

winner 稳健医疗

Purcotton 全棉时代



Chao Jingjing

Brand Ambassador of Purcotton

2024

Winner Medical Co., Ltd.
Semi-Annual Report

Stock code: 300888



郭晶晶

Brand Ambassador of Purcotton
Guo Jingjing

01

Important Notes, Contents, and Definitions

Section I Important Notes, Contents, and Definitions

The Board of Directors, the Board of Supervisors and directors, supervisors and senior management of Winner Medical hereby guarantee that the statement in this Semi-annual Report is authentic, accurate and complete without false or misleading information or material omission and will assume all the legal liabilities, individually and jointly.

Li Jianquan, the head of the Company, Fang Xiuyuan, the head of accounting work, and Zhao Yan, the head of accounting body (accounting manager), guarantee the authenticity, accuracy, and completeness of the financial report in this semi-annual report.

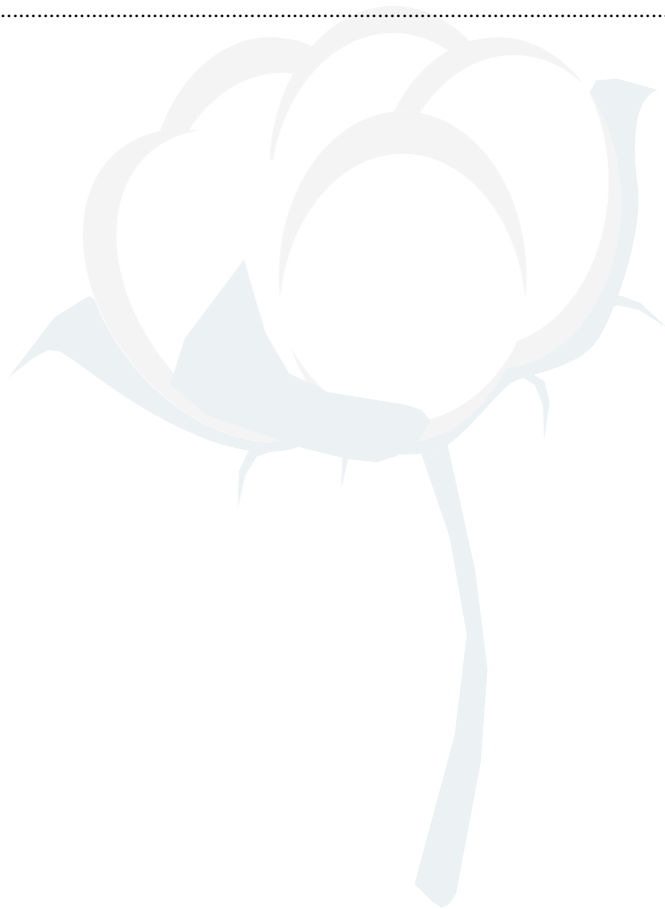
All directors of the Company have personally attended the board meeting for reviewing this semi-annual report.

The forward-looking contents in this semi-annual report, such as the future development strategy and performance planning, are the goals set by the Company, which are planned matters. The achievement of the goals depends on many factors, including unexpected market change. So these contents are not the Company's profit forecast for the next year, or shall it 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 planned profit distribution deliberated and approved by the board of directors is as follows: taking 582,329,808 as the radix, the Company will distribute cash dividends of 4.00 yuan (tax included) and 0 bonus share (tax included) to all shareholders for every 10 shares, and no capital reserve will be conversed to share capital.

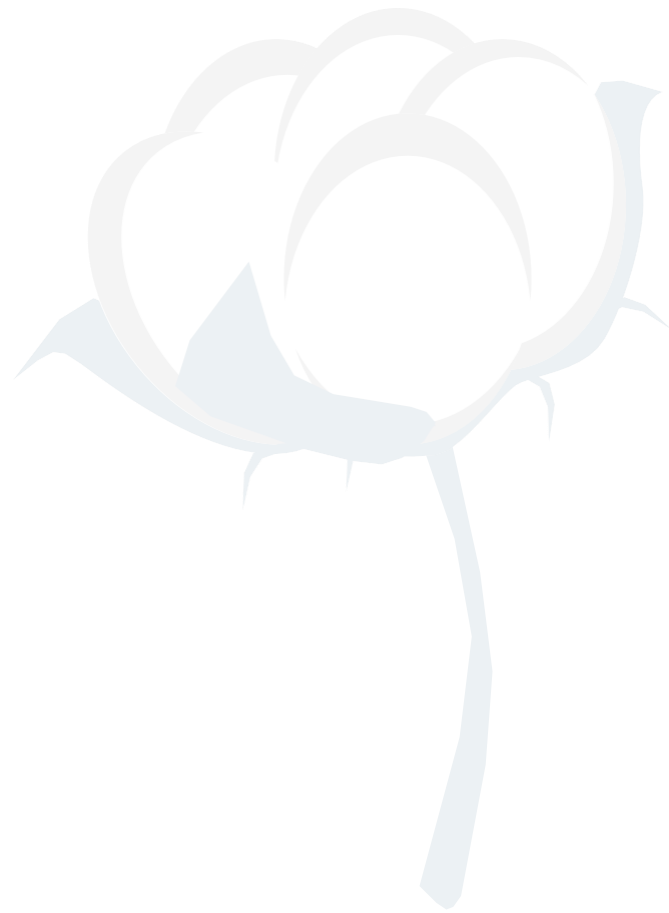
Contents

Section I Important Notes, Contents, and Definitions	3
Section II Company Profile and Major Financial Indicators	8
Section III Management Discussion and Analysis	13
Section IV Corporate Governance.....	53
Section V Environmental Protection and Social Responsibility	58
Section VI Important Matters.....	70
Section VII Changes in Shares and Shareholders.....	77
Section VIII Information Related to Preferred Shares.....	84
Section IX Information Related to Bonds	85
Section X Financial Report	89



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 originals of all Company documents and announcements publicly disclosed during the reporting period.



Definitions

Term	Refers to	Definition
Company, Winner Medical	Refers to	Winner Medical Co., Ltd.
Winner Group	Refers to	Winner Group Limited, a controlling shareholder of the Company
Purcotton	Refers to	Shenzhen Purcotton Technology Co., Ltd., a wholly-owned subsidiary of the Company
Reporting period	Refers to	From January 1, 2024 to June 30, 2024





Guo Jingjing

Brand Ambassador of Purcotton
Guo Jingjing

02

Company Profile and Major Financial Indicators

Section II Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Winner Medical	Stock code	300888
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	Winner Medical Co., Ltd.		
Chinese abbreviation of the company (if any)	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		

II. Contact Information

	Secretary to the Board of Directors	Securities affairs representative
Name	Chen Huixuan	Liu Yanxiang, Xu Jia
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
Email	investor@winnermedical.com	investor@winnermedical.com

III. Other Information

1. Contact Information

Whether the Company's registered address, office address and postal code, company website and email were changed during the reporting period

Applicable Not applicable

There is no change in the Company's registered address, office address and postal code, company website and email during the reporting period, as shown in 2023 annual report.

2. Information Disclosure and Keeping Place

Whether information disclosure and the place where the semi-annual report is kept were changed during the reporting period

Applicable Not applicable

The name and URL of the stock exchange website and media for publishing the semi-annual report, and the place where the semi-annual report is kept were not changed during the reporting period. See the 2023 Annual Report for details.

3. Change of Registration

Whether the registration status was changed during the reporting period

Applicable Not applicable

There were no changes in the Company's registration during the reporting period. See the 2023 Annual Report for details.

4. Other Relevant Information

Whether other relevant information was changed during the reporting period

Applicable Not applicable

The Company held its 18th Meeting of the Third Board of Directors on December 19, 2023 and the 1st Extraordinary General Meeting of Shareholders in 2024 on January 8, 2024. During these meetings, the Board approved the *Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account*, as well as the *Proposal on the Amendment of the Articles of Association of the Company and Change of Business Registration*. Specifically, the Company reallocated 6,094,659 shares remaining in the repurchase account - after excluding the Phase I Employee Stock Purchase Plan - (including the reserved portion) from the original purpose of "Supporting Employee Stock Purchase or Equity Incentives" to "Reducing the Company's Registered Capital Through Cancellation". Following this cancellation, the total share capital of the Company decreased from 594,387,367 shares to 588,292,708 shares. For more details, please refer to the *Announcement on the Notification to Creditors on the Cancellation of the Remaining Repurchased Shares and the Reduction of the Registered Capital* (Announcement No. 2024-002), which was disclosed on the CNINF on January 8, 2024.

The Company held its 23rd Meeting of the Third Board of Directors on July 26, 2024 and the 2nd Extraordinary General Meeting of Shareholders in 2024 on August 12, 2024. During these meetings, the Board approved the *Proposal on the Cancellation of the Remaining Shares in the Repurchase of Dedicated Securities Accounts*, as well as the *Proposal on the Amendment of the Articles of Association of the Company and Change of Business Registration*. Specifically, the Company reallocated 5,962,900 shares in the repurchase account from the original purpose of "Supporting Employee Stock Purchase or Equity Incentives" to "Reducing the Company's Registered Capital Through Cancellation". Following this cancellation, the total share capital of the Company decreased from 588,292,708 shares to 582,329,808 shares. For more details, please refer to the *Announcement on the Notification to Creditors Regarding the Cancellation of All Repurchased Shares and the Reduction of the Registered Capital* (Announcement No. 2024-050), which was disclosed on the CNINF on August 13, 2024.

IV. Major Accounting Data and Financial Indicators

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

Yes No

	Current reporting period	Same period last year	Year-on-year increase/decrease in this reporting period
Revenue (yuan)	4,033,505,104.33	4,266,838,038.66	-5.47%
Net profits attributable to shareholders of listed companies (yuan)	384,150,379.21	681,617,022.69	-43.64% ^{1*}
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	326,915,114.82	550,058,459.19	-40.57%
Net cash flow from operating activities (yuan)	193,333,516.76	158,178,712.89	22.22% ^{2*}
Basic EPS (yuan/share)	0.6568	1.1599	-43.37%
Diluted EPS (yuan/share)	0.6568	1.1599	-43.37%
Weighted average return on net assets	3.31%	5.71%	-2.40%
	End of the reporting period	End of the previous year	Year-on-year increase/decrease at the end of the reporting period
Total assets (yuan)	16,568,835,512.57	17,112,022,449.97	-3.17%
Net assets attributable to shareholders of listed companies (yuan)	11,431,205,386.28	11,533,224,328.00	-0.88%

Note: 1* Net profit attributable to the parent company decreased by 43.64% compared to the same period last year. The primary reasons for this decline are: (i) revenue from infection protection products decreased from RMB 730 million in the first half of 2023 to RMB 170 million in the first half of 2024; (ii) the gross profit margin for these products dropped from 53.3% in the first half of 2023 to 20.2% in the first half of 2024.

2* Net cash flow from operating activities increased by 22.22% compared to the same period last year, mainly due to the continuous improvement of the Company's working capital management.

V. 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

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

2. The Difference Between Net Profits and Net Assets in Financial Statements Disclosed According to the Overseas Accounting Standards 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.

VI. Non-Recurring Profit and Loss Items and Amount

Applicable Not applicable

Item	Amount	Unit: yuan
		Description
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-2,531,199.34	
Government grants recognized in the current period's profit or loss (excluding grants which are closely related to the Company's regular business operations, aligned with national policies, meeting specific criteria, and have a continuous impact on the Company's profit or loss)	16,329,769.68	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations, and that from the disposal of financial assets and liabilities, excluding effective hedging operations related to the Company's regular business operations	48,692,022.79	
Income and expenditure other than those mentioned above	4,384,196.12	
Less: Amount affected by income tax	10,326,267.54	
Amount of minority shareholders' equity affected (after tax)	-686,742.68	
Total	57,235,264.39	

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

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



Global spokesperson for Purcotton
Home Textiles and Home Apparel
Zhao Liying

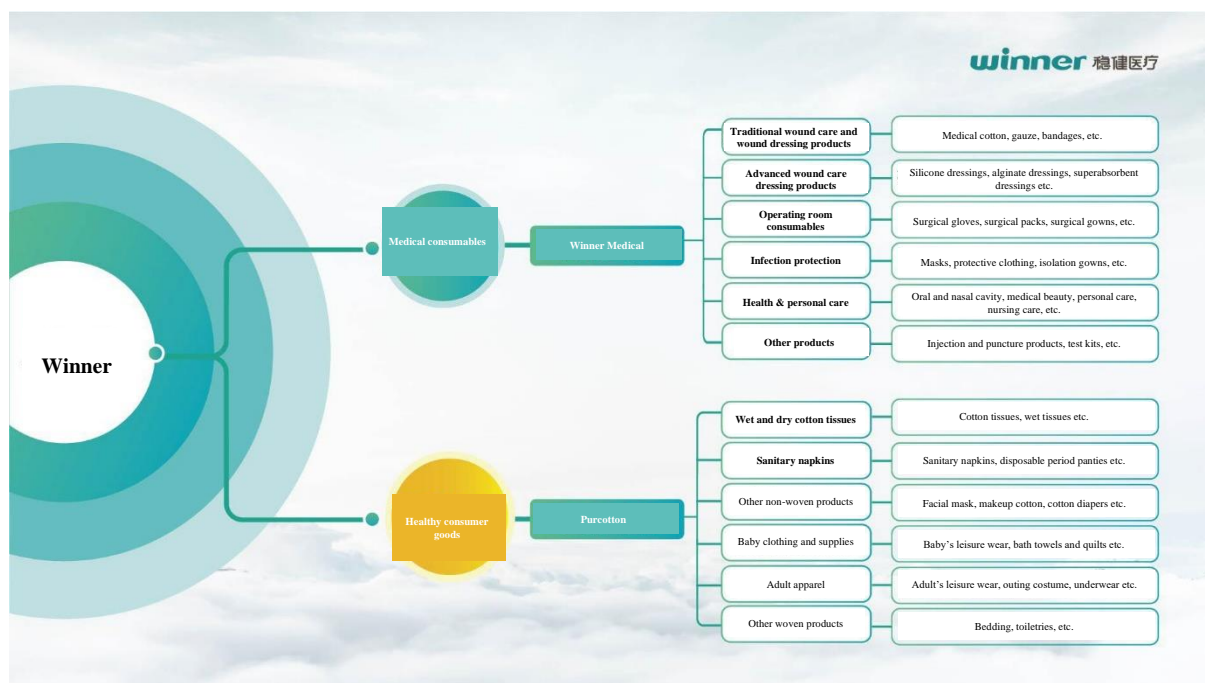


03

Section III Management Discussion and Analysis

I. Main Business of the Company during Reporting Period

Winner Medical is a health enterprise that develops both medical and consumption products under its brands of “Winner” and “Purcotton”. The Company has consistently adhered to the core operating principles of “quality over profit, brand over speed, and social value over corporate value”. With the evolution of domestic and international markets, the Company has transformed from a sole manufacturer of medical consumables into a diverse enterprise. It now includes traditional wound care and dressings, advanced wound care, operating room consumables, wet and dry cotton tissues, sanitary napkins, as well as infant and children’s apparel and products, demonstrating its commitment to the health and wellness sectors.



1. Medical Consumables Section

Winner Medical is a benchmarking enterprise in the domestic medical consumables industry. Its primary product lines include traditional wound care and wound dressings, advanced wound care, operating room consumables, infection protection, and health and personal care.

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 received CE certification from the European Union, FDA approval from the United States, and certification from Japan’s Ministry of Health. This has enabled us to export to countries throughout Europe, the U.S., and Japan. 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, “Winner” epidemic prevention products have made their way into both hospitals and the civilian market. Their commitment to not raising prices, coupled with high quality of products, has earned widespread praise both at home and abroad, from governments entities and the public alike. As a result, its brand reputation and popularity have significantly increased.

Winner Medical prioritizes market demand by staying tuned to clinical and end-user needs. By leveraging R&D along with innovation as the driving force, the Company continually improves its product portfolio. 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 reduce nosocomial infection more effectively than reusable medical products. With increasing emphasis on nosocomial infection by the state and hospitals, as well as 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 ODM and import substitution space is huge. The Company’s technical level in the field of advanced 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 originated from the development of pure cotton spunlace non-woven fabric, positioning itself as a brand pursuing “medicine close to life, Purcotton care for health”. Its core competitive advantage combines “Medical background, Purcotton philosophy, Quality in our DNA”, making it a health-centric lifestyle brand. The product lineup includes wet and dry cotton tissues, sanitary napkins, infant and children’s apparel and products, adult apparel, and various nonwoven and woven products. Purcotton promotes a lifestyle centered around comfort, health, and environmental friendliness, opting for cotton instead of synthetic fibers to avoid chemical irritation. It provides comprehensive solutions for various everyday situations, boasts a strong reputation among users, and has established a distinct 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. The main raw material of the core products of Purcotton is high-quality cotton sourced worldwide to control product quality and safety from the source. All kinds of pollution sources are strictly controlled in the production process, following the high standard of medical consumables. Disposable underwear, newborn baby clothes and other close-fitting clothing are packaged with medical grade sterilization to further ensure the safety and environmental compatibility of the products. Purcotton products cover multiple consumer scenarios, 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.

(1) 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 goods segment are divided into wet and dry cotton tissues, sanitary napkins, other nonwoven 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:

Product category	Main Purpose	Product	Image of Some Products
Traditional wound care and wound dressing products	For absorbing wound exudate, dressing wounds, and sports protection	Medical cotton, gauze, bandages, etc.	
High-end wound dressing products	For creating a moisture balance at the wound interface to optimize its benefits for wound healing, reduce the frequency of dressing replacement, and reduce secondary damage	Silicone dressings, alginate dressings, superabsorbent dressings etc.	
Operating room consumables	For preventing infections in the operating room	Surgical gloves, surgical packs, surgical gowns, etc.	
Infection protection	For occupational protection of medical staff and patient isolation	Masks, protective clothing, isolation gowns, gloves, foot straps, hats, etc.	
Health & personal care	For wound cleaning and disinfection, and daily health care	Oral and nasal cavity, medical beauty, personal care, nursing care, etc.	
Other products	For health management to meet their medical needs	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:

Product Category	Product	Image of Some Products
Wet and dry cotton tissues	Cotton tissues, wet tissues etc.	
Sanitary napkins	Sanitary napkins, disposable period panties etc.	
Other non-woven products	Facial mask, makeup cotton, cotton diapers, disposable underwear, etc.	
Baby clothing and supplies	Baby's leisure wear, outing costume, underwear, bath towels, handkerchiefs and quilts, etc.	
Adult apparel	Adult's leisure wear, outing costume, underwear, footwear, etc.	
Other woven products	Bedding, toiletries, etc.	

(2) 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 in line with 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. Purchasing needs are integrated with R&D, product specifications, and quality standards to establish technical benchmarks. The purchasing strategies formulated encompass plans, supplier selection, commercial negotiations, and order allocation plans based on supplier performance evaluations. In pursuing a sustainable supply chain ecosystem, our collaborative suppliers are dedicated to achieving low carbon emissions, cost-effectiveness, transparency, and social responsibility across product development, manufacturing, procurement, and other areas.

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 for materials or categories conducive to group-wide adaptability and scale effects are employed. 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 outlined in the procurement management system.

2) Procurement Control Process

The Company has established several key control points in the procurement process to ensure clear responsibilities and rigorous approvals, guaranteeing reliable product quality and stable supply. These controls include the development and approval of the annual procurement plan, procurement strategy guidelines, hierarchical classification management of purchasing, order allocation management process, comprehensive bidding management process for non-commercial groups, a price approval process, and a procurement approval process for strategic materials such as cotton and cotton yarn. Additionally, procurement reviews and other related steps are included in this framework. Meanwhile, by signing the *Integrity Commitment Agreement*, the Company works with suppliers to resist corruption, create an open, transparent, self-disciplined, and mutual trust cooperation mechanism, advocate the procurement principle of openness, transparency, and quality priority, and create a sustainable supply chain ecosystem with suppliers.

3) 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, we establish a framework that encourages competition among multiple suppliers, ensuring supply stability and mitigating risks. At the same time, we follow the Company's supplier evaluation criteria to select vendors to meet our requirements, aiming 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 inform the development of cooperation programs and order allocation, focusing on cost control, improving efficiency, and reducing supply risks.

4) Supplier Management Process

I 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.

II Performance management: Adhere to the *Supplier Performance Management System*, and 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.

III 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.

IV 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 Chains

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 the product process to minimize energy usage, 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 streamline the information flow and decision-making process across all upstream and downstream departments through data integration and visualization platforms. We're continuously improving our smart manufacturing, lean production, and agile delivery capabilities. Our goal is to strike the right balance between meeting front-end demand and ensuring timely supply and delivery. In the process of order fulfillment, we match capacity according to the characteristics of different demands and in combination with 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 Store), ETO (Engineer to Order) and ATO (Assemble to Order)), we continuously improve our service level to meet customer demands and create value for customers.

I. 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 remains almost zero. For OEM customer orders, as the market constantly reduces the delivery cycle, it is common now to combine MTO & MTS production modes.

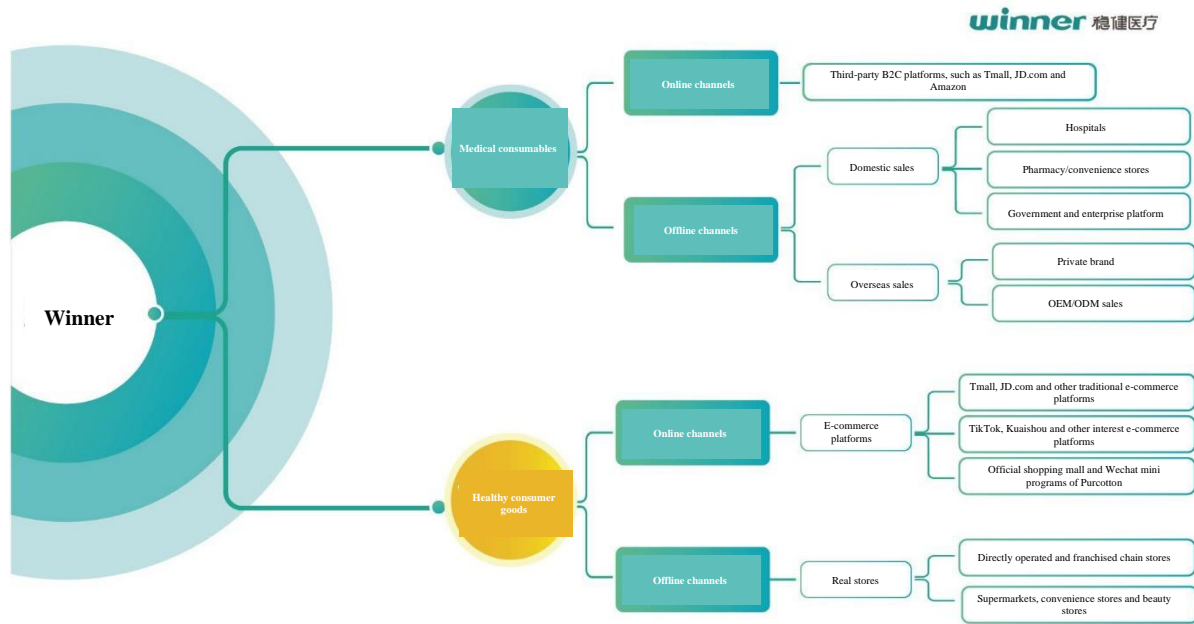
II. In the production mode of Make to Stock MTS, products are not customized for specific customers, and are usually delivered to different customers; production plans are formulated according to market demand and existing inventory. Safe inventory is determined for such products according to the production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

III. 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 remains almost zero.

IV. In the Assemble to Order mode, the components required to produce finished products are stocked in advance. When the customer places an 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 Winner Medical and Purcotton in a coordinated way. With “caring for health and life, making a better world” as its vision, Winner Medical takes industry-leading product technology and rigorous product quality as the cornerstone of its brand value, while its marketing strategies heavily rely on brand reputation and consumer word-of-mouth. Purcotton, known for its pure cotton products, uses distinct strategies to strengthen its brand. By integrating various 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”. This approach not only helps enriches the meaning of Purcotton brand but also boosts awareness and loyalty among consumers.

(3) 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 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 the green economy. We will significantly improve the quality and efficiency of economic and social development and provide a 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, and 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 water 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 concepts 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 complete industrial chain that covers cotton procurement, R&D, production, and direct export. It is also among the first to implement 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 the 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 in return 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 in 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 “Medical Device Business” stipulated in the *No. 4 Guideline of Shenzhen Stock Exchange for Self-regulatory of Listed Companies - Information Disclosure by Growth Enterprises*:

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. Analysis of Core Competitiveness

1. Advantages of Business Philosophy and Corporate Culture

Winner Medical is committed to the mission of “caring for health and life, making a better world”. It has taken the company and the medical dressing industry from modest beginnings to global presence, evolving from original equipment manufacturing to an independent brand that has gained recognition and loyalty from both clients and consumers. After 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, advanced wound dressings, and operating room consumables. Its goal is to become a leading player in this field by offering comprehensive solutions through a strategy of “internal growth + external growth”. In the retail sector, the Company continuously introduces consumers’ favorite home personal health care products, fostering a sense of health guardianship and companionship.

Guided by its vision of “changing the world with pure cotton”, Purcotton advocates a lifestyle centered around pure cotton, emphasizing comfort, health, and environmentally friendliness in all aspects of daily life. The brand aims to convey values 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. The company aims to gradually replace chemical fibers with natural fibers, maximizing the value and environmental benefits of cotton fibers, while pursuing a path of low carbon, environmental friendliness 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, social value 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. By adhering to core business principles of “hard work, self-criticism, exploration and innovation, and sustainable development”, the Company consistently provides superior solutions and service experiences to customers. At the same time, it actively contributes to community development, demonstrating its commitment to social responsibility. At the organizational level, we prioritize building process-oriented structures while establishing an integrated organization to support cohesive business operations. We focus on enhancing organizational efficiency and capacity to elevate business value in the long term. 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 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 silicone gel foam dressing and foam dressings successfully developed and launched by the Company have been awarded China’s registration certificate for Class II and Class III medical devices respectively. Building on the successful research and mass production of several core foundational materials, the Company has enhanced its technical framework for the second-generation high-end wet wound dressing product line. The silicone gel foam dressings have been upgraded to their fourth generation and successfully launched. Additionally, the hydrophilic fiber dressings have obtained CE registration in compliance with the latest EU MDR regulations, while the medical hydrogel wound dressings have achieved mass production and have been successfully launched. The Company independently developed the pure cotton spunlace non-woven fabric technology in 2005 and has built a complete technology cluster based on the technology, obtaining patent licenses in more than 30 countries and regions including the United States, Europe, and Japan. The Company focused on the development of core basic materials for the application of operating room consumables such as surgical gowns, isolation gowns, surgical towels and wipes. This effort aims to enhance the comfort of the products, reduce the cost of production of the products, and further enhance the market competitiveness of the products. The Company was invited to participate in the formulation of many national standards and industry standards, including the performance requirements of pure cotton non-woven surgical dressings, and technical specifications for contact layer dressings and masks for children. In the area of production and research, 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 non-woven fabrics. In June 2023, the Company and Wuhan Textile University jointly built a comprehensive technological innovation platform for advanced fiber materials in Hubei Province. This initiative aims to facilitate industrial incubation, and complete the in vitro and in vivo biological evaluation of a new series of artificial blood vessels with high patency rate early, aiming to break the monopoly of artificial blood vessels abroad, and promote domestic alternatives. 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 field of consumer products, the Company has developed pure cotton tissues, pure cotton wet tissues, sanitary pads with pure cotton surfaces, 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 soft towels (GB/T 40276-2021), which requires that the fiber composition and content of soft towels 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 the 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. The Company’s core categories - cotton tissues and wet tissues, sanitary napkins and gauze products - have all been certified as green products. After three years of research and development, the Company has become an industry leader by introducing a pioneering softening technology that eliminates the need for chemical softeners. This innovation enhances the softness of core cotton tissue products while preserving the natural softness of cotton fibers, making them more eco-friendly, sustainable, and natural.

As of June 30, 2024, the Company obtained 125 patents for inventions, 792 patents for utility models, and 422 design patents in China; and obtained 29 patents for inventions and 6 patents for utility models overseas. The Company was regarded as a “Leading Enterprise in Independent Innovation” by the Shenzhen Municipal People’s Government, and a “Shenzhen Enterprise with Intellectual Property Advantages” by the Shenzhen Administration for Market Regulation.

3. Advantages of Quality Control

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 continuous improvement 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 Shenzhen Winner 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 a 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 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 can 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 environmentally friendly weaving and finishing process. To ensure that its products are ecologically safe, no fluorescent brighteners are added. Some of its products are OEKO-TEX Standard 100 certified. Some nonwoven products have passed the testing performed under 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, operating room consumable products, 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 strips for chronic wounds that are difficult to heal, which 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, cotton-lined masks 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 medical surgical masks, saline cleaning pads, hydrocolloid band-aids and medical masks to consumers through portable, sterilized packages. etc., applying these professional healthcare products and services in daily home care.

(2) Healthy consumer goods

The Company's healthy consumer goods consist of nonwoven consumer goods and textile consumer goods. Nonwoven consumer products mainly include wet and dry cotton tissues, 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, and 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, aiming to provide consumers with healthy, comfortable and environmentally friendly consumer goods. Among all, cotton tissue is the pioneering product in the industry, which can partially replace household paper. Pure cotton tissues are made of degradable cotton after physical processing. There is 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. For pure cotton wet tissues 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 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 provides services for world-renowned medical supplying 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, focusing on natural cotton as its primary raw material and adheres to the principle of "quality first". The Company is committed to continuous innovation to provide consumers with comfortable, healthy, and environmentally friendly all-cotton products across various categories. This commitment has garnered the recognition and trust of over 56 million members. Upholding the brand philosophy of "peace of mind, happiness, and sustainability", Purcotton has innovatively developed three core products - 100% cotton tissues, Nice Princess sanitary napkins, and BBNice cotton diapers - starting from a single cotton flower. This initiative has expanded into diverse categories, including personal care, household cleaning, infant care, clothing, and lifestyle products, creating a strong identity for "new Chinese products" that are recognized for their high quality. Purcotton has established a formidable reputation in the maternal and infant sector as well as the daily necessities market, effectively creating competitive barriers and enhancing product value.

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 have 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 mall 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

In the medical consumables sector, as of the end of the first half of 2024, the Company's products have been extensively integrated into domestic medical institutions, reaching a network of 190,000 retail pharmacies. Our customers and distributors span over a hundred countries and regions in the international market, including Europe, Japan, and the United States. Our business model encompasses a variety of approaches, such as direct sales under private brands, distribution, and OEM/ODM partnerships. Leveraging years of product leadership and a strong reputation in the industry, we have built a robust portfolio of high-quality customer assets.

In the healthy consumer goods section, as of June 30, 2024, Purcotton has opened 444 offline stores (including 84 franchisees) in more than 100 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 store image and enhance 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 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 has set up dedicated sales teams to cover the bulk purchase or customized purchase needs of corporate clients. Purcotton also strives to start overseas market layouts by cooperating with local distributors.

(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 a form, the convenience of online channels and the consumer experience of offline channels can complement each other. Having a deep insight into the trend of online and offline omnichannel 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 with further product information and service experience. Traffic flow can be directed between the two kinds of channels, so online and offline traffic can be effectively obtained. As of June 30, 2024, there were more than 56 million of domain-wide Purcotton users, including over 29 million registered members of its private platforms (14 million store registered members, and over 15 million registered members of its official website and apps).

7. Advantages of Full Industrial Chain

Adhering to the business philosophy of "quality over profit", the Company constantly improves its product quality, and the ability of cost and delivery management, building a full industrial chain with advantages from R&D, production, and sales. With eleven manufacturing branches/subsidiaries, the Company distributes a wide range of high-quality medical consumables and healthy consumer goods worldwide each year. Among them, Winner Medical (Jingmen), established in 1995, covers an area of 67,000 square meters and is the primary site of Purcotton baby products, clothing, and medical abdominal pads. Winner Medical (Yichang), established in 1999, operates with 137 advanced air-jet looms and serves as the primary production base for raw materials. Winner Medical (Tianmen), founded in 2000 and spanning an area of 150,000 square meters, specializes in producing pure cotton spunlace non-woven fabrics, cotton soft towels, medical dressings, and medical protection products. It serves as a key domestic production base for pure cotton spunlace non-woven fabrics and medical gauze. Established in 2001, Winner Medical (Jiayu) covers an area of 93,000 square meters and owns disposable travel, cleaning and disinfecting and beauty care product series based on cotton. Winner Medical (Chongyang) was established in 2001 and covers an area of 140,000 square meters, and is the main force in the production of gauze wound dressings and disposable surgical combination kits, etc. Winner Medical (Huanggang), established in 2005 and covering an area of 550,000 square meters, is the primary site for the production of pure cotton spunlace non-woven fabric, cotton tissues, sanitary napkins and masks, and advanced dressing products. Established in 2017, Winner Medical (Wuhan) covers a combined area of approximately 467,000 square meters in Phase I and Phase II, introducing electron beam sterilization and international modern cotton spunlace production lines. 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 a 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 the future, the Company will continue to combine the construction of smart factories, boldly explore and practice in the areas of intelligent manufacturing and intelligent logistics, and gradually realize the excellence of smart manufacturing.

III. Analysis of Main Business

1. Business Analysis

Winner Medical focuses on two main sectors: medical consumables and healthy consumer goods. Having shaken off the impact of the public health emergencies, we envision 2024 as the dawn of a new era for Winner Medical. Guided by our three core operational principles - prioritizing quality over profit, brand over speed, and social value over corporate value - we remain committed to our strategic directive of “leading products with operational excellence”. This approach allows the company to realign itself on a path of normalized growth and upward trajectory.

Due to the impact of the high base brought by infection protection products (RMB 620 million) in the first quarter of last year, the Company’s revenue in the first half of 2024 was RMB 4.03 billion, down by 5.5%; net profit attributable to shareholders of listed companies was RMB 380 million, and net profit after extraordinary gains and losses were RMB 330 million, down by 43.6% and 40.6%, respectively. **The public health events had almost no impact on the Company’s revenue base since the second half of 2024. The revenue for the second quarter reached RMB 2.12 billion, reflecting an 11.0% year-on-year increase, indicating that revenue is expected to enter a positive growth cycle.**

(1) Medical consumables business: the effects of the high base are gradually diminishing, and the development of the core categories is accelerating

The medical consumables business saw rapid growth during the public health crisis, and after it ended, the Company underwent a series of significant adjustments in 2023. These included strengthening its product mix, managing its inventory of infection protection products, and recruiting talent in key areas. Compared to 2019, the Company’s medical consumables business has reached new heights in product variety, distribution capabilities, and brand recognition. Our medical business strategy for 2024 is clearly defined and executed decisively based on this solid foundation. We are steadily progressing along this established strategy, with positive trends in operational development.

In the first half of 2024, the medical sector generated a revenue of RMB 1.72 billion, marking a year-on-year decline of 20.9%, and accounting for 43% of the Company’s overall revenue. **In the second quarter alone, revenue reached RMB 860 million, representing a year-on-year increase of 6.6%, reversing the quarterly revenue growth rate.** Excluding the fluctuation in infection protection products, the conventional medical consumables business reported a revenue of RMB 1.55 billion in the first half of the year, marking a 7.5% year-on-year increase. Overall, the development remains stable and positive. Among them, the development of the core category accelerated: advanced dressing and health personal care business achieved revenue of RMB 380 million and RMB 180 million respectively in the first half of the year, up by 34.1% and 56.2% respectively, demonstrating positive growth momentum. Innovative R&D drives product development. By leveraging various market opportunities in advanced dressings, the Company plans to increase investment in both R&D and marketing. This approach aims to enhance the quality and productivity of advanced dressings, positioning us to lead industry advancements and expand our presence on the international stage. As of the end of the reporting period, we hold 873 patents in the medical consumables segment and 388 medical product registrations (including 25 registrations of Category III medical products).

In terms of channels, in the first half of 2024, the Company continued to enhance its marketing initiatives through various means and actively expanded its marketing channels. Besides, the Company has moved past the impact of public health events, and its medical business channels have returned to the stable income structure. During the reporting period, foreign sales channels generated a revenue of RMB 790 million, marking a 14.1% increase year-on-year. This accounted for 46% of the total income of the medical sector, demonstrating Winner Medical’s strong foothold in the international market. Domestic hospital channels have steadily expanded, and the C-end business, especially cross-border e-commerce, has made a breakthrough: by the end of the reporting period, the Company has obtained nearly 17 million followers on the domestic e-commerce platform, built a healthcare category matrix, and seized the new development trend of medical consumer goods. The Company has been gained access to nearly 190,000 domestic leading offline pharmacies, and continues to lead in the ranking of core single items on the cross-border e-commerce platform (Amazon).

(2) Healthy consumer goods business: Pure cotton products build differentiation and core popular products lead to growth

In recent years, the consumer goods sector has proven resilient, achieving growth in every performance period. Purcotton has consistently strengthened its internal capabilities, maintaining a leading market share in key product categories, improving channel management, expanding its membership base, and enhancing brand perception. As we move into 2024, the Company is dedicated to continuous improvement. We focus on strategic product offerings, elevating our core rankings through research and development innovations and integrated marketing. On the distribution side, we plan to optimize and accelerate our brick-and-mortar store expansions while increasing our presence online and enhancing operational capabilities. To boost profitability, Purcotton is actively improving margins through new product iterations, controlled discounting, cost reduction strategies, and refined operational management. In the first half of 2024, Purcotton realized a revenue of RMB 2.28 billion, an increase of 10.6% year-on-year, accounting for 57% of the Company’s overall revenue; **of which the second quarter realized a revenue of RMB 1.24 billion, an increase of 13.8% year-on-year, and the overall development maintains a strong upward momentum.**

In terms of products, Purcotton tries to build a differentiated product matrix around “one cotton, one fiber”. During the reporting period, nonwoven products and woven products contributed revenue of RMB 1.19 billion and RMB 1.09 billion, respectively, with respective year-on-year increases of 14.8% and 6.3%. The Company has enhanced communication with consumers, effectively promoted the benefits of cotton soft towels, and expanded new product use scenarios. **In the first half of the year, sales of our core products—dry and wet cotton tissues—drove significant category growth, achieving a revenue of RMB 680 million, a 24.8% year-on-year increase.** Operating revenues for sanitary napkins and adult apparel reached RMB 320 million and RMB 440 million, representing year-on-year growth of 7.6% and 8.9%, respectively. Additionally, wet and dry cotton tissues and sanitary napkins experienced year-over-year growth of 28% and 16% in the second quarter. By the end of the reporting period, Purcotton had accumulated 501 patents of various types through R&D and innovation, enriching product categories and improving product competitiveness.

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-driven e-commerce platforms, as well as its 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, Purcotton achieved deep integration of multiple channels, with platforms complementing each other. As of the end of the reporting period, there were approximately 56 million members across all domains, an increase of 7.0% from the end of last year. Online channels focus on new products and popular matrix, strengthen mutual penetration between categories, and strive to improve the conversion rate of new products and the repurchase rate of former customers. During the reporting period, the online channel achieved a revenue of RMB 1.38 billion, up by 11.1% year-on-year, among which the traditional third-party e-commerce platform increased by over 15%, and the interest-driven e-commerce platform achieved breakthrough growth (for example, TikTok increased by nearly 80% year-on-year). The development of offline stores has been accelerated, and the profitability has returned to that of 2019. During the reporting period, offline stores realized a revenue of RMB 700 million, an increase of 8.9%. By the end of Jun 2024, there were 444 offline stores (including 360 direct stores and 84 franchise stores), and 42 new stores were opened in the first half of the year (31 direct stores and 11 franchise stores).

(3) Profitability: infection protection products have impacted the performance of medical business; however, Purcotton has returned to a stronger position compared to 2019.

In the first half of 2024, the Company improved its operational capacity, with inventory turnover efficiency also restored to 2019 level. The profitability performance of the two businesses diverged due to the varying industry conditions they operate.

In the first half of 2024, demand for infection protection products returned to normal. As the company actively promoted sales, its pricing aligned with market trends, in stark contrast to the unusually high gross profit seen during the same period last year. The gross profit for infection protection products fell from 53.3% last year to 20.2% this year, resulting in an overall gross profit margin for the medical consumables business dropping by 7.1 percentage points to 38.1%.

In the healthy consumer goods segment, in the first half of 2024, the Company continued to drive profitability through new product iteration, product structure optimization, discount control, cost reduction and improved operation management. Despite the fluctuation in cotton prices, the gross profit margin in Purcotton reached 56.9%, down 1.3 percentage points year-on-year. However, the operating profit margin reached 12.8%, **and the profitability returned to a better level in 2019. Revenue and profit have increased, demonstrating that Purcotton’s growth does not come at the expense of profitability. The Company remains committed to sourcing global high-quality cotton, focusing on product innovation and advanced production technology to deliver excellent products to consumers, while constantly improving its internal operation and management capabilities. This approach underscores a sustainable and high-quality development trend as a whole.**

(4) Outlook for future development: Focus firmly on the two main industries and take the road of high-quality development

Medical consumables are just-demanded, high-frequency, widely-used products, with huge domestic and international market space. The medical consumables industry in China is extremely decentralized, but in overseas markets, after decades of development, the concentration effect of the leader has emerged. With a strong manufacturing capacity, Winner Medical relies on its brand awareness and reputation accumulated in recent years to further consolidate the construction of online and offline channels, laying a solid foundation for the steady development of conventional products and the continuous improvement of market share. In the future, Winner Medical will endeavor to enhance its endogenous capabilities in clinical R&D, marketing, material development and industry chain control, and stay active to seek opportunities for outward mergers and acquisitions to make great strides toward the strategic goal of “leading in medical consumables and providing one-stop medical consumables solutions”.

Healthy consumer goods brand - Purcotton, backed by the parent company’s medical background and quality genes, has formed a differentiated competitive advantage with “all-cotton” comfortable, healthy, environmentally friendly materials, high stickiness of the customer base, and excellent product quality. **In today’s climate of mindful consumption, Purcotton is committed to delivering high-quality products. Rather than catering to short-term trends by compromising quality or engaging in price wars, we focus on fostering sustainable, high-quality growth for our business.** Purcotton will continue to focus on the scenarios, practicing the best-selling strategy, while actively exploring both domestic and international online and offline channels. This will help more consumers access high-quality cotton products at competitive price, reduce environmental pollution, and promote a more natural way of life. Purcotton will continue to promote a healthy lifestyle of cotton, shaping the brand perception, and conveying its core mission and brand value of “changing the world with pure cotton”. The company is committed to advancing its brand development.

Opportunities always exist alongside challenges in the complex and changing external environment. The Company will continue to promote the core strategy of “leading products with operational excellence”, focusing on its main business, while pursuing parallel development in both medical and consumer sectors online and offline. It aims for synergistic development of endogenous and exogenous, striving to open a new chapter in the high-quality development of Winner Medical.

2. Business Management 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 has refined its technical layout for the second-generation high-end wet wound dressing product line. The silicone gel foam dressings have been upgraded to their fourth generation and successfully launched. Additionally, the hydrophilic fiber dressings have obtained CE registration under the latest EU MDR regulations, and the medical hydrogel wound dressings have achieved mass production and successful launch. In the field of medical consumables, the Company focuses on the development of core basic materials for the application of operating room consumables such as surgical gowns, surgical towels and wipes. This effort aims to enhance the comfort of the products, reduce the cost of production of the products, and further enhance the market competitiveness of the products, ultimately providing a better experience of the products for the medical practitioners and other users, while creating 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. This initiative aims to facilitate industrial incubation, and complete the in vitro and in vivo biological evaluation of a new series of artificial blood vessels with high patency rate. The goal is to break the monopoly of artificial blood vessels abroad, and promote the use of domestic alternatives. 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 field of health consumables, the Company has emerged as an industry leader by pioneering a softening technology that eliminates the use of chemical softeners. This innovation enhances the softness of core cotton tissue products while maximizing the retention of the natural softness of cotton fibers, making it more eco-friendly, sustainable, and natural. The Company has pioneered a unique cotton-covered yarn technology along with an innovative finishing process, leading to the successful development of elastic gauze that boasts more than six times the elasticity of traditional gauze. This breakthrough addresses the discomfort often associated with conventional gauze products. Our elastic gauze has been incorporated into children’s outdoor wear and home apparel, giving us a strong edge in the market. For the first time, the Company has developed probiotic anti-allergic antibacterial gauze. This product effectively reduces allergens and inhibits the growth of harmful bacteria through our proprietary probiotic microcapsule wrapping technology. It’s already being used in baby jumpsuits and other infant products. Additionally, we have developed a biological wave anti-mosquito solution. By analyzing and extracting the specific wave frequency of pyrethrins that resonates with the fiber surface, we can paralyze mosquitoes, achieving effective repellent action. This approach uses pure biological wave technology without any chemical additives, ensuring it is gentle on the skin, odorless and safe. This innovation has been applied to baby pants. 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 five 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%. The company has also carried out research with Tianjin Polytechnic University on the comfort of all-cotton leisure wear, and with Jiangnan University on the technical development of cotton and cotton-type yarn performance enhancement.

(2) Brand building

Winner Medical is dedicated to strengthening its brand image, one that resonates with consumers and earns the trust of doctors. We are enhancing our visibility and reputation through media partnerships and advertising, building academic marketing expertise via clinical outreach, and supporting users and special groups through public welfare initiatives - all to drive our brand marketing strategy. In the first half of the year, Winner Medical collaborated with CCTV.com for a promotional campaign featuring our “Cotton Lined Mask”, generating over 100 million impressions. In partnership with professional physicians, we launched the “Saline Wet Tissues”, underscoring our commitment to providing comfortable, eco-friendly, high-quality medical products. We participated in four major medical trade fairs, including CMEF, and in August 2024, we received the CPEO Golden Award for Health Personal Care Brands at the 16th China Health Industry Ecological Conference - CPEO. Our focus on professional medical engagement highlights Winner Medical’s diverse product range and robust capabilities. Through various domestic outreach efforts, we showcased not only our extensive product line but also our technological advancements, R&D innovations, and industry leadership. The “Health Month” initiative in May, an original Winner Medical initiative, included dozens of offline health education events to promote professional medical knowledge, embodying our corporate vision of “caring for health and life, making a better world.”

Purcotton also continues to deepen its emotional connection with consumers through interactive communication. Through a variety of initiatives - spokesperson initiatives, charitable actions, offline lifestyle festivals, eco-friendly campus activities, and creative subway exhibitions - we are enhancing our brand influence with heartfelt original content. This approach allows us to deeply connect with our brand with values centered around cotton, environmental sustainability, and a warm, impactful presence. In 2024, we partnered with renowned celebrities Guo Jingjing, Zhao Liying, and Sun Qian to share New Year greetings with the theme “Every Generation Has a Cotton Era”, showcasing high-quality cotton products for all ages. In February, our sanitary pad brand, Nice Princess, launched the “Nice For Her” initiative, promoting menstrual health. This campaign collaborated with the China Women’s Development Foundation and Ai Xiaoya to distribute “Menstrual Charity Packs” to underprivileged female students in primary and secondary schools. We also established menstrual health education programs and introduced sanitary pad sharing boxes across several universities, offering emergency sanitary pads for free in malls and stores. These initiatives not only fostered a more supportive environment for women but also enhanced our connection with female consumers, earning widespread societal recognition. On the eve of International Women’s Day, our campaign “Choose Nice Princess for Sleep Pants” reached an audience of 33 million through elevator media advertising. During World Sleep Day, we integrated our brand into popular culture by featuring spokesperson Zhao Liying in the hit drama *The Legend Of Shen Li*, while simultaneously launching our spring and summer product lines, increasing awareness of Purcotton’s home textiles and driving sales growth. On Earth Day, April 22, we launched the “Mountain and Sea Healing Project.” This initiative features events such as the Urecycled Clothing Store campaign, community clean-up hikes, and donations of summer protection supplies for forestry workers and sanitation staff. This blend of quality original content and actionable efforts engaged university students and environmental advocates, further solidifying the brand’s commitment to green sustainability. For Children’s Day on June 1, we specially curated the “Listen to Children’s Voices” theme, featuring a call for submissions, a creative subway exhibition, a themed video, and an offline children’s fashion show. This initiative reflects our brand’s dedication to listening to and understanding children, fostering a connection between adults and kids. On June 22, we held a meet-and-greet event with Zhao Liying, our global ambassador for home textiles and loungewear, in Chongqing. During the event, Zhao Liying showcased our high-quality cotton products and shared lifestyle tips for achieving “greater comfort at home with cotton.” The livestream attracted over 9.05 million viewers, enhancing consumer awareness of Purcotton’s brand philosophy and product benefits, while further reinforcing brand recognition and favorability among consumers.

YoY changes in key financial data

Unit: yuan

	Current reporting period	Same period last year	Year-on-year increase/decrease	Reason for change
Revenue	4,033,505,104.33	4,266,838,038.66	-5.47%	No major changes
Cost of sale	2,068,470,442.58	2,071,428,206.72	-0.14%	No major changes
Selling Expenses	1,055,741,084.22	960,442,911.44	9.92%	No major changes
Administrative Expenses	309,446,026.40	289,596,702.14	6.85%	No major changes
Financial Expenses	-37,442,539.84	-52,794,426.69	-29.08%	No major changes
Income Tax Expenses	67,151,050.24	114,886,459.15	-41.55%	Mainly due to a decrease in total profit
R&D expenses	143,142,952.33	194,636,202.14	-26.46%	No major changes
Net cash flow from operating activities	193,333,516.76	158,178,712.89	22.22%	No major changes
Net cash flow from investing activities	-423,873,353.55	380,420,978.74	-211.42%	Mainly due to the decrease in the redemption of financial products and the increase in foreign equity investments during the period.
Net cash flow from financing activities	-560,896,220.86	-678,722,588.25	-17.36%	No major changes
Net increase in cash and cash equivalents	-783,341,536.49	-134,381,719.01	482.78%	Mainly due to a decrease in the redemption of financial products and the increase in foreign equity investments during the period.

Significant changes in the profit composition or profit source of the Company during the reporting period

□ Applicable √ Not applicable

There was no significant change occurred in the profit composition or profit source of the Company during the reporting period.

Products or services accounting for more than 10%

√Applicable □ Not applicable

							Unit: yuan
	Revenue	Cost of sale	Gross profit margin	Year-on-year increase/decrease in revenue	Year-on-year increase/decrease in cost of sale	Change in gross profit margin	
By product or service							
By industry							
Medical consumables	1,718,139,287.93	1,063,575,499.62	38.10%	-20.93% ^{1*}	-10.68%	-7.11%	
Healthy consumer goods	2,282,226,506.99	983,852,286.64	56.89%	10.63%	14.08%	-1.30% ^{2*}	
By product							
Medical consumables - traditional wound care and wound dressing products	582,420,123.38	402,683,510.01	30.86%	2.22%	11.13%	-5.54%	
Healthy consumer goods - wet and dry cotton tissues	680,511,245.81	342,633,199.41	49.65%	24.83% ^{3*}	37.13%	-4.52%	
Healthy consumer goods - baby clothes	448,607,894.90	180,674,777.06	59.73%	4.31%	0.08%	1.70%	
Healthy consumer goods - adult apparel	436,146,654.99	149,413,469.45	65.74%	8.93%	2.95%	1.99%	
By region							
Domestic	3,128,691,807.63	1,517,593,464.58	51.49%	-10.26%	-7.47%	-1.46%	
Abroad	871,673,987.29	529,834,321.68	39.22%	16.26%	28.25%	-5.68%	

Note: 1* Revenue from medical consumables decreased by 20.93% compared with the same period of the previous year, mainly due to a significant drop in demand for infection protection products.

2* The gross profit margin of the Healthy Consumer Goods business decreased by 1.30%, mainly due to rising cotton purchase prices.

3* Revenue from wet and dry cotton tissues increased by 24.83% year-on-year, driven by enhanced communication with consumers, innovative usage scenarios, and strengthened product capability.

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	360	109,012	31	8	Voluntary store closure due to contract expiration or personal preference	Purcotton
Franchises	84	18,439	11	1	Mall renovation and closure due to contract expiration	Purcotton

Total area and performances of direct-sale stores

Range of areas	Number of stores	Total area	Revenue in January-June 2024 (10,000 yuan)	Revenue for the same period last year (10,000 yuan)	Average performance of stores	Reasons
					Year-on-year increase/decrease	
Less than 300 m ²	154	33,734.55	25,795.72	25,645.98	6.62%	
300-500 m ²	98	36,225.86	21,513.65	21,617.23	7.38%	
500-800 m ²	25	15,461.47	7,532.47	7,697.32	11.82%	
More than 800 m ²	8	7,310.38	2,361.90	2,475.81	-5.27%	
Total	285	92,732.26	57,203.74	57,436.34	3.44%	

Note: The above list includes Purcotton stores that have been open for over 12 months as of June 30, 2024, including those that have downsized this year.

Top 5 Stores in terms of Operating Revenues

No.	Name of stores	Opening date	Revenue (yuan)	Average performance of the store (RMB/m ² /half year)
1	First	August 6, 2012	6,638,099.55	11,351.25
2	Second	October 25, 2017	6,326,354.08	15,647.67
3	Third	July 20, 2016	5,649,311.73	12,019.81
4	Fourth	November 11, 2017	5,422,761.37	4,889.78
5	Fifth	January 18, 2018	5,257,994.07	12,609.10
Total	--	--	29,294,520.80	9,813.61

New stores of listed companies

Yes No

Name of stores	Address of stores	Opening year	Contract area (m ²)	Investment amount (yuan)	Product category	Business type	Business model	Property ownership status	Number of stores
Direct-sale stores of Purcotton	Central China	2024	802.70	3,875,724.92	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	3
Direct-sale stores of Purcotton	North China	2024	606.00	4,931,270.63	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	3
Direct-sale stores of Purcotton	West China	2024	1,442.25	9,732,646.15	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	6
Direct-sale stores of Purcotton	South China	2024	1,320.15	8,689,348.54	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	8
Direct-sale stores of Purcotton	East China	2024	1946.54	10,871,434.65	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	9
Direct-sale stores of Purcotton	Northeast China	2024	410.26	1,955,907.47	Healthy consumer goods	Retail	Direct-sale stores	Purcotton leasing	2
Purcotton franchises	North China	2024	391.00	518,003.71	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	2
Purcotton franchises	South China	2024	173.52	433,605.22	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	1
Purcotton franchises	West China	2024	554.43	965,675.70	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	3
Purcotton franchises	Central China	2024	316.32	589,369.45	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	2
Purcotton franchises	East China	2024	314.00	407,725.65	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	1
Purcotton franchises	Northeast China	2024	276.42	617,852.12	Healthy consumer goods	Retail	Franchisees	Purcotton franchisees	2
Total			8,553.59	43,588,564.21					42

Does the Company disclose the information on Top 5 franchises

Yes No

IV. Other Information Required by the Disclosure Guidelines for Textile and Apparel-Related Sectors

1. Production Capacity

The Company's own production capacity

Current reporting period	Same period last year
--------------------------	-----------------------

More than 10% YoY change in production capacity utilization rate

Yes No

Business category	Product category	Unit	January-June 2024		January-June 2023		Percentage of change in production capacity utilization rate	Change reason description		
			Production capacity	Output	Production capacity	Output				
Healthy consumer goods	Cotton tissues	'0,000 kits	18,196	9,087	50%	17,987	7,742	43%	7%	New production equipment and production lines, more complete product types, increased market demand, more orders
	Sanitary napkins	'0,000 pieces	39,836	29,406	74%	31,869	20,225	63%	11%	

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 and offline stores.

Unit: yuan

Sales channels	Revenue	Cost of sale	Gross profit margin	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sale (%)	Change in gross margin ratio (%)
Online Sales	1,381,019,123.38	647,236,708.42	53.13%	11.14	13.83	-1.11%
Offline stores	704,826,144.15	247,037,256.65	64.95%	8.94	8.52	0.14%

Reasons for change

3. Selling Expenses and Composition

Item	Current period amount (Yuan)	Previous period amount (Yuan)	Year-on-year increase/decrease	Reasons for differentiation
Employee Compensation	308,895,689.06	315,528,733.79	-2.10%	No major changes
Travel expenses	11,089,494.35	10,524,681.48	5.37%	No major changes
Office communication costs	6,712,347.78	6,090,498.20	10.21%	No major changes
Sales commissions and expenses of e-commerce platform	150,321,611.77	125,398,549.11	19.88%	No major changes
Insurance premiums	2,303,225.44	2,967,753.30	-22.39%	No major changes
Depreciation and amortization	117,958,551.43	112,902,943.06	4.48%	No major changes
Advertising and promotion expenses	339,609,578.47	276,337,254.06	22.90%	No major changes
Lease and property management expenses	76,942,306.30	77,531,439.61	-0.76%	No major changes
Others	41,908,279.60	33,161,058.83	26.38%	No major changes
Total	1,055,741,084.22	960,442,911.44	9.92%	No major changes

Note: “3. Sales expenses and composition” and “7. Inventory situation” reflect data of the entire Company, while the other tables under “4. Other information required by the information disclosure guidelines for textile and garment related industries” pertain especially to Purcotton within the textile and garment sector.

4. Franchising and Distribution

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

Yes No

Top 5 franchisees

No.	Name of franchisee	Start date of cooperation	A related party or not	Total sales (yuan)	Level of franchisee
1	Franchisee 1	December 28, 2022	No	5,367,753.95	Primary
2	Franchisee 2	November 09, 2020	No	4,580,270.64	Primary
3	Franchisee 3	June 16, 2023	No	4,187,124.08	Primary
4	Franchisee 4	June 01, 2021	No	4,087,488.30	Primary
5	Franchisee 5	June 26, 2022	No	3,888,530.12	Primary
Total	--	--	--	22,111,167.09	--

Top 5 distributors

No.	Name of franchisee	Start date of cooperation	A related party or not	Total sales (yuan)
-----	--------------------	---------------------------	------------------------	--------------------

5. Online Sales

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

Yes No

Is there a self-built sales platform?

Yes No

Operation starting time	January 06, 2014
Number of registered users	14,842,207
Average number of monthly active users	1,656,538

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)	692,766,874.86	2.08%

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

6. Agency Operation

Does it adopt agency operation?

Yes No

7. Inventory

Inventory

Main products	Inventory turnover in days	Inventory amount (Yuan)	YoY increase/decrease in inventory balance amount (Yuan)	Reasons
Raw materials and goods processed by the commission		273,553,745	29,603,724	Mainly due to increased production inventory
Work in process		162,488,547	-4,038,654	No major changes
Finished goods		959,724,586	-22,743,016	Mainly due to accelerated stock clearance of infection protection products during the period
Goods in transit		39,872,022	15,155,864	Mainly due to the increase in foreign sales in June this year, as well as an increase in inventory that has not yet met the criteria for income recognition.
Low-value consumables		17,543,815	878,510	No major changes
Total	148	1,453,182,716	18,856,428	

Provision accrual for inventory depreciation

Class	Closing balance of the previous year	Amount increased in the current period		Amount decreased in the current period	Closing Balance
		Accrual	Reversal or write-back		
Raw materials and goods processed by the commission	13,590,764.92	9,895,273.94	7,198,190.86		16,287,848.00
Work in process	36,094,235.16	2,252,175.07	568,206.21		32,664,343.02
Finished goods	205,259,954.93	78,606,775.59	80,967,651.20		202,899,079.32
Low-value consumables	1,598,990.58	641,804.10	144,870.75		2,095,923.93
Total	256,543,945.59	91,396,028.70	93,992,780.02		253,947,194.27

Unit: yuan

Inventory information of end channels such as franchises or distributors

8. 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 from 100% high-quality natural cotton, and free from fluorescent whitening agents, our products are gentle and non-irritating. The unique spunlaced non-woven fabric processing technology of Purcotton preserves the softness of cotton while minimizing chemical processing, ensuring optimal protection for consumers' skin.	All-age customer base	9.9-30 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), soft and low friction, not easy to cause allergies. All products are certified medical grade.	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, passed the food-grade certification.	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 throughout the production line; the unique gauze fabric provides 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	Made from 100% cotton, our products feature high-quality cotton throughout the production process. The original soft cotton yarn from Purcotton is fluffy to the touch, providing a soft and comfortable feel against the skin.	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	Made from 100% cotton, our products use high-quality cotton throughout the production process, with no added softeners. The more you wash it, the softer it gets!	Expecting mothers, newborns, babies, toddlers and adult customer base	Baby bedding: RMB 268-1698 /set; toddler bedding: RMB 198-1098 /set; adult bedding: RMB 268-3198 /set; toiletries: RMB 38-398 /piece	Nationwide	Second- and third-tier cities and above

Partner brands: None

Licensed brand: None

Marketing and operation of each brand during the reporting period

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

Cases involved in trademark ownership disputes

Applicable Not applicable

9. Others

Whether the Company is engaged in apparel design-related business

Yes No

Did the Company hold an order meeting?

Yes No

V. Other Business Analysis

Applicable Not applicable

Unit: yuan

	Amount	Proportion to total profits	Formation reasons	Is it sustainable
Investment Income	33,445,096.19	7.07%	Mainly due to maturity gains on financial products and recognition of gains and losses on investments in associates	Yes
Profit/loss from changes in fair value	7,577,712.84	1.60%	Mainly due to the changes in fair value of financial products (such as structured deposits).	No
Impairment of assets	-55,975,503.16	-11.82%	Mainly due to the provision for inventories impairment	No
Non-Operating Income	6,143,356.51	1.30%	Mainly attributed to non-operating income from non-current assets, such as gains on asset retirement and compensation income	No
Non-Operating Expenses	6,218,160.01	1.31%	Mainly due to the losses on the scrapping of non-current assets.	No
Credit Impairment Loss	-8,295,817.44	-1.75%	Mainly due to the expected credit losses on the accrual of accounts receivable and other receivables.	No
Gains from Asset Disposal	1,930,800.28	0.41%	Mainly due to the losses on disposal of non-current assets.	No
Other Incomes	37,282,933.10	7.88%	Mainly due to the receipt of government grants related to operations and related tax credits.	Relevant tax deduction: Yes, other: No

VI. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: yuan

	End of the reporting period		End of the previous year		Increase/ decrease in proportio ns	Description of significant changes
	Amount	The proporti on to total assets	Amount	The proporti on to total assets		
Cash and cash equivalents	3,917,672,185.79	23.64%	4,706,132,071.27	27.50%	-3.86%	Cash dividends, share repurchase, repayment of short-term loans, and equity investment in the current period
Accounts Receivable	939,231,196.69	5.67%	768,602,289.60	4.49%	1.18%	No major changes
Inventory	1,453,182,715.60	8.77%	1,434,326,287.96	8.38%	0.39%	No major changes
Investment Real Estates	7,166,185.13	0.04%	7,693,341.79	0.04%	0.00%	No major changes
Long-Term Equity Investment	441,256,304.67	2.66%	20,879,244.20	0.12%	2.54%	Mainly due to new investment in an associate in the current period
Fixed Assets	2,903,124,395.97	17.52%	2,749,018,750.62	16.06%	1.46%	No major changes
Construction in Progress	1,030,446,202.20	6.22%	984,571,329.05	5.75%	0.47%	No major changes
Right-of-Use Assets	421,817,678.37	2.55%	417,496,021.36	2.44%	0.11%	No major changes
Short-Term Loans	1,170,327,194.78	7.06%	1,493,238,955.00	8.73%	-1.67%	No major changes
Contract Liabilities	179,911,770.00	1.09%	193,262,892.15	1.13%	-0.04%	No major changes
Long-Term Loans		0.00%	170,000,000.00	0.99%	-0.99%	Mainly due to reclassification to non-current liabilities due within one year in the current period
Lease Liabilities	304,172,545.81	1.84%	292,009,504.04	1.71%	0.13%	No major changes
Notes Receivable	13,038,762.74	0.08%	42,963,076.53	0.25%	-0.17%	Mainly because fewer notes receivable were received in the current period
Other Current Assets	182,630,205.72	1.10%	378,853,652.64	2.21%	-1.11%	Mainly due to the expiration of the large deposit certificate pledge, which is reclassified to cash and cash equivalents
Taxes Payable	93,252,897.83	0.56%	62,877,779.86	0.37%	0.19%	Mainly due to the increase in VAT payable in the current period compared with the beginning of the year
Non-Current Liabilities Due within One Year	373,940,213.86	2.26%	223,426,826.45	1.31%	0.95%	Mainly due to the reclassification of long-term loans to this account

2. Major Overseas Assets

Applicable Not applicable

3. 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 accrual in the 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)								
	2,850,058,540.71	7,577,712.84			1,131,000,000.00	1,464,000,000.00		2,524,636,253.55
Financial assets subtotal	2,850,058,540.71	7,577,712.84			1,131,000,000.00	1,464,000,000.00		2,524,636,253.55
Total of the above	2,850,058,540.71	7,577,712.84			1,131,000,000.00	1,464,000,000.00		2,524,636,253.55
Financial liabilities	0.00	0.00			0.00	0.00		0.00

Other changes

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

Yes No

4. 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
1,213,190,997.98	3,287,448,839.13	-63.10% ^{1*}

Note: The investment decreased by 63.10% compared with the same period last year, mainly due to: ① a higher purchase of wealth management products last year; ② all fundraising projects were under construction last year, leading to significant expenditures. This year, with those projects nearly completed, expenditures are considerably lower.

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	Cumulative realized gains as of the end of the reporting period	Reasons for not meeting the scheduled progress and projected earnings	Date of disclosure (if any)	Disclosure index (if any)
Advanced dressing production line construction project	Independent	Yes	Medical consumables	362,300.00	146,150,735.58	Proceeds	67.39%	/	15,274,412.12	N/A		
Marketing network construction project	Independent	Yes	Healthy consumer goods	34,571,689.45	656,066,385.85	Proceeds	106.15%	0.00	0.00	N/A		
R&D Center construction project	Independent	Yes	Medical consumables + Healthy consumer goods	13,104,649.14	202,674,447.01	Proceeds	94.08%	0.00	0.00	N/A		
Digital management system project	Independent	Yes	Medical consumables + Healthy consumer goods	28,102,098.39	226,909,506.98	Proceeds	84.41%	0.00	0.00	N/A		
Winner Industrial Park (Jiayu) Project	Independent	Yes	Medical consumables	1,558,311.00	436,619,700.73	Proceeds	103.96%	0.00	0.00	N/A		
Phase II Expansion Project of Winner Medical Wuhan	Independent	Yes	Medical consumables + Healthy consumer goods	4,491,950.00	614,007,730.73	Proceeds	102.33%	0.00	0.00	N/A		
Total	--	--	--	82,190,997.98	2,282,428,506.88	--	--	0.00	15,274,412.12	--	--	--

4. Financial Assets Measured at Fair Value

Applicable Not applicable

Unit: yuan

Asset classes	Initial investment cost	Gain/loss from changes in fair value for the period	Accumulated fair value changes included in equity	Purchase amount in the current reporting period	Sales amount in the current reporting period	Accumulated investment income	Other changes	Closing balance	Source of funds
Others	1,651,000,000.00	-12,807,056.481*		976,000,000.00	1,306,000,000.00	39,041,624.32		1,334,269,210.26	Self-owned funds
Others	58,000,000.00	-125,333.33		55,000,000.00	58,000,000.00	707,032.50		55,047,666.67	Proceeds
Trust products ^{2*}	1,100,000,000.00	20,510,102.65		100,000,000.00	100,000,000.00	1,365,653.13		1,135,319,376.62	Self-owned funds
Total	2,809,000,000.00	7,577,712.84	0.00	1,131,000,000.00	1,464,000,000.00	41,114,309.95	0.00	2,524,636,253.55	--

Note: 1* The gains and losses from changes in fair value for the current period are negative, mainly because the income from wealth management products due for this period has been reclassified to the investment income account.

Note 2: Trust products primarily consist of risk-rated R2/R3 products and do not involve investments in stocks and real estate.

5. The Use of Proceeds

Applicable Not applicable

(1) The overall use of proceeds

Applicable Not applicable

	Unit: '0,000 yuan
Total amount of proceeds	355,884.93 ^{1*}
Total amount of proceeds invested during the reporting period	8,219.10
Total accumulated amount raised for proceeds	354,786.72
Total amount of proceeds for alteration purposes during the current reporting period	0
Total accumulated amount of proceeds for alteration purposes during the current reporting period	11,102.34
Proportion of total amount of proceeds for alteration purposes during the current reporting period	3.12%

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. ZH10584).

In the first half of 2024, the Company has used raised funds of RMB 168,551,500, of which RMB 82,191,000 was used for fundraising projects to supplement working capital of RMB 86,360,500.

By the first half of 2024, the Company had used the raised funds of RMB 3,547,867,200, of which: the raised funds were used in fundraising projects.

RMB 2,282,428,500 (including RMB 1,948,537,100 invested in fundraising projects and RMB 333,891,400 invested in fundraising projects in advance by replacing self-raised funds), and RMB 1,265,438,700 of working capital was permanently replenished by using raised funds.

Note: 1* The total amount of funds raised here is the amount after deducting the issuance expenses of RMB 156,150,700

(2) Committed proceeds projects

√Applicable □ Not applicable

Unit: '0,000 yuan

Committed investment projects and investment over-raised proceeds	Whether the project has been changed (including partial change)	Net amount of proceeds	Total investment in committed proceeds	Adjusted total investment (1)	Investment amount in the current reporting period	Cumulative investment amount as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (3) = (2)/(1)	The project reaches the intended usable status date	Benefits realized in the current reporting period	Cumulative benefits realized as of the end of the reporting period	Whether projected benefits are met	Whether there is a significant change in project feasibility
Committed investment projects												
Advanced dressing production line construction project	No	21,685.86	21,685.86	21,685.86	36.23	14,615.07	67.39%	December 1, 2023	1,527.44	1,527.44	Not applicable (Note 2)	No
Marketing network construction project	Yes	70,456.87	70,456.87	61,804.04	3,457.17	65,606.64	106.15%	September 01, 2024	0	0	N/A	No
R&D Center construction project	Yes	23,542.15	23,542.15	21,542.15	1,310.46	20,267.44	94.08%	September 01, 2024	0	0	N/A	No
Digital management system project	No	26,881.05	26,881.05	26,881.05	2,810.21	22,690.95	84.41%	September 01, 2024	0	0	N/A	No
Bolster working capital	No			9,102.35	0	9,102.35			0	0	N/A	No
Subtotal of committed investment projects	--	142,565.93	142,565.93	141,015.45	7,614.07	132,282.45	--	--	1,527.44	1,527.44	--	--
Investment of over-raised proceeds												
Winner Industrial Park (Jiayu) Project	Yes			42,000	155.83	43,661.97	103.96%	December 1, 2023	0	0	Not applicable (Note 3)	No
Phase II Expansion Project of Winner Medical Wuhan	No			60,000	449.2	61,400.77	102.33%	December 1, 2023	0	0	Not applicable (Note 4)	No
Bolster working capital (if any)	--			117,441.53	0	117,441.53		--	--	--	--	--
Subtotal of use of over-raised proceeds	--			219,441.53	605.03	222,504.27	--	--	0	0	--	--
Total	--	142,565.93	142,565.93	360,456.98 (Note 1)	8,219.1	354,786.72	--	--	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	<p>Applicable</p> <p>On October 12, 2020, the 13th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the <i>Proposal Regarding the Use of Some Over-raised Proceeds To Permanently Supplement the Working Capital</i>, and agreed that the Company could allocate RMB 639 million 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 million yuan of over-raised proceeds were used for replenishing the working capital.</p> <p>On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Over-raised Proceeds for the Investment in Winner Industrial Park (Jiayu) Project”. The proposal was considered and approved by the 6th Extraordinary General Meeting of Shareholders in 2020 held on December 15, 2020. The main body of the Proposal is as follows: The Company plans to allocate RMB 400,000,000 million of the over-raised proceeds to the investment in the Winner Industrial Park (Jiayu) Project. The total investment in Winner Industrial Park (Jiayu) Project is estimated at RMB 900,000,000 million, and the implementing entity is Winner Medical (Jiayu) Co., Ltd. The project is located in Hubei Jiayu Economic Development Zone, adjacent to the Park’s 2nd Road in the north, 3rd Road in the south, Jiayu Avenue in the east, and Shijingpu Road in the west. The total land area is about 451 mu. The project relies on independent research and development of patented technology achievements, and based on the existing advantages of the Company in the industry, considers natural cotton as the primary 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 about spunlace, wash care, wet tissues, medical cotton/gauze/non-woven fabrics, hand sanitizer and other products. As of June 30, 2024, the total investment of the above projects was 436,619,700.</p> <p>On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Over-raised Proceeds for the Phase II Expansion Project of Winner Medical Wuhan”. The main body of the Proposal is as follows: The Company plans to allocate RMB 600,000,000 million of the over-raised proceeds to the investment in the Phase II Expansion Project of Winner Medical Wuhan. The total investment in the Phase II Expansion Project of Winner Medical Wuhan totals RMB 1,500,000,000 million, and the implementing entity is Winner Medical (Wuhan) Co., Ltd. The project includes nonwoven coil center, sterilization processing center, domestic medical sales and marketing center, intelligent distribution center of Hubei regional headquarters, regional headquarters in Central China and the second R&D center of the Group, which are fully invested and independently operated by the Company. Thanks to the project construction, the Company’s production capacity and market share will be increased, enabling it to become a global leader in overall technical level and product quality scale. As of June 30, 2024, the total investment of the above projects was 614,007,700.</p> <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 Regarding the Use of Some Over-raised Proceeds To Permanently Supplement the Working Capital</i>, and agreed that the Company could allocate RMB 494.19 million 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 supplemented working capital was RMB 535.4153 million).</p> <p>The 2021 Annual General Meeting held on May 13, 2022 considered and approved the proposal.</p>
Investment Proceeds Change of project implementation location	<p>Applicable</p> <p>Occurred in the previous year</p> <p>On November 27, 2020, the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding Capital Increase in Wholly Owned Subsidiaries with Some of the Proceeds, Changes to Implementing Entity of the Fundraising Projects, and Addition of Implementation Sites of Some Fundraising Projects”. The main body of the Proposal is as follows: To further improve the production, management efficiency and comprehensive utilization rate of resources, seize market development opportunities, and better promote the implementation of fundraising projects, the Company plans to use some of the proceeds to increase the capital of the wholly-owned subsidiaries and change the implementing entity of the fundraising projects, and add new implementation sites for the fundraising projects. Among them, the original implementing entity of the “R&D Center Construction Project” was Winner Medical (Wuhan) Co., Ltd. According to the Company’s development strategy and actual business needs, it plans to include Winner Medical Products Co., Ltd. as the implementing entity of “R&D Center Construction Project”, a fundraising project. A new implementation site in Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen is also included accordingly.</p>

	Applicable
	Occurred in the previous year
Investment of Proceeds Adjustment of project implementation mode	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 on Adjusting the Implementation Mode, Extending the Construction Period and Permanently Bolstering the Working Capital of Some Fund Raising Projects”, 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
Pre-investment and replacement of the proceeds investment project	On February 26, 2021, the 18th meeting of the Second Board of Directors and the 12th meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal on Opening bank Accounts and the Replacement of Self-financing Funds Pre-invested in New Projects with Excess Funds Raised”, 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. The Company’s investment in the project was verified by BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP with a “Special Auditor’s Report on Proceeds Replacement of Winner Medical Products Co., Ltd.” (Xin Kuai Shi Bao Zi [2021] No. Z110031) issued 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 13th meeting of the Second Board of Directors and the seventh meeting of the Second Board of Supervisors of the Company reviewed and approved the “Proposal Regarding the Use of Proceeds to Replace Self-raised Funds Pre-invested in the Fundraising Project”, respectively, and agreed that the Company could replace the self-raised funds pre-invested in the fundraising project with 233.7173 million yuan of proceeds. The Company’s investment in the project was verified by BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP with a “Special Auditor’s Report on Proceeds Replacement of Winner Medical Products Co., Ltd.” (Xin Kuai Shi Bao Zi [2020] No. Z110635) issued 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 advanced dressing production line construction project, 110.0794 million yuan was invested in marketing network building 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 replace the self-raised funds that had been invested in advance in the proceeds project.
Temporary replenishment of working capital with idle proceeds	N/A
	Applicable
Amount of and reasons for the balance of proceeds resulting from project implementation	On December 19, 2023, the Company convened the 18th Meeting of the Third Board of Directors and the 13th Meeting of the Third Supervisory Board. The agenda included a review and approval of the <i>Proposal on Closing Part of the Project and Permanently Supplementing the Working Capital with the Surplus Raised Funds</i> . The board agreed to conclude several fundraising investment projects, specifically the “Advanced Dressing Production Line Construction Project”, the “Phase II Expansion Project of Winner Medical Wuhan”, and the “Winner Industrial Park (Jiayu) Project”. The remaining raised funds, totaling RMB 91.7398 million (including interest income, with the exact amount to be confirmed by the bank settlement balance on the transfer date), will be designated for permanent working capital replenishment. The resolution came into effect after being deliberated and adopted at the first extraordinary general meeting of shareholders in 2024 held on January 8, 2024. As of June 30, 2024, the actual savings raised funds supplemented the working capital of RMB 86,360,500.
Usage and purposes of proceeds not used during the current reporting period	As of June 30, 2024, the Company’s unused balance of raised funds was RMB 83,125,100, of which: the balance of cash management was RMB 55,000,000, and the balance deposited in the raised funds account was RMB 28,125,100.
Problems or other circumstances in the use and disclosure of proceeds	None

Note 1: The adjusted total investment shown in this table includes net wealth management income and interest income (after deducting expenses) that contribute to working capital, which is why the total investment exceeds the total raised funds.

Note 2: The benefit realized from the advanced dressing production line construction project this year is the net profit earned from January to June, 2024. Since this net profit does not reflect the net profit of the project in 2024, it cannot be used to determine whether the expected benefits have been achieved.

Note 3: The Winner Industrial Park (Jiayu) Project uses both raised funds and self-owned funds for comprehensive investment, and the economic benefits generated by the raised funds are not calculated separately.

Note 4: Phase II Expansion Project of Winner Medical Wuhan uses raised funds and self-owned funds for comprehensive investment, and does not separately calculate the economic benefits generated by raised funds.

(3) Changes in proceeds projects

√Applicable □ Not applicable

Unit: '0,000 yuan

Project change	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	3,457.17	65,606.64	106.15%	September 1, 2024	0	N/A	No
R&D Center construction project		R&D Center construction project	21,542.15	1,310.46	20,267.44	94.08%	September 1, 2024	0	N/A	No
Industrial Park Project Winner Medical (Jiayu) Technology		Industrial Park Project Winner Medical (Jiayu) Technology	42,000	155.83	43,661.97	103.96%	December 01, 2023	0	Not applicable (Note 1)	No
Total	--	--	125,346.19	4,923.46	129,536.05	--	--	0	--	--

Reasons for change, decision-making procedures and information disclosure (by specific 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 *Proposal on Adjusting the Implementation Mode, Extending the Construction Period and Permanently Bolstering the Working Capital of Some Fund Raising Projects*, which became effective after the consideration of the 2021 Annual General Meeting of Shareholders held on May 13, 2022. The investment in the marketing network building project of PureH2B was terminated. The remaining proceeds not used for the marketing network building project amounted to approximately RMB 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 RMB 91.0234 million). (Announcement No.: 2022-021)

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 May 5, 2023, and reviewed and approved the *Proposal on Adjusting the Use of Proceeds, Extending the Construction Period of Some Fund Raising Projects*, which became effective after the consideration of the 2022 Annual General Meeting of Shareholders held on May 16, 2023. 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)

Information on and reasons for not meeting the scheduled progress or projected earnings (by specific project)

N/A

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

Note 1: The Winner Industrial Park (Jiayu) Project uses both raised funds and self-owned funds for comprehensive investment, and the economic benefits generated by the raised funds are not calculated separately.

6. Entrusted Wealth Management, Derivatives Investment and Entrusted Loans

(1) Information of entrusted wealth management

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Specific type		Source of funds for entrusted management	Amount incurred in entrusted management	Outstanding balance	Unrecovered amount	overdue	The amount of impairment overdue management	Unit: '0,000 yuan
Bank financial products		Proceeds	5,500	5,500	0		0	
Bank financial products		Self-owned funds	132,100	132,100	0		0	
Trust financial products		Self-owned funds	110,000	110,000	0		0	
Total			247,600 ^{1*}	247,600	0		0	

Note 1* The amount of entrusted wealth management here is the balance of unexpired wealth management products.

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) Derivatives investment

Applicable Not applicable

No derivative investment in the Company during the reporting period

(3) Information of entrusted loans

Applicable Not applicable

The Company had no entrusted loan during the reporting period.

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 Invested Companies

Applicable Not applicable

Information on major subsidiaries and invested 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	1,181,496,880.84	935,911,549.22	574,370,691.84	87,362,078.62	75,866,556.09

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
Zhejiang Honglan Technology Co., Ltd.	Acquisition	No material impact
Winner Medical (Wuhan) Co., Ltd.	Establishment	No material impact
Purecotton Agricultural Technology (Wuhan) Co., Ltd.	Establishment	No material impact

Description of major holding companies and invested companies

X. Structured Subjects Controlled by the Company

Applicable Not applicable

XI. Risks Faced by the Company and Countermeasures

1. Risk of Changes in Industry Policies and Standards

Medical device is a key supervised industry, that directly affects users' life and health safety. 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 promptly, it may impact the Company's operations.

2. Risk of Raw Material Price Fluctuations and Countermeasures

The Company's main raw materials are cotton, cotton yarn and cotton greige fabric for medical use made from cotton. Cotton prices 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 the sales price with that of the raw material price, it may harm 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. 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 June 30, 2024, the carrying value of goodwill amounted to RMB 0.867 billion, representing 7.58% 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 make provisions for impairment based on the results of these tests. The risk of goodwill impairment could negatively impact net profit. To deal with the impairment risk of goodwill, the Company will make more efforts to strengthen its business management, improve its business performance, and reduce the risk of asset impairment.

4. Exchange Rate Risks and Countermeasures

Medical consumables are the main exports of the Company, which are settled in major international currencies such as US dollars. In the first half of 2024, the Company's foreign sales amount in the overall revenue accounted for 21.61%. In recent years, with the accelerated pace of Chinese Yuan internationalization and further marketization of the Chinese Yuan exchange rate formation mechanism, the exchange rate flexibility of Chinese 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 Chinese 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 revenue 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 on time; 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.

5. Risk of not Receiving Reimbursement for the 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. Since the judgment came into effect, the Company has received part of the money paid by Zijin County Government every year. As of the disclosure date of the report, the Company has received a land transfer deposit of RMB 3 million and a compensation payment of RMB 330 million returned by the People's Government of Zijin County. There is a risk that the remaining RMB 220 million may not be received on time per the *Award*. The Company has made a provision for bad debts following the accounting policy. The court has now resumed enforcement. The Company is closely following up on the subsequent payment plan of the People's Government of Zijin County, Heyuan City.

6. Risks Associated with the Urban Renewal Project of Winner Industrial Park

In July 2023, the Company signed an agreement on relocation compensation and resettlement (hereinafter referred to as the "original agreement") with Shenzhen Xingda Real Estate Development Co., Ltd. (hereinafter referred to as "Xingda Company" or "Partner") to facilitate urban renewal and transformation (hereinafter referred to as the "Project") on the land and above-ground buildings of the Winner Industrial Park in Shenzhen Longhua District. However, due to significant changes in the real estate market, the project was postponed to January 2024. To ensure the project moves forward smoothly, minimize land idle time, and reduce uncertainties in construction, the Company engaged in several rounds of discussion with its partners. A preliminary solution was formulated, leading to an intention to sign a supplementary agreement. Under this agreement, the office and commercial property areas allocated to the Company will remain consistent with the original agreement, while the residential property area and compensation amount will be tied to the actual average transaction price of residential properties obtained by Xingda Company. On July 26, 2024 and August 12, 2024, the Company held the 23rd Meeting of the 3rd Board of Directors and the 2nd Extraordinary Shareholders' Meeting in 2024, respectively, and reviewed and approved the *Proposal on Signing the Supplementary Agreement on Relocation Compensation and Resettlement of Urban Renewal Units in Winner Industrial Park*. The supplementary agreement has now been signed.

Since the residential property area and compensation amount for the Company are tied to the actual average transaction price of residential properties, these figures remain uncertain amid significant fluctuations in the real estate market. It is expected that the signing of this contract will not impact the Company's 2024 financial statements. After signing the supplementary agreement, both parties will continue to work diligently on key processes, including confirming the main body, building demolition, applying for construction land planning permit, and signing land contracts. However, due to the long implementation period of this project, the Company will actively promote it, and strengthen communication and process control to mitigate uncertainties related to changes in urban renewal laws and policies, urban planning, partner performance, market conditions, pricing, and force majeure events.

XII. Registration Forms for Receptions of Surveys, Communication, Interviews and Other Activities during the Reporting Period

√Applicable □ Not applicable

Time	Location	Method	Types of objects	Objects	Main contents of discussions and documents provided	Basic information index of surveys
January 30, 2024	Headquarter conference rooms	Online communication on network platform	Institutions	69 institutional investors including China Southern Fund, Maxwealth Fund and Star Rock Asset Management	Company 2023 Annual Performance Forecast	For details, please refer to SZSE Interactive Ease
May 08, 2024, May 09, 2024	Shenzhen Panorama Roadshow Hall	Others	Institution, Individual	78 investors including Da Cheng Fund, CICC and Huatai Securities	The Company's operations for fiscal 2023 and the first quarter of 2024	For details, please refer to SZSE Interactive Ease
June 14, 2024 - June 21, 2024	Headquarter conference rooms	Field surveys	Institutions	Huaan Securities, Tai Pu Investment, Western Securities and other investors	Update on the company's operations	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 elaborated on its concept of "Dual Enhancement of Quality and Returns" by focusing on developing a high-quality core business, strengthening corporate governance, fulfilling social responsibilities, ensuring transparent information disclosure, and prioritizing investor returns.

In terms of advancing high-quality core business development, the Company always upholds the vision of “promoting health, nurturing 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 to make great strides towards the strategic goal of “leading in medical consumables and providing one-stop medical consumables solutions”. 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, internal controls, and 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, the Company convened the Second Meeting of the 4th Board of Directors and the 2nd Meeting of the 4th Board of Supervisors on August 26, 2024 to review and approve the *Proposal on the Profit Distribution Plan for the Half Year of 2024*. Based on the 582,329,808 shares deducted from the repurchased shares, the Company plans to distribute a cash dividend of RMB 4.00 (including tax) to all shareholders for every 10 shares, without capitalization and bonus shares. The total cash dividends paid amounted to RMB 230 million (60.64% of net income attributable to shareholders of the parent company in the consolidated income statement). From the listing in September 2020 to the disclosure date of this report, the Company has implemented a total of RMB 2.47 billion in cash dividends (including the amount of cash dividends to be implemented in the first half of 2024) and RMB 690 million in share repurchase, totaling RMB 3.16 billion, accounting for 88.9% of the net initial raised funds. Among them, 6,094,659 repurchased shares (accounting for 1.03% of the Company's total share capital before cancellation) were canceled in March 2024. In July 2024, the Company convened a shareholders' meeting again to consider and pass the proposal of share cancellation, and planned to cancel an additional 5,962,900 repurchased shares. In addition, on January 30, 2024, 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*. Mr. Fang Xiuyuan, the director, deputy general manager and chief financial officer, Ms. Chen Huixuan, the deputy general manager and secretary of the board, Ms. Xu Xiaodan, the former director, Ms. Liu Hua and Ms. Zhang Li, the former deputy general manager, and other directors, supervisors, and senior managers planned to increase their holdings of the Company's shares by a total of RMB 3.15 million to 6.3 million. As of the disclosure date of this report, the foregoing share increase plan has been implemented, and the directors, supervisors, and senior managers have increased their shareholdings by a total of 143,100 shares and RMB 4.5341 million.



Purcotton
全棉时代



04

Corporate governance

Section IV Corporate Governance

I. 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
2023 Annual General Meeting of Shareholders	Annual general meeting of shareholders	74.85%	May 21, 2024	May 21, 2024	Consideration and adoption of <i>Proposal on the <Annual Report and Summary for 2023></i> , <i>Proposal on the Plan on the Profit Distribution for 2023</i> , etc.
The Extraordinary General Meeting of Shareholders in 2024	1 st Extraordinary general meeting of shareholders	73.66%	January 08, 2024	January 08, 2024	Consideration and approval of <i>Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account</i> and <i>Proposal on Closing Part of the Project and Permanently Supplementing the Working Capital with the Surplus Raised Funds</i> , etc.

2. The Preferred Shareholders with Voting Rights Restored Request an Extraordinary General Meeting of Shareholders

Applicable Not applicable

II. Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Position held	Type	Date	Reasons	
Xu Xiaodan	Former Director	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office	
Guo Zhenwei	Former Director	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office	
Xie Jiawei	Former director	Independent	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office
Peng Jianfeng	Former director	Independent	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office
Key Ke Liu (Liu Ke)	Former director	Independent	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office
Liu Hua	Former supervisor	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office	

Name	Position held	Type	Date	Reasons
Zhang Li	Former Deputy General Manager	Departure on expiration of term of office	August 12, 2024	Departure on expiration of term of office
Zhang Yan	Director (Former Supervisor)	Elected	August 12, 2024	General meeting election
Liao Meizhen	Director	Elected	August 12, 2024	General meeting election
Chen Junfa	Independent director	Elected	August 12, 2024	General meeting election
Wang Zhifang	Independent director	Elected	August 12, 2024	General meeting election
Yang Xiangliang	Independent director	Elected	August 12, 2024	General meeting election
Wu Kezhen	Supervisor	Elected	August 12, 2024	General meeting election
Zhao Xia	Supervisor	Elected	August 12, 2024	General meeting election
Liao Guanlai	Deputy general manager	Appointment	August 12, 2024	Appointment by the Board of Directors

III. Profit Distribution and Share Capital Increase from Capital Surplus during the Reporting Period

√Applicable □ Not applicable

Bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (tax included)	4.00
Share capital base in distribution plan (shares)	582,329,808
Amount of cash dividend (yuan) (including tax)	232,931,923.20
Amount of cash dividend in other forms (e.g. share repurchase) (yuan)	194,943,744.29
Total cash dividends (including other methods) (yuan)	427,875,667.49
Distributive profit (yuan)	4,627,174,936.42
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

In the first half of 2024, the net profit attributable to shareholders of the parent company in the consolidated income statement of the Company was RMB 384,150,379.21, and the net profit in the income statement of the parent company was RMB 21,300,746.82; As of June 30, 2024, the undistributed profit of the parent company was RMB 4,627,174,936.42.

On the disclosure date of the distribution plan, the company's total share capital stood at 588,292,708 shares, with 5,962,900 shares held in a special securities account for repurchase. Deducting these repurchased shares, the total share count amounted to 582,329,808 shares. It was planned to distribute a cash dividend of 4.00 yuan per 10 shares to all shareholders (tax included), with no capital increase or bonus shares. The total cash dividend amounted to 232,931,923.20 yuan, representing 60.64% of the net profit attributable to shareholders of the parent company as per the consolidated income statement.

IV. 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 held the 15th meeting of the Second Board of Directors and the 9th meeting of the Second Board of Supervisors on November 27, 2020, as well as the 6th Extraordinary General Meeting of Shareholders 2020 on December 15, 2020, respectively, deliberated and approved the *Proposal on the 2020 Restricted Stock Incentive Plan (Draft) and Its Abstract* and related matters. The General Meeting of Shareholders authorized the Board of Directors to determine the grant date of restricted shares, 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 CNINFO.com (<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 approved the *Proposal on the Matters Related to the Adjustment of 2020 Restricted Shares Incentive Plan* 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 CNINFO.com (<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, 2022, 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.

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
None	None	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

Exercise of shareholders' rights during the reporting period

None

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

Applicable 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

The cumulative amount of equity-settled share-based payment included in capital reserves is RMB 5,090,677.24, and the total expenses recognized for equity-settled share-based payment in this period are RMB 2,908,958.42.

Termination of employee stock ownership plans during the reporting period

Applicable Not applicable

Other description:

None

3. Other Employee Incentive Measures

Applicable Not applicable



05

Environment and Social Responsibility

Section V Environmental Protection and Social Responsibility

I. Significant 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 *Catalogue for Classified Management of Environmental Impact Assessment of Construction Projects (2021 Version)*, 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*, the *Regulations on Environmental Protection Management of Construction Projects* and *Interim Measures for Environmental Protection Acceptance of Construction Projects*, 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 *Emission Standard of Pollutants for Rubber Products Industry (GB27632-2011)*, the *Integrated Wastewater Discharge Standard (GB8978-1996)*, the *Integrated Emission Standard of Air Pollutants (GB16297-1996)*, the *Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015)*, the *Emission Standard of Air Pollutants for Boiler (GB13271-2014)*, the *Emission Standards for Odor Pollutants (GB14554-1993)*, and the *Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)*.

Status of administrative licenses for environmental protection, project licenses

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	Chongyang County Environmental Protection Bureau	March 29, 2013	June 26, 2014
	Qingshan plant construction project	Xianning Environmental Protection Bureau	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	Jiayu County Environmental Protection Bureau	December 25, 2014	September 28, 2017
	Environmental Impact Assessment Report of Winner Industrial Park (Jiayu) Project	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

Branch	Project name	Approval unit	Approval time	Acceptance
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	Tianmen Ecological Environment Bureau	January 17, 2022	December 31, 2022
Winner Medical (Jingmen)	30 million meters/year medical gauze bleaching and refining production line expansion project		October 18, 1999	December 14, 2001
	Reform and expansion project of gauze pads, gauze sheets and shrinkage bandages	Jingmen Environmental Protection Bureau	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
	Phase I of pure cotton spunlace non-woven fabric production project	Hubei E.P.D.	August 5, 2011	May 8, 2012;
Winner Medical (Huanggang)	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 conversion project foam coil production line project (expansion)	Huanggang Environmental Protection Bureau	January 29, 2018; February 05, 2018	November 14, 2019; October 08, 2018
	High-end wound dressing production line construction project		November 06, 2018	Construction has not started yet
	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
Winner Medical (Wuhan)	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	Wuhan Ecological Environment Bureau	June 21, 2022	Under construction
	Innovation research institute construction project	Administration and Approval Bureau	August 09, 2022	June 13, 2023

Branch	Project name	Approval unit	Approval time	Acceptance
Winner Medical (Shenzhen)	Pingshan Songze Industrial Park New Project of Shenzhen Branch of Winner Medical Co., Ltd.	Shenzhen Ecological Environment Bureau	November 26, 2021	March 18, 2022
	Expansion Project of Shenzhen Branch of Winner Medical Co., Ltd.	Pingshan Administration	August 11, 2023	December 01, 2023
Winner Guilin	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
Zhejiang Longterm	Annual output of 5 million sheets of medical hygiene materials and accessories, 100 million bottles of various types of skin care products technology reform project	Deqing County Environmental Protection Bureau	October 24, 2016	September 29, 2017
	The annual production includes 300 million tablets of medical hygiene materials and accessories, 5 million bottles of disinfectants, 15 million tablets of Class I and II medical care products and infection control medical consumables, and 10 million packs of hygiene products. Additionally, we produce 20,000 sets of rehabilitation therapy instruments and equipment, 100,000 units of skin cleaning and care products, and 5.7 million buttons/branches for the minimally invasive surgical consumables project.		March 04, 2019	
	Annual output of 1.2 billion povidone-iodine swabs, 35 million bottles of disinfectant, 1 million sets of isolation gowns, 11 million sets of protective clothing, 350 million pieces of masks project	Deqing Branch of Huzhou Ecological Environment Bureau		February 11, 2022
			June 15, 2021	
Winner Medical (Hunan)	The project of off-site expansion of annual output of 300 million sets of self-destructive sterile medical equipment production line of Pingan Medical Device Technology Co., Ltd.	Li County Environmental Protection Bureau	April 05, 2005	December 11, 2011
	Expansion of the production line with an annual output of 300 million sets of self-destructing sterile medical devices		April 13, 2009	
	Phase III Expansion Project	Change Ecological Environment Bureau	September 18, 2021	May 21, 2022
	Winner Medical Pingan Medical Device Industrial Park Project		January 05, 2024	Under construction

Sewage discharge procedures:

All subsidiaries of the Company have applied for discharge permits in accordance with relevant technical specifications, including *Catalogue of Classified Management of Pollutant Discharge Permit for Fixed Pollution Sources* (2019 Version), *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), *Technical Specification for Application and Issuance of Pollutant Permit - Rubber and Plastic Products Industry* (HJ1122-2020), *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 - Rubber and Plastic Products Industry* (HJ 1207—2021), *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
Chongyan g Plant I	Pollutant discharge permit	91421223732699160U003P	August 12, 2023 - August 11, 2028	2024-04-08 Changes (per review)
Chongyan g Plant II	Discharge registration form	91421223732699160U001P	April 28, 2020 - April 27, 2025	
Chongyan g Plant III	Discharge registration form	91421223732699160U002w	April 28, 2020 - April 27, 2025	
Winner Medical (Huanggan g)	Pollutant discharge permit	91421100767435675X001V	September 22, 2023 - September 21, 2028	2024-04-03 Re-applied
Winner Medical (Jiayu)	Pollutant discharge permit	914212217261049092001V	April 10, 2024 - April 9, 2029	2024-04-10 Re-applied
Winner Medical (Jiayu) New Factory	Pollutant discharge permit	914212217261049092002P	September 07, 2023 - September 06, 2028	Inactive
Winner Medical (Jingmen)	Pollutant discharge permit	914208006158216140001P	August 27, 2023 - August 26, 2028	2024-03-28 Changes (per review)
Winner Medical (Tianmen)	Pollutant discharge permit	914290067261112368001P	December 13, 2022-August 30, 2027	
Winner Medical (Wuhan)	Pollutant discharge permit	91420000MA48TD7BXB001V	September 01, 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 08, 2023 - November 07, 2028	
Winner Guilin	Pollutant discharge permit	914503008988813841001U	March 24, 2022 - March 23, 2027	
Winner Medical (Hunan)	Discharge registration form	91430723565949803B001X	June 05, 2020 - June 04, 2025	
Zhejiang Longterm	Discharge registration form	91330500051340478U001Z	May 29, 2020 - May 28, 2025	

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 approved emissions	Emissions beyond standards
Winner Medical (Chongyang) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	/	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX: 0T, SO ₂ : 0T (not used)	NOX: uncensored, SO ₂ : uncensored	Not exceeding the standard
Winner Medical (Chongyang) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH ₃ -N, SS	Direct discharge	1	Sewage discharge outlet	7.7, 56mg/L, 17.3mg/L, 0.535mg/L, 7mg/L	6-9, 80mg/L, 20mg/L, 10mg/L, 50mg/L	COD: 5.398T, NH ₃ -N: 0.186T	COD : 57.6T/a, NH ₃ -N: 7.27T/a	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	Pollutant emission standards implemented	Total emissions	Total approved emissions	Emissions beyond standards
Winner Medical (Jiayu) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	5.8mg/m ³ , 14mg/m ³ , 128mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX : 1.216T, SO2: 0.178T	NOX: unlicensed, SO2: unlicensed	Not exceeding the standard
Winner Medical (Jiayu) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, SS	Direct discharge	1	Sewage discharge outlet	7.0, 8.8mg/L, 0.315mg/L, 16mg/L	6-9, 80mg/L, 20mg/L, 10mg/L, 50mg/L	COD : 5.584T, NH3-N: 0.060T	COD : 44.7T/a, NH3-N: 1.19T/a	Not exceeding the standard
Winner Medical (Huanggang) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	2	1#/2# boiler discharge outlet	5.0/4.0mg/m ³ , 3/3mg/m ³ , 127/97mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX : 6.368T, SO2: 0.007T	NOX: 23.52T/a, SO2: unlicensed	Not exceeding the standard
Winner Medical (Huanggang) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	8.0, 23.8mg/L, 1.47mg/L, 12mg/L	6-9, 500mg/L, 300mg/L, 45mg/L, 400mg/L	COD : 34.01T, NH3-N: 0.988T	COD : 78.5T/a, NH3-N: 7.85T/a	Not exceeding the standard
Winner Medical (Tianmen) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	5.7mg/m ³ , 3mg/m ³ , 63mg/m ³	20mg/m ³ , 50mg/m ³ , 200mg/m ³	NOX : 1.68T, SO2: 0.049T	NOX : 16.8764T/a, SO2: 1.804T/a	Not exceeding the standard
Winner Medical (Tianmen) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, SS	Indirect discharge	1	Sewage discharge outlet	7.7, 25.1mg/L, 0.408mg/L, 15mg/L	6-9, 400mg/L, 150mg/L, 30mg/L, 250mg/L	COD : 3.01T, NH3-N: 0.098T	COD : 62.573T/a, NH3-N : 6.2573T/a	Not exceeding the standard
Winner Medical (Wuhan) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	/	/	/	/	/	No boiler, no license	Not exceeding the standard
Winner Medical (Wuhan) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH3-N, chromaticity	Indirect discharge	1	Sewage discharge outlet	8.0, 49.7mg/L, 1.04mg/L, 5	185mg/L, 6-9, 500mg/L, 300mg/L, 45mg/L, 64	COD : 19.31T, NH3-N: 1.93T	COD : 90.35T/a, NH3-N: 9.04T/a	Not exceeding the standard

Company subsidiary name	or 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 approved emissions	Emissions beyond standards
Winner Medical (Jingmen) Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	3.17mg/m ³ , 3mg/m ³ , 87.3mg/m ³	20mg/m ³ , 50mg/m ³ , 150mg/m ³	NOX : 1.07T, SO ₂ : 0.042T	NOX: unlicensed, SO ₂ : unlicensed	Not exceeding the standard
Winner Medical (Jingmen) Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	8.3, 49mg/L, 13.2mg/L, 0.214mg/L, 12mg/L	6-9, 200mg/L, 50mg/L, 20mg/L, 100mg/L	COD : 6.03T, NH ₃ -N: 0.603T	NOX: 19.48T/a, NH ₃ -N: 1.95T/a	Not exceeding the standard
Yichang Winner Medical Textile Co., Ltd.	Gaseous pollutants	PM, SO ₂ , NOX	/	1	Boiler discharge outlet	/	20mg/m ³ , 50mg/m ³ , 150mg/m ³	Unlicensed	Unlicensed	Out of service
Yichang Winner Medical Textile Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH ₃ -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 Branch Winner Medical Co., Ltd.	Gaseous pollutants	HCl, VOC	/	2	Production exhaust gas outlet	2.86/0.9mg/m ³ , 3/0.94mg/m ³	100 mg/m ³ , 80 mg/m ³	Unlicensed	Unlicensed	Not exceeding the standard
Winner Guilin Latex Co., Ltd.	Liquid pollutants	PH, COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	7.58, 92mg/L, 31.2mg/L, 7.58mg/L, 22mg/L	6-9, 300mg/L, 80mg/L, 30mg/L, 150mg/L	Unlicensed	Unlicensed	Not exceeding the standard
Winner Medical (Hunan) Co., Ltd.	Liquid pollutants	COD, BOD, NH ₃ -N, SS	Indirect discharge	1	Sewage discharge outlet	17mg/L, 4.1mg/L, 0.51mg/L, 8mg/L	100mg/L, 20mg/L, 15mg/L, 70mg/L	Unlicensed	Unlicensed	Not exceeding the standard
Zhejiang Longterm Medical Technology Co., Ltd.	Liquid pollutants	PH, COD, NH ₃ -N	Indirect discharge	1	Sewage discharge outlet	7.3, 208mg/L, 30.1mg/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 the Environmental Protection Bureau of Jiayu County was completed 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 were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 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 project's wastewater mainly includes domestic, production, and experimental wastewater. 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 wastewater monitoring 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 were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 10 years. Gas-fired boiler decommissioning begins in the second half of 2023.

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 were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 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 were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 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, degreasing / bleaching, and soft water preparation processes. 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 were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 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, 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 wastewater station Phase II completed at the time of the Phase II project on June 13, 2023 for independent acceptance. The third-level standard limits outlined in Table 4 of the *Integrated Wastewater Discharge Standard* (GB8978-1996) were implemented. The sewage plant were concrete structures with a service life of 20 years, and the environmental protection equipment has a service life of 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 company's integrated wastewater treatment station adopts air flotation + filtration process, and discharges the treated wastewater into the municipal wastewater 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 adsorption 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 photo-oxidation catalytic treatment equipment set and then discharged through a 15m exhaust funnel. Process dust is treated by 1 set of cloth bag dust collectors and then discharged through a 15m exhaust funnel.

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.

During the reporting period: the environmental protection facilities of each branch (subsidiary) are operating normally, and the monitoring results of each discharge port meet the relevant standards.

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.

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 corresponding emergency procedures, and implement emergency rescue work in a timely and effective manner, prevent and reduce the occurrence of accidents to the greatest extent, branches and subsidiaries of Winner Medical Co., Ltd. have set up an environmental accident emergency leading group and formulated the Emergency Plan for Environmental Accidents.

Reporting period: On January 15, 2024, Winner Guilin Latex Co., Ltd. re-compiled the emergency plan for sudden environmental emergencies after three years expired. On May 14, 2024, the emergency plan for sudden environmental accidents in Winner Medical (Chongyang) Co., Ltd. expired for three years and was re-compiled.

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

During the reporting period, the Company and its subsidiaries paid RMB 63,600 of environmental protection tax.

Administrative penalties imposed due to environmental issues during the reporting period

Company or subsidiary name	Reasons for penalty	Violations	Punishment	Impacts on the production operation of the companies	on the and listed	Rectification measures of the Company
None	None	None	None	None		None

Other environmental information that should be disclosed

None

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

Applicable Not applicable

The company actively carried out energy-saving and carbon-reducing activities, mainly reducing energy consumption by replacing high-efficiency motors, recovering waste heat, optimizing production technology, and intelligently controlling energy. During the reporting period, it saved a total of more than RMB 4.9 million in energy costs.

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

The Company takes “social value over corporate value” as one of its core operating principles and actively undertakes social responsibilities. In terms of elderly care, the light skin care products featuring a degradable cotton surface represent a perfect blend of product innovation, social responsibility and environmental sustainability. During the reporting period, we donated adult incontinence care products to many nursing homes, demonstrating our commitment to supporting the elderly and bringing new hope to the cause of elderly care. For childcare, the Company donated children’s shoes to Chongqing through Chongqing Children’s Relief Foundation to help infants and children grow up happily. In terms of disaster relief, in June 2024, heavy rains affected many places in Meizhou, Guangdong Province. The Company actively deployed iodophor cotton swabs, band-AIDS, sanitary wet tissues, medical surgical masks, gauze bandages and other materials to the Meizhou Red Cross Foundation to help the affected people smoothly pass through the stages of emergency repair, transfer and resettlement.

In addition, the Company is committed to community engagement and actively participates in public welfare initiatives through party-building efforts. During the reporting period, we organized over 10 volunteer activities, with more than 100 participants. Through our party-building initiatives, we donated materials valued at RMB 5.6 million to organizations such as Longhua Charity Association, Longhua Women’s Federation, Women’s and Children’s Foundation, Longhua Disabled Persons’ Federation, Shenzhen Social Welfare Guidance Center, Shenzhen Youth League Committee, Shenzhen Express Industry Party Committee and other institutions. Our support extends to the elderly, women and children, people in impoverished mountainous areas, medical institutions, two new employment groups, etc., benefiting millions of people, which fully reflected Winner’s social responsibility.



Purcootton 全棉时代®
超净吸
奈丝公主
第六代超薄干爽卫生巾
纯棉安心感
100%全棉
全棉 卫生巾
245 10片

06

Important Matters

Section VI Important Matters

I. Commitments Fulfilled within and not Fulfilled by the End of the Reporting Period by the Company's Actual Controller, Shareholders, Related Parties, Acquirers and Other Commitment Parties

Applicable Not applicable

No commitments fulfilled within and within and not fulfilled by the end of the reporting period by the Company's actual controller, shareholders, related parties, acquirers and other commitment parties.

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. Appointment of and Dismissal of Accounting Firms

Whether the semi-annual financial report has been audited

Yes No

The semi-annual report of the Company has not been audited.

V. Statement of the Board of Directors and the Board of Supervisors 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 the “Non-Standard Audit Report” of the Previous Year

Applicable Not applicable

VII. Bankruptcy Reorganization

Applicable Not applicable

No bankruptcy reorganization of the Company during the reporting period.

VIII. Litigation Matters

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, Heyuan Intermediate People's Court ruled that the execution should be terminated on the grounds of "other circumstances that the people's court thinks should be terminated". The Company has applied to the court to terminate the execution objection, and has now resumed enforcement.	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 this report, the Company has received a land transfer deposit of RMB 3 million and compensation of about RMB 330 million returned by the Zijin County People's Government, and the remaining amount of about RMB 220 million has not been received according to the award. 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.		

Other litigation 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
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	8,313	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	379	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		

IX. Punishment and Rectification

Applicable Not applicable

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

X. Credit Conditions of the Company, Its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XI. 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, the finance company controlled by the Company 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.

XII. 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. Major Contracts for Daily Operation

Applicable Not applicable

The Company did not have any major contracts for day-to-day operations during the reporting period.

4. Other Major Contracts

Applicable Not applicable

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

XIII. Description of Other Important Events

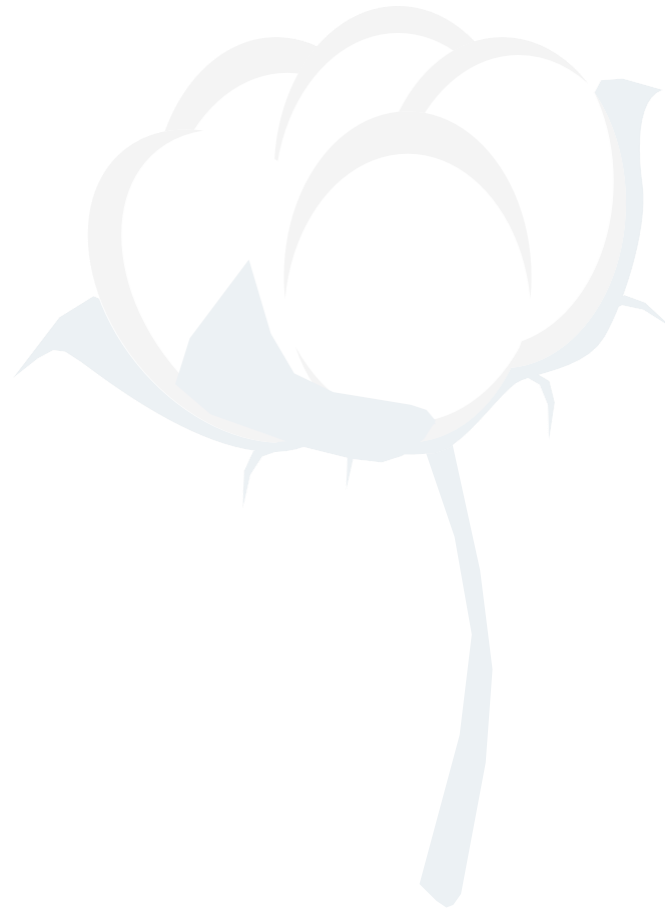
Applicable Not applicable

In July 2023, the Company entered into an agreement relating to relocation compensation and resettlement with Shenzhen Xingda Real Estate Development Co., Ltd. to carry out urban renewal and reconstruction in respect of the land and buildings on the ground of Shenzhen Longhua District Winner Industrial Park held by the Company. However, due to significant changes in the real estate market, the project was postponed in January 2024. In order to smoothly advance this project, shorten the idle time of land and reduce the uncertainty in engineering construction, combined with the distribution of compensation for urban renewal and relocation in the current real estate market, the Company has conducted several rounds of consultations with partners, initially formulated a solution and reached the signing intention of a supplementary agreement. According to the original agreement, the Company obtained 39,240 square meters of office property, 200 square meters of commercial property, 11,220 square meters of residential property and RMB 415 million of compensation. According to the supplementary agreement to be signed, the office property area and commercial property area obtained by the Company remain unchanged (39,240 square meters for office property and 200 square meters for commercial property), while the residential property area and compensation amount obtained by the Company are linked to the actual average transaction price of residential commercial housing obtained by Xingda Company. On July 26, 2024 and August 12, 2024, the Company held the 23rd Meeting of the 3rd Board of Directors and the 2nd Extraordinary Shareholders' Meeting in 2024, respectively, and reviewed and approved the *Proposal on Signing the Supplementary Agreement on Relocation Compensation and Resettlement of Urban Renewal Units in Winner Industrial Park*. On August 19, 2024, the Company and the partner have signed the aforementioned supplementary agreement.

Since the residential property area and compensation amount for the Company are tied to the actual average transaction price of residential properties, these figures remain uncertain amid significant fluctuations in the real estate market. It is expected that the signing of this contract will have no impact on the Company's 2024 financial statements. After the signing of the supplementary agreement, both parties will continue to work diligently on key processes, including confirming the main body, building demolition, applying for construction land planning permit, and signing land contracts. However, due to the long implementation period of this project, the Company will actively promote it, strengthen communication and process control, and strive to reduce the uncertainty in the implementation process due to the adjustment of urban renewal laws and policies, changes in urban planning, performance ability of partners, market, price and force majeure.

XIV. Major Events of Subsidiaries

Applicable Not applicable





07

Changes in Shares and Shareholders

Section VII Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in Shares

Unit: share

	Before this change		Increase/decrease (+, -)				After this change		
	Quantity	Proportion	New issue of shares	Share donation	Share capital increase from reserved funds	Others	Subtotal	Quantity	Proportion
I. Restricted shares	406,703,952	68.42%				100,575	100,575	406,804,527	69.15%
1. State shareholding									
2. State legal person shareholding									
3. Other domestic holdings	89,565	0.02%				100,575	100,575	190,140	0.03%
Wherein: domestic legal person shareholding									
Domestic natural person shareholding	89,565	0.02%				100,575	100,575	190,140	0.03%
4. Foreign shareholding	406,614,387	68.41%						406,614,387	69.12%
Wherein: foreign legal person shareholding	406,614,387	68.41%						406,614,387	69.12%
Foreign natural person shareholding									
II. Unrestricted shares	187,683,415	31.58%				-6,195,234	-6,195,234	181,488,181	30.85%
1. RMB common share	187,683,415	31.58%				-6,195,234	-6,195,234	181,488,181	30.85%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Others									
III. Total amount of shares	594,387,367	100.00%				-6,094,659	-6,094,659	588,292,708	100.00%

Causes for change in shares

Applicable Not applicable

On April 13, 2024, the Company cancelled 6,094,659 shares repurchased in 2021 (accounting for 1.03% of the Company's total share capital before cancellation). After cancellation, the Company's total share capital decreased from 594,387,367 shares to 588,292,708 shares.

Approval of changes in shares

Applicable Not applicable

The Company convened the 18th Meeting of the Third Board of Directors on December 19, 2023 and the 1st Extraordinary General Meeting of Shareholders in 2024 on January 8, 2024, and considered and passed the *Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account* and the *Proposal on the Amendment of the Articles of Association of the Company and Registration of the Industrial and Commercial Changes*. Based on the actual progress of the company's employee stock ownership plan and equity incentive plan and the number of remaining stocks in the Company's repurchase plan in 2021, the Company intends to change the 6,094,659 shares remaining in the repurchase account excluding the first employee stock ownership plan (including the reserved part) from the original purpose of "used for the Company's employee stock ownership plan or equity incentive" to "used for cancellation and reduction of the Company's registered capital".

Transfer of share changes

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

On January 29, 2024, the Company held the 19th Meeting of the 3rd Board of Directors and the 14th Meeting of the 3rd Board of Supervisors, and deliberated and passed the *Proposal on Share Repurchase Scheme*. With confidence in the future development and a strong belief in its value, in order to enhance investor confidence, further build a more stable and high-quality management team, establish and improve the Company's long-term incentive mechanism. The plan is designed to establish and improve the Company's long-term incentive mechanisms, fully engage management and key personnel, strengthen team cohesion, align the interests of shareholders with those of the Company and core employees, and promote sustainable long-term growth. The Company intends to utilize its own funds, ranging from RMB 100 to 200 million, to repurchase shares at a price not exceeding RMB 46 per share. As of April 29, 2024, the Company repurchased 5,807,900 shares of the Company by way of centralized competitive bidding trading through the special securities account for repurchase, accounting for 0.9872% of the total share capital of the Company, with the highest transaction price of RMB 39.79 per share and the lowest transaction price of RMB 29.25 per share, for a total transaction amount of RMB 194,943,744.29 (excluding transaction fees). The share repurchase program has been implemented.

The Company held the 23rd Meeting of the 3rd Board of Directors and 18th Meeting of the 3rd Board of Supervisors on July 26, 2024, and the 2nd Extraordinary General Meeting of Shareholders in 2024 on August 12, 2024, respectively, and deliberated and passed the *Proposal on the Cancellation of the Remaining Shares in the Repurchase of Dedicated Securities Accounts*. The Company intends to change the purpose of 5,962,900 shares in the Repurchase Account from "used for the Company's employee stock ownership plan or equity incentive" to "used for cancellation and reduction of the Company's registered capital".

Implementation progress of reducing repurchased shares by centralized competitive bidding

Applicable Not applicable

Influence of share changes on the basic earnings per share, diluted earnings per share, 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 earnings per share, diluted earnings per share, 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. Major 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 shares released from restricted sale in the current period	Number of restricted shares increased in the current period	Number of restricted shares at the end of the period	Reasons for restricted sale	The proposed date of lifting the restricted sale
Winner Group Limited	406,614,387	0	0	406,614,387	Self-commitment to extend the initial restriction period	September 16, 2025
Fang Xiuyuan	42,000	0	45,000	87,000	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.
Wang Ying	42,000	10,500	0	31,500	Shares locked by directors, supervisors and senior management	Adhere to relevant regulations regarding share sales restrictions imposed by departing directors, supervisors, and senior management
Chen Huixuan	5,565	0	17,475	23,040	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.
Xu Xiaodan	0	0	17,100	17,100	Shares locked by directors, supervisors and senior management	Adhere to relevant regulations regarding share sales restrictions imposed by departing directors, supervisors, and senior management
Liu Hua	0	0	16,500	16,500	Shares locked by directors, supervisors and senior management	Adhere to relevant regulations regarding share sales restrictions imposed by departing directors, supervisors, and senior management
Zhang Li	0	0	11,250	11,250	Shares locked by directors, supervisors and senior management	Adhere to relevant regulations regarding share sales restrictions imposed by departing directors, supervisors, and senior management
Zhang Yan	0	0	3,750	3,750	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.
Total	406,703,952	10,500	111,075	406,804,527	--	--

II. Securities Issuance and Listing

□ Applicable √ Not applicable

III. Number and Shareholding of the Company's Shareholders

Unit: share

Total number of common shareholders at the end of the reporting period			29,167	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)			0	Total number of shareholders holding special voting shares (if any)			0
Ordinary shareholders holding more than 5% of shares or top 10 shareholders' shareholdings (excluding shares lent through the transfer facility)											
Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge, mark or frozen				
							Status of shares	Quantity			
Winner Limited	Group	Overseas legal person	69.12%	406,614,387	0	406,614,387	0	N/A	0		
Beijing Xinyuan Investment (limited partnership)	Sequoia Equity Center	Domestic non-state legal person	2.74%	16,142,938	-8,745,089	0	16,142,938	N/A	0		
Xiamen Investment Partnership (Limited Partnership)	Leyuan	Domestic non-state legal person	2.74%	16,142,550	0	0	16,142,550	N/A	0		
Xiamen Investment Partnership (Limited Partnership)	Yutong	Domestic non-state legal person	1.46%	8,560,222	0	0	8,560,222	N/A	0		
Xiamen Investment Partnership (Limited Partnership)	Huikang	Domestic non-state legal person	0.88%	5,167,887	0	0	5,167,887	N/A	0		
Hong Kong Securities Clearing Company Ltd.	Kong	Overseas legal person	0.65%	3,794,892	1,321,781	0	3,794,892	N/A	0		
Industrial and Commercial Bank of China Limited - E Fund ETF	and	Others	0.63%	3,733,629	884,900	0	3,733,629	N/A	0		
Huaxia Insurance Co., Ltd. - Own funds	Life	Others	0.63%	3,693,940	759,400	0	3,693,940	N/A	0		
Agricultural Bank of China Limited. - CSI500 Index Open-ended Fund	Bank	Others	0.49%	2,909,460	1,573,520	0	2,909,460	N/A	0		
Xiamen Investment Partnership (Limited Partnership)	Zepeng	Domestic non-state legal person	0.45%	2,650,223	0	0	2,650,223	N/A	0		

Strategic investors or general legal persons becoming the top 10 shareholders due to the allotment of new shares (if any)	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	As of June 30, 2024, the Company's repurchased 5,962,900 shares of the Company held in the "special securities account for the repurchase of Winner Medical Co., Ltd."		
Shareholdings of the top 10 shareholders with unlimited sales conditions (excluding shares lent through transfer facility and shares locked up by executives)			
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)	16,142,938	RMB common share	16,142,938
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
Hong Kong Securities Clearing Company Ltd.	3,794,892	RMB common share	3,794,892
Industrial and Commercial Bank of China Limited - E Fund ETF	3,733,629	RMB common share	3,733,629
Huaxia Life Insurance Co., Ltd. - Own funds	3,693,940	RMB common share	3,693,940
Agricultural Bank of China Limited. - CSI500 Index Open-ended Fund	2,909,460	RMB common share	2,909,460
Xiamen Zepeng Investment Partnership (Limited Partnership)	2,650,223	RMB common share	2,650,223
Shenzhen Qianhai Daoming Investment Management Co., Ltd. - Daoming No. 1 Private Securities Investment Fund	1,835,641	RMB common share	1,835,641
Description of the association or concerted action between top 10 public shareholders with unlimited sales conditions, and between top 10 public shareholders with unlimited sales conditions and top 10 shareholders	None		
Description of the top 10 common shareholders participating in the financing and securities financing business (if any)	None		

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unrestricted shares participating in the refinancing business to lend shares.

Applicable Not applicable

Unit: share

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unrestricted shares participating in the refinancing business to lend shares.									
Shareholder's name (full name)	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	
Agricultural Bank of China Limited. - CSI500 Index Open-ended Fund	1,335,940	0.22%	386,000	0.06%	2,909,460	0.49%	108,400	0.02%	
Industrial and Commercial Bank of China Limited - E Fund ETF	2,848,729	0.48%	52,700	0.01%	3,733,629	0.63%	106,000	0.02%	

The top 10 shareholders and the top 10 shareholders of unrestricted shares have changed from the previous period due to lending/returning of refinancing.

Applicable Not applicable

Whether the company has a voting rights differential arrangement

Yes No

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

Yes No

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

IV. 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

V. Equity Changes of Directors, Supervisors and Senior Management

√Applicable □ Not applicable

Name	Position	Status of service	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares decreased in the current period (shares)	Number of shares held at the end of the period (shares)	Number of restricted shares granted at the beginning of the period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end of the period (shares)	
Fang Xiuyuan	Director, General Chief Officer	Deputy Manager, Financial Officer	Incumbent	56,000	60,000	0	116,000	28,000	0	0
Xu Xiaodan	Director		Resign	0	22,800	0	22,800	16,800	0	0
Zhang Yan	Director		Incumbent	0	5,000	0	5,000	0	0	0
Liu Hua	Supervisor		Resign	0	22,000	0	22,000	0	0	0
Chen Huixuan	Deputy General Manager, Secretary to the Board Of Directors		Incumbent	7,420	23,300	0	30,720	16,800	0	0
Zhang Li	Deputy general manager		Resign	0	15,000	0	15,000	28,000	0	0
Total	--	--	--	63,420	148,100	0	211,520	89,600	0	0

VI. Change in Controlling Shareholders or Actual Controllers

Change of controlling shareholders during the reporting period

□ Applicable √ Not applicable

No change in controlling shareholders during the reporting period.

Changes in actual controller during the reporting period

□ Applicable √ Not applicable

No change in actual controller during the reporting period.



08

<input type="checkbox"/>	Applicable
<input checked="" type="checkbox"/>	N/A

Information Related to Preferred Shares



09

Information Related to Bonds

- Applicable
- N/A



10

Financial Report

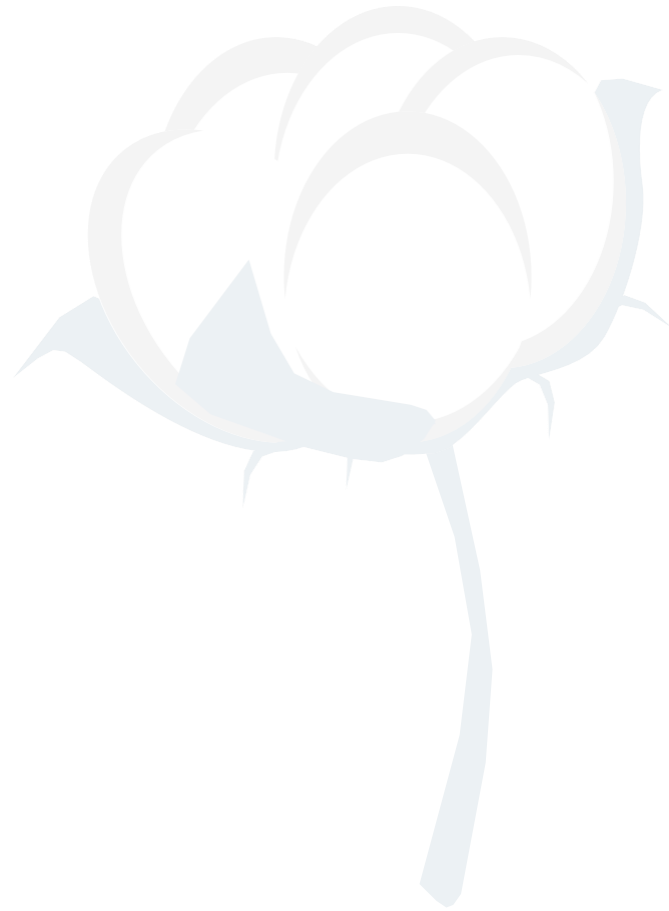
Section X Financial Report

I. Audit Report

Whether the semi-annual report is audited

Yes No

The Company's semi-annual financial report has not been audited.



II. Financial Statements

Unit of statements in financial notes: RMB

1. Consolidated Balance Sheet

Prepared by: Winner Medical Co., Ltd.

June 30, 2024

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Current assets:		
Cash and cash equivalents	3,917,672,185.79	4,706,132,071.27
Deposit reservation for balance		
Lending funds		
Tradable Financial Assets	2,524,636,253.55	2,850,058,540.71
Derivative Financial Assets		
Notes Receivable	13,038,762.74	42,963,076.53
Accounts Receivable	939,231,196.69	768,602,289.60
Amounts Receivable Financing	36,356,429.51	29,348,618.44
Advances to Suppliers	112,983,774.44	122,281,742.75
Premiums receivables		
Reinsurance accounts receivable		
Provision of cession receivable		
Other Receivables	225,809,699.10	218,913,405.18
Including: Interest receivable		
Dividends receivable		
Redemptory cash and cash equivalents for sale		
Inventory	1,453,182,715.60	1,434,326,287.96
Including: data resources		
Contract Assets		
Assets Held for Sales		
Non-Current Assets Due within a Year	4,500,791.23	4,379,308.17
Other Current Assets	182,630,205.72	378,853,652.64
Total current assets	9,410,042,014.37	10,555,858,993.25

Item	Closing Balance	Balance at the beginning of the period
Non-current assets:		
Loans and advances		
Debt Investment		
Other Debt Investments		
Long-Term Receivables	36,657,910.53	35,689,264.21
Long-Term Equity Investment	441,256,304.67	20,879,244.20
Other equity instrument investments		
Other Non-Current Financial Assets	70,000,000.00	70,000,000.00
Investment Real Estates	7,166,185.13	7,693,341.79
Fixed Assets	2,903,124,395.97	2,749,018,750.62
Construction in Progress	1,030,446,202.20	984,571,329.05
Productive Biological Assets		
Oil and Gas Assets		
Right-of-Use Assets	421,817,678.37	417,496,021.36
Intangible Assets	960,815,052.19	995,228,233.51
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill	866,502,422.61	864,289,002.45
Long-Term Unamortized Expenses	125,412,811.84	131,090,470.15
Deferred income tax assets	161,723,419.77	175,351,248.02
Other Non-Current Assets	133,871,114.92	104,856,551.36
Total non-current assets	7,158,793,498.20	6,556,163,456.72
Total assets	16,568,835,512.57	17,112,022,449.97
Current liabilities		
Short-Term Loans	1,170,327,194.78	1,493,238,955.00
Borrowings from central bank		
Borrowing funds		
Tradable Financial Liabilities		
Derivative Financial Liabilities		

Item	Closing Balance	Balance at the beginning of the period
Notes Payable	363,977,108.89	315,902,844.15
Accounts Payable	832,423,316.30	1,116,802,220.38
Advance from Customers		
Contract Liabilities	179,911,770.00	193,262,892.15
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll Payable	216,815,783.41	254,475,235.72
Taxes Payable	93,252,897.83	62,877,779.86
Other Payables	727,222,395.14	591,310,917.61
Including: Interest payable		
Dividends payable	203,307,193.50	
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities Held for Sales		
Non-Current Liabilities Due within One Year	373,940,213.86	223,426,826.45
Other Current Liabilities	18,514,985.13	19,712,328.19
Total current liabilities	3,976,385,665.34	4,271,009,999.51
Non-current liabilities		
Reserve fund for insurance contracts		
Long-Term Loans		170,000,000.00
Bonds Payable		
Including: preferred share		
Perpetual bond		
Lease Liabilities	304,172,545.81	292,009,504.04
Long-Term Payable	0.00	
Long-Term Payroll Payable	8,511,000.00	8,511,000.00
Estimated Liabilities		
Deferred Income	116,525,098.52	121,649,364.97

Item	Closing Balance	Balance at the beginning of the period
Deferred income tax liabilities	132,198,461.11	138,520,778.30
Other Non-Current Liabilities		
Total non-current liabilities	561,407,105.44	730,690,647.31
Total liabilities	4,537,792,770.78	5,001,700,646.82
Owner's equity:		
Capital Stock	588,292,708.00	594,387,367.00
Other Equity Instruments		
Including: preferred share		
Perpetual bond		
Capital Reserve	3,938,910,622.54	4,381,126,487.29
Less: treasury stock	217,314,795.89	473,552,442.85
Other Comprehensive Income	-716,170.70	2,215,369.44
Special Reserve		
Surplus Reserve	420,212,778.13	420,212,778.13
General risk provision		
Undistributed Profit	6,701,820,244.20	6,608,834,768.99
Total owners' equities attributable to the owners of parent company	11,431,205,386.28	11,533,224,328.00
Minority equity	599,837,355.51	577,097,475.15
Total owners' equities	12,031,042,741.79	12,110,321,803.15
Total liabilities and owners' equities	16,568,835,512.57	17,112,022,449.97

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

2. Balance Sheet of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Current assets:		
Cash and cash equivalents	2,844,394,239.85	3,709,959,628.26
Tradable Financial Assets	2,424,523,614.28	2,723,751,837.29
Derivative Financial Assets		
Notes Receivable	2,139,017.54	4,467,239.17
Accounts Receivable	385,544,279.91	329,056,250.56
Amounts Receivable Financing	15,349,054.92	3,373,685.21
Advances to Suppliers	860,470,380.86	819,879,677.04
Other Receivables	116,045,259.43	116,040,893.47
Including: Interest receivable		
Dividends receivable		
Inventory	230,042,380.58	251,311,204.70
Including: data resources		
Contract Assets		
Assets Held for Sales		
Non-Current Assets Due within a Year	4,500,791.23	4,379,308.17
Other Current Assets	134,461,309.68	219,250,046.91
Total current assets	7,017,470,328.28	8,181,469,770.78
Non-current assets:		
Debt Investment		
Other Debt Investments		
Long-Term Receivables	36,657,910.53	35,689,264.21
Long-Term Equity Investment	4,057,908,988.99	3,628,308,515.87
Other equity instrument investments		
Other Non-Current Financial Assets	70,000,000.00	70,000,000.00
Investment Real Estates		
Fixed Assets	40,367,376.01	39,029,180.33

Item	Closing Balance	Balance at the beginning of the period
Construction in Progress	142,980,344.54	81,523,183.74
Productive Biological Assets		
Oil and Gas Assets		
Right-of-Use Assets	42,580,000.88	53,018,721.37
Intangible Assets	41,711,541.25	42,201,830.86
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill		
Long-Term Unamortized Expenses	16,956,750.16	19,425,804.21
Deferred income tax assets	40,699,279.19	38,890,354.71
Other Non-Current Assets	26,295,710.30	41,395,668.54
Total non-current assets	4,516,157,901.85	4,049,482,523.84
Total assets	11,533,628,230.13	12,230,952,294.62
Current liabilities		
Short-Term Loans	910,130,600.00	1,270,138,900.00
Tradable Financial Liabilities		
Derivative Financial Liabilities		
Notes Payable	77,345,909.80	104,617,096.39
Accounts Payable	272,597,560.96	247,993,184.23
Advance from Customers		
Contract Liabilities	80,776,953.02	90,354,800.16
Payroll Payable	47,500,861.38	62,965,400.32
Taxes Payable	13,546,668.36	2,852,502.16
Other Payables	522,057,520.98	358,800,377.50
Including: Interest payable		
Dividends payable	203,307,193.50	
Liabilities Held for Sales		
Non-Current Liabilities Due within One Year	204,810,167.93	47,239,311.11
Other Current Liabilities	3,828,775.12	4,700,685.90

Item	Closing Balance	Balance at the beginning of the period
Total current liabilities	2,132,595,017.55	2,189,662,257.77
Non-current liabilities		
Long-Term Loans		170,000,000.00
Bonds Payable		
Including: preferred share		
Perpetual bond		
Lease Liabilities	42,792,761.26	51,992,935.59
Long-Term Payable		
Long-Term Payroll Payable		
Estimated Liabilities		
Deferred Income	560,602.11	1,312,817.62
Deferred income tax liabilities	9,965,639.42	8,333,039.89
Other Non-Current Liabilities		
Total non-current liabilities	53,319,002.79	231,638,793.10
Total liabilities	2,185,914,020.34	2,421,301,050.87
Owner's equity:		
Capital Stock	588,292,708.00	594,387,367.00
Other Equity Instruments		
Including: preferred share		
Perpetual bond		
Capital Reserve	3,938,164,250.05	4,380,380,114.80
Less: treasury stock	217,314,795.89	473,552,442.85
Other Comprehensive Income		
Special Reserve		
Surplus Reserve	411,397,111.21	411,397,111.21
Undistributed Profit	4,627,174,936.42	4,897,039,093.59
Total owners' equities	9,347,714,209.79	9,809,651,243.75
Total liabilities and owners' equities	11,533,628,230.13	12,230,952,294.62

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

3. Consolidated Statement of Income

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	HY 2024	HY 2023
I. Total revenue	4,033,505,104.33	4,266,838,038.66
Including: Revenue	4,033,505,104.33	4,266,838,038.66
Interest revenue		
Premium earned		
Fee and commission income		
II. Operating cost	3,576,014,244.81	3,500,655,804.36
Including: Cost of sale	2,068,470,442.58	2,071,428,206.72
Interest expenditure		
Fee and commission expense		
Surrender value		
Net payments for insurance claims		
Net reserve fund extracted for insurance liability		
Bond insurance expense		
Reinsurance costs		
Taxes and Surcharges	36,656,279.12	37,346,208.61
Selling Expenses	1,055,741,084.22	960,442,911.44
Administrative Expenses	309,446,026.40	289,596,702.14
R&D Expenses	143,142,952.33	194,636,202.14
Financial Expenses	-37,442,539.84	-52,794,426.69
Including: interest expenditure	24,015,659.66	32,891,514.25
Interest revenue	57,012,846.01	69,863,134.66
Plus: other incomes	37,282,933.10	46,680,694.51
Income from investment (loss expressed with “—”)	33,445,096.19	39,412,441.13
Including: Income from investment of joint venture and cooperative enterprise	-7,669,213.76	1,580,818.74
Income from derecognition of financial assets measured at amortized cost		
Exchange gain (loss expressed with “—”)		
Net exposure hedging gain (loss expressed with “—”)		

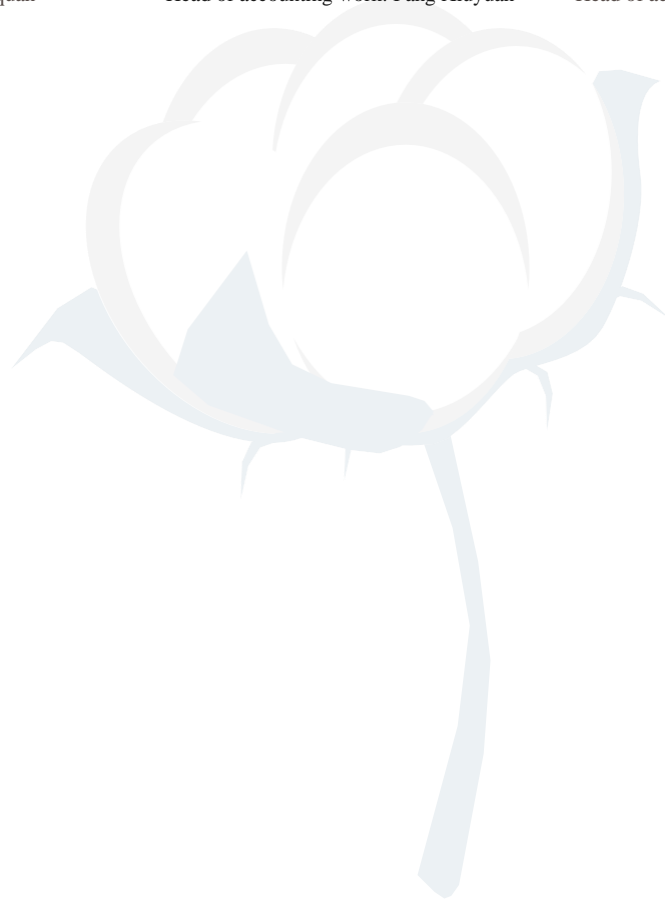
Item	HY 2024	HY 2023
Income from fair value changes (loss expressed with “—”)	7,577,712.84	59,639,836.03
Credit impairment losses (loss expressed with “—”)	-8,295,817.44	2,831,973.61
Assets impairment losses (loss expressed with “—”)	-55,975,503.16	-100,794,883.37
Income from disposal of assets (loss expressed with “—”)	1,930,800.28	5,324,751.10
III. Operating profit (loss to be filled out with the minus sign “—”)	473,456,081.33	819,277,047.31
Plus: Non-revenue	6,143,356.51	6,702,598.77
Less: non-operating expenditure	6,218,160.01	4,906,948.03
IV. Total profit (total loss to be filled out with the minus sign “—”)	473,381,277.83	821,072,698.05
Less: Income tax expenses	67,151,050.24	114,886,459.15
V. Net profit (net loss to be filled out with the minus sign “—”)	406,230,227.59	706,186,238.90
(I) Classified by business continuity		
1. Net profits from going concern (net loss expressed with “—”)	406,230,227.59	706,186,238.90
2. Net profits from discontinuing operation (net loss expressed with “—”)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of parent company (net loss expressed with “—”)	384,150,379.21	681,617,022.69
2. Minority interest income (net loss expressed with “—”)	22,079,848.38	24,569,216.21
VI. Net amount of other comprehensive income after tax	-5,381,735.14	2,650,491.58
Net amount of other comprehensive income after tax attributed to parent company owners	-2,931,540.14	1,563,872.28
(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	-2,931,540.14	1,563,872.28
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	HY 2024	HY 2023
6. Balance arising from the translation of foreign currency financial statements	-2,931,540.14	1,563,872.28
7. Others		
Net amount of other comprehensive income after tax attributed to minority shareholders	-2,450,195.00	1,086,619.30
VII. Total comprehensive income	400,848,492.45	708,836,730.48
Total comprehensive income attributed to parent company owners	381,218,839.07	683,180,894.97
Total comprehensive income attributed to minority shareholders	19,629,653.38	25,655,835.51
VIII. Earnings per share:		
(I) Basic earnings per share	0.6568	1.1599
(II) Diluted earnings per share	0.6568	1.1599

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan



4. Income Statement of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	HY 2024	HY 2023
I. Revenue	1,142,885,165.37	1,688,984,838.44
Subtract: Cost of sale	843,883,491.16	1,107,234,465.65
Taxes and Surcharges	2,846,781.23	6,199,059.31
Selling Expenses	187,126,269.52	171,944,157.54
Administrative Expenses	113,371,192.10	119,410,984.58
R&D Expenses	35,362,397.99	67,280,160.05
Financial Expenses	-39,776,317.53	-54,781,345.93
Including: interest expenditure	12,318,004.15	21,619,496.73
Interest revenue	49,479,261.49	63,513,874.74
Plus: other incomes	3,495,598.59	9,242,864.74
Income from investment (loss expressed with “—”)	39,088,282.06	33,524,358.49
Including: Income from investment of joint venture and cooperative enterprise	115,196.26	1,580,818.74
Income from derecognition of financial assets measured at amortized cost		
Net exposure hedging gain (loss expressed with “—”)		
Income from fair value changes (loss expressed with “—”)	8,771,776.99	58,989,477.64
Credit impairment losses (loss expressed with “—”)	-3,330,023.26	4,720,507.23
Assets impairment losses (loss expressed with “—”)	-29,827,536.85	-57,802,348.67
Income from disposal of assets (loss expressed with “—”)	-5,882.01	0.00
II. Operating profit (loss to be filled out with the minus sign “—”)	18,263,566.42	320,372,216.67
Plus: Non-revenue	2,874,156.67	2,045,766.35
Less: non-operating expenditure	13,301.22	167,212.91
III. Total profit (total loss to be filled out with the minus sign “—”)	21,124,421.87	322,250,770.11
Less: Income tax expenses	-176,324.95	43,991,014.19
IV. Net profit (net loss to be filled out with the minus sign “—”)	21,300,746.82	278,259,755.92
(I) Net profits from going concern (net loss expressed with “—”)	21,300,746.82	278,259,755.92
(II) Net profits from discontinuing operation (net loss expressed with “—”)		
V. Net amount of other comprehensive income after tax		

Item	HY 2024	HY 2023
(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	21,300,746.82	278,259,755.92
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

5. Consolidated Statement of Cash Flow

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	HY 2024	HY 2023
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	3,990,560,078.41	4,149,289,686.79
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	65,619,772.70	39,145,772.95
Other cash received related to operating activities	55,894,748.84	152,209,281.69
Subtotal of cash inflow from operating activities	4,112,074,599.95	4,340,644,741.43
Cash paid to buy products and accept labor services	2,474,941,986.21	2,347,177,845.94
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	866,973,104.55	945,931,347.90
Taxes and fees paid	229,343,272.00	539,168,797.14
Other cash paid related to operating activities	347,482,720.43	350,188,037.56
Subtotal of cash outflow from operating activities	3,918,741,083.19	4,182,466,028.54
Net cash flow from operating activities	193,333,516.76	158,178,712.89

Item	HY 2024	HY 2023
II. Cash flow from investment activities:		
Cash from investment withdrawal	1,464,000,000.00	3,567,682,315.00
Cash from investment income	106,178,840.35	74,573,040.85
Net cash from disposal of fixed assets, intangible assets and other long-term assets	1,341,937.98	3,744,427.60
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	1,571,520,778.33	3,645,999,783.45
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	436,264,526.19	423,829,164.39
Cash paid for investment	1,559,074,000.00	2,820,573,504.00
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units	55,605.69	21,176,136.32
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	1,995,394,131.88	3,265,578,804.71
Net cash flow from investing activities	-423,873,353.55	380,420,978.74
III. Cash flow from financing activities:		
Receipts from equity securities	200,000.00	
Including: Cash received from subsidiaries' absorption of minority shareholders' investment	200,000.00	
Cash received from borrowings	1,170,196,567.28	1,113,000,000.00
Other cash received related to financing activities	180,000,000.00	50,000,000.00
Subtotal of cash inflow from financial activities	1,350,396,567.28	1,163,000,000.00
Cash repayments of amounts borrowed	1,503,100,000.00	1,453,050,000.00
Cash paid for distribution of dividends or profits and for interest expenses	99,563,509.69	281,994,493.51
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	308,629,278.45	106,678,094.74
Subtotal of cash outflow from financial activities	1,911,292,788.14	1,841,722,588.25
Net cash flow from financing activities	-560,896,220.86	-678,722,588.25
IV. Impact of exchange rate movements on cash and cash equivalents	8,094,521.16	5,741,177.61
V. Net increase in cash and cash equivalents	-783,341,536.49	-134,381,719.01
Plus: Balance of cash and cash equivalents at the beginning of the period	4,677,340,782.45	4,370,821,958.17
VI. Balance of cash and cash equivalents at end of period	3,893,999,245.96	4,236,440,239.16

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

6. Cash Flow Statement of Parent Company

Prepared by: Winner Medical Co., Ltd.

Unit: yuan

Item	HY 2024	HY 2023
I. Cash flow from financing activities:		
Cash from selling goods or offering labor	1,461,979,627.57	2,009,939,115.28
Refund of tax and levies	48,183,207.49	30,090,751.05
Other cash received related to operating activities	12,521,749.16	127,280,729.54
Subtotal of cash inflow from operating activities	1,522,684,584.22	2,167,310,595.87
Cash paid to buy products and accept labor services	540,875,383.95	793,781,802.03
Cash paid to and for employees	198,607,174.73	270,071,817.38
Taxes and fees paid	3,548,498.60	188,487,201.67
Other cash paid related to operating activities	225,362,322.31	545,109,264.17
Subtotal of cash outflow from operating activities	968,393,379.59	1,797,450,085.25
Net cash flow from operating activities	554,291,204.63	369,860,510.62
II. Cash flow from investment activities:		
Cash from investment withdrawal	1,214,000,000.00	2,651,995,000.00
Cash from investment income	102,459,308.04	66,170,519.75
Net cash from disposal of fixed assets, intangible assets and other long-term assets	289,861.38	3,011,395.00
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	1,316,749,169.42	2,721,176,914.75
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	97,016,023.57	68,641,277.60
Cash paid for investment	1,334,074,000.00	2,123,934,344.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	1,431,090,023.57	2,192,575,621.60
Net cash flow from investing activities	-114,340,854.15	528,601,293.15
III. Cash flow from financing activities:		
Receipts from equity securities		
Cash received from borrowings	200,000,000.00	400,000,000.00

Item	HY 2024	HY 2023
Other cash received related to financing activities	80,000,000.00	50,000,000.00
Subtotal of cash inflow from financial activities	280,000,000.00	450,000,000.00
Cash repayments of amounts borrowed	1,280,000,000.00	1,280,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	99,293,133.63	257,603,321.30
Other cash paid related to financing activities	208,415,552.24	11,308,615.92
Subtotal of cash outflow from financial activities	1,587,708,685.87	1,548,911,937.22
Net cash flow from financing activities	-1,307,708,685.87	-1,098,911,937.22
IV. Impact of exchange rate movements on cash and cash equivalents	2,169,362.18	3,014,936.71
V. Net increase in cash and cash equivalents	-865,588,973.21	-197,435,196.74
Plus: Balance of cash and cash equivalents at the beginning of the period	3,709,747,259.03	3,540,343,438.87
VI. Balance of cash and cash equivalents at end of period	2,844,158,285.82	3,342,908,242.13

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

7. Consolidated Statement of Changes in Owners' Equity

Prepared by: Winner Medical Co., Ltd.

Current period amount

Unit: yuan

Item	Semiannual 2024											Minority equity	Total owners' equities	
	Owners' equities attributable to the owners of parent company													
	Capital Stock	Other Equity Instruments			Capital Reserve	Less: treasury stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	General risk provision	Undistributed Profit			Others
I. Closing balance of the previous year	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
Plus: Changes in accounting policies														
Prior period error correction														
Others														
II. Beginning balance in current year	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
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	6,094,659.00				442,215,864.75	256,237,646.96	2,931,540.14			92,985,475.21		102,018,941.72	22,739,880.36	-79,279,061.36
(I) Total comprehensive income							2,931,540.14			384,150,379.21		381,218,839.07	19,629,653.38	400,848,492.45
(II) Owners invested and decreased capital					2,908,958.42							2,908,958.42	0.00	2,908,958.42
1. Common stock invested by the owner												0.00	0.00	0.00
2. Capital invested by other equity instrument holders												0.00	0.00	0.00
3. Amount of share-based payment included in the owner's equity					2,908,958.42							2,908,958.42	0.00	2,908,958.42
4. Others												0.00	0.00	0.00
(III) Profit distribution													0.00	-291,164,904.00
1. Withdrawal of surplus reserves												0.00	0.00	0.00
2. Withdrawal of general risk preparation												0.00	0.00	0.00
3. Distribution of owners (or shareholders)												291,164,904.00	0.00	-291,164,904.00
4. Others												0.00	0.00	0.00
(IV) Internal transfer of owner's equity	6,094,659.00				445,124,823.17	451,219,482.17	0.00			0.00		0.00	0.00	0.00
1. Capital surplus transfer to paid-in capital (or capital stock)												0.00	0.00	0.00
2. Earned surplus transfer to paid-in capital (or capital stock)												0.00	0.00	0.00
3. Earned surplus covering the deficit												0.00	0.00	0.00
4. Carryforward retained earnings in variation of defined benefit plan												0.00	0.00	0.00
5. Carryforward retained earnings of other comprehensive income												0.00	0.00	0.00
6. Others	6,094,659.00				445,124,823.17	451,219,482.17	0.00			0.00		0.00	0.00	0.00
(V) Special Reserve												0.00	0.00	0.00
1. Draw in this current												0.00	0.00	0.00
2. Use in this current												0.00	0.00	0.00
(VI) Others						194,981,835.21						194,981,835.21	3,110,226.98	-191,871,608.23
IV. Balance at the end of current period	588,292,708.00				3,938,910,622.54	217,314,795.89	716,170.70	420,212,778.13		6,701,820,244.20		11,431,205,386.28	599,837,355.51	12,031,042,741.79

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

7. Consolidated Statement of Change in Equity (Continued)

Prepared by: Winner Medical Co., Ltd.

Prior year amount

Unit: yuan

Item	Semiannual 2024													
	Owners' equities attributable to the owners of parent company											Minority equity	Total owners' equities	
	Capital Stock	Other Equity Instruments			Capital Reserve	Less: treasury stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	General risk provision	Undistributed Profit			Others
	Preferred shares	Perpetual bonds	Others											
I. Closing balance of the 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										15,161,518.35		15,161,518.35		15,161,518.35
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		6,826,115,347.65		11,719,768,089.06	478,161,435.74	12,197,929,524.80
III. Increase or decrease in the current period Amount (less to be filled out with the minus sign "-")	167,895,059.00				166,925,686.35		1,563,872.28			115,884,510.42		113,351,265.49	39,720,355.84	-73,630,909.65
(I) Total comprehensive income							1,563,872.28			681,617,022.68		683,180,894.96	25,655,835.51	708,836,730.47
(II) Owner's invested and decreased capital					969,372.65							969,372.65	0.00	969,372.65
1. Common stock invested by the owner												0.00	0.00	0.00
2. Capital invested by other equity instrument holders												0.00	0.00	0.00
3. Amount of share-based payment included in the owner's equity					969,372.65							969,372.65	0.00	969,372.65
4. Others													0.00	
(III) Profit distribution										797,501,533.10		797,501,533.10	0.00	-797,501,533.10
1. Withdrawal of surplus reserves													0.00	
2. Withdrawal of general risk preparation													0.00	
3. Distribution of owners (or shareholders)										797,501,533.10		797,501,533.10	0.00	-797,501,533.10
4. Others													0.00	
(IV) Internal transfer of owner's equity	167,895,059.00				167,895,059.00								0.00	
1. Capital surplus transfer to paid-in capital (or capital stock)	167,895,059.00				167,895,059.00								0.00	
2. Earned surplus transfer to paid-in capital (or capital stock)													0.00	
3. Earned surplus covering the deficit													0.00	
4. Carryforward retained earnings in variation of defined benefit plan													0.00	
5. Carryforward retained earnings of other comprehensive income													0.00	
6. Others													0.00	
(V) Special Reserve													0.00	
1. Draw in this current													0.00	
2. Use in this current													0.00	
(VI) Others												0.00	14,064,520.33	14,064,520.33
IV. Balance at the end of current period	594,387,367.00				4,379,321,924.89	500,082,734.11	2,346,650.43	420,212,778.13		6,710,230,837.23		11,606,416,823.57	517,881,791.58	12,124,298,615.15

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

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

Prepared by: Winner Medical Co., Ltd.

Current period amount

Unit: yuan

Item	Semiannual 2024											
	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. Closing balance of the previous year	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
Plus: Changes in accounting policies												
Prior period error correction												
Others												
II. Beginning balance in current year	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
III. Increase/decrease in the current period (less to be filled out with the minus sign "+")	-6,094,659.00				-442,215,864.75	-256,237,646.96				269,864,157.17	-	-461,937,033.96
(I) Total comprehensive income										21,300,746.83		21,300,746.83
(II) Owner's invested and decreased capital					2,908,958.42							2,908,958.42
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					2,908,958.42							2,908,958.42
4. Others												
(III) Profit distribution										291,164,904.00	-	-291,164,904.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										291,164,904.00	-	-291,164,904.00
3. Others												
(IV) Internal transfer of owner's equity	-6,094,659.00				-445,124,823.17	-451,219,482.17						
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	-6,094,659.00				-445,124,823.17	-451,219,482.17						
(V) Special Reserve												
1. Draw in this current												
2. Use in this current												
(VI) Others						194,981,835.21						-194,981,835.21
IV. Balance at the end of current period	588,292,708.00				3,938,164,250.05	217,314,795.89			411,397,111.21	4,627,174,936.42		9,347,714,209.79

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

8. Statement of Change in Equity of Parent Company (Continued)

Prepared by: Winner Medical Co., Ltd.

Previous period amount

Unit: yuan

Item	Semiannual 2024										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. Closing balance of the previous year	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
Plus: Changes in accounting policies												
Prior period error correction												
Others												
II. Beginning balance in current year	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
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	-6,094,659.00				-442,215,864.75	-256,237,646.96				269,864,157.17	-	-461,937,033.96
(I) Total comprehensive income										21,300,746.83		21,300,746.83
(II) Owner's invested and decreased capital					2,908,958.42							2,908,958.42
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					2,908,958.42							2,908,958.42
4. Others												
(III) Profit distribution										-291,164,904.00		-291,164,904.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										-291,164,904.00		-291,164,904.00
3. Others												
(IV) Internal transfer of owner's equity	-6,094,659.00				-445,124,823.17	-451,219,482.17						
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	-6,094,659.00				-445,124,823.17	-451,219,482.17						
(V) Special Reserve												
1. Draw in this current												
2. Use in this current												
(VI) Others						194,981,835.21						-194,981,835.21
IV. Balance at the end of current period	588,292,708.00				3,938,164,250.05	217,314,795.89			411,397,111.21	4,627,174,936.42		9,347,714,209.79

Legal representative: Li Jianquan

Head of accounting work: Fang Xiuyuan

Head of accounting institution: Zhao Yan

III. Basic Information of the Company

1. Company Profile

Winner Medical Co., Ltd. (hereinafter referred to as the “Company” or “our Company”), formerly known as Winner Industry (Shenzhen) Co., Ltd. (hereinafter referred to as “Winner Industry”), 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 installments. On April 2, 2001, the registered capital of HKD 18,023,154.30 was invested in cash and cash equivalents, 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 fabric 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 cash and cash equivalents, 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 of HKD 56.00 million was transferred from the undistributed profits after tax of the Company, and such newly increased registered capital was invested within half a year after 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 corporate type 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 has converted undistributed profits into capital of HKD6,576,196.00, and the paid-in amount of the changed accumulated registered capital is HKD 126,000,000. This capital increase has been verified by Shenzhen Hengping Accounting Firm with the capital verification report [2007] No.0004. On August 13, 2007, the Company obtained the changed business license of enterprise legal person issued by Shenzhen Administration for Industry and Commerce and revised 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 address from No. 1 Wenjian Avenue, Bulong Road, Longhua Street, Baoan District, Shenzhen to Winner Industrial Park beside Bulong Road, Longhua Street, Bao'an District, Shenzhen.

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 196.2713 million, and the total investment was still HKD 380.00 million.

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

Name of invested entity	Proportion (%)	Book value of equity contribution net assets (RMB 10,000)	Amount of equity contribution (RMB 10,000)	Amount included in capital surplus (RMB 10,000)	Amount of equity contribution (convert to HKD 10,000)
		(a)	(b)	(c)=(a)-(b)	(D) = (b)*conversion exchange rate
Winner Medical (Chongyang) Co., Ltd. (formerly known as "Chongyang Winner Medical Textile Co., Ltd.")	100.00	3,232.93	32.33	3,200.60	39.94
Winner Medical (Jiayu) Co., Ltd. (formerly known as "Jiayu Winner Medical Textile Co., Ltd.")	100.00	3,520.95	35.21	3,485.74	43.50
Winner Medical (Jingmen) Co., Ltd. (formerly known as "Jingmen Winner Medical Textile Co., Ltd.")	100.00	2,527.24	25.27	2,501.97	31.22

Name of invested entity	Proportion (%)	Book value of equity contribution net assets (RMB 10,000)	Amount of equity contribution (RMB 10,000)	Amount included in capital surplus (RMB 10,000)	Amount of equity contribution (convert to HKD 10,000)
		(a)	(b)	(c)=(a)-(b)	(D) = (b)*conversion exchange rate
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 380,000,000. 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, Baoan District, Shenzhen to Winner Industrial Park, No. 660 Bulong Road, Longhua New District, Shenzhen. 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 380.00 million. 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 decided to increase the registered capital of the company by HKD22,550,300. The registered capital after the change was HKD 240,536,400, and the total investment was still HKD 380.00 million. The new registered capital was subscribed by Beijing Sequoia Xinyuan Equity Investment Center (Limited Partnership) (hereinafter referred to as “Sequoia Xinyuan”) with RMB 300.00 million. After the completion of the capital increase, the Company’s ownership structure was changed as follows:

Investor	Capital contribution amount (HKD ten thousand)	Proportion (%)
Winner Group Limited	18,984.01	78.9236
Kangsheng Investment	1,396.90	5.8074
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	24,053.64	100.0000

As of October 31, 2014, it has received RMB 300.00 million from Sequoia Xinyuan in cash and cash equivalents. 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 Industry was wholly changed into a limited liability Company, with a registered capital of RMB 368 million. In accordance with the provisions of the Sponsorship Agreement and Articles of Association, the shareholders converted their audited net assets as of February 28, 2015 of RMB 1,058,194,956.32 into 368 million shares at a ratio of 1:0.3478, par value of each share was RMB 1, and the total share capital was RMB 368 million and held separately by the original shareholders in accordance with their original proportions; the remaining RMB 690,194,956.32 was included in the capital surplus (due to the change of calculation policy of Company's receivables bad debt provision during the reporting period, the audited net assets of the Company as of the base date of share reform were adjusted to RMB 1,050,812,354.45, and the corresponding share conversion ratio was adjusted to 1: 0.3502). On June 4, 2015, with the approval of Economy, Trade and Information Commission of Shenzhen Municipality, Winner Industry 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 RMB 8,492,308, with the registered capital after the change of RMB 376,492,308. The new registered capital was subscribed by Shenzhen Capital Group Co., Ltd. (hereinafter referred to as "SCGC") with RMB 300.00 million. After the completion of the capital increase, the Company's ownership structure was changed as follows:

Investor	Amount of contribution (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 RMB 300.00 million from SCGC in cash and cash equivalents. 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.Z110525 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 RMB 50 million of common shares to the public, which was listed on the Shenzhen Stock Exchange on September 17, 2020. Upon completion of the issuance, the registered capital of the Company was RMB 426,492,308.

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 first extraordinary shareholders' meeting of the Company in 2024 deliberated and passed the *Proposal on the Repurchase and Cancellation of Remaining Shares in the Special Securities Account* and the *Proposal on Amending the Articles of Association and Handling the Registration of Industrial and Commercial Changes*, and changed the original purpose of 6,094,659 shares remaining in the repurchase account excluding the first-phase employee stock ownership plan (including the reserved part) from "used for the Company's employee stock ownership plan or equity incentive" to "used for cancellation to reduce the Company's registered capital". After the cancellation of the repurchased shares, the Company's share capital has been reduced from RMB 594,387,367.00 yuan to RMB 588,292,708.00.

The Company belongs to textile industry.

Business term: sustainable operation.

Business scope: production and operation of class II, III 6864 medical hygiene materials, medical biological materials, dressings and products, medical clothing, protective articles, textiles, nonwoven products and molded packaging (the above products do not include the goods subject to national export license administration) and related products, disposable consumables and molded packaging; engaging in wholesale, import and export, retail (including online sales) and other related ancillary businesses of all Class I medical devices, all Class II medical devices (excluding in vitro diagnostic reagents), Class III medical devices: medical hygiene materials and dressings, medical suture materials and adhesives, medical polymer materials and products (except disposable transfusion apparatus (needle)), general diagnostic instruments, medical cold treatment, low temperature, refrigerating equipment and tools, cotton household articles, cotton clothing, cotton costume, 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; 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 August 26, 2024.

2. Scope of Consolidated Financial Statements

As of June 30, 2024, 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)")

Subsidiary name
Winner Medical (Hong Kong) Ltd. (hereinafter referred to as “Hong Kong Winner”)
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”)
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 “Zhejiang Longterm”)
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 “Guilin Latex”)
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”)

Subsidiary name
Shanghai Hongsong Medical Device Co., Ltd. (hereinafter referred to as “Shanghai Hongsong”)
Winner (Jinzhou) Latex Products Co., Ltd. (hereinafter referred to as “Jinzhou Latex”)
Wuhan Purcotton Technology Co., Ltd. (hereinafter referred to as “Wuhan Purcotton”)
Hong Kong Purcotton Technology Co., Ltd. (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. (hereinafter referred to as “Wuhan Digital Technology”)
Zhejiang Honglan Technology Co., Ltd. 1* (hereinafter referred to as “Zhejiang Honglan”)
Winner Medical Biomedical Technology (Wuhan) Co., Ltd. 2* (hereinafter referred to as “Winner Medical”)
Purecotton Agricultural Technology (Wuhan) Co., Ltd. 3* (hereinafter referred to as “Purecotton Agricultural Technology”)

1* Zhejiang Honglan is added for consolidation in 2024;

2* Winner Medical is established in 2024;

3* Purecotton Agricultural Technology is established in 2024.

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 Standards for Business Enterprises -- Basic Standard* issued by the Ministry of Finance, various special accounting standards, guideline for application of accounting standards 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 June 30, 2024 and the business performance and cash flows of the consolidated and parent company in HY 2024.

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 and 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). When the basis and measurement method for derecognition of financial assets and transfer of financial assets meet one of the following conditions, the Company derecognizes financial assets:

- 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*, 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 have 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 are 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 receivable 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 is 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)	5.00	5.00	
1-2 year(s)	10.00	10.00	
2-3 year(s)	30.00	30.00	50.00
3-4 year(s)	50.00	50.00	100.00
4-5 year(s)	80.00	80.00	100.00
More than 5 years	100.00	100.00	100.00

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

For details, please refer to Note V. Significant accounting policies and accounting estimates 11. Financial instruments.

13. Accounts Receivable

For details, please refer to Note V. Significant accounting policies and accounting estimates 11. Financial instruments.

14. Amounts Receivable Financing

For details, please refer to Note V. Significant accounting policies and accounting estimates 11. Financial instruments.

15. Other Receivables

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

For details, please refer to Note V. Significant accounting policies and accounting estimates 11. Financial instruments.

16. Contract Assets

1. Methods and standards for the recognition of contract assets

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

For the determination method and accounting treatment method of expected credit loss of contract assets, please refer to "V. Significant accounting policies and accounting estimates 11. Financial instruments (6), test methods and accounting treatment methods of financial instrument impairment" in this note.

17. Inventory

(1). Classification and cost of inventories

The inventories are classified as raw materials, low-value consumables, finished goods, 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). Inventory system

The perpetual inventory system is adopted.

(4). Amortization methods of low-value consumables 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, finished goods, 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 having 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.

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

N/A

20. Other Debt Investments

N/A

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 recognize the investment income in the 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 are 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%
Offshore land ownership	Others	N/A	N/A	N/A

No depreciation is provided for offshore land ownership.

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 shall be 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 expenditure is directly related to the Company's R&D activities, including the relevant staff salaries of personnel engaged in R&D activities, directly invested material expenses, depreciation and amortization expenses, and other expenses, and is collected in the following ways: The related staff salaries of personnel engaged in R&D activities mainly refer to the salaries, bonuses, social security and provident fund expenses of personnel directly engaged in R&D activities, the materials directly invested mainly refer to the relevant materials directly invested in R&D activities, the depreciation and amortization expenses mainly refer to the depreciation and amortization of fixed assets or intangible assets used in R&D activities, and other expenses mainly refer to the travel expenses and testing fees of R&D personnel directly related to the company's R&D activities.

2) Specific criteria for dividing research stage and development stage

The expenditure of the Company's internal R&D projects is classified into the expenditure at the research stage and the expenditure at the development stage.

Research stage: the stage of original, planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development stage: the stage in which research or other knowledge is applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

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:

- a. Technically feasible to complete the intangible assets, so that they can be used or sold;
- b. It is intended to finish and use or sell the intangible assets;
- c. 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;
- d. 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
- e. 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 the 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 dismissal 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 will be classified as financial liabilities at the time of initial recognition in whole or in part:

- (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 will be classified as equity instrument at the time of initial recognition in whole or in part.

37. Income

Accounting policies for income recognition and measurement

The Company has fulfilled its contractual obligation to recognize income when the customer acquires control of the relevant goods or services. Obtaining control of the relevant goods or services is the ability to dominate the use of the goods or services and gain almost all economic benefits from them.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services committed by each individual performance obligation. The Company's income shall be measured according to the transaction price apportioned to each individual performance obligation.

The transaction price means the amount of consideration that the Company is expected to be entitled to collect for the transfer of goods or services to the customer, excluding payments collected on behalf of third parties and amounts expected to be returned to the customer. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practices, and in determining the transaction price, it takes into account the impact of variable consideration, material financing elements in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price including the variable consideration by an amount not exceeding the amount of accumulated recognized income which is highly unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash when the customer acquires control of the goods or services, and shall amortize the difference between the transaction price and the contract consideration by the effective interest method during the contract period.

If one of the following conditions is satisfied, it shall be deemed to have performed its performance obligation within a certain period of time; otherwise, it shall be deemed to have performed its performance obligation at a certain time point:

- The customer obtains and consumes the economic benefits arising from the Company's performance at the same time of the Company's performance.
- The customer can control the goods under construction during the Company's performance.
- The goods produced by the Company during the performance are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company will use the output method or input method to determine the performance schedule. If the performance schedule cannot be reasonably determined and the cost already incurred is expected to be compensated, the Company shall recognize the income according to the cost already incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes income at the time point when the customer acquires control of the relevant goods or services. In determining whether the customer has acquired control of goods or services, the Company considers the following indications:

- The Company has the current collection right for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- The Company has transferred legal ownership to the goods to the customer, that is, the customer has legal ownership of the goods.
- The Company has physically transferred the goods to the customer, that is, the customer has physically possessed the goods.
- The Company has transferred the main risk and remuneration in the ownership of the goods to the customer, that is, the customer has acquired the main risk and remuneration in the ownership of the goods.
- The customer has accepted the goods or services, etc.

Confirmation and measurement method for differences in income recognition accounting policies caused by different business modes for the same business

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.

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 / 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 taxpayer 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. 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 refer 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. 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:

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

- 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;
- 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 “III. (10) 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 case of debt restructuring by modifying other clauses, the Company shall confirm and measure the restructured creditor's rights in accordance with "V.11. Financial Instruments" in 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. 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. 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

(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 2024

Applicable Not applicable

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 the 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), Pan-China (H.K.), Hong Kong Purcotton	16.50%
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%. The application for review has been submitted in the current period and is in the review stage.

- (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 [2021] No. 30* issued by the Ministry of Finance and State Taxation Administration, Qianhai Purcotton pays its corporate 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 03, 2021. From 2021 to 2023, the corporate income tax can be paid at a preferential tax rate of 15.00%. The application for review has been submitted in the current period and is in the review stage.
- (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, the corporate income tax can be paid at a preferential tax rate of 15.00%. The application for review has been submitted in the current period and is in the review stage.
- (6) According to the *Notice on Publicizing the List of Second Batch of High-tech Enterprises to be Identified in Hubei Province in 2021* issued 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. From 2021 to 2023, the corporate income tax can be paid at a preferential tax rate of 15.00%. The application for review has been submitted in the current period and is in the review stage.
- (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) Zhejiang Longterm 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 RMB 1 million 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 RMB 1 million but not exceeding RMB 3 million 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%. It obtained an updated high-tech enterprise qualification certificate on December 2, 2019 with a validity period of three years until 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 RMB 1 million 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 RMB 1 million but not exceeding RMB 3 million shall be reduced by 25% 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 RMB 1 million, and the actual tax rate is 2.5%.

- (12) On December 4, 2023, Guilin Latex 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.

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	120,879.58	76,471.98
Bank deposit	3,892,515,173.35	4,676,600,881.85
Other cash and cash equivalents	25,036,132.86	29,454,717.44
Total	3,917,672,185.79	4,706,132,071.27
Where: total amount deposited abroad	19,211,574.51	6,765,888.80

Other description

The breakdown of cash and cash equivalents that are restricted in use due to mortgages, pledges, or freezes—along with funds restricted in withdrawal due to centralized management and those placed outside China with limitations on repatriation—is as follows:

Unit: yuan

Item	Closing Balance	Closing balance of the previous year
Deposit for bank acceptance bill* 1	12,069,029.85	10,935,300.00
Letter of Credit deposit* 2	100,000.00	100,000.00
Performance bond* 3	5,358,039.51	5,077,060.94
Letter of Guarantee bond* 4		6,600,000.00
Balance of other restricted cash and cash equivalents*5	6,145,870.47	6,078,927.88
Total	23,672,939.83	28,791,288.82

*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 cash and cash equivalents 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	2,524,636,253.55	2,850,058,540.71
Including:		
Bank financial products	1,389,316,876.93	1,735,249,266.74
Trust products	1,135,319,376.62	1,114,809,273.97
Including:		
Total	2,524,636,253.55	2,850,058,540.71

Other description:

3. Derivative Financial Assets

Unit: yuan		
Item	Closing Balance	Balance at the beginning of the period

Other description:

4. Notes Receivable

(1) Classified presentation of notes receivable

Unit: yuan		
Item	Closing Balance	Balance at the beginning of the period
Bank acceptance bill	13,038,762.74	42,963,076.53
Total	13,038,762.74	42,963,076.53

(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 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 the current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in the current period				Closing Balance
		Accrual	Recovered or reversed	Write-off	Others	
Where the amount of bad debt provision recovered or reversed is important:						
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> 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	69,732,163.99	9,781,329.43
Total	69,732,163.99	9,781,329.43

(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:

5. Accounts Receivable

(1) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	971,129,613.15	802,426,859.44
1~2 years	18,939,037.78	12,583,559.62
2~3 years	8,955,263.34	4,051,224.68
More than 3 years	1,603,350.37	2,899,121.73
3~4 years	582,703.84	1,601,949.62
4~5 years	111,274.96	292,384.46
More than 5 years	909,371.57	1,004,787.65
Total	1,000,627,264.64	821,960,765.47

(2) Classified disclosure according to bad debt accrual method

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	
Accounts receivable of provision for bad debt by single item	9,198,401.53	0.92%	9,198,401.53	100.00%	0.00	9,715,810.58	1.18%	9,715,810.58	100.00%	0.00
Including:										
Accounts receivable of provision for bad debt by combination	991,428,863.11	99.08%	52,197,666.42	5.26%	939,231,196.69	812,244,954.89	98.82%	43,642,665.29	5.37%	768,602,289.60
Including:										
Aging analysis method	991,428,863.11	99.08%	52,197,666.42	5.26%	939,231,196.69	812,244,954.89	98.82%	43,642,665.29	5.37%	768,602,289.60
Total	1,000,627,264.64	100.00%	61,396,067.95	6.14%	939,231,196.69	821,960,765.47	100.00%	53,358,475.87	6.49%	768,602,289.60

Category name of provision for bad debts 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	
Better Life Commercial Chain Share Co., Ltd.	6,387,334.23	6,387,334.23	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	3,328,476.35	3,328,476.35	2,811,067.30	2,811,067.30	100.00%	Expected to be irrecoverable
Total	9,715,810.58	9,715,810.58	9,198,401.53	9,198,401.53		

Category name of provision for bad debts by combination: aging combination

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	971,129,613.15	48,556,480.64	5.00%
1~2 years	16,286,637.78	1,628,663.78	10.00%
2~3 years	2,409,261.81	722,778.54	30.00%
3~4 years	582,703.84	291,351.92	50.00%
4~5 years	111,274.96	89,019.97	80.00%
More than 5 years	909,371.57	909,371.57	100.00%
Total	991,428,863.11	52,197,666.42	

Description of the basis for determining the combination:

Recognition criteria and description of bad debts by combination: On June 30, 2024, 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 June 30, 2024 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 the current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in the current period			Closing Balance	
		Accrual	Recovered or reversed	Write-off		Others
Provision for bad debt of accounts receivable	53,358,475.87	11,881,554.39	3,845,885.75		1,923.44	61,396,067.95
Total	53,358,475.87	11,881,554.39	3,845,885.75		1,923.44	61,396,067.95

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	160,117,934.18		160,117,934.18	16.00%	8,005,896.71
Second	40,841,194.94		40,841,194.94	4.08%	2,042,059.75
Third	31,202,311.27		31,202,311.27	3.12%	1,560,115.56
Fourth	28,893,796.10		28,893,796.10	2.89%	1,444,689.81
Fifth	17,147,230.77		17,147,230.77	1.71%	857,361.54
Total	278,202,467.26		278,202,467.26	27.80%	13,910,123.37

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 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 value	Book balance		Provision for bad debt		
	Amount	Proportion	Amount	Accruing proportion	Amount		Proportion	Amount	Accruing proportion	Book value	

Including:

Including:

Category numbers of provision for bad debts by combination: 0

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 the current period	Recovered or reversed during the period	Write off/verification in the 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 - bank acceptance bill	36,356,429.51	29,348,618.44
Total	36,356,429.51	29,348,618.44

(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 January 1, 2024 in the current period

Basis for division of each stage and provision ratio for bad debts

Description of significant changes in the book balance of accounts receivable financing, particularly those reflecting adjustments in loss provisions in 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	Amount of change in the 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:

(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	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-------------------	--------------------	-----------------------	--------------------------------	--

Description of write-off:

(7) Changes in the increase and decrease of receivables financing and changes in the fair value in the current period

(8) Other description

8. Other Receivables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other Receivables	225,809,699.10	218,913,405.18
Total	225,809,699.10	218,913,405.18

(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	Amount of change in the 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) 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 payment	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 the current period				Closing Balance
		Accrual	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 payment	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	220,155,320.00
Margin and deposit	105,391,132.51	101,019,054.40
Employee pretty cash	4,299,689.08	3,453,440.82
Others	15,130,535.28	13,192,323.37
Total	344,976,676.87	337,820,138.59

2) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	36,368,735.01	37,682,315.11
1~2 years	11,089,240.57	17,911,211.16
2~3 years	13,500,676.39	13,979,257.63
More than 3 years	284,018,024.90	268,247,354.69
3~4 years	17,455,107.99	17,098,300.38
4~5 years	227,860,059.30	228,654,779.32
More than 5 years	38,702,857.61	22,494,274.99
Total	344,976,676.87	337,820,138.59

3) Classified disclosure according to bad debt accrual method

Applicable Not applicable

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
Provision for bad debt by single item	220,391,165.90	63.89%	110,313,505.90	50.05%	110,077,660.00	220,391,165.90	65.24%	110,313,505.90	50.05%	110,077,660.00

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:										
Provision for bad debt by combination	124,585,510.97	36.11%	8,853,471.87	7.11%	115,732,039.10	117,428,972.69	34.76%	8,593,227.51	7.32%	108,835,745.18
Including:										
Aging combination	19,196,378.46	5.56%	3,584,015.24	18.67%	15,612,363.22	16,845,623.22	4.99%	3,565,039.11	21.16%	13,280,584.11
Margin deposit combination	105,389,132.51	30.55%	5,269,456.63	5.00%	100,119,675.88	100,583,349.47	29.77%	5,028,188.40	5.00%	95,555,161.07
Total	344,976,676.87	100.00%	119,166,977.77	34.54%	225,809,699.10	337,820,138.59	100.00%	118,906,733.41	35.20%	218,913,405.18

Category name of provision for bad debts by single item

Unit: yuan

Name	Balance at the beginning of the period			Closing Balance		
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Zijin County People's Government	220,155,320.00	110,077,660.00	220,155,320.00	110,077,660.00	50.00%	Government receivables with an accounting age of 4--5 years.
Others	235,845.90	235,845.90	235,845.90	235,845.90	100.00%	Expected to be irrecoverable
Total	220,391,165.90	110,313,505.90	220,391,165.90	110,313,505.90		

Category name of provision for bad debts by combination: aging combination

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	13,826,089.75	691,304.47	5.00%
1~2 years	70,374.48	7,037.45	10.00%
2~3 years	9,294.43	2,788.33	30.00%
3~4 years	4,807,469.63	2,403,734.82	50.00%
4~5 years	20,000.00	16,000.00	80.00%
More than 5 years	463,150.17	463,150.17	100.00%
Total	19,196,378.46	3,584,015.24	

Description of the basis for determining the combination:

Category name of provision for bad debts by combination: Margin / deposit combination

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Margin deposit	105,389,132.51	5,269,456.63	5.00%
Total	105,389,132.51	5,269,456.63	

Description of the basis for determining the combination:

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 (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2024	107,166,103.87		11,740,629.54	118,906,733.41
Balance on January 1, 2024 in the current period				
Accrual in the current period	824,433.84			824,433.84
Reversal in the current period	564,285.06			564,285.06
Other changes	95.58			95.58
Balance on June 30, 2024	107,426,348.23		11,740,629.54	119,166,977.77

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 the current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in the current period			Closing Balance
		Accrual	Recovered or reversed	Write off/verification	
Provision for bad debts of other receivables	118,906,733.41	824,433.84	564,285.06	95.58	119,166,977.77
Total	118,906,733.41	824,433.84	564,285.06	95.58	119,166,977.77

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
------	--------------------

Write-off of important other receivables:

Unit: yuan

Unit name	Nature of other receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-----------------------------	--------------------	-----------------------	--------------------------------	--

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	63.82%	110,077,660.00
Second	Employee pretty cash	2,431,586.61	Within 1 year	0.70%	121,579.33
Third	Margin and deposit	2,311,115.80	3-4 years	0.67%	121,579.33
Fourth	Others	2,000,000.00	3-4 years	0.58%	1,000,000.00
Fifth	Margin and deposit	1,192,033.54	Within 1 year	0.35%	59,601.68
Total		228,090,055.95		66.12%	111,380,420.34

7) Recorded under other receivables due to centralized fund management

Unit: yuan

Other description:

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	111,003,138.27	98.25%	119,158,386.43	97.45%
1~2 years	1,725,035.26	1.53%	2,613,992.18	2.14%
2~3 years	255,600.91	0.23%	509,364.14	0.42%
Total	112,983,774.44		122,281,742.75	

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 (Yuan)	Proportion in total ending balance of advances (%)
First	21,982,130.78	19.46%
Second	14,043,777.36	12.43%
Third	7,402,815.74	6.55%
Fourth	2,830,188.68	2.50%
Fifth	2,389,907.32	2.12%
Total	48,648,819.88	43.06%

Other description:

10. Inventory

Does the Company need to follow the disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: yuan

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value
Raw materials	289,841,593.34	16,287,848.00	273,553,745.34	257,540,786.57	13,590,764.92	243,950,021.65
Work process in	195,152,890.23	32,664,343.02	162,488,547.21	202,621,436.49	36,094,235.16	166,527,201.33
Finished goods	1,162,623,665.30	202,899,079.32	959,724,585.98	1,187,727,556.66	205,259,954.93	982,467,601.73
Goods transit in	39,872,021.84	0.00	39,872,021.84	24,716,158.02		24,716,158.02
Low-value consumables	19,639,739.16	2,095,923.93	17,543,815.23	18,264,295.81	1,598,990.58	16,665,305.23
Total	1,707,129,909.87	253,947,194.27	1,453,182,715.60	1,690,870,233.55	256,543,945.59	1,434,326,287.96

(2) Data resources recognized as inventory

Unit: yuan

Item	Inventory of outsourced data resources	Inventory of self-processed data resources	Inventory of data resources otherwise acquired	Total

(3) 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 the current period		Amount decreased in the current period		Closing Balance
		Accrual	Others	Reversal or write-back	Others	
Raw materials	13,590,764.92	9,895,273.94		7,198,190.86		16,287,848.00
Work process in	36,094,235.16	2,252,175.07		5,682,067.21		32,664,343.02
Finished goods	205,259,954.93	78,606,775.59		80,967,651.20		202,899,079.32
Low-value consumables	1,598,990.58	641,804.10		144,870.75		2,095,923.93
Total	256,543,945.59	91,396,028.70		93,992,780.02		253,947,194.27

Inventory impairment provision by portfolio

Unit: yuan

Combination name	The end of the period			The beginning of the period		
	Closing Balance	Provision for depreciation	Accruing proportion for depreciation provision	Balance at the beginning of the period	Provision for depreciation	Accruing proportion for depreciation provision

The accounting standard for calculating the provision for inventory impairment by portfolio

- (4) Description of ending balance of inventory containing the capitalized amount of borrowing costs
- (5) 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	4,500,791.23	4,379,308.17
Total	4,500,791.23	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	865,458.41	779,058.41
Interest on fixed deposit / large deposit	82,451,310.24	97,786,429.67
VAT input tax to be deducted / uncertified input tax	52,349,403.88	51,890,783.52
Prepaid corporate income tax	31,541,302.72	38,171,660.89
Unamortized expenses	15,419,863.48	10,150,883.88
Pledged certificate of deposit		180,000,000.00
Others	2,866.99	74,836.27
Total	182,630,205.72	378,853,652.64

Other description:

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 the current period	Decrease in the current period	Closing Balance
------	--	--------------------------------	--------------------------------	-----------------

(2) Major debt investments at the end of the period

Unit: yuan

Debt item	Closing Balance					Balance at the beginning of the period				
	Book value	Coupon rate	Actual rate	Maturity date	Overdue principal	Book value	Coupon rate	Actual rate	Maturity date	Overdue principal

(3) Provision for impairment

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	

Balance on January 1, 2024 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 the current period	Closing Balance	Cost	Accumulated fair value change	Accumulated impairment provision recognized in other comprehensive income	Remark
------	--	------------------	----------------------	---	-----------------	------	-------------------------------	---	--------

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 the current period	Decrease in the current period	Closing Balance
------	--	--------------------------------	--------------------------------	-----------------

(2) Other important debt investments at the end of the period

Unit: yuan

Other debt item	Closing Balance					Balance at the beginning of the period				
	Book value	Coupon rate	Actual rate	Maturity date	Overdue principal	Book value	Coupon rate	Actual rate	Maturity date	Overdue principal

(3) Provision for impairment

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	

Balance on January 1, 2024 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	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	Closing Balance	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	36,657,910.53		36,657,910.53	35,689,264.21		35,689,264.21	
Including: Unrealized financing gains	8,230,677.66		8,230,677.66	9,320,807.04		9,320,807.04	
Total	36,657,910.53		36,657,910.53	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 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 (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2024 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 the 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 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 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 the 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			Others
I. Cooperative enterprise												
II. Joint venture												
Chengdu Winner	20,377,034.07				115,196.26						20,492,230.33	
Hubei Xianchuang Technology Co., Ltd.	502,210.13										502,210.13	
S Company			428,074,000.00		-7,784,410.02	-27,725.77					420,261,864.21	
Subtotal	20,879,244.20		428,074,000.00		-7,669,213.76	-27,725.77					441,256,304.67	
Total	20,879,244.20		428,074,000.00		-7,669,213.76	-27,725.77					441,256,304.67	

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:

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	70,000,000.00
Total	70,000,000.00	70,000,000.00

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 the current period				
(1) Outsourcing				
(2) Transfer from inventory / fixed assets / construction in progress				
(3) Increase by business combination				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance	10,739,083.13			10,739,083.13

Item	Houses and buildings	Land use right	Construction in Progress	Total
II. Accumulated depreciation and accumulated amortization				
1. Balance at the beginning of the period	3,045,741.34			3,045,741.34
2. Amount increased in the current period	527,156.66			527,156.66
(1) Provision or amortization	527,156.66			527,156.66
3. Amount decreased in the current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance	3,572,898.00			3,572,898.00
III. Provision for impairment				
1. Balance at the beginning of the period				
2. Amount increased in the current period				
(1) Accrual				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other roll-out				
4. Closing Balance				
IV. Book value				
1. Ending book value	7,166,185.13			7,166,185.13
2. Beginning book value	7,693,341.79			7,693,341.79

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:

(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	2,903,124,395.97	2,749,018,750.62
Total	2,903,124,395.97	2,749,018,750.62

(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	2,009,828,801.41	1,860,574,551.49	35,543,871.77	164,134,135.94	4,070,081,360.61
2. Amount increased in the current period	55,942,706.67	242,443,246.16	1,622,017.97	7,974,471.09	307,982,441.89
(1) Purchase	10,358,791.71	60,242,676.89	1,424,053.37	7,496,016.53	79,521,538.50
(2) Transfer from construction progress in	45,583,914.96	182,200,569.27			227,784,484.23
(3) Increase by business combination			197,964.60	478,454.56	676,419.16
3. Amount decreased in the current period	693,912.23	34,318,423.96	1,334,507.81	4,833,429.58	41,180,273.58
(1) Disposal or scrap	693,912.23	34,318,423.96	1,334,507.81	4,833,429.58	41,180,273.58
4. Closing Balance	2,065,077,595.85	2,068,699,373.69	35,831,381.93	167,275,177.45	4,336,883,528.92

Item	Houses and building	Machinery equipment	Transportation equipment	Electronic equipment and office equipment, etc.	Total
II. Accumulated depreciation					
1. Balance at the beginning of the period	382,214,592.23	703,126,447.87	22,075,956.18	92,754,109.55	1,200,171,105.83
2. Amount increased in the current period	38,874,057.74	75,034,816.28	1,562,651.28	15,897,693.16	131,369,218.46
(1) Accrual	38,874,057.74	75,034,816.28	1,437,273.70	15,733,193.16	131,079,340.88
(2) Increase by business combination			125,377.58	164,500.00	289,877.58
3. Amount decreased in the current period	217,637.97	13,680,866.17	1,167,198.17	3,598,964.86	18,664,667.17
(1) Disposal or scrap	217,637.97	13,680,866.17	1,167,198.17	3,598,964.86	18,664,667.17
4. Closing Balance	420,871,012.00	764,480,397.98	22,471,409.29	105,052,837.85	1,312,875,657.12
III. Provision for impairment					
1. Balance at the beginning of the period	43,277,161.98	76,469,048.39	25,258.85	1,120,034.94	120,891,504.16
2. Amount increased in the current period		298,426.97			298,426.97
(1) Accrual		298,426.97			298,426.97
3. Amount decreased in the current period		306,455.30			306,455.30
(1) Disposal or scrap		306,455.30			306,455.30
4. Closing Balance	43,277,161.98	76,461,020.06	25,258.85	1,120,034.94	120,883,475.83
IV. Book value					
1. Ending book value	1,600,929,421.87	1,227,757,955.65	13,334,713.79	61,102,304.66	2,903,124,395.97
2. Beginning 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) Fixed assets that are temporarily idle

Unit: yuan

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Machinery equipment	29,964,781.30	11,902,752.49	84,482.78	17,977,546.03	Not needed for now
Electronic equipment and office equipment, etc.	14,664.80	12,641.28		2,023.52	Not needed for now
Total	29,979,446.10	11,915,393.77	84,482.78	17,979,569.55	

(3) Fixed assets leased out by operating lease

Unit: yuan

Item	Ending book value
------	-------------------

(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	62,464,745.87	The formalities have not yet been completed
Spunlace Phase III No.2 Finished Product Workshop Project of Winner Medical (Tianmen)	11,936,693.40	The formalities have not yet been completed
Winner Medical (Wuhan) - No.1 Sorting Workshops (Phase II)	62,516,120.46	The formalities have not yet been completed
Winner Medical (Wuhan) - No.2 Sorting Workshops (Phase II)	121,790,936.60	The formalities have not yet been completed
Winner Medical (Wuhan) - No.3 Sorting Workshops (Phase II)	55,272,452.38	The formalities have not yet been completed

Other description

(5) Impairment testing of fixed assets

Applicable Not applicable

(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	1,030,446,202.20	984,571,329.05
Total	1,030,446,202.20	984,571,329.05

(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	258,457,603.95		258,457,603.95	312,034,251.51		312,034,251.51
Winner Medical (Jiayu) engineering project	384,719,787.22		384,719,787.22	308,354,182.04		308,354,182.04
Winner Medical (Shenzhen) engineering project	127,436,703.95		127,436,703.95	76,348,750.97		76,348,750.97
Winner Medical (Hunan) engineering project	109,439,767.91		109,439,767.91	59,274,700.93		59,274,700.93

Item	Closing Balance			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Zhejiang Longterm project	47,281,148.38		47,281,148.38	18,342,398.26		18,342,398.26
Winner Guilin engineering project	25,760,934.47	10,205,833.26	15,555,101.21	46,030,337.25	10,205,833.26	35,824,503.99
Winner Medical (Huanggang) Engineering Project	12,653,233.93		12,653,233.93	12,299,188.10		12,299,188.10
Tianmen infrastructure project	641,726.39		641,726.39	1,009,831.16		1,009,831.16
Other equipment to be installed and sporadic projects	74,290,529.26	29,400.00	74,261,129.26	161,112,922.09	29,400.00	161,083,522.09
Total	1,040,681,435.46	10,235,233.26	1,030,446,202.20	994,806,562.31	10,235,233.26	984,571,329.05

(2) Current changes in major projects under construction

Unit: yuan

Project name	Budget number	Balance at the beginning of the period	Amount increased in the current period	Amount forward in current period	Other decreases in the current period	Closing Balance	Proportion of total project input to the budget	Progress of works	Accumulated amount of interest capitalization	Including: interest capitalization on funds in the current period	Interest capitalization rate in the current period	Source of funds
Winner Industrial Park (Jiayu) Project Construction Engineering of Workshop 1-4	272,380,000.00	185,383,717.54	59,747,691.46			245,131,409.00	90.00%	93.62%				Others
Winner Medical (Wuhan) Phase II Main Project	110,871,722.11	91,545,458.64	24,143,495.10			115,688,953.74	104.34%	98.00%				Others
Automated Storage Engineering in Phase II Plant of Winner Medical (Wuhan)	96,000,000.00	80,707,964.60	1,147,901.37	81,855,865.97		0.00	85.27%	100.00%				Others
R&D Center of Winner Medical (Wuhan)	35,666,270.00	31,085,281.20				31,085,281.20	87.16%	95.00%				Others
Shift Building and Canteen Expansion Project of Winner Medical (Wuhan)	33,213,730.00	31,705,400.06				31,705,400.06	95.46%	98.00%				Others
Medical Industry Building of Winner Medical (Shenzhen)	261,723,960.00	68,986,974.75	58,449,729.20			127,436,703.95	48.69%	75.00%				Others
Mexico Longterm plant	81,270,000.00	16,988,799.61	30,292,348.77			47,281,148.38	58.18%	56.00%				Others
Winner Medical (Hunan) Medical Device Industrial Park Project Phase I	600,000,000.00	59,274,700.93	49,222,188.28			108,496,889.21	18.08%	30.00%				Others
Total	1,491,125,682.11	565,678,297.33	223,003,354.18	81,855,865.97	0.00	706,825,785.54						

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

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance	Reason for accrual
------	--	--------------------------------	--------------------------------	-----------------	--------------------

Other description

(4) Impairment testing of construction in progress

Applicable Not applicable

(5) Engineering materials

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

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	Houses and building	Total
I. Original book value		
1. Balance at the beginning of the period	865,553,649.50	865,553,649.50
2. Amount increased in the current period	114,724,795.38	114,724,795.38
New lease	114,724,795.38	114,724,795.38
3. Amount decreased in the current period	119,924,882.20	119,924,882.20
Disposal	119,924,882.20	119,924,882.20
4. Ending balance	860,353,562.68	860,353,562.68
II. Accumulated depreciation		
1. Balance at the beginning of the period	448,057,628.14	448,057,628.14
2. Amount increased in the current period	102,793,692.82	102,793,692.82
(1) Accrual	102,793,692.82	102,793,692.82
3. Amount decreased in the current period	112,315,436.65	112,315,436.65
(1) Disposal	(2) 112,315,436.65	(3) 112,315,436.65
4. Closing Balance	438,535,884.31	438,535,884.31
III. Provision for impairment		
1. Balance at the beginning of the period		
2. Amount increased in the current period		
(1) Accrual		
3. Amount decreased in the current period		
(1) Disposal		
4. Closing Balance		
IV. Book value		
1. Ending book value	421,817,678.37	421,817,678.37
2. Beginning book value	417,496,021.36	417,496,021.36

(2) Testing for impairment of right-of-use assets

Applicable Not applicable

Other description:

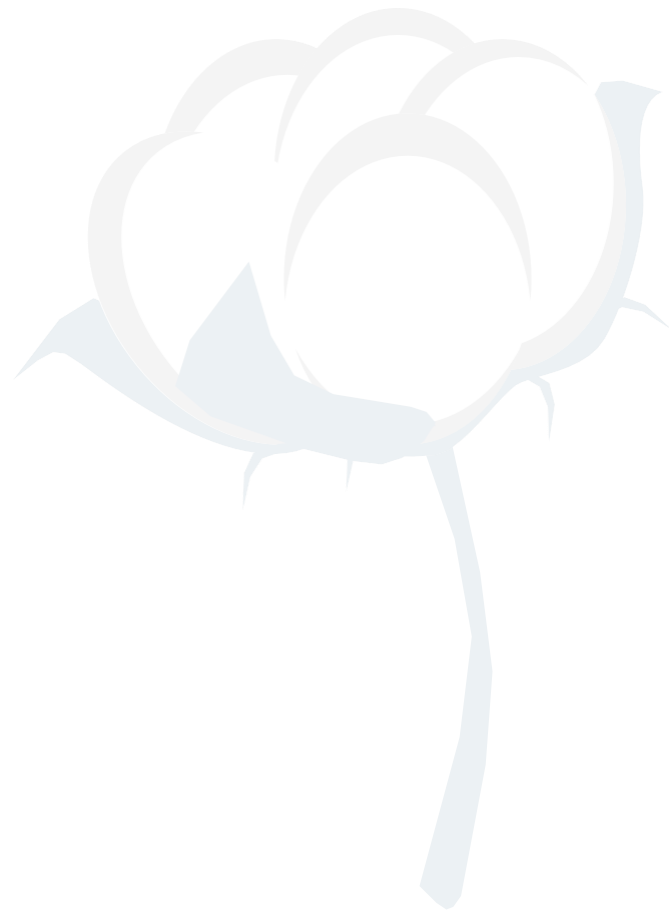
26. Intangible Assets

(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	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
2. Amount increased in the current period	1,040,300.00	30,000.00		2,033,078.75				3,103,378.75
(1) Purchase	1,040,300.00	30,000.00		2,033,078.75				3,103,378.75
(2) Internal R&D								
(3) Increase by business combination								
3. Amount decreased in the current period								
(1) Disposal								
4. Closing Balance	548,719,728.57	269,973,554.50		100,596,222.80	10,228,226.53	95,103,980.97	189,568,908.40	1,214,190,621.77
II. Accumulated amortization								
1. Balance at the beginning of the period	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
2. Amount increased in the current period	5,427,791.72	14,608,571.39		4,075,611.02		4,554,399.64	8,850,186.30	37,516,560.07
(1) Accrual	5,427,791.72	14,608,571.39		4,075,611.02		4,554,399.64	8,850,186.30	37,516,560.07
3. Amount decreased in the current period								
(1) Disposal								
4. Closing Balance	66,119,647.10	66,836,488.50		59,229,287.16	10,228,226.53	19,628,649.06	31,333,271.23	253,375,569.58
III. Provision for impairment								
1. Balance at the beginning of the period								
2. Amount increased in the current period								
(1) Accrual								
3. Amount decreased in the current period								
(1) Disposal								
4. Closing Balance								
IV. Book value								
1. Ending book value	482,600,081.47	203,137,066.00		41,366,935.64		75,475,331.91	158,235,637.17	960,815,052.19
2. Beginning 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

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) Data resources recognized as intangible assets

Unit: yuan

Item	Intangible assets of outsourced data resources	Intangible assets of self-processed data resources	Intangible assets of data resources otherwise acquired	Total
------	--	--	--	-------

(3) Land use right without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate of title
Winner Medical (Hunan) - Phase II land for infusion category	82,852,220.99	The two certificates are consolidated into one, and the real estate certificate can be applied for upon completion

Other description

(4) Testing for impairment of intangible assets

Applicable Not applicable

27. Goodwill

(1) Original book value of goodwill

Unit: yuan

Investee name or goodwill forming matter	Balance at the beginning of the period	Increase in the current period		Decrease in the current period	Closing Balance
		Formed by business combination	Increase business acquisition	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 Zhejiang Longterm	390,472,978.67				390,472,978.67
Business combination not under common control - Acquisition of Guilin Latex	253,215,940.40				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
Business combination not under common control - Acquisition of Zhejiang Honglan			2,213,420.16		2,213,420.16
Total	1,055,757,381.75		2,213,420.16		1,057,970,801.91

(2) Provision for impairment of goodwill

Unit: yuan

invested entity name or goodwill forming matter	Balance at the beginning of the period	Increase in the current period	Decrease in the 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 Guilin Latex	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	191,468,379.30			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?
------	---	------------------------------	---------------------------------------

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
------	-------------------------------	------------------------------	--

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

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

(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.

 Applicable Not applicable

Other description

28. Long-Term Unamortized Expenses

Unit: yuan

Item	Balance at the beginning of the period	Amount increased in the current period	Amortization amount in the current period	Other decreases	Closing Balance
Decoration cost	36,466,182.36	1,305,330.29	5,914,400.28	1,369,756.96	30,487,355.41
Decoration expenses for operating leased fixed assets	91,788,177.80	24,884,556.10	21,714,707.75	1,168,439.59	93,789,586.56
Others	2,836,109.99	303,539.83	987,205.65	1,016,574.30	1,135,869.87
Total	131,090,470.15	26,493,426.22	28,616,313.68	3,554,770.85	125,412,811.84

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	573,284,957.88	94,753,801.90	563,729,896.96	93,836,596.43
Unrealized profit of internal transaction	82,812,941.18	17,051,476.54	95,050,168.29	19,008,937.89
Deductible loss	58,716,688.54	14,127,381.28	162,261,104.42	27,044,245.03
Dismission welfare	6,436,926.75	1,332,944.84	4,779,605.32	716,940.80
Deferred Income	116,525,098.52	18,640,070.42	121,649,364.97	19,453,796.42
Member points	10,302,150.62	2,575,537.65	8,896,543.12	2,224,135.78
Accrued liabilities	2,171,288.26	542,822.07	1,171,229.85	292,807.46
Deferred tax assets arising from leases	497,516,243.96	117,460,848.20	494,525,992.95	115,610,000.62
Total	1,347,766,295.71	266,484,882.90	1,452,063,905.88	278,187,460.43

(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	592,226,312.21	103,892,599.82	647,328,681.03	110,179,927.94
Changes in fair value of trading financial assets	48,571,280.95	7,290,458.81	41,058,540.71	6,289,451.44

Item	Closing Balance		Balance at the beginning of the period	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	123,821,708.82	18,573,256.33	132,992,106.34	19,952,306.87
case that the change of a differences arising				
Deferred income tax liabilities	462,976,380.13	107,203,609.28	457,331,866.07	104,935,304.46
Total	1,227,595,682.11	236,959,924.24	1,278,711,194.15	241,356,990.71

(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	104,761,463.13	161,723,419.77	102,836,212.41	175,351,248.02
Deferred income tax liabilities	104,761,463.13	132,198,461.11	102,836,212.41	138,520,778.30

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Deductible loss		231,447,954.68
Provision for impairment of assets		1,003,913.97
Total		232,451,868.65

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

Unit: yuan

Year	Closing balance	Beginning amount	Remark
2024	46,074,791.69	49,242,056.04	
2025	46,546,726.71	53,806,994.23	
2026	65,550,076.42	67,039,319.19	
2027	64,047,377.46	64,047,377.46	
2028	2,416,690.21	2,597,636.60	
2029	5,429,220.26		
No maturity date	1,383,071.93	736,057.15	
Total	231,447,954.68	237,469,440.67	

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 purchase payment / advance payment / store engineering and decoration payment	113,642,924.31		113,642,924.31	84,628,360.75		84,628,360.75
Buildings and land use rights in Shenzhen Longhua Industrial Park	20,228,190.61		20,228,190.61	20,228,190.61		20,228,190.61
Total	133,871,114.92		133,871,114.92	104,856,551.36		104,856,551.36

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	23,672,939.83	23,672,939.83	Security deposit	For details, see "VII. Notes to Consolidated Financial Statements / 1. Cash and cash equivalents".	28,791,288.82	28,791,288.82	Security deposit	For details, see "VII. Notes to Consolidated Financial Statements / 1. Cash and cash equivalents".
Other Non-Current Assets	20,228,190.61	20,228,190.61		For details, please refer to Note "XVIII. Other Important Matters 7. Other Important Events that Affect Investors' Decisions (1) Urban Renewal Project of Winner Industrial Park" Winner Medical (Shenzhen) - Longhua Industrial Park	20,228,190.61	20,228,190.61		For details, please refer to Note "XVIII. Other Important Matters 7. Other Important Events that Affect Investors' Decisions (1) Urban Renewal Project of Winner Industrial Park" Winner Medical (Shenzhen) - Longhua Industrial Park
Other Current Assets					180,000,000.00	180,000,000.00	Security deposit	Pledged certificate of deposit
Total	43,901,130.44	43,901,130.44			229,019,479.43	229,019,479.43		

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	100,000.00
Debt of honor	270,096,567.28	233,000,000.00
Bill discount	720,000,000.00	1,060,000,000.00
Trade financing (Letter of Credit, etc.)	180,000,000.00	200,000,000.00
Borrowing interest	130,627.50	138,955.00
Total	1,170,327,194.78	1,493,238,955.00

Description of classification of short-term loans:

(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	363,977,108.89	315,902,844.15
Total	363,977,108.89	315,902,844.15

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)	807,130,844.94	1,088,985,790.28
1 to 2 years (including 2 years)	16,747,338.40	21,481,374.19
2 to 3 years (including 3 years)	3,718,398.52	1,568,734.69
More than 3 years	4,826,734.44	4,766,321.22
Total	832,423,316.30	1,116,802,220.38

(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:

37. Other Payables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Dividends payable	203,307,193.50	
Other Payables	523,915,201.64	591,310,917.61
Total	727,222,395.14	591,310,917.61

(1) Interest payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Important overdue and unpaid interest:

Item	Overdue balance	Overdue reason
------	-----------------	----------------

Unit: yuan

Other description:

(2) Dividends payable

Item	Closing Balance	Balance at the beginning of the period
Common stock dividends	203,307,193.50	
Total	203,307,193.50	

Unit: yuan

(3) Other Payables

1) Other payables listed by nature

Item	Closing Balance	Balance at the beginning of the period
Margin and deposit	282,981,586.57	281,427,299.00
Freight and other accrued expenses	156,806,827.32	186,895,812.59
Commission	31,769,282.20	58,667,353.50
VAT & Customs	10,082,263.77	12,701,935.49
Intercourse funds with the third parties	5,160,498.80	12,658,807.80
ESOP stock buyback requirement	10,857,500.00	10,857,500.00
Intercourse funds with related parties		5,395,945.27
Others	26,257,242.98	22,706,263.96
Total	523,915,201.64	591,310,917.61

Unit: yuan

2) Significant overdue accounts payable aged over 1 year or past due

Item	Closing Balance	Reasons for failure of payment or carryover
------	-----------------	---

Unit: yuan

Other description

38. Advance from Customers

(1) Presentation of advance from customers

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

(2) Important advances from customers with the aging more than 1 year or past due

Unit: yuan

Item	Closing Balance	Reasons for failure of payment or carryover
------	-----------------	---

Unit: yuan

Item	Amount of change	Reason for change
------	------------------	-------------------

39. Contract Liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Customer consideration received	169,609,619.38	184,366,349.03
Member points	10,302,150.62	8,896,543.12
Total	179,911,770.00	193,262,892.15

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
------	------------------	-------------------

40. Payroll Payable

(1) Presentation of payroll payable

Unit: yuan				
Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
I. Short-term compensation	242,607,317.55	808,312,865.63	844,082,377.09	206,837,806.09
II. Welfare after dismissal - defined contribution plan	7,866,690.22	63,699,822.00	64,193,503.83	7,373,008.39
III. Dismission welfare	4,001,227.95	18,615,369.55	20,011,628.57	2,604,968.93
Total	254,475,235.72	890,628,057.18	928,287,509.49	216,815,783.41

(2) Presentation of short-term compensation

Unit: yuan				
Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
1. Salary, bonus, allowance and subsidy	238,771,298.44	750,380,438.44	784,335,067.65	204,816,669.23
2. Welfare expenses for employees	2,824,314.61	7,226,343.58	9,179,710.69	870,947.50
3. Social security	473,703.76	31,273,286.73	31,321,268.74	425,721.75
Including: medical insurance premium	260,778.41	27,530,950.61	27,543,330.91	248,398.11
Industrial injury insurance premium	160,378.85	2,350,893.37	2,386,532.37	124,739.85
Birth insurance premium	52,546.50	1,391,442.75	1,391,405.46	52,583.79
4. Housing accumulation fund	24,098.00	18,327,579.86	18,298,081.86	53,596.00
5. Union dues and staff education fund	313,902.74	1,065,217.02	846,185.95	532,933.81
8. Others	200,000.00	40,000.00	102,062.20	137,937.80
Total	242,607,317.55	808,312,865.63	844,082,377.09	206,837,806.09

(3) Presentation of defined contribution plans

Unit: yuan				
Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
1. Basic endowment insurance	7,744,745.54	60,984,767.29	61,462,327.39	7,267,185.44
2. Unemployment insurance premium	121,944.68	2,715,054.71	2,731,176.44	105,822.95
Total	7,866,690.22	63,699,822.00	64,193,503.83	7,373,008.39

Other description:

41. Taxes Payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Added value tax	41,138,973.40	8,974,689.54
Corporate income tax	36,227,158.43	40,190,413.70
Individual income tax	3,014,671.84	3,866,181.55
Urban maintenance and construction tax	2,524,456.72	946,970.72
Housing property tax	6,017,921.91	6,172,395.17
Education surcharge and local education surcharge	1,987,382.78	837,582.92
Land use tax	1,549,410.34	1,057,104.57
Stamp duty	753,700.14	789,943.27
Others	39,222.27	42,498.42
Total	93,252,897.83	62,877,779.86

Other description

42. Liabilities Held for Sales

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description

43. 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	180,125,000.00	20,138,900.00
Lease liabilities due within one year	193,481,703.64	202,660,926.45
Long-term payroll payable due within one year	333,510.22	627,000.00
Total	373,940,213.86	223,426,826.45

Other description:

44. Other Current Liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Refund payable	2,171,288.26	1,950,288.26
Output tax to be transferred	16,343,696.87	17,762,039.93
Total	18,514,985.13	19,712,328.19

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:

45. 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:

Other descriptions, including interest rate range:

46. 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 the current period		Decrease in the current period		The end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Description of the basis for the classification of other financial instruments into financial liabilities

Other description

47. Lease Liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Lease payments	323,526,916.55	332,663,417.84
Unrecognized financing expenses	-19,354,370.74	-40,653,913.80
Total	304,172,545.81	292,009,504.04

Other description

48. Long-Term Payable

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Total	0.00	

(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

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance	Causes
------	--	--------------------------------	--------------------------------	-----------------	--------

Other description:

49. 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	8,844,510.22	9,138,000.00
Long-term payroll payable due within one year	-333,510.22	-627,000.00
Total	8,511,000.00	8,511,000.00

(2) Changes in defined benefit plan

Present value of defined benefit plan obligations:

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Planned assets:

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Net liabilities (net assets) of defined benefit plan

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Description of the content of defined benefit plan and its related risks, impact on the Company's future cash flow, time and uncertainty:

Description of significant actuarial assumptions and sensitivity analysis results of defined benefit plan:

Other description:

50. Estimated Liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period	Causes
------	-----------------	--	--------

Other descriptions, including relevant important assumptions and estimation descriptions of important estimated liabilities:

51. Deferred Income

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance	Causes
Government Subsidies	121,649,364.97	2,281,800.00	7,406,066.45	116,525,098.52	Government subsidies related to assets
Total	121,649,364.97	2,281,800.00	7,406,066.45	116,525,098.52	

Other description:

52. Other Non-Current Liabilities

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
------	-----------------	--

Other description:

53. Capital Stock

Unit: yuan

	Balance at the beginning of the period	New issue of shares	Increase/decrease (+, -)			Subtotal	Closing Balance
			Share donation	Share capital increase from reserved funds	Others		
Total amount of shares	594,387,367.00				-6,094,659.00	-6,094,659.00	588,292,708.00

Other description:

Note: 6,094,659 shares remaining in the Phase I employee stock ownership plan (including the reserved part) were excluded from the 2021 repurchase plan in the special securities account canceled by the Company in the current period. After the cancellation, the total share capital of the Company has been reduced from 594,387,367 shares to 588,292,708 shares.

54. Other Equity Instruments

- (1) Basic information of the outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period
- (2) Table of changes in outstanding financial instruments, such as preferred shares, perpetual bonds at the end of the period

Unit: yuan

Outstanding financial instruments	The beginning of the period		Increase in the current period		Decrease in the 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 the current period, the reasons for the change, and the basis of relevant accounting treatment:

Other description:

55. Capital Reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
Capital premium (capital stock premium)	4,263,337,205.04		445,124,823.17	3,818,212,381.87
Other capital surplus	117,789,282.25	2,908,958.42		120,698,240.67
Total	4,381,126,487.29	2,908,958.42	445,124,823.17	3,938,910,622.54

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

1. The decrease of capital premium (equity premium) in the current period is mainly due to the fact that the Company canceled the repurchase plan in 2021 in the special securities account, excluding the remaining 6,094,659 shares in the first employee stock ownership plan (including the reserved part). After the cancellation, the total share capital of the Company has been reduced from 594,387,367 shares to 588,292,708 shares, corresponding to the difference between the cost of treasury shares and the number of shares of RMB 445,124,832.17, which was charged to capital surplus - share premium.
2. The increase in other capital reserves in the current period is mainly due to the implementation of the employee stock ownership plan in 2023, and the Company confirmed that the incentive expenses totaled 2,908,958.42 yuan.

56. Treasury Stock

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
Treasury Stock	473,552,442.85	194,981,835.21	451,219,482.17	217,314,795.89
Total	473,552,442.85	194,981,835.21	451,219,482.17	217,314,795.89

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

1. The increase in the current period is that the Company repurchased 5,807,900 treasury shares in the current period.

2. The decrease in the current period is the 6,094,659 shares remaining in the 2021 repurchase plan excluding the first employee stock ownership plan (including the reserved part) in the special securities account of the current period. After the cancellation, the total share capital of the Company has been reduced from 594,387,367 shares to 588,292,708 shares, corresponding to the cost of stock shares of RMB 451,219,482.17.

57. Other Comprehensive Income

Unit: yuan

Item	Amount incurred in the current period							Closing Balance
	Balance at the beginning of the period	Amount before current income tax	Less: amount included in other comprehensive income in previous period transferred into profit and loss in the current period	Less: amount included in other comprehensive income in previous period transferred into retained income in the 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	394,504.61							394,504.61
Including: Changes arising from re-measurement for defined benefit plans	394,504.61							394,504.61
II. Other comprehensive income that will be reclassified into profit and loss	1,820,864.83	-5,381,735.14			-2,931,540.14	-2,450,195.00		-1,110,675.31
Balance arising from the translation of foreign currency financial statements	1,820,864.83	-5,381,735.14			-2,931,540.14	-2,450,195.00		-1,110,675.31
Total other comprehensive income	2,215,369.44	-5,381,735.14			-2,931,540.14	-2,450,195.00		-716,170.70

Other explanations, including the adjustment of the effective part of the cash flow hedging gains and losses transferred to the initial recognized amount of the hedged item:

58. Special Reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
------	--	--------------------------------	--------------------------------	-----------------

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

59. Surplus Reserve

Unit: yuan

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Closing Balance
Statutory surplus reserves	420,212,778.13			420,212,778.13
Total	420,212,778.13			420,212,778.13

Description of surplus reserves, including current increase/decrease and change reasons:

60. Undistributed Profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	6,608,834,768.99	6,810,953,829.30
Total undistributed profits at the beginning of the adjustment period (+ for increase and - for decrease)		15,161,518.35
Undistributed profits at the beginning of the period after adjustment	6,608,834,768.99	6,826,115,347.65
Plus: Net profits attributable to the owners of parent company in the current period	384,150,379.21	681,617,022.68
Common stock dividends payable	291,164,904.00	797,501,533.10
Undistributed profits at the end of the period	6,701,820,244.20	6,710,230,837.23

Details of undistributed profits at the beginning of the adjustment period:

- 1). Due to retroactive adjustment of *Accounting Standards for Business Enterprises* and relevant new regulations, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 2). Due to the change of accounting policy, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 3). Due to the correction of major accounting errors, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 4). Due to the change of consolidation scope caused by the same control, RMB 0.00 of the undistributed profit at the beginning of the period was affected.
- 5). RMB 0.00 of the undistributed profit at the beginning of the period was affected by the total amount of other adjustments

61. Revenue and Cost

Unit: yuan

Item	Amount incurred in the current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	4,000,365,794.92	2,047,427,786.26	4,236,069,768.54	2,053,153,499.31
Other businesses	33,139,309.41	21,042,656.32	30,768,270.12	18,274,707.41
Total	4,033,505,104.33	2,068,470,442.58	4,266,838,038.66	2,071,428,206.72

Breakdown of operating revenues and cost of sale:

Unit: yuan

Contract classification	Segment 1		Segment 2		Medical consumables		Healthy consumer goods		Total	
	Revenue	Cost of sale	Revenue	Cost of sale	Revenue	Cost of sale	Revenue	Cost of sale	Revenue	Cost of sale
Business type					1,751,278,597.34	1,084,618,155.94	2,282,226,506.99	983,852,286.64	4,033,505,104.33	2,068,470,442.58
Including:										
Main business					1,718,139,287.93	1,063,575,499.62	2,282,226,506.99	983,852,286.64	4,000,365,794.92	2,047,427,786.26
Other businesses					33,139,309.41	21,042,656.32			33,139,309.41	21,042,656.32
Classified by operating area					1,751,278,597.34	1,084,618,155.94	2,282,226,506.99	983,852,286.64	4,033,505,104.33	2,068,470,442.58
Including:										
Domestic sales					879,604,610.05	554,783,834.26	2,282,226,506.99	983,852,286.64	3,161,831,117.04	1,538,636,120.90
Overseas sales					871,673,987.29	529,834,321.68			871,673,987.29	529,834,321.68
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 RMB 0.00, of which RMB 0.00 is expected to be recognized as revenue in year 0, RMB 0.00 is expected to be recognized as revenue in year 0, and RMB 0.00 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

62. Taxes and Surcharges

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Urban maintenance and construction tax	12,232,083.46	14,156,008.49
Education surcharge	5,524,309.32	6,616,460.38
Housing property tax	9,072,652.85	6,353,206.48
Land use tax	3,825,434.01	2,683,790.39
Stamp duty	2,246,687.40	3,296,228.60
Surcharge for local education	3,682,872.65	4,096,996.80
Others	72,239.43	143,517.47
Total	36,656,279.12	37,346,208.61

Other description:

63. Administrative Expenses

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Employee Compensation	164,617,810.80	166,770,159.81
Equity incentive fee	2,908,958.42	969,372.65
Depreciation and amortization charge	85,253,977.21	62,559,814.44
Consultant and intermediary service fees	6,336,530.64	5,393,034.14
Maintenance cost	13,992,875.34	12,638,086.57

Item	Amount incurred in the current period	Amount incurred in previous period
Communication and network services, cloud service fees, etc.	9,159,179.36	8,675,647.54
Water/electricity fee	5,008,979.02	5,190,635.07
Material consumption	2,497,021.75	872,320.18
Others	19,670,693.86	26,527,631.74
Total	309,446,026.40	289,596,702.14

Other description

64. Selling Expenses

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Employee Compensation	308,895,689.06	315,528,733.79
Travel expenses	11,089,494.35	10,524,681.48
Office communication costs	6,712,347.78	6,090,498.20
Sales commissions and expenses of e-commerce platform	150,321,611.77	125,398,549.11
Insurance premiums	2,303,225.44	2,967,753.30
Depreciation and amortization	117,958,551.43	112,902,943.06
Advertising and promotion expenses	339,609,578.47	276,337,254.06
Lease and property management expenses	76,942,306.30	77,531,439.61
Others	41,908,279.62	33,161,058.83
Total	1,055,741,084.22	960,442,911.44

Other description:

65. R&D Expenses

Item	Amount incurred in the current period	Amount incurred in previous period
Employee Compensation	73,541,069.28	91,378,032.54
Depreciation and amortization	10,391,587.90	12,257,120.71
Material	28,030,881.87	47,320,354.16
Other miscellaneous expenses	31,179,413.28	43,680,694.73
Total	143,142,952.33	194,636,202.14

Other description

66. Financial Expenses

Item	Unit: yuan	
	Amount incurred in the current period	Amount incurred in previous period
Interest expenses	24,015,659.66	32,891,514.25
Including: Interest expense on lease liabilities	11,651,258.00	11,671,553.10
Less: Interest revenue	57,012,846.01	69,863,134.66
Exchange gain or loss	-5,279,738.42	-16,974,769.11
Others	834,384.93	1,151,962.83
Total	-37,442,539.84	-52,794,426.69

Other description

67. Other Incomes

Other sources of income	Unit: yuan	
	Amount incurred in the current period	Amount incurred in previous period
Government Subsidies	22,618,569.68	33,571,024.65
Tax credits and deductions	14,664,363.42	13,109,669.86
Total	37,282,933.10	46,680,694.51

68. Net Exposure Hedging

Item	Unit: yuan	
	Amount incurred in the current period	Amount incurred in previous period
Other description		

69. Income from Changes in Fair Value

Sources of gains from fair value change	Unit: yuan	
	Amount incurred in the current period	Amount incurred in previous period
Structured deposits of bank financial products and trust products Income structured deposit	7,577,712.84	59,639,836.03
Total	7,577,712.84	59,639,836.03

Other description:

70. Investment Income

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Long-term equity investment gains measured by employing the equity method	-7,669,213.76	1,580,818.74
Investment income from purchasing financial products	41,114,309.95	37,831,622.39
Total	33,445,096.19	39,412,441.13

Other description

71. Credit Impairment Loss

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Loss on bad debts of accounts receivable	-7,704,855.99	2,577,194.52
Loss on bad debts of other receivables	-590,961.45	254,779.09
Total	-8,295,817.44	2,831,973.61

Other description

72. Assets Impairment Losses

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
I. Inventory falling price loss and impairment loss of contract performance costs	-55,628,797.66	-100,794,883.37
IV. Impairment loss of fixed assets	-346,705.50	
Total	-55,975,503.16	-100,794,883.37

Other description:

73. Gains from Asset Disposal

Unit: yuan

Source of income from disposal of assets	Amount incurred in the current period	Amount incurred in previous period
Net gain or loss on disposal of long-term assets	1,930,800.28	5,324,751.10

74. Non-Operating Income

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Government Subsidies	3,000.00	78,000.00	3,000.00
Non-current assets scrap gains	989,144.70	1,894,252.58	989,144.70
Income from compensation or fines	396,911.10	181,446.52	396,911.10
Others	4,754,300.71	4,548,899.67	4,754,300.71
Total	6,143,356.51	6,702,598.77	6,143,356.51

Other description:

75. Non-Operating Expenses

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
External donations	14,646.56	225,225.18	14,646.56
Loss on damage and scrap of non-current assets	5,451,144.32	3,478,280.51	5,451,144.32
Compensation or amercement outlay	285,600.58	326,411.19	285,600.58
Others	466,768.55	877,031.15	466,768.55
Total	6,218,160.01	4,906,948.03	6,218,160.01

Other description:

76. Income Tax Expenses

(1) Income tax expense table

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Current income tax expenses	59,786,140.23	90,099,787.82
Deferred income tax expenses	7,306,141.90	24,771,163.62
Adjustment of the previous annual income tax amount in the current period	58,768.11	15,507.71
Total	67,151,050.24	114,886,459.15

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in the current period
Total profit	473,381,277.83
Income tax expenses calculated at the appropriate/applicable tax rate	71,007,191.67
Impact of different tax rates applied on subsidiaries	8,146,455.87
Impact of income tax before adjustment	58,768.11
The effect of non-taxable income	1,153,518.30
Impact of non-deductible costs, expenses and losses	4,906,297.24
Impact of deductible losses on unrecognized deferred income tax assets in the prior period	-3,622,457.25
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	1,532,209.15
Impact of weighted deduction of R&D costs	-16,448,244.20
Effect of share-based payments in the current period	465,145.33
Impact of weighted deduction of wages for the disabled	-47,833.98
Income Tax Expenses	67,151,050.24

Other description:

77. Other Comprehensive Income

See Note 57, Other comprehensive income, for details

78. Cash Flow Statement Items

(1) Cash related to operating activities

Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Deposit, margin and quality guarantee deposit received	15,819,980.09	55,581,827.38
Interest income received	12,258,055.28	14,608,751.97
Government subsidies received	17,870,988.05	74,577,844.91
Others	9,945,725.42	7,440,857.43
Total	55,894,748.84	152,209,281.69

Explanation on other cash received related to operating activities:

Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Management and development costs paid in cash	79,791,733.60	96,646,768.64
Selling expenses paid in cash	136,729,766.24	129,897,821.41
Deposit, margin and quality guarantee deposit paid	20,215,667.66	15,415,236.51
Bank handling charge	834,384.92	1,151,962.83
Others	109,911,168.01	107,076,248.17
Total	347,482,720.43	350,188,037.56

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 the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Significant cash received related to investing activities

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Other cash received related to investment activities: other cash paid related to investment activities.

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

Significant cash paid for investing activities

Unit: yuan

Item	Amount incurred in the 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 the current period	Amount incurred in previous period
L/C loan deposit recovered	180,000,000.00	50,000,000.00
Total	180,000,000.00	50,000,000.00

Description of other cash received related to financing activities:

Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Lease liability principal and interest paid on lease payments	113,647,443.24	106,678,094.74
Treasury stock repurchase paid	194,981,835.21	
Total	308,629,278.45	106,678,094.74

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		

79. Supplementary Information to the Statement of Cash Flows

(1) Supplementary Information to the Statement of Cash Flows

Unit: yuan

Further Information	Current period amount	Previous period amount
1. Reconciliation from net profits to cash flows from operating activities		
Net profit	406,230,227.59	706,186,238.90
Plus: Provision for impairment of assets	64,271,320.60	97,962,909.76
Depreciation of fixed assets, oil and gas assets and productive biological assets	131,079,340.88	119,399,692.26
Depreciation of Right-of-use assets	102,793,692.82	97,174,613.52
Amortization of intangible assets	37,516,560.07	35,500,790.47
Amortization of long-term deferred expenses	28,616,313.68	25,789,908.37
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-1,930,800.28	-5,324,751.10
Loss on retirement of fixed assets (gains expressed with "-")	4,461,999.62	1,584,027.93
Loss from fair value change (gains expressed with "-")	-7,577,712.84	-59,639,836.03
Financial expenses (gains expressed with "-")	-30,678,568.15	-28,104,046.05
Investment losses (gains expressed with "-")	-33,445,096.19	-39,412,441.13
Decreased in deferred income tax assets (increase expressed with "-")	13,627,828.25	39,426,730.71
Increase in deferred income tax liabilities (decrease expressed with "-")	-6,322,317.19	-13,913,432.61
Decrease in inventories (increase expressed with "-")	-74,485,225.30	48,071,373.02
Decrease in operating receivables (increase expressed with "-")	-125,258,959.44	319,055,153.50
Increase in operating payables (decrease expressed with "-")	-313,349,779.33	-1,214,366,741.68
Others	-2,215,308.03	28,788,523.05
Net cash flow from operating activities	193,333,516.76	158,178,712.89
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	3,893,999,245.96	4,236,440,239.16
Less: Beginning balance of cash	4,677,340,782.45	4,370,821,958.17
Plus: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-783,341,536.49	-134,381,719.01

(2) Net cash paid for obtaining subsidiaries in the current period

	Unit: yuan
	Amount
Cash or cash equivalents paid in the current period for business combinations occurred in the current period	5,000,000.00
Including:	
Zhejiang Honglan	5,000,000.00
Less: Cash and cash equivalents held by the Company on the acquisition date	4,944,394.31
Including:	
Zhejiang Honglan	4,944,394.31
Net cash paid for obtaining subsidiaries	55,605.69

Other description:

(3) Net cash from disposal of subsidiaries in the current period

	Unit: yuan
Amount	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	3,893,999,245.96	4,677,340,782.45
Including: cash on hand	120,879.58	76,471.98
Bank deposit readily available for payment	3,892,515,173.35	4,676,600,881.85
Other cash and cash equivalents readily available for payment	1,363,193.03	663,428.62
III. Balance of cash and cash equivalents at end of period	3,893,999,245.96	4,677,340,782.45

- (5) The scope of use is limited but it is still classified as cash and cash equivalents

Unit: yuan

Item	Current period amount	Previous period amount	Reasons for retaining cash and cash equivalents
------	-----------------------	------------------------	---

- (6) Cash and cash equivalents that are not classified as Monetary funds

Unit: yuan

Item	Current period amount	Previous period amount	Reasons for retaining cash and cash equivalents
------	-----------------------	------------------------	---

Other description:

- (7) Description of other significant activities

80. Notes to Items in Statement of Owner's Equity

State the name of "other" items and the amount of adjustment to the ending balance of previous year: N/A

81. 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			317,789,993.30
Including: USD	39,712,680.46	7.1268	283,024,331.10
EUR	932,995.10	7.6617	7,148,328.56
HKD	29,002,306.04	0.91268	26,469,824.68
Yen	59,912,564.00	0.00447	267,809.16
Mexican peso	2,146,038.75	0.38574	827,812.99
Ringgit	34,373.96	1.50948	51,886.81
Accounts Receivable			235,422,759.42
Including: USD	31,841,242.25	7.1268	226,926,165.30

Item	Ending balance in foreign currency	Conversion exchange rate	Ending balance converted to RMB
EUR	410,332.42	7.6617	3,143,843.90
HKD	5,864,695.67	0.91268	5,352,590.44
Yen	35,746.07	0.00447	159.78
Other Receivables			534,443.84
Including: HKD	553,244.00	0.91268	504,934.73
Mexican peso	76,500.00	0.38574	29,509.11
Accounts Payable			3,888,280.53
Including: USD	104,246.40	7.1268	742,943.24
EUR	47,731.60	7.6617	365,705.20
HKD	158,869.16	0.91268	144,996.70
Mexican peso	6,830,080.86	0.38574	2,634,635.39
Other Payables			31,148,306.90
Including: USD	4,187,002.00	7.1268	29,839,925.85
EUR	12,039.37	7.6617	92,242.04
HKD	1,297,263.52	0.91268	1,183,986.47
Mexican peso	83,352.88	0.38574	32,152.54
Long-Term Loans			
Including: USD			
EUR			
HKD			

Other description:

- (2) Description of overseas operating entities, including for important overseas operating entities, the main overseas business place, recording currency and selection basis shall be disclosed, and the reasons for changes in recording currency shall also be disclosed.

Applicable Not applicable

82. 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 period amount (Yuan)
Interest expense of lease liabilities	11,651,258.00
Simplified treatment of short-term lease expenses included in the cost of related assets or current profits and losses	13,311,473.19
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	7,888,188.30
Portion stemming from sale and leaseback transactions	
Income from subleasing right-to-use assets	1,090,129.38
Total cash outflow related to leases	134,847,104.73
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 chart above

Involvement in sale and leaseback transactions

(2) The Company's role as lessor

Operating leases as lessor

Applicable Not applicable

Financial leases provided by the lessor

Applicable Not applicable

Undiscounted lease payments for each of the next five years

Applicable Not applicable

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

83. Data Resources

84. Others

VIII. Research and Development Expenditure

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
------	---------------------------------------	------------------------------------

1. Research and Development Projects Eligible for Capitalization

Item	Balance at the beginning of the period	Amount increased in the current period		Amount decreased in the 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 the current period	Decrease in the 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 the 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
Zhejiang Honglan Technology Co., Ltd.	April 01, 2024	6,071,163.00	57.00%	Share acquisition	April 01, 2024	Acquisition of control	0.00	-202,062.62	-650,470.32

Other description:

Longterm Medical, a subsidiary, signed the Investment Agreement on Zhejiang Honglan Technology Co., Ltd. with Huang Chenchu and Yuan Shenqin in February 2024, and Longterm Medical acquired 57% equity of Zhejiang Honglan Technology Co., Ltd. by way of capital increase of RMB 6,071,163. The industrial and commercial change was completed on March 27, 2024, and the directors sent by the Company have accounted for the majority in the new board of directors. For the convenience of accounting, April 1, 2024 is determined as the purchase date, and it will be included in the scope of consolidated financial statements from April 1, 2024.

(2) Combination cost and goodwill

Unit: yuan

Combination cost	Zhejiang Honglan
-- Cash	6,071,163.00
-- Fair value of non-cash assets	
- Fair value of debt issued or assumed	
--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	6,071,163.00
Less: the share of the fair value of identifiable net assets acquired	3,857,742.84
The amount of goodwill/combination cost less than the share of the fair value of identifiable net assets acquired	2,213,420.16

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:

Other description:

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: yuan

	Zhejiang Honglan	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	6,823,049.89	6,823,049.89
Cash and cash equivalents	4,944,394.31	4,944,394.31
Accounts receivable payments		
Inventory		
Fixed Assets	386,541.58	386,541.58
Intangible Assets		
Other Receivables	1,491,163.00	1,491,163.00
Other Current Assets	951.00	951.00
Debt:	55,080.00	55,080.00
Loan		
Account payable payments	18,600.00	18,600.00
Deferred income tax liabilities		
Contract Liabilities	3,000.00	3,000.00
Payroll Payable	33,480.00	33,480.00
Net assets	6,767,969.89	6,767,969.89
Less: Minority equity	2,910,227.05	2,910,227.05
Net assets acquired	3,857,742.84	3,857,742.84

Determination method of fair value of identifiable assets and liabilities:

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 the 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 the 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:

The subsidiary Winner Medical (Wuhan) established Winner Medical Biomedical Technology (Wuhan) Co., Ltd. on April 30, 2024, accounting for 67% of the shares;

Purcotton Wuhan, a subsidiary, established Purecotton Agricultural Technology (Wuhan) Co., Ltd. on May 14, 2024, accounting for 58% of the shares.

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 City, Guangdong Province	Shenzhen City, Guangdong Province	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 City, Guangdong Province	Guangzhou City, Guangdong Province	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 City, Guangdong Province	Shenzhen City, Guangdong Province	Sale of Purcotton products		100.00%	Establishment
Winner Medical (Huanggang)	259,459,200.00	Huanggang City, Hubei Province	Huanggang City, Hubei Province	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 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

Subsidiary name	Registered capital	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
					Direct	Indirect	
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 at 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 at present	100.00%		Establishment
Zhejiang Longterm	50,000,000.00	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
Guilin Latex	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	73,629,872.52	Mexico	Mexico	Production and sales of medical consumables		55.00%	Establishment

Subsidiary name	Registered capital	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
					Direct	Indirect	
Shanghai Hongsong	2,000,000.00	Shanghai	Shanghai	Sales of medical consumables	60.00%		Establishment
Jinzhou Latex	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
Wuhan Purcotton	20,000,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Sale of Purcotton products		100.00%	Establishment
Hong Kong Purcotton		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 at 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
Zhejiang Honglan	10,651,163.00	Ouhai District, Wenzhou City, Zhejiang Province	Ouhai District, Wenzhou City, Zhejiang Province	Software development and technical services		55.00%	Business Combination not under Common Control
Winner Medical	5,000,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Medical research and experimental development		67.00%	Establishment
Purecotton Agricultural Technology	5,000,000.00	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Research and experimental development		58.00%	Establishment

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:

(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 the 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
- (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
Less: 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 the 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		

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in previous period
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 the 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 the 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	441,256,304.67	23,328,454.74
Total number of following items by shareholding ratio		
-- Net profit	-7,669,213.76	1,580,818.75
-- Other comprehensive income	-27,725.77	
-- Total comprehensive income	-7,696,939.53	1,580,818.75

Other description

This year, a newly-added joint-stock company failed to obtain the fair value of the assets and liabilities of the associated company on the acquisition date, so it did not disclose the main financial data.

(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 the current period (or net profit shared in the 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 / shares 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 the 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	121,649,364.97	2,281,800.00		7,406,066.45	1	16,525,098.52	Government subsidies related to assets

3. Government Subsidies Included in Current Profit and Loss:

Applicable Not applicable

Unit: yuan

Accounting subject	Amount incurred in the current period	Amount incurred in previous period
Other Incomes	22,618,569.68	33,571,024.65
Non-Operating Income	3,000.00	78,000.00

Other description

XII. Risks Associated with Financial Instruments

1. Types of Risks Arising from Financial Instruments

(I) 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 above financial instruments 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 cash and cash equivalents, 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 cash and cash equivalents 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:

Unit: yuan

Item	Closing Balance					Total undiscounted contract amount
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	
Short-Term Loans		1,170,327,194.78				1,170,327,194.78
Notes Payable		363,977,108.89				363,977,108.89
Accounts Payable		832,423,316.30				832,423,316.30
Other Payables		727,222,395.14				727,222,395.14
Non-current liabilities due within a year		373,940,213.86				373,940,213.86
Lease Liabilities			139,353,058.45	149,223,550.98	15,595,936.38	304,172,545.81
Total		3,264,583,035.47	139,353,058.45	149,223,550.98	15,595,936.38	3,568,755,581.28

Unit: yuan

Item	Closing balance of the previous year					Total undiscounted contract amount
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 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 a 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		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

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 June 30, 2024, 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 RMB 1,768,251.19. 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 in 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:

Unit: yuan

Item	Closing Balance						
	USD	EUR	HKD	Yen	Mexican peso	Ringgit	Total
Foreign currency financial assets							
Cash and cash equivalents	283,024,331.10	7,148,328.56	26,469,824.68	267,809.16	827,812.99	51,886.81	317,789,993.30
Accounts Receivable	226,926,165.30	3,143,843.90	5,352,590.44	159.78			235,422,759.42
Other Receivables	0.00	0.00	504,934.73		29,509.11		534,443.84
Subtotal	509,950,496.40	10,292,172.46	32,327,349.85	267,968.94	857,322.10	51,886.81	553,747,196.56
Foreign currency financial liabilities							
Accounts Payable	742,943.24	365,705.20	144,996.70		2,634,635.39		3,888,280.53
Other Payables	29,839,925.85	92,242.04	1,183,986.47		32,152.54		31,148,306.90
Subtotal	30,582,869.09	457,947.24	1,328,983.17	0.00	2,666,787.93	0.00	35,036,587.43
Net amount	479,367,627.31	9,834,225.22	30,998,366.68	267,968.94	-1,809,465.83	51,886.81	518,710,609.13

On June 30, 2024, with all other variables held constant, if RMB appreciates or depreciates by 5% against the above foreign currencies, the Company will increase or decrease its net profit by RMB 25,935,530.46. 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	9,781,329.43	Not terminated	Retain substantially all of its risks and rewards, including default risks associated therewith
Bill endorsement	Notes Receivable	69,732,163.99	De-recognition	Substantially all risks and rewards have been transferred
Total		79,513,493.42		

(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
Bill endorsement	Notes Receivable	69,732,163.99	
Total		69,732,163.99	

(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		1,389,316,876.93	1,135,319,376.62	2,524,636,253.55
1. Financial assets measured at fair value of which the changes are included in current profit and loss		1,389,316,876.93	1,135,319,376.62	2,524,636,253.55
(3) Derivative Financial Assets		1,389,316,876.93		
(4) Others			1,135,319,376.62	1,135,319,376.62
◆ Receivables financing		36,356,429.51		36,356,429.51
◆ Other non-current financial assets			70,000,000.00	70,000,000.00
Total assets continuously measured at fair value		1,425,673,306.44	1,205,319,376.62	2,630,992,683.06
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

3. Continuous and Non-Continuous Measurement Items of Fair Value at Second Level, Qualitative and Quantitative Information on Valuation Techniques Adopted and Important Parameters

4. Continuous and Non-Continuous Measurement Items of Fair Value at Third Level, Qualitative and Quantitative Information on Valuation Techniques Adopted and Important Parameters

5. Continuous Measurement Items of Fair Value at Third Level, Adjustment Information between Opening and Closing Book Value and Sensitivity Analysis of Unobservable Parameters

6. For Continuous Measurement Items of Fair Value, If There is a Conversion between Different Levels in the current period, the Reasons for the Conversion and the Policies for Determining the Conversion Time Point

7. Valuation Technology Change and Reason of Change in the current period
8. Fair Value of Financial Assets and Financial Liabilities not Measured at Fair Value
9. Others

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	69.12%	69.12%

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 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
S Company	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
Zhang Yan	Supervisor
Liu Hua	Employee 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

Name of other related parties	Relationship of other related parties with the Company
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 Kanglidi 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 shareholders of Guilin Latex, former shareholders of Jingzhou Latex

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 the current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount incurred in previous period
Wuhan Packaging Co., Ltd.	Zhuoling Purchasing goods or services	9,682,134.02		No	11,212,057.11
Chengdu Likang Products Co., Ltd.	Winner Medical Purchasing goods or services	27,437.96		No	142,663.88
Shenzhen Nine Stars Printing and Packaging Group Co., Ltd.	Purchasing goods or services	436,641.99		No	1,078,762.59
Shenzhen Medical Device Co., Ltd.	Zhengjun Purchasing goods or services	0.00		No	32,035.36
Zhejiang Medical Supplies Co., Ltd.	Kanglidi Purchasing goods or services	45,884.88		No	81,451.32
ZheJiang Medical Materials Co., Ltd.	Longrising New Purchasing goods or services	81,773.40		No	196,530.97
ZheJiang Medical Co., Ltd.	Longmed Technology Purchasing goods or services	-2,082.00 ^{1*}		No	2,189.50
Guilin Latex Co., Ltd.	Golden Eagle Technology Purchasing goods or services	2,033,435.71		No	

Note: 1* The purchase of Zhejiang Longterm Medical Technology Co., Ltd. was negative because there was a return in the current period.

Sell of commodities/provision of labor service

Unit: yuan

Related party	Connected transaction content	Amount incurred in the current period	Amount incurred in previous period
Chengdu Winner Likang Medical Products Co., Ltd.	Sell of goods or services	458,092.25	2,900,182.22
ZheJiang Longmed Medical Technology Co., Ltd.	Sell of goods or services	307,413.91	75,658.29
Zhejiang Kanglidi Medical Supplies Co., Ltd.	Sell of goods or services	2,799,497.68	4,828,476.21
Shenzhen Shengtianning Medical Device Co., Ltd.	Sell of goods or services	30,889.38	1,419,274.31

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

(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 the current period
--	---------------------------------------	------------------------------------	------------------------------------	--	--	--

Associated fiduciary / contracting

Entrusted 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 the current period
--	---------------------------------------	--	--	--	---	---

Associated management / subcontracting

(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		60,550.46
Chengdu Winner Likang Medical Products Co., Ltd.	Plant	1,090,129.38	

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 the current period	Amount incurred in previous period	Amount incurred in the current period	Amount incurred in previous period	Amount incurred in the current period	Amount incurred in previous period	Amount incurred in the current period	Amount incurred in previous period	Amount incurred in the 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 secured party

Unit: yuan

Guarantor	Amount guaranteed	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
-----------	-------------------	----------------------	-------------------------	--

Related-party guarantee

(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 the current period	Amount incurred in previous period
---------------	-------------------------------	---------------------------------------	------------------------------------

(7) Key management personnel remuneration

Unit: yuan

Item	Amount incurred in the current period	Amount incurred in previous period
Key management personnel remuneration	4,930,973.93	5,193,963.22

(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.	179,970.10	8,998.50	121,107.25	6,055.36
Accounts Receivable	Jingyi Biotechnology (Shanghai) Co., Ltd.	0.00	0.00	651,786.67	362,599.47
Accounts Receivable	Zhejiang Kanglidi Medical Supplies Co., Ltd.	3,472,382.92	173,619.15	6,273,681.66	3,262,314.46
Accounts Receivable	ZheJiang Longmed Medical Technology Co., Ltd.	210,705.70	10,535.29	44,264.20	22,132.10
Other Receivables	Cao Wensong	2,431,586.61	121,579.33		
Other Receivables	Chengdu Winner Likang Medical Products Co., Ltd.	581,249.80	29,062.49		
Advance supplier	to ZheJiang Longmed Medical Technology Co., Ltd.	0.00		62,934.14	
Advance supplier	to Winner Group Limited	516,504.00		516,504.00	
Long-term receivables (1*)	Chengdu Winner Likang Medical Products Co., Ltd.	41,158,701.76		40,068,572.38	

Note: 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.	8,461,659.91	763,921.27
Accounts Payable	Chengdu Winner Likang Medical Products Co., Ltd.	14,176.10	11,682.12
Accounts Payable	Shenzhen Nine Stars Printing and Packaging Group Co., Ltd.	374,404.14	
Accounts Payable	Shenzhen Shengtianning Medical Device Co., Ltd.	46,946.90	54,808.53
Accounts Payable	Zhejiang Kanglidi Medical Supplies Co., Ltd.		83,441.97

Project name	Related party	Ending book balance	Beginning book balance
Accounts Payable	ZheJiang Longmed Medical Technology Co., Ltd.	53,157.52	
Accounts Payable	Guilin Golden Eagle Latex Technology Co., Ltd.	4,424,831.67	7,048,938.08
Other Payables	Huang Jun		3,157,385.18
Other Payables	Cao Wensong		568,310.09
Other Payables	Guilin Golden Eagle Latex Technology Co., Ltd.		1,670,250.00
Contract Liabilities	Shenzhen Shengtianning Medical Device Co., Ltd.	1,165.93	1,165.93

7. Related Party Commitment

8. Others

XV. Share-Based Payment

1. Overall Status of Share-Based Payment

Applicable Not applicable

2. Equity-Settled Share-Based Payments

Applicable Not applicable

Unit: yuan

Method for determining the fair value of equity instruments on the grant date	<ol style="list-style-type: none"> 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. 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).
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	94,545,105.83
Total amount of expenses recognized by equity-settled share-based payments in the current period	2,908,958.42

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 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 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 management, 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 period vesting	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 period vesting	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 period	vesting	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 period	vesting	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 revenue in 2021 \geq 12 billion yuan, the ownership proportion at the Company level is 100%; in case of 10 billion yuan \leq the audited revenue in 2021 < 12 billion yuan, the ownership proportion at the Company level is 80%; in case of the audited business income in 2021 < 10 billion yuan, the restricted stock planned to be vested by the incentive object shall not be vested and become invalid. In case of the audited revenue in 2022 \geq the audited revenue in 2021 * (1+30%), the ownership proportion at the Company level is 100%; in case of the audited revenue in 2021 * (1+20%) \leq the audited revenue in 2022 < the audited revenue in 2021 * (1+30%), the ownership proportion at the Company level is 80%; in case of the audited business income in 2022 < the audited revenue in 2021 * (1+20%), the restricted stock planned to be vested by the incentive object shall not be vested and become invalid.

On April 20, 2022, the Company convened the Sixth Meeting of the Third Board of Directors and the Fifth Meeting of the Third 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 Board of Directors and the Eighth Meeting of the Third 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.

In 2020, the cumulative amount of share-based payment settled by equity in the restricted stock incentive plan included in the capital reserve was RMB 89,454,428.59.

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.

2023 Employee Stock Ownership Plan: The cumulative amount of equity-settled share-based payment included in capital reserves is RMB 5,090,677.24, and the total expenses recognized for equity-settled share-based payment in this period are RMB 2,908,958.42.

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	2,908,958.42	
Total	2,908,958.42	

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. 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 June 30, 2024, the outstanding large contracts between the Company or its subsidiaries signed and in the process of being performed or to be performed are as follows:

Project name	Amount (Yuan)
Project I	38,495,651.38
Project II	37,808,591.00
Project III	17,152,000.00
Project IV	16,250,000.00
Project V	9,000,000.00
Project V	8,316,000.00
Project VI	5,209,000.00
Project VII	5,200,000.00
Total	137,431,242.38

2. Contingencies

(1) Important contingencies on balance sheet date

The Company has no significant contingencies to be disclosed as of June 30, 2024.

(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

None

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

3. Sales Return

4. Other Post-Balance Sheet Events

XVIII. Other Important Matters

1. Correction of Previous Accounting Errors

(1) Retrospective restatement

Unit: yuan

Content of accounting error correction	Processing procedures	Report item name of each affected comparison period	Cumulative influence number
--	-----------------------	---	-----------------------------

(2) 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

(2) Other asset replacement

4. Pension Plan

5. Discontinued Operation

Unit: yuan

Item	Income	Cost	Total profit	Income Tax Expenses	Net profit	Profit from discontinued operations attributable to the owners of parent company
------	--------	------	--------------	---------------------	------------	--

Other description

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	1,751,278,597.35	2,282,226,506.99			4,033,505,104.34
Cost of sale	1,084,618,155.94	983,852,286.64			2,068,470,442.58
Assets impairment loss & credit impairment loss	44,407,672.16	19,863,648.44			64,271,320.60
Depreciation expense and amortization expense	80,849,186.62	132,754,929.92			213,604,116.54
Operating profit / loss	133,718,230.15	291,561,034.88	48,176,816.30		473,456,081.33
Non-revenue and expense			-74,803.50		-74,803.50
Assets and liabilities					
Total assets	4,963,283,069.01	3,470,091,845.15	8,135,460,598.41		16,568,835,512.57
Total liabilities	1,164,119,747.27	1,465,087,917.16	1,908,585,106.35		4,537,792,770.78

(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.

(4) Other description

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: RMB 400 million; 2) Property right exchange (relocation): the area of property right exchange (relocation) obtained by Party B shall be determined at 40% of the gross floor area for sale based on the gross floor area for sale determined in the final approval of the special planning of the renewal unit of this Project.

(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. This type of treatment is also the accounting treatment adopted in most of the similar cases of listed companies enquired so far.

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* (six original documents) 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 in asset disposal income.

On July 26, 2024, the Company held the 23rd Meeting of the 3rd Board of Directors, and reviewed and approved the *Proposal on Signing the Supplementary Agreement on Relocation Compensation and Resettlement of Urban Renewal Units in Winner Industrial Park*. According to the supplementary agreement to be signed, the office property area and commercial property area obtained by the Company remain unchanged (39,240 square meters for office property and 200 square meters for commercial property), while the residential property area and compensation amount obtained by the Company are linked to the actual average transaction price of residential commercial housing obtained by Xingda Company. On August 19, 2024, the Company and the partner have signed the aforementioned supplementary agreement. The project will be restarted.

As of June 30, 2024, the Company received a total of RMB 250 million in cash. This includes a deposit of RMB 50 million received in April 2017, a prepaid relocation compensation of RMB 100 million received in February 2020, and another prepaid relocation compensation of RMB 100 million received in July 2023, as agreed upon in the relocation compensation and resettlement agreement.

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 Constructional 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 RMB 30 million to the Company as the performance bond.

In November 2019, International Arbitration Court of Ganjiang New District issued the *Award* ((2019) G.G.Z.Zi No.095), which confirmed the termination of the original *Investment Agreement*, and the People's Government of Zijin County shall bear the attorney fees, legal costs and other expenses totaling RMB 2,655,320.00. The land transfer deposit of RMB 3 million shall be returned to the Company and compensate for the economic loss of RMB 550 million. The People's Government of Zijin County shall pay 50% of the amount before December 31, 2019 and 50% before February 29, 2020. As of June 30, 2024, the Company has received the land transfer deposit of RMB 3 million returned by the People's Government of Zijin County and paid the compensation of RMB 332.5 million. The Company has also handed over the project land, above-ground buildings, equipment and facilities and relevant supporting materials to the People's Government of Zijin County.

(3) Impact of this matter on the Company's operation

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

XIX. Notes on Main Items of Parent Company's Financial Statement

1. Accounts Receivable

(1) Disclosure by aging

Aging	Unit: yuan	
	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	392,011,286.32	340,774,634.65
1~2 years	9,308,484.38	1,043,737.97
2~3 years	445,014.14	179,652.24
More than 3 years	2,368,338.71	2,318,934.33
3~4 years	107,304.75	57,900.37
4~5 years	0.00	118,509.20
More than 5 years	2,261,033.96	2,142,524.76
Total	404,133,123.55	344,316,959.19

(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	404,133,123.55	100.00%	18,588,843.64	4.60%	385,544,279.91	344,316,959.19	100.00%	15,260,708.63	4.43%	329,056,250.56
Including:										
Aging analysis method	359,277,574.83	88.90%	18,588,843.64	5.17%	340,688,731.19	302,550,055.56	87.87%	15,260,708.63	5.04%	287,289,346.93
Other combination	44,855,548.72	11.10%			44,855,548.72	41,766,903.63	12.13%			41,766,903.63
Total	404,133,123.55	100.00%	18,588,843.64	4.60%	385,544,279.91	344,316,959.19	100.00%	15,260,708.63	4.43%	329,056,250.56

Category name of provision for bad debts by combination: aging combination

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	349,416,771.56	17,470,838.58	5.00%
1~2 years	9,308,484.38	930,848.44	10.00%
2~3 years	445,014.14	133,504.24	30.00%
3~4 years	107,304.75	53,652.38	50.00%
Total	359,277,574.83	18,588,843.64	

Description of the basis for determining the combination:

Category name of provision for bad debts by combination: other combination

Unit: yuan

Name	Closing Balance		
	Book balance	Provision for bad debt	Accruing proportion
Intra-group receivables	44,855,548.72	0.00	0.00%
Total	44,855,548.72	0.00	

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 the current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in the current period			Closing Balance
		Accrual	Recovered or reversed	Write-off Others	
Provision for bad debt of accounts receivable	15,260,708.63	4,671,199.81	1,343,064.80		18,588,843.64
Total	15,260,708.63	4,671,199.81	1,343,064.80		18,588,843.64

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	32,646,618.71		32,646,618.71	8.08%	1,632,330.94
Second	31,202,311.27		31,202,311.27	7.72%	1,560,115.56
Third	28,293,034.11		28,293,034.11	7.00%	1,414,651.71
Fourth	22,726,345.29		22,726,345.29	5.62%	
Fifth	16,637,090.43		16,637,090.43	4.12%	831,854.52
Total	131,505,399.81		131,505,399.81	32.54%	5,438,952.73

2. Other Receivables

Unit: yuan

Item	Closing Balance	Balance at the beginning of the period
Other Receivables	116,045,259.43	116,040,893.47
Total	116,045,259.43	116,040,893.47

(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:				

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	Amount of change in the 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) 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 payment	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 the 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 payment	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	220,155,320.00
Margin and deposit	3,259,092.48	3,740,072.80
Employee petty cash	442,102.20	558,778.18
Others	2,582,620.66	1,978,710.15
Total	226,439,135.34	226,432,881.13

2) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	3,512,597.64	3,533,854.33
1~2 years	40,502.90	28,992.00
2~3 years	419,599.00	2,714,714.80
More than 3 years	222,466,435.80	220,155,320.00
3~4 years	2,311,115.80	
4~5 years	220,155,320.00	220,155,320.00
Total	226,439,135.34	226,432,881.13

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 (no credit impairment occurred)	Expected credit losses over the entire duration (credit impairment has occurred)	
Balance on January 1, 2024	110,391,987.66			110,391,987.66
Balance on January 1, 2024 in the current period				
Accrual in the current period	342,741.83			342,741.83
Reversal in the current period	340,853.58			340,853.58
Balance on June 30, 2024	110,393,875.91			110,393,875.91

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 the current period:

Unit: yuan

Class	Balance at the beginning of the period	Amount of change in the current period			Closing Balance
		Accrual	Recovered or reversed	Write off/verification Others	
Provision for bad debt	110,391,987.66	342,741.83	340,853.58		110,393,875.91
Total	110,391,987.66	342,741.83	340,853.58		110,393,875.91

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
------	--------------------

Write-off of important other receivables:

Unit: yuan

Unit name	Nature of other receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether the payments arise from connected transactions
-----------	-----------------------------	--------------------	-----------------------	--------------------------------	--

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	Compensation for investment and construction project of Winner Medical (Heyuan)	220,155,320.00	4-5 years	97.22%	110,077,660.00
Second	Margin and deposit	2,311,115.80	3-4 years	1.02%	115,555.79
Third	Margin and deposit	399,599.00	2-3 years	0.18%	19,979.95
Fourth	Margin and deposit	370,000.00	Within 1 year, 1-2 year(s)	0.16%	18,500.00
Fifth	Margin and deposit	130,028.00	Within 1 year	0.06%	6,501.40
Total	Margin and deposit	223,366,062.80		98.64%	110,238,197.14

7) Recorded under other receivables due to centralized fund management

Unit: yuan

Other description:

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 subsidiaries	in	4,041,503,753.14	4,086,994.48	4,037,416,758.66	3,612,018,476.28	4,086,994.48	3,607,931,481.80
Investment associated enterprises and joint enterprises	in and	20,492,230.33		20,492,230.33	20,377,034.07		20,377,034.07
Total		4,061,995,983.47	4,086,994.48	4,057,908,988.99	3,632,395,510.35	4,086,994.48	3,628,308,515.87

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period			Ending balance (book value)	Ending balance of impairment provision
			Further investment	Capital reduction	Provision for impairment		
Winner Medical (Huanggang)	267,491,627.79					267,491,627.79	
Winner Medical (Jingmen)	27,242,761.31					27,242,761.31	
Shenzhen Purcotton	131,058,457.65				1,411,276.86	132,469,734.51	
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	
Zhejiang Longterm	727,540,000.00					727,540,000.00	
Guilin Latex	500,000,000.00					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		428,074,000.00			428,934,840.00	
Total	3,607,931,481.80	4,086,994.48	428,074,000.00		1,411,276.86	4,037,416,758.66	4,086,994.48

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested entity	Beginning balance (book value)	Opening balance of provision for impairment	Increase or decrease in the 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			Others
I. Joint ventures												
II. Cooperative enterprise												
Chengdu Winner Likang Medical Products Co., Ltd.	20,377,034.07				115,196.26						20,492,230.33	
Subtotal	20,377,034.07				115,196.26						20,492,230.33	
Total	20,377,034.07				115,196.26						20,492,230.33	

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

(3) Other description

4. Revenue and Cost

Unit: yuan

Item	Amount incurred in the current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	1,108,269,598.31	842,869,692.65	1,649,626,729.34	1,102,744,068.83
Other businesses	34,615,567.06	1,013,798.51	39,358,109.10	4,490,396.82
Total	1,142,885,165.37	843,883,491.16	1,688,984,838.44	1,107,234,465.65

Breakdown of operating revenues and cost of sale:

Unit: yuan

Contract classification	Segment 1		Segment 2			Total				
	Revenue	Cost sale	of	Revenue	Cost sale	of	Revenue	Cost sale	of	
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 RMB 0.00, of which RMB 0.00 is expected to be recognized as revenue in year 0, RMB 0.00 is expected to be recognized as revenue in year 0, and RMB 0.00 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 the current period	Amount incurred in previous period
Long-term equity investment gains measured by employing the equity method	115,196.26	1,580,818.74
Investment income from purchasing financial products	38,973,085.80	31,943,539.75
Total	39,088,282.06	33,524,358.49

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	-2,531,199.34	
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)	16,329,769.68	
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	48,692,022.79	
Income and expenditure other than those mentioned above	4,384,196.12	
Less: Amount affected by income tax	10,326,267.54	
Amount of minority shareholders' equity affected (after tax)	-686,742.68	
Total	57,235,264.39	--

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

2. Return on Net Assets and Earnings Per Share

Reporting profit	Weighted average return on net assets	Earnings Per Share	
		Basic EPS (yuan/share)	Diluted EPS (yuan/share)
Net profit attributable to common shareholders of the Company	3.31%	0.6568	0.6568
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	2.81%	0.5589	0.5589

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

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

Applicable Not applicable

(2) The difference between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

(3) Causes for differences in accounting data under domestic and foreign accounting standards. If the difference adjustment has been made to the data audited by the overseas audit institution, the name of the overseas audit institution shall be indicated

Applicable Not applicable

4. Others