the Company participated in the "Guangdong Expo Rural Classroom" on-campus event, providing active support for educational development in Luoba Town and promoting cultural creativity to aid rural revitalization efforts. We donated 171 computer supplies to the Guangdong Provincial Education Foundation, establishing a computer laboratory to enable children in impoverished mountainous areas to utilize computers for learning, broadening their horizons, and acquiring practical computer operation skills.



06

Section VI Important Matters



I. Performance in fulfilling commitments

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

√Applicable □ Not applicable

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
Commitment made at the time of IPO or refinancing	Winner Group, Li Jianquan, Xie Ping, Li Xiaoyuan	IPO lock-up	Within 36 months from the date of listing and trading of the Company’s shares, the Company shall not transfer or entrust others to manage the shares directly or indirectly held by the Company that have been issued before the initial public offering of the Company’s shares, nor shall the Company repurchase such shares	September 17, 2020	2023 September 17 th	Completion of performance
	Winner Group, Li Jianquan, Xiamen Leyuan Investment Partnership (L.P.), Beijing Sequoia Xinyuan Equity Investment Center (Limited Partnership)	IPO reduction	The Company guarantees that it will abide by the relevant laws, regulations, departmental rules and normative documents in force at that time on reducing shareholders’ shares of the listed Company. When reducing the shares of the Company that held by the enterprise issued prior to the IPO, the enterprise will inform the Company in advance of the reduction intention and the number of shares to be reduced in written form, The Company shall make an announcement three trading days in advance, except when the shares of the Company held by the enterprise are less than 5%.	September 17, 2020	Long-term performance	In performance
	Winner Medical, Winner Group, Li Jianquan	Share repurchase upon IPO fraudulent listing	There is no fraudulent issuance in the process of this public offering and listing on GEM; if the securities regulatory authority, the stock exchange or the judicial authority determines that the Company has fraudulent issuance behavior, which has a significant and substantial impact on judging whether the issuer meets the issuance conditions stipulated by law, the Company will be punished by the securities regulatory authority, the stock exchange or the judicial authority Within 5 working days from the date when the illegal facts are finally confirmed by the stock exchange or the judicial authority and other competent authority, the stock repurchase plan shall be formulated in accordance with the relevant laws and regulations and the Articles of Association, and all the new shares issued and listed shall be repurchased	September 17, 2020	Long-term performance	In performance
	Winner Medical, Winner Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei, Ye Yangjing	Commitment to assume compensation liability according to law	The prospectus has no false records, misleading statements or major omissions. We assume individual and joint legal liabilities for its authenticity, accuracy and integrity.	September 17, 2020	Long-term performance	In performance

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
	Winner Medical Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Chen Huixuan, Yin Wenling	Commitment to stabilize the Company's share price in IPO	Suppose the stock price of the Company is lower than the net assets per share within three years after listing. In that case, the Company and the relevant responsible parties can choose to implement the following measures separately or comprehensively to stabilize the stock price according to the actual situation of the Company and the stock market when the preconditions for starting the measures to stabilize the stock price are met: 1. The Company repurchases the shares; 2. The controlling shareholders and actual controllers increase their holdings of the Company's shares; 3. Non-independent directors and senior managers who hold posts and receive remuneration in the Company increase their holdings of the Company's shares; 4. Laws, administrative regulations, normative documents and other methods approved by CSRC.	September 17, 2020	2023 September 17 th	Completion of performance
	Winner Medical	Measures and commitments to make up for the diluted immediate return	In order to reduce the impact of the diluted immediate return of this issuance, we promise to take the following measures: (I) accelerate the investment progress of the investment projects with raised funds and strive to achieve the expected benefits of the project as soon as possible; (II) Strengthen the supervision of investment projects with raised funds to ensure the reasonable and legal use of raised funds; (III) Strengthen the operating management and internal control, improve the operating efficiency and profitability; (IV) Ensure a sustainable and stable profit distribution system and strengthen the return mechanism for investors	September 17, 2020	Long-term performance	In performance
	Winner Group, Li Jianquan	Measures and commitments to make up for the diluted immediate return	I/Our Company shall not interfere in the Company's operation and management activities beyond my/our authority, encroach on the Company's interests, transfer interests to other units or individuals free of charge or under unfair conditions, damage the Company's interests in other ways, or use the Company's assets to engage in investment and consumption activities unrelated to my/our performance of duties. I/Our Company promise to fully, completely and timely perform measures of making up for return established by the Company and any commitment on measures of making up for return. If I / our Company violates such commitment, I / our Company is willing to bear corresponding legal responsibility according to law	September 17, 2020	Long-term performance	In performance
	Fang Xiuyuan, Xu Xiaodan, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei,	Measures and commitments to make up for the diluted immediate return	1. Shall not transfer interests to other units or individuals free of charge or under unfair conditions, or damage the Company's interests in other ways. 2. Restrict my duty consumption behavior as a director, supervisor and senior manager of the Company. 3. Shall not use the Company's assets to engage in investment and consumption activities unrelated to my performance of the duties of a director, supervisor and senior manager. 4. Actively promote the improvement of the Company's salary system. 5. When introducing the Company's equity incentive scheme (if any), the vesting conditions of equity incentive shall be linked with the implementation of the Company's measures to make up for the return. 6. I promise that I will issue supplementary commitments in accordance with the latest provisions of the CSRC, and actively promote the Company to make new provisions. 7. I promise to fully, completely and timely perform measures of making up for return established by the Company and any commitment I have made to make up for return.	2020 September 17 th	Long-term performance	In performance

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
	Winner Medical	Commitment on profit distribution policy	In order to better protect the legitimate rights and interests of investors, the Company deliberated and passed the revised Articles of Association (Draft) at the second extraordinary general meeting of shareholders in 2020. The Company determines the dividend return plan for the next three years: on the premise that the net profit attributable to the shareholders of the parent company is positive in the current year, the Company will make profit distribution at least once a year, and the board of directors may propose the Company to make interim profit distribution according to the Company's profit and capital demand. The Company shall prioritize cash dividend for profit distribution when it is under the conditions of cash dividend.	September 17, 2020	Long-term performance	In performance
	Winner Group, Li Jianquan	Commitment on avoiding horizontal competition	1. As of the date of this letter of commitment, our Company / I do not and will not engage in or participate in the same or similar business and activities as the Company's main business in any form, and will not engage in or participate in the same or similar business and activities as the Company's main business through investment in other companies. 2. Our Company / I undertake not to engage in or participate in any business or activities that are the same or similar to the Company's main business. 3. If the Company further expands its business scope on the basis of its existing business, and other enterprises under our Company's / my control at that time have already produced and operated the business, the other enterprises under our Company's / my control at that time shall sell the relevant business, and the Company has the priority to purchase the relevant business under the same commercial conditions. 4. In case that the Company further expands its business scope based on its existing business scope, and the other enterprises controlled by the Company/I at that time have not yet carried out production or operation in this regard, the other enterprises controlled by the Company/I at that time will not engage in the same or similar business and activities as such new business of the Company.	September 17, 2020	Long-term performance	In performance
	Winner Group, Li Jianquan	Commitment to indemnity for the recovery of social security accumulation fund	The social security and housing provident fund management departments of the Company and its major subsidiaries have issued the <i>Certificate</i> , confirming that from January 1, 2017 to December 31, 2019, the Company and its subsidiaries have no records of administrative punishment for violating laws and regulations related to labor, social security and housing provident fund. If Winner Medical and its subsidiaries are required to make up the social insurance premium or housing provident fund that should be paid by Winner Medical and its subsidiaries for their employees or claimed by their employees, or if litigation, arbitration and administrative punishment from relevant administrative departments occur therefrom, our Company / I shall unconditionally bear the full amount of the fees that should be made up and bear the corresponding liability for compensation, to ensure that Winner Medical and its subsidiaries will not suffer any losses as a result. The controlling shareholders and the Company's actual controller, Li Jianquan, are jointly and severally liable to each other	September 17, 2020	Long-term performance	In performance

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
	Winner Group, Li Jianquan	Compensation commitment for demolition of Yichang Winner's properties	The land and real estate authorities of Yichang Winner issued a certificate to confirm that the relevant subsidiaries did not violate laws and rules during the reporting period; moreover, the total area of the two properties accounts for a small proportion of the total area of the Company's and its subsidiaries' own properties. Even if there is a risk of demolition, it will not have a significant adverse impact on the production and operation of the Company and its subsidiaries. In response to the relocation risk of the two properties, the controlling shareholders and the actual controller of the issuer commit: "if such properties are required to be demolished within a time limit by the competent government department, the controlling shareholders and the actual controller agree to timely, unconditionally and fully compensate all losses caused to the Company."	September 17, 2020	Long-term performance	In performance
	Winner Medical, Winner Group, Li Jianquan, Fang Xiuyuan, Xu Xiaodan, Liu Weiwei, Wang Ying, Chen Huixuan, Yin Wenling, Bi Qun, Zhou Xiaoxiong, Liang Wenzhao, Guo Zhenwei, Ye Yangjing	Restraint measures for IPO failure to perform contract	If we fail to fulfill the relevant commitments disclosed in the prospectus, we will publicly explain the specific reasons for our failure to fulfill the commitments in the general meeting of shareholders and the information disclosure media designated by the CSRC, and apologize to all shareholders and public investors. If we fail to fulfill the relevant public commitments, the proceeds will belong to the Company. If we cause losses to the Company or its shareholders or other investors due to our failure to fulfill the relevant public commitments, we will compensate the relevant losses to the Company or its shareholders or other investors in accordance with the law. At the same time, we shall not transfer the shares (if any) of the issuer directly or indirectly held by us during the period of assuming the compensation above liability. If we fail to bear the above compensation liability, we will stop receiving salary (if any) within 10 days after the occurrence of the above matters until I fulfill the relevant public commitments. If we fail to fulfill, have been unable to fulfill or have been unable to fulfill our commitments on time due to objective reasons beyond our control, such as changes of relevant laws and regulations, policy, natural disasters and other force majeure, we will take the following measures: (1) timely and fully disclose the specific reasons why we fail to fulfill, have been unable to fulfill or have been unable to fulfill our commitments on time; (2) Put forward supplementary commitments or alternative commitments to the Company's investors (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and Articles of Association), so as to protect the rights and interests of investors as far as possible	September 17, 2020	Long-term performance	In performance
Others	Winner Medical	Share buyback	Within 12 months from the date when the repurchase plan was reviewed and approved at the 19 th meeting of the third board of directors on January 29, 2024, the Company's shares will be repurchased at a price not exceeding 46 yuan per share (inclusive) of 100 million yuan to 2 billion yuan.	January 29, 2024	Within 12 months	In performance
	Fang Xiuyuan, Xu Xiaodan, Liu Hua, Zhang Li, Chen Huixuan	Share holdings increase	A total of 3.15 million yuan to 6.3 million yuan worth of Company shares will be added within 6 months from the announcement of the shareholding increase plan.	January 30, 2024	6 months	In performance

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
	Winner Group	Restricted sale of shares	Based on its confidence in the long-term development trends of both domestic and foreign medical and consumer industries, as well as its recognition of the value of Wenwen Medical and its strategic vision, Winner Group voluntarily committed to extending the lock-up period for its shares of Wenwen Medical from September 16, 2023, to September 16, 2024. Throughout the sales restriction period, Winner Group shall refrain from transferring or delegating the management of shares held by Winner Medical, and Winner Medical will not engage in repurchasing said shares. Moreover, any shares acquired by Winner Group through share transfers, bonus shares, or allotments by Winner Medical during this period will also be subject to the aforementioned sales restriction requirements.	August 28, 2023	September 16, 2024	In performance
Whether the commitment is fulfilled on time				Yes		
If the commitment surpasses the deadline without fulfillment, it's crucial to specify the reasons for non-completion and outline the next steps of the work plan				N/A		

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

Applicable Not applicable

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

Applicable Not applicable

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

III. Illegal external guarantee

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

For details, please refer to “Section X. Financial Report - IX. Consolidation scope changes”

VIII. Appointment of and dismissal of accounting firms

Accounting firm currently appointed

Name of domestic accounting firm	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Remuneration of domestic accounting firm (10,000 yuan)	280
Continuous years of audit services of domestic accounting firm	10
Name of certified public accountant of domestic accounting firm	Cheng Jin, Wu Lihong
Continuous years of audit services provided by certified public accountants of domestic accounting firm	3

Has the accounting firm been changed?

Yes No

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

Applicable Not applicable

IX. Delisting confronted upon disclosure of the annual report

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization of the Company during the reporting period.

XI. Major litigation, arbitration matters

Applicable Not applicable

Basic information of litigation (arbitration)	Amount involved (10,000 yuan)	Whether to form estimated liabilities	Progress of litigation (arbitration)	Trial result and influence of litigation (arbitration)	Implementation of litigation (arbitration) judgment	Date of disclosure	Disclosure index
Winner Medical v. People's Government of Zijin County, arbitration case of contract dispute [Case No.: (2019) GGZZ No. 095, (2022) Yue 16 Execution No. 299]	55,565.53	No	The People's Government of Zijin County has not yet paid the full amount of compensation to the Company in accordance with the award, and the Company has applied to the Heyuan City Intermediate People's Court for enforcement and has been accepted by the court. On December 28, 2023, the court terminated enforcement due to lack of available property for enforcement. Currently, the process involves filing a motion to terminate the enforcement objection	The ruling of Case No.: (2019) Jiangxi National Arbitration Letter No. 095 confirmed that the original Investment Agreement was terminated, and the People's Government of Zijin County had to return 3 million yuan of land transfer deposit to the Company, and compensate for economic losses of 550 million yuan as well as the lawyer's fees of 500,000 yuan and legal cost of 2.15532 million yuan. The land, above-ground buildings, equipment and facilities and relevant supporting materials of Heyuan Winner investment and construction project were handed over to the People's Government of Zijin County. There will be no adverse impact on the Company	As of the disclosure date of the report, the Company has received the land transfer deposit of 3 million yuan and compensation of 330 million yuan returned and paid by the People's Government of Zijin County. There remains outstanding compensation of 220 million yuan, lawyer fees of 500,000 yuan, and arbitration fees of 2.1553 million yuan yet to be paid. The Company has handed over the project land, above-ground buildings, equipment and facilities and relevant supporting materials to the People's Government of Zijin County.		
Winner Medical (Tianmen), Shenzhen Purcotton, Winner Medical (Huanggang) v. China National Intellectual Property Administration, administrative dispute case of patent invalidation	0	No	In June, 2020, the Reexamination and Invalidation Department of the Patent Office of China National Intellectual Property Administration issued the <i>Decision on Examination of Invalidation Request</i> , which decided to declare the patent right of "production method of cotton non-woven medical dressings" (Patent No. ZL200510033147.1, valid until February 6, 2025) invalid. In August, 2020, Purcotton, Winner Medical (Tianmen), and Winner Medical (Huanggang) filed a lawsuit to Beijing Intellectual Property Court in accordance with the provisions of the <i>Patent Law</i> for revocation of the patent invalidation decision. The court of the first instance and the Court of Second instance subsequently rejected the plaintiff's request.	If the lawsuit does not support the plaintiff's claim, the patent is finally found to be invalid. The reason for the patent invalidation decision is not that the Company and / or the patent infringes the rights of others. Therefore, the Company can still use the technology and will not have a significant adverse impact on the normal production and operation of the Company	N/A		

Basic information of litigation (arbitration)	Amount involved (10,000 yuan)	Whether to form estimated liabilities	Progress of litigation (arbitration)	Trial result and influence of litigation (arbitration)	Implementation of litigation (arbitration) judgment	Date of disclosure	Disclosure index
Summary of other small lawsuits in which the Company or its subsidiaries are plaintiffs that do not meet the criteria for disclosure of material litigation	4,718.98	No	In progress according to the litigation/arbitration process, some cases have not yet been concluded, and the concluded cases are executed according to the process	No significant impacts on the Company's production and operation	Executed according to litigation/arbitration process		
Summary of other small lawsuits in which the Company or its subsidiaries are defendants that do not meet the criteria for disclosure of material litigation	200.63	No	In progress according to the litigation/arbitration process, some cases have not yet been concluded, and the concluded cases are executed according to the process	No significant impacts on the Company's production and operation	Executed according to litigation/arbitration process		

XII. Punishment and rectification

Applicable Not applicable

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

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

Applicable Not applicable

XIV. Major related transactions

1. Connected transactions related to daily operation

Applicable Not applicable

There were no connected transactions related to the daily operation of the Company during the reporting period.

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

Applicable Not applicable

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

3. Connected transaction of joint foreign investments

Applicable Not applicable

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

4. Related credit and debt transactions

Applicable Not applicable

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

5. Transactions with related finance companies

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the Company and the finance company with which it is affiliated and the related parties.

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

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the finance companies controlled by the Company and related parties.

7. Other major connected transactions

Applicable Not applicable

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

XV. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

No trusteeship of the Company during the reporting period.

(2) Contracting

Applicable Not applicable

No contracting of the Company during the reporting period.

(3) Lease

Applicable Not applicable

No leasing of the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

No major guarantees of the Company during the reporting period.

3. Entrusted cash asset management

(1) Information of entrusted financial management

Applicable Not applicable

Overview of entrusted financial management during the reporting period

Unit: '0,000 yuan

Specific type	Source of funds for entrusted financial management	Amount incurred in entrusted financial management	Outstanding balance	Overdue amount not recovered	The amount of impairment for overdue financial management
Bank products	financial Self-owned funds	297,274.5	161,600	0	0
Bank products	financial Proceeds	103,650	5,800	0	0
Trust products	financial Self-owned funds	110,000	110,000	0	0
Total		510,924.5	277,400	0	0

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

Applicable Not applicable

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

Applicable Not applicable

(2) Information of entrusted loans

Applicable Not applicable

The Company had no entrusted loan during the reporting period.

4. Other major contracts

Applicable Not applicable

Name of the Company to the contract	Name of the other party to the contract	Contract object	Date of contract	Book value of contract assets (10,000 yuan) (if applicable)	Appraised value of contract assets (10,000 yuan) (if applicable)	Name of appraisal institution (if any)	Appraisal reference date (if any)	Pricing principle	Transaction price (10,000 yuan)	Whether the payments arise from related transactions	Affiliated relationship	Performance as of the reporting period's end	Date of disclosure	Disclosure index
Winner Medical Co., Ltd.	Shenzhen Xingda Real Estate Development Co., Ltd.	Land buildings/structures and (including appurtenances) within Winner Industrial Park	July 10, 2023		160,100.99	Shenzhen Xingda Real Estate Development Co., Ltd.	June 30, 2023	Based on valuation reports from accredited appraisal organizations	No	No	Transaction suspended	June 14, 2023	CNINFO.com <i>Announcement on the Signing of Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park</i> (Announcement No. 2023-029)	

XVI. Description of other important events

Applicable Not applicable

The Longhua District Government of Shenzhen approved a special plan for the urban renewal project of the Urban Renewal Project of Winner Industrial Park in May 2023. The plan outlined a total area of 138,915 square meters, with 88,450 square meters designated for residential use, 39,740 square meters for commercial, office, and hotel buildings, and 10,725 square meters for public facilities (including underground structures). Subsequently, the Company convened the 14th meeting of the third board of directors on June 12, 2023, and the first extraordinary shareholders meeting of 2023 on July 7, 2023, to scrutinize and endorse the “Proposal on Executing Relevant Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park”. The Company intends to collaborate with Shenzhen Xingda Real Estate Development Co., Ltd. (“Xingda Company”), a proficient and experienced development operator under the Galaxy Group, for an urban renewal, relocation, compensation, and resettlement agreement in Shenzhen Longhua District. This agreement encompasses the land and above-ground buildings situated at the northwest corner of the intersection of Meiguan Expressway and Bulong Road. The objective is to significantly augment the quality and value of the Company’s pertinent assets, further invigorate its asset portfolio, and enhance the operational environment, thereby maximizing the Company’s interests. Subsequently, both parties have formally executed the pertinent agreements. Consequently, in line with the asset disposal principle, the Company will recognize the net profit corresponding to the asset disposal income in the third quarter of 2023. This recognition will be based on the fair value of the relocation property assessed by the third-party appraisal agency Yinxin Asset Appraisal Co., Ltd. on June 30, 2023, amounting to 1.36 billion yuan (calculated as the asset assessment value of 1.6 billion minus income tax expenses corresponding to deferred income tax liabilities of 240 million yuan). For further information, please refer to the *Announcement on the Plan to Execute Relevant Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park* disclosed by the Company on June 14, 2023, and the *Announcement on the Signing of Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park* disclosed by the Company on July 11, 2023. As of December 31, 2023, the Company received a total of 250 million yuan in cash. This includes a deposit of 50 million yuan received in April 2017, a prepaid relocation compensation of 100 million yuan received in February 2020, and another prepaid relocation compensation of 100 million yuan received in July 2023, as agreed upon in the relocation compensation and resettlement agreement.

Following the agreement's signing, the Company vacated the industrial park and transferred it to Xingda Company. Both parties signed the *Transfer Confirmation Letter* and settled outstanding water and electricity bills. Subsequently, Xingda Company commenced the demolition of the old buildings. However, due to significant subsequent changes in the real estate market, following amicable negotiations between the two parties, the Company and Xingda company signed the *Confirmation Letter on the Revocation of the "Relinquishment of Real Estate Rights Statement"* on January 29, 2024. This confirmed the suspension of project construction and the temporary withdrawal of all *Declaration of Waiver of Real Estate Rights* made by the Company under the agreement, along with the withdrawal of all statements made in the *Declaration of Waiver of Real Estate Rights*. Consequently, the Company reversed the net income from asset disposal of 1.36 billion yuan recognized in the third quarter of 2023. For further details, please refer to the *Announcement on the Suspended Promotion of the Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park* disclosed by the Company on January 30, 2024.

The recognition and reversal of relevant profits and losses will take place in different quarters of 2023, and it will not affect the financial data presented in the annual report.

Subsequently, there is uncertainty regarding the progress of the project's property delivery and payment. The Company commits to closely monitoring real estate market dynamics, fostering communication with SINDA Group, and collaboratively reinstating project implementation when the real estate market rebounds.

XVII. Major events of subsidiaries

Applicable Not applicable



07

Section VII
Changes in Shares and
Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		New issue of shares	Share donation	Increase/decrease (+, -)		Subtotal	After this change	
	Quantity	Proportion			Share capital increase from reserved funds	Others		Quantity	Proportion
I. Restricted shares	290,495,323	68.11%			116,198,129	10,500	116,208,629	406,703,952	68.42%
1. State shareholding									
2. State legal person shareholding									
3. Other domestic holdings	56,475	0.01%			22,590	10,500	33,090	89,565	0.02%
Wherein: domestic legal person shareholding									
Domestic natural person shareholding	56,475	0.01%			22,590	10,500	33,090	89,565	0.02%
4. Foreign shareholding	290,438,848	68.10%			116,175,539		116,175,539	406,614,387	68.41%
Wherein: foreign legal person shareholding	290,438,848	68.10%			116,175,539		116,175,539	406,614,387	68.41%
Foreign natural person shareholding									
II. Unrestricted shares	135,996,985	31.89%			51,696,930	-10,500	51,686,430	187,683,415	31.58%
1. RMB common share	135,996,985	31.89%			51,696,930	-10,500	51,686,430	187,683,415	31.58%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Others									
III. Total amount of shares	426,492,308	100.00%			167,895,059		167,895,059	594,387,367	100.00%

Causes for change in shares

Applicable Not applicable

The Company will execute the 2022 equity distribution with June 1, 2023, as the equity registration date. This distribution plan entails a conversion ratio of 4 shares for every 10 shares, leading to a proportional increase in both shares subject to limited sales conditions and shares without such restrictions. Moreover, the Company's former Supervisor, Ms. Wang Ying, tendered a written resignation report to the Company in June 2023. Her resignation was formalized after the election of a new supervisor at the 2023 First Extraordinary General Meeting of Shareholders held in July 2023. Shares directly held by Ms. Wang Ying are locked, resulting in a corresponding increase in the Company's restricted shares.

Approval of changes in shares

Applicable Not applicable

winner Winner Medical

The Company held the 11th meeting of the 3rd Board of Directors, the 8th meeting of the 3rd Board of Supervisors on April 23, 2023, and the 2022 Annual General Meeting on May 16, 2023, respectively, to review and approve the *Proposal on the Plan on the Profit Distribution for 2022*. Based on the 419,737,649 shares after deducting the repurchased shares, the Company intended to distribute a cash dividend of 19.00 yuan (tax-inclusive) per 10 shares to all shareholders, with 4 shares converted into share capital for every 10 shares without any bonus shares.

Transfer of share changes

Applicable Not applicable

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

Applicable Not applicable

Influence of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes in the most recent year and the most recent period. For details, refer to “Section II - V. Main Accounting Data and Financial Indicators.”

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in current period ^{Note 1}	Number of shares released from restricted sale in current period	Number of restricted shares at the end of the period	Reasons for restricted sale	The date of lifting the restricted sale
Winner Group Company	290,438,848	116,175,539	0	406,614,387	Commitment to postpone the initial release period by one year	September 16, 2024
Fang Xiuyuan	30,000	12,000	0	42,000	Shares locked by directors, supervisors and senior management	Unlock 25% of the total number of shares held at the beginning of each year until the number of shares held does not exceed 1,000 shares.
Chen Huixuan	3,975	1,590	0	5,565	Shares locked by directors, supervisors and senior management	Unlock 25% of the total number of shares held at the beginning of each year until the number of shares held does not exceed 1,000 shares.
Wang Ying	22,500	19,500	0	42,000	Shares locked by directors, supervisors and senior management	Adhere to relevant regulations regarding share sales restrictions imposed by departing directors, supervisors, and senior management
Total	290,495,323	116,208,629	0	406,703,952	--	--

Note: The Company will implement the 2022 equity distribution plan, with June 2, 2023, designated as the ex-rights and dividend date. This plan involves a conversion ratio of 4 shares for every 10 shares, resulting in a proportional increase in the number of restricted shares held by relevant shareholders.

II. Securities issuance and listing

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

Applicable Not applicable

2. Changes in the total number of shares and shareholder structure of the Company, as well as the changes in the Company's asset and liability structure

Applicable Not applicable

The Company will execute the 2022 equity distribution, with June 1, 2023, set as the equity registration date. At that time, the Company's total share capital stood at 426,492,308 shares, with 6,754,659 shares held in the special securities account for repurchase, resulting in 419,737,649 shares after deducting the repurchase shares. The Company intended to distribute a cash dividend of 19.00 yuan (tax-inclusive) per 10 shares to all shareholders, with 4 shares converted into share capital for every 10 shares without any bonus shares. Following the share transfer implementation, the total number of Company shares increased from 426,492,308 shares to 594,387,367 shares.

The Company convened the 18th meeting of the third board of directors and the 13th meeting of the third board of supervisors on December 19, 2023. During these meetings, the *Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account* was reviewed and endorsed. The Company intends to utilize the remaining 6,094,659 shares in the repurchase account, excluding those allocated for the first phase of the employee stock ownership plan, for cancellation, thereby reducing the registered capital. On March 28, 2024, the Company completed the aforementioned industrial and commercial change procedures to reduce the registered capital. As a result, the total share capital decreased from 594,387,367 shares to 588,292,708 shares.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number and shareholding of the Company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	28,332	Total number of common shareholders as of the end of the previous month before the disclosure date of the annual report	27,872	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 9)	0	Total number of preferred shareholders with voting rights restored as of the end of the previous month before the disclosure date of the annual report	0	Total number of shareholders holding special voting shares (if any)	0
Shareholders holding more than 5% shares or top 10 shareholders (Excluding shares loaned through refinancing)									
Shareholder's name	Shareholder nature	Shareholding ratio	End of the reporting period Number of shares held	Increase or decrease during the reporting period ^{Note 1}	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge, mark or frozen		
							Status of shares	Quantity	
Winner Group Limited	Overseas legal person	68.41%	406,614,387	116,175,539	406,614,387	0	N/A	0	
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	Domestic non-state legal person	4.19%	24,888,027	2,753,885	0	24,888,027	N/A	0	
Xiamen Leyuan Investment Partnership (Limited Partnership)	Domestic non-state legal person	2.72%	16,142,550	2,380,375	0	16,142,550	N/A	0	
Xiamen Yutong Investment Partnership (Limited Partnership)	Domestic non-state legal person	1.44%	8,560,222	1,235,649	0	8,560,222	N/A	0	
Xiamen Huikang Investment Partnership (Limited Partnership)	Domestic non-state legal person	0.87%	5,167,887	749,825	0	5,167,887	N/A	0	
National Social Security Fund 101 Portfolio	Others	0.49%	2,940,162	1,376,162	0	2,940,162	N/A	0	
Huaxia Life Insurance Co.,Ltd. - Own funds	Others	0.49%	2,934,540	2,436,240	0	2,934,540	N/A	0	
Industrial and Commercial Bank of China Limited - E Fund ETF	Others	0.48%	2,848,729	2,279,425	0	2,848,729	N/A	0	
Basic Endowment Insurance Fund 1001 Portfolio	Others	0.46%	2,754,742	2,754,742	0	2,754,742	N/A	0	
Xiamen Zepeng Investment Partnership (Limited Partnership)	Domestic non-state legal person	0.45%	2,650,223	418,235	0	2,650,223	N/A	0	
Situation of strategic investors or general legal persons becoming the top 10 shareholders due to the allotment of new shares (if any) (see note 4)		None							
Description of the above-mentioned shareholder association or concerted action		None							
Description of the above shareholders involved in entrusting / entrusted voting right and waiver of voting right		None							
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (see Note 10)		As of Sunday, December 31, 2023, the Company repurchased 6,249,659 shares held in the "special securities account for the repurchase of Winner Medical Co., Ltd."							

Shareholding of top 10 shareholders with unlimited sales conditions				
Shareholder's name	Number of shares with unlimited sales conditions held at the end of the reporting period	Share type	Share type	Quantity
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	24,888,027	RMB common share		24,888,027
Xiamen Leyuan Investment Partnership (Limited Partnership)	16,142,550	RMB common share		16,142,550
Xiamen Yutong Investment Partnership (Limited Partnership)	8,560,222	RMB common share		8,560,222
Xiamen Huikang Investment Partnership (Limited Partnership)	5,167,887	RMB common share		5,167,887
National Social Security Fund 101 Portfolio	2,940,162	RMB common share		2,940,162
Huaxia Life Insurance Co.,Ltd. - Own funds	2,934,540	RMB common share		2,934,540
Industrial and Commercial Bank of China Limited - E Fund ETF	2,848,729	RMB common share		2,848,729
Basic Endowment Insurance Fund 1001 Portfolio	2,754,742	RMB common share		2,754,742
Xiamen Zepeng Investment Partnership (Limited Partnership)	2,650,223	RMB common share		2,650,223
Hong Kong Securities Clearing Company Ltd.	2,473,111	RMB common share		2,473,111
Description of the association or concerted action between top 10 public shareholders with unlimited sales conditions, and between top 10 public shareholders with unlimited sales conditions and top 10 shareholders	None			
Participation in the securities margin trading (if any) (see Note 5)	None			

Note 1: The Company designated June 2, 2023, as the ex-rights and ex-dividend date for the implementation of the 2022 equity distribution plan, which involves a conversion ratio of 4 shares for every 10 shares. Consequently, this led to an increase in the total number of company shares held by all shareholders.

The top ten shareholders engaged in the refinancing business and lending of shares

√Applicable □ Not applicable

Unit: share

Top ten shareholders involved in refinancing and share lending									
Shareholder's name (full name)	name (full)	Holdings in ordinary accounts and credit accounts at the beginning of the period		Shares lent under refinancing at the start of the period that remain outstanding		Holdings in general accounts and credit accounts at the end of the period		Shares loaned through refinancing at the end of the period that are yet to be returned	
		Total	Proportion to total share capital	Total	Proportion to total share capital	Total	Proportion to total share capital	Total	Proportion to total share capital
Industrial and Commercial Bank of China Limited - E Fund ETF		569,304	0.13%	177,200	0.04%	2,848,729	0.48%	52,700	0.01%

Changes in the top ten shareholders compared to the previous period

√Applicable □ Not applicable

Unit: share

Changes in the top ten shareholders compared to the end of the previous period					
Shareholder's name (full name)	Additions/Exits during this reporting period	Number of shares lent through refinancing at the end of the period that have not been returned		Number of shares held by shareholders in ordinary accounts, credit accounts, and refinancing loans at the end of the period that have not been returned	
		Total	Proportion to total share capital	Total	Proportion to total share capital
Huaxia Life Insurance Co.,Ltd. - Self-owned funds	Number of additions	0	0.00%	2,934,540	0.49%
Industrial and Commercial Bank of China Limited - E Fund ETF	Number of additions	52,700	0.01%	2,901,429	0.49%
Basic Endowment Insurance Fund 1001 Portfolio	Number of additions	0	0.00%	2,754,742	0.46%
Hong Kong Securities Clearing Company Ltd.	Retreat	0	0.00%	2,473,111	0.42%
Basic Endowment Insurance Fund 808 Portfolio	Retreat	0	0.00%	2,312,860	0.39%
Zheng Junhui	Retreat	0	0.00%	1,626,380	0.27%

Whether the company has a voting rights differential arrangement

Applicable Not applicable

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholder: foreign holding

Type of controlling shareholder: legal person

Name of the controlling shareholder	Legal Representative / Head of Unit	Date of establishment	Organization code	Main business
Winner Group Limited	Li Jianquan	April 8, 2003	124887	Investment management

Equity of other domestic and foreign listed companies controlled and invested by controlling shareholder during the reporting period None

Change of controlling shareholders during the reporting period

Applicable Not applicable

No change in controlling shareholders during the reporting period.

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

Nature of actual controller: overseas natural person

Type of actual controller: natural person

Name of actual controller	Relationship with actual controller	Nationality	Granted with the right of residence in other countries or regions
Li Jianquan	Himself	Hong Kong, China	Yes
Main occupation and position	Chairman and General Manager		
Domestic and foreign listed companies that have held shares in the past 10 years	None		

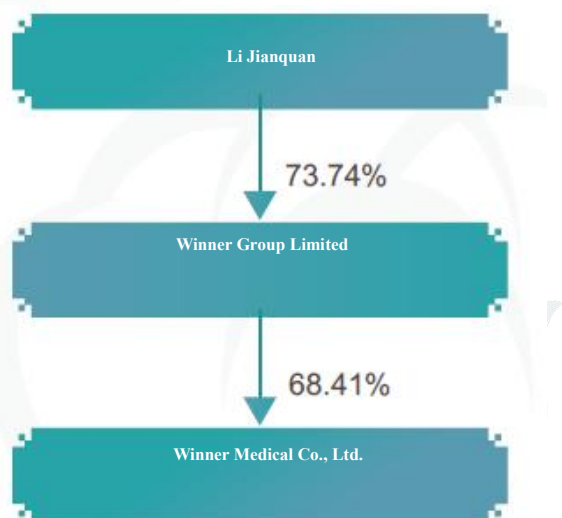
winner Winner Medical

Changes in actual controller during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period.

Block diagram of the property rights and control relationship between the Company and the actual controller



The actual controller controls the Company through trust or other asset management

Applicable Not applicable

4. The cumulative number of pledged shares of the controlling shareholder or the largest shareholder of the Company and the person acting in concert accounts for 80% of the total number of shares held by them in the Company

Applicable Not applicable

5. Other corporate shareholders holding more than 10% of the shares

Applicable Not applicable

6. Restriction and reduction of the shares of controlling shareholders, actual controllers, reorganization parties and other promised entities

Applicable Not applicable

The company's controlling shareholder, Winner Group Limited, has pledged not to decrease its holdings of the Company's shares for three years from the date of listing, effective until September 17, 2023. Furthermore, Winner Group Limited issued the *Commitment on Voluntarily Extending the Sale Restriction Period* on August 28, 2023, prolonging the sale restriction period of its restricted shares by one year until September 16, 2024.

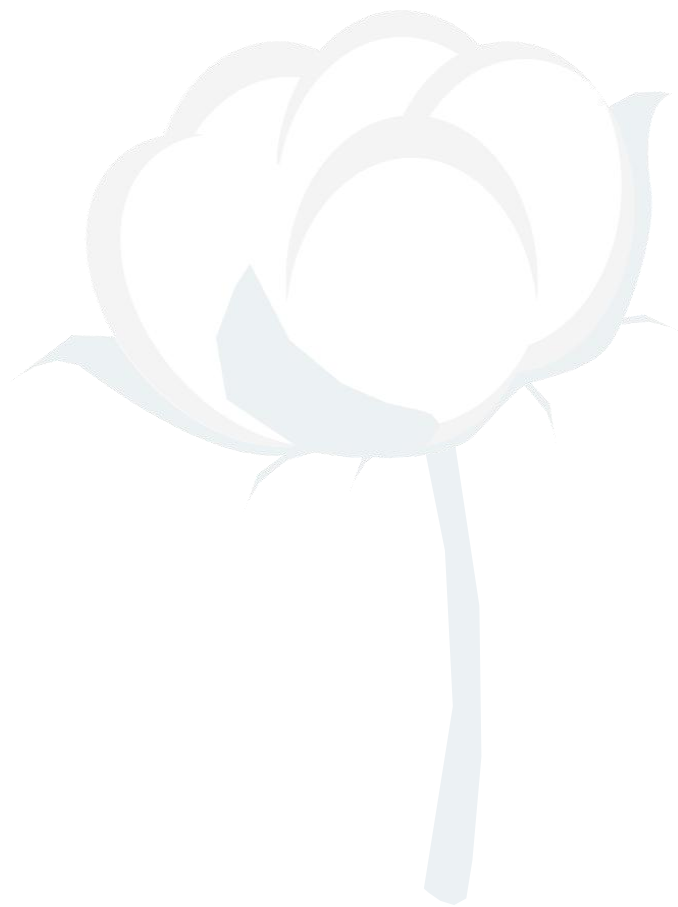
IV. Specific implementation of share repurchase in the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding transactions

Applicable Not applicable





Applicable Not applicable
No preferred shares of the Company during the reporting period.

08

Section VIII
Preferred Shares-related
Information

09

Section IX Bond-related Information

□ Applicable ✓ Not applicable



10

Section X Financial Report



I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing the audit report	April 23, 2024
Name of audit institution	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Audit report document number	X.K.S.B.Zi [2024] No. ZI10222
Name of certified public accountants	Cheng Jin, Wu Lihong

Audit Report Text

- Audit Opinion

We have audited the accompanying financial statements of Winner Medical Co., Ltd. (hereinafter referred to “Winner Medical”), including the consolidated and parent company balance sheet as of Sunday, December 31, 2023, consolidated and parent company income statement, consolidated and parent company cash flow statement and consolidated and parent company statement of change in equity for the year 2023 and notes to financial statements.

In our opinion, the attached financial statements of Winner Medical have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises and give a true and fair view of the consolidated and parent company financial position as of Sunday, December 31, 2023 and the consolidated and parent company financial performance and cash flows for the year 2023 in all significant terms.

- Basis for Audit Opinion

We conducted our audit in accordance with the China Registered Accountants Auditing Standards(CRAAS). The “Responsibility of certified public accountants for audit of financial statements” in the audit report further states our responsibility under the Standards. We were independent of Winner Medical and fulfill other responsibilities in terms of professional ethics according to the code of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to act as a basis for our audit opinion.

- Key Audit Items

The key audit items are those that we consider most important to audit the financial statements of the current period in our professional judgment. The response to these items is based on the audit of the financial statements as a whole and the formation of an audit opinion. We do not comment on these items separately.

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

Key Audit Items	How is the item handled in the audit
<p>Existence of monetary funds and trading financial assets</p> <p>Please refer to Notes III, (X) and Notes V, (I), (II) to the consolidated financial statements.</p> <p>On December 31, 2022, the balance of Winner Medical's monetary funds and trading financial assets was about 7.556 billion yuan, accounting for 44.16% of the total assets; On December 31, 2021, the balance of Winner Medical's monetary funds and trading financial assets was approximately 8.906 billion yuan, accounting for 48.79% of the total assets, which is important to the financial statements. Therefore, we identified the presence of monetary funds and trading financial assets as key audit matters.</p>	<p>Our main audit procedures for the existence of monetary funds and trading financial assets include:</p> <ol style="list-style-type: none"> 1. Understand the key internal controls related to the existence of monetary funds and trading financial assets, evaluate the design of these controls, determine whether they are implemented, and test the operation effectiveness of the relevant internal controls; 2. Obtain the bank account statements and check with the book balance. Obtain the bank reconciliation statements for the items with differences, understand the nature of the reconciliation items, and test the major reconciliation items; 3. Implement confirmation procedures for monetary funds and trading financial assets, and calculate according to the latest net value as of the balance sheet date provided by the bank. 4. Check large amounts of monetary funds; inspect product specifications and purchase receipts for trading financial assets; 5. Obtain corporate credit reports and check whether there are pledge guarantee matters related to monetary funds; 6. Implement the bank settlement account information inquiry procedure to confirm the accuracy and completeness of the bank settlement account provided to us by the management.
<p>Recognition of operating income</p> <p>For details of the accounting policies for income recognition and the analysis of income, please refer to Notes III, (XXVII) and Notes V, (XLIII) to the consolidated financial statements.</p> <p>The income of Winner Medical mainly comes from the sales business of medical consumables and healthy consumer goods.</p> <p>Compared with the previous period, due to adjustment of public health events policy and the tightened government's epidemic prevention policies in China, the income of medical consumables experienced a year-on-year decrease of 46.74%, which was a significant changes in revenue. Therefore, we determine income recognition as a key audit issue.</p>	<p>Our main audit procedures for the operating income recognition of Winner Medical include:</p> <ol style="list-style-type: none"> 1. Understand the key internal controls related to the recognition of income, evaluate the design of these controls, determine whether they are implemented, and test the operation effectiveness of the relevant internal controls; conduct a comprehensive assessment of the main IT systems within the group, with particular focus on ensuring the implementation of key control activities in the realm of information management. 2. Check the major sales contracts, understand the terms or conditions of the major contracts, and evaluate whether the income recognition policy conforms to the provisions of the Accounting Standards for Business Enterprises; 3. Implement substantive analysis procedures for income and gross profit margin according to major products, identify whether there are significant or abnormal fluctuations, and find out the causes of fluctuations; 4. Confirm current sales to main customers by sampling combined with the confirmation of accounts receivable; <ol style="list-style-type: none"> 1. For domestic sales income, check supporting documents related to income recognition by sampling, including sales contract, order, sales invoice, delivery note and customer receipt, etc.; 2. For export income, check supporting documents such as sales contract, export declaration form, bill of lading by sampling; 2. Implement an analytical review procedure for e-commerce sales income, select the Tao system, JD.com and official website with the highest proportion of e-commerce, obtain the sales data of each platform for consumption behavior analysis, and compare it with the carrying amount of Company's sales income; 3. Check the capital flow of third-party payment platforms such as Alipay and check it with the carrying amount; 8. Carry out cutoff test on the income recognized before and after the balance sheet date to evaluate whether the income is recognized in the appropriate period.

Key Audit Items	How is the item handled in the audit
Accounting of fixed assets and construction in progress	<p>Please refer to Notes III, (XVI), (XVII) and Notes V, (XV), (XVI) to the consolidated financial statements.</p> <p>On December 31, 2023, the net value of fixed assets and projects under construction totaled 3.734 billion yuan, representing approximately 21.82% of the total assets. By comparison, on December 31, 2022, the net value of fixed assets and projects under construction amounted to 3.078 billion yuan, accounting for approximately 16.86% of the total assets.</p> <p>Fixed assets and construction in progress are an important part of the consolidated balance sheet of Winner Medical. The time point when the construction in progress reaches the predetermined usable condition and transfer into the fixed assets, the method of depreciation calculation of the fixed assets, the judgment of the useful life of the fixed assets and the net realizable value of the fixed assets will impact the book value of the fixed assets and construction in progress, and they are of importance to the consolidated financial statements.</p>
Goodwill impairment tests	<p>Please refer to Notes V, (XIX), VI, (I) to the consolidated financial statements.</p> <p>As of December 31, 2023, net goodwill amounted to around 864 million yuan, representing approximately 5.05% of total assets. By comparison, as of December 31, 2022, net goodwill stood at approximately 1.045 billion yuan, accounting for roughly 5.72% of total assets.</p> <p>During the evaluation of goodwill impairment, the apply key assumptions such as income growth rate, gross profit margin and discount rate. Due to the importance of goodwill to the overall financial statements and the involvement of management's subjective judgments and significant estimates in impairment test, which are inherently uncertain and may be affected by management's bias, we regard goodwill and its impairment test as key audit matters.</p>

- Other information

The management of Winner Medical (hereinafter referred to as the management) is responsible for other information, including the information covered in Winner Medical's annual report for 2023, but excluding the financial statements and our audit report.

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

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

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

- Responsibility of management and government for the financial statements

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

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

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

- Responsibility of certified public accountants for audit of financial statements

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

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

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

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

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

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

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

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

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

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

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

BDO CHINA SHU LUN PAN CERTIFIED PUBLIC
ACCOUNTANTS LLP

Chinese Certified Public Accountant: Cheng Jin

(Project Partner)

Shanghai, China

Chinese Certified Public Accountant: Wu Lihong

April 23, 2023

II. Financial statements

Unit of statements in financial notes: yuan

1. Consolidated Balance Sheet

Prepared by: Winner Medical Co., Ltd.	December 31, 2023		Unit: yuan
Item	December 31, 2023		January 01, 2023
Current assets:			
Cash and cash equivalents	4,706,132,071.27		4,526,877,578.90
Deposit reservation for balance			
Lending funds			
Tradable financial assets	2,850,058,540.71		4,378,789,960.23
Derivative financial assets			
Notes receivable	42,963,076.53		51,001,784.57
Accounts receivable	768,602,289.60		932,642,061.04
Amounts receivable financing	29,348,618.44		93,093,113.79
Advances to suppliers	122,281,742.75		229,225,273.09
Premiums receivables			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	218,913,405.18		236,298,390.78
Including: Interest receivable			
Dividends receivable			
Redemptory cash and cash equivalents for sale			
Inventory	1,434,326,287.96		1,558,923,573.37
Contract assets			
Assets held for sales			
Non-current assets due within a year	4,379,308.17		
Other current assets	378,853,652.64		119,059,084.47
Total current assets	10,555,858,993.25		12,125,910,820.24
Non-current assets:			

Item	December 31, 2023	January 01, 2023
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	35,689,264.21	
Long-term equity investment	20,879,244.20	21,747,635.99
Other equity instrument investments		
Other non-current financial assets	70,000,000.00	40,000,000.00
Investment real estates	7,693,341.79	8,747,014.25
Fixed assets	2,749,018,750.62	2,312,982,598.88
Construction in progress	984,571,329.05	765,009,910.63
Productive biological assets		
Oil and gas assets		
Right-of-use assets	417,496,021.36	472,356,125.64
Intangible assets	995,228,233.51	1,033,109,803.45
Development expenditure		
Goodwill	864,289,002.45	1,044,674,814.01
Long-term unamortized expenses	131,090,470.15	132,692,286.03
Deferred income tax assets	175,351,248.02	211,971,976.90
Other non-current assets	104,856,551.36	83,524,640.64
Total non-current assets	6,556,163,456.72	6,126,816,806.42
Total assets	17,112,022,449.97	18,252,727,626.66
Current liabilities		
Short-term loans	1,493,238,955.00	2,295,218,930.85
Borrowings from central bank		
Borrowing funds		
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	315,902,844.15	24,760,000.00
Accounts payable	1,116,802,220.38	1,119,574,518.58
Advance from customers		

Item	December 31, 2023	January 01, 2023
Contract liabilities	193,262,892.15	566,819,254.08
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	254,475,235.72	312,450,241.38
Taxes payable	62,877,779.86	322,255,874.61
Other payables	591,310,917.61	570,843,242.88
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within one year	223,426,826.45	215,946,889.32
Other current liabilities	19,712,328.19	59,604,591.85
Total current liabilities	4,271,009,999.51	5,487,473,543.55
Non-current liabilities		
Reserve fund for insurance contracts		
Long-term loans	170,000,000.00	
Bonds payable		
Including: preferred share		
Perpetual bond		
Lease liabilities	292,009,504.04	326,459,697.90
Long-term payable		
Long-term payroll payable	8,511,000.00	8,579,637.94
Estimated liabilities		
Deferred income	121,649,364.97	98,791,412.91
Deferred income tax liabilities	138,520,778.30	133,677,102.81
Other non-current liabilities		
Total non-current liabilities	730,690,647.31	567,507,851.56

Item	December 31, 2023	January 01, 2023
Total liabilities	5,001,700,646.82	6,054,981,395.11
Owner's equity:		
Capital stock	594,387,367.00	426,492,308.00
Other equity instruments		
Including: preferred share		
Perpetual bond		
Capital reserve	4,381,126,487.29	4,546,247,611.24
Less: treasury stock	473,552,442.85	500,082,734.11
Other comprehensive income	2,215,369.44	782,778.15
Special reserve		
Surplus reserve	420,212,778.13	420,212,778.13
General risk provision		
Undistributed profit	6,608,834,768.99	6,825,933,069.72
Total owners' equities attributable to the owners of parent company	11,533,224,328.00	11,719,585,811.13
Minority equity	577,097,475.15	478,160,420.42
Total owners' equities	12,110,321,803.15	12,197,746,231.55
Total liabilities and owners' equities	17,112,022,449.97	18,252,727,626.66

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

2. Balance Sheet of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	December 31, 2023	January 01, 2023
Current assets:		
Cash and cash equivalents	3,709,959,628.26	3,657,596,762.00
Tradable financial assets	2,723,751,837.29	3,937,805,999.74
Derivative financial assets		
Notes receivable	4,467,239.17	15,100,060.05
Accounts receivable	329,056,250.56	454,131,329.85
Amounts receivable financing	3,373,685.21	72,766,987.70
Advances to suppliers	819,879,677.04	1,247,948,057.70
Other receivables	116,040,893.47	123,628,108.60
Including: Interest receivable		
Dividends receivable		
Inventory	251,311,204.70	335,624,519.05
Contract assets		
Assets held for sales		
Non-current assets due within a year	4,379,308.17	
Other current assets	219,250,046.91	100,484,526.44
Total current assets	8,181,469,770.78	9,945,086,351.13
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables	35,689,264.21	
Long-term equity investment	3,628,308,515.87	3,547,654,880.31
Other equity instrument investments		
Other non-current financial assets	70,000,000.00	40,000,000.00
Investment real estates		
Fixed assets	39,029,180.33	99,683,983.66
Construction in progress	81,523,183.74	28,127,353.45

Item	December 31, 2023	January 01, 2023
Productive biological assets		
Oil and gas assets		
Right-of-use assets	53,018,721.37	73,896,162.36
Intangible assets	42,201,830.86	37,561,928.32
Development expenditure		
Goodwill		
Long-term unamortized expenses	19,425,804.21	20,782,444.19
Deferred income tax assets	38,890,354.71	39,382,354.76
Other non-current assets	41,395,668.54	24,649,870.57
Total non-current assets	4,049,482,523.84	3,911,738,977.62
Total assets	12,230,952,294.62	13,856,825,328.75
Current liabilities:		
Short-term loans	1,270,138,900.00	1,010,087,083.33
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	104,617,096.39	980,000,000.00
Accounts payable	247,993,184.23	868,496,158.04
Advance from customers		
Contract liabilities	90,354,800.16	464,022,623.08
Payroll payable	62,965,400.32	123,859,226.02
Taxes payable	2,852,502.16	145,381,044.31
Other payables	358,800,377.50	346,143,459.66
Including: Interest payable		
Dividends payable		
Liabilities held for sales		
Non-current liabilities due within one year	47,239,311.11	22,369,924.68
Other current liabilities	4,700,685.90	44,098,604.24
Total current liabilities	2,189,662,257.77	4,004,458,123.36
Non-current liabilities:		
Long-term loans	170,000,000.00	

Item	December 31, 2023	January 01, 2023
Bonds payable		
Including: preferred share		
Perpetual bond		
Lease liabilities	51,992,935.59	54,991,421.86
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	1,312,817.62	17,434,675.44
Deferred income tax liabilities	8,333,039.89	1,510,415.96
Other non-current liabilities		
Total non-current liabilities	231,638,793.10	73,936,513.26
Total liabilities	2,421,301,050.87	4,078,394,636.62
Owner's equity:		
Capital stock	594,387,367.00	426,492,308.00
Other equity instruments		
Including: preferred share		
Perpetual bond		
Capital reserve	4,380,380,114.80	4,571,654,373.59
Less: treasury stock	473,552,442.85	500,082,734.11
Other comprehensive income		
Special reserve		
Surplus reserve	411,397,111.21	411,397,111.21
Undistributed profit	4,897,039,093.59	4,868,969,633.44
Total owners' equities	9,809,651,243.75	9,778,430,692.13
Total liabilities and owners' equities	12,230,952,294.62	13,856,825,328.75

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

3. Consolidated Statement of Income

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	Year 2023	Year 2022
I. Total operating income	8,185,022,057.20	11,351,331,545.08
Including: Operating income	8,185,022,057.20	11,351,331,545.08
Interest revenue		
Premium earned		
Fee and commission income		
II. Operating cost	7,285,343,794.63	9,119,688,180.06
Including: Operating costs	4,174,597,287.74	5,972,800,817.29
Interest expenditure		
Fee and commission expense		
Surrender value		
Net payments for insurance claims		
Net reserve fund extracted for insurance liability contracts		
Bond insurance expense		
Reinsurance costs		
Taxes and surcharges	66,413,470.87	98,087,240.32
Selling expenses	2,090,492,506.10	2,050,176,407.46
Administrative expenses	693,647,621.42	633,614,634.95
R&D expenses	322,051,868.43	487,583,652.11
Financial expenses	-61,858,959.93	-122,574,572.07
Including: interest expenditure	63,441,562.69	50,043,346.95
Interest revenue	133,913,862.72	123,909,561.75
Plus: other incomes	101,105,274.61	84,373,262.34
Income from investment (loss expressed with "-")	127,342,880.98	51,470,767.16
Including: Income from investment of joint venture and cooperative enterprise	1,581,608.21	4,697,834.75
Income from derecognition of financial assets measured at amortized cost		
Exchange gain (loss expressed with "-")		
Net exposure hedging gain (loss expressed with "-")		

Item	Year 2023	Year 2022
Income from fair value changes (loss expressed with “-”)	46,678,103.27	32,148,876.44
Credit impairment losses (loss expressed with “-”)	4,725,509.30	-63,943,322.52
Assets impairment losses (loss expressed with “-”)	-393,762,054.87	-362,869,340.23
Income from disposal of assets (loss expressed with “-”)	32,201,950.01	3,726,204.37
III. Operating profit (loss to be filled out with the minus sign “-”)	817,969,925.87	1,976,549,812.58
Plus: Non-revenue	16,618,496.48	10,569,559.38
Less: non-operating expenditure	84,742,148.34	67,613,275.63
IV. Total profit (total loss to be filled out with the minus sign “-”)	749,846,274.01	1,919,506,096.33
Less: Income tax expenses	121,301,087.57	245,168,629.65
V. Net profit (net loss to be filled out with the minus sign “-”)	628,545,186.44	1,674,337,466.68
(I) Classified by business continuity		
1. Net profits from going concern (net loss expressed with “-”)	628,545,186.44	1,674,337,466.68
2. Net profits from discontinuing operation (net loss expressed with “-”)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of parent company	580,403,232.37	1,650,717,282.64
2. Minority interest income	48,141,954.07	23,620,184.04
VI. Net amount of other comprehensive income after tax	2,623,741.12	3,547,462.46
Net amount of other comprehensive income after tax attributed to parent company owners	1,432,591.30	2,339,713.58
(I) Other comprehensive income that can't be reclassified into profit and loss	-206,495.38	601,000.00
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan	-206,495.38	601,000.00
2. Other comprehensive income subsequently unable to be classified into the profits or losses based on equity method		
3. Changes in fair value for other equity instruments investment		
4. Changes in fair value for the enterprise credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified into profit and loss	1,639,086.68	1,738,713.58
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Changes in fair value for other debt investment		
3. The amount of financial asset subsequently to be reclassified into other comprehensive income		
4. Provisions for impairment of other debt investment		
5. Cash flow hedge		

Item	Year 2023	Year 2022
6. Balance arising from the translation of foreign currency financial statements	1,639,086.68	1,738,713.58
7. Others		
Net amount of other comprehensive income after tax attributed to minority shareholders	1,191,149.82	1,207,748.88
VII. Total comprehensive income	631,168,927.56	1,677,884,929.14
Total comprehensive income attributed to parent company owners	581,835,823.67	1,653,056,996.22
Total comprehensive income attributed to minority shareholders	49,333,103.89	24,827,932.92
VIII. Earnings Per Share		
(I) Basic earnings per share	0.98	2.79
(II) Diluted earnings per share	0.98	2.79

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

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

4. Income Statement of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	Year 2023	Year 2022
I. Revenue	2,892,090,654.45	6,524,892,771.82
Subtract: Operating costs	2,034,115,507.03	4,161,507,373.94
Taxes and surcharges	8,489,244.95	36,034,584.59
Selling expenses	387,608,950.08	452,754,200.04
Administrative expenses	313,981,375.21	334,694,723.83
R&D expenses	104,581,622.35	204,606,781.00
Financial expenses	-73,711,157.59	-124,366,125.15
Including: interest expenditure	38,242,399.91	22,677,277.27
Interest revenue	121,106,387.31	112,771,887.57
Plus: other incomes	19,329,429.96	20,759,967.82
Income from investment (loss expressed with "-")	817,024,682.96	727,290,299.21
Including: Income from investment of joint venture and cooperative enterprise	1,184,337.91	4,692,894.92
Income from derecognition of financial assets measured at amortized cost (loss expressed with "-")		
Net exposure hedging gain (loss expressed with "-")		
Income from fair value changes (loss expressed with "-")	44,940,837.55	29,434,882.75
Credit impairment losses (loss expressed with "-")	8,788,024.82	-72,175,899.92
Assets impairment losses (loss expressed with "-")	-135,881,132.07	-105,473,198.20
Income from disposal of assets (loss expressed with "-")	21,798,190.53	-94,094.68
II. Operating profit (loss to be filled out with the minus sign "-")	893,025,146.17	2,059,403,190.55
Plus: Non-revenue	3,058,779.51	1,353,390.78
Less: non-operating expenditure	60,362,700.49	17,761,666.63
III. Total profit (total loss to be filled out with the minus sign "-")	835,721,225.19	2,042,994,914.70
Less: Income tax expenses	10,150,231.94	187,930,805.33
IV. Net profit (net loss to be filled out with the minus sign "-")	825,570,993.25	1,855,064,109.37
(I) Net profits from going concern (net loss expressed with "-")	825,570,993.25	1,855,064,109.37
(II) Net profits from discontinuing operation (net loss expressed with "-")		

Item	Year 2023	Year 2022
V. Net amount of other comprehensive income after tax		
(I) Other comprehensive income that can't be reclassified into profit and loss		
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income subsequently unable to be classified into the profits or losses based on equity method		
3. Changes in fair value for other equity instruments investment		
4. Changes in fair value for the enterprise credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Changes in fair value for other debt investment		
3. The amount of financial asset subsequently to be reclassified into other comprehensive income		
4. Provisions for impairment of other debt investment		
5. Cash flow hedge		
6. Balance arising from the translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	825,570,993.25	1,855,064,109.37
VII. Earnings per share:		
(I) Basic earnings per share	0.0000	
(II) Diluted earnings per share	0.0000	

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

5. Consolidated Statement of Cash Flow

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	Year 2023	Year 2022
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	8,846,783,036.30	12,313,842,633.16
Net increase of customer deposit and deposit from other banks		
Net increase of borrowings from central bank		
Net increase of borrowing funds from other financial institutions		
Cash from obtaining original insurance contract premium		
Cash received from insurance premium of original insurance contract		
Net increase of deposit and investment of insured		
Cash from interest, handling charges and commissions		
Net increase of borrowing funds		
Net increase of repurchase of business funds		
Net cash from acting trading securities		
Refund of tax and levies	79,672,356.36	13,034,931.53
Other cash received related to operating activities	177,059,400.53	215,912,765.53
Subtotal of cash inflow from operating activities	9,103,514,793.19	12,542,790,330.22
Cash paid to buy products and accept labor services	5,055,100,441.56	6,458,046,080.74
Net increase of customer loans and advances		
Net increase of amount due from central bank and interbank		
Cash paid for original insurance contract claims payment		
Net increase of lending funds		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	1,794,520,705.17	1,775,089,609.22
Taxes and fees paid	750,512,089.73	723,930,241.85
Other cash paid related to operating activities	440,055,324.50	602,252,168.14
Subtotal of cash outflow from operating activities	8,040,188,560.96	9,559,318,099.95
Net cash flow from operating activities	1,063,326,232.23	2,983,472,230.27
II. Cash flow from investment activities:		
Cash from investment withdrawal	6,247,266,220.01	8,019,668,619.78

Item	Year 2023	Year 2022
Cash from investment income	234,362,316.07	155,708,427.23
Net cash from disposal of fixed assets, intangible assets and other long-term assets	108,039,128.43	63,203,570.84
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal of cash inflow from investment activities	6,589,667,664.51	8,238,580,617.85
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	753,066,181.04	1,199,381,228.11
Cash paid for investment	4,659,245,208.32	9,180,242,000.00
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units	147,078,596.46	1,677,072,708.56
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	5,559,389,985.82	12,056,695,936.67
Net cash flow from investing activities	1,030,277,678.69	-3,818,115,318.82
III. Cash flow from financing activities:		
Receipts from equity securities		
Including: Cash received from subsidiaries' absorption of minority shareholders' investment		
Cash received from borrowings	2,153,100,000.00	2,276,661,290.38
Other cash received related to financing activities	150,357,500.00	
Subtotal of cash inflow from financial activities	2,303,457,500.00	2,276,661,290.38
Cash repayments of amounts borrowed	2,803,050,000.00	149,941,702.35
Cash paid for distribution of dividends or profits and for interest expenses	821,623,483.60	400,990,321.44
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	464,211,430.49	608,221,958.76
Subtotal of cash outflow from financial activities	4,088,884,914.09	1,159,153,982.55
Net cash flow from financing activities	-1,785,427,414.09	1,117,507,307.83
IV. Impact of exchange rate movements on cash and cash equivalents	-1,657,672.55	-654,523.15
V. Net increase in cash and cash equivalents	306,518,824.28	282,209,696.13
Plus: Balance of cash and cash equivalents at the beginning of the period	4,370,821,958.17	4,088,612,262.04
VI. Balance of cash and cash equivalents at end of period	4,677,340,782.45	4,370,821,958.17

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

6. Cash Flow Statement of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	Year 2023	Year 2022
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	2,725,815,354.22	7,024,626,852.61
Refund of tax and levies	68,165,815.59	8,723,940.00
Other cash received related to operating activities	49,890,829.94	45,569,799.37
Subtotal of cash inflow from operating activities	2,843,871,999.75	7,078,920,591.98
Cash paid to buy products and accept labor services	4,071,208,907.64	3,123,159,254.41
Cash paid to and for employees	470,253,224.88	488,580,185.70
Taxes and fees paid	192,076,507.34	314,821,144.26
Other cash paid related to operating activities	115,904,010.32	165,828,956.84
Subtotal of cash outflow from operating activities	4,849,442,650.18	4,092,389,541.21
Net cash flow from operating activities	-2,005,570,650.43	2,986,531,050.77
II. Cash flow from investment activities:		
Cash from investment withdrawal	4,485,782,040.58	6,428,041,223.52
Cash from investment income	917,554,636.32	120,343,865.20
Net cash from disposal of fixed assets, intangible assets and other long-term assets	106,705,409.51	41,772,465.29
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal of cash inflow from investment activities	5,510,042,086.41	6,590,157,554.01
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	125,841,659.50	129,095,084.78
Cash paid for investment	2,752,606,926.68	7,550,845,323.13
Net cash paid for obtaining subsidiaries and other business units	108,812,000.00	2,020,549,500.00
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	2,987,260,586.18	9,700,489,907.91
Net cash flow from investing activities	2,522,781,500.23	-3,110,332,353.90
III. Cash flow from financing activities:		
Receipts from equity securities		
Cash received from borrowings	1,870,000,000.00	1,010,000,000.00

Item	Year 2023	Year 2022
Other cash received related to financing activities	127,857,500.00	
Subtotal of cash inflow from financial activities	1,997,857,500.00	1,010,000,000.00
Cash repayments of amounts borrowed	1,420,000,000.00	
Cash paid for distribution of dividends or profits and for interest expenses	819,607,699.75	397,234,965.83
Other cash paid related to financing activities	106,980,345.17	377,499,720.17
Subtotal of cash outflow from financial activities	2,346,588,044.92	774,734,686.00
Net cash flow from financing activities	-348,730,544.92	235,265,314.00
IV. Impact of exchange rate movements on cash and cash equivalents	923,515.28	-1,231,353.71
V. Net increase in cash and cash equivalents	169,403,820.16	110,232,657.16
Plus: Balance of cash and cash equivalents at the beginning of the period	3,540,343,438.87	3,430,110,781.71
VI. Balance of cash and cash equivalents at end of period	3,709,747,259.03	3,540,343,438.87

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

7. Consolidated Statement on Changes in Owners' Equity

Prepared by: Winner Medical Co., Ltd.

Current amount

Unit: yuan

Item	Year 2023												Subtotal	Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company														
	Capital stock	Preferred shares	Perpetual bond	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others			
I. Ending balance of previous year	426,492,308.00				4,546,247.611.24	500,082,734.11	782,778.15		420,212.778.13	6,810,953.829.30		11,704,606.570.71	478,161,435.74	12,182,768,006.45	
Plus Changes in accounting policies										14,979,240.42		14,979,240.42	-1,015.32	14,978,225.10	
Prior period error correction															
Others															
II. Beginning balance in current year	426,492,308.00				4,546,247.611.24	500,082,734.11	782,778.15		420,212.778.13	6,825,933.069.72		11,719,585.811.13	478,160,420.42	12,197,746,231.55	
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	167,895,059.00				-165,121,123.95	-26,530,291.26	1,432,591.29			-217,098,300.73		-186,361,483.13	98,937,054.73	-87,424,428.40	
(I) Total comprehensive income							1,432,591.29			580,403,232.37		581,835,823.66	49,333,103.89	631,168,927.55	
(II) Owner's invested and decreased capital					3,151,091.47								3,151,091.47	3,151,091.47	
1. Common stock invested by the owner															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included in the owner's equity					3,151,091.47								3,151,091.47	3,151,091.47	
4. Others															
(III) Profit distribution										-797,501,533.10		-797,501,533.10		-797,501,533.10	
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk preparation															
3. Distribution of owners (or shareholders)										-797,501,533.10		-797,501,533.10		-797,501,533.10	
4. Others															
(IV) Internal transfer of owner's equity	167,895,059.00				-194,425,350.26	-26,530,291.26									
1. Capital surplus transfer to paid-in capital (or capital stock)	167,895,059.00				-167,895,059.00										
2. Earned surplus transfer to paid-in capital (or capital stock)															
3. Earned surplus covering the deficit															
4. Carryforward retained earnings in variation of defined benefit plan															
5. Carryforward retained earnings of other comprehensive income															
6. Others					-26,530,291.26	-26,530,291.26									
(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Others					26,153,134.84							26,153,134.84	49,603,950.84	75,757,085.68	
IV. Balance at the end of current period	594,387,367.00				4,381,126.487.29	473,552,442.85	2,215,369.44		420,212.778.13	6,608,834.768.99		11,533,224.328.00	577,097,475.15	12,110,321,803.15	

7. Consolidated Statement on Changes in Owners' Equity (continued)

Prepared by: Winner Medical Co., Ltd.

Last term amount

Unit: yuan

Item	Year 2022												
	Owners' equities attributable to the owners of parent company												
	Capital stock	Other equity instruments Preferred share Perpetual bond Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal	Minority equity	Total owners' equities
I. Ending balance of previous year	426,492,308.00		4,549,621,096.81	257,992,366.68	-1,556,935.43		420,212,778.13		5,538,135,285.97		10,674,912,166.80	12,196,045.94	10,687,108,212.74
Plus: Changes in accounting policies									14,844,385.21		14,844,385.21	924.66	14,845,309.87
Prior period error correction													
Others													
II. Beginning balance in current year	426,492,308.00		4,549,621,096.81	257,992,366.68	-1,556,935.43		420,212,778.13		5,552,979,671.18		10,689,756,552.01	12,196,970.60	10,701,953,522.61
III. Increase or decrease in current period Amount (less to be filled out with the minus sign "--")			-3,373,485.57	242,090,367.43	2,339,713.58				1,272,953,398.54		1,029,829,259.12	465,963,449.82	1,495,792,708.94
(I) Total comprehensive income					2,339,713.58				1,650,717,282.64		1,653,056,996.22	24,827,932.92	1,677,884,929.14
(II) Owner's invested and decreased capital			-3,373,485.57								-3,373,485.57		-3,373,485.57
1. Common stock invested by the owner													
2. Capital invested by other equity instrument holders													
3. Amount of share-based payment included in the owner's equity			-3,373,485.57								-3,373,485.57		-3,373,485.57
4. Others													
(III) Profit distribution									-377,763,884.10		-377,763,884.10		-377,763,884.10
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk preparation													
3. Distribution of owners (or shareholders)									-377,763,884.10		-377,763,884.10		-377,763,884.10
4. Others													
(IV) Internal transfer of owner's equity													
1. Capital surplus transfer to paid-in capital (or capital stock)													
2. Earned surplus transfer to paid-in capital (or capital stock)													
3. Earned surplus covering the deficit													
4. Carryforward retained earnings in variation of defined benefit plan													
5. Carryforward retained earnings of other comprehensive income													
6. Others													
(V) Special reserve													
1. Draw in this current													
2. Use in this current													
(VI) Others				242,090,367.43							-242,090,367.43	441,135,516.90	199,045,149.47
IV. Balance at the end of current period	426,492,308.00		4,546,247,611.24	500,082,734.11	782,778.15		420,212,778.13		6,825,933,069.72		1,719,585,811.13	478,160,420.42	12,197,746,231.55

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

8. Statement on Changes in Owners' Equity of Parent Company

Prepared by: Winner Medical Co., Ltd.

Current amount

Unit: yuan

Item		Year 2023										Total owners' equities	
		Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Others
			Preferred share	Perpetual bond	Others								
I.	Ending balance of previous year	426,492,308.00				4,571,654,373.59	500,082,734.11			411,397,111.21	4,868,449,855.81		9,777,910,914.50
	Plus: Changes in accounting policies										519,777.63		519,777.63
	Prior period error correction												
	Others												
II.	Beginning balance in current year	426,492,308.00				4,571,654,373.59	500,082,734.11			411,397,111.21	4,868,969,633.44		9,778,430,692.13
III.	Increase/decrease in the current period (less to be filled out with the minus sign "-")	167,895,059.00				-191,274,258.79	-26,530,291.26				28,069,460.15		31,220,551.62
(I)	Total comprehensive income										825,570,993.25		825,570,993.25
(II)	Owner's invested and decreased capital					3,151,091.47							3,151,091.47
1.	Common stock invested by the owner												
2.	Capital invested by other equity instrument holders												
3.	Amount of share-based payment included in the owner's equity					3,151,091.47							3,151,091.47
4.	Others												
(III)	Profit distribution										-797,501,533.10		-797,501,533.10
1.	Withdrawal of surplus reserves												
2.	Distribution of owners (or shareholders)										-797,501,533.10		-797,501,533.10
3.	Others												
(IV)	Internal transfer of owner's equity	167,895,059.00				-194,425,350.26	-26,530,291.26						
1.	Capital surplus transfer to paid-in capital (or capital stock)	167,895,059.00				-167,895,059.00							
2.	Earned surplus transfer to paid-in capital (or capital stock)												
3.	Earned surplus covering the deficit												
4.	Carryforward retained earnings in variation of defined benefit plan												
5.	Carryforward retained earnings of other comprehensive income												
6.	Others					-26,530,291.26	-26,530,291.26						
(V)	Special reserve												
1.	Draw in this current												
2.	Use in this current												
(VI)	Others												
IV.	Balance at the end of current period	594,387,367.00				4,380,380,114.80	473,552,442.85			411,397,111.21	4,897,039,093.59		9,809,651,243.75

8. Statement on Changes in Owners' Equity of Parent Company (continued)

Prepared by: Winner Medical Co., Ltd.

Last term amount

Unit: yuan

Item		Year 2022											
		Capital stock	Other equity instruments			Capital reserve	Less Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equities
			Preferred share	Perpetual bond	Others								
I.	Ending balance of previous year	426,492,308.00				4,575,027,859.16	257,992,366.68			411,397,111.21	3,391,392,215.70		8,546,317,127.39
	Plus: Changes in accounting policies										277,192.47		277,192.47
	Prior period error correction												
	Others												
II.	Beginning balance in current year	426,492,308.00				4,575,027,859.16	257,992,366.68			411,397,111.21	3,391,669,408.17		8,546,594,319.86
III.	Increase/decrease in the current period (less to be filled out with the minus sign "-")					-3,373,485.57	242,090,367.43				1,477,300,225.27		1,231,836,372.27
(I)	Total comprehensive income										1,855,064,109.37		1,855,064,109.37
(II)	Owner's invested and decreased capital					-3,373,485.57							-3,373,485.57
1.	Common stock invested by the owner												
2.	Capital invested by other equity instrument holders												
3.	Amount of share-based payment included in the owner's equity					-3,373,485.57							-3,373,485.57
4.	Others												
(III)	Profit distribution										-377,763,884.10		-377,763,884.10
1.	Withdrawal of surplus reserves												
2.	Distribution of owners (or shareholders)										-377,763,884.10		-377,763,884.10
3.	Others												
(IV)	Internal transfer of owner's equity												
1.	Capital surplus transfer to paid-in capital (or capital stock)												
2.	Earned surplus transfer to paid-in capital (or capital stock)												
3.	Earned surplus covering the deficit												
4.	Carryforward retained earnings in variation of defined benefit plan												
5.	Carryforward retained earnings of other comprehensive income												
6.	Others												
(V)	Special reserve												
1.	Draw in this current												
2.	Use in this current												
(VI)	Others						242,090,367.43						-242,090,367.43
IV.	Balance at the end of current period	426,492,308.00				4,571,654,373.59	500,082,734.11			411,397,111.21	4,868,969,633.44		9,778,430,692.13

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Wu Kezhen

III. Basic information of the Company

1. Company profile

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

On May 18, 2001, the Board of Directors of the Company decided to increase the registered capital from HKD 30.00 million to HKD 60.00 million, and the total investment from HKD 60.00 million to HKD 120.00 million, which was paid in three installments since the date of registration of the Company. On June 5, 2001, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly.

As of December 21, 2001, it has received the second installment of the registered capital paid by Winner International Trading Corporation. Winner International Trading Corporation contributed HKD 31,445,194.91 in monetary funds, and this investment was verified by Shenzhen Zhongpeng Certified Public Accountants, Ltd. (S.P.K.Y. Zi [2002] No.037 capital verification report). As of February 21, 2002, it has received the third installment of the registered capital totaling HKD 6,005,722.20 paid by Winner International Trading Corporation, including HKD 3,665,722.20 in currency and HKD 2,340,000.00 in kind. This investment was verified by Shenzhen Lishang Certified Public Accountants Co., Ltd. (S.L.S.Y. Zi [2002] No.039 capital verification report)

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

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

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

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

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

As of March 15, 2007, the Company transferred undistributed profits HKD 6,576,196.00 to paid-in capital, and the cumulative paid-in capital after the change was HKD 126.00 million. This capital increase was verified by Shenzhen Hengping Certified Public Accountants Co., Ltd. (S.H.P.W.Y. Zi [2007] No.0004 capital verification report). On August 13, 2007, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Municipal Bureau for Industry and Commerce and amended the Articles of Association accordingly. The registration number was changed from Q.D.Y.S.Z. Zi No. 307199 to 440306503230896.

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

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

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

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

On February 20, 2013, the Board of Directors of the Company decided and agreed to increase the Company's registered capital by HKD 4,271,300. The registered capital after the change was HKD 196,271,300, and the total investment was still HKD 380,000,000.

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

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

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

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

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	19,627.13	91.5703
Kangsheng Investment	1,032.24	4.8159
Kangxin Investment	441.45	2.0596
Kanglong Investment	333.13	1.5542
Total	21,433.95	100.0000

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

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

On July 1, 2014, the Board of Directors of the Company decided and agreed to increase the Company's registered capital by HKD 3,646,600. The registered capital after the change was HKD 217,986,100, and the total investment was still HKD 380,000,000. The capital increase was made by the original shareholder, Kangsheng Investment, which subscribed HKD 3,646,600 with 13.585 million yuan, and the increased registered capital was paid in two installments. After the completion of the capital increase, the Company's ownership structure was changed as follows:

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

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

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

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

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

On September 28, 2014, the Board of Directors of the Company decided and agreed to increase the Company’s registered capital by HKD 22,550,300. The registered capital after the change was HKD 240,536,400, and the total investment was still HKD 380.00 million. The new registered capital was subscribed by Beijing Sequoia Xinyuan Equity Investment Center (L.P.) (hereinafter referred to as “Sequoia Xinyuan”) with 300.00 million yuan. After the completion of the capital increase, the Company’s ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	18,984.01	78.9236
Kangsheng Investment	1,396.90	5.8074
Kangxin Investment	740.83	3.0800
Kanglong Investment	447.37	1.8599
Kangli Investment	229.50	0.9541
Sequoia Xinyuan	2,255.03	9.3750
Total	24,053.6400	100.0000

As of October 31, 2014, it has received 300.00 million yuan from Sequoia Xinyuan in monetary funds. On November 06, 2014, the Company obtained the changed business license of the enterprise legal person issued by Shenzhen Administration for Market Regulation and amended the Articles of Association accordingly. This capital increase was verified by the Shenzhen Branch of Zhonglian Certified Public Accountants Co., Ltd. (Z.L.S.S.Y. Zi [2014] No.087 capital verification report).

On April 30, 2015, through the resolution of the Board of Directors of the Company, with February 28, 2015 as the base date, Winner Industries was wholly changed into a limited liability Company, with a registered capital of 368 million yuan. Pursuant to the stipulations outlined in the promoter agreement and articles of association, each shareholder’s audited net assets as of February 28, 2015, amounted to 1,058,194,956.32 yuan. These assets were converted into 368 million shares at a ratio of 1:0.3478. Par value of each share was 1 yuan, and the total share capital was 368 million yuan and held separately by the original shareholders in accordance with their original proportions; the remaining 690,194,956.32 yuan was included in the capital surplus (due to the change of calculation policy of Company’s receivables bad debt provision during the reporting period, the audited net assets of the Company as of the base date of share reform were adjusted to 1,050,812,354.45 yuan, and the corresponding share conversion ratio was adjusted to 1:0.3502). June 4, 2015, with the approval of Economy, Trade and Information Commission of Shenzhen Municipality, Winner Industries was wholly changed into a limited liability company, renamed as “Winner Medical Co., Ltd.”, and obtained the business license of enterprise legal person with the registration number of 440306503230896.

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

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

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

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

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

At the 2022 Annual General Meeting of Shareholders, the equity distribution plan was reviewed and endorsed. Based on the 419,737,649 shares post the deduction of repurchased shares, the plan includes a cash dividend of 19.00 yuan (tax included) for every 10 shares, alongside a conversion of every 10 shares into 4 shares of capital stock. Subsequently, the Company’s share capital was adjusted to 594,387,367.00 yuan.

The Company belongs to textile industry.

Business term: sustainable operation.

Business scope: Engaged in the production and operation of Class II and III 6864 medical and sanitary materials, medical biological materials, dressings and products, medical clothing, protective equipment, textiles, non-woven products, and molded packaging (excluding goods managed under national export licenses), along with related products such as disposable consumables and molded packaging. Additionally, involved in all Class I medical devices, all Class II medical devices (excluding in vitro diagnostic reagents), and Class III medical devices.

Medical hygiene materials and dressings, medical suture materials and adhesives, medical polymer materials and products (except disposable transfusion apparatus (needle)), general diagnostic instruments, medical cold treatment, low temperature, refrigerating equipment and tools, cotton household articles, cotton apparel, cotton costume, pure cotton spunlace non-woven fabric and its manufactured products, cotton, disinfection products, daily necessities, cosmetics, protective equipment and instruments and meters (if it does not involve goods subject to state trading, or involves goods subject to quotas, license management and other special provisions, it shall apply in accordance with relevant regulations of the state); provide the technical consulting, technical services and after-sales services of above-mentioned products; sterilization technical services (if it needs to obtain relevant qualifications to operate, it shall apply in accordance with relevant regulations); enterprise management consulting, business information consulting, economic information consulting, warehouse services (excluding hazardous chemicals, precursor chemicals, refined oil and other dangerous goods), own property leasing (it can be operated only with the legal real estate ownership certificate under the Company's name). The above business scope does not include the items subject to special administrative measures for access stipulated by the state, and those involving the record and licensing qualifications need to obtain the relevant certificates before operation.

Domicile of the Company: F42, Building 2, Huilong Business Center, Shenzhen North Railway Station Area, Minzhi Subdistrict, Longhua District, Shenzhen City; Winner Industrial Park, No.660 Bulong Road, Longhua New District, Shenzhen.

The financial statements were approved by the Board of Directors of the Company on April 23, 2024.

2. Scope of consolidated financial statements

As of Sunday, December 31, 2023, the subsidiaries in the consolidated financial statements of the Company are as follows:

Subsidiary name
Winner Medical (Jingmen) Co., Ltd. (hereinafter referred to as "Winner Medical (Jingmen)")
Yichang Winner Medical Textile Co., Ltd. (hereinafter referred to as "Winner Medical (Yichang)")
Winner Medical (Tianmen) Co., Ltd. (hereinafter referred to as "Winner Medical (Tianmen)")
Winner Medical (Chongyang) Co., Ltd. (hereinafter referred to as "Winner Medical (Chongyang)")
Winner Medical (Jiayu) Co., Ltd. (hereinafter referred to as "Winner Medical (Jiayu)")
Winner Medical (Hong Kong) Ltd. (hereinafter referred to as "Hong Kong Winner")
Winner (Huanggang) Cotton Processing & Trading Co., Ltd. (hereinafter referred to as "Huanggang Cotton") (Huanggang Cotton was merged by Winner Huanggang in 2023.)
Winner Medical (Huanggang) Co., Ltd. (hereinafter referred to as "Winner Medical (Huanggang)")
Shenzhen Purcotton Technology Co., Ltd. (hereinafter referred to as "Shenzhen Purcotton")
Guangzhou Purcotton Medical Technology Co., Ltd. (hereinafter referred to as "Guangzhou Purcotton")
Beijing Purcotton Technology Co., Ltd. (hereinafter referred to as "Beijing Purcotton")
Shanghai Purcotton Technology Co., Ltd. (hereinafter referred to as "Shanghai Purcotton")
Shenzhen Qianhai Purcotton E-Commerce Co., Ltd. (hereinafter referred to as "Qianhai Purcotton")
Winner Medical Malaysia Sdn. Bhd. (hereinafter referred to as "Winner Medical Malaysia")
Winner Medical (Heyuan) Co., Ltd. (hereinafter referred to as "Winner Medical (Heyuan)")
Winner Medical (Wuhan) Co., Ltd. (hereinafter referred to as "Winner Medical (Wuhan)") (former name: Hubei Winner Medical Co., Ltd.)
Shenzhen PureH2B Technology Co., Ltd. (hereinafter referred to as "PureH2B")
Shenzhen Purunderwear Sci-Tech Innovation Co., Ltd. (hereinafter referred to as "Purunderwear")

Subsidiary name
Huanggang Purcotton Ltd. (hereinafter referred to as “Huanggang Purcotton”)
Winner Medical Technology (Foshan) Co., Ltd. (hereinafter referred to as “Winner Medical (Foshan)”)
Zhejiang Longterm Medical Technology Co., Ltd. (hereinafter referred to as “Longterm Medical”)
Xi’an Longtemu Medical Technology Co., Ltd. (hereinafter referred to as “Xi’an Longtemu”)
Hangzhou Shengyi Technology Co., Ltd. (hereinafter referred to as “Hangzhou Shengyi”)
Deqing Longterm Medical Silica Gel Products Co., Ltd. (hereinafter referred to as “Deqing Longterm”)
Longterm Medical US LLC (hereinafter referred to as “American Longterm”)
LONGTERM MEDICAL,S.DE.R.L.DE C.V (hereinafter referred to as “Mexico Longterm”)
Winner Guilin Latex Co., Ltd. (hereinafter referred to as “Winner Guilin”)
Winner Medical (Hunan) Co., Ltd. (hereinafter referred to as “Winner Medical (Hunan)”)
Hunan Ruian Medical Device Technology Co., Ltd. (hereinafter referred to as “Ruian Medical Device”)
Shenzhen Junjian Medical Device Co., Ltd. (hereinafter referred to as “Junjian Medical”)
Shanghai Hongsong Medical Device Co., Ltd. (hereinafter referred to as “Shanghai Hongsong”)
Winner (Jinzhou) Latex Products Co., Ltd. 3* (hereinafter referred to as “Winner Jinzhou”)
Wuhan Purcotton Ltd. 4* (hereinafter referred to as “Wuhan Purcotton”)
Hong Kong Purcotton Ltd. 5* (hereinafter referred to as “Hong Kong Purcotton”)
Nature Health Development (Hong Kong) Co., Ltd. (hereinafter referred to as “Pan-China (H.K.)”)
Winner Medical (Wuhan) Digital Technology Co., Ltd. 7* (hereinafter referred to as “Wuhan Digital Technology”)

1*: Mexico Longtai was established in 2023.

2*: Shanghai Hongsong was integrated through Mergers and Acquisitions on April 30, 2023.

3*: Winner Jinzhou was integrated through Mergers and Acquisitions on July 1, 2023.

4*: Purcotton Wuhan was established in 2023.

5*: Purcotton Hong Kong was established in 2023.

6*: Pan-China (H.K.) was established in 2023.

7*: Wuhan Digital Technology was established in 2023.

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

IV. Preparation basis of financial statements

1. Preparation basis

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

2. Continual operation

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

V. Significant accounting policies and accounting estimates

Specific accounting policy and accounting estimate:

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

1. Statement of compliance with accounting standards for business enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and parent Company financial position of the Company on Sunday, December 31, 2023 and the business performance and cash flows of the Company in the first half of 2023.

2. Accounting period

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

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Reporting currency

The reporting currency of the Company is RMB.

5. Methodology for determining materiality criteria and selection rationale

Applicable Not applicable

Item	Materiality standard
Important individual accounts receivable with allowances for doubtful debts	5 million yuan
Provision for bad debts on significant receivables is either recovered or reversed	5 million yuan
Write-off of important accounts receivable	5 million yuan
Important prepaid accounts aged over one year	5 million yuan
Important accounts payable aged over one year	5 million yuan
Important construction in progress	The amount incurred or the balance at the end of the period surpasses 30 million yuan
Important cooperative enterprises or joint ventures	More than 0.5% of total assets

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

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

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

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

7. The criterion of control the methods of preparing consolidated financial statements

1. The criterion of control

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

2. Consolidation procedures

The Company regards the whole enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and between the subsidiaries are offset. If the internal transaction indicates that impairment loss has occurred to relevant assets, such loss shall be recognized in full. If the accounting policies and the accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and the accounting periods of the Company when preparing the consolidated financial statements.

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

(1) Increase of subsidiaries or business

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

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

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

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

(2) Disposal of subsidiary

① General disposal method

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

② Disposal of subsidiary by steps

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

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

If each transaction belongs to a package deal, each transaction shall be subject to accounting treatment as a deal for disposal of subsidiary and loss of the control right; the difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment before the loss of control right is recognized as other comprehensive income in the consolidated financial statements and transferred into the current profit and loss in the period of loss of control right.

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

(3) Purchase of the minority equity of the subsidiaries

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

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

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

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

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

Joint management means the joint venture arrangement in which the joint venture parties enjoy the assets and assumes the liabilities related to the arrangement. The Company confirms the following items related to the share of interests in the joint operation:

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

The Company's investment in the joint venture shall be accounted by the equity method. See Note "V. 22 Long-term equity investment" for details.

9. Determining standards of cash and cash equivalents

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

10. Foreign currency transaction and foreign currency statement translation

1. Foreign Currency Business

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

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

2. Conversion of financial statements denominated in foreign currencies

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

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

11. Financial instruments

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

1. Classification of financial instruments

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

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

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

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

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

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

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

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

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

2. Recognition basis and measurement method of financial instruments

(1) Financial asset measured on the basis of post-amortization costs

The financial assets measured at the amortized costs include bills receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., which shall be initially measured at fair value, and the relevant transaction expenses are included in the initial recognized amount; the receivables excluding major financing components and the accounts receivable that the Company decides not to consider the financing components of less than one year shall be initially measured at the contract transaction price.

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

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

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

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

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

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

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

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

(4) Financial assets measured at fair value of which the changes are included in current profit and loss

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

(5) Financial liabilities measured at fair values, changes of which recorded in the current profits or losses

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

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

(6) Financial liabilities measured at the amortized cost

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

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

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

3. Basis for recognition and method of measurement for derecognition of financial assets and transfer of financial assets

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

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

If the Company and the counterparty modify or renegotiate the contract, and it constitutes a substantial modification, the original financial asset will be terminated, and a new financial asset will be recognized in accordance with the modified terms.

In the event of a financial asset transfer, if almost all the risks and remuneration in the ownership of the financial asset are retained, the recognition of the financial asset will not be terminated. The principle of substance over form is adopted when judging whether the transfer of financial assets meets the above conditions for de-recognition of financial assets.

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

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

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

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

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

4. De-recognition of financial liabilities

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

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

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

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

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

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

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

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

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

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

For lease receivables formed by transactions regulated by *Accounting Standards for Business Enterprises No. 21 - Leasing*, the Company opts to consistently measure its loss provisions at an amount equivalent to the expected credit losses throughout the entire duration.

For other financial instruments, the Company evaluates changes in the credit risk of relevant financial instruments since initial recognition on each balance sheet date.

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

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

If the credit risks of such financial instrument have increased significantly since the initial recognition, the Company shall measure its loss provision according to the amount equivalent to the expected credit loss in the entire duration of such financial instrument. If the credit risks of such financial instrument have not increased significantly since the initial recognition, the Company shall measure the loss provision according to the amount equivalent to the expected credit loss of such financial instrument in the next 12 months. The amount of the increase or reversal of the loss provision resulting therefrom shall be recorded into the current profit and loss as an impairment loss or profit. For financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit and loss, without reducing the financial asset's carrying amount shown on the balance sheet.

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

For financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit and loss, without reducing the financial asset's carrying amount shown on the balance sheet.

The Company measures provisions for losses on promissory notes and receivable financing based on an amount equivalent to the expected credit losses throughout the entire duration. Based on the credit risk characteristics of notes receivable and receivable financing, it is divided into different portfolios:

Item	Basis for recognition of combination and accrual method of provision for bad debt
Notes receivable:	
Banker's acceptance bill	If the acceptor is a bank with higher credit rating (such as large state-owned commercial banks and listed joint-stock commercial banks), no provision for bad debts shall be made; if the acceptor is another bank or financial company, the expected credit loss is analyzed based on historical information and judged whether it is necessary to make provision for bad debts.
Trade acceptance	If the acceptor is a non-financial institution, its division is the same as that of accounts receivable (if accounts receivable are transferred to notes receivables, the age of accounts is calculated continuously).
Amounts receivable financing:	
Banker's acceptance bill	If the acceptor is a bank with a higher credit rating, no provision for bad debts will be made.

The Company's categorization and determination basis for expected credit losses for notes receivable - commercial acceptance bills, accounts receivable, other receivables, prepaid accounts, etc. are as follows:

Item	Category Class	Basis for determination
Accounts receivable:		
Amounts receivable from related parties within the consolidation scope	No credit risk portfolio	Unless there is objective evidence that they cannot be recovered, no provision for bad debts will be made for amounts within the scope of consolidation
Amounts receivable from other customers	Aging combination	Segment portfolios based on credit risk characteristics determined by the age of accounts receivable
Other receivables:		
There is no credit risk associated with receivables such as export tax rebates	No credit risk portfolio	Segment portfolios based on credit risk characteristics determined by the nature of receivables, primarily including export tax rebates, etc.
Other receivables from related parties within the consolidation scope	No credit risk portfolio	Unless there is objective evidence that they cannot be recovered, no provision for bad debts will be made for amounts within the scope of consolidation
Security deposit receivable	Balance percentage combination	The credit risk characteristics of receivables are divided into combinations based on the nature of the receivables, primarily including deposits and margins.
Other receivables	Aging combination	Segment portfolios based on credit risk characteristics determined by the age of accounts receivable
Advances to suppliers:		
Prepaid amounts to related parties within the consolidation scope		Unless there is objective evidence that they cannot be recovered, no provision for bad debts will be made for amounts within the scope of consolidation
Other prepaid amounts	Aging combination	Segment portfolios based on the aging of other prepayments to determine credit risk characteristics

Provision for doubtful accounts for aging portfolio:

Aging	Accruing proportion of accounts receivable (%)	Provision rate for other receivables	Accruing proportion of prepaid accounts (%)
Within 1 year (including 1 year)	5	5	
1-2 years	10	10	
2-3 years	30	30	50
3-4 years	50	50	100
4-5 years	80	80	100
More than 5 years	100	100	100

Bad debt provisions for commercial acceptance bills receivable are accrued according to the expected credit loss rate of accounts receivable mentioned earlier, with the aging start date of commercial acceptance bills corresponding to that of the accounts receivable.

The accrual ratio for balance percentage combination is 5% of the balance of accounts receivable.

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

12. Notes receivable

Please refer to the Note “V. 11 Financial instruments”.

13. Accounts receivable

This Note “V. 11. Financial Instruments”

14. Amounts receivable financing

This Note “V. 11. Financial Instruments”

15. Other receivables

For the measurement of impairment loss of other receivables other than accounts receivable and notes receivable (including other receivables, long-term receivables, etc.), it shall be treated by referring to the “V. 11. Financial instruments 6) Test method and accounting treatment method of financial assets (excluding receivables) impairment”.

16. Contract assets

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

For the recognition methods and accounting treatment methods of the expected credit loss of the contract assets, please refer to Note “V. 11. Financial Instruments 6) Test method and accounting treatment method of financial assets impairment (excluding receivables)”.

17. Inventory

1. Classification and cost of inventories

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

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

2. Valuation method of delivered inventory

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

3. Perpetual inventory system

Adopted as the inventory system.

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

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

5. Recognition criteria and accrual methods for inventory depreciation provisions

The inventories shall be measured on the balance sheet date according to the cost of inventories or net realizable value, whichever is lower. If the cost of the inventories is higher than the net realizable value, the inventory falling price reserves shall be withdrawn. The net realizable value of inventories is the amount of the estimated sale price of the inventories subtracted by the estimated cost about to occur in completion, estimated selling expenses and related taxes in daily activities.

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

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

18. Assets held for sales

1. Held for sales

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

winner Winner Medical

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

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

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

2. Discontinued operation

Discontinued operation is a separate component that meets one of the following conditions and has been disposed of or classified into the held for sale category by the Company:

- (1) The component represents an independent principal business or an independent principal area of operation;
- (2) The component is part of an associated plan proposed to dispose of an independent principal business or an independent principal area of operation;
- (3) The component is a subsidiary acquired exclusively for resale.

The income statement segregates profits and losses from continuing operations and those from discontinued operations. Impairment losses, reversal amounts from discontinued operations, other operating gains and losses, and disposal gains and losses are accounted for within gains and losses from discontinued operations. In the current period, if there are discontinued operations, the Company will reclassify the information initially presented as profits and losses from continuing operations to profits and losses from discontinued operations in the comparable accounting period within the current financial statements.

19. Debt investment

Please refer to “11. Financial instruments”.

20. Other debt investments

Please refer to “11. Financial instruments”.

21. Long-term receivables

For details, see Note 41, Lease (2) Accounting treatment of lease as lessor 2) Accounting treatment of finance lease.

22. Long-term equity investment

1. Criteria for determining joint control and significant influence

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

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

2. Recognition of initial investment cost

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

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

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

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

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

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

3. Subsequent Measurement and Approach for the Determination of Profit and Loss

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

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

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

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

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

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

The profits and losses of unrealized internal transactions between the Company and joint ventures, cooperative enterprises shall be calculated according to the proportion that should be enjoyed by the Company and shall be offset. On this basis, investment income shall be recognized, except that the assets invested or sold constitute business. The unrealized internal deal loss between the Company and the invested entity is recognized in full amount if attributable to the assets impairment loss.

The net loss incurred by the Company to the cooperative enterprise or joint venture, except for the liability for additional loss, shall be written down to zero by the book value of long-term equity investment and other long-term equity substantially constituting the net investment in the cooperative enterprise or joint venture. If the cooperative enterprise or joint venture achieves the net profits in the later periods, the Company recovers to recognize the gain sharing amount after making up for the unrecognized loss sharing amount with the gain sharing amount.

(3) Disposal of long-term equity investment

On disposal of the long-term equity investment, the balance between the book value of the equity disposed of and the actual price obtained is charged to current profit and loss.

If part of the long-term equity investment is disposed of by the equity method, and the remaining equity is still accounted by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the relevant assets or liabilities directly disposed of by the invested entity at the corresponding proportion, and the changes in other owners' equity shall be carried forward to the current profit and loss on a proportional basis.

If the joint control or significant influence on the invested entity is lost due to the disposal of equity investment or other reasons, other comprehensive income of the original equity investment recognized by the equity method shall be subject to accounting treatment through adopting the basis for the direct disposal of relevant assets or debts when the equity method is terminated. Other changes in owners' equity will be transferred to current profit and loss when the equity method is terminated.

If the Company loses its control rights over the invested entity due to the disposal of part of the equity investment, when preparing individual financial statement, in case of the residual equity with joint control or significant influence on the invested entity, the Company shall calculate and adjust the residual equity with equity method as upon obtaining. Other comprehensive income recognized before the acquisition of the control right of the invested entity shall be carried forward proportionately on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and other changes in owners' equity recognized by the equity method shall be carried forward proportionately to the current profit and loss. If the residual equity cannot exercise joint control or exert significant influence on the invested entity, it shall be recognized as financial assets, the difference between its fair value and book value on the date of loss of control shall be included in the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before obtaining the control right of the invested entity shall be carried forward.

If the deals for disposal of the subsidiary's equity investment by steps through several times of transaction until the loss of the control right belong to a package deal, the deals shall be subject to accounting treatment as a deal for disposal of the equity investment in the subsidiary and loss of the control right; the difference between each disposal price and the book value of the long-term equity investment corresponding to the equity disposed of before the loss of control right is, in individual financial statements, recognized as other comprehensive income and then transferred into the current profit and loss in the period of loss of control right. If it does not belong to a package deal, each deal shall be accounted for separately.

23. Investment real estates

Measurement mode of investment real estate

Cost method

Depreciation or amortization method

Investment real estate refers to real estate held for the purpose of earning rent and/or capital appreciation, including leased land use rights, land use rights held and prepared for transfer after appreciation, leased buildings (including self-constructed buildings and the buildings that are self built or developed for rent after completion of activities, as well as the buildings that are under construction or development for future lease).

Subsequent expenditures related to investment real estate are recognized as investment real estate costs when the related economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it will be included in the current profit and loss at the time of occurrence.

The existing investment real estate are measured by our Company through the cost method. For investment real estate measured through the cost method, buildings for lease is applicable to the same depreciation policy as the Company's fixed assets, right of use the leased land is applicable to the same amortization policy as intangible assets.

24. Fixed assets

(1) Recognition conditions

1. Recognition and initial measurement of fixed assets

The fixed assets refer to the tangible assets which are held for production of goods, provision of labor, lease or operating management and whose service life exceeds a fiscal year. The fixed assets can be recognized in the following conditions:

- (1) The economic benefits related to the fixed assets are likely to flow to the enterprise;
- (2) The cost of the fixed assets can be reliably measured.

The fixed assets are initially measured according to the cost (and the influence of the expected disposal cost factors).

Subsequent expenditure related to fixed assets, if the economic benefits related may flow in and the cost can be reliably measured, is included in the fixed asset cost; and the book value of the replaced part is derecognized; all other subsequent expenditures are recorded into current profit and loss when incurred.

(2) Depreciation method

Class	Depreciation method	Expected service life	Residual rate	Yearly depreciation
Houses and building	Straight-line depreciation	10-38 years	5.00% - 10.00%	2.37% - 9.50%
Machinery equipment	Straight-line depreciation	2-15 years	5.00% - 10.00%	6.00% - 47.50%
Transportation equipment	Straight-line depreciation	3-10 years	5.00% - 10.00%	9.00% - 31.67%
Electronic equipment and office equipment, etc.	Straight-line depreciation	2-10 years	5.00% - 10.00%	9.00% - 47.5%

N/A

25. Construction in progress

The construction in progress is measured according to the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other expenses necessary to bring the construction in progress to a predetermined usable state. When the construction in progress reaches the intended serviceable condition, it is transferred into fixed assets and begin to withdraw the depreciation since the next month.

The criteria and timing for transferring the Company's construction-in-progress to fixed assets are as follows:

Class	Criteria and timing for conversion to fixed assets
Houses and building	(1) The main construction project and supporting projects are substantially completed. (2) The construction project meets the scheduled design requirements and undergoes inspection and acceptance by survey, design, construction, supervision, fire protection, and quality supervision units. (3) The construction project reaches the intended usable state. If final accounts for completion are pending, it will be transferred to fixed assets at an estimated value based on the actual project cost from the date of achieving usability.
Machinery equipment	(1) Relevant equipment and supporting facilities are installed. (2) Equipment operates normally and stably after debugging. (3) Production equipment consistently yields qualified products. (4) Equipment is accepted by asset managers and users post-inspection.

26. Borrowing costs

1. Recognition principle of capitalization of borrowing costs

If the borrowing costs incurred by the Company can be directly attributed to the purchase, construction or production of the assets eligible for capitalization, they shall be capitalized and recorded into the cost of the relevant assets; other borrowing costs shall be recognized as expenses according to the amount incurred at the time of occurrence and shall be recorded into the current profit and loss.

Assets meeting the capitalization conditions refer to the fixed assets, investment real estate, inventories and other assets which can reach the intended usable or marketable status only after quite a long time of construction or production activities.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from the time point at which borrowing costs begin to be capitalized to the time point at which borrowing costs cease to be capitalized, excluding the period during which the capitalization of borrowing costs is suspended. Capitalization begins when borrowing costs meet the following conditions:

- (1) Asset expenditures have been incurred, including expenditures incurred in the form of cash payment, transfer of non-cash assets or undertaking interest-bearing liabilities for the purchase and construction of or production of assets eligible for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The purchase, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

When the purchase, construction or production of assets that meet the capitalization conditions reach the predetermined usable or marketable state, the capitalization of borrowing costs shall cease.

3. Capitalization suspension period

If the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase and construction or production, and the interruption period is more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is necessary for the purchase, construction or production of the assets that meet the capitalization conditions to reach the predetermined usable state or marketable state, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during the interruption period are recognized as the current profit and loss, until the borrowing costs continue to be capitalized after the purchase and construction or the production activities of the assets are restarted.

4. Calculation method of capitalization rate and capitalization amount of borrowing costs

For the specific borrowing for the purchase and construction or production of assets eligible for capitalization, the capitalization amount of borrowing costs shall be recognized by the borrowing costs actually occurring in the current period of specific borrowing, minus the amount of the interest income obtained by depositing the unused borrowing funds in the bank or the investment income obtained by making temporary investment.

For the general borrowing occupied for the purchase, construction or production of assets that meet the capitalization conditions, the amount of borrowing expenses to be capitalized for the general borrowing shall be calculated and recognized according to the weighted average of the accumulated asset expenditure exceeding the specific borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is calculated and recognized according to the weighted average effective interest rate of the general borrowing.

During the capitalization period, the difference between the exchange of the principal and interest of the specific foreign currency borrowing shall be capitalized and recorded into the cost of the assets eligible for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than specific foreign currency borrowing is recorded into the current profit and loss.

27. Biological assets

N/A

28. Oil and gas assets

N/A

29. Intangible assets

(1) Determining the useful life and its basis, estimation, amortization method, or review procedure

1. Pricing methods for intangible assets

(1) The intangible assets are initially measured according to the cost;

The costs of purchased intangible assets include the purchase price, related taxes as well as other expenses incurred to make the assets reach the intended serviceable conditions and attributable to the assets.

(2) Subsequent measurement

The Company analyzes and judges the useful life of the intangible assets when obtaining.

The intangible assets with limited useful life are amortized within the period when the intangible assets bring economic benefits to the Company; the intangible assets that cannot be expected to bring economic benefits to the Company are deemed to have uncertain life and are not amortized.

2. Estimation of useful life of intangible assets with limited life

Item	Expected useful life	Basis for determining expected service life
Land use right	38-50 years	Term of use specified in the land-use right certificate
Software use right	2-8 years	Useful life estimated by the management
Trademark right	5-10 years	Benefit period specified in the certificate of trademark use
Patent right	5-10 years	Benefit period specified in the certificate of patent use
Franchised use right	3	Term of use stipulated in the contract
Client relations	10	Useful life estimated by the management

3. Basis for judging intangible assets with uncertain service life and the procedures for reviewing their service life

During this reporting period, the Company has no intangible assets with uncertain service life.

(2) Collection scope of R&D expenditures and related accounting treatment methods

1. Collection scope of R&D expenditures

The Company's R&D expenditures are directly associated with its R&D activities, covering employee salaries of personnel engaged in R&D, direct input material costs, depreciation and amortization expenses, and other relevant expenses. These expenditures are collected as follows:

Relevant Employee Compensation: This includes compensation for personnel directly involved in R&D activities, as well as management and service personnel closely linked to R&D efforts. Directly Invested Material Costs: This category encompasses materials directly invested in R&D activities. Depreciation and Amortization Expenses: These expenses pertain to the depreciation or amortization of fixed assets or intangible assets utilized for R&D activities. Other Expenses: This includes additional expenses such as travel expenses for R&D personnel and testing fees directly associated with the Company's R&D activities.

2. The expenditure of the Company's internal R&D projects is classified into the expenditure at the research stage and the expenditure at the development stage.

Research stage: the stage of original, planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development stage: the stage in which research or other knowledge is applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

3. Specific conditions for the capitalization of expenditures in the development stage

The expenditure at the research stage is charged to the current profit and loss in occurrence. The expenditure at the development stage can be recognized as intangible assets only when meeting the following conditions and charged to the current profit and loss if not meeting the following conditions:

- 1) Technically feasible to complete the intangible assets, so that they can be used or sold;
- 2) It is intended to finish and use or sell the intangible assets;
- 3) Ways of intangible assets to generate economic benefits, including those can prove that the products generated by the intangible assets can be sold or the intangible assets themselves can be sold and prove that the intangible assets to be used internally are useful;
- 4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- 5) The development expenditures of the intangible assets can be reliably measured

If the expenditure at the research stage and the expenditure at the development stage cannot be distinguished, the R&D expenditure incurred is fully charged to the current profit and loss.

The Company needs to comply with the disclosure requirements of the “Medical Device Business” in the *No. 4 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Information Disclosure by Growth Enterprises*.

30. Long-term assets impairment

Long-term assets such as long-term equity investment properties using, fixed assets, construction in progress, right-of-use assets, intangible assets with limited service life, and oil and gas assets, which show signs of impairment on the balance sheet date, shall be subject to impairment tests. If the impairment test results show that recoverable amount of the asset is below its book value, the provision for impairment is withdrawn according to the balance and charged to the impairment loss. The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs and the present value of the expected future cash flow of the assets. The provision for impairment of assets is calculated and recognized on the basis of single asset. The Company recognizes the recoverable amount of the asset group based on the asset group to which the asset belongs if the recoverable amount of the single asset is difficult to estimate. An asset group is the smallest group of assets that can generate cash inflows independently.

The goodwill formed due to business combination, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state shall be subject to impairment test at least at the end of each year regardless of whether there are signs of impairment.

The Company conducts the goodwill impairment tests. For the book value of the goodwill formed due to business combination, it shall be apportioned to relevant asset group by a reasonable method from the date of purchase; if it is difficult to apportion to the relevant asset group, it shall be apportioned to the relevant asset group combination. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergies of business combination.

When conducting impairment test on the relevant asset group or asset group combination containing goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, conduct impairment test on the asset group or asset group combination without goodwill at first, calculate the recoverable amount and recognize the corresponding impairment loss compared with the relevant book value. Then conduct an impairment test on the asset group or asset group combination containing goodwill to compare its book value with the recoverable amount. If the recoverable amount is less than the book value, the amount of impairment loss shall first offset the book value of goodwill amortized to the asset group or asset group combination, and then offset the book value of other assets proportionally according to the proportion of the book value of assets other than goodwill in the asset group or asset group combination. The above impairment loss of assets will not be reserved in subsequent accounting periods once recognized.

31. Long-term unamortized expenses

Long-term unamortized expenses refer to the expenses that have occurred but shall be burdened in current period and later periods with the apportionment period more than one year.

Amortization method: long-term unamortized expenses are amortized on an average basis over the benefit period.

32. Contract liabilities

The Company lists the contractual assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligations of the Company to transfer goods or provide services to customers for which consideration has been received or receivable are listed as contractual liabilities. The contractual assets and contractual liabilities under the same contract are listed in the net amount.

33. Employee compensation

(1) Short-term compensation accounting method

The Company recognizes the short-term compensation incurred actually during the accounting period when the employees provide services for the Company as the liabilities and includes in current profits and losses or related asset costs.

For the social insurance premiums and housing funds paid by the Company for the employees as wells as the labor union expenditure and personnel education fund withdrawn according to the provisions, the corresponding employee compensation amount is recognized according to the stipulated accruing basis and accruing proportion during the accounting period when the employees provide services for the Company.

The employee welfare expenses incurred by the Company shall be recorded into the current profit and loss or relevant asset cost according to the actual amount when actually incurred, and the non-monetary welfare shall be measured at its fair value.

(2) Post-employment benefits accounting method

(1) Defined contribution plan

The Company pays the basic endowment insurance and unemployment insurance for the employees according to relevant provisions of the local government, calculates the amount payable according to local payment base and proportion in the accounting period when the employees provide services for the Company, recognizes the amount payable as the liabilities and includes in current profits and losses or related asset costs. In addition, the Company has also participated in the corporation pension plan / supplementary pension insurance fund approved by the relevant departments of the state. The Company pays the fees to the pension plan / local social security institution according to a certain proportion of the total employee wages and includes corresponding expenses in current profits and losses or related asset costs.

(2) Defined benefit plan

The Company attributes the welfare obligations generated from the defined benefit plan to the period when the employees provide services by the formula recognized according to the expected cumulative welfare unit method and includes in current profits and losses or related asset costs.

The deficit or surplus formed from the present value of the defined benefit plan obligation subtracted by the fair value of the defined benefit plan assets is recognized as a net liability or net asset of the defined benefit plan. In case of surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan according to the lower of the surplus and asset upper limits of the defined benefit plan.

All defined benefit plan obligations, including the obligations for payment within 12 months after the end of the expected annual reporting period in which the employees provide services, are discounted according to the national debts matching the defined benefit plan obligatory term and currency or the market return of the high-quality corporation bonds active in the market on the balance sheet date.

The service costs generated from the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in current profits and losses or related asset costs; the changes from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income and not written back to the profits and losses in subsequent accounting period. Upon the termination of the original defined benefit plan, the part originally recorded into other comprehensive income within the scope of rights and interests shall be carried forward to undistributed profit.

In the settlement of the defined benefit plan, the settlement profits or losses are recognized according to the balance between the present value of the defined benefit plan obligation and the settlement price recognized on the settlement date.

(3) Termination benefits accounting method

When providing dismissal welfare, the Company shall recognize the employee compensation liabilities arising from the dismissal welfare and record it in the current profit and loss whenever is earlier below: when the Company fails to unilaterally withdraw the dismissal welfare due to termination of labor relation plan or downsizing suggestions; when the Company recognizes the costs or expenses related to restructuring involving payment of dimission welfare.

(4) Other long-term employee benefits accounting method

34. Estimated liabilities

The estimated liabilities are recognized when the obligation related to contingencies meets the following conditions simultaneously:

- (1) The obligation is the current obligation undertaken by the Company;
- (2) Performance of the obligation is likely to lead to the outflow of economic benefits;
- (3) The amount of the obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of the expenditure required to perform the relevant current obligations.

In recognizing the best estimate, factors such as risk, uncertainty and time value of money related to contingencies are taken into account. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of expenditure required and the probability of various outcomes within this range is the same, the best estimate is recognized according to the middle value within this range; in other cases, the best estimates are handled as follows:

- When a contingency involves a single item, the best estimate is recognized by the most possible amount.
- When a contingency involves more than one item, the best estimate is recognized according to a variety of possible outcomes and related probabilities.

When all or some of the expenses necessary for the liquidation of an estimated liabilities is expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the estimated liabilities on the balance sheet date, and if there is conclusive evidence that the book value cannot reflect the current best estimate, it shall adjust the book value according to the current best estimate.

35. Share-based payment

The Company's share-based payment refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The Company's share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

1. Equity-settled share-based payments and equity instruments

Where the equity-settled share-based payment is exchanged for the services provided by the employee, it shall be measured at the fair value of the equity instrument granted to the employee. For share-based payment transactions with exercisable rights immediately after the grant, it shall be included in the relevant costs or expenses in accordance with the fair value of the equity instrument on the grant date, and the capital reserves shall be increased accordingly. For the share-based payment transaction where the service within the waiting period is completed after the grant or specified performance conditions are met, on every balance sheet date of the waiting period, the Company shall include the service obtained at the current period into relevant costs or expenses according to the fair value of the grant date on the basis of the best estimate of the number of equity instruments with exercisable rights, and increase the capital reserve accordingly.

If the terms of the equity-settled share-based payment are modified, the services acquired are recognized at least in terms of the unmodified terms. In addition, any modification that increases the fair value of the equity instrument granted, or that is beneficial to the employee at the date of modification, recognizes an increase in the acquisition of services.

During the waiting period, if the granted equity instrument is canceled, the Company will treat the canceled equity instrument as the accelerated exercise of power, and immediately include the balance that shall be recognized in the remaining waiting period into the current profit and loss, and simultaneously confirm the capital reserve. However, if a new equity instrument is granted and the new equity instrument granted is deemed to be a replacement for the cancelled equity instrument on the grant date, the granted replacement equity instrument will be handled in the same manner as any amendment to the terms and conditions of the original equity instrument.

2. Cash-settled share-based payments and equity instrument

The cash-settled share-based payments will be measured according to the fair value of the liability confirmed basing on the shares borne by the Company and other equity instruments. For share-based payment transactions with exercisable rights immediately after the grant, the Company shall include it in the relevant costs or expenses in accordance with the fair value of the equity instrument on the grant date, and the liabilities shall be increased accordingly. If the rights can only be exercised after the situation that service within the waiting period is completed and set performance is achieved, the service obtained in the current period, according to the fair value of the liabilities borne by the Company, and basing on the best estimate for the condition of exercising rights, will be recorded into relevant costs or expenses on each and every balance sheet date during the waiting period, and correspondingly recorded into the liabilities. Each and every balance sheet date and settlement before relevant liability settlement, the fair value of liability will be remeasured, of which changes occurred will be counted into the current period.

If the Company modifies the terms and conditions of the cash-settled share-based payment agreement settled in cash to change it to equity-settled share-based payment, on the date of modification (whether during or after the waiting period), the Company will measure the equity-settled share-based payment according to the current fair value of the granted equity instrument, and include the services acquired in the capital reserve. At the same time, it shall terminate the recognition of liabilities recognized on the modification date for the cash-settled share-based payment, with the difference recorded into the current profit and loss. If the waiting period is extended or shortened due to the modification, the Company will carry out accounting treatment according to the modified waiting period.

36. Preferred shares, perpetual bonds and other financial instruments

At the time of initial recognition, the Company classifies the financial instrument or its components as a financial asset, financial liability or equity instrument based on the terms of the contract and the economic substance reflected in the issued preferred stock / perpetual bond, and not solely in legal form.

In case that the financial instrument such as perpetual bond / preferred stock issued by the Company meet one of the following conditions, it, in whole or in part thereof, is classified as financial liabilities at the time of initial recognition:

- (1) There are contractual obligations which the Company cannot unconditionally avoid fulfilling by delivering cash or other financial assets;
- (2) It contains contractual obligations of delivering a variable number of its own equity instruments for settlement;
- (3) It contains derivative instrument (such as equity transfer, etc.) that is settled with its own equity, and such derivative instrument does not exchange a fixed number of its own equity instruments for a fixed amount of cash or other financial assets for settlement;
- (4) There are contract clauses that may indirectly lead to contractual obligations;
- (5) When the issuer liquidates, the perpetual bonds are in the same order of liquidation as the ordinary bonds and other debts issued by the issuer.

In case that the financial instrument such as perpetual bond / preferred stock issued by the Company does not meet one of the above conditions, it, in whole or in part thereof, is classified as equity instrument at the time of initial recognition.

37. Income

Accounting policies for income recognition and measurement

1. Accounting policies for income recognition and measurement

The Company has fulfilled its contractual obligation to recognize income when the customer acquires control of the relevant goods or services. Obtaining control of the relevant goods or services is the ability to dominate the use of the goods or services and gain almost all economic benefits from them.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services committed by each individual performance obligation. The Company's income shall be measured according to the transaction price apportioned to each individual performance obligation.

The transaction price means the amount of consideration that the Company is expected to be entitled to collect for the transfer of goods or services to the customer, excluding payments collected on behalf of third parties and amounts expected to be returned to the customer. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practices, and in determining the transaction price, it takes into account the impact of variable consideration, material financing elements in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price including the variable consideration by an amount not exceeding the amount of accumulated recognized income which is highly unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash when the customer acquires control of the goods or services, and shall amortize the difference between the transaction price and the contract consideration by the effective interest method during the contract period.

If one of the following conditions is satisfied, it shall be deemed to have performed its performance obligation within a certain period of time; otherwise, it shall be deemed to have performed its performance obligation at a certain time point:

- (1) The customer obtains and consumes the economic benefits arising from the Company's performance at the same time of the Company's performance.
- (2) The customer can control the goods under construction during the Company's performance.
- (3) The goods produced by the Company during the performance are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company will use the output method or input method to determine the performance schedule. If the performance schedule cannot be reasonably determined and the cost already incurred is expected to be compensated, the Company shall recognize the income according to the cost already incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes income at the time point when the customer acquires control of the relevant goods or services. In determining whether the customer has acquired control of goods or services, the Company considers the following indications:

- (1) The Company has the current collection right for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- (2) The Company has transferred legal ownership to the goods to the customer, that is, the customer has legal ownership of the goods.
- (3) The Company has physically transferred the goods to the customer, that is, the customer has physically possessed the goods.
- (4) The Company has transferred the main risk and remuneration in the ownership of the goods to the customer, that is, the customer has acquired the main risk and remuneration in the ownership of the goods.
- (5) The customer has accepted the goods or services, etc.

The Company determines its role as principal or agent in transactions based on whether it exercises control over the goods or services before transferring them to the customer. If the Company has control over the goods or services prior to transfer, it acts as the principal and recognizes revenue based on the total consideration received or receivable. Conversely, if the Company lacks control over the goods or services before transfer, it acts as the agent and recognizes revenue in the form of commissions or fees according to expectations.

Specific principles of recognition of income from selling goods:

- (1) General foreign sales: recognize the income after commodity inspection, customs declaration and shipment of goods (the Company's export income settlement mainly adopts FOB and CIF methods. For a very small number of other settlement methods, such as for those adopting EXW terms, the buyer designates carrier door-to-door delivery as the time point of recognition of product sales revenue; for those adopting FCA terms, the delivery of products to the carrier designated by the buyer shall be the time point of recognition of product sales revenue; for those adopting the DDP/DDU terms, the delivery of products to the destination designated by the buyer shall be the time point of recognition of product sales revenue).
- (2) General domestic sales: the recognition time of sales revenue is based on the customer's confirmation of receipt (that is, the income is recognized after the customer signs for the receipt, but if the contract stipulates that acceptance is needed, the income will be recognized after acceptance by the customer).
- (3) E-commerce business (B2C): the recognition time of sales revenue is based on the customer's confirmation of the

completion of the transaction (i.e., the income is recognized when the customer initiatively confirms receipt of the goods on the e-commerce platform and when the e-commerce platform automatically confirms receipt of the goods within a certain period of time after delivery, whichever is earlier).

(4) Store sales model: sales revenue is recognized according to settlement time and price (that is, the income is recognized after the store salesperson receives payment and delivers the goods to the customer).

(5) Consignment mode: the Company delivers the goods to the place designated by the agent, and recognizes the income after receiving the sales list and checking it according to the time of reconciliation agreed in the contract.

Confirmation and measurement method for differences in income recognition accounting policies caused by different business modes for the same business

38. Contract cost

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

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

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

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

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

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

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

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

39. Government subsidies

1. Type

Government subsidies refer to the monetary assets or non-monetary assets obtained free of charge by the Company from the government, and are classified into asset related government subsidies and the income related government subsidies.

Government subsidies related to assets refer to the government subsidies obtained by the Company for the purchase and construction of long-term assets or the formation of long-term assets by other means. Government subsidies related to income refer to government subsidies in addition to government subsidies related to assets.

The Company's classifying government subsidies as related to assets is subject to the following specific criteria: the government documents clearly stipulate the use of funds, and the expected use direction of the funds is expected to form related assets;

The Company's classifying government subsidies as related to income is subject to the following specific criteria: the government documents do not stipulate the use purpose, and the expected use direction of the funds is to supplement working capital;

If the subsidy object is not clearly specified in the government documents, the judgment basis for the Company to classify the government subsidy as related to assets or related to income is as follows: except that the Company designates its purpose as related to assets, it will be included in the current profit and loss.

2. Recognition time point

Government subsidies will be recognized when the conditions attached to them are met and received by the Company.

3. Accounting treatment

The government subsidies related to assets write down the book value of the relevant assets or is recognized as deferred income. If it is recognized as deferred income, it shall be recorded into the current profit and loss by stages in accordance with reasonable and systematic methods during the service life of the relevant assets (if it is related to the daily activities of the Company, it shall be recorded into other income; those not related to the daily activities of the Company shall be included in non-revenue);

If the government subsidy related to the income is used to compensate the Company's related costs, expenses or losses in the following period, it shall be recognized as deferred income and recorded into the current profit and loss during the period of recognition of the relevant costs, expenses or losses (if it is related to the Company's daily activities, it shall be recorded into other income; if it is not related to the daily activities of the Company, it shall be included in non-operating income) or write down relevant costs, expenses or losses; those used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly recorded into the current profit and loss (if it is related to the daily activities of the Company shall be recorded into other income; if it is not related to the daily activities of the Company, it shall be included in non-operating income or write down relevant costs, expenses or losses.

The interest subsidy on policy-based preferential loans obtained by the Company shall be accounted for under the following two conditions:

- (1) If the finance department allocates the interest subsidy fund to the lending bank, and the lending bank provides the loan to the Company at the policy-based preferential interest rate, the Company shall take the loan amount actually received as the entry value of the borrowing, and calculate the relevant borrowing cost in accordance with the loan principal and the policy-based preferential interest rate.
- (2) If the finance department allocates the interest subsidy fund directly to the Company, the Company will offset the corresponding interest subsidy against the related borrowing costs.

40. Deferred income tax assets and deferred income tax liabilities

The income tax includes current income tax and deferred income tax. Except for the income tax arising from the business combination and the transaction or item directly booked into the owners' equity (including other comprehensive income), the Company will record the current income tax and deferred income tax into the current profit and loss.

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their book value.

For the deferred income tax assets recognized through deductible temporary difference, it is limited to the amount of taxable income which is likely to be obtained to offset the deductible temporary difference in the future period. For the deductible loss and tax deduction that can be carried forward to the subsequent year, the corresponding deferred income tax assets are recognized within the limit of the future taxable income amount that is possibly obtained to deduct the deductible loss and tax deduction.

For taxable temporary differences, except in special circumstances, the deferred income tax liability is recognized.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

1. Initial recognition of goodwill;
2. Transactions or events that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, and the initial recognition of assets and liabilities does not result in equal amounts of taxable temporary differences and deductible temporary differences.

For the taxable temporary difference related to the investment of the subsidiaries, associated enterprises and joint ventures, relevant deferred income tax liabilities are not recognized, unless the Company can control the temporary difference write-back time and the temporary difference will probably not be written back in the foreseeable future. For the deductible temporary difference related to the investment of the subsidiaries, joint ventures and cooperative enterprises, deferred income tax assets are recognized when it is likely to write back the temporary difference in the foreseeable future or to obtain the income tax payable used to offset the deductible temporary difference in the future.

The deferred income tax assets and deferred income tax liabilities are measured on the balance sheet date according to the tax law and the applicable tax rate in the period of expected recovery of relevant assets or liquidation of relevant liabilities.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is likely not to obtain sufficient income tax payable to deduct the interests of the deferred income tax assets in the future, the book value of the deferred income tax assets is written down. If it is likely to obtain sufficient income tax payable, the amount written down is written back.

When the Company has the legal right to settle with net amount and intends to settle with net amount or obtain the assets and liquidate the liabilities simultaneously, the income tax assets and income tax liabilities in the current period are presented by the net amount after offset.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are listed in net amount after offset when both of the following conditions are met:

1. The tax payer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
2. The deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and management department from the same subject of tax payment or from different subjects of tax payment but the subject of tax payment involved intends to settle the current income tax assets and liabilities with the net amount or obtain the assets and liquidate the liabilities simultaneously in each future important period when the deferred income tax assets and liabilities are written back.

41. Leased

(1) Lease accounting for lessees

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

If a contract contains several separate leases information, the Company will split the contract and conduct accounting treatment for each of the separate leases. When a contract contains both lease and non-lease information, the lessee and the lessor shall separate lease information from and non-lease information.

1. The Company acts as the lessee:

(1) Right-of-use assets

On the commencement date of the lease period, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. The right-of-use assets is initially measured at cost. The cost includes:

- 1) The initial measurement amount of the lease liabilities;
- 2) If there is a lease incentive for the lease payment paid on or before the start of the lease term, the amount of the granted lease incentive shall be deducted;
- 3) The initial direct expenses incurred by the Company;
- 4) Costs expected to be incurred by the Company to disassemble and remove a leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease (excluding costs incurred to produce inventory).

The Company subsequently withdraws depreciation of right-of-use assets with the straight-line method. Where it can be reasonably determined that the ownership of the leased assets can be acquired upon the expiration of the lease term, depreciation shall be calculated and withdrawn by the Company within the service life of the leased assets; Otherwise, the depreciation shall be calculated and withdrawn within a shorter period of the lease term and the service life of the leased assets.

The Company determines whether the right-of-use asset has been impaired in accordance with the principles described in Note “V. Significant Accounting Policies and Accounting Estimates, 30. Long-term assets impairment”, and conducts accounting treatment for the identified impairment losses.

(2) Lease liabilities

On the commencement date of the lease period, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of outstanding lease payments. Lease payments include:

- 1) Fixed payments (including actual fixed payments), if there is lease incentive, the relevant amount of lease incentive shall be deducted;
- 2) Variable lease payments that depend on an index or rate;
- 3) The amount estimated to be paid based on the residual value of the guarantee provided by the Company;
- 4) The exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised;
- 5) The amount to be paid to exercise the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company adopts the interest rate implicit in the lease as the discount rate. However, if the interest rate implicit in the lease cannot be reasonably determined, the incremental borrowing interest rate of the Company will be adopted as the discount rate.

The Company calculates the interest expense of the lease liability during each period of the lease term at a fixed periodic rate, and includes it in the current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of the lease liabilities shall be included in current profit or loss or the cost of the related asset when they are actually incurred.

After the commencement date of the lease term, in case of the following circumstances, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the current profit and loss:

- 1) In case of any change in the appraisal results of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is inconsistent with the original appraisal result, the Company shall remeasure the lease liability according to the present value which is calculated based on the changed lease payment and the revised discount rate;
- 2) In case of any change in substantial fixed payment, the estimated payable amount of the residual value of the guarantee, or the index or ratio used to determine the lease payment, the Company shall remeasure the lease liability according to the present value which is calculated based on the changed lease payment and the revised discount rate. However, where the changes in lease payment results from the change in floating interest rate, a revised discount rate will be used for calculation of the present value.

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

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and includes the relevant lease payments in the current profit and loss or related asset costs on a straight-line basis over each period of the lease term. Short-term leases refer to the leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. Low-value asset leases refers to the leases with a lower value when the single leased asset is a new asset. Where the Company subleases or expects to sublease the leased assets, the original lease will not be a low-value asset lease.

(4) Lease changes

In case of any lease changes that meet the following conditions, the Company shall treat the lease change as a separate lease for accounting treatment:

- 1) The lease change expands the lease scope by adding the right to use one or more leased assets;
- 2) The increased consideration is equivalent to the amount of the separate price of the expanded part of the lease upon adjustment based on the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company shall reallocate the consideration of the contract after the change, redetermine the lease term, and remeasure the lease liability according to the present value which is calculated based on the changed lease payment and the revised discount rate.

If the lease change leads to the narrowing of the lease scope or the shortening of the lease term, the Company shall reduce the book value of the right-of-use asset accordingly, and credit the relevant gains or losses on partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of lease liabilities, the Company shall adjust the book value of the right-of-use asset accordingly.

(2) Lease accounting for lessors

The Company classifies leases as finance leases and operating leases at the commencement date of the lease term. Finance leases refers to the leases where almost all risks and rewards related to the ownership of leased assets have been substantively transferred regardless of whether the ownership is eventually transferred or not. Operating leases refer to leases other than financial leases. When the Company acts as a sublease lessor, sublease classification will be made based on the right-of-use asset arising from the original lease.

(1) Accounting for operating lease

The lease receipts from operating lease are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct expenses incurred in relation to operating leases, which are amortized and included in the current profit and loss on the same basis as the rental income is recognized during the lease term. The variable lease payments not credited into lease receipts shall be included into current profit or loss or when they are actually incurred. In case of any change in the operating lease, the Company shall treat it as a new lease for accounting treatment from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change shall be deemed to be the amount received for the new lease.

(2) Accounting for finance lease

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

The Company calculates and recognizes the interest income during each period of the lease term at a fixed periodic rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with Note “V. Significant Accounting Policies and Accounting Estimates, 11. Financial instruments”.

The variable lease payments that are not included in the measurement of net lease investment shall be included in current profit or loss or when they are actually incurred.

In case of any changes to finance lease that meet the following conditions, the Company shall treat the change as a separate lease for accounting treatment:

- 1) The change expands the lease scope by adding the right to use one or more leased assets;
- 2) The increased consideration is equivalent to the amount of the separate price of the expanded part of the lease upon adjustment based on the contract.

In case that the change of a financial lease is not accounted for as a separate lease, the Company shall deal with the changed lease under the following circumstances:

- 1) If the change takes effect on the commencement date of the lease term, and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- 2) If the change takes effect on the commencement date of the lease term, and the lease is classified as a financial lease, the Company will conduct accounting treatment according to the policy in Note “V. Significant Accounting Policies and Accounting Estimates, 11. Financial instruments” regarding the modification or renegotiation of contracts.

42. Other significant accounting policy and accounting estimate

1. Hedge accounting

(1). Classification of hedging

- 1) A fair value hedge refers to a hedge of the fair value change risk of an asset or liability that has been recognized and a certain commitment that has not been recognized (except foreign exchange risk).
- 2) A cash flow hedge refers to a hedge of the risk of changes in cash flow arising from a particular type of risk relating to a recognized asset or liability, an anticipated transaction that is likely to occur, or the foreign exchange risk contained in an unrecognized firm commitment
- 3) A hedge of net investment in overseas operations refers to a hedge of foreign exchange risks of net investment of overseas operations. Net investment in overseas operations refers to the equity share of the enterprise in the net assets of overseas operations.

(2). Designation of hedging relationship and identification of hedging effectiveness

At the beginning of the hedging relationship, the Company has a formal designation of the hedging relationship and has prepared formal written documents on the hedging relationship, risk management objectives and hedging strategies. The documents specify the nature and quantity of the hedging instrument, the nature and quantity of the hedged items, the nature of the hedged risk, type of hedging, and the Company's evaluation of the effectiveness of the hedging instrument. Hedging effectiveness refers to the degree to which the change in the fair value or cash flow of the hedging instrument can offset the change in the fair value or cash flow of the hedged item caused by the hedged risk.

The Company continuously evaluates the effectiveness of hedging and judges whether the hedging meets the requirements of hedging accounting for effectiveness during the accounting period in which the hedging relationship is designated. If it is not satisfied, the hedging relationship shall be terminated.

The application of hedge accounting shall meet the following requirements for the effectiveness of hedging:

- 1) There is an economic relationship between the hedged item and the hedging instrument.
- 2) In the value changes caused by the economic relationship between the hedged item and the hedging instrument, the influence of credit risk does not play a dominant role.
- 3) Adopting the appropriate hedge ratio will not cause the imbalance between the relative weight of the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer appropriate, but the hedging risk management objectives have not changed, the number of hedged items or hedging instruments shall be adjusted to make the hedge ratio meet the requirements of effectiveness again.

(3). Hedge accounting treatment methods

1) Fair value hedging

Changes in the fair value of hedge derivative instruments are recorded in the current profit and loss. Changes formed by the fair value of the hedged item due to the hedging risk shall be included in the current profit and loss, and the book value of the hedged item shall be adjusted simultaneously.

For fair value hedging related to financial instruments measured at amortized cost, the adjustments to the book value of the hedged item are amortized during the remaining period between the adjustment to the due date and recorded in the current profit and loss. Amortization under the effective interest rate method may commence immediately after the book value adjustment and shall not be later than the adjustment of fair value changes in the termination of hedging risks by the hedged item.

If the hedged item is terminated, the unamortized fair value is recognized as the current profit and loss.

Where the hedged item is a firm commitment that has not been recognized, the accumulative change in the fair value of the firm commitment caused by the hedging risk is recognized as an asset or liability, and the relevant gains or losses are recorded into the current profits and losses. Changes in the fair value of hedging instruments are also recorded in the current profit and loss.

2) Cash flow hedging

The part of the gain or loss of the hedging instrument that belongs to the effective hedging shall be directly recognized as other comprehensive income, while the part that belongs to the invalid hedging shall be recorded into the current profit and loss.

If the hedged transaction affects the current profit and loss, such as when the hedged financial income or financial expense is recognized or when the expected sale occurs, the amount recognized in other comprehensive income will be transferred to the current profit and loss. If a hedged item is the cost of a non-financial asset or non-financial liability, the amount originally recognized in other comprehensive income amount is transferred out and recorded into the amount of initial recognition of the non-financial asset or non-financial liability (or the amount originally recognized in other comprehensive income is transferred out during the same period as the non-financial asset or non-financial liability affecting the profit and loss, and recorded into the current profit and loss).

If the expected transaction or firm commitment is not expected to occur, the accumulated gains or losses of the hedging instrument previously recorded in other comprehensive income are transferred out and recorded in the current profit and loss. If the hedging instrument has expired, been sold, the contract terminated or exercised (but not replaced or renewed), or the designation of the hedging relationship is withdrawn, the amount previously recorded in other comprehensive income is not transferred out until the anticipated transaction or firm commitment affects the current profit or loss.

3) Hedging of net investment in overseas operations

The hedging of net investment in overseas operations, including the hedging of monetary items that are part of the net investment, shall be treated similarly to the cash flow hedging. In the gain or loss of the hedging instrument, the part that is recognized as effective hedging is recorded in other comprehensive income, while the part that is invalid hedging is recognized as current profit and loss. When disposing of overseas operations, any accumulated gains or losses previously recorded in other comprehensive income will be transferred out and recorded into current profit and loss.

2. Repurchase of the Company's shares

If the Company repurchases its shares due to the reduction of its registered capital, it shall debit the "Treasury Stock" and credit the "Bank Deposits" and other subjects according to the amount actually paid. When the treasury stock is cancelled, the total par value of the shares calculated according to the par value of the shares and the number of cancelled shares shall be debited to the "Share Capital", and the book balance of the cancelled treasury stock shall be credited to the "Treasury Stock". The premium originally recorded in the capital surplus at the time of stock issuance shall be offset according to the difference, and the "Capital Surplus - capital stock premium" shall be debited. The part of the repurchase price exceeding the above offset of "Share Capital" and "Capital Surplus - capital stock premium" shall be debited to the "Surplus Reserves" and "Profit Distribution - undistributed profits" and other subjects in turn. If the repurchase price is lower than the share capital corresponding to the repurchased shares, the difference between the book balance of the cancelled treasury stock and the offset share capital will be treated as an increase in capital stock premium, and debit to the "Share Capital" according to the par value of the share capital corresponding to the repurchased shares, credit the "Treasury Stock" according to the book balance of the cancelled treasury stock, and credit the "Capital Surplus - capital stock premium" according to the difference.

3. Debt restructuring

(1). The Company acts as the lessor:

The Company ceases recognition of claims when the contractual right to collect cash flows from the claims expires. In cases where debt is restructured through settlement with assets or conversion into equity instruments, the Company recognizes the relevant assets once they meet the criteria for definition and recognition.

If debt restructuring involves repaying debts with assets, transferred non-financial assets are initially measured at cost upon recognition by the Company. The cost of inventory comprises the fair value of relinquished claims and other directly attributable costs such as taxes, transportation fees, loading and unloading fees, insurance premiums, and expenses incurred to bring the asset to its current location and condition. Similarly, the cost of an investment in an associate or joint venture encompasses the fair value of relinquished claims and other directly attributable costs such as taxes. The cost of investment real estate incorporates the fair value of relinquished claims and other directly attributable costs, such as taxes, associated with the asset. Similarly, the cost of a fixed asset encompasses the fair value of relinquished claims and other directly attributable costs, including taxes, transportation fees, loading and unloading fees, installation fees, professional service fees, and other expenses incurred before the asset reaches its intended usable condition. The cost of biological assets comprises the fair value of relinquished claims and other directly attributable costs, such as taxes, transportation fees, and insurance premiums, associated with the assets. The costs of intangible assets include the purchase price, related taxes as well as other expenses incurred to make the assets reach the intended serviceable conditions and attributable to the assets. If debt restructuring involves converting debt into equity instruments, resulting in the creditor converting its claim into an equity investment in an associate or joint venture, the Company shall measure it based on the fair value of the relinquished claim and taxes, along with other costs directly attributable to the asset, to determine its initial investment cost. Upon recovery or disposal, the difference between the price obtained and the book value of the financial assets shall be recorded into the current profit or loss.

In cases where debt restructuring is conducted by modifying other terms, the Company shall recognize and measure the restructured claims according to the guidelines outlined in “V. Significant Accounting Policies and Accounting Estimates, 11. Financial Instruments” of this note.

In the event that multiple assets are utilized to repay debts or a combination is employed to restructure debts, the Company will first confirm and measure the transferred financial assets and restructured claims in accordance with “V. Significant Accounting Policies and Accounting Estimates, 11. Financial Instruments” outlined in this note. Subsequently, the fair value ratio of each asset, excluding the transferred financial assets, shall be allocated to the net amount after deducting the confirmed amount of the transferred financial assets and restructured claims from the fair value of the relinquished claims. Based on this allocation, the cost of each asset shall be determined separately using the aforementioned method. The difference between the fair value and the book value of the relinquished claims shall be recognized in the current profit and loss.

(2). The Company acts as the debtor:

The Company derecognizes a debt once its current obligations are discharged.

If debt reorganization is executed by repaying debts with assets, the Company will derecognize the relevant assets and debts repaid when they meet the conditions for derecognition. The difference between the book value of the debts repaid and the book value of the transferred assets shall be included in the current profit and loss.

If debt restructuring involves converting debt into equity instruments, the Company will derecognize the debt when the repaid debt meets the conditions for derecognition. When initially recognizing an equity instrument, the Company measures it based on the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured based on the fair value of the debt repaid. The difference between the book value of the debt repaid and the recognized amount of the equity instrument shall be included in the current profit and loss.

In cases where Debt is conducted by modifying other terms, the Company shall recognize and measure the restructured claims according to the guidelines outlined in “V. Significant Accounting Policies and Accounting Estimates, 11. Financial Instruments” of this note.

In instances where multiple assets are utilized to repay debts or a combination is employed to reorganize debts, the Company shall confirm and measure equity instruments and restructured debts using the aforementioned methods. The book value of the debts repaid shall be the sum of the book value of the transferred assets and the confirmed amount of equity instruments and restructured debts. Any difference between this sum and the profit and loss shall be included in the current profit and loss.

4. Segmental reporting

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments based on the operating segments and discloses the information of the segments.

Operating segments refer to components within the Company that simultaneously meet the following conditions:

- (1) The component can generate income and incur expenses in daily activities.
- (2) The Company’s management can regularly evaluate the operating results of this component to decide on resource allocation and evaluate its performance.
- (3) The Company can obtain relevant accounting information such as the financial status, operating results, and cash flow of this component.

If two or more operating segments have similar economic characteristics and meet certain conditions, they may be merged into one operating segment.

43. Significant accounting policy and accounting estimate change

- (1) Changes in significant accounting policies

Applicable Not applicable

Unit: yuan

Content and reasons of changes in accounting policies	Important Affected report item Name	Amount of impact
---	-------------------------------------	------------------

(1) Implemented the *Interpretation of Accounting Standards for Business Enterprises No.16*, which stipulates “the deferred income tax related to assets and liabilities arising from individual transactions shall not be applicable to the accounting treatment of initial recognition exemption”.

On November 30, 2022, the Ministry of Finance promulgated and implemented the *Interpretation of Accounting Standards for Business Enterprises No.16* (CK (2022) No. 31, hereafter referred to as “No.16 Interpretation”), which stipulates “the deferred income tax related to assets and liabilities arising from individual transactions shall not be applicable to the accounting treatment of initial recognition exemption”, and shall come into effect from January 1, 2023.

Interpretation No. 16 stipulates that for a company not involved in a business combination, if a transaction doesn’t impact accounting profits or taxable income (or deductible losses) at the time of occurrence, and if the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences, then exemptions from recognizing deferred income tax liabilities and deferred income tax assets don’t apply. Instead, the enterprise should recognize the corresponding amounts in accordance with relevant provisions such as *Accounting Standard No. 18 for Business Enterprises - Income Tax* and other applicable regulations. This includes single transactions that can result in deductible temporary differences, such as leasing transactions where lease liabilities are initially recognized on the start date of the lease term and included in right-of-use assets, and transactions involving estimated liabilities for disposal obligations of fixed assets, which are then included in the cost of related assets.

If a taxable temporary difference and a deductible temporary difference arise from a single transaction covered by the provision, occurring between the earliest period covered by the financial statements presented for the first time and the date of its application, and stemming from the recognition of a lease liability and right-of-use asset at the beginning of said earliest period as well as from the recognition of a projected liability related to an abandonment obligation and the corresponding related asset, the enterprise shall make adjustments as per the provision.

The Company will implement this regulation starting from January 1, 2023. The main impacts of implementing this regulation are as follows:

Content and reasons of changes in accounting policies	Affected report item	Affected amount in balance on January 1, 2022	
		Consolidation	Parent company
<i>Interpretation of Accounting Standards for Business Enterprises No.16</i> (No.16 Interpretation)	Deferred income tax assets	14,845,309.87	277,192.47
	Deferred income tax liabilities		
	Income tax expenses	-14,845,309.87	-277,192.47
	Undistributed profit	14,844,385.21	277,192.47
	Minority interest income	-924.66	
	Minority equity	924.66	

Content and reasons of changes in accounting policies	Affected report item	Consolidation		Parent company	
		2023.12.31/2023	December 31, 2023/2022	2023.12.31/2023	December 31, 2023/2022
<i>Interpretation of Accounting Standards for Business Enterprises No.16</i> (No.16 Interpretation)	Deferred income tax assets	12,773,788.21	14,978,225.10		519,777.63
	Deferred income tax liabilities	2,099,092.05		2,099,092.05	
	Income tax expenses	4,303,528.94	-132,915.23	2,618,869.68	-242,585.16
	Undistributed profit	10,693,719.10	14,979,240.42	-2,099,092.05	519,777.63
	Minority interest income	-18,007.62	-1,939.98		
	Minority equity	-19,022.94	-1,015.32		

winner Winner Medical

(2) Changes in major accounting estimates

Applicable Not applicable

(3) Adjustment of relevant items in financial statements at the beginning of first implementation year as a result of first implementation of new accounting standards from 2023

Applicable Not applicable

Adjustment description

For details, refer to Note 43, “Significant Changes in Accounting Policies and Accounting Estimates,” specifically focusing on (1) Significant Changes in Accounting Policies.

44. Others

None

VI. Taxation

1. Main tax categories and tax rates

Tax category	Taxation basis	Tax rate
Added value tax	Calculate the substituted money on VAT on the basis of the income from selling goods and taxable services according to the tax law. After deduction of the withholdings on VAT allowed to deduct in current period, the balance is the VAT payable	13%, 9%, 6%, 3%, 1%, 0%
Consumption tax	N/A	N/A
Urban maintenance and construction tax	Actual paid value added tax (including the exemption part) and consumption tax	7%, 5%
Corporate income tax	Levied by income tax payable	30%, 25%, 20%, 16.5%, 15%
Education surcharge	Actual paid value added tax (including the exemption part) and consumption tax	3%

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

Name of taxpayer	Income tax rate
Winner Medical, Winner Medical (Huanggang), Winner Medical (Tianmen), Winner Medical (Jingmen), Winner Medical (Chongyang), Winner Medical (Jiayu), Qianhai Purcotton, Winner Medical (Wuhan), Longterm Medical, Winner Guilin, Winner Medical (Hunan)	15%
Winner Medical (Hong Kong)	16.5%
Hangzhou Shengyi, Xi'an Longtemu, Deqing Longterm, Ruian Medical Device	20%
Mexico Longtai	30%

2. Tax preference

- (1) On December 23, 2021, according to the *Notice on Publicizing the List of First Batch of High-tech Enterprises to be Identified in Shenzhen in 2021* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration, the Company passed the High-tech Enterprise Qualification Reexamination (Certificate No.: GR202144202494). From 2021 to 2023, the corporate income tax can be paid at a preferential tax rate of 15.00%.
- (2) According to the *Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2019*, Winner Medical (Huanggang) was identified as the second batch of high-tech enterprises with the certificate number of GR201942002414, and passed the qualification review of high-tech enterprises in 2022. Winner Medical (Huanggang) is eligible to pay corporate income tax at a preferential rate of 15.00% from 2022 to 2024.
- (3) Qianhai Purcotton was established on July 21, 2015, with its domicile located in Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone. According to the *Notice of Enterprise Income Tax Preferential Policies and Preferential Directory in Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Hengqin New Fujian Pingtan Comprehensive Experimental Area* (C.S. [2014] No. 26) issued by the Ministry of Finance and State Taxation Administration, Qianhai Purcotton pays its enterprise income tax at the tax rate of 15.00%.
- (4) According to the *Notice on Publicizing the List of Fourth Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on December 23, 2021, Winner Medical (Jingmen) obtained the High-tech Enterprise Certificate (Certificate No.: GR202142004475) on December 3, 2021. From 2021 to 2023, corporate income tax can be paid at a preferential tax rate of 15.00%.
- (5) According to the *Notice on Publicizing the List of Fifth Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* issued by the Leading Group Office of National High-tech Enterprise Accreditation Administration on December 23, 2021, Winner Medical (Jiayu) obtained the High-tech Enterprise Certificate (Certificate No.: GR202142005582) on December 17, 2021. From 2021 to 2023, corporate income tax can be paid at a preferential tax rate of 15.00%.
- (6) According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* on December 15, 2021, Winner Medical (Chongyang) and Winner Medical (Tianmen) obtained the High-tech Enterprise Certificates (Certificate No.: GR202142000579, GR202142002367) on November 15, 2021. The prepayment of corporate income tax shall be at a rate of 15.00% in 2021.
- (7) According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2022* issued on November 9, 2022, Winner Medical (Wuhan) obtained the High-tech Enterprise Certificate (Certificate No.: GR202242002319) on November 9, 2022. From 2022 to 2024, the corporate income tax can be paid at a preferential tax rate of 15.00%.
- (8) Longtai Medical was initially recognized as a high-tech enterprise on November 13, 2017. It subsequently obtained an updated high-tech enterprise qualification certificate on December 8, 2023, with the certificate number GR202345000323. Pay corporate income tax at a preferential tax rate of 15% with a validity period of three years.
- (9) Hangzhou Shengyi, Xi'an Longtemu, Deqing Longterm are all small enterprises with small profits. The part with annual taxable income not exceeding 1 million yuan shall be reduced by 12.5% and included into the taxable income, and the corporate income tax shall be paid at the tax rate of 20%; The part with annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan shall be reduced by 25% and included into the taxable income, and corporate income tax shall be paid at the rate of 20%.
- (10) Winner Medical (Hunan) was recognized as a high-tech enterprise in 2010 to pay corporate income tax at a preferential tax rate of 15%. Longterm Medical obtained an updated high-tech enterprise qualification certificate on Monday with a validity period of three years until Thursday, December 1, 2022. passed the high-tech enterprise certification for the third time in 2022 to obtain a certificate with number of GR202243004478 and expiration date of December 12, 2025.

(11) Ruian Medical Device is a small enterprise with small profits. The part with annual taxable income not exceeding 1 million yuan shall be reduced by 12.5% and included into the taxable income, and the corporate income tax shall be paid at the tax rate of 20%; The part with annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan shall be reduced by 50% and included into the taxable income, and corporate income tax shall be paid at the rate of 20%. At present, the annual taxable income of Ruian Medical Device is less than 1 million yuan, and the actual tax rate is 2.5%.

(12) On December 4, 2023, Winner Guilin passed the high-tech enterprise certification to obtain the high-tech enterprise certificate with number of GR202345000323 and validity period of three years. According to the relevant preferential policies of China for high-tech enterprises, qualified high-tech enterprises shall be subject to a corporate income tax at a preferential tax rate of 15% for three years from the year of recognition. Winner Guilin can be entitle to this preferential policy in 2023.

3. Others

None

VII. Notes to items in the consolidated financial statements

1. Cash and cash equivalents

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Cash on hand	76,471.98	246,825.76
Bank deposit	4,676,600,881.85	4,169,305,311.41
Other cash and cash equivalents	29,454,717.44	357,325,441.73
Total	4,706,132,071.27	4,526,877,578.90
Including: Total amount deposited abroad	6,765,888.80	15,822,664.52

Other description:

Wherein, the breakdown of monetary funds that are restricted in use due to mortgages, pledges or freezes, restricted in withdrawal due to centralized management of funds, as well as those placed outside China with restrictions on repatriation of funds, is as follows:

Item	Closing Balance	Closing balance of the previous year
Deposit for bank acceptance bill* 1	10,935,300.00	7,428,000.00
Letter of Credit deposit* 2	100,000.00	139,600,000.00
Performance bond* 3	5,077,060.94	2,922,681.16
Letter of Guarantee bond* 4	6,600,000.00	
Balance of other restricted monetary funds *5	6,078,927.88	6,104,939.57
Total	28,791,288.82	156,055,620.73

*1 Deposit for bank acceptance bill refers to the deposit deposited by Zhejiang Longterm to apply for bank acceptance bill.

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

*3 The performance bond refers to the bond deposited by Zhejiang Longterm for automatic transfer of electricity charges; the bond deposited by Winner Medical (Hong Kong) for bidding transactions with hospitals.

*4 Represents the deposit made by Winner Medical (Hunan) for signing the demand guarantee.

*5 The balance of other restricted monetary funds refers to the receipt deposit of Winner Medical (Shenzhen); the balance of special deposit accounts for restricted non-budget units opened by Shenzhen Purecotton in accordance with the regulations of prepaid card issuance formulated by the Ministry of Commerce, and product deposit for the APP and mini program.

2. Tradable financial assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Financial assets measured at fair value of which the changes are included in current profit and loss	2,850,058,540.71	4,378,789,960.23
Including:		
Bank financial products	1,735,249,266.74	3,027,531,039.77
Trust products	1,114,809,273.97	1,351,258,920.46
Including:		
Total	2,850,058,540.71	4,378,789,960.23

Other description:

None

3. Derivative financial assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other description:		
None		

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Bank acceptance bill	42,963,076.53	51,001,784.57
Total	42,963,076.53	51,001,784.57

(2) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Book balance		Closing Balance		Book value	Book balance		Balance at the beginning of the period		Book value
			Provision for bad debt					Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Including:										
Including:										

Provision for bad debts on promissory notes if based on a general model of expected credit losses:

Applicable Not applicable

(3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Balance at the beginning of the period	Accrual	Amount of change in current period			Closing Balance
			Recovered or reversed	Write-off	Others	

Where the amount of bad debt provision recovered or reversed is important:

Applicable Not applicable

(4) Notes receivable pledged by the Company at the end of the period

Unit: yuan

Item	Pledged amount at the end of the period

(5) Notes receivable endorsed or discounted by the Company at the end of the period and not expired yet on the balance sheet date

Unit: yuan

Item	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period
Bank acceptance bill	334,223,420.29	28,991,818.10
Total	334,223,420.29	28,991,818.10

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

Unit: yuan

Item	Amount written off

Write-off of important notes receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off notes receivable:

None

5. Accounts receivable

(1) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	802,426,859.44	966,089,497.52
1~2 years	12,583,559.62	15,332,065.15
2~3 years	4,051,224.68	1,968,459.71
More than 3 years	2,899,121.73	3,906,882.01
3~4 years	1,601,949.62	502,727.73
4~5 years	292,384.46	1,622,782.36
More than 5 years	1,004,787.65	1,781,371.92
Total	821,960,765.47	987,296,904.39

(2) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion	Book value	Amount	Proportion	Amount	Accruing proportion	Book value
Accounts receivable of provision for bad debt by single item	9,715,810.58	1.18%	9,715,810.58	100.00%		2,811,067.30	0.28%	2,811,067.30	100.00%	
Including:										
Accounts receivable of provision for bad debt by combination	812,244,954.89	98.82%	43,642,665.29	5.37%	768,602,289.60	984,485,837.09	99.72%	51,843,776.05	5.27%	932,642,061.04
Including:										
Aging analysis method	812,244,954.89	98.82%	43,642,665.29	5.37%	768,602,289.60	984,485,837.09	99.72%	51,843,776.05	5.27%	932,642,061.04
Total	821,960,765.47	100.00%	53,358,475.87	6.49%	768,602,289.60	987,296,904.39	100.00%	54,654,843.35	5.54%	932,642,061.04

Provision for bad debt by single item: 1

Unit: yuan

Name	Balance at the beginning of the period		Closing Balance			Reasons for provision
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	
Better Life Commercial Chain Share Co., Ltd.			6,387,334.23	6,387,334.23	100.00%	The customer has declared bankruptcy, and the payment for the goods is unlikely to be recovered.
Others	2,811,067.30	2,811,067.30	3,328,476.35	3,328,476.35	100.00%	Expected to be irrecoverable
Total	2,811,067.30	2,811,067.30	9,715,810.58	9,715,810.58		

Provision for bad debt by combination: aging analysis

Unit: yuan

Name	Closing Balance		Accruing proportion
	Book balance	Provision for bad debt	
Within 1 year	796,361,879.54	39,638,001.21	5.00%
1~2 years	9,676,946.08	967,694.62	10.00%
2~3 years	3,296,613.23	988,983.97	30.00%
3~4 years	1,601,949.62	800,974.82	50.00%
4~5 years	302,778.77	242,223.02	80.00%
More than 5 years	1,004,787.65	1,004,787.65	100.00%
Total	812,244,954.89	43,642,665.29	

Description of the basis for determining the combination:

On Sunday, December 31, 2023, the Company reviewed the appropriateness of the provision for bad debts of receivables in the previous year according to the historical bad debt loss, and believed that the default probability has a strong correlation with the aging of accounts, and the account age is still a sign of whether the credit risk of the Company's receivables has significantly increased. Therefore, the Company's credit risk loss on Sunday, December 31, 2023 is estimated based on the aging of accounts and estimated at the original loss ratio.

If the provision for bad debts on accounts receivable relies on a general model of expected credit losses:

Applicable Not applicable

(3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period			Closing Balance	
		Accrual	Recovered or reversed	Write-off		Others
Provision for bad debt of accounts receivable	54,654,843.35	26,628,661.68	29,684,826.02		1,759,796.86	53,358,475.87
Total	54,654,843.35	26,628,661.68	29,684,826.02		1,759,796.86	53,358,475.87

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

(4) Accounts receivable actually written off at the current period

Unit: yuan

Item	Amount written off
------	--------------------

Write-off of important accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-------------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off accounts receivable:

None

(5) Accounts receivable with Top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and impairment provision for contract assets
First	132,804,349.62		132,804,349.62	16.16%	6,640,217.48
Second	28,162,882.67		28,162,882.67	3.43%	1,408,144.13
Third	23,054,581.06		23,054,581.06	2.80%	1,152,729.05
Fourth	21,432,541.07		21,432,541.07	2.61%	1,071,627.05
Fifth	18,989,901.82		18,989,901.82	2.31%	949,495.09
Total	224,444,256.24		224,444,256.24	27.31%	11,222,212.80

6. Contract assets

(1) Contract assets

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Provision for bad debt		Book balance	Provision for bad debt	
		Book value		Book balance	Provision for bad debt	Book value

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

Unit: yuan

Item	Amount of change	Reason for change
------	------------------	-------------------

(3) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion	Book value	Amount	Proportion	Amount	Accruing proportion	Book value

Including:

Including:

Provision for bad debts based on the general expected credit loss (ECL) model

Applicable Not applicable

(4) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Item	Accrual in current period	Recovered or reversed during the period	Write off/verification in current period	Reasons
------	---------------------------	---	--	---------

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

(5) Actual contract assets written off during the period

Unit: yuan

Item	Amount written off
------	--------------------

Write-off of important contract assets:

Unit: yuan

Unit name	Nature of payment	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-------------------	--------------------	-----------------------	--------------------------------	--

Notes on the write-off of contract assets:

Other description:

7. Amounts receivable financing

(1) Presentation of receivables financing classifications

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Notes receivable - banker's acceptance bill	29,348,618.44	93,093,113.79
Total	29,348,618.44	93,093,113.79

(2) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion	Book value	Amount	Proportion	Amount	Accruing proportion	Book value

Including:

Including:

Provision for bad debts based on the general expected credit loss (ECL) model

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	

Balance on Sunday, January 1, 2023
in the current period

Basis for division of each stage and provision ratio for bad debts

None

Description of significant changes in the book balance of accounts receivable financing, particularly those reflecting adjustments in loss provisions during the current period:

(3) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Accrual	Amount of change in current period			Closing Balance
			Recovered or reversed	Write off/verification	Other changes	

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

None

(4) Receivables financing pledged by the Company at the end of the period

Unit: yuan

Item	Pledged amount at the end of the period
------	---

(5) Receivables financing endorsed or discounted by the Company at the end of the period and not expired yet on the balance sheet date

Unit: yuan

Item	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period
------	---	---

(6) Receivable actually written off at the current period

Unit: yuan

Item	Amount written off
------	--------------------

Important write-offs of receivables financing

Unit: yuan

Unit name	Nature of payment	Amount written off	Reasons for write-off	Whether the amount written off resulted from a related transaction
-----------	-------------------	--------------------	-----------------------	--

Description of write-off:

None

(7) Changes in the increase and decrease of receivables financing and changes in the fair value in the current period

None

(8) Other description

None

8. Other receivables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other receivables	218,913,405.18	236,298,390.78
Total	218,913,405.18	236,298,390.78

(1) Interest receivable

1) Classification of interest receivable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

2) Important overdue interest

Unit: yuan

Borrower	Closing Balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis
----------	-----------------	--------------	----------------	--

Other description:

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Accrual	Amount of change in current period			Closing Balance
			Recovered or reversed	Write off/verification	Other changes	

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

5) Interest receivable actually written off during the period.

Unit: yuan

Item	Amount written off
------	--------------------

Write-off of important interest receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off:

Other description:

(2) Dividends receivable

1) Classification of dividends receivable

Unit: yuan

Project (or invested unit)	Closing Balance	Balance at the beginning of the period
----------------------------	-----------------	--

2) Important dividends receivable with the aging more than 1 year

Unit: yuan

Project (or invested unit)	Closing Balance	Aging	Reason for non-recovery	Whether there is impairment and its judgment basis
----------------------------	-----------------	-------	-------------------------	--

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period			Closing Balance
		Accrual	Recovered or reversed	Write off/verification	

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

5) Actual write-off of dividends receivable for the period

Unit: yuan

Item	Amount written off
------	--------------------

Important write-off of dividends receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off:

Other description:

(3) Other receivables

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Compensation for investment and construction project of Winner Medical (Heyuan)	220,155,320.00	224,655,320.00
Margin and deposit	101,019,054.40	107,940,240.20
Export drawback		147,743.12
Employee pretty cash	3,453,440.82	3,851,541.87
Others	13,192,323.37	20,322,649.47
Total	337,820,138.59	356,917,494.66

2) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	37,682,315.11	41,891,601.58
1~2 years	17,911,211.16	20,875,710.36
2~3 years	13,979,257.63	20,538,043.37
More than 3 years	268,247,354.69	273,612,139.35
3~4 years	17,098,300.38	240,857,729.75
4~5 years	228,654,779.32	29,659,408.36
More than 5 years	22,494,274.99	3,095,001.24
Total	337,820,138.59	356,917,494.66

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

Unit: yuan

Class	Book balance		Closing Balance			Balance at the beginning of the period				
	Amount	Proportion	Amount	Accruing proportion	Book value	Amount	Proportion	Amount	Accruing proportion	Book value
Provision for bad debt by single item	220,391,165.90	65.24%	110,313,505.90	50.05%	110,077,660.00	224,656,320.00	62.94%	112,328,660.00	50.00%	112,327,660.00
Including:										
Provision for bad debt combination	117,428,972.69	34.76%	8,593,227.51	7.32%	108,835,745.18	132,261,174.66	37.06%	8,290,443.88	6.27%	123,970,730.78
Including:										
Aging combination	16,845,623.22	4.99%	3,565,039.11	21.16%	13,280,584.11	24,821,784.54	6.96%	2,925,861.53	11.79%	21,895,923.01
Margin / deposit combination	100,583,349.47	29.77%	5,028,188.40	5.00%	95,555,161.07	107,291,647.00	30.06%	5,364,582.35	5.00%	101,927,064.65
Other combination						147,743.12	0.04%			147,743.12
Total	337,820,138.59	100.00%	118,906,733.41	35.20%	218,913,405.18	356,917,494.66	100.00%	120,619,103.88	33.79%	236,298,390.78

Provision for bad debt by single item:

Unit: yuan

Name	Balance at the beginning of the period		Closing Balance			Reasons for provision
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	
Zijin County People's Government	224,655,320.00	112,327,660.00	220,155,320.00	110,077,660.00	50.00%	Government receivables with an accounting age of 4-5 years.
Others	1,000.00	1,000.00	235,845.90	235,845.90	100.00%	Expected to be irrecoverable
Total	224,656,320.00	112,328,660.00	220,391,165.90	110,313,505.90		

Provision for bad debts based on a combination of credit risk characteristics:

Combined provision items based on aging:

Name	Closing Balance		
	Other receivables	Provision for bad debt	Accruing proportion (%)
Within 1 year	11,172,638.33	558,631.88	5.00
1~2 years	159,603.64	15,960.37	10.00
2~3 years	54,266.80	16,280.04	30.00
3~4 years	4,801,895.28	2,400,947.65	50.00
4~5 years	420,000.00	336,000.00	80.00
More than 5 years	237,219.17	237,219.17	100.00
Total	16,845,623.22	3,565,039.11	21.16

Provision for bad debts based on the general expected credit loss (ECL) model:

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	
Balance on Sunday, January 1, 2023	108,878,474.34		11,740,629.54	120,619,103.88
Balance on Sunday, January 1, 2023 in the current period				
Accrual in current period	2,431,037.90			2,431,037.90
Reversal in current period	4,100,382.86			4,100,382.86
Written-off in current period	57,953.35			57,953.35
Other changes	14,927.84			14,927.84
Balance on Sunday, December 31, 2023	107,166,103.87		11,740,629.54	118,906,733.41

Basis for division of each stage and provision ratio for bad debts

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

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write off/verification	Others	
Provision for bad debts of other receivables	120,619,103.88	2,431,037.90	4,100,382.86	57,953.35	14,927.84	118,906,733.41
Total	120,619,103.88	2,431,037.90	4,100,382.86	57,953.35	14,927.84	118,906,733.41

Where the amount of bad debt provision reversed or recovered is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

5) Other receivable actually written off at the current period

Unit: yuan

Item	Amount written off
Other receivables actually written off	57,953.35

Write-off of important other receivables:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off of other receivables:

6) Other receivables with Top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Closing Balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
First	Receivables related to Heyuan project	220,155,320.00	4~5 years (including 5 years)	65.17%	110,077,660.00
Second	Margin and deposit	2,311,115.80	1~2 years (including 2 years)	0.68%	115,555.79
Third	Others	2,000,000.00	3~4 years (including 4 years)	0.59%	1,000,000.00
Fourth	Deposit	1,328,196.61	1~2 years (including 2 years)	0.39%	66,409.83
Fifth	Deposit	1,176,513.00	Within 1 year (including 1 year)	0.35%	58,825.65
Total		226,971,145.41		67.18%	111,318,451.27

7) Recorded under other receivables due to centralized fund management

Unit: yuan

Other description:

None

9. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: yuan

Aging	Closing Balance		Balance at the beginning of the period	
	Amount	Proportion	Amount	Proportion
Within 1 year	119,158,386.43	97.45%	226,208,813.98	98.68%
1~2 years	2,613,992.18	2.14%	2,922,303.77	1.28%
2~3 years	509,364.14	0.42%	94,155.34	0.04%
More than 3 years				
Total	122,281,742.75		229,225,273.09	

Reasons for non-timely settlement of important advances from customers with the aging more than 1 year:

(2) Advances to suppliers with Top 5 ending balances by prepayment object

Advance object	Closing Balance	Proportion in total ending balance of advances (%)
First	36,429,259.56	29.2
Second	5,158,215.30	4.13
Third	3,967,110.70	3.18
Fourth	2,157,568.73	1.73
Fifth	1,636,461.99	1.31
Total	49,348,616.28	39.55

Other description:

10. Inventory

Does the Company need to follow the disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: yuan

Item	Book balance	Closing Balance		Balance at the beginning of the period		
		Inventory falling price reserves or provision for impairment of contract performance costs	Book value	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value
Raw materials	257,540,786.57	13,590,764.92	243,950,021.65	442,673,944.78	54,831,465.50	387,842,479.28
Work in process	202,621,436.49	36,094,235.16	166,527,201.33	172,727,862.49	9,184,849.77	163,543,012.72
Merchandise inventory	1,187,727,556.66	205,259,954.93	982,467,601.73	1,188,954,668.09	258,680,380.74	930,274,287.35
Semi-finished products shipped in transit	24,716,158.02		24,716,158.02	61,520,340.90	130,228.78	61,390,112.12
Low priced and easily worn articles	18,264,295.81	1,598,990.58	16,665,305.23	17,465,670.25	1,591,988.35	15,873,681.90
Total	1,690,870,233.55	256,543,945.59	1,434,326,287.96	1,883,342,486.51	324,418,913.14	1,558,923,573.37

(2) Inventory falling price reserves and provision for impairment of contract performance costs

Unit: yuan

Item	Balance at the beginning of the period	Amount increased in current period		Amount decreased in current period		Closing Balance
		Accrual	Others	Reversal or write-back	Others	
Raw materials	54,831,465.50	16,801,848.94		58,042,549.52		13,590,764.92
Work in process	9,184,849.77	26,909,385.39				36,094,235.16
Merchandise inventory	258,680,380.74	266,138,204.39	1,084,931.09	320,646,375.36	-2,814.07	205,259,954.93
Semi-finished products shipped in transit	130,228.78			130,228.78		
Low priced and easily worn articles	1,591,988.35	1,352,093.22		1,345,090.99		1,598,990.58
Total	324,418,913.14	311,201,531.94	1,084,931.09	380,164,244.65	-2,814.07	256,543,945.59

Inventory impairment provision by portfolio

Unit: yuan

Combination name	Closing Balance	The end of the period		Balance at the beginning of the period	The beginning of the period	
		Provision for depreciation	Accruing proportion for depreciation provision		Provision for depreciation	Accruing proportion for depreciation provision

The accounting standard for calculating the provision for inventory impairment by portfolio

(3) Description of ending balance of inventory containing the capitalized amount of borrowing costs

(4) Description of current amortization amount of contract performance cost

11. Assets held for sales

Unit: yuan

Item	Ending book balance	Provision for impairment	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time
------	---------------------	--------------------------	-------------------	------------	-------------------------	-------------------------

Other description:

12. Non-current assets due within a year

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Long-term receives due within one year	4,379,308.17	
Total	4,379,308.17	

(1) Non-current assets due within a year

Applicable Not applicable

(2) Other non-current assets due within a year

Applicable Not applicable

13. Other current assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Return cost receivable	779,058.41	1,181,368.44
Interest on fixed deposit / large deposit	97,786,429.67	101,670,459.07
VAT input tax to be deducted / uncertified input tax	51,890,783.52	5,863,706.62
Prepaid corporate income tax	38,171,660.89	4,773,735.12
Unamortized expenses	10,150,883.88	4,853,649.47
Pledged certificate of deposit (1*)	180,000,000.00	
Others	74,836.27	716,165.75
Total	378,853,652.64	119,059,084.47

Other description:

1* Shenzhen Winner Medical and Shenzhen Purcotton pledged time deposit certificates to issue bank acceptance bills.

14. Debt investment

(1) Debt investment

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Changes in the provision for impairment of debt investments during the period

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
------	--	----------------------------	----------------------------	-----------------

(2) Major debt investments at the end of the period

Unit: yuan

Debt item	Book value	Coupon rate	Closing Balance			Book value	Balance at the beginning of the period			
			Actual rate	Maturity date	Overdue principal		Coupon rate	Actual rate	Maturity date	Overdue principal

(3) Provision for impairment

Unit: yuan

	Stage 1	Stage 2	Stage 3	Total
Provision for bad debt	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	

Balance on Sunday, January 1, 2023
in the current period

Basis for division of each stage and provision ratio for bad debts

(4) Debt investments actually written off during the period

Unit: yuan

Item	Amount written off
------	--------------------

Significant write-offs of debt investments

Debt investment write-offs:

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

Applicable Not applicable

Other description:

15. Other debt investments

(1) Other debt investments

Unit: yuan

Item	Balance at the beginning of the period	Accrued interest	Interest adjustments	Fair value change in current period	Closing Balance	Cost	Accumulated fair value change	Accumulated impairment provision recognized in other comprehensive income	Remark
------	--	------------------	----------------------	-------------------------------------	-----------------	------	-------------------------------	---	--------

(2) Changes in the provision for impairment of other debt investments during the period

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
------	--	----------------------------	----------------------------	-----------------

Other important debt investments at the end of the period

Unit: yuan

Debt item	Book value	Coupon rate	Closing Balance			Book value	Balance at the beginning of the period			
			Actual rate	Maturity date	Overdue principal		Coupon rate	Actual rate	Maturity date	Overdue principal

(3) Provision for impairment

Unit: yuan

	Stage 1	Stage 2	Stage 3	Total
Provision for bad debt	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	

Balance on Sunday, January 1, 2023
in the current period

Basis for division of each stage and provision ratio for bad debts

(4) Other debt investment actually written off at the current period

Unit: yuan

Item	Amount written off
------	--------------------

Important write-offs of other debt investments

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

Applicable Not applicable

Other description:

16. Other equity instrument investments

Unit: yuan

Project name	Closing Balance	Balance at the beginning of the period	Gain recognized in other comprehensive income for the period	Loss included in other comprehensive income for the period	Accumulated gains included in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designating to be measured at fair value and its changes are recorded into other comprehensive income
--------------	-----------------	--	--	--	---	---	--	---

Derecognition occurred in the current period

Unit: yuan

Project name	Accumulated gains transferred to retained earnings	Cumulative losses transferred to retained earnings	Reasons for termination of confirmation
--------------	--	--	---

Itemized disclosure of the current non-trading equity instrument investment

Unit: yuan

Project name	Recognized dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred into retained income	Reasons for designating to be measured at fair value and its changes are recorded into other comprehensive income	Reasons for other comprehensive income transferring into retained income
--------------	----------------------------	-------------------	--------------------	---	---	--

Other description:

17. Long-term receivables

(1) Long-term receivables

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period			Discount rate range
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value	
Finance leases	40,068,572.38		40,068,572.38				
Including: unrealized financing income.	-9,320,807.04		-9,320,807.04				
Non-current assets due within a year	-4,379,308.17		-4,379,308.17				
Total	35,689,264.21		35,689,264.21				

(2) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion	Book value	Amount	Proportion	Amount	Accruing proportion	Book value
Including:										
Including:										

Provision for bad debts based on the general expected credit loss (ECL) model

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	

Balance on Sunday, January 1, 2023 in the current period

Basis for division of each stage and provision ratio for bad debts

(3) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write off/verification	Other changes	

Where the amount of bad debt provision reversed or recovered is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

(4) Long-term receivables actually written off during the period

Unit: yuan

Item	Amount written off
------	--------------------

Significant long-term receivables written off:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Notes on the write-off of long-term receivables:

18. Long-term equity investment

Unit: yuan

Invested unit	Beginning balance (book value)	Opening balance of provision for impairment	Increase or decrease in current period							Ending balance (book value)	Ending balance of impairment provision
			Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment		
I. Joint ventures											
II. Cooperative enterprise											
Chengdu Winner	21,642,696.16				1,184,337.91				2,450,000.00		20,377,034.07
Hubei Xianchuang Technology Co., Ltd.	104,939.83				397,270.30						502,210.13
Subtotal	21,747,635.99				1,581,608.21				2,450,000.00		20,879,244.20
Total	21,747,635.99				1,581,608.21				2,450,000.00		20,879,244.20

The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for the apparent inconsistency between the aforementioned information and the data used in impairment testing in prior years or external information

N/A

Reasons for the variance between the information utilized in the Company's impairment testing in prior years and the actual circumstances of the current year

N/A

Other description:

19. Other non-current financial assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Equity instrument investments	70,000,000.00	40,000,000.00
Total	70,000,000.00	40,000,000.00

Other description:

20. Investment real estates

(1) Investment real estates using cost measurement mode

Applicable Not applicable

Unit: yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Balance at the beginning of the period	10,739,083.13			10,739,083.13
2. Amount increased in current period				
(1) Outsourcing				
(2) Transfer from inventory / fixed assets / construction in progress				
(3) Increase by business combination				
3. Amount decreased in current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance	10,739,083.13			10,739,083.13
II. Accumulated depreciation and accumulated amortization				
1. Balance at the beginning of the period	1,992,068.88			1,992,068.88
2. Amount increased in current period	1,053,672.46			1,053,672.46
(1) Provision or amortization	1,053,672.46			1,053,672.46
3. Amount decreased in current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance	3,045,741.34			3,045,741.34
III. Provision for impairment				
1. Balance at the beginning of the period				
2. Amount increased in current period				

Item	Houses and buildings	Land use right	Construction in progress	Total
(1) Accrual				
3. Amount decreased in current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance				
IV. Book value				
1. Ending book value	7,693,341.79			7,693,341.79
2. Beginning book value	8,747,014.25			8,747,014.25

The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for the apparent inconsistency between the aforementioned information and the data used in impairment testing in prior years or external information

N/A

Reasons for the variance between the information utilized in the Company's impairment testing in prior years and the actual circumstances of the current year

N/A

Other description:

None

(2) Investment real estates using fair value measurement mode

Applicable Not applicable

(3) Converted to investment property and valued at fair value

Unit: yuan

Item	Accounts before conversion	Amount	Conversion reason	Approval procedures	Impact on profit or loss	Impact on other comprehensive income
------	----------------------------	--------	-------------------	---------------------	--------------------------	--------------------------------------

(4) Investment real estates without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
------	------------	--

Other description:

21. Fixed assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Fixed assets	2,749,018,750.62	2,312,982,598.88
Total	2,749,018,750.62	2,312,982,598.88

(1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery equipment	Transportation equipment	Electronic equipment and office equipment, etc.	Total
I. Original book value:					
1. Balance at the beginning of the period	1,539,756,530.45	1,738,833,686.67	32,042,953.81	173,097,303.06	3,483,730,473.99
2. Amount increased in current period	515,581,061.39	244,193,161.07	4,987,640.28	15,506,096.57	780,267,959.31
(1) Purchase	39,289,356.95	104,783,316.30	1,718,927.89	12,061,059.72	157,852,660.86
(2) Transfer from construction in progress	422,939,409.33	93,296,726.87		1,637,866.64	517,874,002.84
(3) Increase by business combination	53,352,295.11	46,113,117.90	3,268,712.39	1,807,170.21	104,541,295.61
3. Amount decreased in current period	45,508,790.43	122,452,296.25	1,486,722.32	24,469,263.69	193,917,072.69
(1) Disposal or scrap	45,508,790.43	122,452,296.25	1,486,722.32	24,469,263.69	193,917,072.69
4. Closing Balance	2,009,828,801.41	1,860,574,551.49	35,543,871.77	164,134,135.94	4,070,081,360.61
II. Accumulated depreciation					
1. Balance at the beginning of the period	342,594,926.93	597,986,893.92	18,669,157.81	87,708,190.39	1,046,959,169.05
2. Amount increased in current period	69,485,618.51	148,331,950.96	4,626,339.44	26,598,885.75	249,042,794.66
(1) Accrual	66,327,702.62	145,447,227.12	3,745,028.42	26,356,373.89	241,876,332.05
(2) Increase by business combination	3,157,915.89	2,884,723.84	881,311.02	242,511.86	7,166,462.61
3. Amount decreased in current period	29,865,953.21	43,192,397.01	1,219,541.07	21,552,966.59	95,830,857.88
(1) Disposal or scrap	29,865,953.21	43,192,397.01	1,219,541.07	21,552,966.59	95,830,857.88
4. Closing Balance	382,214,592.23	703,126,447.87	22,075,956.18	92,754,109.55	1,200,171,105.83
III. Provision for impairment					
1. Balance at the beginning of the period	43,277,161.98	79,082,344.13	25,258.85	1,403,941.10	123,788,706.06
2. Amount increased in current period		1,457,194.17		13,111.06	1,470,305.23
(1) Accrual		1,457,194.17		13,111.06	1,470,305.23
3. Amount decreased in current period		4,070,489.91		297,017.22	4,367,507.13
(1) Disposal or scrap		4,070,489.91		297,017.22	4,367,507.13
4. Closing Balance	43,277,161.98	76,469,048.39	25,258.85	1,120,034.94	120,891,504.16
IV. Book value					
1. Ending book value	1,584,337,047.20	1,080,979,055.23	13,442,656.74	70,259,991.45	2,749,018,750.62
2. Beginning book value	1,153,884,441.54	1,061,764,448.62	13,348,537.15	83,985,171.57	2,312,982,598.88

(2) Fixed assets that are temporarily idle

Unit: yuan

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Houses and building	36,623.93	24,171.79	8,789.75	3,662.39	
Machinery equipment	36,313,653.56	16,519,158.73	3,763,922.85	16,030,571.98	
Electronic equipment and office equipment, etc.	465,676.93	193,738.05	10,204.04	261,734.84	
Total	36,815,954.42	16,737,068.57	3,782,916.64	16,295,969.21	

(3) Fixed assets leased out by operating lease

(4) Fixed assets without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
Winner Medical (Tianmen) - Automated storage	65,000,041.16	The formalities have not yet been completed
Spunlace Phase III No.2 Finished Product Workshop Project of Winner Medical (Tianmen)	13,630,500.13	The formalities have not yet been completed
Winner Medical (Wuhan) - No.1 Sorting Workshops (Phase II)	63,227,429.04	The formalities have not yet been completed
Winner Medical (Wuhan) - No.2 Sorting Workshops (Phase II)	123,176,674.20	The formalities have not yet been completed
Winner Medical (Wuhan) - No.3 Sorting Workshops (Phase II)	55,901,342.48	The formalities have not yet been completed

Other description:

(5) Impairment testing of fixed assets

Applicable Not applicable

The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for the apparent inconsistency between the aforementioned information and the data used in impairment testing in prior years or external information

Reasons for the variance between the information utilized in the Company's impairment testing in prior years and the actual circumstances of the current year

Other description:

- (6) Liquidation of fixed assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

22. Construction in progress

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Construction in progress	984,571,329.05	765,009,910.63
Total	984,571,329.05	765,009,910.63

- (1) Construction in progress

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Winner Medical (Wuhan) engineering project	312,034,251.51		312,034,251.51	375,173,643.40		375,173,643.40
Winner Medical (Jiayu) engineering project	308,354,182.04		308,354,182.04	165,245,291.40		165,245,291.40
Winner Medical (Shenzhen) engineering project	76,348,750.97		76,348,750.97	12,844,241.04		12,844,241.04
Winner Medical (Hunan) engineering project	59,274,700.93		59,274,700.93	597,437.74		597,437.74
Longterm Medical engineering project	18,342,398.26		18,342,398.26	285,487.51		285,487.51
Winner Guilin engineering project	46,030,337.25	10,205,833.26	35,824,503.99	1,877,054.35		1,877,054.35
Winner Medical (Huanggang) Engineering Project	12,299,188.10		12,299,188.10	83,828,495.28		83,828,495.28
Jingmen infrastructure project				36,276,311.67		36,276,311.67
Tianmen infrastructure project	1,009,831.16		1,009,831.16	397,954.71		397,954.71
Other equipment to be installed and sporadic projects	161,112,922.09	29,400.00	161,083,522.09	99,349,473.53	10,865,480.00	88,483,993.53
Total	994,806,562.31	10,235,233.26	984,571,329.05	775,875,390.63	10,865,480.00	765,009,910.63

(2) Current changes in major projects under construction

Unit: yuan

Project name	Budget number	Balance at the beginning of the period	Amount increased in current period	Amount carried forward to fixed assets in current period	Other decreases in current period	Cumulative investment in the project			Accumulated amount of interest capitalization	Including: interest capitalization funds in the current period	Funds for the current period	
						Closing Balance	Proportion to the budget	Progress of works			Interest capitalization rate	Source of funds
Integrated Workshop Project of Winner Medical (Huanggang)	85,000,000.00	83,828,495.28	277,357.92	84,105,853.20			98.95%	100.00%				Others
Winner Industrial Park (Jiayu) Project Construction Engineering of Workshop 1-4	272,380,000.00	141,859,864.32	43,523,853.22			185,383,717.54	68.06%	68.06%				Others
Comprehensive Workshop Engineering of Winner Medical (Jingmen)	73,000,000.00	36,276,311.67	41,574,765.10	77,851,076.77			106.65%	100.00%				Others
Pile Foundation Works for Phase II 1-3 Sorting Center of Winner Medical (Wuhan)	268,000,000.00	184,403,669.79	57,901,775.91	242,305,445.70			90.41%	100.00%				Others
Winner Medical (Wuhan) Phase II Main Project	110,871,722.11	91,545,458.64				91,545,458.64	82.57%	95.00%				Others
Automated Storage Engineering in Phase II Plant of Winner Medical (Wuhan)	96,000,000.00	21,238,938.05	59,469,026.55			80,707,964.60	84.07%	95.00%				Others
R&D Center Project of Winner Medical (Wuhan)	35,666,270.00	19,632,809.17	11,452,472.03			31,085,281.20	87.16%	95.00%				Others
Shift Building and Canteen Expansion Project of Winner Medical (Wuhan)	33,213,730.00	19,928,238.00	11,777,162.06			31,705,400.06	95.46%	98.00%				Others
Medical Industry Building of Winner Medical (Shenzhen)	261,723,960.00	2,741,232.41	66,245,742.34			68,986,974.75	26.36%	14.00%				Others
Winner Medical (Hunan) Medical Device Industrial Park Project Phase I	600,000,000.00	597,437.74	58,677,263.19			59,274,700.93	9.88%	60.00%				Others
Total	1,835,855,682.11	602,052,455.07	350,899,418.32	404,262,375.67		548,689,497.72						

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

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance	Reason for accrual
Belt pressing and threading machine for N95 masks	9,899,180.00		9,899,180.00		
Loader and others	966,300.00	29,400.00	966,300.00	29,400.00	
Winner Guilin - Buildings in 1-3# Workshops		10,205,833.26		10,205,833.26	Project on hold due to policy reason
Total	10,865,480.00	10,235,233.26	10,865,480.00	10,235,233.26	--

Other description:

(4) Impairment testing of construction in progress

Applicable Not applicable

(5) Engineering materials

Unit: yuan

Item	Closing Balance		Book value	Balance at the beginning of the period		
	Book balance	Provision for impairment		Book balance	Provision for impairment	Book value

Other description:

23. Productive biological assets

(1) Productive biological assets using cost measurement mode

Applicable Not applicable

(2) Impairment testing of productive biological assets using the cost measurement model

Applicable Not applicable

(3) Productive biological assets using fair value measurement mode

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. Right-of-use assets

(1) Right-of-use assets

Unit: yuan

Item	House building	Total
I. Original book value		
1. Balance at the beginning of the period	916,984,153.11	916,984,153.11
2. Amount increased in current period	215,342,341.68	215,342,341.68
(1) New lease	207,448,900.27	207,448,900.27
(2) Increase by business combination	7,893,441.41	7,893,441.41
3. Amount decreased in current period	266,772,845.29	266,772,845.29
(1) Disposal	266,772,845.29	266,772,845.29
4. Closing Balance	865,553,649.50	865,553,649.50
II. Accumulated depreciation		
1. Balance at the beginning of the period	444,628,027.47	444,628,027.47

Item	House building	Total
2. Amount increased in current period	225,687,987.31	225,687,987.31
(1) Accrual	224,710,757.36	224,710,757.36
(2) Increase by business combination	985,973.86	985,973.86
(3) Exchange rate movement	-8,743.91	-8,743.91
3. Amount decreased in current period	222,258,386.64	222,258,386.64
(1) Disposal	222,258,386.64	222,258,386.64
4. Closing Balance	448,057,628.14	448,057,628.14
III. Provision for impairment		
1. Balance at the beginning of the period		
2. Amount increased in current period		
(1) Accrual		
3. Amount decreased in current period		
(1) Disposal		
4. Closing Balance		
IV. Book value		
1. Ending book value	417,496,021.36	417,496,021.36
2. Beginning book value	472,356,125.64	472,356,125.64

(2) Testing for impairment of right-of-use assets

Applicable Not applicable

Other description:

26. Intangible assets

(1) Intangible assets

Unit: yuan

Item	Land use right	Patent right	Nonpatented technology	Software use right	Franchised use right	Trademark right	Client relations	Total
I. Original book value								
1. Balance at the beginning of the period	566,900,313.57	269,943,554.50		83,745,573.57	10,228,226.53	67,090,980.97	180,488,908.40	1,178,397,557.54
2. Amount increased in current period	14,767,966.00			14,898,538.57		28,080,000.00	9,080,000.00	66,826,504.57
(1) Purchase	13,115.00			14,898,538.57				14,911,653.57
(2) Internal R&D								
(3) Increase by business combination	14,754,851.00					28,080,000.00	9,080,000.00	51,914,851.00
3. Amount decreased in current period	33,988,851.00			80,968.09		67,000.00		34,136,819.09
(1) Disposal	9,018,493.00			80,968.09		67,000.00		9,166,461.09
(2) Other decreases	24,970,358.00							24,970,358.00
4. Closing Balance	547,679,428.57	269,943,554.50		98,563,144.05	10,228,226.53	95,103,980.97	189,568,908.40	1,211,087,243.02
II. Accumulated amortization								
1. Balance at the beginning of the period	51,413,899.49	22,902,340.61		48,333,127.60	10,228,226.53	7,377,554.38	5,032,605.48	145,287,754.09
2. Amount increased in current period	13,069,639.33	29,325,576.50		6,832,684.40		7,746,945.04	17,450,479.45	74,425,324.72
(1) Accrual	12,448,088.33	29,325,576.50		6,832,684.40		7,746,945.04	17,450,479.45	73,803,773.72
(2) Increase by business combination	621,551.00							621,551.00
3. Amount decreased in current period	3,791,683.44			12,135.86		50,250.00		3,854,069.30
(1) Disposal	3,791,683.44			12,135.86		50,250.00		3,854,069.30
4. Closing Balance	60,691,855.38	52,227,917.11		55,153,676.14	10,228,226.53	15,074,249.42	22,483,084.93	215,859,009.51
III. Provision for impairment								
1. Balance at the beginning of the period								
2. Amount increased in current period								
(1) Accrual								
3. Amount decreased in current period								
(1) Disposal								
4. Closing Balance								
IV. Book value								
1. Ending book value	486,987,573.19	217,715,637.39		43,409,467.91		80,029,731.55	167,085,823.47	995,228,233.51
2. Beginning book value	515,486,414.08	247,041,213.89		35,412,445.97		59,713,426.59	175,456,302.92	1,033,109,803.45

The proportion of intangible assets formed through internal R & D of the Company in the balance of intangible assets at the end of current period: 0.00%

(2) Land use right without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
Winner Medical (Shenzhen) - North Side of Guifang Road, Guanlan Street Planning	26,973,333.33	The two certificates are consolidated into one, and the real estate certificate can be applied for upon completion
Winner Medical (Hunan) - Phase II land for infusion category	83,166,813.30	The two certificates are consolidated into one, and the real estate certificate can be applied for upon completion
Total	110,140,146.63	

Other description:

(3) Testing for impairment of intangible assets

Applicable Not applicable

27. Goodwill

(1) Original book value of goodwill

Unit: yuan

Invested entity name or goodwill forming matter	Balance at the beginning of the period	Increase in current period		Decrease in current period	Closing Balance
		Formed by business combination	Increase business acquisition	Disposal	
Business combination not under common control - Acquisition of Winner Medical Malaysia	2,681,232.09				2,681,232.09
Business combination not under common control - Acquisition of Longterm Health	390,472,978.67				390,472,978.67
Business combination not under common control - Acquisition of Winner Guilin	244,814,604.75		8,401,335.65		253,215,940.40
Business combination not under common control - Acquisition of Winner Medical (Hunan)	388,989,258.26				388,989,258.26
Business combination not under common control - Acquisition of Junjian Medical	20,397,972.33				20,397,972.33
Total	1,047,356,046.10		8,401,335.65		1,055,757,381.75

(2) Provision for impairment of goodwill

Unit: yuan

Invested entity name or goodwill forming matter	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
		Accrual	Disposal	
Business combination not under common control - Acquisition of Malaysia Winner	2,681,232.09			2,681,232.09
Business combination not under common control - Acquisition of Winner Guilin		32,642,673.30		32,642,673.30
Business combination not under common control - Acquisition of Winner Medical (Hunan)		156,144,473.91		156,144,473.91
Total	2,681,232.09	188,787,147.21		191,468,379.30

(3) Information relating to the asset group or asset group combination of goodwill

Name	The composition and basis of the asset group or portfolio it belongs to	Operating segments and basis	Is it consistent with previous years?
Longterm Medical and its subsidiaries	Longtai Medical and its subsidiaries operate related long-term assets, with cash inflows generated being largely independent of those generated by other assets or asset groups.		Yes
Winner Guilin and its subsidiaries	Winner Guilin and its subsidiaries operate related long-term assets, with cash inflows generated being largely independent of those generated by other assets or asset groups.		No
Winner Medical (Hunan)	Winner Medical (Hunan) and its subsidiaries operate related long-term assets, with the cash inflows generated being essentially independent of those generated by other assets or asset groups.		Yes
Junjian Medical	Junjian Medical operate related long-term assets, with cash inflows generated being largely independent Junjian generated by other assets or asset groups.		Yes

Changes in asset groups or combinations of asset groups

Name	Composition before the change	Composition after the change	Objective facts and basis leading to changes
Winner Guilin and its subsidiaries	Operating long-term assets of Winner Guilin	Operating long-term assets of Winner Guilin and its subsidiaries	Acquisition of subsidiaries

Other description

(4) Specific method for determining recoverable amount

The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

√Applicable □ Not applicable

Unit: yuan

Item	Book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters for the stabilization period	Basis for determining the key parameters of the stable period
Longterm Medical and its subsidiaries	1,380,269,574.65	1,500,150,000.00		5	[Note 1]	[Note 1]	The pre-tax discount rate level is determined based on the region where the Company's main business is located and the business scope, considering the past performance of the asset group, production expansion plans, and expectations for the development of the market in which it operates.
Winner Guilin and its subsidiaries	578,432,673.30	545,790,000.00	32,642,673.30	5	[Note 2]	[Note 2]	The pre-tax discount rate level is determined based on the region where the Company's main business is located and the business scope, considering the past performance of the asset group, production expansion plans, and expectations for the development of the market in which it operates.
Winner Medical (Hunan)	965,514,532.61	738,230,000.00	156,144,473.91	5	[Note 3]	[Note 3]	The pre-tax discount rate level is determined based on the region where the Company's main business is located and the business scope, considering the past performance of the asset group, production expansion plans, and expectations for the development of the market in which it operates.
Junjian Medical	130,313,066.66	214,578,947.95		5	[Note 4]	[Note 4]	The pre-tax discount rate level is determined based on the region where the Company's main business is located and the business scope, considering the past performance of the asset group, and expectations for the development of the market in which it operates.
Total	3,054,529,847.22	2,998,748,947.95	188,787,147.21				

Reasons for the apparent inconsistency between the aforementioned information and the data used in impairment testing in prior years or external information

[Note 1] Zhejiang Longterm and its subsidiaries are mainly engaged in the research and development, production and sales of products related to wound care, puncture care, stoma care, disinfection, minimally invasive and others. Based on a comprehensive analysis of its signed contracts, agreements, development plans, business trends over the years, market competition and other factors, according to specific product categories, it is predicted that the income growth rates from 2024 to 2028 will be 13.10%, 14.09%, 11.62%, 8.79% and 5.65%, respectively. Gross margins are 45.78%, 45.34%, 45.06%, 44.77%, and 44.51% from 2024 to 2028, respectively. In the stable period, the revenue growth rate is zero, maintaining consistency with the gross profit margin of 2028, and applying a discount rate of 12.36%.

[Note 2] Winner Guilin and its subsidiaries are mainly engaged in the research and development, production and sales of products such as medical gloves, protective gloves and condoms. Based on a comprehensive analysis of its signed contracts, agreements, development plans, business trends over the years, market competition and other factors, according to specific product categories, it is predicted that the income growth rates from 2024 to 2028 will be 17.99%, 23.80%, 23.61%, 16.42% and 8.37%, respectively. Gross margins are 24.22%, 25.94%, 27.79%, 28.58%, and 28.61% from 2024 to 2028, respectively. In the stable period, the revenue growth rate is zero, maintaining consistency with the gross profit margin of 2028, and applying a discount rate of 11.72%.

[Note 3] Winner Medical (Hunan) and its subsidiaries are mainly engaged in the research and development, production and sales of disposable sterile infusion medical devices. Based on a comprehensive analysis of its signed contracts, agreements, development plans, business trends over the years, market competition and other factors, according to specific product categories, it is predicted that the income growth rates from 2024 to 2028 will be 16.36%, 38.60%, 31.11%, 15.60% and 10.72%, respectively. Gross margins are 27.38%, 24.70%, 26.28%, 27.65%, and 28.23% from 2024 to 2028, respectively. In the stable period, the revenue growth rate is zero, maintaining consistency with the gross profit margin of 2028, and applying a discount rate of 11.64%.

[Note 4] Junjian Medical is mainly engaged in the sales of medical equipment. Based on a comprehensive analysis of its signed contracts, agreements, development plans, business trends over the years, market competition and other factors, according to specific product categories, it is predicted that the income growth rates from 2024 to 2028 will be 8.50%, 18.11%, 23.34%, 19.67% and 18.91%, respectively. Gross margins are 42.67%, 40.86%, 39.62%, 39.51% and 38.90% from 2024 to 2028, respectively. In the stable period, the revenue growth rate is zero, maintaining consistency with the gross profit margin of 2028, and applying a discount rate of 15.17%.

winner Winner Medical

The Company engaged Yinxin Appraisal Co., Ltd. to perform impairment tests and produce asset evaluation reports regarding the goodwill generated from the acquisition of equity in its three subsidiaries: Zhejiang Longterm Medical Technology Co., Ltd., Winner Guilin Latex Co., Ltd., and Winner Medical (Hunan) Co., Ltd.

In the impairment test, the present value (recoverable amount) of the estimated future cash flows of the three companies was evaluated using the goodwill formed by the merger and acquisition of Zhejiang Longtai Medical Technology Co., Ltd. by Winner Medical Co., Ltd. for financial reporting purposes. The evaluation results were obtained from the *Asset Evaluation Report on the Recoverable Amount of the Asset Group* (Yin Xin Ping Bao Zi [2024] No. D00027), the *Asset Assessment Report on the Recoverable Amount of the Asset Group* for Winner Medical Co., Ltd.'s acquisition of Winner Guilin Latex Co., Ltd. for financial reporting purposes (Yinxin Pingbao Zi [2024] No. D00026), and the *Asset Evaluation Report on the Recoverable Amount of the Asset Group* for Winner Medical Co., Ltd.'s involvement in the financial reporting purpose of its merger with Winner Medical (Hunan) Co., Ltd., (Yin Xin Ping Bao Zi [2024] No. D00025).

Following the assessment, the recoverable amount of Zhejiang Longtai Medical Technology Co., Ltd. exceeded the book value of the asset group, including goodwill, thus no goodwill impairment provision was made for this period. Conversely, the recoverable amount of Winner Guilin Latex Co., Ltd. was lower than the book value of the asset group, resulting in a goodwill impairment provision of 32,642,673.30 yuan in the current period. Similarly, the recoverable amount of Winner Pingan Medical (Hunan) Co., Ltd. was also lower than the book value of the asset group containing goodwill, leading to a goodwill impairment provision of 156,144,473.91 yuan in the current period.

The reasons for the variance between the Company's impairment test information from previous years and the current year's actual situation are not applicable.

(5) Completion of performance commitments and corresponding impairment of goodwill

A performance commitment is present when goodwill is established, and the reporting period, or the preceding period, falls within the commitment period.v

Applicable Not applicable

Other description:

28. Long-term unamortized expenses

Unit: yuan

Item	Balance at the beginning of the period	Amount increased in current period	Amortization amount in current period	Other decreases	Closing Balance
Decoration cost	38,774,369.19	23,525,966.15	8,729,563.16	17,104,589.82	36,466,182.36
Decoration expenses for operating leased fixed assets	93,917,916.84	43,581,658.01	44,585,335.55	1,126,061.50	91,788,177.80
Others	0.00	4,159,913.21	1,323,803.22	0.00	2,836,109.99
Total	132,692,286.03	71,267,537.37	54,638,701.93	18,230,651.32	131,090,470.15

Other description:

29. Deferred income tax assets / deferred income tax liabilities

(1) Unoffset deferred income tax assets

Unit: yuan

Item	Closing Balance		Balance at the beginning of the period	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	563,729,896.96	93,836,596.43	635,561,435.85	113,878,209.59
Unrealized profit of internal transaction	95,050,168.29	19,008,937.89	176,701,413.90	33,954,186.63
Deductible loss	162,261,104.42	27,044,245.03	121,028,998.43	29,902,881.36
Dismission welfare	4,779,605.32	716,940.80	2,858,415.48	483,093.52
Deferred income	121,649,364.97	19,453,796.42	98,791,412.91	14,929,042.38
Member points	8,896,543.12	2,224,135.78	9,067,179.42	2,266,794.86
Accrued liabilities	1,171,229.85	292,807.46	2,781,740.46	624,681.92
Advertising expenses in excess of the tax deductible limit			1,176,743.33	176,511.50
Changes in fair value of trading financial assets			5,189,000.26	778,350.04
Deferred tax assets arising from leases	494,525,992.95	115,610,000.62	533,664,057.97	125,559,711.50
Total	1,452,063,905.88	278,187,460.43	1,586,820,398.01	322,553,463.30

(2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Closing Balance		Balance at the beginning of the period	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment for business combination not under common control	647,328,681.03	110,179,927.94	665,595,964.73	109,308,421.87
Changes in fair value of trading financial assets	41,058,540.71	6,289,451.44	1,983,960.49	304,114.59
Depreciation of fixed assets	116,084,112.68	17,416,107.82	149,207,192.40	22,381,078.85
Others	16,907,993.66	2,536,199.05	11,223,250.00	1,683,487.50
case that the change of a differences arising Deferred income tax liabilities	457,331,866.07	104,935,304.46	472,356,125.66	110,581,486.40
Total	1,278,711,194.15	241,356,990.71	1,300,366,493.28	244,258,589.21

(3) Deferred income tax assets or liabilities presented as net amount after offset

Unit: yuan

Item	Ending offset amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities after offset	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets	102,836,212.41	175,351,248.02	110,581,486.40	211,971,976.90
Deferred income tax liabilities	102,836,212.41	138,520,778.30	110,581,486.40	133,677,102.81

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Deductible loss	237,469,440.67	251,019,604.38
Provision for impairment of assets and amortization of depreciation	1,003,903.52	7,053,355.76
Dismissal welfare		996,517.00
Total	238,473,344.19	259,069,477.14

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

Unit: yuan

Year	Closing balance	Beginning amount	Remark
2023		25,574,944.59	
2024	49,242,056.04	48,794,287.92	
2025	53,806,994.23	46,546,726.71	
2026	67,039,319.19	74,343,804.38	
2027	64,047,377.46	55,364,880.58	
2028	2,597,636.60		
2029 years and to the following			
No maturity date	736,057.15	394,960.20	
Total	237,469,440.67	251,019,604.38	

Other description:

30. Other non-current assets

Unit: yuan

Item	Closing Balance		Balance at the beginning of the period			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance project payment / equipment purchases payment / advance store engineering and decoration payment	84,628,360.75		84,628,360.75	83,524,640.64		83,524,640.64
Shenzhen Longhua Industrial Park and land use rights	20,228,190.61		20,228,190.61			
Total	104,856,551.36		104,856,551.36	83,524,640.64		83,524,640.64

Other description:

31. Assets with ownership or use rights restricted

Unit: yuan

Item	The end of the period				The beginning of the period			
	Book balance	Book value	Type of restriction	Restricted situation	Book balance	Book value	Type of restriction	Restricted situation
Cash and cash equivalents	28,791,288.82	28,791,288.82	Security deposit	For details, see “VII. Notes to Items in the Consolidated Financial Statements / 1. Monetary Funds”.	156,055,620.73	156,055,620.73	Security deposit	Margin and performance deposit deposited for handling international and domestic letters of credit
Fixed assets					189,752,483.28	189,752,483.28	Pledge	Mortgage
Intangible assets					24,467,616.10	24,467,616.10	Pledge	Large plot of Longterm Medical, loan mortgage, daily production and operation needs, supplementary working capital
Investment real estates					4,766,112.61	4,766,112.61	Pledge	Buildings 7-9# of Longterm Medical, loan mortgage, daily production and operation needs, supplementary working capital
Other non-current assets	20,228,190.61	20,228,190.61		For details, please refer to Note “XIII. Other Important Matters (IV) Other Important Events that Affect Investors’ Decisions 2. Urban Renewal Project of Winner Industrial Park” Winner Medical (Shenzhen) - Longhua Industrial Park				
Other current assets	180,000,000.00	180,000,000.00	Pledged certificate of deposit	Refer to note “VII. Notes to the consolidated financial statements, item 13, Other current assets.”				
Total	229,019,479.43	229,019,479.43			375,041,832.72	375,041,832.72		

Other description:

32. Short-term loans

(1) Classification of short-term loans

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Guaranteed borrowing	100,000.00	5,000,000.00
Debt of honor	233,000,000.00	100,000,000.00
Bill discount	1,060,000,000.00	1,130,050,000.00
Trade financing (Letter of Credit, etc.)	200,000,000.00	1,000,000,000.00
Mortgage + Guaranteed borrowing		60,000,000.00
Borrowing interest	138,955.00	168,930.85
Total	1,493,238,955.00	2,295,218,930.85

Description of classification of short-term loans:

Bill discount:

1. Winner Medical (Shenzhen) entered into a banker's acceptance agreement with Shenzhen Longhua Sub-branch of Industrial and Commercial Bank of China Limited from May to December 2023: 0400000014-2023 (Acceptance Agreement) No. 00241, 0400000014-2023 (Acceptance Agreement) No. 00242, 0400000014-2023 (Acceptance Agreement) No. 00243, No. 0400000014-2023 (Acceptance Agreement) 00244, 0400000014-2023 (Acceptance Agreement) 00245, 0400000014-2023 (Acceptance Agreement) 00246, 0400000014-2023 (Acceptance Agreement) 00333, 0400000014-2023 (Acceptance Agreement) No. 00330, 0400000014-2023 (Acceptance Agreement) No. 00331, 0400000014-2023 (Acceptance Agreement) No. 00332, 0400000014-2023 (Acceptance Agreement) No. 00334, 0400000014-2023 (Acceptance Agreement) No. 00335, 0400000014-2023 (Acceptance Agreement) No. 00656, 0400000014-2023 (Acceptance Agreement) No. 00679, 0400000014-2023 (Acceptance Agreement) No. 00678, in the total amount of 670,000,000.00 yuan (six hundred and seventy million yuan), with interest rates of 1.15% to 1.85%. As of December 31, 2023, matured bills amounted to 400,000,000.00 yuan, while the amount of undiscounted bills stood at 270,000,000.00 yuan. Additionally, acceptance agreement number 0400000014-2023 (Acceptance Agreement) No. 00656 involves a pledged deposit certificate of 80 million yuan, and the guarantee contract number is 0400000014-2023 Longhua (Zhi) No. 0466.

2. Winner Medical (Shenzhen) entered into a banker's acceptance agreement with Agricultural Bank of China, Shenzhen Jinxu Jiangnan Sub-branch, Contract No. 81180120230001117 and Contract No. 81180120230001129 totaling 200,000,000.00 (200 million yuan) in December 2023 at an interest rate of 1.20% to 1.22%. As of December 31, 2023, the amount of undue discounted bills was 200,000,000.00 yuan.

3. In May and October 2023, Winner Medical (Shenzhen) entered into banker's acceptance agreements with Bank of China Limited, Shenzhen Longhua Sub-branch. These agreements, numbered 2023 Shenzhen Zhongyin Huachengxie Zi No. 0042-1 and 2023 Shenzhen Zhongyin Huachengxie Zi No. 0042-2, amounted to a total of 400 million yuan, at interest rates of 1.08% and 1.3%. As of December 31, 2023, the outstanding amount of discounted bills was 200,000,000.00 yuan.

4. In July and October 2023, Shenzhen Purcotton entered into banker's acceptance agreements with ICBC Shenzhen Longhua Sub-branch. These agreements were numbered Acceptance Agreement No. 0400000014-2023 (Acceptance Agreement) 00416, Acceptance Agreement No. 0400000014-2023 (Acceptance Agreement) 00414, Acceptance Agreement No. 0400000014-2023 (Acceptance Agreement) 00415, and Acceptance Agreement No. 0400000014-2023 (Acceptance Agreement) 00657, totaling 190,000,000.00 yuan. The interest rates ranged from 1.25% to 1.42%. As of December 31, 2023, the outstanding amount of discounted bills was 200,000,000.00 yuan. Acceptance Agreement No.: 0400000014-2023 (Acceptance Agreement) No. 00657 involves a pledged deposit certificate of 100 million yuan, with the pledge contract number being 0400000014-2023 Longhua (Pledge) No. 0467.

Trade financing (Letter of Credit, etc.):

On January 10, 2023, Winner Medical (Shenzhen) opened Letter of Credit No. 744101KL23000006 with CITIC Bank Shenzhen Branch for 200,000,000 yuan at an interest rate of 1.65%. The credit agreement, No. [2022 SZIBANK LONGHUA ZONGZHI NO. 0024], had a credit limit of 500,000,000 yuan. The beneficiary is Winner Medical (Chongyang) Co., Ltd., with no collateral guarantee. As of December 31, 2023, the letter of credit has been discounted but has not yet expired.

Credit loan:

1. On March 13, 2023, Winner Medical (Shenzhen) signed a working capital loan contract (No. 81010120230003946) with the Shenzhen Longhua Sub-branch of Agricultural Bank of China Limited. This agreement is part of No. 4401400202200027 signed between Steadfast Medical Supplies Company Limited and the Shenzhen Longhua Sub-branch. Under the Credit Line Agreement, the loan amount is 200,000,000.00 yuan, with an interest rate of 2.5%. The borrowing period spans from March 13, 2023, to March 12, 2024, and no collateral security is required. The loan has not been repaid as of Sunday, December 31, 2023.

2. Winner Guilin entered into a working capital loan contract with the Guilin Branch of Bank of Communications Co., Ltd. on January 13, 2023. The loan contract, numbered [Z2212LN15663183], is between Winner Guilin Latex Co., Ltd. and Guilin Branch of Bank of Communications Co., Ltd. It falls under the *Credit Line Agreement* No. Z2212IN1566318300001. The loan amount is 33,000,000.00 yuan, with an interest rate of 0.86% (adjusted from the "Gui Hui Loan" fiscal subsidy loan interest rate by 2.79 percentage points). The loan period spans from January 13, 2023, to January 11, 2024, and no relevant mortgage guarantee is involved. The loan has not been repaid as of Sunday, December 31, 2023.

Guaranteed borrowing:

1. Longtai Medical entered into a working capital loan agreement with the Deqing Branch of Bank of China Co., Ltd. on December 26, 2023. The contract is numbered [Deqing 2023 Renbori 295], with a loan amount of 100,000.00 yuan and a borrowing interest rate of 3.3%. The loan period spans from December 26, 2023, to June 25, 2024, and no relevant mortgage guarantee is involved. The loan has not been repaid as of Sunday, December 31, 2023.

(2) short-term loans unpaid overdue

The total amount of overdue short-term borrowings at the end of the period is 0.00 yuan, of which the important overdue short-term borrowings are as follows:

Unit: yuan

Borrower	Closing Balance	Borrowing interest rate	Overdue time	Overdue interest rate
----------	-----------------	-------------------------	--------------	-----------------------

Other description:

33. Tradable financial liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Including:		
Including:		

Other description:

34. Derivative financial liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

35. Notes payable

Unit: yuan

Type	Closing Balance	Balance at the beginning of the period
Banker's acceptance bill	315,902,844.15	24,760,000.00
Total	315,902,844.15	24,760,000.00

The total amount of notes payable due and unpaid at the end of current period is 0.00 yuan.

36. Accounts payable

(1) Presentation of accounts payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Within 1 year (including 1 year)	1,088,985,790.28	1,094,753,592.92
1~2 years (including 2 years)	21,481,374.19	19,338,059.30
2~3 years (including 3 years)	1,568,734.69	2,914,279.27
More than 3 years	4,766,321.22	2,568,587.09
Total	1,116,802,220.38	1,119,574,518.58

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

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
------	-----------------	---

Other description:

None

37. Other payables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other payables	591,310,917.61	570,843,242.88
Total	591,310,917.61	570,843,242.88

(1) Interest payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Important overdue and unpaid interest:

Unit: yuan

Borrower	Overdue amount	Overdue reason
----------	----------------	----------------

Other description:

(2) Dividends payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other explanations, including important dividends payable that have not been paid for more than 1 year, shall disclose the reasons for non-payment:

(3) Other payables

1) Other payables listed by nature

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Margin and deposit (1*)	281,427,299.00	170,299,618.40
Freight and other accrued expenses	186,895,812.59	222,336,599.71
Commission	58,667,353.50	58,911,887.83
VAT & Customs (2*)	12,701,935.49	
Intercourse funds with the third parties	12,658,807.80	19,647,462.33
ESOP stock buyback requirement	10,857,500.00	
Intercourse funds with related parties	5,395,945.27	83,907,582.49
Others	22,706,263.96	15,740,092.12
Total	591,310,917.61	570,843,242.88

2) Significant overdue accounts payable aged over 1 year or past due

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
------	-----------------	---

3) Top five miscellaneous accounts payable with closing balances, grouped by counterparty

Other description:

1*The year-on-year increase is primarily attributed to two key factors: Firstly, the Shenzhen Industrial Park project received a substantial payment of 100 million yuan from Galaxy. Secondly, the surge in deposits is a result of the expansion of Purcotton franchise stores.

2*The year-on-year increase is primarily attributed to changes in trading methods by certain foreign trade customers of Winner Medical (Shenzhen).

38. Contract liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Customer consideration received	184,366,349.03	557,752,074.66
Member points	8,896,543.12	9,067,179.42
Total	193,262,892.15	566,819,254.08

Significant contractual obligations aged over 1 year

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
------	-----------------	---

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

Unit: yuan

Item	Amount of change	Reason for change
------	------------------	-------------------

39. Payroll payable

(1) Presentation of payroll payable

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
I. Short-term compensation	301,139,811.76	1,586,574,551.94	1,645,107,046.15	242,607,317.55
II. Welfare after dismissal - defined contribution plan	7,455,497.14	126,381,258.57	125,970,065.49	7,866,690.22
III. Dismissal welfare	3,854,932.48	23,679,099.83	23,532,804.36	4,001,227.95
Total	312,450,241.38	1,736,634,910.34	1,794,609,916.00	254,475,235.72

(2) Presentation of short-term compensation

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
1. Salary, bonus, allowance and subsidy	297,664,958.99	1,438,905,059.45	1,497,798,720.00	238,771,298.44
2. Welfare expenses for employees	2,789,216.06	41,770,910.75	41,735,812.20	2,824,314.61
3. Social security	409,397.19	63,505,132.10	63,440,825.53	473,703.76
Including: medical insurance premium	232,375.41	56,051,358.70	56,022,955.70	260,778.41
Industrial injury insurance premium	124,437.99	4,501,318.91	4,465,378.05	160,378.85
Birth insurance premium	52,583.79	2,952,454.49	2,952,491.78	52,546.50
4. Housing accumulation fund	3,943.00	39,134,046.66	39,113,891.66	24,098.00
5. Union dues and staff education fund	272,296.52	2,510,901.70	2,469,295.48	313,902.74
7. Short-term profit sharing plan		748,501.28	548,501.28	200,000.00
Total	301,139,811.76	1,586,574,551.94	1,645,107,046.15	242,607,317.55

(3) Presentation of defined contribution plans

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
1. Basic endowment insurance	7,350,564.34	122,281,431.66	121,887,250.46	7,744,745.54
2. Unemployment insurance premium	104,932.80	4,099,826.91	4,082,815.03	121,944.68
Total	7,455,497.14	126,381,258.57	125,970,065.49	7,866,690.22

Other description:

40. Taxes payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Added value tax	8,974,689.54	96,897,978.48
Corporate income tax	40,190,413.70	197,571,709.68
Individual income tax	3,866,181.55	4,579,372.68
Urban maintenance and construction tax	946,970.72	8,167,572.37
Housing property tax	6,172,395.17	5,597,557.89
Education surcharge and local education surcharge	837,582.92	6,150,636.51
Land use tax	1,057,104.57	1,153,638.19
Others	42,498.42	35,809.57
Stamp duty	789,943.27	2,101,599.24
Total	62,877,779.86	322,255,874.61

Other description:

41. Liabilities held for sales

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

42. Non-current liabilities due within one year

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Long-term borrowing due within one year	20,138,900.00	8,011,977.78
Lease liabilities due within one year	202,660,926.45	207,314,911.54
Long-term payroll payable due within one year	627,000.00	620,000.00
Total	223,426,826.45	215,946,889.32

Other description:

43. Other current liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Refund payable	1,950,288.26	3,963,108.90
Output tax to be transferred	17,762,039.93	55,641,482.95
Total	19,712,328.19	59,604,591.85

Increase/decrease of short-term bonds payable:

Unit: yuan

Name of bond	Book value	Coupon rate	Issue date	Maturity of bond	Issue amount	Balance at the beginning of the period	Current issue	Accrued interest at book value	Amortization of premium and discount	Current repayment	Closing Balance	Default or not
Total												

Other description:

44. Long-term loans

(1) Classification of long-term borrowing

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Debt of honor	170,000,000.00	
Total	170,000,000.00	

Description of classification of long-term borrowing:

On March 27, 2023, Winner Medical (shenzhen) entered a working capital loan agreement with the Shenzhen Longhua Branch of Bank of China Co., Ltd. The long-term loan, identified by contract number 2023 Zhongyin Huachang Borrower No. 0043, amounted to 200,000,000.00 yuan, with a maturity date set for March 27, 2025. Initially, the loan carried a floating interest rate. By December 31, 2023, the outstanding principal of the loan stood at 190,000,000.00 yuan, with amounts due within one year reclassified as non-current liabilities.

Other descriptions, including interest rate range:

45. Bonds payable

(1) Bonds payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

(2) Increase and decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: yuan

Name of bond	Book value	Coupon rate	Issue date	Maturity of bond	Issue amount	Balance at the beginning of the period	Current issue	Accrued interest at book value	Amortization of premium and discount	Current repayment	Closing Balance	Default or not
Total												--

(3) Description of convertible bonds

(4) Description of other financial instruments classified as financial liabilities

Basic information of the outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

Table of changes in outstanding financial instruments, such as preferred shares, perpetual bonds at the end of the period

Unit: yuan

Outstanding financial instruments	The beginning of the period		Increase in current period		Decrease in current period		The end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Description of the basis for the classification of other financial instruments into financial liabilities

Other description:

46. Lease liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Lease payments	332,663,417.84	365,030,013.20
Unrecognized financing expenses	-40,653,913.80	-38,570,315.30
Total	292,009,504.04	326,459,697.90

Other description:

47. Long-term payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

(1) Long-term payables listed by nature

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

(2) Special accounts payable

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance	Causes
------	--	----------------------------	----------------------------	-----------------	--------

Other description:

48. Long-term payroll payable

(1) Table of long-term payroll payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
I. Welfare after dismissal - net liabilities of defined benefit plan	9,138,000.00	9,199,637.94
Long-term payroll payable due within one year	-627,000.00	-620,000.00
Total	8,511,000.00	8,579,637.94

(2) Changes in defined benefit plan

Present value of defined benefit plan obligations:

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
I. Balance at the beginning of the period	9,199,637.94	9,982,066.32
II. Defined benefit expenses recognized in the income statement for the period	335,000.00	433,000.00
1. Current service cost	16,000.00	42,000.00
2. Past service cost	52,000.00	102,000.00
4. Net interest	267,000.00	289,000.00
III. Cost of defined benefit plans included in other comprehensive income	225,081.26	-601,000.00
1. Actuarial gain (loss)	225,081.26	-601,000.00
IV. Other changes	-621,719.20	-614,428.38
2. Benefits paid	-621,719.20	-614,428.38
V. Closing Balance	9,138,000.00	9,199,637.94

Planned assets:

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Net liabilities (net assets) of defined benefit plan

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Description of the content of defined benefit plan and its related risks, impact on the Company's future cash flow, time and uncertainty:

Per *Accounting Standards for Business Enterprises No. 9 - Employee Compensation* and the Company's accounting policies, welfare payments made over the years to retired employees, survivors, and those remaining from previous Company restructuring must undergo actuarial calculation for inclusion as long-term employee remuneration payable. Welfare expenses for retired employees and survivors undergo actuarial assessment as post-employment benefit plans, while defined benefit plans cover continuing salary and benefit expenses for retired employees, subject to actuarial evaluation as termination benefit plans.

Actuarial evaluation of a Company's employee benefit plans entails certain risks, including:

Interest Rate Risk: The discount rate utilized to calculate the present value of the plan's benefit obligations is derived from the yield on Chinese government bonds. Falling Treasury yields result in actuarial losses.

Welfare Level Growth Risk: The selection of welfare growth rate assumptions for calculating the present value of plan welfare obligations relies on historical growth levels of various benefits and the long-term growth rate expectations set by the Company's management. An actuarial loss will arise if the actual welfare growth rate exceeds the actuarial assumption.

Description of significant actuarial assumptions and sensitivity analysis results of defined benefit plan:

Item	December 31, 2023
Annual discount rates for post-retirement benefit plans for different personnel categories	2.75%
Mortality rate	China's life insurance industry experience life table (2010-2013) for elderly care business, segmented into Men's and Women's tables.

The discount rate is established using the government bond yield as the benchmark. During evaluation, the cash flow anticipated from the welfare plan in the future year is initially estimated. Subsequently, the modified duration of the welfare liability at the evaluation time is calculated based on this cash flow. Finally, the applicable discount rate is determined by referencing the Treasury bond yield corresponding to that period.

Other description:

49. Estimated liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period	Causes
------	-----------------	--	--------

Other descriptions, including relevant important assumptions and estimation descriptions of important estimated liabilities:

50. Deferred income

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance	Causes
Government subsidies	98,791,412.91	48,677,287.37	25,819,335.31	121,649,364.97	Government subsidies related to assets
Total	98,791,412.91	48,677,287.37	25,819,335.31	121,649,364.97	

Other description:

51. Other non-current liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

52. Capital stock

Unit: yuan

	Balance at the beginning of the period	New issue of shares	Share donation	Increase/decrease (+, -)		Subtotal	Closing Balance
				Share capital increase from reserved funds	Others		
Total amount of shares	426,492,308.00			167,895,059.00		167,895,059.00	594,387,367.00

Other description:

53. Other equity instruments

- (1) Basic information of the outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period
- (2) Table of changes in outstanding financial instruments, such as preferred shares, perpetual bonds at the end of the period

Unit: yuan

Outstanding financial instruments	The beginning of the period		Increase in current period		Decrease in current period		The end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

The increase and decrease of other equity instruments in current period, the reasons for the change, and the basis of relevant accounting treatment:

Other description:

54. Capital reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
Capital premium (capital stock premium)	4,457,762,555.30		194,425,350.26	4,263,337,205.04
Other capital surplus	88,485,055.94	29,304,226.31		117,789,282.25
Total	4,546,247,611.24	29,304,226.31	194,425,350.26	4,381,126,487.29

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

1. The decrease in capital premium (equity premium) during the period is primarily due to:
 - (1) As per the equity distribution plan approved at the 2022 Annual General Meeting of Shareholders, the Company distributed stock dividends to all shareholders, converting 4 shares into capital for every 10 shares. Consequently, the capital premium (equity premium) decreased by 167,895,059.00 yuan during this period.
 - (2) Additionally, the Company implemented an employee stock ownership plan, adjusting the treasury shares to match the repurchase obligation, totaling 26,530,291.26 yuan.
2. The increase in other capital surplus during the period was primarily due to:
 - (1) The Company recognized incentive expenses totaling 3,151,091.47 yuan for the implementation of restricted stock incentives in 2020 and the employee stock ownership plan in 2023.
 - (2) Additionally, Winner Guilin introduced minority shareholders via its capital increase, resulting in passive dilution of the Company's equity without loss of control. Other capital reserves amounting to 26,153,134.84 yuan were confirmed.

55. Treasury stock

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
Treasury stock	500,082,734.11		26,530,291.26	473,552,442.85
Total	500,082,734.11		26,530,291.26	473,552,442.85

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

Decrease in current period 10 Additionally, the Company implemented an employee stock ownership plan, adjusting the treasury shares to match the repurchase obligation, totaling 26,530,291.26 yuan.

56. Other comprehensive income

Unit: yuan

Item	Balance at the beginning of the period	Amount before current income tax	Amount incurred in current period				Closing Balance	
			Less: amount included in other comprehensive income in previous period transferred into profit and loss in current period	Less: amount included in other comprehensive income in previous period transferred into retained income in current period	Less: Income tax expenses	Attributable to the parent company after tax		Attributable to minority shareholders after tax
I. Other comprehensive income that can't be reclassified into profit and loss	601,000.00	-225,081.26				-206,495.39	-18,585.87	394,504.61
Including: Changes arising from re-measurement for defined benefit plans	601,000.00	-225,081.26				-206,495.39	-18,585.87	394,504.61
II. Other comprehensive income that will be reclassified into profit and loss	181,778.15	2,848,822.37				1,639,086.68	1,209,735.69	1,820,864.83
Balance arising from the translation of foreign currency financial statements	181,778.15	2,848,822.37				1,639,086.68	1,209,735.69	1,820,864.83
Total other comprehensive income	782,778.15	2,623,741.11				1,432,591.29	1,191,149.82	2,215,369.44

Other explanations, including the adjustment of the effective part of the cash flow hedging gains and losses transferred to the initial recognized amount of the hedged item:

57. Special reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
------	--	----------------------------	----------------------------	-----------------

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

58. Surplus reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance
Statutory surplus reserves	420,212,778.13			420,212,778.13
Total	420,212,778.13			420,212,778.13

Description of surplus reserves, including current increase/decrease and change reasons:

59. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	6,810,953,829.30	5,538,135,285.97
Total undistributed profits at the beginning of the adjustment period (+ for increase and - for decrease)	14,979,240.42	14,844,385.21
Undistributed profits at the beginning of the period after adjustment	6,825,933,069.72	5,552,979,671.18
Plus: Net profits attributable to the owners of parent company in the current period	580,403,232.37	1,650,717,282.64
Common stock dividends payable	797,501,533.10	377,763,884.10
Undistributed profits at the end of the period	6,608,834,768.99	6,825,933,069.72

Details of undistributed profits at the beginning of the adjustment period:

- 1). Due to retroactive adjustment of *Accounting Standards for Business Enterprises* and relevant new regulations, 0.00 yuan of the undistributed profit at the beginning of the period was affected.
- 2). Due to the change of accounting policy, 14,979,240.42 yuan of the undistributed profit at the beginning of the period was affected.
- 3). Due to the correction of major accounting errors, 0.00 yuan of the undistributed profit at the beginning of the period was affected.
- 4). Due to the change of consolidation scope caused by the same control, 0.00 yuan of the undistributed profit at the beginning of the period was affected.
- 5). 0.00 yuan of the undistributed profit at the beginning of the period was affected by the total amount of other adjustments

60. Revenue and cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	8,124,324,653.18	4,139,502,655.31	11,257,751,810.00	5,910,146,579.23
Other businesses	60,697,404.02	35,094,632.43	93,579,735.08	62,654,238.06
Total	8,185,022,057.20	4,174,597,287.74	11,351,331,545.08	5,972,800,817.29

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

Yes No

Breakdown of operating revenues and operating costs:

Unit: yuan

Contract classification	Segment 1		Segment 2		Medical consumables		Healthy consumer goods		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Business type					3,922,443,620.59	2,335,514,563.06	4,262,578,436.61	1,839,082,724.68	8,185,022,057.20	4,174,597,287.74
Including:										
Main business					3,861,746,216.57	2,300,419,930.63	4,262,578,436.61	1,839,082,724.68	8,124,324,653.18	4,139,502,655.31
Other businesses					60,697,404.02	35,094,632.43			60,697,404.02	35,094,632.43
Classified by operating area					3,922,443,620.59	2,335,514,563.06	4,262,578,436.61	1,839,082,724.68	8,185,022,057.20	4,174,597,287.74
Including:										
Domestic sales					2,378,523,424.22	1,450,848,491.36	4,262,578,436.61	1,839,082,724.68	6,641,101,860.83	3,289,931,216.04
Overseas sales					1,543,920,196.37	884,666,071.70			1,543,920,196.37	884,666,071.70
Type of markets or clients										
Including:										
Type of contracts										
Including:										
Sorted by time of goods transfer										
Including:										
Sorted by contract duration										
Including:										
Sorted by sales channels										
Including:										
Total										

Information related to performance obligations:

Item	Time to fulfill performance obligations	Important payment terms	The nature of the goods the Company promises to transfer	Is he the main responsible person?	Amounts borne by the Company that are expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations

Other description

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations signed but not yet performed or completed at the end of this reporting period is 0.00 yuan, of which 0.00 yuan is expected to be recognized as revenue in year 0, 0.00 yuan is expected to be recognized as revenue in year 0, and 0.00 yuan is expected to be recognized as revenue in year 0.

Information related to variable consideration in the contract:

Major contract changes or major transaction price adjustments

Unit: yuan

Item	Accounting treatment methods	Amount of impact on revenue
------	------------------------------	-----------------------------

Other description:

61. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	23,828,308.48	43,075,435.03
Education surcharge	11,109,423.30	19,248,049.13
Housing property tax	13,826,245.30	10,547,488.67
Land use tax	5,164,407.85	4,462,427.50
Stamp duty	5,292,583.81	7,410,934.06
Surcharge for local education	6,894,324.42	12,835,042.86
Others	298,177.71	507,863.07
Total	66,413,470.87	98,087,240.32

Other description:

62. Administrative expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	343,893,839.96	356,528,450.43
Depreciation and amortization charge	126,637,904.03	93,586,310.72
Scrap loss on inventory and material consumption (*1)	59,888,593.56	2,451,385.18
Travel expenses	6,775,498.55	4,737,997.83
Office allowance	6,399,725.18	3,066,482.44
Consultant and intermediary service fees	31,915,068.83	27,481,281.65
Water/electricity fee	12,013,901.42	11,445,522.43
Information system cost	18,991,236.76	39,836,787.42
Maintenance cost	28,116,320.44	35,254,976.30
Depreciation of Right-of-use assets	24,199,602.13	22,168,279.11
Others	34,815,930.56	37,057,161.44
Total	693,647,621.42	633,614,634.95

Other description:

*1 The notable year-on-year increase was primarily attributed to heightened losses stemming from the relocation of Shenzhen Longhua Industrial Park and the disposal of inventory for infection protection products.

63. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Advertising and promotion expenses	651,816,390.71	600,156,113.14
Employee compensation	643,446,712.68	649,605,092.33
Sales commissions and expenses from the e-commerce platform	261,088,807.68	240,516,336.22
Depreciation of Right-of-use assets	196,694,977.33	188,658,565.69
Lease and property management expenses	118,909,705.83	152,186,000.56
Depreciation and amortization	54,120,612.33	82,408,480.44
Travel expenses	24,738,868.66	12,266,843.44
Material consumption	23,880,919.78	29,027,854.76
Office communication costs	15,318,336.04	17,665,180.74
Water/electricity fee	12,448,568.50	12,817,521.54
Insurance premiums	7,355,088.51	5,076,079.44
Service fees	17,439,391.54	7,485,101.27
Others	63,234,126.51	52,307,237.89
Total	2,090,492,506.10	2,050,176,407.46

Other description:

64. R&D expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	156,098,327.58	164,802,423.37
Depreciation and amortization	20,944,780.06	20,937,418.03
Material	83,875,970.91	232,395,899.93
Other miscellaneous expenses	61,132,789.88	69,447,910.78
Total	322,051,868.43	487,583,652.11

Other description:

65. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenses	63,441,562.69	50,043,346.95
Including: Interest expense on lease liabilities	28,614,724.12	26,647,978.76
Less: Interest revenue	133,913,862.72	123,909,561.75
Financial discount interest		
Exchange gain or loss	7,627,126.27	-52,070,721.48
Bank handling charge and others	986,213.83	3,362,364.21
Total	-61,858,959.93	-122,574,572.07

Other description:

66. Other incomes

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period
Government subsidies	80,639,097.23	76,662,122.86
Tax credits and deductions	20,466,177.38	7,711,139.48
Total	101,105,274.61	84,373,262.34

67. Net exposure hedging

Unit: yuan

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

Other description:

68. Income from changes in fair value

Unit: yuan

Sources of gains from fair value change	Amount incurred in current period	Amount incurred in previous period
Bank financial products and trust products	46,678,103.27	32,148,876.44
Total	46,678,103.27	32,148,876.44

Other description:

69. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

Long-term equity investment gains measured by employing the equity method	1,581,608.21	4,697,834.75
Investment income from purchasing financial products		30,114,666.09
Income from the redemption of trading financial assets	125,761,272.77	16,658,266.32
Total	127,342,880.98	51,470,767.16

Other description:

70. Credit impairment Loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Loss on bad debts of accounts receivable	3,056,164.34	4,946,266.03
Loss on bad debts of other receivables	1,669,344.96	-68,889,588.55
Total	4,725,509.30	-63,943,322.52

Other description:

71. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
I. Inventory falling price loss and impairment loss of contract performance costs	-190,214,320.23	-331,806,543.64
IV. Impairment loss of fixed assets	-1,470,305.23	-19,343,113.09
VI. Impairment loss of construction in progress	-10,205,833.26	-10,865,480.00
X. Goodwill impairment loss	-188,787,147.21	
XII. Others	-3,084,448.94	-854,203.50
Total	-393,762,054.87	-362,869,340.23

Other description:

The others are impairment losses on prepaid accounts

72. Gains from asset disposal

Unit: yuan

Source of income from disposal of assets	Amount incurred in current period	Amount incurred in previous period
Gains from disposal of non-current assets	18,934,269.72	4,466,739.85
Including: Gains on disposal of fixed assets	10,540.42	150,442.48
Gains from disposal of right-of-use assets	18,923,729.30	4,316,297.37
Loss on disposal of non-current assets	-1,232,319.71	-740,535.48
Including: Loss on disposal of fixed assets	-1,232,319.71	-740,535.48
Others (1*)	14,500,000.00	
Total	32,201,950.01	3,726,204.37

Note: 1* This is because the infection protection products and equipment are scrapped, leading to the one-time transfer of deferred income that has not yet been amortized to asset disposal income.

73. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Government subsidies	171,825.26	485,841.01	171,825.26
Non-current assets scrap gains	2,458,639.59	1,104,717.15	2,458,639.59
Income from compensation or fines	7,273,705.13	2,923,432.97	7,273,705.13
Others	6,714,326.50	6,055,568.25	6,714,326.50
Total	16,618,496.48	10,569,559.38	16,618,496.48

Other description:

74. Non-operating expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
External donations	2,088,058.84	2,698,153.48	2,088,058.84
Loss on damage and scrap of non-current assets	81,125,472.09	44,824,142.16	81,125,472.09
Overdue fines	429,933.94	5,587,691.07	429,933.94
Liquidated damages	95,536.17	11,433,314.10	95,536.17
Others	1,003,147.30	3,069,974.82	1,003,147.30
Total	84,742,148.34	67,613,275.63	84,742,148.34

Other description:

75. Income tax expenses

(1) Income tax expense table

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	97,007,712.22	318,328,487.05
Deferred income tax expenses	27,814,952.80	-72,656,057.90
Adjustment of the previous annual income tax amount in the current period	-3,521,577.45	-503,799.50
Total	121,301,087.57	245,168,629.65

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	749,846,274.01
Income tax expenses calculated at the appropriate/applicable tax rate	112,476,941.10
Impact of different tax rates applied on subsidiaries	21,013,929.84
Impact of income tax before adjustment	-3,521,577.45
The effect of non-taxable income	-569,116.82
Impact of non-deductible costs, expenses and losses	28,495,686.47
Impact of deductible losses on unrecognized deferred income tax assets in the prior period	-3,454,470.23
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	1,130,247.95
Impact of weighted deduction of R&D costs	-34,270,553.29
Income tax expenses	121,301,087.57

Other description:

76. Other comprehensive income

See Note 57 for details.

77. Cash flow statement items

(1) Cash related to operating activities

Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Deposit, margin and quality guarantee deposit received	18,253,683.99	20,839,933.57
Interest income received	34,146,193.53	29,396,223.39
Government subsidies received	107,118,837.18	74,022,751.98
Others	17,540,685.83	91,653,856.59
Total	177,059,400.53	215,912,765.53

Explanation on other cash received related to operating activities:

Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Management and development costs paid in cash	168,245,402.79	214,977,555.82
Selling expenses paid in cash	239,409,655.00	239,471,468.15
Deposit, margin and quality guarantee deposit paid	8,959,379.78	8,316,592.48
Bank handling charge	1,921,639.86	3,348,042.45
Others	21,519,247.07	136,138,509.24
Total	440,055,324.50	602,252,168.14

Description of other cash paid related to operating activities

(2) Cash related to investing activities

Other cash received related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Significant cash received related to investing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Description of other cash received related to investment activities:

Other cash paid related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Significant cash paid for investing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Description of other cash paid related to investment activities:

(3) Cash related to financing activities

Other cash received related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Security deposit recovered	139,500,000.00	
Employee stock ownership plan	10,857,500.00	
Total	150,357,500.00	

Description of other cash received related to financing activities:

Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Principal and interest paid on lease liabilities	280,704,130.49	246,700,957.46
Treasury stock repurchase paid		242,090,367.43
Deposit paid on bills and letters of credit (for financing purposes)	183,507,300.00	119,430,633.87
Total	464,211,430.49	608,221,958.76

Description of other cash paid related to financing activities:

Changes in various liabilities arising from financing activities

Applicable Not applicable

(4) Instructions for presenting cash flows on a net basis

Item	Relevant facts	Basis for net presentation	Financial impact
------	----------------	----------------------------	------------------

(5) Significant activities and financial impacts that do not involve current cash receipts and payments but affect the Company's financial status or may affect the Company's cash flow in the future

78. Supplementary information to the statement of cash flows

(1) Supplementary Information to the Statement of Cash Flows

Unit: yuan

Further information	Current amount	Last term amount
1. Reconciliation of net profits to cash flows from operating activities:		
Net profit	628,545,186.44	1,674,337,466.68
Plus: Provision for impairment of assets	389,036,545.57	426,812,662.75
Depreciation of fixed assets, oil and gas assets and productive biological assets	241,876,332.05	210,820,306.94
Depreciation of Right-of-use assets	224,710,757.36	215,248,882.88
Amortization of intangible assets	73,803,773.72	55,669,156.15
Amortization of long-term deferred expenses	54,638,701.93	73,413,333.87
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-32,201,950.01	-3,726,204.37
Loss on retirement of fixed assets (gains expressed with "-")	78,666,832.50	43,719,425.01
Loss from fair value change (gains expressed with "-")	-46,678,103.27	-32,148,876.44
Financial expenses (gains expressed with "-")	-35,603,859.98	-43,801,146.50
Investment losses (gains expressed with "-")	-127,342,880.98	-51,470,767.16
Decreased in deferred income tax assets (increase expressed with "-")	36,620,728.88	-74,410,284.04
Increase in deferred income tax liabilities (decrease expressed with "-")	-8,805,924.74	1,754,226.14
Decrease in inventories (increase expressed with "-")	-53,103,044.13	-73,528,720.88
Decrease in operating receivables (increase expressed with "-")	182,401,595.94	42,540,286.26
Increase in operating payables (decrease expressed with "-")	-578,417,187.65	526,247,452.59
Others	35,178,728.60	-8,004,969.61
Net cash flow from operating activities	1,063,326,232.23	2,983,472,230.27
2. Significant investment and financing activities not involving cash deposit and withdrawal		
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	4,677,340,782.45	4,370,821,958.17
Less: Beginning balance of cash	4,370,821,958.17	4,088,612,262.04
Plus: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	306,518,824.28	282,209,696.13

(2) Net cash paid for obtaining subsidiaries in current period

Unit: yuan

	Amount
Cash or cash equivalents paid in the current period for business combinations occurred in current period	77,260,000.00
Including:	
Shanghai Hongsong	30,000,000.00
Winner Jinzhou	47,260,000.00
Less: Cash and cash equivalents held by the Company on the acquisition date	8,993,403.54
Including:	
Shanghai Hongsong	8,823,863.68
Winner Jinzhou	169,539.86
Plus: Cash or cash equivalents paid in the current period for business combinations that occurred in previous periods	78,812,000.00
Including:	
Junjian Medical	78,812,000.00
Net cash paid for obtaining subsidiaries	147,078,596.46

Other description:

(3) Net cash from disposal of subsidiaries in current period

Unit: yuan

	Amount
Including:	
Including:	
Including:	

Other description:

(4) Composition of cash and cash equivalents

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
I. Cash	4,677,340,782.45	4,370,821,958.17
Including: cash on hand	76,471.98	246,825.76
Bank deposit readily available for payment	4,676,600,881.85	4,169,305,311.38
Other monetary capital readily available for payment	663,428.62	201,269,821.03
III. Balance of cash and cash equivalents at end of period	4,677,340,782.45	4,370,821,958.17

(5) The scope of use is limited but it is still classified as cash and cash equivalents

Unit: yuan

Item	Current amount	Last term amount	Reasons for retaining cash and cash equivalents
(6) Monetary funds that are not classified as cash and cash equivalents			

(6) Monetary funds that are not classified as cash and cash equivalents

Unit: yuan

Item	Current amount	Last term amount	Reasons for not qualifying as cash and cash equivalents
Other description:			

Other description:

(7) Description of other significant activities

79. Notes to items in statement of owner's equity

State the name of "other" items and the amount of adjustment to the ending balance of previous year:

N/A

80. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: yuan

Item	Ending balance in foreign currency	Conversion exchange rate	Ending balance converted to RMB
Cash and cash equivalents			435,196,098.42
Including: USD	57,390,116.35	7.0827	406,476,977.07
EUR	643,144.41	7.8592	5,054,600.55
HKD	22,971,973.80	0.9062	20,817,202.66
Mexican peso	54,990,865.00	0.0502	2,760,541.42
Ringgit	56,293.69	1.5415	86,776.72
Accounts receivable			169,560,564.27
Including: USD	21,558,056.44	7.0827	152,689,246.35
EUR	598,202.04	7.8592	4,701,389.47
HKD	11,749,192.84	0.9062	10,647,118.55
Mexican peso	60,061.96	0.0502	3,015.11
Ringgit	985,919.42	1.5415	1,519,794.79
Long-term loans			
Including: USD			
EUR			
HKD			
Other receivables			604,520.58
Including: HKD	667,094.00	0.9062	604,520.58
Accounts payable			3,910.09
Mexican peso	77,890.25	0.0502	3,910.09
Other payables			1,119,958.02
Including: HKD	845,102.79	0.9062	765,832.15
Ringgit	229,728.10	1.5415	354,125.87

Other description:

(2) Description of overseas operating entities, including for important overseas operating entities, the main overseas business place, recording currency and selection basis shall be disclosed, and the reasons for changes in recording currency shall also be disclosed.

Applicable Not applicable

81. Leased

(1) The Company as the lessee:

Applicable Not applicable

Variable lease payments that are not included in the measurement of the lease liabilities

Applicable Not applicable

Item	Current amount
Interest expense of lease liabilities	28,614,724.12
Simplified treatment of short-term lease expenses included in the cost of related assets or current profits and losses	687,850.31
The simplified treatment of low-value asset lease expenses included in the relevant asset cost or current profit and loss (except for short-term lease expenses of low-value assets)	
Variable lease payments excluded from the lease liability measurement, included in the cost of the related asset, or in the current period's profit or loss	20,627,211.88
Portion stemming from sale and leaseback transactions	
Income from subleasing right-to-use assets	908,441.15
Total cash outflow related to leases	302,019,192.68
Related gains and losses from sale and leaseback transactions	
Cash inflow and from sale and leaseback transactions	
Cash outflow from sale and leaseback transactions	

Lease costs for short-term leases or low-value assets with simplified treatment

Applicable Not applicable

See the figure above

Involvement in sale and leaseback transactions

None

(2) The Company's role as lessor

Operating leases as lessor

Applicable Not applicable

Unit: yuan

Item	Lease income	Including: Income related to variable lease payments not accounted for in lease receipts
Operating lease commitment	430,764.22	
Total	430,764.22	

Financial leases provided by the lessor

Applicable Not applicable

Undiscounted lease payments for each of the next five years

Applicable Not applicable

Unit: yuan

Item	Annual lease receipts before discounting	
	Closing balance	Beginning amount
First year	132,000.00	219,483.67
Second year		95,238.10

Reconciliation of undiscounted lease receipts and net lease investment

(3) Recognizing financial lease sales profits and losses as a manufacturer or distributor

Applicable Not applicable

82. Others

VIII. Research and development expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

1. Research and development projects eligible for capitalization

Unit: yuan

Item	Balance at the beginning of the period	Amount increased in current period		Amount decreased in current period		Closing Balance
		Internal development expenditure	Others	Recognized as intangible assets	Transfer to current profit and loss	
Total						

Significant capitalized R&D projects

Item	R&D progress	Estimated completion time	How economic benefits are expected to be generated	The point at which capitalization begins	Specific criteria for initiating capitalization
------	--------------	---------------------------	--	--	---

Provision for impairment of development expenses

Unit: yuan

Item	Balance at the beginning of the period	Increase in current period	Decrease in current period	Closing Balance	Impairment testing
------	--	----------------------------	----------------------------	-----------------	--------------------

2. Important outsourced research projects

Project name	The manner in which economic benefits are expected to be generated	Judgment standards and specific basis for capitalization or expense
--------------	--	---

Other description:

IX. Consolidation scope changes

1. Business combination not under common control

(1) Business combination not under common control occurred in current period

Unit: yuan

Name of the acquiree	Time of equity acquisition	Cost of equity acquisition	Equity acquisition ratio	Method of equity acquisition	Acquisition date	Basis for determination of acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flows of the acquired entity from the acquisition date to the end of the period
Shanghai Hongsong Medical Device Co., Ltd.	April 30, 2023	30,000,000.00	60.00%	Share acquisition	April 30, 2023	Acquisition of control	29,533,043.04	7,910,958.99	-218,570.29
Winner (Jinzhou) Latex Products Co., Ltd.	2023 July 1 st	103,000,000.00	100.00%	Share acquisition	July 1, 2023	Acquisition of control	1,825,402.15	-10,961,860.92	1,197,505.80

Other description:

[Note 1] On October 9, 2022, the Company and the individual shareholders, Zhang Yuqing and Cao Wensong, entered into an *Agreement on Equity Transfer of Shanghai Hongsong Medical Devices Co., Ltd.* The Company acquired a 60.00% equity interest in Shanghai Hongsong from the aforementioned individuals for a consideration of 30 million yuan. Shanghai Hongsong finalized the registration procedures for industrial and commercial changes on April 28, 2023. The directors appointed by the Company now constitute the majority of the new board of directors. For accounting purposes, April 30, 2023, was designated as the acquisition date, and Shanghai Hongsong has been consolidated into the financial statements from April 30, 2023, onward.

[Note 2] Subsidiary Winner Guilin signed the *Equity Transfer Agreement* and its supplementary agreement with Jiangsu Youjia Gloves Co., Ltd., Yuyao Wenna Machinery Industry and Trade Co., Ltd., and Guilin Golden Eagle Latex Technology Co., Ltd. on May 24, 2023. Winner Guilin acquired 100.00% of the equity of Winner Guilin held by the above shareholders for 103 million yuan. Winner Jinzhou has completed the business change registration procedures on July 11, 2023. The Company has appointed a majority of directors to the new board of directors. For accounting purposes, July 1, 2023, was established as the acquisition date, and it has been included in the scope of the consolidated financial statements starting from July 1, 2023.

(2) Combination cost and goodwill

Unit: yuan

Combination cost	Shanghai Hongsong Medical Device Winner (Jinzhou) Latex Products Co., Ltd. Co., Ltd.	
- Cash		30,000,000.00
- Fair value of non-cash assets		47,260,000.00
- Fair value of debt issued or assumed		55,740,000.00
Fair value of equity securities issued		
Fair value of contingent consideration		
Fair value of the equity held prior to the purchase date on the purchase date		
- Others		
Total combination cost		30,000,000.00
Less: the share of the fair value of identifiable net assets acquired		30,025,628.52
The amount of goodwill/combination cost less than the share of the fair value of identifiable net assets acquired		-25,628.52
		8,401,335.65

Method for determining the fair value of consolidation costs:

Contingent consideration and explanation of its changes:

Main reasons for the formation of large amount of goodwill:

The Company acquired 100.00% equity of Winner Guilin Latex Co., Ltd. with a merge cost of 103,000,000.00 yuan. On the purchase date, the Company obtained the identifiable net assets of Winner Guilin Latex Co., Ltd. with the fair value of 94,598,664.35 yuan, and the difference between the merge cost and the fair value of the identifiable net assets obtained in the merger of 8,401,335.65 yuan was recognized as goodwill.

Other description:

(

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: yuan

	Shanghai Hongsong Medical Device Co., Ltd.		Winner (Jinzhou) Latex Products Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date	Fair value on the acquisition date	
Assets:	105,903,686.47	94,701,104.45	193,136,941.56	149,741,122.62
Cash and cash equivalents	8,823,863.68	8,823,863.68	169,539.86	169,539.86
Accounts receivable payments	29,718,604.59	29,718,604.59	481,417.05	481,417.05
Inventory	3,631,478.92	2,174,472.57	8,882,511.77	8,261,963.67
Fixed assets	2,199,354.00	1,618,600.25	95,175,479.00	82,920,529.77
Intangible assets	9,080,000.00		42,213,300.00	12,697,399.00
Tradable financial assets	45,084,821.92	45,000,000.00		
Advance to supplier	190,174.00	190,174.00	541,660.19	541,660.19
Net other accounts receivable	267,921.81	267,921.81	9,326.71	9,326.71
Other current assets			7,309,869.00	7,309,869.00
Construction in progress			35,243,285.25	34,238,864.64
Net right-to-use assets	6,907,467.55	6,907,467.55		
Long-term unamortized expenses			2,859,991.18	2,859,991.18
Other non-current assets			250,561.55	250,561.55
Debt:	55,860,972.26	53,060,326.76	98,538,277.21	87,689,322.48
Loan			21,500,000.00	21,500,000.00
Account payable payments	18,439,452.22	18,439,452.22	32,361,218.69	32,361,218.69
Deferred income tax liabilities	2,800,645.50		10,848,954.73	
Contract liabilities	653,648.93	653,648.93	1,015,777.86	1,015,777.86
Payroll payable	1,715,576.91	1,715,576.91	845,715.00	845,715.00
Taxes payable	1,657,742.59	1,657,742.59	427,460.66	427,460.66
Dividends payable	23,192,786.50	23,192,786.50		
Other payables	149,420.94	149,420.94	11,857,061.78	11,857,061.78
Non-current liabilities due within one year	641,367.96	641,367.96	6,000,000.00	6,000,000.00
Other current liabilities	85,910.37	85,910.37	132,051.12	132,051.12
Long-term loans			2,500,000.00	2,500,000.00
Lease liabilities	6,524,420.34	6,524,420.34		
Deferred income			11,050,037.37	11,050,037.37
Net assets	50,042,714.21	41,640,777.69	94,598,664.35	62,051,800.14
Less: Minority equity	20,017,085.68	16,656,311.08		
Net assets acquired	30,025,628.53	24,984,466.61	94,598,664.35	62,051,800.14

Determination method of fair value of identifiable assets and liabilities:

The acquisition target Shanghai Hongsong Medical Device Co., Ltd. has been appraised by Yinxin Appraisal Co., Ltd. with an issuance of the *Assets Appraisal Report on the Market Value Items of Various Identifiable Assets, Liabilities and Contingent Liabilities of Shanghai Hongsong Medical Device Co., Ltd. Related to the Proposed Merger Consideration Allocation of Winner Medical Co., Ltd.* (Y.X.P.B.Zi [2023] No. D00027), and the appraisal benchmark date of April 30, 2023. According to the appraisal report, considering the impact of deferred income tax and the impact of the capital increase, the fair value of the identifiable net assets of the acquired 100% equity of Shanghai Hongsong Medical Device Co., Ltd. is 50,042,714.20 yuan.

The acquisition target Winner (Jinzhou) Latex Products Co., Ltd. has been appraised by Yinxin Appraisal Co., Ltd. with an issuance of the *Assets Appraisal Report on the Market Value Items of Various Identifiable Assets, Liabilities and Contingent Liabilities of Shanghai Hongsong Medical Device Co., Ltd. Related to the Proposed Merger Consideration Allocation of Winner Medical Co., Ltd.* (Y.X.P.B.Zi [20231] No. D00138), and the appraisal benchmark date of June 30, 2022. According to the appraisal report, considering the impact of deferred income tax and the impact of the capital increase, the fair value of the identifiable net assets of the acquired 100% equity of Winner (Jinzhou) Latex Products Co., Ltd. is 94,598,664.35 yuan.

Contingent liabilities of the acquiree incurred in business combination: Other description:

- (4) Gains or losses arising from remeasurement of equity held prior to the acquisition date at fair value

Whether there are transactions that realize the business combination step by step through multiple transactions and obtain control right during the reporting period

Yes No

- (5) Relevant description of the combination consideration or the fair value of the identifiable assets and liabilities of the acquiree that cannot be reasonably determined on the acquisition date or at the end of current period of the combination
- (6) Other description

2. Business combination under common control

- (1) Business combination under common control occurred in current period

Unit: yuan

Name of merged party	Proportion of equity obtained in business combination	Basis of business combination under common control	Merger date	Basis for determination of merger date	Income of the combined party from the beginning of current period to the date of combination	Net profit of the combined party from the beginning of current period to the date of combination	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
----------------------	---	--	-------------	--	--	--	---	---

Other description:

(2) Combination cost

Unit: yuan

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

Contingent consideration and explanation of its changes:

Other description:

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

Unit: yuan

	Merger date	End of previous period
Assets:		
Cash and cash equivalents		
Accounts receivable payments		
Inventory		
Fixed assets		
Intangible assets		
Debt:		
Loan		
Account payable payments		
Net assets		
Less: Minority equity		
Net assets acquired		

Contingent liabilities of the combined party incurred in business combination:

Other description:

3. Reverse purchase

Basic information of transaction, basis of transaction forming reverse purchase, whether the assets and liabilities retained by the listed company constitute business and their basis, determination of combination cost, amount and calculation of adjusted equity in accordance with equity transaction:

4. Disposal of subsidiary

Are there any transactions or events during this period that lead to the loss of control of subsidiaries?

Yes No

Whether there is a situation that the investment in subsidiaries is disposed step by step through multiple transactions and the control right is lost in current period

Yes No

5. Change of merger scope for other reasons

Explain the changes in the scope of combination caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

Huanggang Cotton was merged by Winner Huanggang during the period

6. Others

None

X. Interests in other entities

1. Interests in a subsidiary

(1) Composition of enterprise group

Unit: yuan

Subsidiary name	Registered capital	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
					Direct	Indirect	
Shenzhen Purcotton	130,000,000.00	Shenzhen Guangdong Province	City, Shenzhen Guangdong Province	City, Sale of Purcotton products	100.00%		Establishment
Beijing Purcotton	3,000,000.00	Beijing	Beijing	Sale of Purcotton products		100.00%	Establishment
Guangzhou Purcotton	1,000,000.00	Guangzhou Guangdong Province	City, Guangdong Province	City, Sale of Purcotton products		100.00%	Establishment
Shanghai Purcotton	3,000,000.00	Shanghai	Shanghai	Sale of Purcotton products		100.00%	Establishment
Qianhai Purcotton	10,000,000.00	Shenzhen Guangdong Province	City, Shenzhen Guangdong Province	City, Sale of Purcotton products		100.00%	Establishment
Winner Medical (Huanggang)	259,459,200.00	Huanggang Hubei Province	City, Huanggang Hubei Province	City, Production and sales of pure cotton spunlace non-woven fabric, medical consumables and Purcotton products	100.00%		Business combination under common control
Winner Medical (Jingmen)	23,000,000.00	Jingmen City, Hubei Province	Jingmen City, Hubei Province	Production and sales of medical consumables and Purcotton products	100.00%		Business combination under common control

winner Winner Medical

Subsidiary name	Registered capital	Main operation site	Registration place	Business nature	Shareholding ratio Direct Indirect	Way of obtaining
Winner Medical (Chongyang)	28,550,000.00	Chongyang County, Hubei Province	Chongyang County, Hubei Province	Production and sales of medical consumables	100.00%	Business combination under common control
Winner Medical (Jiayu)	233,040,000.00	Jiayu County, Hubei Province	Jiayu County, Hubei Province	Production and sales of medical consumables and Purcotton products	100.00%	Business combination under common control
Winner Medical (Yichang)	12,413,668.87	Zhijiang City, Hubei Province	Zhijiang City, Hubei Province	Production and sales of medical gray cloth	100.00%	Business combination under common control
Winner Medical (Tianmen)	37,670,000.00	Tianmen City, Hubei Province	Tianmen City, Hubei Province	Production and sales of pure cotton spunlace non-woven fabric and Purcotton products	100.00%	Business combination under common control
Winner Medical (Hong Kong)	897,570.00	Hong Kong	Hong Kong	Sales of medical consumables and healthy living consumer goods	60.00%	Business combination under common control
Winner (Huanggang) Cotton	18,738,690.96	Huanggang City, Hubei Province	Huanggang City, Hubei Province	Cotton trade	100.00%	Business combination under common control
Winner Medical Malaysia	4,943,266.40	Malaysia	Malaysia	There is no actual business operation	100.00%	Business combination not under common control
Winner Medical (Heyuan)	100,000,000.00	Heyuan City, Guangdong Province	Heyuan City, Guangdong Province	There is no actual business operation present	100.00%	Establishment
Winner Medical (Wuhan)	400,000,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Production and sterilization of pure cotton spunlace non-woven fabric and Purcotton products	100.00%	Establishment
PureH2B	150,000,000.00	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sales of personal care and other products	100.00%	Establishment
Purunderwear	5,000,000.00	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sales of Cotton Lining products	100.00%	Establishment
Huanggang Purcotton	10,000,000.00	Huanggang City, Hubei Province	Huanggang City, Hubei Province	Sale of Purcotton products	100.00%	Establishment
Winner Medical (Foshan)	1,000,000.00	Foshan City, Guangdong Province	Foshan City, Guangdong Province	There is no actual business operation present	100.00%	Establishment
Longterm Medical	5,000,000.00	Huzhou, Zhejiang	Huzhou, Zhejiang	Production and sales of medical consumables	55.00%	Business combination not under common control
Hangzhou Shengyi	5,000,000.00	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Other technology promotion services	55.00%	Business combination not under common control
Xi'an Longtemu	5,000,000.00	Xi'an, Shaanxi	Xi'an, Shaanxi	Engineering technical research and experimental development	55.00%	Business combination not under common control
Deqing Longterm	2,000,000.00	Huzhou, Zhejiang	Huzhou, Zhejiang	Manufacturing of medical instruments, equipment and device	55.00%	Business combination not under common control
United States Longterm		US	US	Manufacturing of medical instruments, equipment and device	55.00%	Business combination not under common control
Winner Guilin	86,600,997.00	Xiufeng District, Guilin City, Guangxi Zhuang Autonomous Region	Xiufeng District, Guilin City, Guangxi Zhuang Autonomous Region	Rubber products industry	91.74%	Business combination not under common control
Winner Medical (Hunan)	44,000,111.00	Changde, Hunan	Changde, Hunan	Production and sales of medical consumables	68.70%	Business combination not under common control
Ruian Medical Device	2,000,000.00	Changsha, Hunan	Changsha, Hunan	Engineering technical research and experimental development	68.70%	Business combination not under common control
Junjian Medical	20,120,000.00	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Sales of medical consumables	100.00%	Business combination not under common control
Mexico Longtai	32,320,032.00	Mexico	Mexico	Production and sales of medical consumables	55.00%	Establishment
Shanghai Hongsong	2,000,000.00	Shanghai	Shanghai	Sales of medical consumables	60.00%	Establishment
Winner Jinzhou	87,500,000.00	Jingzhou City, Hubei Province	Jingzhou City, Hubei Province	Production and sale of rubber products	91.74%	Business combination not under common control
Purcotton Wuhan	20,000,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Sale of Purcotton products	100.00%	Establishment
Purcotton Hong Kong		Hong Kong	Hong Kong	Sale of Purcotton products	100.00%	Establishment
Pan-China (H.K.)	860,840.00	Hong Kong	Hong Kong	There is no actual business operation present	100.00%	Establishment
Wuhan Digital Technology	500,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Software development and sales	100.00%	Establishment

Unit: yuan

Difference between the shareholding ratio and the voting right ratio in the subsidiary:

Basis for holding half or less of the voting rights but still controlling the invested entity, and holding more than half of the voting rights but not controlling the invested entity:

For the important structured entity included in the combination scope, the control basis is as follows:

Basis for determining whether the company is an agent or a principal:

Other description:

Huanggang Cotton was merged by Winner Huanggang in 2023.

(2) Important non-wholly owned subsidiary

Unit: yuan

Subsidiary name	Minority shareholding ratio	Current profits and losses attributable to minority shareholders	Current dividends declared to minority shareholders	Ending balance of minority equity
-----------------	-----------------------------	--	---	-----------------------------------

Difference between the shareholding ratio and the voting right ratio of the minority shareholders of the subsidiary:

Other description:

(3) Main financial information of important non-wholly owned subsidiaries

Unit: yuan

Subsidiary name	Closing Balance						Balance at the beginning of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Unit: yuan

Subsidiary name	Amount incurred in current period				Amount incurred in previous period			
	Revenue	Net profit	Total comprehensive income	Cash flow from financing activities	Revenue	Net profit	Total comprehensive income	Cash flow from financing activities

Other description:

(4) Major restrictions on the use of enterprise group assets and the settlement of enterprise group debts

(5) Financial or other support provided to structured entity included in the consolidated financial statements

Other description:

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

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

Additionally, Winner Guilin introduced minority shareholders via its capital increase, resulting in passive dilution of the Company’s equity without loss of control. Other capital reserves amounting to 26,153,134.84 yuan were confirmed.

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

Unit: yuan

Purchase cost / Disposal consideration
- Cash
- Fair value of non-cash assets
Total purchase cost / Disposal consideration
Loss: The share of the net asset of a subsidiary calculated based on the proportion of equity acquired/disposed
Balance
Including: Capital reserve adjusted
Surplus reserve adjusted
Undistributed profit adjusted

Other description:

3. Equity in joint venture arrangement or joint venture

(1) Important cooperative enterprises or joint ventures

Name of cooperative enterprise or joint venture	Main operation site	Registration place	Business nature	Shareholding ratio		Accounting treatment method of investment in cooperative enterprises or joint ventures
				Direct	Indirect	

Difference between the shareholding ratio and the voting right ratio in the cooperative enterprise or joint venture:

Basis for holding less than 20% of the voting rights but having a significant impact, or holding 20% or more of the voting rights but not having a significant impact:

(2) Major Financial Information about Important Cooperative Enterprises

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Current assets		
Including: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority equity		
Attributable to the parent company shareholders' equity		
Share of net assets by shareholding ratio		
Adjustment items		
- Goodwill		
- Unrealized profit of internal transaction		
- Others		
Book value of equity investments in joint ventures		
Fair value of equity investments in joint ventures with publicly quoted prices		
Revenue		
Financial expenses		
Income tax expenses		
Net profit		
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures in current year		

Other description:

(3) Major Financial Information About Important Jointly Operated Enterprises

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority equity		
Attributable to the parent company shareholders' equity		
Share of net assets by shareholding ratio		
Adjustment items		
- Goodwill		
- Unrealized profit of internal transaction		
- Others		
Book value of equity investments in cooperative enterprises		
Fair value of equity investments in cooperative enterprises with publicly quoted prices		
Revenue		
Net profit		
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income		
Dividends received from cooperative enterprises in current year		

Other description:

(4) Summary of financial information of unimportant cooperative enterprises and joint ventures

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Cooperative enterprise:		
Total number of following items by shareholding ratio		
- Joint venture:		
Total book value of investment	20,879,244.20	21,747,635.99
Total number of following items by shareholding ratio		
- Net profit	1,581,608.21	4,697,834.75
- Total comprehensive income	1,581,608.21	4,697,834.75

Other description:

(5) Significant restrictions on the ability of cooperative enterprises and joint ventures to transfer funds to the Company

(6) Excess losses of cooperative enterprise or joint venture

Unit: yuan

Name of cooperative enterprise or joint venture	Accumulated unrecognized losses in the previous period	Unrecognized loss in current period (or net profit shared in current period)	Accumulated unrecognized losses at the end of current period
---	--	--	--

Other description:

(7) Unconfirmed commitments related to investment in cooperative enterprise

(8) Contingent liabilities related to investment in cooperative enterprise or joint venture

4. Important pooling of interests

Name of joint operation	Main operation site	Registration place	Business nature	Shareholding ratio / share enjoyed	
				Direct	Indirect

Difference between the shareholding ratio or share enjoyed and the voting right ratio in joint operation:

If the joint operation is a separate entity, it shall be classified as the basis of joint operation:

Other description:

5. Equity in the structured entity that is not included in the consolidated financial statements

Description of structured entity not included in the consolidated financial statements

6. Others

XI. Government subsidies

1. Government subsidies recognized based on the receivable amount at the end of the reporting period

Applicable Not applicable

Reasons for the failure to receive the estimated amount of government subsidy at the estimated time

Applicable Not applicable

2. Projects involving government subsidies

Applicable Not applicable

Unit: yuan

Accounting subject	Balance at the beginning of the period	Amount of additional subsidy in current period	Amount included in current non-revenue	Amounts transferred to other earnings during the period	Other changes during the period	Closing Balance	Asset/income related
Deferred income	98,791,412.91	48,677,287.37		11,319,335.31	14,500,000.00	121,649,364.97	Government subsidies related to assets

3. Government subsidies included in current profit and loss:

Applicable Not applicable

Unit: yuan

Accounting subject	Amount incurred in current period	Amount incurred in previous period
Other incomes	101,105,274.61	84,373,262.34
Non-operating income	171,825.26	485,841.01
Gains from asset disposal	14,500,000.00	0.00

Other description

XII. Risks associated with financial instruments

1. Types of risks arising from financial instruments

The Company is exposed to various financial risks in the process of operation: credit risk, liquidity risk and market risk, including exchange rate risk, interest rate risk and other price risk. The aforementioned financial risks and the risk management policies adopted by the Company to mitigate these risks are described below: The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks to which the Company is exposed. These risk management policies specify specific risks, covering various aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the changes in the market environment and the Company's operating activities to determine whether to update the risk management policies and systems. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and avoids related risks through close cooperation with other business departments of the Company. The internal audit department of the Company conducts regular audit on the risk management control and procedures, and reported the audit results to the Audit Committee of the Company.

The Company disperses financial instrument risks through appropriate diversified investments and business portfolios, and reduce risks concentrated in a single industry, specific region, or specific counterparty by formulating corresponding risk management policies.

(1) Credit risk

Credit risk refers to the risk of financial loss to the Company due to the failure of the counterparty to fulfill its contractual obligations.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, debt investment, other debt investments and financial guarantee contracts, as well as debt instrument investments and derivative financial assets measured at fair value through profit or loss and not included in the impairment assessment scope. On the balance sheet date, the book value of the Company's financial assets represents its maximum credit risk exposure.

The Company's monetary funds are mainly deposited in state-owned banks and other large and medium-sized listed banks with high credit rating. The Company believes that there is no significant credit risk and almost cannot cause significant losses caused by bank default.

In addition, for notes receivable, accounts receivable, receivables financing, contractual assets and other receivables, the Company makes relevant policies to control credit risk exposure. The Company evaluates the customers' credit qualification and sets the corresponding credit period based on the customer's financial status, the possibility of obtaining guarantee from a third party, credit records and other factors such as current market conditions. The Company will regularly monitor customers' credit records. For customers with poor credit records, the Company would urge payment in writing, shorten the credit period or cancel the credit period, etc., to ensure that the overall credit risk of the Company is under control.

(2) Liquidity risk

Liquidity risk refers to the risk of capital shortage when the Company performs the obligation of settlement by cash payment or other financial assets.

The Company's policy is to ensure that there is sufficient cash to pay the debt due. Liquidity risk is centrally controlled by the Financial Department of the Company. By monitoring cash balances, securities that can be turned into cash at any time, and rolling forecasting of cash flows over the next 12 months, the Finance Department ensures that the Company has sufficient funds to repay its debts under all reasonable projections. at the same time, it continuously monitors the compliance of the provisions of the loan agreements, and obtained commitments from major financial institutions to provide sufficient standby capital to meet short-term and long-term capital needs.

The Company's various financial liabilities are shown as follows in terms of undiscounted contract cash flows on maturity dates:

Item	Immediate repayment	Closing Balance			More than 5 years	Total undiscounted contract amount
		Within 1 year	1-2 years	2-5 years		
Short-term loans		1,493,238,955.00				1,493,238,955.00
Notes payable		315,902,844.15				315,902,844.15
Accounts payable		1,116,802,220.38				1,116,802,220.38
Other payables		591,310,917.61				591,310,917.61
Non-current liabilities due within one year		223,426,826.45				223,426,826.45
Long-term loans			170,000,000.00			170,000,000.00
Lease liabilities			152,725,191.59	160,706,193.96	19,232,032.29	332,663,417.84
Total		3,740,681,763.59	322,725,191.59	160,706,193.96	19,232,032.29	4,243,345,181.43

Item	Immediate repayment	Closing balance of the previous year			More than 5 years	Total undiscounted contract amount
		Within 1 year	1-2 years	2-5 years		
Short-term loans		2,295,218,930.85				2,295,218,930.85
Notes payable		24,760,000.00				24,760,000.00
Accounts payable		1,119,574,518.58				1,119,574,518.58
Other payables		570,843,242.88				570,843,242.88
Non-current liabilities due within one year		215,946,889.32				215,946,889.32
Lease liabilities			160,958,289.43	204,071,723.77		365,030,013.20
Total		4,226,343,581.63	160,958,289.43	204,071,723.77		4,591,373,594.83

(3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of market price, including exchange rate risk, interest rate risk and other price risk.

1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of market interest rate.

The interest bearing financial instruments with fixed and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed rate and floating rate instruments based on the market environment, and maintains an appropriate combination of fixed rate and floating rate instruments through regular review and monitoring. If necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

On December 31, 2023, if other variables remain unchanged, and the borrowing rate at the floating rate rises or falls by 100 base points, the Company's net profit will decrease or increase by 3,680,579.09 yuan (December 31, 2022: 1,419,254.31 yuan). The management considers that 100 basis points reasonably reflects a reasonable range of possible changes in interest rate over the next year.

2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to the change of foreign exchange rate.

The Company continuously monitors foreign currency transactions and the scale of foreign currency assets and liabilities to minimize foreign exchange risks. In addition, the Company may enter into forward foreign exchange contracts or currency exchange contracts to achieve the purpose of avoiding the exchange rate risk. The Company has not signed any forward foreign exchange contracts or currency swap contracts during the current period and the previous period.

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

Item	Closing Balance					Total
	USD	EUR	HKD	Mexican peso	Ringgit	
Foreign currency financial assets						
Cash and cash equivalents	406,476,977.07	5,054,600.55	20,817,202.66	2,760,541.42	86,776.72	435,196,098.42
Accounts receivable	152,689,246.35	4,701,389.47	10,647,118.55	3,015.11	1,519,794.79	169,560,564.27
Other receivables			604,520.58			604,520.58
Subtotal	559,166,223.42	9,755,990.02	32,068,841.79	2,763,556.53	1,606,571.51	605,361,183.27
Foreign currency financial liabilities						
Accounts payable				3,910.09		3,910.09
Other payables			765,832.15		354,125.87	1,119,958.02
Subtotal			765,832.15	3,910.09	354,125.87	1,123,868.11
Net amount	559,166,223.42	9,755,990.02	31,303,009.64	2,759,646.44	1,252,445.64	604,237,315.16

On December 31, 2023, if the RMB appreciates or depreciates by 5% against aforementioned currencies, all other variables being held constant, the net profit of the Company will be reduced or increased by 25,321,546.56 yuan (December 31, 2022: 16,092,001.76 yuan). Management considers that 5% is a reasonable reflection of the reasonable range of possible changes in RMB against USD.

3) Other price risks

Other price risks refer to the risks that the fair value or future cash flows of financial instruments fluctuate due to the changes in market prices other than exchange rate risk and interest rate risk.

2. Hedge

(1) The Company carries out hedging business for risk management

Applicable Not applicable

(2) The Company carries out qualified hedging business and applies hedging accounting

Unit: yuan

Item	Book value related to hedged items and hedging instruments	Cumulative fair value hedging adjustments of hedged items included in recognized carrying amounts	Some sources of hedging effectiveness and ineffectiveness	The impact of hedge accounting on a company's financial statements
Hedging risk type				
Hedge type				

Other description

(3) The Company engages in hedging activities for risk management purposes and anticipates achieving risk management objectives but does not apply hedge accounting

Applicable Not applicable

3. Financial assets

(1) Transfer method classification

Applicable Not applicable

Unit: yuan

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	De-recognition	Basis for judgment on termination of confirmation
Bill endorsement	Notes receivable	28,991,818.10	Not terminated	Retain substantially all of its risks and rewards, including default risks associated therewith
Bill endorsement	Notes receivable	334,223,420.29	De-recognition	Substantially all risks and rewards have been transferred
Total		363,215,238.39		

(2) Financial assets derecognized as a result of a transfer

Applicable Not applicable

Unit: yuan

Item	Methods of transferring financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Notes receivable	Bill endorsement	334,223,420.29	
Total		334,223,420.29	

(3) Asset transfer financial assets that continue to be involved

Applicable Not applicable

Other description

XIII. Fair value disclosure

1. Ending fair value of assets and liabilities measured with fair value

Unit: yuan

Item	Closing fair value			Total
	Measurement of fair value at first level	Measurement of fair value at second level	Measurement of fair value at third level	
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets		1,735,249,266.74	1,114,809,273.97	2,850,058,540.71
1. Financial assets measured at fair value of which the changes are included in current profit and loss		1,735,249,266.74	1,114,809,273.97	2,850,058,540.71
(3) Derivative financial assets		1,735,249,266.74		1,735,249,266.74
(4) Others			1,114,809,273.97	1,114,809,273.97
◆ Amounts receivable financing		29,348,618.44		29,348,618.44
◆ Other non-current financial assets			70,000,000.00	70,000,000.00
Total assets continuously measured at fair value		1,764,597,885.18	1,184,809,273.97	2,949,407,159.15
II. Non-continuous fair value measurement	--	--	--	--

2. Continuous and non-continuous measurement items of fair value at first level and recognition basis for market price

The input value of the first level is the unadjusted quotation of the same assets or liabilities on the active market that can be obtained on the measurement day.

3. Continuous and non-continuous measurement items of fair value at second level, qualitative and quantitative information on valuation techniques adopted and important parameters

The input value of the second level is the direct or indirect observable input value of related assets or liabilities other than the input value of the first level.

4. Continuous and non-continuous measurement items of fair value at third level, qualitative and quantitative information on valuation techniques adopted and important parameters

The input value of the third level is the non-observable input value of the relevant assets or liabilities.

5. Continuous measurement items of fair value at third level, adjustment information between opening and closing book value and sensitivity analysis of unobservable parameters

For the Company's ongoing Level 3 fair value measurement program, the reconciling information primarily includes valuation changes, sales, and settlements. There have been no changes in unobservable parameters that could significantly impact fair value.

6. For continuous measurement items of fair value, if there is a conversion between different levels in current period, the reasons for the conversion and the policies for determining the conversion time point

There were no transitions between levels during the year.

7. Valuation technology change and reason of change in current period

There were no changes to the valuation techniques used during the year.

8. Fair value of financial assets and financial liabilities not measured at fair value

The Company's financial assets and financial liabilities measured at amortized cost mainly include: notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, other payables, non-payments due within one year, Current liabilities, other current liabilities, and lease liabilities. There is no significant difference between the book value and fair value of the Company's various financial assets and financial liabilities measured at amortized cost on December 31, 2023.

9. Others

None

XIV. Related parties and connected transactions

1. Parent company of the Company

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Winner Group Limited	Cayman Islands	Equity investment and management business	HKD 1,143,000.00	68.41%	68.41%

Parent company of the Company

Winner Group Limited was incorporated in the Cayman Islands on April 8, 2003 with registration number 124887 and an authorized share capital of 360,000,000.00 shares with a nominal value of HKD 1 per share. 1,143,000 shares have been issued. The registered address is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The ultimate controlling party of the Company is Li Jianquan.

Other description:

2. Subsidiaries of the Company

See Note "X. Interests in other entities".

3. Cooperative enterprises and joint ventures

See the note “X. Interests in other entities” for important cooperative enterprises or joint ventures of the Company.

Other cooperative enterprises or joint ventures that made related party transactions with the Company in the current period, or formed the balance of related party transactions with the Company in the previous periods are as follows:

Name of cooperative enterprise or joint venture	Relationship with the Company
Chengdu Winner	Cooperative enterprise
Hubei Xianchuang Technology Co., Ltd.	Cooperative enterprise

Other description:

4. Situation of other related parties

Name of other related parties	Relationship of other related parties with the Company
Glory Ray Holdings Limited	A company controlled by the actual controller
Glory Ray Limited	A company controlled by the actual controller through Glory Ray Holdings
Beijing Sequoia Xinyuan Equity Investment Center (limited partnership)	Shareholder of the Company
Xiamen Leyuan Investment Partnership (Limited Partnership)	Shareholder of the Company
Xiamen Yutong Investment Partnership (Limited Partnership)	Shareholder of the Company
Xiamen Huikang Investment Partnership (Limited Partnership)	Shareholder of the Company
Shenzhen Capital Group Co., Ltd.	Shareholder of the Company
Xiamen Zepeng Investment Partnership (Limited Partnership)	Shareholder of the Company
Chengdu Winner Likang Medical Products Co., Ltd.	Joint venture, with 49% equity hold by the Company
Wuhan Zhuoling Packaging Co., Ltd.	A company controlled by close family members of the Company’s key managers
Glory Ray Holdings Limited	A company controlled by the actual controller
Li Jianquan	Actual controller of the Company
Fang Xiuyuan	Director, deputy general manager, chief financial officer
Xu Xiaodan	Director
Guo Zhenwei	Director
Peng Jianfeng	Independent director
Xie Jiawei	Independent director
Liu Ke	Independent director
Zhang Tingting	Chairman of the Board of Supervisors
Wang Ying	Former supervisor

Name of other related parties	Relationship of other related parties with the Company
Name of other related parties	Relationship of other related parties with the Company
Liu Hua	Employee supervisor
Zhang Yan	Supervisor
Chen Huixuan	Secretary to the board of directors, deputy general manager
Zhang Li	Deputy general manager
Huang Jun	Original shareholder and original director of Winner Medical (Hunan)
Lixian SHRCB Rural Bank Co., Ltd.	A company in which Zheng Datian, Vice Chairman of Winner Medical (Hunan), serves as a director
Jingyi Biotechnology (Shanghai) Co., Ltd.	A company actually controlled by Wu Kangping, a shareholder of Longterm Medical
Shenzhen Nine Stars Printing and Packaging Group Co., Ltd.	A company controlled by the final controller of Winner Guilin before merge
Shenzhen Junhesheng Technology Co., Ltd.	A company controlled by the actual controller of Junjian Medical before merge
Shenzhen Shengtianning Medical Device Co., Ltd.	A company controlled by the actual controller of Junjian Medical before merge
Shenzhen Zhengjun Medical Device Co., Ltd.	A company controlled by the actual controller of Junjian Medical before merge
Zhejiang Kangli Medical Supplies Co., Ltd.	A company actually controlled by Wu Di, a shareholder of Longterm Medical
ZheJiang Longmed Medical Technology Co., Ltd.	A company actually controlled by Wu Di, a shareholder of Longterm Medical
ZheJiang Longrising Medical New Materials Co., Ltd.	A company actually controlled by Wu Kangping, a shareholder of Longterm Medical
Zheng Junhui	Controlling shareholder and actual controller of Junjian Medical before merger
Wu Kangping, Huang Lepei, Wu Di	Controlling shareholder of Longterm Medical before merger and its current minority shareholder
Cao Wensong, Zhang Yuqing	Controlling shareholder of Shanghai Hongsong before merger and its current minority shareholder
Guilin Golden Eagle Latex Technology Co., Ltd.	Minority shareholder of Winner Guilin, former shareholder of Winner Jinzhou

Other description:

5. Connected transaction

(1) Connected transaction of purchases and sales of goods, provision and acceptance of services

Purchase of goods/acceptance of services

Unit: yuan

Related party	Connected transaction content	Amount incurred in current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount incurred in previous period
Wuhan Zhuoling Packaging Co., Ltd.	Purchasing goods or services	16,916,433.65		No	77,258,887.85
Chengdu Winner Likang Medical Products Co., Ltd.	Purchasing goods or services	216,261.26		No	563,725.61
Shenzhen Nine Stars Printing and Packaging Group Co., Ltd.	Purchasing goods or services	1,985,289.48		No	352,151.87

Related party	Connected transaction content	Amount incurred in current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount incurred in previous period
Shenzhen Shengtianning Medical Device Co., Ltd.	Purchasing goods or services	897,359.19		No	668,252.32
Shenzhen Zhengjun Medical Device Co., Ltd.	Purchasing goods or services	25,872.75		No	139,551.39
Zhejiang Kanglidi Medical Supplies Co., Ltd.	Purchasing goods or services			No	643,678.38
ZheJiang Longrising Medical New Materials Co., Ltd.	Purchasing goods or services	15,974.14		No	150,642.09
ZheJiang Longmed Medical Technology Co., Ltd.	Purchasing goods or services	225,644.59		No	149,844.78
Guilin Golden Eagle Latex Technology Co., Ltd.	Purchasing goods or services	2,345,811.69		No	

Selling commodities/offering labor

Unit: yuan

Related party	Connected transaction content	Amount incurred in current period	Amount incurred in previous period
Chengdu Winner Likang Medical Products Co., Ltd.	Sell of goods or services	3,310,936.37	11,746,826.18
Lixian SHRCB Rural Bank Co., Ltd.	Sell of goods or services		3,893.81
ZheJiang Longrising Medical New Materials Co., Ltd.	Sell of goods or services		5,532.76
ZheJiang Longmed Medical Technology Co., Ltd.	Sell of goods or services	784,905.96	468,765.43
Zhejiang Kanglidi Medical Supplies Co., Ltd.	Sell of goods or services	7,958,719.59	6,735,072.47
Shenzhen Shengtianning Medical Device Co., Ltd.	Sell of goods or services	1,427,243.15	9,121,976.34
Shenzhen Zhengjun Medical Device Co., Ltd.	Sell of goods or services	-424,759.31	399,011.49

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

Sales to Shenzhen Zhengjun Medical Device Co., Ltd. were negative primarily due to returns processed during the period.

(2) Associated fiduciary management/contracting and entrusted management/subcontracting

Entrusted management / contracting of the Company:

Unit: yuan

Name of entrusting party / subcontractor	Name of entrusting party / contractor	Entrusted / contracting asset type	Fiduciary / contracting start date	Fiduciary / contracting termination date	Pricing basis of fiduciary income / contracting income	Fiduciary income / contracting income recognized in current period
--	---------------------------------------	------------------------------------	------------------------------------	--	--	--

Associated fiduciary / contracting

N/A

Entrustment management / subcontracting of the Company:

Unit: yuan

Name of entrusting party / subcontractor	Name of entrusting party / contractor	Entrusting / subcontracting asset type	Entrusting / subcontracting start date	Entrusting / subcontracting termination date	Pricing basis of fiduciary fee / subcontracting fee	Fiduciary fee / subcontracting fee recognized in current period
--	---------------------------------------	--	--	--	---	---

Description of associated management / subcontracting

not applicable

(3) Related-party lease

The Company as the lessor:

Unit: yuan

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
ZheJiang Longmed Medical Technology Co., Ltd.	Plant	430,764.22	257,033.03
Chengdu Winner Likang Medical Products Co., Ltd.	Plant	908,441.15	

The Company as the lessee:

Unit: yuan

Name of lessor	Type of leased assets	Simplified processing of short-term leases and rental expenses of low-value asset leases (if applicable)		Variable lease payments that are not included in the measurement of the lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Right-of-use assets increased	
		Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period

Related-party lease description

(4) Related-party guarantee

The Company as the guarantor

Unit: yuan

Secured party	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
---------------	-------------------	----------------------	-------------------------	--

The Company as the guarantor

Unit: yuan

Guarantor	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Wu Kangping, Huang Lepei	150,000,000.00	February 23, 2022	February 22, 2026	Yes
Wu Kangping, Huang Lepei	60,000,000.00	April 13, 2021	April 12, 2027	Yes
Wu Kangping	11,000,000.00	February 7, 2021	February 6, 2025	Yes
Huang Lepei	11,000,000.00	February 7, 2021	February 6, 2025	Yes
Wu Di	11,000,000.00	February 7, 2021	February 6, 2025	Yes
Wu Kangping	10,000,000.00	February 24, 2022	February 23, 2025	Yes
Huang Lepei	10,000,000.00	February 24, 2022	February 23, 2025	Yes
Zhejiang Kanglidi Medical Supplies Co., Ltd.	10,000,000.00	February 24, 2022	February 23, 2025	Yes

Related-party guarantee

The loan has been repaid as of December 31, 2023.

(5) Related party loan at call

Unit: yuan

Related party	Borrowing amount	Start date	Maturity date	Description
Borrowing				
Lending				

(6) Asset transfer and debt restructuring of related party

Unit: yuan

Related party	Connected transaction content	Amount incurred in current period	Amount incurred in previous period

(7) Key management personnel remuneration

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Key management personnel remuneration	11,823,627.11	13,446,315.05

The “Key management personnel remuneration” here includes the “five insurances and one fund” paid by the Company. The previous article “Section IV Corporate Governance - VII Directors, Supervisors and Senior Management - 3. Remuneration of Directors, Supervisors and Senior Management” “The medium caliber does not include the “five insurances and one housing fund” paid by the Company.

(8) Other connected transactions

6. Accounts receivable and payable by related parties

(1) Receivables

Unit: yuan

Project name	Related party	Closing Balance		Balance at the beginning of the period	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable					
	Chengdu Winner Likang Medical Products Co., Ltd.	121,107.25	6,055.36	369,395.74	18,469.79
	Jingyi Biotechnology (Shanghai) Co., Ltd.	651,786.67	362,599.47	651,786.67	220,006.76
	Shenzhen Shengtianning Medical Device Co., Ltd.			7,331,532.66	366,576.63
	Shenzhen Zhengjun Medical Device Co., Ltd.			1,762,022.32	88,101.12
	Zhejiang Kanglidi Medical Supplies Co., Ltd.	6,273,681.66	3,262,314.46	1,837,108.40	91,855.42
	ZheJiang Longmed Medical Technology Co., Ltd.	44,264.20	22,132.10	144,673.40	7,233.67
	ZheJiang Longrising Medical New Materials Co., Ltd.			55,964.00	2,798.20
Advances to suppliers					
	Shenzhen Shengtianning Medical Device Co., Ltd.			274,273.56	
	Shenzhen Zhengjun Medical Device Co., Ltd.			1,170.00	
	ZheJiang Longmed Medical Technology Co., Ltd.	62,934.14			
	Winner Group Limited	516,504.00			
Long-term receivables 1*					
	Chengdu Winner Likang Medical Products Co., Ltd.	40,068,572.38			

1*This item comprises non-current assets reclassified to maturity within one year.

(2) Payables

Unit: yuan

Project name	Related party	Ending book balance	Beginning book balance
Accounts payable	Wuhan Zhuoling Packaging Co., Ltd.	763,921.27	23,113,608.45
	Chengdu Winner Likang Medical Products Co., Ltd.	11,682.12	81,750.48
	Shenzhen Nine Stars Printing and Packaging Group Co., Ltd.		194,545.00
	Shenzhen Shengtianning Medical Device Co., Ltd.	54,808.53	9,219.64
	Shenzhen Zhengjun Medical Device Co., Ltd.		2,964.00

Project name	Related party	Ending book balance	Beginning book balance
	Zhejiang Kanglidi Medical Supplies Co., Ltd.	83,441.97	93,378.17
	ZheJiang Longmed Medical Technology Co., Ltd.		10,617.60
	Guilin Golden Eagle Latex Technology Co., Ltd.	7,048,938.08	
Other payables			
	Huang Jun	3,157,385.18	4,490,583.41
	Shenzhen Shengtianning Medical Device Co., Ltd.		470,799.92
	Shenzhen Zhengjun Medical Device Co., Ltd.		134,199.16
	Zheng Junhui		78,812,000.00
	Cao Wensong	568,310.09	
	Guilin Golden Eagle Latex Technology Co., Ltd.	1,670,250.00	
Contract liabilities			
	Shenzhen Shengtianning Medical Device Co., Ltd.	1,165.93	

7. Related party commitment

8. Others

XV. Share-based payment

1. Overall status of share-based payment

Applicable Not applicable

Unit: yuan

Grant category	object	Granted in the current period		Exercised in the current period		Unlocked in the current period		Invalidated in the current period	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management personnel		505,000	10,857,500.00						
Total		505,000	10,857,500.00						

Stock options or other equity instruments outstanding at the end of the period

Applicable Not applicable

Other description:

1. 2020 Restricted Stock Incentive Plan

(1) Number of restricted stock granted

On November 27, 2020, the Company held the 15th meeting of the second Board of Directors and the 9th meeting of the second Board of Supervisors, deliberated and passed the *Proposal on the Company's 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract*. On December 15, 2020, the Company held the sixth extraordinary general meeting of shareholders in 2020 to deliberate and pass the Proposal on the Company's 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract. According to the above proposal, the number of restricted stock (Class II restricted stock) to be granted in this incentive plan is 6.5 million, and the underlying stock involved is A-share common stock, accounting for about 1.52% of the total capital stock of the Company at the time of announcement of the draft incentive plan. Among them, 5.9 million shares were granted for the first time, accounting for about 1.38% of the total capital stock of the Company at the time of announcement of the draft incentive plan, and 90.77% of the total equity to be granted. 0.6 million shares were reserved to be granted, accounting for about 0.14% of the total capital stock of the Company at the time of announcement of the draft incentive plan, and 9.23% of the total equity to be granted. No more than 1,053 incentive objects will be granted at the first time, including directors, senior managers, and other persons deemed to need incentives by the Board of Directors.

On December 18, 2020, the Company's 17th meeting of the second Board of Directors and the 11th meeting of the second Board of Supervisors deliberated and adopted the *Proposal on the First Grant of Restricted Stocks to the Incentive Objects*. In view of the fact that 17 incentive objects gave up the restricted stock to be granted by the Company due to resignation or personal reasons, they no longer qualified for the incentive conditions. According to the *2020 Restricted Stock Incentive Plan (Draft)*, the Company adjusted the incentive objects and the number of grants. The number of incentive objects granted for the first time was adjusted from 1,053 to 1,036, and the total number of restricted stock granted for the first time was adjusted from 5.90 million to 5.833 million. The grant price for the initial allocation of restricted stock was 72.50 yuan per share.

(2) Validity, grant date, vesting arrangement and lock-up period of this incentive plan

① The incentive plan shall be valid for no more than 48 months from the date of the first grant of restricted stock to the date when all the restricted stock granted to the incentive object is vested or invalidated.

② After the incentive plan is approved by the general meeting of shareholders of the Company, the Board of Directors shall determine the grant date, and the grant date must be the trading day. The Company shall grant the restricted stock and complete the announcement within 60 days after the approval of the general meeting of shareholders. If the Company fails to complete the above work within 60 days, the implementation of this incentive plan will be terminated, and the restricted stock not granted will become invalid.

The Company shall, within 12 months after the deliberation and approval of the incentive plan by the general meeting of shareholders, specify the incentive objects reserved for award. If the incentive objects are not specified for more than 12 months, the restricted stock corresponding to the reserved part shall become invalid.

③ The vesting arrangement for the first grant of restricted stock in this incentive plan is shown in the following table:

Vesting arrangement	Vesting period	Vesting ratio
First vesting period	From the first trading day of 17 months from the date of the first grant to the last trading day within 29 months from the date of the first grant	50%
Second vesting period	From the first trading day of 29 months from the date of the first grant to the last trading day within 41 months from the date of the first grant	50%

If the restricted stock corresponding to the reserved part is granted within 2020, the vesting arrangement for granting restricted stocks reserved in this incentive plan is consistent with the vesting arrangement for the first grant of restricted stock.

If the restricted stock corresponding to the reserved part is granted within 2021, the vesting arrangement for granting restricted stocks reserved in this incentive plan is shown in the following table:

Vesting arrangement	Vesting period	Vesting ratio
First vesting period	From the first trading day of 12 months from the date of reserved granting to the last trading day within 24 months from the date of reserved granting	50%
Second vesting period	From the first trading day of 24 months from the date of reserved granting to the last trading day within 36 months from the date of reserved granting	50%

If the incentive objects are directors and senior management of the Company, the shares transferred each year during their term of office shall not exceed 25% of the total number of the Company's shares they hold; they shall not transfer the shares they hold within half a year after leaving the Company

The range of exercise prices of the Company's stock options issued and outstanding at the end of the period and the remaining term of the contract: In case of the audited operating income in 2021 \geq 12 billion yuan, the ownership proportion at the Company level is 100%; in case of 10 billion yuan \leq the audited operating income in 2021 $<$ 12 billion yuan, the ownership proportion at the Company level is 80%; in case of the audited business income in 2021 $<$ 10 billion yuan, the restricted stock planned to be vested by the incentive object shall not be vested and become invalid. In case of the audited revenue in 2022 \geq the audited revenue in 2021 * (1+30%), the ownership proportion at the Company level is 100%; in case of the audited revenue in 2021 * (1+20%) \leq the audited revenue in 2022 $<$ the audited revenue in 2021 * (1+30%), the ownership proportion at the Company level is 80%; in case of the audited business income in 2022 $<$ the audited revenue in 2021 * (1+20%), the restricted stock planned to be vested by the incentive object shall not be vested and become invalid.

On April 20, 2022, the Company convened the Sixth Meeting of the Third Session of the Board of Directors and the Fifth Meeting of the Third Session of the Board of Supervisors to review and approve the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested*. Due to the Company's failure to complete the performance appraisal requirements in the first vesting period (2021), 166 incentive targets resigned from the date of initial grant of restricted stocks to April 20, 2022, and the original incentive targets Ms. Zhang Tingting and Ms. Liu Hua were elected as the Company's supervisors on July 13, 2021. The Company canceled a total of 3.366925 million restricted shares. At this time, there are 868 remaining incentive targets and 2,466,075 remaining restricted shares.

On May 20, 2021, the Company implemented the 2020 annual equity distribution, and the grant price of restricted stocks was adjusted from 72.50 yuan/share to 70.70 yuan/share.

On May 27, 2022, the Company implemented the 2021 annual equity distribution, and the grant price of restricted stocks was adjusted again from 70.70 yuan/share to 69.81 yuan/share.

On April 23, 2023, the Company convened the Eleventh Meeting of the Third Session of the Board of Directors and the Eighth Meeting of the Third Session of the Board of Supervisors to deliberate and approve the *Proposal on the Revocation of Part of Granted Restricted Shares Not Yet Vested* and the *Proposal on Achieving Vesting Conditions for the Second Vesting Period of the 2020 Restricted Stock Incentive Plan*. The first grant of restricted shares in this incentive plan will enter the second vesting period on May 18, 2023. The vesting conditions for the second vesting period have been met, and the Company will use December 18, 2020, as the grant date. 1,162,140 restricted shares were granted to 388 incentive targets at a grant price of 69.81 yuan per share.

2. 2023 Equity incentive or ESOP

The Company held the 16th meeting of the third board of directors and the 11th meeting of the third board of supervisors on August 15, 2023, and held The 2nd Extraordinary General Meeting of Shareholders of 2023 on September 5, 2023, which reviewed and approved the *Proposal on the Company's First Employee Stock Ownership Plan (Draft)* and *Proposal on the Management Measures for the Company's First Employee Stock Ownership Plan* along with other related proposals.

The purchase price of this employee stock ownership plan was determined to be 43.00 yuan per share. The actual total subscription funds amounted to 21,715,000 yuan (excluding reserved shares), and the actual subscribed shares were 21,715,000 shares. The ratio of employee self-raised funds to incentive funds set aside by the Company is 1:1. The source of the shares is the Company's A-share common shares that have been repurchased in the Company's special repurchase account.

The Company completed the non-trading transfer of the 2023 Employee Stock Ownership Plan on October 11, 2023.

The duration of this employee stock ownership plan is 60 months, calculated from the date when the shareholders' meeting approves the plan and the Company announces the transfer of the underlying stocks to the name of the employee stock ownership plan. This Employee Stock Ownership Plan will vest the corresponding underlying rights and interests to each holder of the Employee Stock Ownership Plan in three phases based on the assessment results during the vesting assessment period. The vesting time points are the transfer of the shareholding plan to the name of the Employee Stock Ownership Plan. After 12 months, 24 months, and 36 months from the date of completion, the vesting proportions will be 30%, 30%, and 40% of the total number of underlying stocks held by this share ownership plan, respectively.

2. Equity-settled share-based payments

Applicable Not applicable

Unit: yuan

Method for determining the fair value of equity instruments on the grant date	<p>1. 2020 Restricted Stock Incentive Plan: The fair value of the restricted stock is calculated using the Black-Scholes model option pricing formula; the fair value of other employee restricted stocks is determined by reference to the stock closing price on the grant date without taking into account the liquidity discount.</p> <p>2. 2023 Employee Stock Ownership Plan: The fair value of the Company's shares on the date of grant (calculated based on the closing price of the Company's shares on that day).</p>
Significant parameters of determining the fair value of equity instruments on the grant date	Stock price, risk-free rate of return, historical volatility
Basis for the determination of the number of viable equity instruments	On each balance sheet date of the waiting period, the Company makes its best estimate based on the latest changes in the number of exercisable persons and the corresponding number of option shares and other subsequent information and revises the number of stock options expected to be exercisable.
Reasons for significant differences between the current and previous estimates	None
Accumulated amount of equity-settled share-based payments recorded in capital reserves	91,636,147.41
Total amount of expenses recognized by equity-settled share-based payments in current period	3,151,091.47

Other description:

1. 2020 Restricted Stock Incentive Plan: The cumulative amount of equity-settled share-based payment included in capital reserves is 89,454,428.59 yuan, and the total expenses recognized for equity-settled share-based payment in this period are 969,372.65 yuan.

2. 2023 Employee Stock Ownership Plan: The cumulative amount of equity-settled share-based payment included in capital reserves is 2,181,718.82 yuan, and the total expenses recognized for equity-settled share-based payment in this period are 2,181,718.82 yuan.

3. Cash-settled share-based payments

Applicable Not applicable

4. Share-based compensation expense for the period

Applicable Not applicable

Unit: yuan

Grant object category	Equity share-based payment expense	Cash share-based payment expense
Management personnel	3,151,091.47	0.00
Total	3,151,091.47	0.00

Other description:

5. Modification and termination of share-based payment

None

6. Others

None

XVI. Commitment and contingencies

1. Important commitment issues

Important commitments on balance sheet date

(1) Large-scale outsourcing contracts that have been signed or are about to be performed and their financial implications

As of Sunday, December 31, 2023, the outstanding contracts among the large-value contracts signed by the Company and its subsidiaries that are being or are about to be performed are as follows:

Project name	Amount
Item 1	131,980,000.00
Item 2	68,986,974.75
Item 3	57,735,000.00
Item 4	38,400,000.00
Item 5	21,440,000.00
Item 6	16,449,754.57
Item 7	10,600,000.00
Item 8	10,280,522.97

Project name	Amount
Item 9	9,000,000.00
Item 10	8,740,000.00
Item 11	7,812,000.00
Item 12	7,453,800.00
Item 13	6,657,744.80
Item 14	5,971,000.00
Item 15	5,514,119.60
Total	407,020,916.69

2. Contingencies

(1) Important contingencies on balance sheet date

As of Sunday, December 31, 2023, the Company has no important contingencies to be disclosed.

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

The Company has no important contingencies to be disclosed.

3. Others

XVII. Post-balance sheet events

1. Important non-adjustment items

Unit: yuan

Item	Description	Influence number of financial position and operating results	Reasons for influence number cannot be estimated
------	-------------	--	--

2. Profit distribution

The profit distribution proposals for the reporting period, approved at the Twentieth Meeting of the Third Session of the Board of Directors and the Fifteenth Meeting of the Third Session of the Supervisory Committee of the Company, are as follows:

On the date of the disclosure of the distribution plan, the Company's total share capital was 588,292,708 shares, of which 4,354,560 shares were in the special securities account for repurchase. Based on the 583,938,148 shares after deducting the repurchase shares, a cash dividend of \$5 per 10 shares was planned to be distributed to all shareholders (including tax), totaling 291,969,074.00 yuan in cash dividends to be distributed. Capital reserves will not be transferred to share capital, and no bonus shares will be issued.

The proposal still needs deliberation and approved by the Company's annual general meeting of shareholders in 2023.

3. Sales return

NA.

4. Other post-balance sheet events

Taking into account the major changes taking place in the current real estate market, after friendly negotiation between the two parties, the Company and the project partner signed the *Confirmation Letter on the Revocation of the "Relinquishment of Real Estate Rights Statement"* on January 29, 2024, and suspended the project construction. For details, see this Report "XVIII Other important matters - 7 Other important transactions and matters affecting the decision-making of investors - Urban Renewal Project of Winner Industrial Park".

XVIII. Other important matters

1. Retrospective restatement

Unit: yuan

Content of accounting error correction	Processing procedures	Report item name of each affected comparison period	Cumulative influence number
--	-----------------------	---	-----------------------------

(1) Prospective application

Content of accounting error correction	Approval procedures	Reason for adopting prospective application
--	---------------------	---

2. Debt restructuring

3. Assets replacement

(1) Exchange of non-monetary assets

None

(2) Other asset replacement

None

4. Pension plan

None

5. Discontinued operation

Unit: yuan

Item	Income	Cost	Total profit	Income expenses	tax	Net profit	Profit from discontinued operations attributable to the owners of parent company
------	--------	------	--------------	-----------------	-----	------------	--

Other description:

None

6. Segment information

(1) Determination basis and accounting policy of reporting segment

According to the Company's internal organizational structure, management requirements and internal reporting system, two reporting segments have been determined, respectively: medical consumables, healthy consumer goods. Reporting segments of the Company offers different products or services or operates in different regions. Since each segment requires different technologies or marketing strategies, the management of the Company manages the operating activities of each reporting segment separately and regularly evaluates the operating results of these reporting segments to determine the allocation of resources to them and evaluate their performance.

The inter-segment transfer price is determined on the basis of the actual transaction price, and the expenses indirectly attributable to the segments are distributed among the segments in proportion to the income (as determined by the Company). Assets are allocated according to the operations of a segment and the location of the assets. Liabilities of a segment include liabilities attributable to that segment arising from the operations of a segment. If expenses related to liabilities shared by multiple operating segments are allocated to those operating segments, such shared liabilities are also allocated to those operating segments.

(2) Financial information of the reporting segment

Unit: yuan

Item	Medical consumables	Healthy consumer goods	Unallocated	Offset between segments	Total
Revenue	3,922,443,620.59	4,262,578,436.61			8,185,022,057.20
Operating costs	2,335,514,563.06	1,839,082,724.68			4,174,597,287.74
Assets impairment losses Credit impairment Loss	179,336,815.01	20,912,583.35		188,787,147.21	389,036,545.57
Depreciation expense and amortization expense	146,319,055.56	276,278,820.32			422,597,875.88
Operating profit / loss	340,417,200.52	486,354,544.67		-8,801,819.32	817,969,925.87
Non-revenue and expense				-68,123,651.86	-68,123,651.86
Assets and liabilities					
Total assets	7,300,236,708.35	3,792,798,370.86		6,018,987,370.76	17,112,022,449.97
Total liabilities	1,186,560,471.70	1,581,540,663.14		2,233,599,511.98	5,001,700,646.82

(3) If the Company has no reporting segments, or cannot disclose the total assets and total liabilities of each reporting segment, the reasons shall be explained

None

(4) Other description

None

7. Other important transactions and matters affecting the decision-making of investors

Urban Renewal Project of Winner Industrial Park

(1) Project Overview

On April 6, 2017, the Company and Shenzhen Galaxy Real Estate Development Co., Ltd. (hereinafter referred to as “Galaxy Real Estate”) signed the *Cooperation Agreement on Urban Renewal Project of Winner Industrial Park* to apply for and implement the demolition and reconstruction of urban renewal and reconstruction of Winner Industrial Park in Longhua District, Shenzhen City (hereinafter referred to as “the Project”). The scope of land to be demolished for the Project is a state-owned land that has been transferred. The land parcel number is A819-0123. The land area is 29,064.49 m², and the current use is industrial land. According to the statutory plan of [Pinus tabulaeformis area] of No.402-19&20&21, Bao’an District, Shenzhen City, the planned use of this land parcel is a second-class residential land. The land has been registered for title with a construction area of 36,625.89 m², used for office, plant and dormitory. The Company shall be the sole subject of rights to the said parcel and all the buildings (structures) and appendages thereon. The first to sixth floors of the second office building, the first to sixth floors of the third dormitory building, and the first to sixth floors of the fourth dormitory building have been mortgaged at present.

(2) Cooperation mode

The Company agrees to entrust the target land and building to Galaxy Real Estate for application for approval of the urban renewal unit plan, and accepts the relocation compensation of Galaxy Real Estate according to the conditions agreed in this agreement. Galaxy Real Estate is responsible for all the work related to the declaration of renewal unit plan of the target land and building and implementation of urban renewal, responsible for the relocation compensation and demolition and reconstruction funds, and enjoys the interest in the renewal project as the single market implementer.

After the renewal and reconstruction of the target land and buildings is approved by the urban renewal unit plan, the specific transformation and development intensity, planned purpose and indicators, etc. shall be discussed by Galaxy Real Estate with the Company in advance before the formal application for construction, but the final approval shall be subject to the relevant government departments.

Galaxy Real Estate shall pay the cooperation consideration to the Company by paying the relocation compensation consideration to the Company. The Company voluntarily chooses the relocation compensation method that combines monetary compensation and property right exchange (relocation), including: 1) monetary compensation: 400 million yuan; 2) Property right exchange (relocation): the area of property right exchange (relocation) obtained by Party B shall be determined at 40% of the gross floor area for sale based on the gross floor area for sale determined in the final approval of the special planning of the renewal unit of this Project.

(3) Current progress

The Company held the 14th meeting of the third session of the Board of Directors on June 12, 2023, and the first extraordinary general meeting of shareholders in 2023 on July 7, 2023, respectively, to review and approve the *Proposal on Executing Relevant Agreements on Relocation Compensation and Resettlement for the Urban Renewal Project of Winner Industrial Park*. The Company cooperated with Shenzhen Xingda Real Estate Development Co., Ltd. (hereinafter referred to as “Xingda Company”) and signed the *Agreement on Relocation Compensation and Resettlement for Urban Renewal Units of the Winner Industrial Park in Longhua District in Shenzhen* and the *Relinquishment of Real Estate Rights Statement* and other relevant documents with Xingda Company on the land and above-ground buildings of the Industrial Park in Longhua District of Shenzhen City.

After the Company and Xingda Company signed the *Agreement on Relocation Compensation and Resettlement for Urban Renewal Units of the Winner Industrial Park in Longhua District in Shenzhen* and the *Relinquishment of Real Estate Rights Statement* and other relevant documents, both parties actively promoted the execution of the transaction. The project obtained the *Reply Letter from the Shenzhen Longhua District Urban Renewal and Land Preparation Bureau on the Approval Status of the “Urban Renewal Unit Planning of Wenwen Industrial Park, Longhua Street, Longhua District” (Shenhua Update Letter [2023] No. 25)*. According to the reply letter, the approval status indicates that the current Class I industrial land function of Winner Industrial Park has been adjusted to planned Class II residential land + commercial land function. The Company vacated the industrial park and handed it over to Xingda Company on July 17, 2023. The two parties signed the *Transfer Confirmation Letter* and settled the water and electricity. Then Xingda Company began to demolish the old buildings. The Company conducted accounting treatment in accordance with the principle of asset disposal in July 2023. When the industrial park was handed over to Xingda Company for demolition, a one-time net income of 1.36 billion yuan was recognized from asset disposal, and the fair value of the relocated house evaluated by a professional appraisal agency was used as the basis for revenue measurement. As of December 31, 2023, the Company received a total of 250 million yuan in cash. This includes a deposit of 50 million yuan received in April 2017, a prepaid relocation compensation of 100 million yuan received in February 2020, and another prepaid relocation compensation of 100 million yuan received in July 2023, as agreed upon in the relocation compensation and resettlement agreement.

Considering the significant changes occurring in the current real estate market, following an amicable negotiation between the two parties, the Company and Xingda Company executed the *Confirmation Letter on the Revocation of the “Relinquishment of Real Estate Rights Statement”* on January 29, 2024. The primary contents of the aforementioned document are as follows: Temporarily halting project advancement, the Company retrieved all *Relinquishment of Real Estate Rights Statement* (original

installment distribution) according to the agreement, and rescinded all the statements contained within the *Relinquishment of Real Estate Rights Statement*.

The Company will continue to closely monitor changes in the real estate market with Xingda Company, strengthen communication, and resume project construction if the real estate market improves in the future. Based on the actual progress of the project, the Company promises to fully cooperate with Xingda Company in handling relevant procedures. Considering the project postponement that occurred in December 2023, and the unanimous agreement among the project stakeholders to delay construction, the Company has rescinded the *Relinquishment of Real Estate Rights Statement* and withdrawn all statements contained therein. Xingda Company has also issued a written *Statement* confirming these actions. This event qualifies as a future adjustment to the balance sheet. Based on this analysis, the Company has reversed the corresponding net profit of 1.36 billion yuan in asset disposal income (deducting the income tax expense corresponding to the deferred income tax liability of 240 million yuan from the assessed value of 1.6 billion yuan). The recognition and reversal of relevant profits and losses will take place in different quarters of 2023, and it will not affect the financial data presented in the annual report.

Consequently, uncertainty looms over the project's completion timeline. The Company commits to closely monitoring real estate market dynamics, fostering communication with SINDA Group, and collaboratively reinstating project implementation when the real estate market rebounds.

2. Heyuan investment and construction project

(1) Problem background

In 2016, under the guidance and promotion of Shenzhen Longhua District Committee and District Government, the Company plans to transfer part of the production and logistics functions to Heyuan Zijin Linjiang Industrial Park in response to the policy of supporting Heyuan City as a counterpart of Shenzhen City. In May 2016, the Company and the People's Government of Zijin County of Heyuan City signed the *Agreement on Investment and Construction of Medical Package and Cotton Household Goods Production Project* (hereinafter referred to as the "*Investment Agreement*"), with the construction land of the project covering 200,000 m².

After the agreement was signed and the *Land Use Notice* was obtained, the Company submitted the planning plan, project application and approval form as required, and started the construction. In August 2016, Winner Medical (Heyuan) obtained the *Record Certificate of Enterprise Investment Projects in Guangdong Province* issued by the Development and Reform Bureau of Zijin County. In June 2017, Environmental Protection Bureau of Zijin County issued the *Approval on the Environmental Impact Report Form of the Construction Project of Winner Medical (Heyuan) Co., Ltd.* In accordance with the agreement, the Zijin County Government assisted in obtaining a series of licenses such as state-owned land use right certificate and construction land planning permit.

After the project was signed and started construction, the government required all construction projects under construction in Zijin Linjiang Industrial Park to stop due to land conflicts between the project site and the planned Heyuan East Station of Jiangxi-Shenzhen High-speed Railway and the High-speed Railway New Town. Meanwhile, the relevant land use procedures were suspended.

(2) Current progress

In June 2019, the *Regulatory Detailed Planning and Construction Detailed Urban Design of the Core Area of Heyuan High-speed Railway New Town* was published to the public from June 22, 2019 to July 22, 2019. According to the final publicity content, it is determined that the square in front of Heyuan East Station of High-speed Railway, National Highway 205 and the High-speed Railway New Town overlap with the project land of Winner Medical (Heyuan).

In October 2019, the Company signed a tripartite agreement with the People's Government of Zijin County and the Management Committee of Heyuan Jiangdong New District to clarify the overall disposal plan. The land used for Winner Medical (Heyuan)'s project and its above-ground buildings will be recovered by the People's Government of Zijin County, and the three parties agree to determine the amount of compensation through arbitration. The People's Government of Zijin County paid 30 million yuan to the Company as the performance bond.

In November 2019, International Arbitration Court of Ganjiang New District issued the *Award* ((2019) G.G.Z.Zi No.095), which confirmed the termination of the original *Investment Agreement*, and the People's Government of Zijin County shall bear the attorney fees, legal costs and other expenses totaling 2,655,320.00 yuan. The land transfer deposit of 3 million yuan shall be returned to the Company and compensate for the economic loss of 550 million yuan. The People's Government of Zijin County shall pay 50% of the amount before December 31, 2019 and 50% before February 29, 2020. As of Sunday, December 31, 2023, the Company has received the land transfer deposit of 3 million yuan returned by the People's Government of Zijin County and paid the compensation of 319 million yuan. The Company has also handed over the project land, above-ground buildings, equipment and facilities and relevant supporting materials to the People's Government of Zijin County.

(3) Impact of this matter on the Company's operation

Winner Medical (Heyuan)'s business positioning is mainly the production, logistics and warehousing functions of medical package and cotton daily necessities. At present, the Company has transferred the production, logistics and warehousing functions of Purcotton daily necessities to the Company's subsidiary Winner Medical (Wuhan), and the production of medical package has

been transferred to the Company's subsidiary Winner Medical (Chongyang).

Winner Medical (Wuhan) and Winner Medical (Chongyang) have sufficient capacity to undertake the aforementioned production, logistics and warehousing business originally intended to be undertaken by Winner Medical (Heyuan). The above matters of Winner Medical (Heyuan) have not caused significant adverse impact on the normal production and operation of the Company.

8. Others

None

XIX. Notes on main items of parent company's financial statement

1. Accounts receivable

(1) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	340,774,634.65	468,679,968.14
1~2 years	1,043,737.97	4,823,718.66
2~3 years	179,652.24	81,233.50
More than 3 years	2,318,934.33	2,311,033.96
3~4 years	57,900.37	168,509.20
4~5 years	118,509.20	1,609,931.76
More than 5 years	2,142,524.76	532,593.00
Total	344,316,959.19	475,895,954.26

(2) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
Amount	Proportion	Amount	Accruing proportion	Amount		Proportion	Amount	Accruing proportion		
Including:										
Accounts receivable of provision for bad debt by combination	344,316,959.19	100.00%	15,260,708.63	4.43%	329,056,250.56	475,895,954.26	100.00%	21,764,624.41	4.57%	454,131,329.85
Including:										
Aging analysis method	302,550,055.56	87.87%	15,260,708.63	5.04%	287,289,346.93	429,616,144.67	90.28%	21,764,624.41	5.07%	407,851,520.26
Other combination	41,766,903.63	12.13%			41,766,903.63	46,279,809.59	9.72%			46,279,809.59
Total	344,316,959.19	100.00%	15,260,708.63	4.43%	329,056,250.56	475,895,954.26	100.00%	21,764,624.41	4.57%	454,131,329.85

Provision for bad debt by combination

Unit: yuan

Name	Book balance	Closing Balance Provision for bad debt	Accruing proportion
------	--------------	---	---------------------

Description of the basis for determining the combination:

Provision for bad debt by combination

Unit: yuan

Name	Book balance	Closing Balance Provision for bad debt	Accruing proportion
------	--------------	---	---------------------

Description of the basis for determining the combination:

If the provision for bad debts on accounts receivable relies on a general model of expected credit losses:

Applicable Not applicable

(3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Others	
Provision for bad debt of accounts receivable	21,764,624.41	2,817,673.66	9,321,589.44			15,260,708.63
Total	21,764,624.41	2,817,673.66	9,321,589.44			15,260,708.63

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

(4) Accounts receivable actually written off at the current period

Unit: yuan

Item	Amount written off
------	--------------------

Write-off of important accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-------------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off accounts receivable:

(5) Accounts receivable with Top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and impairment provision for contract assets
First	23,601,630.57		23,601,630.57	6.85%	
Second	21,432,541.07		21,432,541.07	6.22%	1,071,627.05
Third	19,372,648.93		19,372,648.93	5.63%	968,632.45
Fourth	14,892,197.04		14,892,197.04	4.33%	744,609.85
Fifth	13,652,094.96		13,652,094.96	3.96%	682,604.75
Total	92,951,112.57		92,951,112.57	26.99%	3,467,474.10

2. Other receivables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other receivables	116,040,893.47	123,628,108.60
Total	116,040,893.47	123,628,108.60

(1) Interest receivable

1) Classification of interest receivable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

2) Important overdue interest

Unit: yuan

Borrower	Closing Balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis
----------	-----------------	--------------	----------------	--

Other description:

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Accrual	Amount of change in current period			Closing Balance
			Recovered or reversed	Write off/verification	Other changes	

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

5) Interest receivable actually written off during the period.

Unit: yuan

Item	Amount written off
------	--------------------

Write-off of important interest receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off:

Other description:

(2) Dividends receivable

1) Classification of dividends receivable

Unit: yuan

Project (or invested unit)	Closing Balance	Balance at the beginning of the period
----------------------------	-----------------	--

2) Important dividends receivable with the aging more than 1 year

Unit: yuan

Project (or invested unit)	Closing Balance	Aging	Reason for non-recovery	Whether there is impairment and its judgment basis
----------------------------	-----------------	-------	-------------------------	--

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Unit: yuan

Class	Balance at the beginning of the period	Accrual	Amount of change in current period			Closing Balance
			Recovered or reversed	Write off/verification	Other changes	

Where the amount of bad debt provision recovered or reversed is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

Other description:

5) Actual write-off of dividends receivable for the period

Unit: yuan

Item	Amount written off
------	--------------------

Important write-off of dividends receivable:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off:

Other description:

(3) Other receivables

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Compensation for investment and construction project of Winner Medical (Heyuan)	220,155,320.00	224,655,320.00
Margin and deposit	3,740,072.80	3,941,268.30
Employee pretty cash	558,778.18	592,876.83
Intercourse funds with related parties		4,688,603.35
Others	1,978,710.15	2,426,136.82
Total	226,432,881.13	236,304,205.30

2) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	3,533,854.33	8,925,718.50
1~2 years	28,992.00	2,723,166.80
2~3 years	2,714,714.80	
More than 3 years	220,155,320.00	224,655,320.00
3~4 years		224,655,320.00
4~5 years	220,155,320.00	
Total	226,432,881.13	236,304,205.30

3) Classified disclosure according to bad debt accrual method

Unit: yuan

Class	Closing Balance					Balance at the beginning of the period				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Including:										
Including:										

Provision for bad debts based on the general expected credit loss (ECL) model

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	
Balance on Sunday, January 1, 2023	112,676,096.70			112,676,096.70
Balance on Sunday, January 1, 2023 in the current period				
Accrual in current period	353,321.25			353,321.25
Reversal in current period	2,637,430.29			2,637,430.29
Balance on Sunday, December 31, 2023	110,391,987.66			110,391,987.66

Basis for division of each stage and provision ratio for bad debts

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

Applicable Not applicable

4) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in current period			Closing Balance
		Accrual	Recovered or reversed	Write off/verification	
Provision for bad debt	112,676,096.70	353,321.25	2,637,430.29		110,391,987.66
Total	112,676,096.70	353,321.25	2,637,430.29		110,391,987.66

Where the amount of bad debt provision reversed or recovered is important:

Unit: yuan

Unit name	Amount recovered or reversed	Reasons	Recovery way	The rationale behind determining the original provision ratio for bad debts and its justification
-----------	------------------------------	---------	--------------	---

5) Other receivable actually written off at the current period

Unit: yuan

Item	Amount written off
------	--------------------

Significant long-term receivables written off:

Unit: yuan

Unit name	Nature of notes receivable	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	----------------------------	--------------------	-----------------------	--------------------------------	--

Notes on the write-off of long-term receivables:

6) Other receivables with Top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Closing Balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
First	Receivables related to Heyuan project	220,155,320.00	4-5 years	97.23%	110,077,660.00
Second	Deposit	2,311,115.80	2-3 years	1.02%	115,555.79
Third	Deposit	399,599.00	2-3 years	0.18%	19,979.95
Fourth	Employee loan	100,000.00	Within 1 year	0.04%	5,000.00
Fifth	Employee loan	95,420.00	Within 1 year	0.04%	4,771.00
Total		223,061,454.80		98.51%	110,222,966.74

7) Recorded under other receivables due to centralized fund management

Unit: yuan

Other description:

None

3. Long-term equity investment

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	3,612,018,476.28	4,086,994.48	3,607,931,481.80	3,530,099,178.63	4,086,994.48	3,526,012,184.15
Investment in associated enterprises and joint enterprises	20,377,034.07		20,377,034.07	21,642,696.16		21,642,696.16
Total	3,632,395,510.35	4,086,994.48	3,628,308,515.87	3,551,741,874.79	4,086,994.48	3,547,654,880.31

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Opening balance of provision for impairment	Increase or decrease in current period				Ending balance (book value)	Ending balance of impairment provision
			Further investment	Capital reduction	Provision for impairment	Others		
Winner Medical (Huanggang)	267,491,627.79						267,491,627.79	
Winner Medical (Jingmen)	27,242,761.31						27,242,761.31	
Shenzhen Purcotton	130,000,000.00		1,058,457.65				131,058,457.65	
Winner Medical (Chongyang)	33,629,806.08						33,629,806.08	
Winner Medical (Jiayu)	236,436,595.28						236,436,595.28	
Winner Medical (Tianmen)	39,697,276.28						39,697,276.28	
Winner Medical (Hong Kong)	1,456,720.00						1,456,720.00	
Winner Medical (Yichang)	18,595,897.41						18,595,897.41	
Winner Medical Malaysia		4,086,994.48					4,086,994.48	
Winner Medical (Heyuan)	100,000,000.00						100,000,000.00	
Winner Medical (Wuhan)	400,000,000.00						400,000,000.00	
PureH2B	150,000,000.00						150,000,000.00	
Longterm Medical	727,540,000.00						727,540,000.00	
Winner Guilin	450,000,000.00		50,000,000.00				500,000,000.00	
Winner Medical (Hunan)	751,921,500.00						751,921,500.00	
Junjian Medical	192,000,000.00						192,000,000.00	
Shanghai Hongsong			30,000,000.00				30,000,000.00	
Pan-China (H.K.)			860,840.00				860,840.00	
Total	3,526,012,184.15	4,086,994.48	81,919,297.65				3,607,931,481.80	4,086,994.48

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested unit	Balance at the beginning of the period (Book value)	Opening balance of provision for impairment	Increase or decrease in current period							Closing Balance (Book value)	Ending balance of the provision for unspent balances
			Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Allowance for impairment of unspecified acts		
I. Joint ventures											
II. Cooperative enterprise											
Chengdu Winner	21,642,696.16				1,184,337.91			2,450,000.00			20,377,034.07
Subtotal	21,642,696.16				1,184,337.91			2,450,000.00			20,377,034.07
Total	21,642,696.16				1,184,337.91			2,450,000.00			20,377,034.07

The recoverable amount is determined according to the higher of the net amount of the assets fair value subtracted by the disposal costs

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for the apparent inconsistency between the aforementioned information and the data used in impairment testing in prior years or external information

N/A

Reasons for the variance between the information utilized in the Company's impairment testing in prior years and the actual circumstances of the current year

N/A

(3) Other description

None

4. Revenue and cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	2,814,210,405.74	2,028,042,457.15	6,424,434,990.51	4,145,092,045.28
Other businesses	77,880,248.71	6,073,049.88	100,457,781.31	16,415,328.66
Total	2,892,090,654.45	2,034,115,507.03	6,524,892,771.82	4,161,507,373.94

Breakdown of operating revenues and operating costs:

Unit: yuan

Contract classification	Segment 1		Segment 2		Total			
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Business type								
Including:								
Classified by operating area								
Including:								
Type of markets or clients								
Including:								
Type of contracts								
Including:								
Sorted by time of goods transfer								
Including:								
Sorted by contract duration								
Including:								
Sorted by sales channels								
Including:								
Total								

Information related to performance obligations:

Item	Time to fulfill performance obligations	Important payment terms	The nature of the goods the Company promises to transfer	Is he the main responsible person?	Amounts borne by the Company that are expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations

Other description

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations signed but not yet performed or completed at the end of this reporting period is 0.00 yuan, of which 0.00 yuan is expected to be recognized as revenue in year 0, 0.00 yuan is expected to be recognized as revenue in year 0, and 0.00 yuan is expected to be recognized as revenue in year 0.

Major contract changes or major transaction price adjustments

Unit: yuan

Item	Accounting treatment methods	Amount of impact on revenue
------	------------------------------	-----------------------------

Other description:

5. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment income checked by cost method	700,000,000.00	699,939,868.87
Long-term equity investment gains measured by employing the equity method	1,184,337.91	4,692,894.92
Income from the redemption of trading financial assets	115,840,345.05	6,708,135.26
Investment income from purchasing financial products		15,949,400.16
Total	817,024,682.96	727,290,299.21

6. Others

XX. Further information

1. Statement of current non-recurring gain and loss

Applicable Not applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	-46,464,882.49	
Government grants recognized in the current period's profit or loss (excluding grants closely related to the Company's regular business operations, aligned with national policies, and meeting specific criteria with a continuous impact on the Company's profit or loss)	74,822,989.42	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations, and gains and losses from the disposal of financial assets and liabilities, excluding effective hedging operations related to the Company's regular business operations	172,439,376.04	
Income and expenditure other than those mentioned above	10,371,355.38	
Less: Amount affected by income tax	35,321,337.22	
Amount of minority shareholders' equity affected (after tax)	7,471,766.01	
Total	168,375,735.12	--

Other profit and loss items that are consistent with the definition of non-recurring profit and loss:

Applicable Not applicable

There was no other profit and loss items that are consistent with the definition of non-recurring profit and loss.

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

Applicable Not applicable

1. Return on net assets and earnings per share

Reporting profit	Weighted average return on net assets	Earnings Per Share	
		Basic EPS (yuan/share)	Diluted EPS (yuan/share)
Net profit attributable to common shareholders of the Company	5.03%	0.98	0.98
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	3.57%	0.69	0.69

2. Differences in accounting data under domestic and foreign accounting standards

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

Applicable Not applicable

(2) The difference between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

(3) Causes for differences in accounting data under domestic and foreign accounting standards. If the difference adjustment has been made to the data audited by the overseas audit institution, the name of the overseas audit institution shall be indicated

Applicable Not applicable

3. Others

Annex:

Information on Medical Device Products

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

Statistics on the number of domestic product registration certificate				
Registration Categories	Opening balance	Number of additions	Number of failures	Closing balance
Class I	110	9	6	113
Category II	126	12	1	137
Category III	22	3	0	25
Total	258	24	7	275
Statistics on the number of foreign product registration certificate				
Registration Categories	Opening balance	Number of additions	Number of failures	Closing balance
Abroad	61	31	0	92

Note: The statistical caliber of new registration certificates is that of new certificates in the Company's consolidated financial statements at the end of 2023.

(II) Medical devices in the registration application process

1. Domestic

S/N	Name of certificates	Applicant	Registration categories	For clinical purpose	Registration stages	Progress	Whether to apply for innovative medical devices in accordance with the regulations of the national drug regulatory department.
1	Flexible Poly-silicone Foam Dressing	Winner Medical	Class III	Suitable for covering wounds and absorbing exudate from wounds such as pressure sores, leg or foot ulcers, and traumatic wounds (such as skin tears and surgical wounds).	Correction	In progress	No
2	Hydrophilic fiber dressing	Winner Medical	Class III		Registration review	In progress	No
3	Foam dressing	Winner Medical (Huanggang)	Class III	For covering wounds and absorbing wound exudate, such as wounds with more exudate, lower limb ulcers, non-infected diabetic foot ulcers and pressure sores	Registration review	In progress	No
4	Transparent dressing	Winner Medical (Huanggang)	Class II	Used for acute wounds (such as superficial wounds, post-surgical suture wounds, mechanical wounds, minor wounds, abrasions, incisions, puncture sites of puncture instruments, first-degree or shallow second-degree burn wounds, care of umbilical cord stumps, oral wounds, laser/photon/fruit acid peeling/microplastic surgery wounds) to provide a microenvironment for wound healing. It can also be used to care for the puncture site of puncture instruments (such as catheters and indwelling intravenous needles) and to secure puncture instruments.	Registration declaration	In progress	No

S/N	Name of certificates	Applicant	Registration categories	For clinical purpose	Registration stages	Progress	Whether to apply for innovative medical devices in accordance with the regulations of the national drug regulatory department.	
5	Seawater nasal cleansing solution	Winner (Jiayu)	Medical	Class II	It is used for nasal irrigation in patients with acute and chronic rhinitis, allergic rhinitis, nasal polyps, and sinusitis. It is also used for nasal irrigation after rhinitis surgery and chemotherapy.	Correction	In progress	No
6	Disposable nitrile medical rubber examination gloves	Winner Guilin		Class II	It is worn on the hands of doctors to examine or palpate patients' conditions.	Correction	In progress	No
7	Sterile ultrasound probe isolation sheath	Winner Guilin		Class II	It is used to isolate and protect ultrasound probes and prevent cross-infection during clinical ultrasound imaging equipment inspections.	Registration review	In progress	No
8	Disposable sterile rubber surgical gloves	Winner Guilin		Class II	It is worn on the hands of surgical personnel to prevent the spread of skin flakes and bacteria to open surgical wounds and to prevent the spread of body fluids from surgical patients to medical staff, thus providing two-way biological protection.	Registration review	In progress	No
9	Automatic retractable safety self-destructing syringe with needle	Winner (Hunan)	Medical	Class III	Used to aspirate liquids or perform intradermal, subcutaneous, intramuscular, or intravenous injections before or after injecting liquids.	Registration review	In progress	No
10	Disposable precision filtered infusion set with needle	Winner (Hunan)	Medical	Class III	Using the principle of gravity, it is used for human intravenous drip.	Registration review	In progress	No
11	Disposable extension tubes	Winner (Hunan)	Medical	Class III	It is suitable for extending the infusion tubing for human intravenous infusion under the force of gravity.	Registration review	In progress	No
12	Disposable coreless rod syringe for medication dispensing	Winner (Hunan)	Medical	Class II	Used in conjunction with ultra-clean dispensers, it is suitable for dissolving and preparing pharmaceutical solutions and adding medication.	Registration review	In progress	No
13	Disposable light-proof dispensing syringe with needle	Winner (Hunan)	Medical	Class II	The light-proof range is 290nm to 450nm, suitable for formulating photosensitive drugs.	Registration review	In progress	No
14	Skin stapler	Winner (Hunan)	Medical	Class II	It is suitable for the closure of surgical wounds and linear or approximately linear incisions.	Registration review	In progress	No
15	Transparent application film	Longterm Medical		Class II	It is used to care for the puncture site of puncture instruments and can also be used to secure puncture instruments.	Correction	In progress	No
16	Disposable silicone gel micro-negative pressure dressing	Longterm Medical		Class II	For the negative pressure absorption of exudate from patients' body surface wounds, specifically for non-chronic wounds.	Correction	In progress	No
17	Scar treatment strips	Xi'an Longtemu Medical Technology Co., Ltd.		Class II	To aid in improving or treating dermatopathic scars caused by cesarean section, trauma, burns, plastic surgery, or surgery, and to help prevent the formation of such scars.	Correction	In progress	No
18	Sterile dressing	Xi'an Longtemu Medical Technology Co., Ltd.		Class II	It is used for wound protection after debridement, postoperative wounds, and newborn umbilical openings. It can also be used to secure intravenous infusion catheters.	Correction	In progress	No
19	Polyurethane dressing	Xi'an Longtemu Medical Technology Co., Ltd.		Class II	It is used for covering wounds, and absorbing exudate from non-chronic wounds.	Correction	In progress	No

S/N	Name of certificates	Applicant	Registration categories	For clinical purpose	Registration stages	Progress	Whether to apply for innovative medical devices in accordance with the regulations of the national drug regulatory department.
20	Transparent dressings film	Xi'an Longtemu Medical Technology Co., Ltd.	Class II	Used for the care of acute wounds (such as superficial wounds, suture wounds after surgery, mechanical wounds, minor wounds, abrasions, incisions, puncture sites of puncture instruments, first-degree or shallow second-degree burn wounds, infant umbilical cord stumps, wounds after laser/photon/fruit acid peeling/micro plastic surgery) and the puncture site of puncture instruments. It can also be used to secure puncture instruments.	Registration review	In progress	No
21	Umbilical patch protection	Xi'an Longtemu Medical Technology Co., Ltd.	Class II	It is used to protect and care for the traumatic area of the umbilical cord of infants and children.	Correction	In progress	No

2. Abroad

Region	S/N	Name of certificates	Registration categories	Applicant	Product	Registration stages	Progress
EU	1	EU Quality Management System Certificate(MDR)	Class II a, II b	Winner Medical	Sterile hydrocolloid dressing Sterile CMC dressing Sterile silicone wound contact layer Sterile silicone gel super absorbent pad Sterile super absorbent pad with activated carbon Pure cotton non-woven fabric Synthetic non-woven fabrics	Certification review	In progress
EU	2	EU Quality Management System Certificate(MDR)	Class I s	Winner Medical	Sterile absorbent pads Sterile cotton Sterile medical combo kits Sterile non-woven fabric dressing Sterile transparent dressing Sterile non-stick pad dressing Sterile wipe combination package Sterile wipes Sterile synthetic nonwoven surgical gown Sterile skin protective film Pure cotton non-woven fabric Synthetic non-woven fabrics	Certification review	In progress
US	3	510(k) Premarket Notification	Unclassified	Winner Medical	Acellular matrix dressing	Substantive review	In progress
Saudi Arabia	4	Medical Device Authorization	Marketing Class I	Winner Medical	Non-woven dressings (eye pads)	Official review	In progress
Saudi Arabia	5	Medical Device Authorization	Marketing Class I	Winner Medical	Silicone tapes	Official review	In progress
Saudi Arabia	6	Medical Device Authorization	Marketing Class I	Winner Medical	Silicon scar treatment strips	Official review	In progress

winner Winner Medical

Region	S/N	Name of certificates	Registration categories	Applicant	Product	Registration stages	Progress
Malaysia	7	MDA Certification	Class II a	Winner Medical	Non-sterile threaded gauze products	Data preparation	In progress
Malaysia	8	MDA Certification	Class II b	Winner Medical	CMC dressing	Official review	In progress
Russia	9	俄罗斯卫生部证书	Class II b	Winner Medical	Four high-end dressings (super absorbent pad, silicone super absorbent pad, activated carbon super absorbent pad, silicone foam dressing)	Sample preparation	In progress
Russia	10	俄罗斯卫生部证书	Class II b	Winner Medical	Hydrocolloid and alginate dressings Winner Medical	Sample preparation	In progress
Russia	11	俄罗斯卫生部证书	Class I s	Winner Medical	Wipe combo kits	Data preparation	In progress
Brazil	12	ANVISA registration	Class III	Winner Guilin	Male condom	Data preparation	In progress
Brazil	13	ANVISA registration	Class II	Winner Guilin	Disposable sterile medical surgical gloves	Data preparation	In progress
Ethiopia	14	EFDA Market Authorization	Class II	Winner Guilin	Male condom	Data preparation	In progress
Ethiopia	15	EFDA Market Authorization	Class II	Winner Guilin	Disposable sterile medical surgical gloves	Data preparation	In progress
South Africa	16	SABS Permit	Class IIa	Winner Guilin	Disposable sterile medical surgical gloves	Official review	In progress
South Africa	17	SABS Permit	Class IIa	Winner Guilin	Male condom	Official review	In progress
EU	18	EU Quality Management System Certificate(MDR)	Class IIa	Winner Medical (Hunan)	Auto-destruct syringe	Official review	In progress
EU	19	EU Quality Management System Certificate(MDR)	Class IIa	Winner Medical (Hunan)	Hypodermic syringe	Official review	In progress
EU	20	EU Quality Management System Certificate(MDR)	Class IIa	Winner Medical (Hunan)	Insulin syringe	Official review	In progress

(I) Newly registered medical device certificates in 2023

1. Domestic

S/N	Name of certificates	Registration categories	Certificate owner	Product record number/registration number	For clinical purpose	Date of issuance	Validity
1	Medical isolation shoe covers	Class I	Winner Medical	Guangdong & Shenzhen Medical Device Record No. 20230178	It is used by medical staff in medical institutions to prevent exposure to potentially infectious patient blood, body fluids, secretions, etc., and act as a barrier and protection.	March 10, 2023	/
2	Disposable sterile rubber surgical gloves	Class II	Winner Medical	Yue Xie Zhu Zhun No. 20232141954	It is worn on the hands of surgical personnel to prevent the spread of skin flakes and bacteria to open surgical wounds and to prevent the spread of body fluids from surgical patients to medical staff, thus providing two-way biological protection.	November 27, 2023	November 26, 2028
3	Disposable medical rubber examination gloves	Class II	Winner Medical	Yue Xie Zhu Zhun No. 20232141953	It is worn on the hands of doctors to examine or palpate patients' conditions.	November 27, 2023	November 26, 2028
4	Surgical fixation instruments	Class I	Winner Medical (Chongyang)	Hubei Xianning Medical Device Record No. 20230013	It is used to immobilize the patient's limbs during surgical procedures, and its usage duration is temporary.	March 15, 2023	/
5	Medical pad	Class I	Winner Medical (Chongyang)	Hubei Xianning Medical Device Record No. 20230021	It is a kind of hygiene care product for hospital beds or examination beds.	May 09, 2023	/
6	Single-use sterile protective sleeve	Class I	Winner Medical (Chongyang)	Hubei Medical Device Registration Certificate No. 20232144441	It is used to cover the instrument table, operating table and display screen in the operating room to avoid the infection of the patient's wound caused by the surgeon touching the instruments mentioned above during surgery.	July 18, 2023	July 17, 2028
7	Single-use medical examination kits	Class I	Winner Medical (Chongyang)	Hubei Xianning Medical Device Record No. 20230044	It is used for cleansing, examining, and aiding in the immobilization of skin and wounds.	August 11, 2023	/
8	Medical isolation sleeves	Class I	Winner Medical (Chongyang)	Hubei Xianning Medical Device Record No. 20230066	It is used in medical institutions outpatient, wards, laboratories, etc. for general isolation.	September 15, 2023	/
9	Medical breathable adhesive tape	Class I	Winner Medical (Huanggang)	Hubei Medical Device Record No. 20230041	It is used to affix dressings to wounds or fix other medical devices to specific body parts.	September 07, 2023	/
10	Wound dressing	Class II	Winner Medical (Jiayu)	Hubei Medical Device Registration Certificate No. 20232144599	It is used for the management of acute wounds (such as superficial wounds, surgical suture wounds, mechanical wounds, incisions, first-degree or shallow second-degree burn wounds).	October 25, 2023	October 24, 2028

S/N	Name of certificates	Registrati on categories	Certificate owner	Product record number/registration number	For clinical purpose	Date of issuance	Validity
11	Liquid dressing	Class II	Winner Medical (Jiayu)	Hubei Medical Device Registration Certificate No. 20232144678	It acts as a physical barrier by forming a protective layer on the surface of the wound. It is used for the treatment of minor wounds, abrasions, cuts, superficial wounds, and surrounding skin.	December 14, 2023	December 13, 2028
12	Medical disposable protective clothing	Class II	Winner Medical (Jingmen)	Hubei Medical Device Registration Certificate No. 20232144182	It provides barriers for and keeps medical staff away from contacting potentially infectious patient blood, body fluids, and secretions at work.	January 19, 2023	January 18, 2028
13	Urethanes condom	Class II	Winner Guilin	Guilin Medical Device Registration Certificate No. 20232180082	It is used in a localized area of the reproductive tract to physically prevent sperm from reaching the uterine opening, thus obstructing the encounter between sperm and egg to achieve contraceptive purposes.	May 05, 2023	May 04, 2028
14	Medical examination gloves	Class I	Winner Guilin	Guilin Medical Device Record No. 20230111	It is worn on the hands of doctors to examine or palpate patients' conditions.	October 10, 2023	/
15	Disposable bag infusion set with needle	Class III	Winner Medical (Hunan)	National Medical Device Registration Certificate No. 20233140068	It is suitable for clinical infusion after dispensing liquid medication and is intended solely for gravity infusion.	January 13, 2023	January 12, 2028
16	Disposable precision filtered infusion set with needle	Class III	Winner Medical (Hunan)	National Medical Device Registration Certificate No. 20233140245	Suitable for human intravenous infusion of medicinal liquids, intended solely for gravity infusion.	March 07, 2023	March 06, 2028
17	Disposable infusion set with needle	Class III	Winner Medical (Hunan)	National Medical Device Registration Certificate No. 20233140247	It is suitable for the intravenous infusion of medicinal liquids into the human body under the force of gravity.	March 07, 2023	March 06, 2028
18	Liquid dressing	Class II	Longterm Medical	Zhejiang Medical Device Registration Certificate No. 20232141145	It acts as a physical barrier by forming a protective layer on the surface of the wound. It is used for the care of small wounds, abrasions, cuts and other superficial wounds as well as surrounding skin.	March 22, 2023	March 21, 2028
19	Transparent wound dressing	Class II	Longterm Medical	Zhejiang Medical Device Registration Certificate No. 20232141863	Used for the care of acute wounds (such as superficial wounds, suture wounds after surgery, mechanical wounds, minor wounds, abrasions, incisions, puncture sites of puncture instruments, first-degree or shallow second-degree burn wounds, infant umbilical cord stumps, wounds after laser/photon/fruit acid peeling/micro plastic surgery) and the puncture site of puncture instruments. It can also be used to secure puncture instruments.	October 16, 2023	October 15, 2028
20	Compression hemostatic patch	Class II	Longterm Medical	Zhejiang Medical Device Registration Certificate No. 20232142015	This product is suitable for closing and compressing the puncture point to stop bleeding after surgical procedures such as arterial interventional surgery, or after the removal of the arteriovenous indwelling needle at the end of surgery.	December 06, 2023	December 05, 2028

S/N	Name of certificates	Registrati on categories	Certificate owner	Product record number/registration number	For clinical purpose	Date of issuance	Validity
21	Medical swabs alcohol	Class II	Xi'an Longtemu Medical Technology Co., Ltd.	Shanxi Medical Device Registration Certificate No. 20232140105	This product is made of medical cotton swabs soaked in medical alcohol. The cotton swabs are enclosed in plastic tubes made of polypropylene and absorbent cotton.	September 22, 2023	September 21, 2028
22	Hydrogel dressings	Class II	Xi'an Longtemu Medical Technology Co., Ltd.	Shanxi Medical Device Registration Certificate No. 20232140141	This product is used to absorb wound exudate or drain water from the wound. It is also used to cover non-chronic wounds such as surgical suture wounds.	December 18, 2023	December 17, 2028
23	Medical tape	Class I	Longterm Medical	Zhejiang Huzhou Medical Device Record No. 20230042	It is used to affix dressings to wounds or fix other medical devices to specific body parts.	July 10, 2023	/
24	Medical blanket rubber	Class I	Longterm Medical	Zhejiang Huzhou Medical Device Record No. 20230043	It is used to affix dressings to wounds or fix other medical devices to specific body parts.	July 10, 2023	/

2. Abroad

Region	S/N	Certificate No.	Name of certificates	Registration categories	Certificate owner	Product	Date of issuance	Validity	
EU	1	G10 Rev.00	046241 0073	EU Quality Management System Certificate(MDR)	Class II a, II b	Winner Medical	Threaded gauze products (sheets, pads, balls, rolls)	July 10, 2023	July 09, 2028
							Alginate dressings, Foam dressings, Silicone foam dressings, Super absorbent pads	July 10, 2023	July 09, 2028
								July 10, 2023	July 09, 2028
								July 10, 2023	July 09, 2028
EU	2	G11 Rev.00	046241 0074	EU Quality Management System Certificate(MDR)	Class Is	Winner Medical	Threadless gauze products (sheets, pads, balls, rolls, throat pieces)	July 10, 2023	July 09, 2028
							100% pure cotton spunlace non-woven fabric surgical gowns, masks, silicone scar treatment strips	July 10, 2023	July 09, 2028
								July 10, 2023	July 09, 2028
EU	3	DE/CA61/00196280	Notification	Class Ins	Winner Medical	Non-sterile skin protector spray	August 17, 2023	/	

Region	S/N	Certificate No.	Name of certificates	Registration categories	Certificate owner	Product	Date of issuance	Validity	
EU	4	DE/CA61/00196279	Notification		Class Ins	Winner Medical	Non-sterile skin protective film wipes	August 17, 2023	/
Switzerland	5	/	/		Class Is	Winner Medical	Non-woven products without threads (sheets, pads, balls, rolls) made of synthetic materials.	February 15, 2023	/
Switzerland	6	/	/		Class IIa	Winner Medical	Synthetic non-woven fabrics with threads (sheets, pads, balls, rolls).	February 15, 2023	/
Switzerland	7	/	/		Class Ins	Winner Medical	Patient examination kit	February 15, 2023	/
Switzerland	8	/	/		Class Is	Winner Medical	Medical combo kits (Care pack)	September 13, 2023	/
Switzerland	9	/	/		Class Ins	Winner Medical	Skin protective film	September 13, 2023	/
US	10	K221755	513(k) notification	premarket	Unclassified	Winner Medical	Over-the-counter antibacterial curved cotton.	January 13, 2023	/
US	11	K221754	512(k) notification	premarket	Unclassified	Winner Medical	Over-the-counter silver-containing and silicone foam	January 17, 2023	/
US	12	K221532	511(k) notification	premarket	Unclassified	Winner Medical	OTC& Rx dressings for antibacterial non-woven cloth	January 30, 2023	/
US	13	K223232	517(k) notification	premarket	Class II	Winner Medical	Mask (OTC) Level 3	March 06, 2023	/
US	14	K221311	515(k) notification	premarket	Unclassified	Winner Medical	BZK Antibacterial Band-Aid OTC	June 21, 2023	/
US	15	K231152	510(k) notification	premarket	Unclassified	Winner Medical	Collagen dressing	October 12, 2023	/
US	16	K231564	514(k) notification	premarket	Unclassified	Winner Medical	Rx & OTC antibacterial flushing agent	November 10, 2023	/
US	17	K231057	516(k) notification	premarket	Unclassified	Winner Medical	Antimicrobial Hydrogel (Rx)	December 01, 2023	/
EU	18	DE/CA20/00193670	Registration Confirmation Letter		Class Ins	Winner Guilin	Non-sterile nitrile examination gloves	May 30, 2023	/
EU	19	DE/CA20/00193594	Registration Confirmation Letter		Class Ins	Winner Guilin	Non-sterile latex examination gloves	May 30, 2023	/

Region	S/N	Certificate No.	Name of certificates	Registration categories	Certificate owner	Product	Date of issuance	Validity
EU	20	NO.G10 083478 0030 Rev.00	NON-ADHERENT ABSORBENT DRESSINGS	Class IIb	Longterm Medical	NON-ADHERENT ABSORBENT DRESSINGS	April 11, 2023	April 10, 2028
EU	21	NO.G10 083478 0030 Rev.00	ALGINATE DRESSINGS	Class IIb	Longterm Medical	ALGINATE DRESSINGS	April 11, 2023	April 10, 2028
EU	22	NO.G10 083478 0030 Rev.00	HYDROCOLLOID DRESSINGS	Class IIb	Longterm Medical	HYDROCOLLOID DRESSINGS	April 11, 2023	April 10, 2028
EU	23	NO.G10 083478 0030 Rev.00	POLYURETHANE DRESSINGS	Class IIb	Longterm Medical	Foam dressing Negative Pressure Wound Therapy dressing (NPWT dressing)	April 11, 2023	April 10, 2028
EU	24	NO.G10 083478 0030 Rev.00	SILICONE DRESSINGS	Class IIb	Longterm Medical	Silicone foam dressing, Silicone net \ NPWT silicone foam dressing	April 11, 2023	April 10, 2028
EU	25	No. G20 083478 0031 Rev.00	HYDROCOLLOID DRESSINGS	Class IIa	Longterm Medical	HYDROCOLLOID DRESSINGS	October 16, 2023	October 15, 2028
EU	26	No.G21 083478 0029 Rev.00	SUTURE TAPES	Class Is	Longterm Medical	SUTURE TAPES	April 11, 2023	April 10, 2028
EU	27	No.G21 083478 0029 Rev.00	ADHESIVE DRESSINGS, WITH ABSORBENT PAD	Class Is	Longterm Medical	ADHESIVE DRESSINGS, WITH ABSORBENT PAD	April 11, 2023	April 10, 2028
EU	28	No.G21 083478 0029 Rev.00	DRESSINGS	Class Is	Longterm Medical	DRESSINGS	April 11, 2023	April 10, 2028
EU	29	No.G21 083478 0029 Rev.00	HAEMOSTATIC DRESSINGS-OTHER	Class Is	Longterm Medical	HAEMOSTATIC DRESSINGS-OTHER	April 11, 2023	April 10, 2028
EU	30	No.G21 083478 0029 Rev.00	NON-EXTENSIBLE WOVEN PLASTERS	Class Is	Longterm Medical	NON-EXTENSIBLE WOVEN PLASTERS	April 11, 2023	April 10, 2028
EU	31	No.G21 083478 0029 Rev.00	MEDICAL USE FACE MASKS, TYPE II AND IIR	Class Is	Longterm Medical	MEDICAL USE FACE MASKS, TYPE II AND IIR	April 11, 2023	April 10, 2028