



# Joincare Pharmaceutical Group Industry Co., Ltd Interim Report 2021

**【Mission】** For the health, For the future

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

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

## IMPORTANT NOTICE

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

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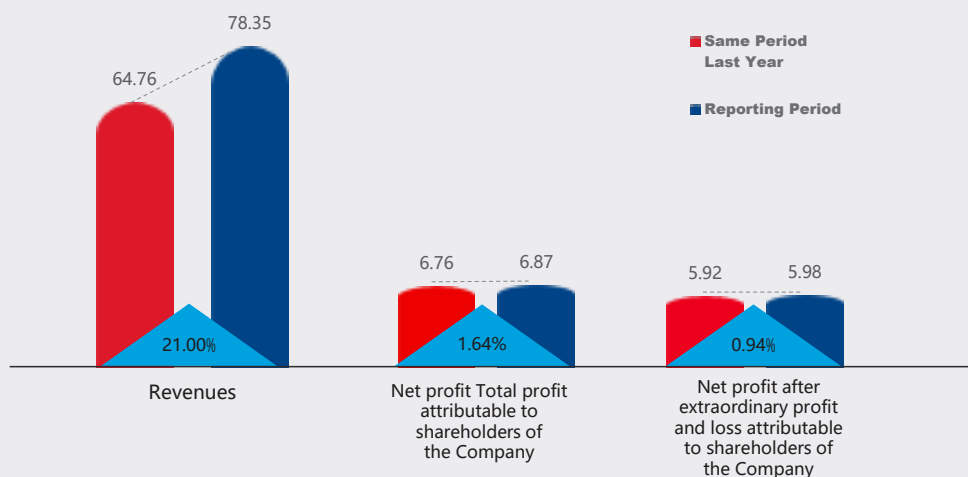
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List of documents available for inspection	The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department) The original copies of all documents and announcements of the Company which have been disclosed to the public on the website designated by CSRC during the Reporting Period
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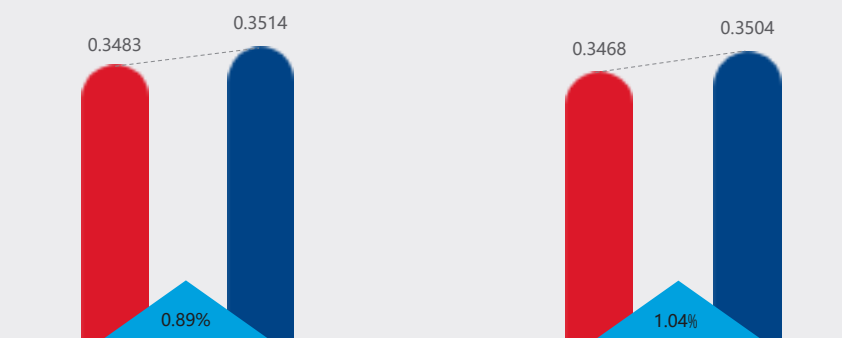
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## Major Financial Indicators (RMB in 100 million)

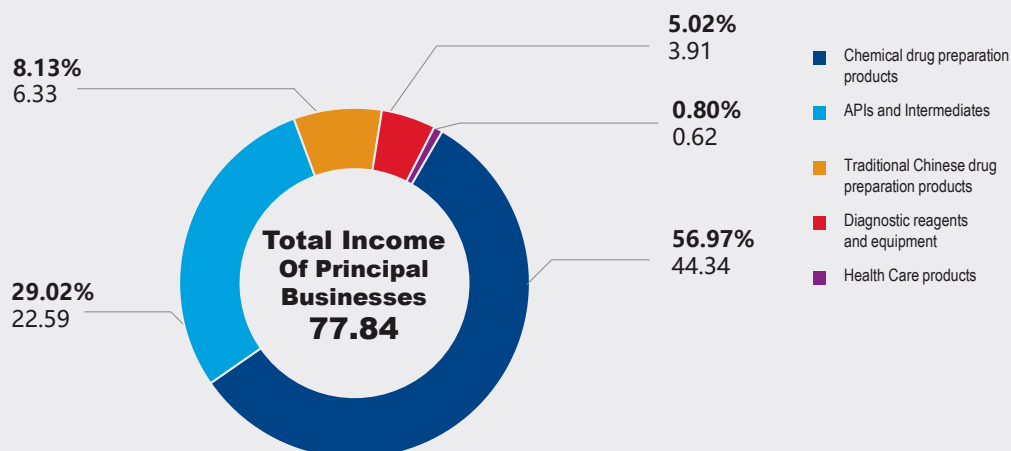


## EPS (RMB /Share)

## EPS-diluted (RMB /Share)

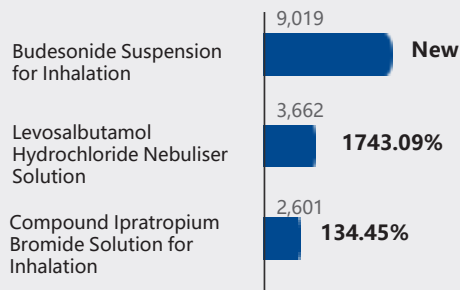


## Composition of Principal Businesses (RMB in 100 million)

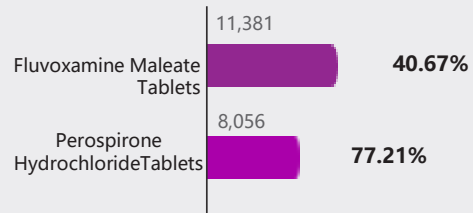


**Income from Sales of Key Products During the Reporting Period (RMB in 10,000) and YOY Change**

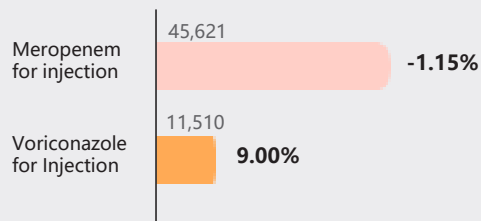
**Drug preparation products: Inhalation**



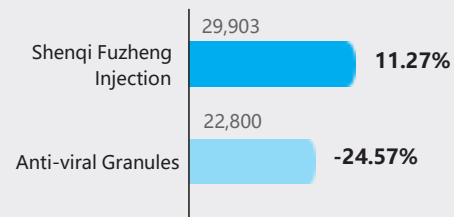
**Drug preparation products: psychiatry**



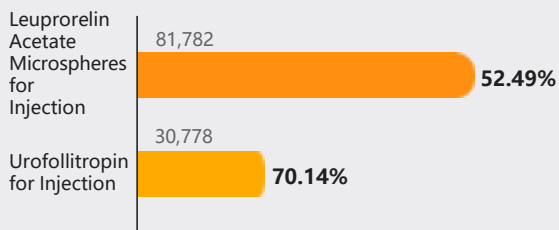
**Drug preparation products: Anti-infective**



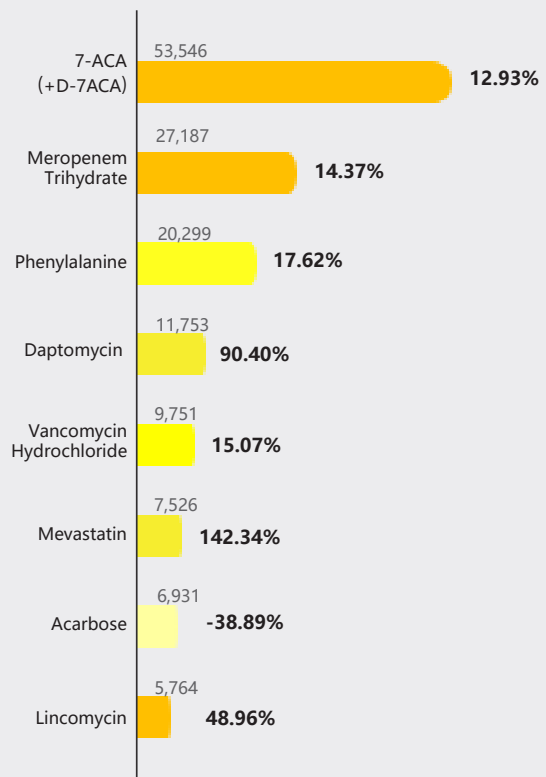
**Drug preparation products: traditional Chinese drug preparation**



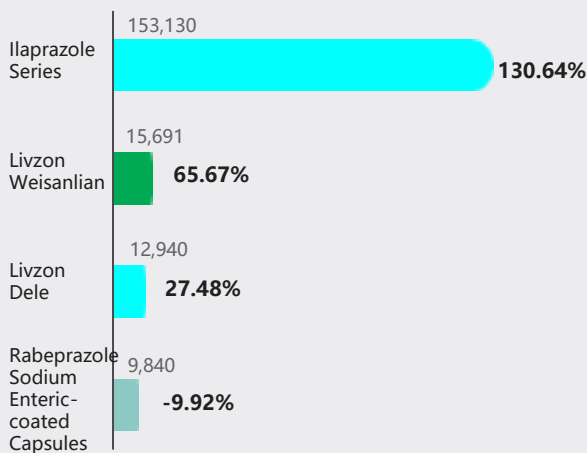
**Drug preparation products: gonadotropic hormones**



**APIs and intermediates**



**Drug preparation products: Gastroenterology**



# Chapter 1

## Definitions

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

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Company or the Company	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd. * (健康元药业集团股份有限公司)
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
BE	Refers to	Bioequivalence
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc.* (丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd. * (新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd. * (深圳太太药业有限公司)
Taitai Genomics	Refers to	Shenzhen Taitai Genomics Inc.Co.,Ltd. * (深圳太太基因工程有限公司)
Joincare Biopharmaceutical Research Institute	Refers to	Henan Province Joincare Biopharmaceutical Research Institute Co., Ltd. * (河南省健康元生物医药研究院有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司)
Joincare Daily-Use	Refers to	Joincare Daily-Use & Health Care Co., Ltd. * (健康元日用保健品有限公司)
Topsino	Refers to	Topsino Industries Limited * (天诚实业有限公司)
Fenglei Electric Power	Refers to	Shenzhen Fenglei Electric Power Investment Co., Ltd. * (深圳市风雷电力投资有限公司)
Zhuhai Jiankangyuan	Refers to	Zhuhai Jiankangyuan Biology Medicine Co.,Ltd. * (珠海健康元生物医药有限公司)
Health Pharmaceutical	Refers to	Health Pharmaceutical (China) Co., Ltd. * (健康药业(中国)有限公司)
Hiyeah Industry	Refers to	Shenzhen Hiyeah Industry Co., Ltd. * (深圳市喜悦实业有限公司)
Shanghai Frontier	Refers to	Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. * (上海方予健康医药科技有限公司)
Joincare Special Medicine Food	Refers to	Joincare (Guangdong) Special Medicine Food Co., Ltd. * (健康元(广东)特医食品有限公司)
Joincare BVI	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd
Livzon MAB	Refers to	Livzon MABPharm Inc. * (珠海市丽珠单抗生物技术有限公司)
Livzon Diagnostics	Refers to	Zhuhai Livzon Diagnostics Inc. * (珠海丽珠试剂股份有限公司)
Fuzhou Fuxing	Refers to	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (丽珠集团福州福兴医药有限公司)
Xinbeijiang Pharmaceutical	Refers to	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (丽珠集团新北江制药股份有限公司)
Ningxia Pharmaceutical	Refers to	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.* (丽珠集团(宁夏)制药有限公司)
Gutian Fuxing	Refers to	Gutian Fuxing Pharmaceutical Co., Ltd. * (古田福兴医药有限公司)
Livzon Hecheng	Refers to	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. * (珠海保税区丽珠合成制药有限公司)
Livzon Limin	Refers to	Livzon Group Limin Pharmaceutical Manufacturing Factory * (丽珠集团利民制药厂)
Livzon Pharmaceutical Factory	Refers to	Livzon Group Livzon Pharmaceutical Factory * (丽珠集团丽珠制药厂)

Definitions of common terms		
Shanghai Livzon	Refers to	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. * (上海丽珠制药有限公司)
Sichuan Guangda	Refers to	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. * (四川光大制药有限公司)
Jinguan Electric Power	Refers to	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. * (焦作金冠嘉华电力有限公司)
Tianjin Tasly	Refers to	Tianjin Tasly Healthcare Industry Investment Partnership (Limited Partnership)* (天津天士力健康产业投资合伙企业(有限合伙))
Tianjin Tongrentang	Refers to	Tianjin Tongrentang Group Co., Ltd. * (天津同仁堂集团股份有限公司)
Sanmed Biotech	Refers to	Zhuhai Sanmed Biotech Inc. * (珠海圣美生物诊断技术有限公司)
Livzon Biologics or Livzon Cayman	Refers to	Livzon Biologics Limited
Livzon International	Refers to	Livzon International Limited
YF	Refers to	YF Pharmab Limited
Kadi Biotechnology	Refers to	Zhuhai Kadi Medical Biotechnology Inc. * (珠海市卡迪生物医药有限公司)
Lisheng Juyuan	Refers to	Hainan Lisheng Juyuan Investment Partnership (Limited Partnership) * (海南丽生聚源投资合伙企业(有限合伙))
Livzon HK	Refers to	Livzon Biologics Hong Kong Limited * (丽珠生物科技香港有限公司)
LivzonBio	Refers to	Zhuhai Livzon Biotechnology Co., Ltd.* (珠海市丽珠生物医药科技有限公司)
COVID-19	Refers to	a new coronavirus (SARS-CoV-2)
COVID-19 pandemic or pandemic	Refers to	the outbreak of the disease caused by a new coronavirus called SARS-CoV-2
Ruihua Certified Public Accountants	Refers to	Ruihua Certified Public Accountants (Special General Partnership)
Grant Thornton	Refers to	Grant Thornton (Special General Partnership)
Reporting Period	Refers to	From 1 January 2021 to 30 June 2021
End of the Reporting Period	Refers to	30 June 2021
Currency or unit	Refers to	RMB unless otherwise specified

\*For identification purpose only

## Chapter 2

# Company Profile and Major Financial Indicators

### I Company information

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

### II Contact persons and contact details

	Board Secretary	Representative of Securities Affairs
Name	Zhao Fengguang (赵凤光)	Zhou Xian (周鲜)
Address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Telephone	0755-86252656, 0755-86252388	0755-86252656, 0755-86252388
Fax	0755-86252165	0755-86252165
E-mail	zhaofengguang@joincare.com	zhouxian@joincare.com

### III Introduction of changes in basic information on the Company

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



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

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

## V Company stock profile

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

## VI Other relevant information

Applicable  N/A

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

### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal Accounting Data	Reporting Period (From January to June)	Same Period Last Year	Year-on-Year Change (%)
Revenues	7,835,372,274.66	6,475,702,905.40	21.00
Net profit attributable to Shareholders of the listed company	687,347,494.53	676,265,223.83	1.64
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss	597,892,327.43	592,320,636.90	0.94
Net cash flow from operating activities	745,787,513.36	1,248,991,736.51	-40.29
	End of the Reporting Period	End of the Previous Year	Change during the Period (%)
Net assets attributable to Shareholders of the listed company	11,358,911,818.28	11,096,125,890.51	2.37
Total assets	28,588,683,586.62	28,156,977,599.07	1.53

### (II) Principal financial indicators

Principal financial indicators	Reporting Period (From January to June)	Same Period Last Year	Year-on-Year Change (%)
Basic earnings per share (RMB/share)	0.3514	0.3483	0.89
Diluted earnings per share (RMB/share)	0.3504	0.3468	1.04
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.3057	0.3050	0.23
Weighted average return on net assets (%)	6.04	6.34	Decreased by 0.3 percentage point
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	5.26	5.56	Decreased by 0.3 percentage point

Description of principal accounting data and financial indicators of the Company

Applicable  N/A

The net cash flow from operating activities was RMB746 million, representing a year-on-year decrease of 40.29%. This was mainly due to the expansion of the specialized sales force and the increase of the investment in R&D of biologics and the platform of inhalation preparations during the Reporting Period.

**VIII Differences in accounting data under domestic and foreign accounting standards** Applicable  N/A**IX Items and amounts of extraordinary gains and losses** Applicable  N/A

Unit: Yuan Currency: RMB

Items of Extraordinary Gains and Losses	Amounts	Notes (If applicable)
Gains and losses on disposal of non-current assets	20,350,801.14	Proceeds from disposal of fixed assets
Government grants included in profit and loss for the Period (except for government grants closely associated with normal corporate businesses, entitled at fixed amount or fixed level according to national policies and national unified standards)	129,460,997.27	Government grants included in profit and loss for the Period
Gains and losses on fair value changes derived from holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income generated on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the ordinary operating business of the Company	55,548,948.55	Gains or losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading
Other non-operating Revenues and non-operating expenditures apart from the above items	-1,398,606.73	Other non-operating Revenues and non-operating expenditures apart from the above items
Effect of minority interests	-88,308,756.71	The portion of the above items to which minority shareholders are entitled
Income tax effect	-26,198,216.42	Effect of the above items on income tax
Total	89,455,167.10	

**X Others** Applicable  N/A

## Chapter 3

# Management Discussion and Analysis

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

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

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

At present, the business scope of the Company covers health care products, chemical drug preparation products, traditional Chinese drug preparation products, chemical active pharmaceutical ingredients (APIs) and intermediates, diagnostic reagents and equipment, etc. The comprehensive product series and mix provide more market opportunities and larger development space for the Company. Our business of health care products has been sustained since the Company was established, and our well-known brands such as "Taitai"(太太), "Jingxin"(静心) and "Eagle's"(鹰牌) have extensive market influence. Chemical drug preparation products are the largest revenues generator of the Company, among which prescription drugs such as "Meropenem for Injection", "Esomeprazole Enteric-coated Tablet and Esomeprazole Sodium for Injection", "Leuprorelin Acetate Microspheres for Injection" and "Urofollitropin for Injection", and OTC drugs such as "Bismuth Potassium Citrate Series Products (Livzon Dele)", "Live Bifidobacterium Capsules", and "Dexamethasone Acetate Adhesive Tablets"(意可贴) rank high in the market. As products such as "Compound Ipratropium Bromide Solution for Inhalation"(舒坦琳), "Levosulbutamol Hydrochloride Nebuliser Solution"(丽舒同), and "Budesonide Suspension for Inhalation"(雾舒) have been successively approved for marketing, Joincare's product lines of inhalation preparations have been gradually enriched, laying a solid foundation for achieving the strategic goal of becoming the "Leader of Inhalation Preparations in China". Chemical APIs and intermediates include cephalosporin series, statin series, and carbapenem series. Traditional Chinese medicines include anti-tumor medicine "Shenqi Fuzheng Injection" and cold medicine "Anti-viral Granules". Diagnostic reagents include Diagnostic Kit for IgM/IgG Antibody to Coronavirus (2019-nCoV) (Colloidal Gold) (新型冠状病毒(2019-nCoV)IgM/IgG抗体检测试剂盒(胶体金法)), Diagnostic Kit for IgM Antibody to Mycoplasma Pneumonia (Colloidal Gold) (肺炎支原体IgM抗体检测试剂盒(胶体金法)), and Diagnostic Kit for Antibody to Human Immunodeficiency Virus (ELISA) (人类免疫缺陷病毒抗体检测试剂盒(酶联免疫法)).

#### (II) Business model of the Company

##### 1. Procurement model

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

##### 2. Production model

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

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

### 3. Sales model

#### (1) Drug preparation products

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

#### (2) APIs and intermediates

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

Specific sales methods of APIs include: 1) Domestic market: The Company directly signs product sales contracts with large manufacturers to directly sell products to customers. Meanwhile, the Company also sells products through distributors. 2) Foreign market: The Company directly sells products in the foreign market and also sells products through distributors in areas with high market and political risks. At present, products of the Company are mainly exported to nearly 40 countries and regions in Asia, Europe, North America, and Africa.

#### (3) Diagnostic reagents and equipment

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

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

#### (4) Health care products

The sales model of health care products is mainly distributor management model. Product promotion, price control, and channel carding are managed and improved with the distributor distribution channel and terminal coverage capability. At present, the Company has set up 28 provincial branches and 129 subordinate offices across China and maintained long-term partnership with distributors with better area coverage capability for stable strategic alliance and common development. The Company has cooperated with about 102 first-level/primary distributors in total, including 67 businesses in drug production line and more than 35 businesses in food production line with more than 190,000 subordinate secondary businesses and terminal businesses in drug and food production lines. Products are well managed and promoted through the tiered marketing channel. In addition to the traditional distribution management model, the Company realizes common development through coordinated marketing in E-commerce channel.

### (III) Analysis of industry development

In 2021, domestic pandemic prevention and control has been shifted from a state of emergency to regular/normalized management, as the market has been basically restored to the level before the outbreak of COVID-19; services and the number of outpatients and inpatients in medical and health institutions at different levels have basically restored to normal. However, as the pandemic continues to spread overseas and clusters of pandemic cases have occurred from time to time due to cases resulting from virus carriers traveling from abroad, the pandemic prevention and control situation has become severe and complex, the industry chain amid the pandemic has continued to flourish, product demands in relevant industries increased, and overall performance of pharmaceutical manufacturing segment maintained a growth momentum. The pharmaceutical industry is highly affected by changes in industry policies. With the constant introduction of a series of national policies, including consistency evaluation, medical insurance premium control, and volume-based procurement expansion, the pharmaceutical industry has been gradually transformed from high-speed development into high-quality development with challenges and opportunities.

Data of National Bureau of Statistics shows that in the first half of 2021, enterprises in the pharmaceutical manufacturing industry above designated scale in China have realized Revenues of RMB1,404.69 billion, representing a year-on-year increase of 28.0%; operating costs of RMB745.70 billion, representing a year-on-year increase of 17.5%; total profits of RMB300.04 billion, representing a year-on-year increase of 88.8% or an increase of 86.7 percentage points in growth rate as compared with the same period of last year, 21.9 percentage points higher than the overall level of domestic industrial enterprises above designated scale in the same period.

### (IV) Industry status of the Company

Thanks to years of development, the Company has become a comprehensive pharmaceutical enterprise covering multiple areas including health care products, chemical drug preparation products, traditional Chinese drug preparation products, chemical APIs and intermediates, as well as diagnostic reagents and equipment with a complete industrial chain. Chinese and western drug preparations produced by the Company have secured a long-term position in national drug preparation market, in which drugs for alimentary tract, anti-infective drugs and gonadorelin drugs are main competitive products of the Company. In the future, the Company will focus on innovative drugs and high-barrier complex preparations and constantly strengthen the innovative research and development and business layout of respiratory, psychiatric and neurological, and tumor-immune products based on the original dominant field.

During the Reporting Period, the Company, with solid strength in R&D and production and steady marketing presence, ranked Top 9 in "2020 Annual Ranking of Top 100 Chinese Chemical Drug Enterprises" under "2020 Annual Ranking of Top 100 Enterprises in Pharmaceutical Industry in China" of menet.com.cn.

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

In the first half of 2021, the COVID-19 pandemic was basically and effectively controlled in China, and medical order was gradually restored to normal. The Company actively implemented sales deployment, strengthened market promotion, reinforced sales specialization and delicacy management, and ensured steady growth of overall performance of the Company during the Reporting Period.

During the Reporting Period, sales of main varieties in key specialist areas of the Company kept steady growth, and contribution of sales revenue of key preparation products to overall revenues was continuously improved. Meanwhile, sales of API segment realized steady growth after resources integration, adjustment of product mix, reinforcement of international certification and other measures taken by the Company. Due to the pandemic control requirements in China, certain impact was brought on the sales of novel coronavirus antibody test reagents, but other original principal businesses in the diagnostic reagent segment achieved significant year-on-year growth.

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

✓ Applicable  N/A

### 1. Superior brand strength with diversified product mix

Founded more than 20 years ago, we have been dedicated to the business of pharmaceutical and health care products, built a successful brand image and win wide recognition in the market with premium product quality and market service. Many brands of series products under the Company and Livzon Group have made the Company widely recognized and gain brand advantages. Products of the Company cover biologics, prescription drug preparations, APIs, health care products, OTC drugs, diagnostic reagents and equipment, enabling the Company to establish an advantageous market position in a number of therapeutic fields such as respiration, anti-infection, assisted reproduction, gastroenterology, psychiatry, and tumor immunity. Moreover, abundant product series and categories provide and will provide more market opportunities and larger development space for the Company.

### 2. R&D innovation strength

The Company has persisted in being driven by R&D innovation, starting from the interests of patients, and focusing on the R&D of innovative drugs and high-barrier complex preparations. At present, the Company has diversified and multi-level R&D institutions and strong R&D capacity and international R&D concepts in chemicals, traditional Chinese drug preparation products, biologics, diagnostic reagents, health care products and OTC drugs, and has established a clear and diverse R&D pipeline for products by focusing on areas of antimicrobial, anti-tumor, gonadorelin, gastroenterology, neurology, and respiration. By proactively introducing domestic and foreign experts and innovative talents, constantly increasing R&D investments, developing overseas strategic alliances, and focusing on inhalation administration, antibody technology, sustained release microsphere, liposomes microemulsion and construction of other technical platforms, the Company has constantly improved its R&D competitive strength in recent years.

### 3. Corporate value added by innovation of marketing model

In the future, the health industry in China will tend to combine the emerging Internet marketing with the traditional industry via the Internet, especially mobile Internet to improve sales conversion rate and enhance customer and consumer stickiness. Therefore, the Company has in recent years constantly tried and promoted new marketing models based on the Internet, and combined traditional sales model with new Internet marketing so that the Company can directly establish long-term good interactive relationship with final consumers, deeply integrate consumer groups, satisfy diversified consumer demands, and effectively enhance long-term value and value-added service for consumers. Meanwhile, the Company has restructured the industrial chain, built an ecological closed-loop for digital health management, realized real-time interaction between consumers and brands through private traffic of new media, dedicated to digital precision operation, and injected new vitality to the marketing model of the Company based on marketing strategy advantages accumulated for many years.

### 4. Improved competitive strength through continuous marketing reform and innovation

Sales team of the Company has become more independent, competitive and challenging thanks to continuous reform and innovation of the marketing model and team, and maintained good partnership with distributors at different levels through active interaction for many years. Joincare has adopted the new marketing model of streamline administration and institute decentralization to enhance independent sales and decision making abilities of contractual sellers, optimized resource allocation of personnel, variety, terminal and policy while arousing the enthusiasm and motivation of marketing personnel, expanded product promotion and coverage, and achieved effective growth of Revenues.

### 5. Talent strength

Joincare has persisted in the core value of "people-oriented, high-quality, innovative and practical, and cooperative for sharing" and laid emphasis on talent training. Over the years, the Company has attracted a galaxy of core leading R&D talents and experienced management teams based on an efficient operation and management model and salary training system, and has had a keen insight into the development trend and market demand of the pharmaceutical industry. At present, the talent team of the Company includes high-end pharmaceutical research personnel, professionals familiar with pharmaceutical laws and regulations and product production, and high-end management talents experienced in the industry and management, laying a solid foundation for the sound, sustainable and stable development of the Company.

### III Discussion and analysis of business conditions

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

During the Reporting Period, the Company realized Revenues of RMB7,835 million, representing a year-on-year increase of approximately 21.00%; a net profit attributable to shareholders of the listed company of RMB687 million, representing a year-on-year increase of approximately 1.64%, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or loss of RMB598 million, representing a year-on-year increase of approximately 0.94%. Business development of various segments of the Company is as follows:

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

As at the end of the Reporting Period, the Company directly and indirectly held 44.76% equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized a Revenues of RMB6,232 million, representing a year-on-year increase of approximately 22.31%, and a net profit attributable to shareholders of the listed company of about RMB531 million.

During the Reporting Period, the sales income and year-on-year change of key drug preparation products of Livzon Group are as follows: the sales income generated by key gonadotropic hormones products Leuprorelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球) amounted to RMB817.82 million, representing a year-on-year increase of 52.49%, and the sales income generated by Urofollitropin for Injection (注射用尿促卵泡素) amounted to RMB307.78 million, representing a year-on-year increase of 70.14%. The sales income generated by key gastroenterological product Ilaprazole series (艾普拉唑系列) amounted to RMB1,531.30 million, representing a year-on-year increase of 130.64%; the sales income generated by Rabeprazole Sodium Enteric-coated Capsules (雷贝拉唑钠肠溶胶囊) amounted to RMB98.40 million, representing a year-on-year decrease of 9.92%; the sales income generated by the Bismuth Potassium Citrate series (得乐系列) amounted to RMB129.40 million, representing a year-on-year increase of 27.48%; the sales income generated by Livzon Weisanlian (丽珠维三联) amounted to RMB156.91 million, representing a year-on-year increase of 65.67%. The sales income generated by key psychiatric products, Fluvoxamine Maleate Tablets (马来酸氟伏沙明片) and Perospirone Hydrochloride Tablets (盐酸哌罗匹隆片), amounted to RMB113.81 million and RMB80.56 million respectively, representing a year-on-year increase of 40.67% and 77.21% respectively. The sales income generated by the key anti-infection product Voriconazole for Injection (注射用伏立康唑) amounted to RMB115.10 million, representing a year-on-year increase of 9.00%. The sales income generated by traditional Chinese drug preparation product Shenqi Fuzheng Injection (参芪扶正注射液) amounted to RMB299.03 million, representing a year-on-year increase of 11.27%. The sales income generated by Anti-viral Granules (抗病毒颗粒) amounted to RMB228.00 million, representing a year-on-year decrease of 24.57%.

The income and year-on-year change of key APIs and intermediates of Livzon Group are as follows: the sales income generated by Phenylalanine (苯丙氨酸) amounted to RMB202.99 million, representing a year-on-year increase of 17.62%; the sales income generated by Acarbose (阿卡波糖) amounted to RMB69.31 million, representing a year-on-year decrease of 38.89%; the sales income generated by Vancomycin Hydrochloride (盐酸万古霉素) amounted to RMB97.51 million, representing a year-on-year increase of 15.07%; the sales income generated by Daptomycin (达托霉素) amounted to RMB117.53 million, representing a year-on-year increase of 90.40%; the sales income generated by Lincomycin (林可霉素) amounted to RMB57.64 million, representing a year-on-year increase of 48.96%; the sales income generated by Milbemycin Oxime (米尔贝肟) amounted to RMB49.91 million, representing a year-on-year increase of 6.53%; and the sales income generated by Mevastatin (美伐他汀) amounted to RMB75.26 million, representing a year-on-year increase of 142.34%.

For business conditions of Livzon Group, please refer to the 2021 Interim Report of Livzon Pharmaceutical Group Inc.

##### (2) Livzon MAB

As at the end of the Reporting Period, the Company held 55.90% equity interest in Livzon MAB and had an effect on the net profit of the Company attributable to shareholders of the listed company in Current Period of about RMB-134 million.

During the Reporting Period, Livzon MAB focused on promoting the clinical application, clinical development and industrialization of the Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) ("V-01") project. As at the End of the Period, Livzon MAB had completed the interim report of the clinical phase I/II study for V-01

with phase I/II clinical results showing excellence in safety and immunogenicity of the vaccine and was preparing to start the global multi-center phase III clinical study. The construction of the vaccine commercialization workshop has been completed and put into use. Meanwhile, Livzon MAB continued to focus on new molecules, new targets and differentiated molecular designs in the fields of tumors, immune diseases and assisted reproduction. During the Reporting Period, Livzon MAB has made phased progress in the R&D of the following projects: Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒毛促性素) was approved for marketing, which is the first generic drug in China; Recombinant Humanized Anti-IL-6R Monoclonal Antibody for Injection (重组人源化抗人IL-6R单克隆抗体注射液) is currently undergoing marketing application; the phase Ia dose ramp trial for psoriasis indication for Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人IL-17A/F人源化单克隆抗体注射液) was completed and it entered the phase Ib/II clinical trial phase, and the preliminary clinical data showed that the efficacy was observed in patients with psoriasis upon low-dose one administration; the IND declaration for Recombinant Human Follicle Stimulating Hormone for Injection (重组人促卵泡激素注射液) was completed and clinical trials of other products are also ongoing.

(3) Joincare (excluding Livzon Group and Livzon MAB)

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized an Revenues of RMB1,746 million, representing a year-on-year increase of approximately 11.23%, and a net profit attributable to shareholders of the listed company of RMB290 million, representing a year-on-year increase of approximately 11.06%. Joincare realized a net profit attributable to Shareholders of the listed company after deducting the extraordinary gain and loss of RMB265 million, representing a year-on-year increase of approximately 4.35%. Main fields and key products are as follows:

① Prescription drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales income of RMB632 million from prescription drug segment, representing a year-on-year increase of approximately 29.67%. Among which, the sales income and year-on-year change of key products are as follows: The sales income generated by the key anti-infection product Meropenem for injection (注射用美罗培南) amounted to RMB456.21 million, representing a year-on-year decrease of 1.15%. The additional sales income generated by the key respiratory product Budesonide Suspension for Inhalation (吸入用布地奈德混悬液) amounted to RMB90.19 million. The sales income generated by Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) amounted to RMB36.62 million, representing a year-on-year increase of 1743.09%. The sales income generated by Compound Ipratropium Bromide Solution for Inhalation (吸入用复方异丙托溴铵溶液) amounted to RMB26.01 million, representing a year-on-year increase of 134.45%.

In the first half of 2021, the Company continued to accelerate construction of the national sales team in respiratory line, basically established a three-level fine marketing development system of regional manager, provincial manager, and development manager, actively took various measures to speed up the development of key products in hospitals: 1. Enhanced the coverage and fulfillment rate of evaluation indicators; the development speed of respiratory variety was obviously accelerated; more than 1,100 hospitals above level II were developed in the first half of 2021; 2. Realized rapid coverage and sales growth of the variety by taking the opportunity that Levosalbutamol Hydrochloride Nebuliser Solution entered national negotiation; 3. Continued to drive construction of digital marketing platform and carry out brand communication in all aspects; 4. The three inhalation preparation varieties of Budesonide Suspension for Inhalation, Ipratropium Bromide Solution for Inhalation, and Compound Ipratropium Bromide Solution for Inhalation were selected in the fifth round of centralized drug procurement organized by the State, which contributed to rapidly opening up the domestic sales market and improving market share for inhalation preparation products of the Company.

During the Reporting Period, R&D of respiratory inhalation preparations of the Company went well. The following products made phased progress: Terbutaline Sulphate Solution for Nebulization (硫酸特布他林雾化吸入溶液) has been applied for production; Tobramycin Solution for Inhalation (class 2.4) (妥布霉素吸入溶液(2.4类)) is undergoing the phase III clinical trial; Formoterol Fumarate Solution for Inhalation (class 3, national encouraged generic varieties) (富马酸福莫特罗吸入溶液(3类, 国家鼓励仿制品种)) has completed interim analysis of phase III clinical trial; the interim analysis results of main research endpoint have been judged to reach the preset excellent efficiency standards of the scheme by Independent Data Monitoring Commission; Formoterol Fumarate Inhalation Aerosol (class 2.3) (富马酸福莫特罗吸入气雾剂(2.3类)), Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol (class 3) (莫米松福莫特罗吸入气雾剂(3类)), and Acclidinium Bromide Powder for Inhalation (class 2.2) (阿地溴铵吸入粉雾剂(2.2类)) have received the notice of clinical trials.



## ② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales income of RMB927 million from APIs and intermediates, representing a year-on-year increase of approximately 1.57%. Among which, the sales income and year-on-year change of key products are as follows: The sales income generated by 7-ACA (including D-7ACA) amounted to RMB535.46 million, representing a year-on-year increase of 12.93%. The sales income generated by Meropenem Trihydrate (美罗培南混粉) amounted to RMB271.87 million, representing a year-on-year increase of 14.37%.

During the Reporting Period, in the API segment, Joincare continued to strengthen safety and environmental protection construction and drive lean production. Production and yield of key products were improved through further enhancement of technical innovation of production process. Production costs were stable with a slight decline against the backdrop of continued rise of bulk commodities prices and increased pressure from procurement cost of raw materials in the first half of 2021. In terms of marketing, the price of key product 7-ACA was slightly declined compared with that in the second half of 2020, but the sales volume maintained relatively stable. Meropenem Trihydrate recorded a sharp increase of sales in Q2 of 2020 due to the spread of pandemic overseas. The Company continued to maintain a solid position in the market in the first half of 2021, and the sales of Meropenem Trihydrate remained steady growth based on a higher base in the same period of Previous Year with export share setting a new high.

One of the key tasks of the Company this year is to strengthen R&D innovation of APIs. The Company established Joincare Biopharmaceutical Research Institute last year to focus on green pharmaceutical intermediates, enzymes used in the pharmaceutical industry, and biochemical APIs. At present, construction of the Research Institute goes well. The Research Institute has successfully hired 8 doctors and 14 masters on board, successively established 6 R&D platforms of breeding of industrial strains, synthetic biology, biocatalysis, fermentation amplification, product extraction, and drug synthesis according to demands of the technical and industrial chain, and focused on technical problem solving in two research fields of metabolic engineering modification of industrial microbial system and aided high-value natural product development with IBT technology as well as drug and allogenic expression. In early 2021, Joincare Biopharmaceutical Research Institute signed a Strategic Cooperation Agreement with Tencent Quantum Lab (腾讯量子实验室) to drive the application of quantum computing + AI in research fields of microbial synthetic biology and relevant drugs.

## ③ Health care products and OTC drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized Revenues of RMB160 million from health care product and OTC segment, representing a year-on-year increase of approximately 0.38%.

In the first half of 2021, affected by external factors including repeated outbreaks of COVID-19 and national health insurance policies, sales of health care products dropped due to the decline of customer volume in offline pharmacies in mainstream channels of health care products of the Company, especially in pharmacies and supermarkets of main output provinces, and the insufficient interactive marketing methods and strategies. Nevertheless, the Company integrated key chain resources for deep channel distribution and advanced OTC product sales through organizational structure reform of offline teams for steady growth.

## 2. Business plans in the second half of 2021

In the second half of 2021, the major tasks in various business segments of the Company are set out as follows:

### (1) R&D Center

In terms of innovative R&D, the Company will continue to strengthen its target management and appraisal mechanism, improve R&D efficiency, focus on and effectively accelerate R&D and clinical development progress of core varieties, rapidly drive product transformation and implementation, strengthen innovation effort, and actively use digital and intelligent new technology and model to improve R&D innovation efficiency. The Company will gradually plan for transdermal patch, nano preparation, and other high-barrier technology platforms while continuing to promote the original technology platform with edges through various means including independent development, external introduction and collaborative development to further improve R&D layout. Meanwhile, the Company will integrate its resources and fully utilize the edges of its own APIs advantages to couple with the R&D of drug preparation products with the aim of forming an integrated industrial chain. In addition, the Company will continue to strengthen internal and external training and the introduction of senior R&D personnel to promote the overall R&D level of the team and enhance the comprehensive R&D strength of the enterprise.

## (2) Production Center

In terms of production, the Company will continue to improve product safety, environmental protection, quality standards and requirements, systematically control quality and safety risks, continue to increase input in production, quality, environmental protection and other aspects, improve management mechanism, strengthen risk control, and ensure safe drug production and stable quality. The Company will improve product competitiveness through technical improvement, refine management, and capture of the superior advantages of the products in costs. Meanwhile, the Company will drive the construction project of new factory and new production line as scheduled, follow up and establish supporting systems, prepare for marketing of new variety, make capacity plan for existing products, and actively cope with the centralized drug procurement organized by the State.

## (3) Sales Center

The key work deployments in marketing of prescription drugs are as follows: 1. Continue to expand the terminal sales team, continuously attract excellent talents to join the sales team, take brand building as the goal, and improve the practical capability and comprehensive quality of marketing teams across China; 2. Continue to strengthen integration of terminal resources, focus on establishing national benchmark areas, benchmark hospitals and benchmark sales teams, include key hospitals above level II in appraisal system, and comprehensively enhance the coverage and fulfillment rate of evaluation indicators; 3. Seize the opportunity that three inhalation preparation products have been successfully selected in the centralized drug procurement organized by the State, be prepared in business, production, terminal and other links, and quickly increase market share and raise brand awareness in all aspects; 4. Continue to advance construction of digital marketing platform and support for terminal market activities, effectively combine online and offline methods, and enhance in-depth brand recognition on the doctor side and patient side; 5. Follow up in real time national medical reform related policies, strengthen clinical and pharmaco-economic research of products after marketing, and actively cope with medical insurance adjustment in 2021.

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

In the second half of 2021, the Company will lay more emphases on development of online channels for marketing of health care products, continue to promote its brands on TikTok, Zhihu, Weibo, Xiaohongshu and other communication channels, stick to the customer-centered principle in combination with online and offline channels, carry out brand marketing activities at the marketing node, and raise brand reputation and product awareness and reputation. Meanwhile, the Company will increase the sales ratio in online channels through livestream marketing, innovative traffic plan on E-commerce platform, and increase of investment on holidays and festivals. The Company will make in-depth channel distribution through organizational structure of the offline team in OTC segment and focus on integrating diversified resources and boosting sales by resource empowerment.

## (4) Functions and strategies

The key attainments of the Company in the functional areas are as follows: Firstly, we continue to improve the organizational structure and institutional settings, to improve the management efficiency and adopt fully advanced lean management. Secondly, we continue to drive corporate cultural construction, strengthened cultivation of core values, and enhance the cohesion and centripetal force. Thirdly, we continue to strengthen talent and system construction and to improve OKR and KPI target management system under close cooperation and full support of departments so as to provide powerful service and guarantee in R&D, production and sales. Fourthly, we actively give full play to resource advantages of internal and external business cooperation, make investment layout, introduce innovative products and technologies, and improve strategic layout of the Company. Fifthly, we actively fulfill corporate social responsibility, endeavor to improve corporate governance level, and promote high-quality and sustainable development.

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

Applicable  N/A

## IV Main business conditions during the Reporting Period

### (I) Analysis of principal operating activities

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

Unit: Yuan Currency:RMB

Item	Amount for the Period	Amount for the Previous Period	Change (%)
Revenues	7,835,372,274.66	6,475,702,905.40	21.00
Operating cost	2,743,005,734.93	2,277,555,656.22	20.44
Selling expenses	2,499,949,757.30	1,803,247,662.75	38.64
Administrative expenses	397,921,091.17	401,922,830.97	-1.00
Finance expenses	-41,726,762.77	-99,413,845.75	Not applicable
R&D expenses	622,962,388.41	372,523,241.72	67.23
Net cash flow from operating activities	745,787,513.36	1,248,991,736.51	-40.29
Net cash flow from investing activities	-1,173,747,818.24	-154,735,758.55	Not applicable
Net cash flow from financing activities	-1,475,233,697.43	-3,271,004,584.66	Not applicable

Reasons for changes in selling expenses: Mainly due to an increase in selling expenses in line with a prominent growth in the sales revenue of prescription drugs, as a result of the Company's increased marketing efforts for respiration, gastroenterology and psychiatry segments during the Period.

Reasons for changes in finance expenses: Mainly due to an increase in interest expenses as a result of an increase in loans of Livzon Group, a controlling subsidiary of the Company, during the Period, and lower interest income than the Previous Period as a result of a decrease in deposit interest rate.

Reasons for changes in R&D expenses: Mainly due to an increase in R&D investment, as a result of actively advancing the R&D progress of project of innovative drug "Recombinant SARS-CoV-2 Fusion Protein Vaccine" and the expansion of the scientific research team during the Period.

Reason for changes in net cash flow from operating activities: Mainly due to an increase in the period expenses as a result of strengthening sales Force and increasing R&D investments in biologics and inhalation preparations during the Period.

Reason for changes in net cash flow from investing activities: Mainly due to an increase in payments for purchase of long-term assets and fequity investments during the Period.

Reason for changes in net cash flow from financing activities: Mainly due to a decrease in loan repayment during the Period as compared with the same period last year.

## 2. Analysis of Revenues and Costs

## Principal businesses by industry, product and region

Unit: Yuan Currency: RMB

## Principal businesses by industry

By industry	Revenues	Operating cost	Gross profit margin (%)	Year-on-year change of Revenues (%)	Year-on-year change of operating cost (%)	Year-on-year change of gross profit margin (%)
Industry and commerce	7,779,231,008.65	2,701,588,799.86	65.27	20.70	19.57	Increased by 0.33 percentage point
Service industry	4,286,158.71	1,164,851.15	72.82	158.76	122.03	Increased by 4.50 percentage points

## Principal businesses by product

By product	Revenues	Operating cost	Gross profit margin (%)	Year-on-year change of Revenues (%)	Year-on-year change of operating cost (%)	Year-on-year change of gross profit margin (%)
Chemical drug preparation products	4,434,234,171.70	840,614,882.95	81.04	54.10	39.10	Increased by 2.04 percentage points
Chemical APIs and intermediates	2,258,879,617.33	1,517,873,006.34	32.80	16.17	21.65	Decreased by 3.03 percentage points
Traditional Chinese drug preparation products	633,012,054.83	168,867,289.58	73.32	-4.34	-3.35	Decreased by 0.28 percentage point
Diagnostic reagents and equipment	390,683,579.78	156,931,989.53	59.83	-56.05	-24.94	Decreased by 16.65 percentage points
Health care products	62,421,585.01	17,301,631.46	72.28	-13.25	-25.23	Increased by 4.44 percentage points

## Principal businesses by region

By region	Revenues	Operating cost	Gross profit margin (%)	Year-on-year change of Revenues (%)	Year-on-year change of operating cost (%)	Year-on-year change of gross profit margin (%)
Domestic	6,520,552,394.49	1,840,235,327.71	71.78	31.86	27.11	Increased by 1.06 percentage points
Overseas	1,262,964,772.87	862,518,323.30	31.71	-15.90	6.20	Decreased by 14.21 percentage points

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

During the Reporting Period, the Company's principal businesses generated Revenues of RMB7,784 million, representing a year-on-year increase of RMB1,337 million or 20.74%. In particular, Revenues from chemical drug preparation products increased by 54.10% year-on-year and Revenues from chemical APIs and intermediates increased by 16.17% year-on-year. Revenues from diagnostic reagents and equipment decreased by 56.05% year-on-year, but increased by 21.96% year-on-year excluding the impacts of COVID-19 detection reagent products.

The growth of the Company's Revenues of principal businesses was primarily due to the Company's continuous efforts in promoting marketing reforms, fully facilitating the mass market product channels, accelerating the establishment for sales in specialist arena, steadily increasing sales volume of main product categories in key specialist arenas and contribution of sales income of key drug preparation products to overall Revenues. Main gastroenterological product Ilaprazole (艾普拉唑) series products, main gonadotropic hormones varieties Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球) and Urofollitropin for Injection (注射用尿促卵泡素), key psychiatric products Fluvoxamine Maleate Tablets (马来酸氟伏沙明片) and Perospirone Hydrochloride Tablets (盐酸哌罗匹隆片) realized high growth year-on-year; main respiratory products Budesonide Suspension for Inhalation (吸入用布地奈德混悬液) and Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) were gradually added with prominent overall growth. Meanwhile, the sales volume of the API segment also rose steadily through consolidating resources, adjusting product mix and increasing international certifications. Due to the effectiveness of pandemic control in China, the sales of novel coronavirus antibody test reagents went down, but other original principal businesses in the diagnostic reagent segment achieved significant year-on-year growth.

### 3. Investment in R&D

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

	Unit: Yuan Currency: RMB
Expensed investment in R&D during the Period	622,962,388.41
Capitalized investment in R&D during the Period	74,249,510.16
Total investment in R&D	697,211,898.57
Total amount of investment in R&D as a percentage of Revenues (%)	8.90

#### (2) Description

During the Reporting Period, total investment in R&D of the Company amounted to RMB697.21 million, representing a year-on-year growth of 51.31%, accounting for 8.90% of total Revenues and 3.60% of total net assets. During the Reporting Period, the Company's investment in R&D was mainly used for R&D of new products and upgrading and reconstruction of project technology. As biologics, inhalation preparations and other projects entered the clinical stage, investment in R&D increased significantly.

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

##### (1) Chemical drug preparation products

- ① High-barrier complex preparations: There were a total of 31 projects under research of which 14 projects are under clinical trials/BE trails. The latest progresses for our key projects in our pipelines:

Inhalation preparations: Terbutaline Sulphate Solution for Nebulization (硫酸特布他林雾化吸入溶液) has applied for production; Tobramycin Solution for Inhalation (妥布霉素吸入溶液) is undergoing the phase III clinical trial; Formoterol Fumarate Solution for Inhalation (富马酸福莫特罗吸入溶液) has completed interim analysis of phase III clinical trial; Formoterol Fumarate Inhalation Aerosol (富马酸福莫特罗吸入气雾剂), Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol (莫米松福莫特罗吸入气雾剂) and Acridinium Bromide Powder for Inhalation (阿地溴铵吸入粉雾剂) have received the notice of clinical trials.

Nasal spray: Mometasone Furoate Aqueous Nasal Spray (糠酸莫米松鼻喷雾剂) had been applied for production.

Sustained release microspheres: The phase III clinical trial and the sorting of the production and registration application materials for Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球) have been completed, pending application for production; Aripiprazole Microspheres for Injection (注射用阿立哌唑微球) was in phase I clinical trial and a single administration study has been completed and the multiple-dose clinical trials have been initiated; Leuprorelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球) (3-month sustained release) has completed phase I clinical trials and completed phase III clinical genetic filing; Octreotide Acetate Microspheres for Injection (注射用醋酸奥曲肽微球) has started BE pre-test; Triptorelin Pamoate Microspheres for Injection (注射用双羟萘酸曲普瑞林微球) has received the notice of clinical trials.

- ② Conventional preparations: There were a total of 33 projects under research, one project obtained approval, 3 projects had applied for production and 4 projects started clinical/BE study. Among them, Alogliptin Benzoate Tablets (苯甲酸阿格列汀片) was approved for production; application for registration for Cetrorelix Acetate for Injection (注射用醋酸西曲瑞克) were made in China and the United States and the material supplementing work is about to complete in China and the United States; Paclitaxel Micelles for Injection (注射用紫杉醇胶束) completed the phase I clinical trial; Lurasidone Hydrochloride Tablets (盐酸鲁拉西酮片) was in the BE study; the non-clinical study of Tongyuankang TY-2136b (LZ001) project was progressing smoothly.
- ③ Consistency evaluation: There were a total of 20 projects under research, 2 projects obtained approvals, and 7 projects had applied for production. Of which, Omeprazole Sodium for Injection (注射用奥美拉唑钠) and Fluvoxamine Maleate Tablets (马来酸氟伏沙明片) obtained approval; materials have been supplemented for Isosorbide Bononitrate Tablets (单硝酸异山梨酯片), Cefodizime Sodium for Injection (注射用头孢地嗪钠) and Alanyl Glutamine Injection (丙氨酰谷氨酰胺注射液); Clarithromycin Tablets (克拉霉素片), Valsartan Capsules (缬沙坦胶囊) and Cefuroxime Sodium for Injection (注射用头孢呋辛钠) were under review; Bismuth Potassium Citrate Capsules (枸橼酸铋钾胶囊) was preparing for clinical trial; Rabeprazole Sodium Enteric-coated Tablets (雷贝拉唑钠肠溶片) was in pilot scaling-up.

## (2) Biologics

There were a total of 7 projects under research, of which one project has been marketed, one project was applying for marketing, 3 projects were in phase Ib/II clinical trials, one project was in phase I clinical trial and one project was applying for IND.

Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒促性素) has been approved for marketing; Recombinant Humanized Anti-IL-6R Monoclonal Antibody for Injection (重组人源化抗人IL-6R单克隆抗体注射液) was in the process of marketing application; Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) has completed phase II clinical trials, and a global multi-center phase III clinical study is about to start; Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人IL-17A/F人源化单克隆抗体注射液) has completed the phase Ia dose ramp for psoriasis indications and entered phase Ib/II clinical trials; Recombinant Humanized Anti-PD-1 Monoclonal Antibody for Injection (注射用重组人源化抗PD-1单克隆抗体) was undergoing phase Ib/II clinical trials; Recombinant Tumor Enzyme Specific Interferon  $\alpha$ -2b Fc Fusion (重组肿瘤酶特异性干扰素 $\alpha$ -2b Fc融合蛋白) was in the phase I clinical trial; Recombinant Human Follicle Stimulating Hormone for Injection (重组人促卵泡激素注射液) has completed the IND application; and preclinical R&D of CAR-T project was in progress.

## (3) APIs and intermediates

There were a total of 37 projects under research, of which Dalbavancin (达巴万星) has completed the verification and batch production, and Fluralaner (氟雷拉纳) planned to carry out the verification and batch production.

## (4) Diagnostic reagents and equipment

There were a total of 37 projects under research, of which 4 projects were in the clinical trial stage. In regard to the R&D platform for diagnostic reagents, two products including the Diagnostic Kit for IgM Antibody to Novel Coronavirus (2019-nCoV) (ELISA) (新型冠状病毒(2019-nCoV)IgM抗体检测试剂盒(酶联免疫法)) completed domestic registration (filing), the Diagnostic Kit for IgM Antibody to Mycoplasma Pneumonia (Chemiluminescence Method) (肺炎支原体抗体IgM检测试剂盒(化学发光法)) entered clinical trials, and the Diagnostic Kit for Human Immunoglobulin G4 (Chemiluminescence Method) (人免疫球蛋白G4检测试剂盒(化学发光法)) entered the R&D transformation stage. In regard to the equipment R&D platform, the Multi-channel Dry Method Immunofluorescence Analyzer (多通道干式荧光免疫分析仪) completed registration in the PRC, the R&D for second generation model of irradiator (辐照仪) entered the model engineering testing stage, and the molecular project pipetting (分子项目移液) completed platform building.

## 4. Detailed description of material changes in the business types, composition or sources of profit of the Company during the Period

Applicable  N/A

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

✓ Applicable  N/A

Item	Amount	As a percentage of total profit	Reason for occurrence	Unit: Yuan	Currency: RMB	Sustainability
Investment income	46,810,627.37	2.73%	Mainly due to changes in profit and loss from investments in associates and gains generated upon expiration of forward foreign exchange settlement contracts.			Yes
Other income	131,455,378.87	7.68%	Mainly due to the government subsidies received.			Yes
Gains or losses arising from changes in fair value	33,316,547.15	1.95%	Mainly due to fluctuations in the market value of subject securities investment held.			No
Asset impairment cost	-28,878,059.99	-1.69%	Mainly due to impairment provisions for inventories.			No
Non-operating Revenues	4,641,364.71	0.27%	Mainly due to income on disposal of obsolete.			No
Non-operating expenditure	6,039,971.44	0.35%	Mainly due to donation payments and loss on scrapping of fixed assets.			No

### (III) Analysis of assets and liabilities

✓ Applicable  N/A

#### 1. Analysis of assets and liabilities

Item	Amount at end of the Period	Amount at end of the Period as a percentage of total assets (%)	Amount at end of Previous Period	Amount at end of Previous Period as a percentage of total assets (%)	Change in proportion (%)	Reason
Financial assets held for trading	241,873,785.15	0.85	28,328,748.72	0.10	753.81	Mainly due to the fact that the subsidiary Livzon Group was allocated shares as a result of the proposed deregistration of SCC VENTURE VII 2018-C, L.P.
Bills receivable	1,826,155,857.39	6.39	1,343,013,818.54	4.77	35.97	Mainly due to an increase of outstanding bank acceptance bills held by the subsidiary of the Company during the Reporting Period.
Prepayments	442,948,794.11	1.55	209,926,040.57	0.75	111.00	Mainly due to an increase in procurement amounts and costs prepaid for materials during the Period.
Dividends receivable	4,175,569.86	0.01	-	-	-	Mainly due to payment of dividends by China Galaxy Securities Co., Ltd. during the Period.
Non-current assets due within one year	8,520,000.00	0.03	19,934,376.07	0.07	-57.26	Mainly due to collection of long-term receivables due within 1 year during the Period.
Long-term equity investments	1,344,648,650.68	4.70	628,279,599.73	2.23	114.02	Mainly due to an increase of investment by Livzon Group in Tianjin Tongrentang during the Period.

(Cont.)

Item	Amount at end of the Period	Amount at end of the Period as a percentage of total assets (%)	Amount at end of Previous Period	Amount at end of Previous Period as a percentage of total assets (%)	Change in proportion (%)	Reason
Financial liabilities held for trading	556,069.84	-	212.07	-	262,110.52	Mainly due to changes in fair value of forward foreign exchange contracts as a result of changes in exchange rates.
Bills payable	1,492,064,332.85	5.22	1,087,759,353.31	3.86	37.17	Mainly due to an increase of payment for bank acceptance bills during the Period.
Payroll payable	232,028,511.31	0.81	476,521,798.51	1.69	-51.31	Mainly due to the payment of year-end bonus and special fund for stock ownership plan withdrawn at the end of previous year during the Period.
Long-term borrowings	638,453,815.00	2.23	360,324,027.48	1.28	77.19	Mainly due to an increase in long-term loans during the Period.
Treasury shares	483,148,777.41	1.69	253,637,154.50	0.90	90.49	Mainly due to an increase in share repurchase during the Period.
Other comprehensive income	36,239,487.82	0.13	116,300,559.28	0.41	-68.84	Mainly due to the disposal of other equity instruments and translation differences of statements denominated in foreign currency during the Period.

## 2. Overseas assets

√ Applicable  N/A

## (1) Asset size

Of which, overseas assets were 41.47 (Unit: RMB 100 million, currency: RMB), accounting for 14.51% of total assets.

## (2) Description of overseas assets

 Applicable  N/A

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

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying amount at the End of the Period	Reasons for restriction
Time deposit	100,000,000.00	Expected to be held-to-maturity
Other monetary funds	62,807,505.71	Deposits for L/C, bank acceptance draft and forward settlement
Bills receivable	802,531,287.95	Bills pooling business, pledged bills receivables
Total	965,338,793.66	

## 4. Others

 Applicable  N/A



#### (IV) Analysis of investment

1. Overall analysis of equity investments

Applicable  N/A

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

(1) Major equity investments

Applicable  N/A

1. Livzon Group acquired 40.00% equity interest in Tianjin Tongrentang

The Resolution on Acquisition of 40% Equity Interest in Tianjin Tongrentang Group Co., Ltd. by the Controlling Subsidiary Livzon Group was considered and approved at the 43rd Meeting of the 7th Session of the Board on 22 March 2021, pursuant to which Livzon Group, the controlling subsidiary of the Company, was approved to enter into the Share Transfer Agreement in Relation to Tianjin Tongrentang Group Co., Ltd. with Tianjin Tasly Healthcare Industry Investment Partnership (Limited Partnership) \* (天津天士力健康产业投资合伙企业(有限合伙)) ("Tianjin Tasly"). Accordingly, Livzon Group shall use its own funds of RMB724 million to acquire 44,000,000 shares of Tianjin Tongrentang Group Co., Ltd.\* (天津同仁堂集团股份有限公司) ("Tianjin Tongrentang") held by Tianjin Tasly, representing 40.00% of the total number of shares of Tianjin Tongrentang.

Tianjin Tongrentang is principally engaged in the R&D, production and sales of Chinese patent medicines. Tianjin Tongrentang has a stable operating performance with unique products and promising growth potential. On 9 March 2021, the Tianjin Securities Regulatory Bureau announced its acceptance of the application for counselling of the initial public offering of its shares (and listing on the ChiNext Board of Shenzhen Stock Exchange). Upon completion of the Transaction, Livzon Group will not only have certain synergy with Tianjin Tongrentang in respect of the development of Chinese medicine business but will also be able to realize the corresponding investment income through cash dividends or initial public offering and listing of Tianjin Tongrentang. The Transaction is not expected to have a material impact on the current and future financial position and operating results of the Company and Livzon Group. After completion of the Transaction, the financial statement of Tianjin Tongrentang will not be consolidated in the financial statements of the Company and Livzon Group and will only be treated as an investment by the Company and Livzon Group.

On 27 April 2021, Livzon Group obtained the "Confirmation Letter on Securities Transfer and Registration (证券过户登记确认书)" from China Securities Depository and Clearing Corporation Limited, and Livzon Group has completed the transfer and registration procedures in relation to the Transaction. In addition, during the share transfer period of the Transaction, Tianjin Tongrentang implemented the equity distribution for the year 2020 (distribution of cash dividends), and pursuant to the Agreement, Tianjin Tasly shall pay Livzon Group the full amount of the cash dividends received during the share transfer period. On 27 April 2021, Livzon Group has received the aforesaid cash dividends which amounted to a total of RMB40.04 million.

Tianjin Tongrentang obtained the Notice on the Acceptance of Application Documents of Tianjin Tongrentang Group Co., Ltd. in Connection with the Listing of Shares from Initial Public Offering on the Chinext Board (Shen Zheng Shang Shen [2021] No.265) on 28 June 2021, which states that the Shenzhen Stock Exchange has accepted the application documents of Tianjin Tongrentang in connection with the listing of shares from initial public offering on the ChiNext Board. However, it remains uncertain whether such application would be approved by the Shenzhen Stock Exchange.

Please refer to the relevant announcements disclosed by the Company on 23 March 2021, 7 April 2021, 28 April 2021, and 1 July 2021.

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

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

As at 30 June 2021, the total investment of the Project amounted to RMB215.5972 million, and the sum of subsidies received from government authorities at various levels amounted to RMB98.55 million, the civil construction works for the fully automatic elevated warehouse together with the construction works for the main structure and masonry structure of the medical depot were completed, and the water extraction workshop, the preparation building, and the pretreatment workshop commenced construction, and the Project was smooth in progress.

## 3. Investment in Beijing Infinite Intelligence Pharma Technology Co., Ltd.

On 15 January 2021, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. \* (珠海市丽珠医药股权投资管理有限公司), a wholly-owned subsidiary of Livzon Group, a controlling subsidiary of the Company, entered into the Capital Injection Agreement of Beijing Infinite Intelligence Pharma Technology Co., Ltd. with original shareholders of Beijing Infinite Intelligence Pharma Technology Co., Ltd. \* (北京英飞智药科技有限公司) ("Infinite Intelligence Pharma"), pursuant to which Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. contributed RMB20 million to subscribe for registered capital of RMB158,730 of Infinite Intelligence Pharma. After the capital injection, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. held 11.7647% equity interest in Infinite Intelligence Pharma. Infinite Intelligence Pharma is principally engaged in the artificial intelligence empowered drug design.

## 4. Investment in Haisong Precision Parts and Components (Taicang) Co., Ltd.

In March 2021, Shanghai Frontier, a controlling subsidiary of the Company, entered into the Investment Agreement in Relation to Haisong Precision Parts and Components (Taicang) Co., Ltd. with Haisong Precision Parts and Components (Taicang) Co., Ltd. \* (海嵩精密零部件(太仓)有限公司) ("Haisong Precision"), pursuant to which Shanghai Frontier subscribed for registered capital of RMB3.23 million of Haisong Precision, accounting for 35% equity interest of Haisong Precision. Haisong Precision is principally engaged in the production, processing and sale of plastic products, molds, and class I and II medical devices. The investment will strengthen the R&D strength of the Company in inhalation administration system, which conforms to the strategic development goal of the Company.

## 5. Establishment of Shanghai Liyu Biopharmaceutical Technology Co., Ltd.

In March 2021, Shanghai Frontier, a controlling subsidiary of the Company, entered into the Shareholder Agreement with Livzon Group, pursuant to which both parties jointly invested and established Shanghai Liyu Biopharmaceutical Technology Co., Ltd. \* (上海丽予生物医药技术有限责任公司) in cash at the registered capital RMB3 million, of which Shanghai Frontier and Livzon Group contributed RMB1.35 million and RMB1.65 million in proportion of 45% and 55% of the registered capital, respectively. Shanghai Liyu Biopharmaceutical Technology Co., Ltd. is principally engaged in technological services, technological development and related business within the scope of pharmaceutical technology.

## 6. Establishment of Zhuhai Liye Biotechnology Co., Ltd.

On 9 February 2021, Zhuhai Livzon Diagnostics Inc. \* (珠海丽珠试剂股份有限公司), a subsidiary of Livzon Group, a controlling subsidiary of the Company, established Zhuhai Liye Biotechnology Co., Ltd. \* (珠海市丽业生物技术有限公司) at the registered capital of RMB50 million, of which Zhuhai Livzon Diagnostics Inc. accounted for 100% of the registered capital. Zhuhai Liye Biotechnology Co., Ltd. is principally engaged in R&D, production, and sales of medical devices.

- (2) Major non-equity investment  
 Applicable  N/A
- (3) Financial assets measured at fair value  
 Applicable  N/A

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading				
1. Debt instrument investments	926,807.89	0.00	0.00	926,807.89
2. Equity instrument investments	237,166,389.06	0.00	0.00	237,166,389.06
3. Derivative financial assets	0.00	3,780,588.20	0.00	3,780,588.20
(II) Other equity instrument investments	200,427,353.28	0.00	1,175,969,840.91	1,376,397,194.19
Total assets measured at fair value on a recurring basis	438,520,550.23	3,780,588.20	1,175,969,840.91	1,618,270,979.34
(III) Financial liabilities held for trading				
Derivative financial liabilities	0.00	556,069.84	0.00	556,069.84
Total liabilities measured at fair value on a recurring basis	0.00	556,069.84	0.00	556,069.84
II. Non-recurring fair value measurement				
Held-for-sale assets	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

**(V) Disposal of material assets and equity**

Applicable  N/A

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

Applicable  N/A

Unit: 10,000 Yuan

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	R&D, production and operation of nutritional health oral liquid, health granules (excluding Pop Can Tetra Pak and commodities managed in accordance with existing export license), Chinese patent medicines, oral liquid, tablets, capsules, hormone tablets, food, enriched food, health food, and effervescent tablets.	10,000	57,656.46	23,438.83	10,180.62	2,361.27	2,105.35
Taitai Biotechnology	Industry	Wholesale and retail of skincare products, cosmetics, and other daily necessities; domestic business, material supply and marketing industry, R&D of health care products.	500	188.22	129.89	66.96	1.25	-16.05
Haibin Pharma	Industry	Powder injection (including penicillin), tablets, hard capsules, APIs, and sterile APIs. Import and export businesses and domestic trade (excluding commodities under exclusive rights, commodities under special government control, and monopolized commodities)	70,000	198,686.91	109,656.83	70,974.22	11,271.68	9,876.21
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical products, intermediates and other chemical products	10,000	29,967.72	21,527.66	31,339.17	4,527.27	3,907.02

(Cont.)

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Health Pharmaceutical	Industry	Production and sale of self-produced Eagle's food, health food, traditional Chinese medicine decoction pieces, and drug products	HKD7,317	12,699.24	10,170.44	1,821.57	1,177.31	768.31
Shanghai Frontier	Industry	R&D of new pharmaceutical products, health care products, medical devices, diagnostic reagents, pharmaceutical intermediates, and provision of relevant technical consulting, technical service and technical transfer	5,000	17,173.16	8,536.26	3,970.06	724.32	539.58
Hiyeah Industry	Commerce	Investment in industry, domestic commerce, material supply and marketing industry, and economic information consulting	17,800	717.40	660.65	155.58	-4.79	-4.79
Joincare Daily-Use	Commerce	Wholesale of health care products, ginseng tea, ginseng lozenges, ginseng capsules, and stereotyped packaged food (including health-care food)	2,500	3,765.06	3,758.73	-	-0.08	-0.06
Taitai Genomics	Industry	Screening of human disease-specific genes, R&D, production, sale and technical consulting service of genetic engineering drugs and diagnostic reagents, wholesale of medical devices, and in vitro diagnostic reagents (except for diagnostic reagents under special management)	5,000	3,627.67	3,627.67	4.74	4.54	4.54
Appraisal institution	Service industry	Forensic evidence identification	-	1,061.15	985.10	132.49	-15.61	-15.69
Zhuhai Jiankangyuan	Industry	Technical R&D and application of biomedical products	6,587	0.21	-949.79	-	-0.12	-0.85
Fenglei Electric Power	Investment	Investment in power, industry, domestic commerce, and material supply and marketing industry	10,000	32,665.50	17,669.89	-	285.38	285.38
Hong Kong Health	Investment	Investment and trade	HKD1	32,863.31	602.51	292.04	173.07	158.32
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceutical preparations, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products.	50,000	197,053.96	145,691.24	64,606.86	12,891.71	11,205.38
Topsino Health Investment	Commerce Investment	Investment and trade According to law where it was registered	HKD89,693 USD5	166,928.29 2,640.46	153,551.28 2,640.46	- -	21,313.39 -	21,313.39 -
Joincare Haibin	Industry	R&D, production, storage, transport and sale of chemical APIs (including intermediates) and pharmaceutical preparations Import and export businesses and domestic trade (excluding commodities under exclusive rights, commodities under special government control, and monopolized commodities)	50,000	58,475.43	37,413.04	3,231.85	735.38	628.39

(Cont.)

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Joincare Special Medicine Food	Industry	R&D, production and sale of formula food, health-care food and food for special medical use	2,000	1,225.95	278.23	-	-26.29	-20.79
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	93,575	2,105,883.06	1,345,379.08	623,553.10	137,209.32	117,978.14

Note:

- The companies listed above are companies where the Company directly or indirectly held 100% equity interest, except for Livzon Group, Zhuhai Jiankangyuan, and Shanghai Frontier; financial data thereof are data of individual accounting statements and that attributed to parent companies; as there are transactions between subsidiaries or between a subsidiary and the Company, data of individual accounting statements is not separately analyzed.
- For business conditions of Livzon Group, please refer to the 2021 Interim Report of Livzon Pharmaceutical Group Inc.

## (VII) Structural body controlled by the Company

Applicable  N/A

## V Other matters for disclosure

### (I) Risks

Applicable  N/A

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

The pharmaceutical manufacturing industry is significantly affected by changes in industrial policies. The pharmaceutical industry will face great challenge in development in the future with continuous deepening of medical reform, advancement of supply-side structural reform in the industry, revision of Drug Administration Law, acceleration of consistency evaluation of generic drugs, adjustment of the new edition of Medical Insurance Catalogue, expansion of volume-based procurement, and other industrial policies that have been successively launched.

Response measures: The Company will pay close attention to industry dynamics and reform, cope with major changes in policies of the pharmaceutical industry through early layout, transformation and compliance, and actively strengthen new product R&D and innovation so as to reach the strict standard of consistency evaluation and constantly improve its core competitive strength. Meanwhile, the Company is actively engaged in the access to Medical Insurance Catalogue and centralized drug procurement. In the adjustment of 2020 National Medical Insurance Catalogue, Levosalbutamol Hydrochloride Nebuliser Solution, the exclusive product of the Company, was included in the 2020 National Medical Insurance Catalogue and became the only domestic inhalation preparation included in "Negotiation Drugs within the Agreement Period" of the new edition of Medical Insurance Catalogue. In the fifth round of centralized drug procurement organized by the Joint Procurement Office in June 2021, Budesonide Suspension for Inhalation, Compound Ipratropium Bromide Solution for Inhalation, Ipratropium Bromide Solution for Inhalation and Tinidazole Tablets were selected.

#### 2. Market Risks

With advancement of supply-side structural reform in the pharmaceutical manufacturing industry and the two invoice policy in circulation domain, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical industry becomes increasingly fierce.

Response measures: The Company will establish a more reasonable market system through strict compliance operation so as to maintain its dominant position and core competitive strength, and ensure that it can achieve sustainable and steady development and improve its profitability by reinforcing marketing.

### 3. Risk of decline in the prices of products

Affected by reinforced drug regulation, policy-based drug price reduction, price cutting during bidding, medical insurance premium control, and volume-based procurement of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur frequently, thus the Company will be at the risk of drug price reduction.

Response measures: The Company will offset the impact of product price reduction by means of price supplement based on quantity, and optimize technical process and reduce production costs through internal exploration and transformation. Meanwhile, the Company will speed up the R&D and marketing of new products, expand range of existing products in segment markets, spread risks of the Company, improve sales and form new profit growth point by increasing product varieties in the future.

### 4. Risk of environmental protection

As environmental protection policies and regulations have been constantly issued in recent years, environmental protection standards have become more stringent, and the state has strengthened its control over pollutants, risks of environmental protection of the Company are increasing.

Response measures: The Company will carry out discharge after treatment and reaching standards in accordance with environmental protection provisions, actively accept supervision and inspection of environmental protection authorities, and try to reduce emission and increase expenditures in environmental protection by improving production process and promptly updating environmental protection technology.

### 5. Risk in price and supply of raw materials

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

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

### 6. Risk of safe production

The Company is a comprehensive pharmaceutical manufacturing enterprise. During production, it implements relevant chemical synthesis process and uses a large number of acid and alkali and other chemical components, which are inflammable, explosive, toxic, irritant and corrosive, and have hidden hazards of fire, explosion and poisoning, posing certain risks to the production and operation of the Company.

Response measures: The Company has always obeyed the safety work concept of "People Orientation" and the guideline of "safety first, precaution crucial and comprehensive treatment". It will strengthen the construction of safe production infrastructure and ensure a sound environment for safe production of the Company through regular internal audit of safety and environment systems and employee safety education and training.

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

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

Response measures: The Company will further improve the R&D and innovation systems, introduce and develop high-end talents, proactively carry out cooperation and introduction of overseas innovative drugs, strengthen market research and evaluation of varieties, reinforce the process regulation and risk management of the initiation of R&D projects, and concentrate efforts and make key breakthroughs in the R&D of core products. At the same time, the Group's advantages in APIs will be fully utilized to reinforce the integration of APIs and drug preparations to ensure the long-term sustainable development of the Company.

8. Risk of the normalization of COVID-19 pandemic

In early 2020, the outbreak of the COVID-19 pandemic brought certain impact on the production and operations of the Company. As the demand for prescription drugs irrelevant to the pandemic dropped due to the decline of outpatients and inpatients in medical institutions, the sales of some products were lower than expected. In May 2021, after the outbreak of the pandemic in Guangdong Province, all parts of the province followed "fast, strict and practical" requirements, strengthened personnel management and control, decisively adjusted risk areas, scientifically delineated the scope of management and control, and promoted hierarchical nucleic acid screening in accordance with the principle of zoning, grading and classification. During the period, Guangdong Province implemented a very strict system that any personnel who intended to leave the province by air, railway, highway, and water transportation shall produce negative nucleic acid tests, and Guangdong personnel were guided not to leave the province unless necessary. As at 5 July 2021, all middle-risk areas for the pandemic in Guangdong Province have been cleared, and the whole province was under low risk.

Response measures: The Company during the Reporting Period was under normal operation, and the overall impact of the COVID-19 pandemic on its business was relatively slight. The extent of its subsequent impact will depend on the prevention and control of the pandemic on a global scale, the time of continuation, the prevention and control of the pandemic, and the responsive measures of enterprises. The Company will continue to pay attention to the development of the pandemic and any possible impact on the financial conditions and operating results of the Company, while adopting various measures at the same time to mitigate the adverse effect of the pandemic on corporate operations, to ensure that the production and operation activities are performed in a steady and orderly manner.

**(II) Other matters for disclosure**

Applicable  N/A

## Chapter 4 Corporate Governance

### I Introduction of General Meetings

Meeting sessions	Date of meeting	Query index of specified website	Disclosure date	Meeting resolution
2021 First Extraordinary General Meeting	25 February 2021	www.sse.com.cn	26 February 2021	Resolutions of the 2021 First Extraordinary General Meeting
2020 Annual General Meeting	21 May 2021	www.sse.com.cn	22 May 2021	Resolutions of the 2020 Annual General Meeting
2021 Second Extraordinary General Meeting	29 June 2021	www.sse.com.cn	30 June 2021	Resolutions of the 2021 Second Extraordinary General Meeting

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

Applicable  N/A

Description of General Meetings

Applicable  N/A

The Scheme in Relation to Repurchasing Shares of the Company by way of Centralized Price Bidding and the Resolution on the General Meeting for Granting Mandate to Deal with Matters Related to the Repurchase were considered and approved at the 2021 First Extraordinary General Meeting on 25 February 2021.

13 resolutions were considered and approved at the 2020 Annual General Meeting on 21 May 2021, including the 2020 Annual Work Report of the Supervisory Committee, 2020 Annual Work Report of the Board of Directors, 2020 Annual Final Account Report, 2020 Annual Profit Distribution Scheme, 2020 Annual Report (Full Text and Abstract) of Joincare Pharmaceutical Group Industry Co., Ltd.\* (健康元药业集团股份有限公司), the Resolution in Relation to the Review of the Audit Report on Internal Control of Joincare Pharmaceutical Group Industry Co., Ltd. Issued by Grant Thornton (Special General Partnership), the Resolution in Relation to the Review of Special Audit Report on Summary Statements of Appropriation of Non-operating Funds and Other Related Capital Transactions of Joincare Pharmaceutical Group Industry Co., Ltd. Issued by Grant Thornton (Special General Partnership), the Resolution in Relation to Credit Financing for the Company and Providing Financing Guarantee for Subsidiaries, the Resolution in Relation to Retention of Grant Thornton (Special General Partnership) as 2021 Annual Audit Accounting Firm, the Resolution in Relation to Extension of Certain Projects Invested with Proceeds, the Resolution in Relation to Change of Registered Capital of the Company, the Resolution in Relation to Revision of Certain Clauses of Articles of Association, and the Resolution in Relation to Purchase of Liability Insurance for Directors, Supervisors and Senior Management of the Company.

The Resolution in Relation to Revision of Certain Clauses of Rules of Procedure of the Supervisory Committee, the Resolution in Relation to Add Methods of Investments of Projects Invested with Proceeds, the Resolution in Relation to Providing Financing Guarantee for the Controlling Subsidiary Livzon MAB by the Controlling Subsidiary Livzon Group and the Counter Guarantee for Livzon Group by the Company, Resolution on the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary, and the Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Related to the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company were considered and approved at the 2021 Second Extraordinary General Meeting on 29 June 2021.

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

Applicable  N/A

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

Applicable  N/A



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

Profit distribution plan and plan for conversion of capital reserve into share capital proposed for the first six months of 2021 ended 30 June 2021

Distribution or conversion or not	No
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### IV Equity incentive scheme, employee share ownership scheme or other employee incentives of the Company and their effect

#### (I) Matters related to equity incentive scheme have been disclosed in the Provisional Announcements without progress or change in subsequent implementation

✓ Applicable  N/A

Overview	Query index
<p>The second exercise period under the first grant of the 2018 Share Options Incentive Scheme of the Company started on 21 December 2020 until 20 December 2021 by way of independent exercise. The first exercise period under the reserved grant of the 2018 Share Options Incentive Scheme of the Company started on 23 September 2020 until 22 September 2021 by way of independent exercise. The number of options exercised was 3,848,413 by way of independent exercise from 1 January 2021 to 31 March 2021. As at 31 March 2021, the number of options cumulatively exercised and completing share transfer registration under the first grant and reserved grant of the 2018 Share Options Incentive Scheme of the Company was 18,595,839.</p> <p>The Resolution on the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary and the Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Related to the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company were considered and approved at the Congress of Workers and Staff, the 48th Meeting of the 7th Session of the Board, and the 36th meeting of the 7th Session of the Supervisory Committee on 10 June 2021.</p> <p>The said resolutions were considered and approved at the 2021 Second Extraordinary General Meeting on 29 June 2021.</p>	<p>See the Announcement on 2021 Q1 Independent Exercise Results of the 2018 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. &amp; Changes in Shares (Lin 2021-044) disclosed by the Company on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (<a href="http://www.sse.com.cn">www.sse.com.cn</a>) on 2 April 2021 for details.</p> <p>See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the Congress of Workers and Staff (Lin 2021-069), Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 48th Meeting of the 7th Session of the Board (Lin 2021-068), Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 36th meeting of the 7th Session of the Supervisory Committee (Lin 2021-067), and the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Draft) and its Summary disclosed by the Company on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (<a href="http://www.sse.com.cn">www.sse.com.cn</a>) on 11 June 2021 for details.</p> <p>See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the Second Extraordinary General Meeting (Lin 2021-081) and the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary disclosed on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (<a href="http://www.sse.com.cn">www.sse.com.cn</a>) on 30 June 2021 for details.</p>

(Cont.)

Overview	Query index
<p>The Resolution on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company was considered and approved at the 49th Meeting of the 7th Session of the Board and at the 37th Meeting of the 7th Session of the Supervisory Committee on 25 June 2021. Due to profit distribution, the exercise price under the first grant was adjusted to RMB7.74/share, while that under the reserved grant was adjusted to RMB10.16/share.</p>	<p>See the Announcement on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company by Joicare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-080) disclosed on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (www.sse.com.cn) on 26 June 2021 for details.</p>
<p>The number of options exercised was 1,964,040 from 1 April 2021 to 30 June 2021. As at 30 June 2021, the number of options cumulatively exercised and completing share transfer registration under the first grant and reserved grant of the 2018 Share Options Incentive Scheme of the Company was 20,559,879.</p>	<p>See the Announcement on 2021 Q2 Independent Exercise Results of the 2018 Share Options Incentive Scheme of Joicare Pharmaceutical Group Industry Co., Ltd. &amp; Changes in Shares (Lin 2021-084) disclosed by the Company on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (www.sse.com.cn) on 2 July 2021 for details.</p>

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

Equity incentives

 Applicable  N/A

Others

 Applicable  N/A

Employee share ownership scheme

 Applicable  N/A

Other incentive Program

 Applicable  N/A

## Chapter 5 Environmental and Social Responsibility

### I Environmental information

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

✓ Applicable  N/A

##### 1. Pollution discharge information

✓ Applicable  N/A

##### i. Jiaozuo Joincare

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Joincare	Chemical oxygen demand	Continuous	1	Master outlet in sewage treatment workshop	111.04	220	314.89	942.1	Nil
	Ammonia nitrogen				16.83	35	47.77	105.3	Nil

##### ii. Taitai Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Taitai Pharmaceutical	Chemical oxygen demand	Intermittent	1	The southwest side of the factory	27.02	345	0.103	/	Nil
	Biochemical oxygen demand				87.7	150	0.305	/	Nil
	Suspended solids				6.5	250	0.024	/	Nil
	pH value				8	6-9	/	/	Nil
	Sulfur dioxide	Intermittent	1	Chimney on the roof of the boiler room	1.12	50	0.0058	/	Nil
	Nitrogen oxide				12.42	150	0.068	/	Nil
	Particulate matter				15.81	20	0.0352	/	Nil

## iii. Haibin Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Haibin Pharma	Chemical oxygen demand	Continuous	1	Master outlet for sewage	59	500	1.6248	41.65	Nil
	Ammonia nitrogen				3.9	45	0.1075	3.7485	Nil
	Particulate matter		1	Discharge outlet of boiler exhaust gas	2.4	20	0.0122	/	Nil
	Sulfur dioxide				0	50	0	/	Nil
	Nitrogen oxide				21	150	0.1962	/	Nil
	Volatile organic compounds		2	Discharge outlet of process organic exhaust gas and tank farm exhaust gas	3.2	100	0.1958	9.156	Nil

## iv. Xinxiang Haibin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinxiang Haibin	Chemical oxygen demand	Continuous	1	Master outlet in sewage treatment workshop	77	220	4.351	14.81	Nil
	Ammonia nitrogen				9	35	0.53	1.66	Nil

## v. Fuzhou Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Fuzhou Fuxing	Chemical oxygen demand	Intermittent	1	The northwest side of the factory	18.005	100	8.75	124.5	Nil
	Ammonia nitrogen				0.206	15	0.1	18.7	Nil

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

## vi. Xinbeijiang Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinbeijiang Pharmaceutical	Chemical oxygen demand	Intermittent	1	Sewage treatment	89.3	240	37.85	Nil	Nil
	Ammonia nitrogen			workshop	11.72	70	4.97	Nil	Nil

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

## vii. Livzon Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Hecheng	Chemical oxygen demand	Indirect	1	Wastewater treatment station	83.75	192	7.7413	/	Nil
					4.59	40	0.218	/	Nil
	Ammonia nitrogen (NH <sub>3</sub> -N)	Organized continuous emission	3	Boiler room	5.33	50	0.09	/	Nil
	Sulfur dioxide				53.68	150	0.91	/	Nil
	Nitrogen oxide	Organized continuous emission	3	Boiler room	1.36	20	0.01	/	Nil
	Particulate matter				1.41	100	0.19	/	Nil
	Hydrogen chloride	Organized continuous emission	7	Workshop	16.74	60	2.66	77.76	Nil
	Non-methane hydrocarbons				7.93	60	0.71		Nil
	Non-methane hydrocarbons	Organized continuous emission	1	RTO	50	200	4.46	/	Nil
Nitrogen oxide	3				200	0.27	/	Nil	
Sulfur dioxide	Organized continuous emission	1	RTO						

Notes:

- The discharge concentration of pollutants in waste water represents the average concentration by online monitoring from the master discharge outlet by the company into South District Sewage Treatment Plant, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e.  $COD \leq 192\text{mg/L}$ , ammonia nitrogen  $\leq 40\text{mg/L}$ .
- The discharge concentration of pollutants in the discharge outlet of waste gas represents the average concentration detected by a qualified third party engaged, of which the boiler exhaust adopted the Emission Standard for Boiler Atmospheric Pollutants in Guangdong Province (DB 44/765-2019) (《广东省锅炉大气污染物排放标准》(DB 44/765-2019)), the workshop and wastewater treatment station emission complied with the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019).

## viii. Gutian Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Gutian Fuxing	Chemical oxygen demand	Continuous	1	The southeast side of the factory	49.7075	120	6.289	108	Nil
	Ammonia nitrogen				14.099	35	1.764	31.5	Nil

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

## ix. Livzon Limin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Limin	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	16.5	110	2.55	Nil	Nil
	Ammonia nitrogen				0.699	15	0.1075	Nil	Nil

Note: The wastewater of Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂) was discharged into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂) and the standard adopted for pollutant discharge represented the standard stipulated in the pollutant discharge license of the company, i.e. COD $\leq$ 110mg/L, ammonia nitrogen $\leq$ 15mg/L, while the data detected by third party inspection firm was adopted as the discharge concentration.

## x. Livzon Pharmaceutical Factory

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m <sup>3</sup> )	Pollutant discharge standards implemented (mg/m <sup>3</sup> )	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Pharmaceutical Factory	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	13.17	120	1.05	Nil	Nil
	Ammonia nitrogen	Intermittent	1	Wastewater treatment station	0.52	20	0.04	Nil	Nil

Note: The discharge concentration of pollutants in the wastewater discharge outlet represents the average concentration detected by a qualified third party engaged, by implementing the strictest of Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2新建企业水污染物排放浓度限值) of the Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category (《混装制剂类制药工业水污染物排放标准》)(GB 21908-2008), Schedule 2 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (表2新建企业水污染物排放浓度限值) of Discharge Standards for Biopharmaceutical Industrial Wastewater (《生物工程类制药工业水污染物排放标准》)(GB 21907-2008), or the level 1 of phase II standard of Guangdong Provincial Capping on Polluted Effluents Discharge (《广东省水污染物排放限值》)(DB44/26-2001).

## xi. Ningxia Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharmaceutical	Chemical oxygen demand	Continuous	1	Sewage treatment workshop on north side of factory zone	106	200	60.45	Nil	Nil
	Ammonia nitrogen				0.6	25	0.332	Nil	Nil
	Sulfur dioxide	Continuous	1	Boiler workshop on north side of factory zone	53	200	12.72	156.816	Nil
	Nitrogen oxide				104	200	37.23	156.816	Nil
	Particulate matter	Continuous			19	30	5	23.522	Nil
	Volatile organic compounds	Continuous	9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage	14.5	100	11	79.535	Nil

## Notes:

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

## x. Jiaozuo Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Hecheng	Chemical oxygen demand	Continuous	1	Master outlet in industrial wastewater workshop	116.1	220	4.8	60.8	Nil
	Ammonia nitrogen				4.1	35	0.17	8.8	Nil

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

## xi. Shanghai Livzon

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Shanghai Livzon	COD	Intermittent	1	Master outlet in the park	72	500	1.72	Nil	Nil
	Ammonia nitrogen				2.45	40	0.05	Nil	Nil
	Particulate matter	Organized	2	No. 5 and 6 outlet on the roof	5.2	20	0.003	0.054	Nil
	VOCs		8	No.1, 2, 3, 4, 7, 8, 9 and 10 outlets on the roof	1.81	60	0.186	2.145	Nil

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

## 2. Construction and operation of pollution preventive facilities

✓ Applicable    □ N/A

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Joicare	<p>Exhaust gas: The treatment process of "water spray + acid spray + alkali spray + mist eliminator + dry filter + adsorption concentrator + RCO" + "secondary alkali spray" was adopted for fermentation exhaust gas. The treatment process of "bag type dust collector" was adopted for proportioning process dust-laden exhaust gas. The treatment process of "secondary alkali spray" was adopted for exhaust gas treatment facilities in wastewater treatment station. The treatment process of "alkali adsorption" was adopted for process acid waste gas. The treatment process of "tertiary finned condenser + bag type dust collector + secondary alkali spray + RTO" / "-20 ° condensation + activated carbon adsorption device (including regenerating device) + RTO" / "adsorption device (including regenerating device) + secondary alkali spray + biological uptake + secondary alkali spray" / "secondary alkali spray + biological uptake + secondary alkali spray" was adopted for process organic exhaust gas. 15 discharge outlets were constructed. All of them enable stable and up-to-standard discharge through self-monitoring.</p> <p>Wastewater: The treatment process of "regulating pool + hydrolysis acidification pool + UASB + (CASS + air flotation) / modified A/O + secondary settling tank + coagulating sedimentation" was primarily adopted. Standard wastewater outlets were set; online automatic monitoring control system was installed at outlets for real-time monitoring of COD, ammonia nitrogen, total nitrogen, pH, and flow. At present, wastewater treatment process sections can be stably operated. Moreover, wastewater control factors can be stably emitted in compliance with the required standard.</p>
Taitai Pharmaceutical	No new facilities were set up. Facilities functioned properly.
Haibin Pharma	Pollution preventive facilities functioned properly and ensured up-to-standard discharge.



(Cont.)

Xinxiang Haibin	<p>Wastewater: The wastewater treatment system with daily processing capacity of 600 tonnes through A/O process designed by East China University of Science and Technology started operation in April 2016 and functioned properly in the first half of 2021. A set of MVR concentration wastewater treatment plant was added in April 2020, which has been functioning properly in the first half of 2021. From March to June 2021, a set of lift aerator system and a set of magnetic levitation blower were added in the biochemical system, and they have been put into operation and functioning properly at present.</p> <p>Exhaust gas: The 40000m<sup>3</sup>/h regenerative oxidation exhaust gas treatment system designed by Jiangsu Ruiding started operation on 2 November 2019 and is functioning properly at present. After reconstruction of dry tail gas self-circulating process, the activated carbon adsorption device for high concentration waste gas designed by Beijing Rixin Daneng Technology Co., Ltd. has been functioning properly in the first half of 2021 and solvent recovery amount was increased. After alkali spray and water spray, the exhaust gas from biochemical aerobic process of wastewater treatment was emitted in compliance with the required standard. A set of tetrahydrofuran membrane recovery system was added for high concentration exhaust gas treatment of six workshops, which has been functioning properly in the first half year 2021.</p>
Fuzhou Fuxing	<p>The Company strictly complies with the "Three-Simultaneous" system, collects and treats "Three Wastes (waste water, exhaust gas and solid waste)" according to requirements, and employs an advanced sewage treatment process known as "regulating pool + hydrolysis acidification tank + SBR + air float". After the sewage has gone through the above treatment process, all indicators are stable and satisfy the discharge standard. After meeting the discharge standards, the sewage is discharged to Jiangyin sewage plant operated by Fujian Huadong Water Treatment Co., Ltd. (福建华东水务有限公司) via sewage pipe network at the industrial park area for further treatment. A RTO waste gas treatment facility newly constructed in 2020 can treat organic waste gas through high-temperature incineration which will be emitted after meeting emission standards; three sets of waste gas treatment devices for fermentation, tank-receiving stations, and environmental protection have been newly built, so that the waste gas could be discharged after meeting the standard through multi-stage of water spray treatment; the second plant has newly constructed its waste gas treatment facility, in which the waste gas was treated through the secondary chemical washing and activated carbon adsorption method and emitted after meeting the emission standards. Two sets of QC waste gas treatment devices have been newly constructed in 2021, in which the waste gas was treated through water spray and activated carbon adsorption method and emitted after meeting the emission standards.</p>
Xinbeijiang Pharmaceutical	<p>The "Three Wastes" were collected and treated effectively in strict compliance with the "Three Simultaneous" system. The sewage treatment facilities with an investment amount of over RMB30 million have a designed processing capacity of 3,000t/d and adopt the treatment process of "Pre-treatment + Aerobic pool + Hydrolysis acidification tank + SBR + Catalytic oxidation + Air float". In the first half of 2021, an aggregate amount of over RMB5 million was invested to the treatment and improvement projects of sewage, waste gas, noise and solid waste storage sites in the factory, including more than 30 environmental protection improvement projects, such as the power cooling tower noise reduction project, the installation of the boiler inlet muffler, the enclosure of MVR fans, the renovation of sewage tank in workshop 1 of department III, the replacement of the aeration pipes of the biological filter of the sewage station, and the renovation of the pretreatment waste gas of the sewage treatment station, so as to reduce the impact of factory noise on the surrounding area through controlling from the source, while eliminating the smell emission of workshops, sewage and solid waste storage sites to ensure the stable operation of sewage treatment system.</p>

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Livzon Hecheng	<p>The "Three Wastes" were treated in a centralized and effective manner in strict compliance with the "Three Simultaneous" system and the maintenance and management of pollution preventive facilities were enhanced to ensure that emission of pollutants was stable and in compliance with the required standard. The treatment process of "pre-treatment of drainage from the production process + hydrolytic acidification + upflow anaerobic sludge blanket (UASB) + advanced oxidation + CASS process + air float/ozonation advanced treatment" was adopted. Treated sewage was discharged through the municipal sewage pipeline network into Zhuhai Leaguer Environmental Protection Co., Ltd. (珠海力合环保有限公司) (water purification plant in the South District). In 2018, new investment in environmental protection projects amounted to RMB4.48 million, of which RMB3.20 million was invested in exhaust gas RTO incineration treatment. Cover and sealing were added to the anaerobic tower, CASS tower and other facilities at the environmental protection center. In 2019, new investment of RMB450,000 in additional air float device was made for water outflow from CASS to remove particulates, total phosphorus and color, further reducing emission of pollutants. The hazardous wastes of the company were properly disposed in compliance with regulations by qualified companies engaged according to environmental assessment and acceptance inspection opinion. In 2020, RMB200,000 was invested to replace the integrated pool covers and reduce unorganized exhaust gas emission.</p>
Gutian Fuxing	<p>At the same time when the enterprise started production, the "Three Wastes" were collected and treated effectively in accordance with the requirements of the "Three Simultaneous" system of environmental protection. This involves a designed sewage treatment capacity of 1,200 t/d, initial investment of more than RMB3.00 million, adoption of the advanced "A/O + SBR + nitrogen removal by denitrification + Fenton decolorizing + air flotation" sewage treatment process, 6,000 m<sup>3</sup> of effective reservoir capacity of the treatment system and more than 20 sets of treatment equipment with 350 KW installed capacity. So far, a further investment of nearly RMB1.00 million has been made successively to improve the water treatment process, thus ensuring that all wastewater treatment indicators are stable and satisfy the discharge standard. Treated sewage that reaches the grade II discharge standard is directly discharged into Minjiang River. The hazardous wastes of the company are entrusted to qualified companies for compliant disposal according to the requirements of environmental impact assessment and acceptance inspection opinions. In 2019, the company invested RMB340,000 for upgrading the treatment facilities of sewage and waste gases with adoption of "lye-spraying + UV photolysis + active carbon adsorption" process. The environmental emission was far below the emission limits after such upgrade. In 2020, RMB1 million was invested in the collection and treatment of exhaust gases in the refinery workshops. In 2021, RMB600,000 was invested to upgrade the environmentally friendly sludge pressing system to reduce the moisture content of the sludge and the amount of sludge produced.</p>
Livzon Limin	<p>The "Three Simultaneous" system was strictly implemented by the company for the treatment of "Three Wastes" by collecting and treating the "Three Wastes" effectively. The investment for sewage treatment facilities was over RMB13 million with designed processing capacity of 1,500t/d and adopted the treatment process of "Pre-treatment + Hydrolysis acidification tank + Facultative tank + Aerobic pool + Secondary sedimentation", and the sewage after treatment was discharged through the municipal pipeline network into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂). In respect of exhaust gas treatment, biomass boilers were all replaced by gas boilers. In respect of control of noise pollution, RMB100,000 was invested to construct noise segregation wall to reduce noise pollution.</p>
Livzon Pharmaceutical Factory	<p>The "Three Simultaneous" system was strictly implemented by the company for the treatment of "Three Wastes" by collecting and treating the "Three Wastes" effectively. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000t/d, which adopted the CASS process for phase I and the AO process for phase II, and the sewage after treatment was discharged through the municipal pipeline network into sewage treatment plants. For waste gas: currently, the company uses purchased steam and uses the boilers as backups, greatly reducing exhaust gas emissions. The waste gas of the sewage treatment stations is treated by a combination of first-level spray towers, UV photoion equipment and second-level spray towers.</p>

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Ningxia Pharmaceutical	<p>Through strict enforcement of the "Three Simultaneous" system, the "Three Wastes" were collected and treated effectively. The designed total processing capacity of sewage treatment was 7,500m<sup>3</sup>/d (including one plant with capacity of 5,000m<sup>3</sup>/d and one plant with capacity of 2,500m<sup>3</sup>/d), and the actual total treatment amount was 3,100m<sup>3</sup>/d. After the wastewater had reached the standard stipulated in the pollutant discharge license, it would be discharged through the sewage pipeline network in the industrial park to Xin'an Company. The current treatment process for boiler flue gas adopted the technical processes of "Furnace combustion blended with limestone powder + bag filter + water film scrubber + alkali solution desulphurization + spray defogging". With effect from January 2018, the standard of special emission limit under the Emission Standard for Boiler Atmospheric Pollutants (《锅炉大气污染物排放标准》) (GB13271-2014) was implemented. In July 2019, the upgrading and transformation work for boiler exhaust gas treatment facilities was completed, which further stabilized the treatment effects of particulate matter. In 2020, a cover was installed to the sewage tank of 201-2 workshop to centralize the collection of exhaust gases for treatment; one spare exhaust gas collection fan was installed in the pre-aeration tank of the sewage workshop; exhaust gases from materials tanks in 203-1 workshop were centralized for collection and treatment; the gas inlet pipes in 202 workshop which are used for exhaust gas entering the boiler for combustion were replaced, and 1,000 trees were newly planted for greening project; while one set of exhaust gas treatment facility was installed to both 102 and 103 fermentation workshops; the exhaust gas treatment facility in 101 fermentation workshop was upgraded and transformed. In the first half of 2021, the installation and use of exhaust gas collection and treatment facilities for hazardous waste stations were completed, and doramectin fermentation exhaust gas of 101 fermentation workshop was introduced into the specific exhaust gas treatment facility for doramectin fermentation exhaust gas of 102 fermentation workshop, and a primary sedimentation tank was added to the sewage treatment station to lead out exhaust gas for treatment.</p>
Jiaozuo Hecheng	<p>The "Three Wastes" were collected and treated effectively in strict compliance with the "Three Simultaneous" system. The designed sewage treatment capacity was 3,000t/d, the treatment process of "hydrolytic acidification tank + anaerobic UASB + aerobic pool + materialized treatment" was adopted, the treated wastewater would be discharged through the municipal pipeline network into the sewage treatment plant of Xiuwu Branch of Kangda Water Co., Ltd. (康达水务有限公司修武分公司). The sewage treatment facilities were under normal operation with compliant discharge. For exhaust gas: exhaust gases generated from technical process in the production zone would be collected and treated by adopting two sets of processes of "water spray + active carbon and -20 °C condensation + water spray + active carbon" and then discharged after reaching the required standard. For solid waste: hazardous solid wastes would be stored in the hazardous waste station constructed in compliance with the requirements of "Three Protections" (protection against leaks, erosion and rain) according to the requirements under the (Pilot) Guidelines for Standardized Management of Hazardous Waste in Henan Province (《河南省危险废物规范化管理工作指南(试行)》) for hazardous wastes. The company entered into a hazardous waste disposal agreement with Henan Zhonghuanxin Environmental Technology Co., Ltd. (河南中环信环保科技有限公司) for disposal of hazardous wastes on regular basis. Other general solid wastes would be disposed of in compliance with the relevant requirements.</p>
Shanghai Livzon	<p>The company designed and built a sewage treatment station with a processing capacity of 200m<sup>3</sup>/d in 2018. The company's sewage was treated by such sewage treatment station and then entered the park's sewage treatment station for secondary treatment, and finally discharged into the municipal pipeline network. The company had the hazardous waste station in compliance with the requirements of "Three Preventions" to store hazardous waste and appointed a qualified company for compliant disposal. The company's main exhaust outlets were treated with activated carbon adsorption and filtration, and the activated carbon was replaced every half a year to ensure that the exhaust gas emission met the standards.</p>

3. Environmental impact assessment of construction projects and other environmental protection administrative licensing  
 Applicable  N/A

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Jiaozuo Joincare	<p>In November 2005, 7-ACA production line with annual production capacity of 1,000 tonnes through enzymatic process started construction in two phases; environmental protection inspection and acceptance (Yu Huan Bao Yan [2009] No. 57) was passed in Phase I on 10 August 2009; environmental protection inspection and acceptance (Yu Huan Ping Yan [2011] No. 44) was passed in Phase II on 2 November 2011. Thymidine production line with annual production capacity of 600 tonnes, mycophenolic acid production line with annual production capacity of 300 tonnes, declomycin production line with annual production capacity of 200 tonnes, and BO production line with annual production capacity of 300 tonnes were put into construction in 2016, listed in Jiaozuo Municipal Catalogue of Reconstructed and Improved Illegal Construction Projects, subject to environmental impact assessment, and filed with the Ecological Environment Bureau of Jiaozuo City.</p> <p>The Approval of Environmental Impact Report on Comprehensive Recovery and Technical Transformation and Upgrading Project of Waste Liquid for Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (Jiao Huan Shen [2019] No. 13) was granted on 14 November 2019; the Approval of Environmental Impact Report on 4-AA High-quality Project of Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. with Annual Production Capacity of 1,000t through Enzymatic Process (annual production capacity of 200 tonnes in phase I) (Jiao Huan Shen [2019] No. 14) was granted on 14 November 2019. Independent acceptance of comprehensive recovery, upgrading and transformation project of waste liquid was completed in June 2020. Independent acceptance of 4-AA project was completed in October 2020; Approval of Environmental Impact Report on Technical Transformation Project of Feed Additive Vitamin B2 with Annual Production Capacity of 700 Tonnes (Ma Huan Shen [2020] No. 18) was granted in August 2020.</p> <p>Change and extension of pollutant discharge license were completed by Jiaozuo Joincare on 19 December 2020.</p>
Taitai Pharmaceutical	There was no such project in the first half of 2021.
Haibin Pharma	Approval of Environmental Impact Report (Shen Yan Huan Pi [2019] No. 80024) was granted on 21 November 2019.
Xinxiang Haibin	<p>Approval of Environmental Impact Report on 20 Tonnes/Year Meropenem Pharmaceutical Intermediate Project (Yu Huan Jian [2005] No. 84), Opinions on Environmental Protection Inspection and Acceptance for 20 Tonnes/Year Meropenem Pharmaceutical Intermediate F9 Project (Yu Huan Bao Yan [2008] No. 89), Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project (Yu Huan Shen [2014] No. 564), Independent acceptance of Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project on 24 March 2019, and Opinions of Comprehensive Supervision and Enforcement Bureau of High-tech Zone on Approval of Environmental Impact Report on Technical Center Expansion Project of Xinxiang Haibin Pharmaceutical Co., Ltd. (Xin Gao Zong Jian Zi [2020] No. 26).</p>

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Fuzhou Fuxing	<p>The "Environmental Impact Report on Product Upgrading Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司产品升级改造项目环境影响报告书》)" was approved on 7 March 2017; and environmental protection inspection and acceptance upon completion of construction was passed on 25 November 2017. The "Environmental Impact Report on the Expansion Project for Production of 20 Tonnes of Paromomycin, 2 Tonnes of Telavancin, 1.8 Tonnes of Pentostatin, 3 Tonnes of Daptomycin, 3 Tonnes of Teicoplanin, 0.3 Million and 1 Billion of Kanamycin Monosulfate and 2 Tonnes of Milbemycin Oxime per Year (《年产巴龙霉素20吨、特拉万星2吨、喷司他汀1.8吨、达托霉素3吨、替考拉宁3吨、单硫酸卡那霉素30万十亿、米尔贝肟2吨扩建项目环境影响报告书》)" of the company was approved on 24 July 2018; and the phased inspection and acceptance was passed for production of 3 tonnes of Daptomycin and 2 tonnes of Milbemycin Oxime on 12 October 2019. The "Environmental Impact Report on the Project for Annual Production of 1,000 Tonnes of Colistin Premix (《年产粘杆菌素预混剂1000吨项目环境影响报告表》)" of the company was approved on 27 November 2018; and the inspection and acceptance was passed on 9 May 2019. The "Environmental Impact Report of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. on the Expansion Project for Annual Output of 10 tonnes of Pasiniazid, 2 tonnes of Polymyxin, 400Kg of Oritavancin, 360 tonnes of Alumina, 6 tonnes of Doramectin and 6 tonnes of Tobramycin" was approved on 10 June 2019, and had passed the phased (6-tonne tobramycin) acceptance on 28 October 2020; the "Environmental Impact Report on the Phase II High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd." was approved on 18 March 2020, and had passed the phased (0.15-tonne rapamycin) acceptance on 31 October 2020. In the first half of 2021, the preparation of the "Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd." was in process. The company strictly implements the "Three Simultaneous" system and takes environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. Approval was granted for the application of a new national pollutant discharge license on 27 December 2017 and the renewal of the national pollutant discharge license was completed in December 2020. The company has been discharging pollutants in strict compliance with the licensing and administrative requirements.</p>
Xinbeijiang Pharmaceutical	<p>The "Environmental Impact Report on Current Status of Projects of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司项目现状环境影响报告书》)" was approved and filed on 6 December 2016; with strict enforcement of the "Three Simultaneous" system and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly. On 29 December 2017, approval was granted for the application of a new national pollutant discharge license and the work for changing and renewing the pollutant discharge license was completed in December 2020. The environment protection policies were strictly enforced.</p>

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Livzon Hecheng	<p>Environmental Impact Assessment of Construction Projects and Other Environmental Protection Administrative Licensing: The Environmental Impact Assessment Report on Current Status of the Product Structure and Production Capacity Adjustment Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司产品结构及产能调整项目现状环境影响评价报告》) was approved in December 2016. The company strictly enforced the "Three Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. After being approved of the application for a new national pollutant discharge license on 8 December 2017, the company strictly followed the licensing requirements for pollutant emission and strictly complied with the administrative requirements. The inspection and acceptance for clean production was approved on 21 December 2018. The integrated treatment on VOCs passed the "one policy for one enterprise" inspection and acceptance in November 2020. Change of pollutant discharge license was completed in December 2019. In July 2020, the self-monitoring program for pollutant discharge licenses was revised in accordance with the Technical Standards for Application and Issuance of Pollutant Discharge License for the Pharmaceutical Industry—Active Pharmaceutical Ingredient Manufacturing (《排污许可证申请与核发技术规范(制药工业-原料药制造)》), to strictly comply with the administrative requirements.</p>
Gutian Fuxing	<p>The company passed the environmental impact assessment on 30 June 1999 and the inspection and acceptance upon completion of construction carried out by Environmental Protection Bureau of Fujian Province on 5 June 2000. The company re-prepared its post-environmental impact assessment report in 2019 and passed the inspection and acceptance carried out by experts on 11 June 2019. The company strictly enforced the "Three Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. After passing the application for a new pollutant discharge license from State authorities on 29 December 2017, the company strictly followed the licensing requirements for emissions of pollutants and strictly complied with the administrative requirements. The procedure for replacing the pollutant discharge license was completed in November 2020.</p>
Livzon Limin	<p>The Environmental Impact Report on the Technological Reform Project for the R&amp;D Center of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂研发中心技改项目环境影响报告表》) was approved on 6 December 2019, and the "Three Simultaneous" system was strictly enforced to implement the environmental protection measures required under the environmental impact assessment, with normal operation of the environmental protection facilities. A new version of pollutant discharge license was obtained on 10 December 2019. The Environmental Impact Report for Workshop II of Small-capacity Injection (《小容量注射剂二车间项目环境影响报告表》) was approved on 23 November 2020.</p>
Livzon Pharmaceutical Factory	<p>The Environmental Impact Assessment Report on Expansion Project for Production Line of Recombinant Human Chorionic Gonadotropin for Injection of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂注射用重组人绒毛促性素生产线扩建项目环境影响评价报告书) was approved in March 2018; the Environmental Impact Assessment Report on Expansion Project for Sewage Treatment Stations of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂污水处理站扩建项目环境影响评价报告表) was approved in April 2019; the Environmental Impact Assessment Report on Expansion Project for Production Line of lyophilized Powder Injection of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂冻干粉针剂生产线扩建项目环境影响评价报告表) was approved in November 2020, the Environmental Impact Assessment Report on V01 Industrialization Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂V01产业化项目环境影响报告表) was approved in April 2021. The company will strictly enforce the "Three-simultaneous" system to implement the environmental protection measures as required by environmental assessment.</p>

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Ningxia Pharmaceutical	<p>The Environmental Impact Report on the Construction Project for Production of Biopharmaceuticals by Livzon Group Ningxia Fuxing Pharmaceutical Manufacturing Co., Ltd. (《丽珠集团宁夏福兴制药有限公司生物医药生产建设项目环境影响报告书》) was approved by the Environmental Protection Department of the Autonomous Region on 5 July 2012 and the environmental protection inspection for completion conducted by the Environmental Protection Department was passed on 8 May 2015. In April 2016, approval was obtained from Pingluo County for expansion and reconstruction of the production line with annual production capacity of 120 tonnes for Coenzyme Q10 products, and completion inspection conducted by the Environmental Protection Bureau of Pingluo County was passed in March 2017. The Environmental Impact Report on the Construction Project for Production of Biopharmaceuticals by Livzon Group Ningxia Xinbeijiang Pharmaceutical Manufacturing Co., Ltd. (《丽珠集团宁夏新北江制药有限公司生物医药生产建设项目环境影响报告书》) was approved on 5 July 2012 and the environmental protection inspection for completion was passed on 30 November 2015. In April 2016, approval was granted by the Environmental Protection Bureau of Pingluo County for expansion and reconstruction of the production line with annual production capacity of 360 tonnes of Hydrochloride Lincomycin (盐酸林可霉素) products, and completion inspection conducted by the Environmental Protection Bureau of Pingluo County was passed in March 2017. In December 2018, approval was granted by the Environmental Protection Bureau of Pingluo County for the construction project of extraction workshop with annual production capacity of 210 tonnes of mycophenolic acid and 3 tonnes of doramectin, the environmental protection inspection for completion was passed in May 2019. On 30 December 2019, approval in respect of the environmental impact assessment for the construction of the project with additional annual production capacity of 160 tonnes of Mevastatin (美伐他汀) and 120 tonnes of Lovastatin (洛伐他汀) was granted by Ningxia Pingluo Industrial Park Management Committee. The demolition and inspection and acceptance of a 20t/h circulating fluidized bed coal-fired boiler of Livzon Group Ningxia Xinbeijiang Pharmaceutical Manufacturing Co., Ltd. (丽珠集团宁夏新北江制药有限公司) was completed. The expert review for the environmental improvement project plan for 2019 of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司) and the inspection and acceptance for the implementation thereof (including self-inspection and acceptance and inspection and acceptance by government authorities) were also completed. In June 2020, the environmental impact approval of the construction of the doramectin (多拉菌素) production line technical transformation project approved by the Ningxia Pingluo Industrial Park Management Committee (宁夏平罗工业园区管委会) was passed. In July 2020, the environmental protection and acceptance inspection work for the completed projects with an annual additional output of 160 tonnes of Mevastatin (美伐他汀) and 120 tonnes of Lovastatin (洛伐他汀) was completed, and the outsourcing of recycling for mother solution of Phenylalanine (苯丙氨酸) was approved. In December 2020, the work for replacing the pollutant discharge license and the inspection and acceptance for clean production were completed. The company strictly enforced the "Three Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. The environmental protection inspection for completion of doramectin expansion project was completed in March 2021, and the evaluation of project work upon optimized disposal of the company's solid waste is being carried out currently. The company strictly enforced the "Three Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities.</p>
Jiaozuo Hecheng	<p>The Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司现状环境影响评估报告》) was approved and filed on 15 December 2016, the "Three Simultaneous" system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were in normal operation. The application for the national pollutant discharge license was completed in December 2020, the environmental protection policies were strictly enforced and various management measures were implemented.</p>

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Shanghai Livzon	The company passed the environmental assessment review of the Leuprorelin Acetate Microspheres for Injection Industrialization Project (《注射用醋酸亮丙瑞林微球产业化项目》) on 11 October 2010, and obtained the approval for the Environmental Impact Report on Supporting Engineering and Laboratory Projects of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司配套工程及实验室项目环境影响报告》) on 10 January 2020. The company strictly enforced the "Three Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. In July 2020, the on-site inspection of the national pollutant discharge license was completed and the pollutant discharge license was obtained.
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## 4. Environmental emergency contingency plan

√ Applicable □ N/A

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Joincare	Revision of the environmental emergency contingency plan of Jiaozuo Joincare was completed in early April 2019 and was filed with the Ecological Environment Bureau of Jiaozuo City on 16 April 2019. Revision of the environmental emergency contingency plan for hazardous waste pollution accident of Jiaozuo Joincare was completed in December 2020.
Taitai Pharmaceutical	Review filing was completed in July 2020.
Haibin Pharma	Emergency plan was revised in December 2020 and filed on 24 December 2020.
Xinxiang Haibin	Environmental Emergency Contingency Plan of Xinxiang Haibin Pharmaceutical Co., Ltd. was filed with the Ecological Environment Bureau on 14 February 2019 with the file reference number 4107712019001.
Fuzhou Fuxing	Pursuant to relevant regulations and requirements, the "Environmental Emergency Contingency Plan of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司突发环境事件应急预案》)" was prepared based on the principles of "Focusing on Prevention, Aiming at Self-help, Centralized Command, Division of Responsibility", which was approved on 1 November 2019 with the file reference number 350181-2019-039-M. After environmental emergency incidents occur, immediate, quick, effective and orderly emergency rescue actions will be taken to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of such plan, the company provides trainings and drills for its employees to get them well-prepared for environmental emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents. In June 2021, the RTO power failure emergency drill was conducted.
Xinbeijiang Pharmaceutical	Pursuant to relevant regulations and requirements, the "Environmental Emergency Contingency Plan of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司突发环境事件应急预案》)" was prepared based on the principles of "Focusing on Prevention, On-alert all the time; Management by Classification, Response by Tiers; Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal", which has been verified, filed and issued. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on regular basis. The environmental emergency contingency drill was conducted in June 2021 to improve the operability thereof, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.



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Livzon Hecheng	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralized Command, and Division of Responsibility (预防为主、自救为主、统一指挥、分工负责)", which has been approved for filing and formally announced with file reference number 440462-2019-001-M. Trainings on emergency events and disposal measures were held regularly for employees to enable implementation of safety measures in a timely, fast, effective and orderly manner to control and prevent the worsening of condition and pollution when encountering any occurrence of environmental emergency cases, so as to alleviate or eliminate the consequences effectively and resume orderly production as soon as possible.</p>
Gutian Fuxing	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Gutian Fuxing Pharmaceutical Co., Ltd. (《古田福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralised Command and Division of Responsibility (预防为主、自救为主、统一指挥、分工负责)". The contingency plan was approved in May 2017 with the file reference number 352200-2017-005-L. The second amendment of the contingency plan was made in June 2020, which passed expert review and completed filing, with the filing number 350922-2020-002-M.</p> <p>According to the plan, after environmental emergency incidents occur, immediate, quick, effective and orderly emergency rescue actions will be taken to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of such plan, the company provides trainings and drills for its employees to get them well-prepared for environmental emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents.</p>
Livzon Limin	<p>The principles of occupational health and safe environment administrative system were followed, including occupational protection to ensure health, risk control to ensure safety, prevention and control of pollution to protect the environment, and compliance with discipline and law for continuous improvement. Identification of environmental factors was performed seriously and preventive measures were adopted for significant environmental factors, while the governance of the "Three Wastes" was strengthened to enhance the ability of control over the "Three Wastes" and ensure that the discharge of the "Three Wastes" had reached the discharge standards. The Environmental Emergency Contingency Plan of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂突发环境事件应急预案》) was prepared in accordance with the criteria of the environmental management system and the occupational health and safety administrative system. The plan was issued in May 2021 with the file reference number LZLMZY-03 and the filing number 440203-2021-009-L. According to the contingency plan, identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.</p>
Livzon Pharmaceutical Factory	<p>Pursuant to relevant regulations and requirements, the Environmental Emergency Contingency Plan of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂突发环境事件应急预案》) was prepared by the company in 2018, and has been approved for filing approval and announced, with the filing number 440404-2018-016-L. Pursuant to the requirements of the Environmental Emergency Contingency Plan, it should be amended every three years, and the contingency plan is currently being updated. The drills on the emergency contingency plan were conducted on a regular basis, to enhance emergency response capabilities of staff, so as to alleviate or eliminate the consequences effectively.</p>

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Ningxia Pharmaceutical	Due to business merger, the original Environmental Emergency Contingency Plan of Livzon Group Ningxia Fuxing Pharmaceutical Manufacturing Co., Ltd. (丽珠集团宁夏福兴制药有限公司突发环境事件应急预案) and Environmental Emergency Contingency Plan of Livzon Group Ningxia Xinbeijiang Pharmaceutical Manufacturing Co., Ltd. (丽珠集团宁夏新北江制药有限公司突发环境事件应急预案) were revised and combined into the Environmental Emergency Contingency Plan of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司突发环境事件应急预案), which was reviewed, filed and issued in May 2019 (filing reference number: 640221-2019-005-II). Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on regular basis, in order to improve the operability of the contingency plan, and enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks. Reamendment of the Environmental Emergency Contingency Plan was started in May 2021, and the amended plan has passed expert review currently.
Jiaozuo Hecheng	The Environmental Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司突发环境事件应急预案》) was prepared in accordance with the relevant provisions and requirements and based on the principles of "Focusing on Prevention, On-alert all the time; Management by Classification, Response by Tiers, Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal". The contingency plan was approved for announcement and filing in April 2021 (filing reference number: 4108042018005L). The Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) was compiled and was approved for filing in January 2018. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on regular basis, in order to improve the operability of the contingency plan, and enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks. The company carried out trainings on the Standard Operating Procedure for Acid Mist Purification Towers and the Standard Operating Procedure for Hazardous Waste Storage Pollutants in April 2021 and June 2021, respectively, according to the relevant requirements of the Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) to enhance the environmental protection knowledge of staff.
Shanghai Livzon	In January 2019, the Environmental Emergency Contingency Plan of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司突发环境事件应急预案》) was filed by the company, with the filing number 02-310115-2019-027-L. The company conducts drills and reviews of the plan every year to improve its emergency response capabilities through regular training on the plan.

## 5. Environmental self-monitoring program

√ Applicable  N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joicare	As required by the self-monitoring program for pollutant discharge licenses, Jiaozuo Joicare developed the 2021 Self-monitoring Program at the beginning of 2021 and carried out self-monitoring according to the program. Up to now, Jiaozuo Joicare has completed the self-monitoring for the six months ended 30 June 2021.
Taitai Pharmaceutical	Wastewater was monitored once a quarter; boiler exhaust gas and plant boundary noise were monitored once a year; exhaust gases generated from technical process was monitored once half a year; online monitoring facilities of wastewater and boiler exhaust gas were additionally installed and functioning well.

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Haibin Pharma	A third party is entrusted to conduct regular monitoring strictly in compliance with the relevant national laws and regulations and local requirements and ensure the accuracy, validity and authenticity of the monitoring data. Online wastewater monitoring equipment was installed and connected to environmental monitoring stations at municipal and district levels in accordance with environmental monitoring technical standards. Data was promptly uploaded on the national monitoring platform.
Xinxiang Haibin	Exhaust gas and wastewater were monitored quarterly by the third party in accordance with the new version of pollutant discharge license.
Fuzhou Fuxing	According to the relevant requirements of the "Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)" and the "Technical Guidelines for Self-Monitoring by Pollution Discharge Enterprises in the Fermentation Pharmaceutical Industry (HJ882-2017) (《排污单位自行监测技术指南发酵类制药工业(HJ882-2017)》)", the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Fuqing Environment Protection Bureau and Fuzhou Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In June 2021, the volatile organic matter leak detection and repair (LDAR) work was finished. Information publicity website: <a href="http://wryfb.fjemc.org.cn">http://wryfb.fjemc.org.cn</a>
Xinbeijiang Pharmaceutical	According to the relevant requirements of the "Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)", the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Qingyuan Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirement of environmental assessment technical standards, while online monitoring equipment has passed the inspection and acceptance of the relevant environmental protection authorities and the connection between online information and national development platform and Qingyuan municipal platform has been completed. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. Information publicity website: <a href="http://www.gdqy.gov.cn/xxgk/zzjg/zfjg/qyssthjj/xxgk/qyzzgk/content/post_1376870.html">http://www.gdqy.gov.cn/xxgk/zzjg/zfjg/qyssthjj/xxgk/qyzzgk/content/post_1376870.html</a>
Livzon Hecheng	Through self-monitoring, the requirements under the Technical Standards for Application and Issuance of Pollutant Discharge License for the Pharmaceutical Industry- Active Pharmaceutical Ingredient Manufacturing (HJ858.1-2017) (《排污许可证申请与核发技术规范制药工业-原料药制造(HJ858.1-2017)》) were strictly implemented, and the verification and calibration of monitoring analyzing devices were carried out in strict compliance with relevant provisions. Automated monitoring equipment was installed according to the requirements of technical standards for environmental detection, while online monitoring equipment for COD, ammonia nitrogen and PH level and online monitoring equipment for non-methane hydrocarbons were installed and connected with the national development platform as required.

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Gutian Fuxing	According to the relevant requirements of the "Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)", the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Ningde environment protection authority and Gutian County protection authority. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In June 2021, a qualified third party was entrusted to complete volatile organic matter leak detection and repair (LDAR) and obtain a report. Information publicity website: <a href="http://wryfb.fjemc.org.cn">http://wryfb.fjemc.org.cn</a>
Livzon Limin	An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out water pollutant detection monitoring every quarter and boiler exhaust gas monitoring every month, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The installation and commissioning of online monitoring equipment for COD, ammonia nitrogen was completed and began to run officially in December 2020, and COD and ammonia nitrogen were monitored every 2 hours. Online data should be completed and filed to the Shaoguan Environmental Protection Bureau on a timely basis, and the relevant data would be announced to the public after being reviewed by and filing with the Shaoguan Environmental Protection Bureau.
Livzon Pharmaceutical Factory	An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out monitoring on sewage and waste gas every month, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The installation and commissioning of the online sewage monitoring equipment was completed and it was put into use at the beginning of 2021.
Ningxia Pharmaceutical	The company formulated the self-monitoring program for 2021, which was reviewed by and filed with the Ecological Environment Bureau of Shizuishan City. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized exhaust gas emission, exhaust gas emission from boiler, waste water discharge, underground water, soil, plant boundary unorganized environmental air, noise and recycled water TOC, and volatile organic matter leak detection and repair (LDAR) work was carried out. The monitoring results would be announced to the public through the System of National Pollution Sources Monitoring Information Management and Sharing Platform (《全国污染源监测信息管理与共享平台系统》) and the System of Self-monitoring Information Open Platform for Enterprises in Shizuishan (《石嘴山市企业自行监测信息公开平台系统》). The automated monitoring equipment was connected to the network of the competent environmental protection authority and passed the inspection conducted by the competent environmental protection authority. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In the first half of 2021, the RTO exhaust VOCs online monitoring equipment was installed and put into use.

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Jiaozuo Hecheng	<p>According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company implemented and completed the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with relevant competent environmental protection authorities. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirement of environmental assessment technical standards. In 2018, the online water quality monitoring equipment had passed the inspection and acceptance conducted by the competent environmental protection authorities and the connection between the online data and the municipal platform of Jiaozuo City was completed; the leak detection and repair (LDAR) of volatile organic compounds had commenced in the first half of 2021, and the automated monitoring equipment was under normal operation and the data was accurate, valid and authentic.</p>
Shanghai Livzon	<p>In accordance with the General Rules for the Self-Monitoring Technical Guidelines for Pollutant Discharge Units (《排污单位自行监测技术指南 总则》) (HJ 819-2017) and the relevant requirements (including those on pollution discharge license), the company organized self-monitoring and information disclosure of the pollutants it has discharged, and formulated the Self-monitoring Program. In 2021, the company monitors main exhaust gas outlets once a month, common discharge outlets once half a year, noise once every quarter and sewage once a month. The monitoring items and frequency shall meet the requirements of the pollutant discharge license.</p>

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

Applicable  N/A

7. Other environmental information to be disclosed

Applicable  N/A

## (II) Description of environmental protection conditions of companies except for key pollutant discharge units

Applicable  N/A

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

1. Administrative penalties imposed for environmental issues

Applicable  N/A

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

Applicable  N/A

3. Reason for non-disclosure of other environmental information

Applicable  N/A

## (III) Description of subsequent progress or change in the content of environmental information disclosed during the Reporting Period

Applicable  N/A

**(IV) Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities**

✓ Applicable □ N/A

Name of company or subsidiary	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Jiaozuo Joicare	External audit of energy system, LDAR, environmental protection inspection and acceptance of vitamin B2 project, and green development evaluation of the pharmaceutical industry in Henan Province were completed; the result of being No. 2 in the ranking of enterprises in the pharmaceutical industry in Henan Province was achieved; the verification of carbon emission and self-declaration of national green enterprises were completed.
Taitai Pharmaceutical	Creation of environmental safety standardization, management of hazardous waste standardization, cooperation with the Ecological Environment Department or its entrusted third-party evaluation agency to carry out the safety evaluation and inspection of corporate environmental facilities, operating systems and online inspection systems, prompt rectification of hidden hazards proposed were carried out as required by the Municipal Ecological Environment Department in the first half.
Haibin Pharma	Cover and sealing were added to CASS tank in the wastewater treatment station and closed waste gas was collected and treated so as to effectively reduce odor spillover; certain consumables for waste gas treatment were replaced so as to ensure treatment effect.
Xinxiang Haibin	Automatic construction was carried out; green development evaluation of the pharmaceutical industry in Henan Province was completed; the result of being No. 4 in the pharmaceutical industry of Henan Province was achieved; recycling, pretreatment and reuse of waste gas membrane were completed. The Letter of Undertaking for Environmental Protection was submitted by the company to the Administrative Department.
Fuzhou Fuxing	LDAR, detection of hidden hazards in soil, audit of energy system, and verification of greenhouse gas emission were completed.
Xinbeijiang Pharmaceutical	LDAR was completed; unorganized emission of VOCs was reduced; certification audit of energy management system was completed; a series of waste gas and noise control and improvement measures, such as reconstruction of certain sewage tanks, installation of noise segregation wall on the cooling tower, and installation of the inlet muffler on the boiler, were taken to effectively reduce impacts of waste gas emission and noise on the surrounding environment.
Livzon Hecheng	LDAR was completed; unorganized emission of organic gas was reduced; hazardous waste was entrusted to qualified units for treatment with compliance treatment rate of 100%; online monitoring equipment of waste gas was increased to conduct real-time monitoring of waste gas emissions. The self-monitoring plan was completed and environmental responsibilities were fulfilled as required.
Gutian Fuxing	LDAR was completed; cover and sealing were added to sewage treatment regulating pool; waste gas was collected and treated so as to avoid odor spillover; HV frame was replaced in the sewage treatment workshop; water content of sludge was reduced; total volume of sludge was reduced; sludge generated was entrusted to qualified units for treatment.
Livzon Limin	Solid preparations and steam equipment in high capacity workshop were renovated; steam usage was reduced; locations of different drugs in the overhead cabin and TCM cabin were adjusted; storage energy consumption of the two cabins was reduced; three idle water pumps of the factory were used; post-treated waste water was used for watering flowers, trees and grass in the factory in three lines.
Livzon Pharmaceutical Factory	Installation and debugging of online monitoring equipment were completed; qualified third party was entrusted to detect waste water and waste gas; compliant treatment of hazardous wastes was made; the risk of environmental pollution was reduced.
Ningxia Pharmaceutical	LDAR was completed; field check of "one policy for one enterprise" for corporate VOC governance was carried out in cooperation with leaders and experts of the Municipal Environmental Protection Department; installation of online monitoring equipment for RTO exhaust and VOCs was completed; installation of treatment facilities for exhaust gas from hazardous waste stations, primary sedimentation tank at the sewage treatment station and 101 doramectin fermentation workshop was completed.

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Jiaozuo Hecheng	Automatic construction was carried out; LDAR was completed; green development evaluation of the pharmaceutical industry in Henan Province was completed; the result of being No. 8 in the pharmaceutical industry of Henan Province was achieved; treated waste gas was replaced to ensure the treatment effect.
Shanghai Livzon	The Company discharged pollutants in strict compliance with standards set out in the pollution discharge license obtained, developed the annual self-monitoring program for pollution discharge at the beginning of 2021 and implemented it, and successfully passed the interim review of corporate pollution discharge by the third party entrusted by government departments without violation of laws and regulations. Meanwhile, the Company further strengthened the daily monitoring of operation of waste gas treatment facilities and waste water treatment stations and ensured the effective operation of equipment and facilities.

#### (V) Measures for carbon emission reduction and effect during the Reporting Period

✓ Applicable  N/A

Name of company or subsidiary	Measures for carbon emission reduction and effect
Jiaozuo Joincare	The project for hot water from marsh gas was fully used for approval and tendering; it was expected to save 17.5 tonnes of steam every day after the project was completed; the production process was adjusted in coordination with the production workshop so as to emit organic waste gas in stable concentration and reduce natural gas consumption; the natural gas rather than the diesel was used as the heat source for cooking in the canteen of the company so as to reduce carbon content of unit heat value and carbon emission. The fermentation exhaust gas treatment fan was changed to be subject to frequency conversion control so as to reduce power consumption, and the concept of energy conservation and consumption reduction was publicized in the company; all employees were called on to "save every drop of water and every kilowatt hour".
Taitai Pharmaceutical	Lighting facilities in the park were replaced with "energy-saving lamps" in response to the call of the Municipal Government, producing prominent energy-saving effect; the high-power motor in the factory was replaced with the efficient energy-saving motor in accordance with energy-saving requirements of the government and frequency conversion devices were installed to maximize energy conservation. The efficient low-nitrogen boiler was replaced in response to the call of "Green Shenzhen"; employees were organized to learn energy conservation knowledge so as to achieve energy conservation and emission reduction in routine work by turning off lamps and machines timely.
Haibin Pharma	400T/h cooling tower was replaced; the new cooling tower could save 33% of energy and reduce 10t CO <sub>2</sub> e every year; 6 sets of high-power water pumps in the water pump room were replaced with more energy-saving water pumps that could reduce 23t CO <sub>2</sub> e every year.
Xinxiang Haibin	The Company updated reciprocating vacuum pumps that were likely to leak gas to screw vacuum pumps (30 sets) and liquid ring pumps, which greatly reduced unorganized odor emission. Membrane recycling treatment facilities were built for waste gas recycling with annual economic benefit of RMB3 million.
Fuzhou Fuxing	The Company introduced PV power generation to reduce power consumption. Energy-saving renovation of high energy consumption pumps were carried out, effectively reducing energy consumption. The Company vigorously publicized energy conservation and consumption reduction, and called on employees to promptly turn off lamps, air conditioners and computers in routine work.

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Xinbeijiang Pharmaceutical	Certain cooling towers were renovated; fans of cooling towers were driven by hydrodynamic kinetic energy rather than motors, achieving the same cooling effect while reducing power consumption; 80m <sup>3</sup> air compressor was renovated and added a heat exchanger so that boiler soft water was preheated through running heat of air compressor and boiler inlet temperature was raised, effectively reducing the consumption of natural gas ; inner wall of MVR equipment was cleaned by a professional third party, making the evaporation rate of sugar water for MVR equipment increase by approximately 40% so as to effectively reduce the run time of MVR equipment and greatly reduce power consumption.
Livzon Hecheng	Water cooling units were maintained and renovated so as to use energy in a more reasonable manner; power consumption for production was saved through a more reasonable production scheduling of the Production Department; the natural gas was used as the fuel for the canteen and boiler of the company. All employees in the factory were called on to save electricity by turning on lamps and air conditioners after work, and limit the minimum temperature of air conditioners; green travel was promoted; employees were encouraged to take public transportation for business trip; commuting buses were provided for employees.
Gutian Fuxing	4 sets of air compressors and a set of water cooling unit were replaced to reduce power consumption; all employees were called on to "save every drop of water and every kilowatt hour" by turning off lamps and shutting down equipment after work.
Livzon Limin	The energy conservation and emission reduction system of the factory was modified and improved; it was encouraged to turn off air conditioners 0.5h earlier every day in the office area; quantities and operating parameters of compressor in QC air conditioning system were adjusted so as to reduce power consumption; number of pneumatic valves at the water outlet of activated carbon for small-volume injection workshop was increased so that the capacity of water purification machine was improved; the water supply network in the living quarter was renovated; awareness of water and power conservation of employees was enhanced so as to achieve energy conservation and emission reduction in routine life and work.
Livzon Pharmaceutical Factory	Incandescent light bulbs were replaced with LED lamps to reduce power consumption. PV inverter cabinets and roof PV modules were renovated, which improved PV power generation efficiency and could save about 600,000 kilowatts per year. Outsourced steam was introduced to reduce boiler combustion and save energy.
Ningxia Pharmaceutical	Phenylalanine concentration system was planned to be renovated, pursuant to which, the original triple effect thickening system was replaced with MVR thickening system, thus reducing energy consumption by 50%. The boiler system was overhauled and maintained regularly so as to ensure efficient operation of boiler body and desulfurization and dust removal facilities. Consumption of outsourced steam was increased to reduce coal consumption.
Jiaozuo Hecheng	The production process was promptly adjusted in coordination with the workshop; activated carbon in the activated carbon adsorption plant was replaced so as to try to emit organic waste gas in stable concentration; steam condensate was changed for recycling so as to reduce carbon emission. Packaging equipment of the company was changed to automatic packaging. Energy conservation and consumption reduction were vigorously publicized in the company; all employees were called on to "save every drop of water and every kilowatt hour".
Shanghai Livzon	The company further strengthened daily energy conservation management according to existing energy conservation plan, effectively enhanced energy conservation awareness of employees through inspection and publicity, and encouraged employees to develop the good habit of water and power conservation. Meanwhile, the company improved more than 10% of peptide yield by optimizing peptide process so as to reduce power consumption of unit product.



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

✓ Applicable  N/A

### 1. Industrial revitalization

The Company fully implements the spirit of the important instructions put forward by the CPC Central Committee and the General Secretary. In accordance with the relevant requirements, we establish the concept of "Astragalus Root (黄芪) Industry" and adopt the model of "Company + Base" and "Company + Professional Cooperative", encouraging locals to cultivate and process astragalus root and develop the astragalus root industry with reference to the local conditions to make it a pillar industry for poverty relief in the long-term. The Company will explore the development of the featured astragalus root industry to achieve poverty elimination and promote the construction of the "Chinese Medicine Ecological Base".

During the Reporting Period, Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) ("Datong Livzon"), a subsidiary of the Company's controlling subsidiary Livzon Group, has employed 30 local workers for the self-built base and jointly constructed base, which is expected to be increased to approximately 50 workers in the second half of 2021.

### 2. Public welfare for chronic diseases

In order to respond positively to the call of national policy, the Company and its controlling subsidiary Livzon Group have launched the "Public Welfare against Chronic Diseases (慢病公益项目)" program by combining their own industrial advantages. The program targets at hypertension, hyperlipidemia, cardiovascular and cerebrovascular diseases, and drugs for treatment of chronic diseases have been donated to remote areas, including Pravastatin Capsules (普伐他汀钠胶囊), Amlodipine Besylate Capsules (苯磺酸氨氯地平胶囊), Valsartan Capsules (缬沙坦胶囊), and Isosorbide Bononitrate Tablets (单硝酸异山梨酯片), which could be worth millions of RMB. These drugs can really help families in remote areas, make it convenient for patients in the regions to take drugs nearby, help the families with patients to alleviate medical pressures, and provide timely assistance. Based on actual conditions, the project regularly makes continuous drug donations to remote areas and helps the families with patients in such regions.

Since late 2018 onwards, the Company and its controlling subsidiary Livzon Group carried out the "Public Welfare against Chronic Diseases" program successively in the areas including Chaotian District of Guangyuan City in Sichuan Province, Songpan County, Jiange County and Pingwu County of the Autonomous Prefecture of Aba Zangs and Qiangs in Sichuan Province, Hunyuan County, Guangling County and Lingqiu County of Datong City in Shanxi (山西) Province, Dongxiang County and Tianzhu County in Gansu Province, Xianghai national nature reserve in Jilin Province, Chayu County in Tibet Autonomous Region, Macun District of Jiaozuo City in Henan Province and Huangshan District of Huangshan City in Anhui Province, in which some of the middle-aged and elderly patients with chronic diseases were also benefited as a result.

As at 30 June 2021, there were a total of 13 agreements in relation to the Public Welfare Projects for Chronic Diseases, among which 12 were remote areas in need of help and 1 was natural reserve at state level, and there were more than 5,000 registered people. In the second half of 2021, it is expected to donate drugs to areas including Hubei and Sichuan.

### 3. Charitable projects for students

One of the education policies of the CPC and the state is to subsidize students in poverty to complete their studies, which is vital to talent training and social progress and is the common responsibility of the whole society. With the great support and help of the National Medical Products Administration, the Company has donated RMB900,000 in total to poor college students in Linquan County in three years since 2019 and shouldered its responsibility to the society. The student grant program is set by the National Medical Products Administration for poor college students in Linquan County, Fuyang City, Anhui Province majoring in pharmaceutical in colleges and universities. The grant standard is RMB5,000 per undergraduate and RMB3,000 per junior college student for more than a hundred students. The program aims to improve the learning and living conditions of those students and help them to better complete their studies so as to train more talents for the national pharmaceutical undertaking. The annual grant of RMB300,000 has been awarded. Up to now, the grant of RMB900,000 planned to be donated has been awarded.

## Chapter 6 Major Events

### I Fulfillment of undertakings

#### (I) Undertakings fulfilled during the Reporting Period or not yet fulfilled as at the end of the Reporting Period by the parties to the undertakings such as the de facto controller, shareholders, related parties, purchasers of the Company and the Company

✓ Applicable  N/A

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

(Cont.)

Commitment background	Commitment Type	Subject	Commitment Content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
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3. If assets and businesses that directly or indirectly constituted competitive relation and potential competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlling subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group;

4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group;

5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group.

6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlling subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlling subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement;

(Cont.)

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

(Cont.)

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

## II Information on non-operating use of funds by controlling shareholders and other related parties during the Reporting Period

 Applicable  N/A

## III Information on illegal guarantee

 Applicable  N/A

## IV Audit of interim report

 Applicable  N/A

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

 Applicable  N/A

## VI Matters related to bankruptcy reorganization

 Applicable  N/A

## VII Material litigation and arbitration matters

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

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

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

 Applicable  N/A

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

Applicable  N/A

## X Substantial connected transactions

### (I) Connected transactions in the ordinary course of business

1. Matters that have been disclosed in the Provisional Announcements without progress or change in subsequent implementation  
 Applicable  N/A

Overview	Query index
Pursuant to the "Resolution on Connected Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power" considered and approved at the 44th Meeting of the 7th Session of the Board on 29 March 2021, Jiaozuo Joincare intended to purchase no more than RMB200 million (inclusive) of steam and power from Jinguan Electric Power in 2021 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. The independent directors of the Company gave prior approval opinions on the Resolution and gave opinions on the approval at the Board meeting. Both parties referred to the market price to fix a price of the said connected transactions. During the Reporting Period, the actual amount of the said connected transactions was RMB103,613,300.	See the Announcement on Resolutions Considered and Approved at the 44th Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-033) and the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Connected Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power (Lin 2021-038) disclosed by the Company on China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News and the website of Shanghai Stock Exchange (www.sse.com.cn) on 31 March 2021 for details.

2. Matters that have been disclosed in the Provisional Announcements with progress or change in subsequent implementation  
 Applicable  N/A
3. Matters that have not been disclosed in the Provisional Announcements  
 Applicable  N/A

### (II) Connected transactions relating to asset or share acquisition and sale

1. Matters that have been disclosed in the Provisional Announcements without progress or change in subsequent implementation  
 Applicable  N/A
2. Matters that have been disclosed in the Provisional Announcements with progress or change in subsequent implementation  
 Applicable  N/A
3. Matters that have not been disclosed in the Provisional Announcements  
 Applicable  N/A
4. In case of performance agreement, information on performance realization during the Reporting Period shall be disclosed  
 Applicable  N/A

### (III) Substantial connected transactions of joint outbound investment

1. Matters that have been disclosed in the Provisional Announcements without progress or change in subsequent implementation  
 Applicable  N/A
2. Matters that have been disclosed in the Provisional Announcements with progress or change in subsequent implementation  
 Applicable  N/A
3. Matters that have not been disclosed in the Provisional Announcements  
 Applicable  N/A

#### (IV) Credits and debts with connected persons

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

Unit: Yuan Currency: RMB

Connected party	Relationship with connected party	Provision of funds for connected party			Provision of funds for the listed company by connected party		
		Balance at the beginning of the period	Amount occurred	Balance at the end of the period	Balance at the beginning of the period	Amount occurred	Balance at the end of the period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. * (广东蓝宝制药有限公司)	Others	5,092,960.00	18,941,905.54	24,034,865.54	0.00	3,148,240.00	3,148,240.00
Shenzhen Jiekang Health Care Co., Ltd. * (深圳市捷康保健有限公司)	Others	18,577,246.63	0.00	18,577,246.63			
Shenzhen City Youbao Technology Co., Ltd. * (深圳市有宝科技有限公司)	Others	0.00	478,150.00	478,150.00			
Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司) and its subsidiaries	Others	153,900.00	541,193.60	695,093.60			
Zhongshan Renhe Health Product Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙))	Others	1,740,994.29	100,000.00	1,840,994.29			
Zhuhai Sanmed Biotech Inc. * (珠海圣美生物诊断技术有限公司)	Others	15,211,200.00	-14,840,276.55	370,923.45			
Zhuhai Sanmed Gene Diagnostics Ltd. * (珠海市圣美基因检测科技有限公司)	Others	49,093.14	30,969.96	80,063.10			
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) * (珠海中汇源投资合伙企业(有限合伙))	Others	10,967,767.26	-10,967,767.26	0.00	1,466,606.04	-1,466,606.04	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. * (焦作金冠嘉华电力有限公司)	Associated company				31,681,080.57	12,124,176.79	43,805,257.36
<b>Total</b>		<b>52,263,057.10</b>	<b>-5,715,824.71</b>	<b>46,547,232.39</b>	<b>33,147,686.61</b>	<b>13,805,810.75</b>	<b>46,953,497.36</b>
Reason for occurrence of credits and debts with connected persons	During the Reporting Period, the Company had normal operating fund transactions with connected parties.						
Effect of credits and debts with connected persons on the operating results and financial position of the Company	The said credits and debts with connected persons are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and connected parties						

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

 Applicable  N/A

#### (VI) Other substantial connected transactions

 Applicable  N/A

#### (VII) Others

 Applicable  N/A

## XI Material contracts and their enforcement

### 1. Custody, contracting and leasing

Applicable  N/A

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

Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)													
Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee Start date	Guarantee Maturity date	Guarantee type	Performance completed or not	Overdue or not	Overdue amount of guarantee	Counter guarantee	Related party guarantee	Connection relationship
Joincare Group	Headquarters of the Company	Jinguan Electric Power	4,800.00	23 February 2021	23 February 2021	23 February 2022	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	10,000.00	3 March 2021	3 March 2021	25 February 2022	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	4,000.00	13 July 2020	13 July 2020	13 July 2021	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	5,000.00	20 July 2020	20 July 2020	20 July 2021	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	3,200.00	17 September 2020	17 September 2020	17 September 2021	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	3,000.00	12 October 2020	12 October 2020	12 October 2021	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare Group	Headquarters of the Company	Jinguan Electric Power	4,000.00	15 October 2020	15 October 2020	15 October 2021	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Livzon Group	Holding subsidiary	Sanmed Biotech	2,900.00	24 December 2020	1 January 2021	6 May 2021	Joint liability guarantee	Yes	No	0	Yes	Yes	Associated company
Total amount of guarantee occurred during the Reporting Period (excluding guarantees to subsidiaries)													17,700.00
Total amount of guarantees occurred at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)													34,000.00
Guarantees of the Company to its subsidiaries													
Total amount of guarantees to its subsidiaries occurred during the Reporting Period													119,385.55
Total amount of guarantees to its subsidiaries occurred at the end of the Reporting Period (B)													131,446.77
Total amount of guarantees of the Company (including guarantees to its subsidiaries)													
Total guaranteed amount (A+B)													165,446.77
Total amount of guarantees occurred as a percentage of net assets of the Company (%)													8.53
Including:													
Amount of guarantee provided to Shareholders, de facto controllers and their related parties (C)													0
Amount of debt guarantee directly or indirectly provided to a guaranteed party with a gearing ratio exceeding 70% (D)													0
Portion of total guaranteed amount exceeding 50% of net assets (E)													0
Total guaranteed amount of the above three items (C+D+E)													0
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee							Not applicable						
Statement on guarantees							See X 5(4) Related party guarantees in the notes to financial statements for the said related party guarantees in details						

### 3. Other material contracts

Applicable  N/A



## XII Explanation of other significant events

✓ Applicable □ N/A

### 1. Use of proceeds

Pursuant to the Reply to the Approval of Share Allotment of Joincare Pharmaceutical Group Industry Co., Ltd. issued by CSRC (Zheng Jian Xu Ke [2018] No. 1284), the Company allotted 365,105,066 shares to original shareholders. Total amount of actual proceeds for the allotment was RMB1,715,993,810.20; the deducted distribution expenses were RMB46,253,565.29; the net amount of proceeds was RMB1,669,740,244.91. As at 16 October 2018, the said proceeds were in place and validated by the Capital Verification Report of Joincare Pharmaceutical Group Industry Co., Ltd. issued by Ruihua Certified Public Accountants (Rui Hua Yan Zi [2018] No. 40060006).

As at 30 June 2021, the use of proceeds was as follows:

Unit: 10,000 Yuan

Project name	Total amount of investment	Total amount of proceeds invested	Use of proceeds as at 30 June 2021	Balance of proceeds as at 30 June 2021
Zhuhai Health Industry Base Construction Project	98,066.84	76,974.02	3,386.29	73,587.73
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	125,471.35	90,000.00	60,103.83	29,896.17
Total	223,538.19	166,974.02	63,490.12	103,483.90

Pursuant to the Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 37th Meeting of the 7th Session of the Board of the Company on 30 December 2020, it was agreed that the Company temporarily replenished the working capital with no more than RMB900 million of idle proceeds from 1 January 2021 to 31 December 2021 so as to improve the use efficiency of proceeds and reduce financial expenses of the Company. Pursuant to the Resolution on Cash Management with Idle Proceeds considered and approved, it was agreed that the Company carried out cash management with no more than RMB250 million of idle proceeds and purchased principal-guaranteed bank cash management products with high security and good liquidity or deposit products with high revenues, without prejudice to the implementation of projects invested with proceeds and the use of proceeds. Duration of the said cash management was from 1 January 2021 to 31 December 2021; the funds may be used on revolving basis within the limit.

As at the date of disclosure of the Report, the Company repaid RMB40 million to the special account for proceeds in advance on 9 February 2021; the balance for temporary replenishment of working capital was RMB860 million. The outstanding balance for cash management with idle proceeds was RMB130 million.

Pursuant to the Resolution on Extension of Certain Projects Invested with Proceeds considered and approved at the 44th Meeting of the 7th Session of the Board of the Company on 29 March 2021, it was approved that the Company extended the construction start time of Zhuhai Health Industry Base Construction Project to the second half of 2021; the specific start time was up to the date of completion for construction of municipal supporting works on project construction site. The said matters were required to be submitted to the General Meeting of the Company for consideration. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Extension of Certain Projects Invested with Proceeds disclosed by the Company on 31 March 2021 (Lin 2021-040) for details.

Pursuant to the Resolution on Increase of Ways to Input Proceeds for Equity Investment Projects respectively considered and approved at the 48th Meeting of the 7th Session of the Board and the 36th Meeting of the 7th Session of the Supervisory Committee of the Company on 10 June 2021, it was approved that the Company input investment by "provision of interest-free loans" to "Zhuhai Health Industry Base Construction Project" and "Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project". After adjustment, ways to input proceeds to "Zhuhai Health Industry Base Construction Project" and "Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project" were to increase capital and provide interest-free loans, in which the amount of loans was limited to the net amount of proceeds not invested in equity investment projects as of the date of loan. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Increase of Ways to Input Proceeds for Equity Investment Projects disclosed by the Company on 11 June 2021 (Lin 2021-070) for details.

For details of deposit and actual use of proceeds for the six months ended on 30 June 2021, please refer to the Special Report of Jincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Use of Proceeds for the Six Months Ended 30 June 2021 disclosed by the Company on 26 August 2021.

## 2. Matters about share repurchase

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized Price Bidding and other resolutions considered and approved at the 41st Meeting of the 7th Session of the Board and the 2021 First Extraordinary General Meeting of the Company on 9 February 2021 and 25 February 2021, it was approved that the Company repurchased company shares by way of centralized price bidding with its own funds; the total amount of repurchase funds should be no less than RMB350 million (inclusive) and no more than RMB700 million (inclusive); the repurchase price should be no more than RMB20/share (inclusive); the repurchase term should be no more than 12 months from the date when the repurchase scheme was approved by the General Meeting of the Company. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized Price Bidding (Lin 2021-016) and the Announcement on the Resolution of the 2021 First Extraordinary General Meeting of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-025) disclosed by the Company on 10 February 2021 and 26 February 2021 for details. The Repurchase Report of Jincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized Price Bidding (Lin 2021-027) was disclosed by the Company on 5 March 2021.

On 9 March 2021, the Company initially repurchased 680,000 shares by way of centralized price bidding, representing 0.03% of total share capital of the Company. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Initial Share Repurchase by Way of Centralized Price Bidding (Lin 2021-028) disclosed by the Company for details.

As at 30 June 2021, the Company cumulatively repurchased 16,199,998 shares by way of centralized price bidding, representing 0.83% of total share capital of the Company (1,958,593,217 shares); the maximum repurchase price was RMB16.92/share; the minimum repurchase price was RMB11.73/share; the total amount paid was RMB229,511,600 (including commissions). See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Progress in Share Repurchase by Way of Centralized Price Bidding (Lin 2021-083) disclosed by the Company on 2 July 2021 for details.

## 3. Non-public issuance of shares

Resolutions in Relation to the 2020 Non-public Issuance of Shares were considered and approved at the 29th Meeting of the 7th Session of the Board and the 24th Meeting of the 7th Session of the Supervisory Committee of the Company on 12 July 2020. No more than 169,350,000 shares (inclusive) were planned to be issued through non-public issuance; Hillhouse Capital Management PTE. LTD. (Hillhouse Capital) planned to subscribe for all of those shares with no more than RMB2,172,760,500 through "Hillhouse Capital Management PTE. LTD.-China Value Fund" under its management. The Company entered into the Share Subscription Agreement Valid with Conditions between Jincare Pharmaceutical Group Industry Co., Ltd. and Hillhouse Capital Management PTE. LTD. and the Strategic Cooperation Agreement Valid with Conditions between Jincare Pharmaceutical Group Industry Co., Ltd. and Hillhouse Capital Management PTE. LTD. with Hillhouse Capital. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Attraction of Strategic Investors and Execution of Strategic Cooperation Agreement (Lin 2020-089) and the Plan for 2020 Non-public Issuance of Shares of Jincare Pharmaceutical Group Industry Co., Ltd. disclosed by the Company on 13 July 2020. The said resolutions on non-public issuance of shares were approved at the 2020 Second Extraordinary General Meeting of the Company on 29 July 2020.

Pursuant to the Resolution on Termination of Matters regarding 2020 Non-public Issuance of Shares and the Resolution on Termination Agreement on Share Subscription Agreement and Strategic Cooperation Agreement Valid with Conditions between the Company and Subscribers considered and approved at the 41st Meeting of the 7th Session of the Board and the 32nd Meeting of the 7th Session of the Supervisory Committee of the Company on 9 February 2021, it was approved that the Company terminated the non-public issuance of shares. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Termination of Matters regarding 2020 Non-public Issuance of Shares and the Termination Agreement on Share Subscription Agreement Valid with Conditions and Strategic Cooperation Agreement Valid with Conditions (Lin 2021-015) disclosed by the Company on 10 February 2021.

#### 4. Reorganization of LivzonBio

Pursuant to the Resolution on Reorganization of Shareholding Structures of LivzonBio and Other Subsidiaries was considered and approved at the 36th Meeting of the 7th Session of the Board of the Company on 4 December 2020, the Company, Livzon Group and other trading parties agreed to reorganize shareholding structures of the subordinates of Livzon Cayman, took Zhuhai Livzon Biotechnology Co., Ltd. as the controlling platform company of the subordinates of Livzon Cayman at home and abroad so as to optimize shareholding structures of the subordinates of Livzon Cayman for the purpose of financing at home and abroad. Original multiple indirect shareholding structures were adjusted to direct shareholding by parties; the Reorganization Framework Agreement was jointly signed. The said resolutions were considered and approved at the 2020 Fourth Extraordinary General Meeting on 21 December 2020. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Reorganization of Shareholding Structures of the Controlling Subsidiary of Livzon Group (Lin 2020-159) disclosed by the Company on 5 December 2020 for details.

Pursuant to the Equity Transfer Agreement between the Company, Livzon Group and Livzon HK on 11 January 2021, the Company and Livzon Group agreed to respectively acquire 49% and 51% equity interest in LivzonBio from Livzon HK. Pursuant to the Capital Injection Agreement among the Company, Livzon Group, Lisheng Juyuan, and LivzonBio on the same day, the Company, Livzon Group and Lisheng Juyuan jointly injected capital to LivzonBio. The registered capital of LivzonBio was increased from RMB250,000,000 to RMB666,666,667. The capital injection was completed with filing of industrial and business change registration on 15 January 2021. After the change, LivzonBio was respectively owned by the Company, Livzon Group and Lisheng Juyuan as to 44.10%, 45.90% and 10.00% equity interest, respectively.

Pursuant to the Capital Injection Agreement among the Company, Livzon Group, Lisheng Juyuan, YF, Livzon HK, Livzon MAB, Kadi, and LivzonBio on 18 January 2021, Livzon Group and YF jointly injected capital to LivzonBio. The capital injection was completed with filing of industrial and business change registration on 5 February 2021. After the change, the registered capital of LivzonBio was increased from RMB666,666,667 to RMB889,023,284. LivzonBio was owned by the Company, Livzon Group, YF, and Lisheng Juyuan as to 33.07%, 51.00%, 8.43% and 7.50% equity interest, respectively. Pursuant to the Equity Transfer Agreement between LivzonBio and Livzon HK on 18 January 2021, Livzon HK agreed to transfer and LivzonBio agreed to acquire 100% equity interest of Livzon MAB. The equity transfer was completed with filing of industrial and business change registration on 3 February 2021. After the change, Livzon MAB was directly owned by LivzonBio as to 100.00% equity interest.

On 27 January 2021, LivzonBio and Livzon Cayman entered into an equity transfer agreement, pursuant to which Livzon Cayman agreed to transfer and LivzonBio agreed to acquire 100% equity interest of Livzon HK. The equity transfer was completed on 16 April 2021. After the change, Livzon HK was directly owned by LivzonBio as to 100.00% equity interest.

On 25 February 2021, each of Livzon International, YF and Joincare BVI issued a repurchase letter to Livzon Cayman. Pursuant to which, (1) each of Livzon International and YF agreed that Livzon Cayman could repurchase 24,574,830 ordinary shares and 12,500,000 preferred A shares held by them respectively at a consideration of USD98,299,320 in RMB equivalent (i.e. RMB637,421,940.54) and USD50,000,000 in RMB equivalent (i.e. RMB324,225,000), respectively; (2) each of Livzon International and Joincare BVI agreed that Livzon Cayman could repurchase 50,999,999 ordinary shares and 49,000,000 ordinary shares held by them respectively at a consideration of RMB306,038,709 and RMB294,037,191 respectively. As at 26 February 2021, Livzon Cayman repurchased a total of 137,074,829 shares in issue and paid the corresponding consideration of the share repurchases to Livzon International, YF and Joincare BVI, respectively. The above share repurchases were completed and Livzon Cayman only preserved 1 issued ordinary share, which was held by Livzon International. Livzon Cayman is directly owned by Livzon International as to 100.00% equity interest, and the relevant registration of Livzon Cayman will be canceled.

For specific information on the reorganization of the shareholding structures, please refer to relevant announcements respectively disclosed by the Company on 5 December 2020, 12 January 2021, 19 January 2021, 28 January 2021, 16 February 2021, and 13 May 2021 (Announcement No.: Lin 2020-159, Lin 2021-007, Lin 2021-009, Lin 2021-012, Lin 2021-023, and Lin 2021-061).

# Chapter 7

## Changes in Equity and Shareholders

### I Changes in equity

#### (I) Changes in shares

##### 1. Changes in shares

Unit: shares

	Before the current change		Increase/decrease (+, -) due to the current change					After the current change	
	Number	Percentage (%)	Issuance of new shares	Issuance of bonus shares	Conversion of capital reserve to share capital	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions	0	0	0	0	0	0	0	0	0
1. Shares held by state government									
2. Shares held by state-owned entities									
3. Shares held by other domestic holders									
Including: Shares held by domestic non-state-owned entities									
Shares held by domestic natural persons									
4. Shares held by foreign holders									
Including: Shares held by foreign entities									
Shares held by foreign natural persons									
II. Shares not subject to selling restrictions	1,952,780,764	100	5,812,453	0	0	0	5,812,453	1,958,593,217	100
1. Ordinary shares denominated in Renminbi	1,952,780,764	100	5,812,453	0	0	0	5,812,453	1,958,593,217	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,952,780,764	100	5,812,453	0	0	0	5,812,453	1,958,593,217	100

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

Applicable  N/A

The number of exercisable options during the second exercise period of the first grant under the 2018 Share Options Incentive Scheme of the Company was 8million and the exercise period was from 21 December 2020 to 20 December 2021. The number of exercisable options during the first exercise period of the reserved grant under the 2018 Share Options Incentive Scheme of the Company was 3.54million, and the exercise period was from 23 September 2020 to 22 September 2021 by way of independent exercise.

During the Reporting Period, the number of options cumulatively exercised and completing share transfer registration for the first grant and reserved grant under the 2018 Share Options Incentive Scheme of the Company was 5,812,453.

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

Applicable  N/A

##### 4. Other information considered necessary by the Company or required by securities regulators to be disclosed

Applicable  N/A

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

Applicable  N/A

## II Shareholders

### (I) Total number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	118,483
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### (II) Shareholdings of the Top 10 shareholders and the Top 10 shareholders of tradable shares (or shareholders without selling restrictions) at the End of the Reporting Period

Unit: shares

Shareholdings of the Top 10 shareholders							
Name of shareholder (Full name)	Change during the reporting period	Number of shares held at the end of the Period	Percentage (%)	I. Number of shares held with selling restrictions	Pledge, mark or lock-up Share status	Number	Nature of shareholder
Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)	0	895,653,653	45.73	0	Pledge	80,679,725	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	-6,078,692	88,136,456	4.50	0	Unknown		Unknown
Might Seasons Limited (鸿信行有限公司)	0	71,859,334	3.67	0	Unknown		Foreign entity
108 portfolio of national social security fund	-1,181,400	15,660,740	0.80	0	Unknown		Unknown
16011 portfolio of basic endowment insurance fund	-8,908,160	12,119,743	0.62	0	Unknown		Unknown
Abu Dhabi Investment Bureau	11,831,421	11,831,421	0.60	0	Unknown		Unknown
Bank of Ningbo Co., Ltd.- Fullgoal Equilibrium Strategy Hybrid Securities Investment Fund	10,602,579	10,602,579	0.54	0	Unknown		Unknown
Bank of China Limited- Fullgoal Cyclical Hybrid Securities Investment Fund	5,985,181	9,325,391	0.48	0	Unknown		Unknown
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds	-11,266,700	8,732,946	0.45	0	Unknown		Unknown
He Zhong	2,762,424	7,550,024	0.39	0	Unknown		Unknown
Shareholdings of the Top 10 shareholders without selling restrictions							
Name of shareholder	Number of tradable shares held with selling restrictions		Class and number of shares				
			Class	Number			
Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)		895,653,653	Ordinary shares denominated in Renminbi	895,653,653			
Hong Kong Securities Clearing Company Limited		88,136,456	Ordinary shares denominated in Renminbi	88,136,456			
Might Seasons Limited (鸿信行有限公司)		71,859,334	Ordinary shares denominated in Renminbi	71,859,334			
108 portfolio of national social security fund		15,660,740	Ordinary shares denominated in Renminbi	15,660,740			
16011 portfolio of basic endowment insurance fund		12,119,743	Ordinary shares denominated in Renminbi	12,119,743			
Abu Dhabi Investment Bureau		11,831,421	Ordinary shares denominated in Renminbi	11,831,421			
Bank of Ningbo Co., Ltd.- Fullgoal Equilibrium Strategy Hybrid Securities Investment Fund		10,602,579	Ordinary shares denominated in Renminbi	10,602,579			
Bank of China Limited- Fullgoal Cyclical Hybrid Securities Investment Fund		9,325,391	Ordinary shares denominated in Renminbi	9,325,391			
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds		8,732,946	Ordinary shares denominated in Renminbi	8,732,946			
He Zhong		7,550,024	Ordinary shares denominated in Renminbi	7,550,024			
Notes on the special repurchase account among the top 10 shareholders	As at the end of the Reporting Period, the special repurchase account of the Company (special securities repurchase account of Joincare Pharmaceutical Group Industry Co., Ltd.) owned 36,090,611 shares in total, accounting for 1.84%.						
Description of the above shareholders involved in entrustment/ entrusted voting right and waiver of voting right	Not applicable						

(Cont.)

Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown.
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Number of shares held by the Top 10 shareholders with selling restrictions and selling restrictions

 Applicable  N/A**(III) Strategic investors or general legal persons who became Top 10 shareholders through placement of new shares** Applicable  N/A**III Information on directors, supervisors, and senior management****(I) Changes in shareholdings of current directors, supervisors, and senior management and those who resigned during the Reporting Period** Applicable  N/A

Unit: shares

Name	Title	Number of shares held at the beginning of the Period	Number of shares held at the end of the Period	Changes in shareholdings during the reporting period	Reason for changes
Qiu Qingfeng	Director	357,409	537,409	180,000	Equity incentive
Yu Xiong	Senior management	430,000	560,000	130,000	Equity incentive
Zhao Fengguang	Senior management	407,400	588,000	180,600	Equity incentive and purchase from the secondary market

Description of other information

 Applicable  N/A**(II) Equity incentive granted to directors, supervisors, and senior management during the Reporting Period** Applicable  N/A

Unit: shares

Name	Title	Number of share options held at the beginning of the Period	Number of share options granted during the Reporting Period	Number of exercisable shares during the Reporting Period	Number of share options exercised during the Period	Number of share options held at the end of the Period
Qiu Qingfeng	Director	360,000	0	180,000	180,000	180,000
Lin Nanqi	Director	480,000	0	240,000	0	480,000
Yu Xiong	Senior management	370,000	0	130,000	130,000	240,000
Zhao Fengguang	Senior management	360,000	0	180,000	180,000	180,000
Total	/	1,570,000	0	730,000	490,000	1,080,000

**(III) Others** Applicable  N/A**IV Changes in controlling shareholders or de facto controllers** Applicable  N/A

## Chapter 8

### Information on Preferred Shares

Applicable  N/A

## **Chapter 9**

### **Information on Bonds**

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

Applicable  N/A

#### **II Information on convertible corporate bonds**

Applicable  N/A



## **Chapter 10**

### **Financial Report**

#### **I. AUDIT REPORT**

Applicable  N/A

## II. FINANCIAL STATEMENTS

Consolidated Balance Sheet  
30 June 2021

Prepared by: Joicare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	30 June 2021	31 December 2020
Current assets:			
Monetary fund	V.1	10,355,746,941.18	12,289,098,613.19
Financial assets held for trading	V.2	241,873,785.15	28,328,748.72
Bills receivables	V.3	1,826,155,857.39	1,343,013,818.54
Accounts receivables	V.4	2,876,172,105.89	2,447,406,222.52
Receivables financing			
Prepayments	V.5	442,948,794.11	209,926,040.57
Other receivables	V.6	196,852,291.71	177,240,162.81
Of which: Interest receivable			
Dividends receivable		4,175,569.86	
Inventories	V.7	1,875,737,841.76	1,831,509,012.27
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	V.8	8,520,000.00	19,934,376.07
Other current assets	V.9	67,489,769.20	58,098,049.20
Total current assets		17,891,497,386.39	18,404,555,043.89
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables	V.10	584,284.36	584,284.36
Long-term equity investments	V.11	1,344,648,650.68	628,279,599.73
Other equity instrument investments	V.12	1,376,397,194.19	1,576,391,663.13
Other non-current financial assets			
Investment properties	V.13	6,191,475.43	6,191,475.43
Fixed assets	V.14	4,557,108,992.58	4,380,285,156.93
Construction in progress	V.15	764,840,774.40	648,478,042.42
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.16	15,546,293.89	18,030,132.69
Intangible assets	V.17	487,748,514.94	468,087,916.05
Development expenditure	V.18	421,530,539.58	399,119,603.78
Goodwill	V.19	614,468,698.73	614,468,698.73
Long-term deferred expenses	V.20	181,986,909.13	170,049,601.98
Deferred income tax	V.21	449,438,441.29	468,898,469.23
Other non-current assets	V.22	476,695,431.03	373,557,910.72
Total non-current assets		10,697,186,200.23	9,752,422,555.18
Total assets		28,588,683,586.62	28,156,977,599.07

(Cont.)

Item	Notes	30 June 2021	31 December 2020
Current liabilities:			
Short-term loans	V.23	1,761,919,976.54	2,110,942,804.06
Financial liabilities held for trading	V.24	556,069.84	212.07
Bills payables	V.25	1,492,064,332.85	1,087,759,353.31
Accounts payables	V.26	849,511,589.02	832,632,206.53
Receipts in advance			
Contract liabilities	V.27	103,287,242.65	133,422,354.03
Employee benefits payables	V.28	232,028,511.31	476,521,798.51
Tax and surcharge payables	V.29	272,236,320.62	298,342,182.44
Other payables	V.30	3,109,066,916.03	2,847,688,065.59
Of which: Interest payable			
Dividends payable		6,997,318.79	8,418,590.50
Held-for-sale liabilities			
Non-current liabilities due within one year	V.31	9,015,086.52	8,539,077.05
Other current liabilities	V.32	4,754,676.57	6,267,034.79
Total current liabilities		7,834,440,721.95	7,802,115,088.38
Non-current liabilities:			
Long-term loans	V.33	638,453,815.00	360,324,027.48
Notes payables			
Leasing liabilities	V.34	6,942,949.47	9,817,780.04
Long-term payables			
Long-term employee benefits payables			
Provisions			
Deferred gains	V.35	468,116,990.48	467,562,770.49
Deferred income tax liabilities	V.21	177,467,464.60	202,259,855.68
Other non-current liabilities	V.36	78,000,000.00	78,000,000.00
Total non-current liabilities		1,368,981,219.55	1,117,964,433.69
Total liabilities		9,203,421,941.50	8,920,079,522.07
Owners' (or shareholders') equity			
Paid-in capital (or share capital)	V.37	1,958,593,217.00	1,952,780,764.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve	V.38	2,624,121,311.02	2,533,288,674.28
Less: Treasury shares	V.39	483,148,777.41	253,637,154.50
Other consolidated earnings	V.40	36,239,487.82	116,300,559.28
Special reserve			
Surplus reserve	V.41	515,941,465.19	515,941,465.19
Undistributed profits	V.42	6,707,165,114.66	6,231,451,582.26
Total owners' equity (or shareholders' equity) attributable to equity holders of the parent company		11,358,911,818.28	11,096,125,890.51
Minority interests		8,026,349,826.84	8,140,772,186.49
Total owners' (or shareholders') equity		19,385,261,645.12	19,236,898,077.00
Total liabilities and owners' (or shareholders') equity		28,588,683,586.62	28,156,977,599.07

 Person-in-charge of the Company:  
 Zhu Baoguo

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

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

## Balance Sheet of the Parent Company

### 30 June 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	30 June 2021	31 December 2020
Current assets:			
Monetary fund		704,324,642.53	1,469,821,002.61
Financial assets held for trading			
Bills receivables		327,812,619.63	53,571,233.65
Accounts receivables		346,083,577.73	369,494,860.22
Receivables financing			
Prepayments		280,459,658.35	319,923,532.69
Other receivables		430,574,581.71	376,775,704.09
Of which: Interest receivable			
Dividends receivable		74,175,069.86	69,999,500.00
Inventories		272,878.11	778,363.53
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		8,520,000.00	8,520,000.00
Other current assets			
Total current assets		2,098,047,958.06	2,598,884,696.79
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		3,591,513,410.70	3,273,776,583.43
Other equity instrument investments		387,625,464.98	417,364,363.95
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		44,009,132.26	45,314,938.23
Construction in progress		7,092,856.50	5,681,470.43
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		15,742,771.96	16,497,572.49
Development expenditure		14,770,467.91	13,616,385.52
Goodwill			
Long-term deferred expenses		1,118,400.05	1,597,393.42
Deferred income tax		75,352,863.46	65,869,331.55
Other non-current assets			943,396.22
Total non-current assets		4,143,416,843.25	3,846,852,910.67
Total assets		6,241,464,801.31	6,445,737,607.46

(Cont.)

Item	Notes	30 June 2021	31 December 2020
Current liabilities:			
Short-term loans			500,000,000.00
Financial liabilities held for trading			
Bills payables			
Accounts payables		365,675,212.28	310,847,849.81
Receipts in advance			
Contract liabilities		7,583,963.05	8,066,344.20
Employee benefits payables		31,054,553.72	50,357,030.92
Tax and surcharge payables		30,099,767.06	20,724,808.94
Other payables		629,917,461.72	502,707,045.70
Of which: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,064,330,957.83	1,392,703,079.57
Non-current liabilities:			
Long-term loans			
Notes payables			
Leasing liabilities			
Long-term payables			
Long-term employee benefits payables			
Provisions			
Deferred gains		38,996,000.00	43,134,800.00
Deferred income tax liabilities		31,033,867.93	38,280,327.88
Other non-current liabilities			
Total non-current liabilities		70,029,867.93	81,415,127.88
Total liabilities		1,134,360,825.76	1,474,118,207.45
Owners' (or shareholders') equity			
Paid-in capital (or share capital)		1,958,593,217.00	1,952,780,764.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve		2,216,484,659.68	2,169,622,381.22
Less: Treasury shares		483,148,777.41	253,637,154.50
Other consolidated earnings		88,277,577.06	110,581,751.29
Special reserve			
Surplus reserve		427,339,516.81	427,339,516.81
Undistributed profits		899,557,782.41	564,932,141.19
Total owners' (or shareholders') equity		5,107,103,975.55	4,971,619,400.01
Total liabilities and owners' (or shareholders') equity		6,241,464,801.31	6,445,737,607.46

 Person-in-charge of the Company:  
 Zhu Baoguo

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

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

## Consolidated Income Statement

### January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	First half of 2021	First half of 2020
I. Total operating income	V.43	7,835,372,274.66	6,475,702,905.40
Of which: operating income	V.43	7,835,372,274.66	6,475,702,905.40
II. Total operating costs		6,312,457,301.60	4,830,804,046.63
Of which: Operating costs	V.43	2,743,005,734.93	2,277,555,656.22
Tax and surcharge	V.44	90,345,092.56	74,968,500.72
Selling expenses	V.45	2,499,949,757.30	1,803,247,662.75
Administrative expenses	V.46	397,921,091.17	401,922,830.97
R&D expenses	V.47	622,962,388.41	372,523,241.72
Finance expenses	V.48	-41,726,762.77	-99,413,845.75
Of which: Interest expenses		38,708,820.91	13,912,163.40
Interest income		78,035,350.84	109,006,742.62
Add: Other income	V.49	131,455,378.87	122,510,583.58
Investment income ("-" represents losses)	V.50	46,810,627.37	124,529,795.87
Of which: Income from investments in associates and joint ventures		9,750,424.27	2,918,469.78
Derecognition of income from financial assets at amortised cost ("-" represents losses)			
Gains from hedging net exposure ("-" represents losses)			
Gains from changes in fair value ("-" represents losses)	V.51	33,316,547.15	-4,360,777.51
Credit impairment loss ("-" represents losses)	V.52	-9,485,295.67	-7,768,858.00
Asset impairment loss ("-" represents losses)	V.53	-28,878,059.99	-13,295,346.42
Gains from disposal of assets ("-" represents losses)	V.54	17,927,771.94	-75,589.89
III. Operating profit ("-" represents losses)		1,714,061,942.73	1,866,438,666.40
Add: non-operating income	V.55	4,641,364.71	2,273,559.65
Less: non-operating expenditure	V.56	6,039,971.44	20,964,294.15
IV. Total profit ("-" represents net losses)		1,712,663,336.00	1,847,747,931.90
Less: income tax expenses	V.57	244,565,734.30	258,256,989.92
V. Net profit ("-" represents net losses)		1,468,097,601.70	1,589,490,941.98
(I) Classified by continuing operations:			
1. Net profit from continuing operations ("-" represents net losses)		1,468,097,601.70	1,589,490,941.98
2. Net profit from discontinued operations ("-" represents net losses)			
(II) Classified by attribution to ownership:			
1. Net profit attributable to shareholders of the parent company ("-" represents net losses)		687,347,494.53	676,265,223.83
2. Profit and loss attributable to minority interests ("-" represents net losses)		780,750,107.17	913,225,718.15
VI. Other comprehensive net income after taxation		-161,118,765.76	-11,239,805.60
(I) Other comprehensive net income after taxation attributable to shareholders of the parent company		-80,061,071.46	-25,560,073.29
1. Other comprehensive income not to be reclassified into profit or loss		-61,841,866.88	-29,176,546.92
(1) Changes in remeasurement of defined benefit plans			
(2) Other comprehensive income not to be reclassified into profit or loss under equity method			
(3) Changes in fair value of other equity instruments		-61,841,866.88	-29,176,546.92
(4) Changes in fair value of enterprise's own credit risk			

(Cont.)

Item	Notes	First half of 2021	First half of 2020
2. Other comprehensive income to be reclassified as profit or loss		-18,219,204.58	3,616,473.63
(1)Other comprehensive income to be reclassified into profit or loss under equity method			
(2)Changes in fair value of other debt investments			
(3)Financial assets reclassified into other comprehensive income			
(4)Credit impairment provision for other debt investments			
(5)Reserve for cash flow hedging			
(6)Translation difference of financial statements denominated in foreign currency		-18,219,204.58	3,616,473.63
(7)Others			
(II)Other comprehensive net income after taxation attributable to minority interests		-81,057,694.30	14,320,267.68
VII. Total comprehensive income		1,306,978,835.94	1,578,251,136.38
(I)Total comprehensive income attributable to shareholders of the parent company		607,286,423.07	650,705,150.54
(II)Total comprehensive income attributable to minority interests		699,692,412.87	927,545,985.83
VIII. Earnings per share:			
(I)Basic earnings per share		0.3514	0.3483
(II)Diluted earnings per share		0.3504	0.3468

 Person-in-charge of the Company:  
 Zhu Baoguo

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

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

## Income Statement of the Parent Company

### January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	First half of 2021	First half of 2020
I. Total operating income		767,872,298.02	629,432,109.25
Less: Operating costs		461,788,716.17	408,242,029.19
Tax and surcharge		5,768,988.93	4,599,911.60
Selling expenses		197,183,327.14	131,476,367.63
Administrative expenses		47,548,122.82	51,479,113.16
R&D expenses		23,202,371.94	12,343,156.08
Finance expenses		-7,191,444.75	-2,848,375.83
Of which: Interest expenses		1,860,476.04	6,899,489.12
Interest income		9,132,475.57	9,815,487.98
Add: Other income		559,381.42	1,038,764.97
Investment income ("-" represents losses)		595,277,628.57	278,073,777.60
Of which: Income from investments in associates and joint ventures		-1,300,363.73	-261,761.49
Derecognition of income from financial assets at amortised cost ("-" represents losses)			
Gains from hedging net exposure ("-" represents losses)			
Gains from changes in fair value ("-" represents losses)			
Credit impairment loss ("-" represents losses)		-100,938.45	282,102.43
Asset impairment loss ("-" represents losses)			
Gains from disposal of assets ("-" represents losses)			
II. Operating profit ("-" represents losses)		635,308,287.31	303,534,552.42
Add: non-operating income		71,272.57	1,049,151.90
Less: non-operating expenditure		483,009.57	6,710,478.49
III. Total profit ("-" represents net losses)		634,896,550.31	297,873,225.83
Less: income tax expenses		11,595,521.04	-169,335.76
IV. Net profit ("-" represents net losses)		623,301,029.27	298,042,561.59
(I) Net profit from continuing operations ("-" represents net losses)		623,301,029.27	298,042,561.59
(II) Net profit from discontinued operations ("-" represents net losses)			
V. Other comprehensive net income after taxation		-22,304,174.23	-37,331,034.14
(I) Other comprehensive income not to be reclassified into profit or loss		-22,304,174.23	-37,331,034.14
1. Changes in remeasurement of defined benefit plans			
2. Other comprehensive income not to be reclassified into profit or loss under equity method			
3. Changes in fair value of other equity instruments		-22,304,174.23	-37,331,034.14
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified as profit or loss			
1. Other comprehensive income to be reclassified into profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provision for other debt investments			
5. Reserve for cash flow hedging			
6. Translation difference of financial statements denominated in foreign currency			
7. Others			



(Cont.)

Item	Notes	First half of 2021	First half of 2020
VI. Total comprehensive income		600,996,855.04	260,711,527.45
VII. Earnings per share:			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Person-in-charge of the Company: Zhu Baoguo	Person-in-charge of the Company's accounting work: Qiu Qingfeng	Person-in-charge of the accounting department: Qiu Qingfeng
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## Consolidated Cash Flow Statement

### January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	First half of 2021	First half of 2020
<b>I. Cash flow from operating activities:</b>			
Cash received from sale of goods and services rendered		7,419,412,296.34	6,331,324,441.98
Refund of taxes and levies		61,962,005.91	56,701,031.66
Cash received relating to other operating activities	V.58	284,172,439.10	315,681,506.38
Subtotal of cash inflow from operating activities		7,765,546,741.35	6,703,706,980.02
Cash paid for purchase of goods and services rendered		1,884,769,945.39	1,722,526,820.34
Cash paid to and on behalf of employees		1,116,771,823.55	806,548,827.14
Payments for various taxes and levies		867,755,091.60	693,448,807.41
Cash paid relating to other operating activities	V.58	3,150,462,367.45	2,232,190,788.62
Subtotal of cash outflow from operating activities		7,019,759,227.99	5,454,715,243.51
Net cash flow from operating activities		745,787,513.36	1,248,991,736.51
<b>II. Cash flow from investing activities:</b>			
Cash received from disposal of investments		86,940,226.39	154,806,462.01
Cash received on investment income		63,907,310.85	14,470,694.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,121,444.19	1,226,158.20
Net cash received from disposal of subsidiaries and other operating units		3,311,220.53	5,339,063.95
Cash received relating to other investing activities	V.58	13,361,577.34	20,058,016.38
Sub-total of cash inflow from investing activities		169,641,779.30	195,900,394.55
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets		597,823,351.45	275,765,209.92
Cash payments for investments		744,000,000.00	71,332,998.74
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid relating to other investing activities	V.58	1,566,246.09	3,537,944.44
Sub-total of cash outflow from investing activities		1,343,389,597.54	350,636,153.10
Net cash flow from investing activities		-1,173,747,818.24	-154,735,758.55
<b>III. Cash flow from financing activities:</b>			
Cash received from absorption of investments		474,991,831.37	205,684,772.19
Of which: Cash received by subsidiaries from investments of minority interests		428,234,715.52	3,000,000.00
Cash received from borrowings		1,211,215,105.43	653,579,914.03
Cash received relating to other financing activities	V.58	2,809,612.35	4,933,246.35
Sub-total of cash inflow from financing activities		1,689,016,549.15	864,197,932.57
Cash paid on repayment of debts		1,282,584,146.53	2,953,861,030.60
Cash paid for distribution of dividends and profit or interest payments		1,158,748,844.24	684,326,512.99
Of which: Dividends and profits paid to minority interests by subsidiaries		842,390,603.13	675,004,435.64
Cash paid relating to other financing activities	V.58	722,917,255.81	497,014,973.64
Sub-total of cash outflow from financing activities		3,164,250,246.58	4,135,202,517.23
Net cash flow from financing activities		-1,475,233,697.43	-3,271,004,584.66
IV. Effect of changes in foreign exchange rates on cash and cash equivalents		-26,647,873.71	6,669,419.68
V. Net increase in cash and cash equivalents		-1,929,841,876.02	-2,170,079,187.02
Add: Balance of cash and cash equivalents at the beginning of the period		12,122,781,311.49	10,940,305,225.81
VI. Cash and cash equivalents at the end of the period		10,192,939,435.47	8,770,226,038.79

Person-in-charge of the Company:  
Zhu BaoguoPerson-in-charge of the Company's accounting work:  
Qiu QingfengPerson-in-charge of the accounting department:  
Qiu Qingfeng

## Cash Flow Statement of the Parent Company

### January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	Notes	First half of 2021	First half of 2020
<b>I. Cash flow from operating activities:</b>			
Cash received from sale of goods and services rendered		689,547,745.88	648,030,930.02
Refund of taxes and levies			
Cash received relating to other operating activities		253,368,418.30	614,522,896.56
Subtotal of cash inflow from operating activities		942,916,164.18	1,262,553,826.58
Cash paid for purchase of goods and services rendered		411,827,084.87	433,657,472.95
Cash paid to and on behalf of employees		83,143,842.68	71,300,295.62
Payments for various taxes and levies		49,857,359.03	29,807,704.10
Cash paid relating to other operating activities		464,776,999.67	348,084,538.36
Subtotal of cash outflow from operating activities		1,009,605,286.25	882,850,011.03
Net cash flow from operating activities		-66,689,122.07	379,703,815.55
<b>II. Cash flow from investing activities:</b>			
Cash received from disposal of investments			22,298,961.71
Cash received on investment income		592,402,254.45	274,498,761.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		77,600.00	11,000.00
Net cash received from disposal of subsidiaries and other operating units			
Cash received relating to other investing activities			
Sub-total of cash inflow from investing activities		592,479,854.45	296,808,722.72
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets		2,023,634.00	1,082,922.57
Cash payments for investments		319,037,191.00	
Net cash paid for acquisition of subsidiaries and other operating units			3,000,000.00
Cash paid relating to other investing activities			
Sub-total of cash outflow from investing activities		321,060,825.00	4,082,922.57
Net cash flow from investing activities		271,419,029.45	292,725,800.15
<b>III. Cash flow from financing activities:</b>			
Cash received from absorption of investments		46,757,115.85	76,509,574.75
Cash received from borrowings			50,000,000.00
Cash received relating to other financing activities		1,598,029.40	
Sub-total of cash inflow from financing activities		48,355,145.25	126,509,574.75
Cash paid on repayment of debts		500,000,000.00	1,324,150,000.00
Cash paid for distribution of dividends and profit or interest payments		289,069,487.47	1,820,208.33
Cash paid relating to other financing activities		229,511,622.91	253,575,702.82
Sub-total of cash outflow from financing activities		1,018,581,110.38	1,579,545,911.15
Net cash flow from financing activities		-970,225,965.13	-1,453,036,336.40
<b>IV. Effect of changes in foreign exchange rates on cash and cash equivalents</b>			
		-302.33	777.92
<b>V. Net increase in cash and cash equivalents</b>			
		-765,496,360.08	-780,605,942.78
Add: Balance of cash and cash equivalents at the beginning of the period		1,369,821,002.61	1,461,753,241.58
<b>VI. Cash and cash equivalents at the end of the period</b>			
		604,324,642.53	681,147,298.80

 Person-in-charge of the Company:  
 Zhu Baoguo

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

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

## Consolidated Statement of Changes in Shareholders' Equity

### January to June, 2021

Prepared by: Joicare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	First half of 2021													
	Shareholders' equity attributable to shareholders of the parent company									Minority interests	Total owners' equity			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve			General risk provision	Undistributed profit	
	Preferred shares	Perpetual bonds	Others											
I. Balance as at the end of the previous year	1,952,780,764.00				2,533,288,674.28	253,637,154.50	116,300,559.28		515,941,465.19		6,231,451,582.26	11,096,125,890.51	8,140,772,186.49	19,236,898,077.00
Add: Adjustment for changes in accounting policies														
Correction of accounting errors in prior period														
Merger of enterprises under common control														
Others														
II. Balance at the beginning of the year	1,952,780,764.00				2,533,288,674.28	253,637,154.50	116,300,559.28		515,941,465.19		6,231,451,582.26	11,096,125,890.51	8,140,772,186.49	19,236,898,077.00
III. Increase/decrease during the period	5,812,453.00				90,832,636.74	229,511,622.91	-80,061,071.46				475,713,532.40	262,785,927.77	-114,422,359.65	148,363,568.12
(* represents decreases)														
(I) Total comprehensive income							-80,061,071.46				687,347,494.53	607,286,423.07	699,692,412.87	1,306,978,835.94
(II) Capital contributed and reduced by shareholders	5,812,453.00				42,329,998.05	229,511,622.91					-181,369,171.86	-96,353,455.66	-277,722,627.52	
1. Ordinary shares contributed by shareholders	5,812,453.00				40,944,662.85	229,511,622.91					-182,754,507.06	-96,353,455.66	-279,107,962.72	
2. Capital contributed by holders of other equity instruments														
3. Share-based equity-settled payments					1,385,335.20							1,385,335.20		1,385,335.20
4. Others														
(III) Profit distribution											-288,675,388.05	-288,675,388.05	-840,923,997.09	-1,129,599,385.14
1. Transfer of surplus reserve														
2. Provision to general risk reserve														
3. Distribution to shareholders											-288,675,388.05	-288,675,388.05	-840,923,997.09	-1,129,599,385.14
4. Others														
(IV) Internal transfer of shareholders' equity											77,041,425.92	77,041,425.92	94,885,363.55	171,926,789.47
1. Transfer of capital reserve to share capital														
2. Transfer of surplus reserve to share capital														
3. Compensate losses by surplus reserve														
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings											77,041,425.92	77,041,425.92	94,885,363.55	171,926,789.47
6. Others														
(V) Special reserve														
1. Extraction during the period														
2. Amount used during the period														
(VI) Others					48,502,638.69							48,502,638.69	28,277,316.68	76,779,955.37
IV. Balance as at the end of the period	1,958,593,217.00				2,624,121,311.02	483,148,777.41	36,239,487.82		515,941,465.19		6,707,165,114.66	11,358,911,818.28	8,026,349,826.84	19,385,261,645.12

Person-in-charge of the Company:  
Zhu Baoguo

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

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

## Consolidated Statement of Changes in Shareholders' Equity(Cont.)

### January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	First half of 2020											Minority interests	Total owners' equity	
	Shareholders' equity attributable to shareholders of the parent company										Sub-total			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision				Undistributed profit
	Preferred shares	Perpetual bonds	Others											
I. Balance as at the end of the previous year	1,938,033,338.00				2,403,657,077.97		116,945,139.74		454,015,137.30		5,443,313,968.30	10,355,964,661.31	7,028,061,589.45	17,384,026,250.76
Add: Adjustment for changes in accounting policies														
Correction of accounting errors in prior period														
Merger of enterprises under common control														
Others														
II. Balance at the beginning of the year	1,938,033,338.00				2,403,657,077.97		116,945,139.74		454,015,137.30		5,443,313,968.30	10,355,964,661.31	7,028,061,589.45	17,384,026,250.76
III. Increase/decrease during the period	9,504,295.00				59,625,250.20	253,637,154.50	-25,560,073.29		1,158,648.04		378,269,533.01	169,360,498.46	326,643,163.15	496,003,661.62
(* - represents decreases)														
(I) Total comprehensive income							-25,560,073.29				676,265,223.83	650,705,150.54	927,545,985.83	1,578,251,136.38
(II) Capital contributed and reduced by shareholders	9,504,295.00				76,070,412.67	253,637,154.50					-168,062,446.83	9,666,667.00	9,666,667.00	-158,395,779.83
1. Ordinary shares contributed by shareholders	9,504,295.00				67,005,279.75	253,637,154.50					-177,127,579.75	9,666,667.00	9,666,667.00	-167,460,912.75
2. Capital contributed by holders of other equity instruments														
3. Share-based equity-settled payments					9,065,132.92							9,065,132.92		9,065,132.92
4. Others														
(III) Profit distribution											-308,423,523.20	-308,423,523.20	-593,243,501.42	-901,667,024.62
1. Transfer of surplus reserve														
2. Provision to general risk reserve														
3. Distribution to shareholders											-308,423,523.20	-308,423,523.20	-593,243,501.42	-901,667,024.62
4. Others														
(IV) Internal transfer of shareholders' equity									1,158,648.04		10,427,832.38	11,586,480.42		11,586,480.42
1. Transfer of capital reserve to share capital														
2. Transfer of surplus reserve to share capital														
3. Compensate losses by surplus reserve														
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings									1,158,648.04		10,427,832.38	11,586,480.42		11,586,480.42
6. Others														
(V) Special reserve														
1. Extraction during the period														
2. Amount used during the period														
(VI) Others					-16,445,162.47							-16,445,162.47	-17,325,988.26	-33,771,150.73
IV. Balance as at the end of the period	1,947,537,633.00				2,463,282,328.17	253,637,154.50	91,385,066.45		455,173,785.34		5,821,583,501.31	10,525,325,159.77	7,354,704,752.60	17,880,029,912.37

 Person-in-charge of the Company:  
 Zhu Baoguo

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

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

## Statement of Changes in Owners Equity of the Parent Company

January to June, 2021

Prepared by: Joicare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	First half of 2021									
	Paid-in capital (or share capital)	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred shares	Perpetual bonds							
I. Balance as at the end of the previous year	1,952,780,764.00			2,169,622,381.22	253,637,154.50	110,581,751.288		427,339,516.81	564,932,141.19	4,971,619,400.01
Add: Adjustment for changes in accounting policies										
Correction of accounting errors in prior period										
Others										
II. Balance at the beginning of the year	1,952,780,764.00			2,169,622,381.22	253,637,154.50	110,581,751.288		427,339,516.81	564,932,141.19	4,971,619,400.01
III. Increase/decrease during the period ("-"represents decreases)	5,812,453.00			46,862,278.46	229,511,622.91	-22,304,174.227			334,625,641.22	135,484,575.54
(I) Total comprehensive income						-22,304,174.227			623,301,029.27	600,996,855.04
(II) Capital contributed and reduced by shareholders	5,812,453.00			42,329,998.05	229,511,622.91					-181,369,171.86
1. Ordinary shares contributed by shareholders	5,812,453.00			40,944,662.85	229,511,622.91					-182,754,507.06
2. Capital contributed by holders of other equity instruments										
3. Share-based equity-settled payments				1,385,335.20						1,385,335.20
4. Others										
(III) Profit distribution									-288,675,388.05	-288,675,388.05
1. Transfer of surplus reserve									-288,675,388.05	-288,675,388.05
2. Distribution to shareholders									-288,675,388.05	-288,675,388.05
3. others										
(IV) Internal transfer of shareholders' equity										
1. Transfer of capital reserve to share capital										
2. Transfer of surplus reserve to share capital										
3. Compensate losses by surplus reserve										
4. Changes in defined benefit plans transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. others										
(V) Special reserve										
1. Extraction during the period										
2. Amount used during the period										
(VI) Others				4,532,280.41						4,532,280.41
IV. Balance as at the end of the period	1,958,593,217.00			2,216,484,659.68	483,148,777.41	88,277,577.061		427,339,516.81	899,557,782.41	5,107,103,975.55

Person-in-charge of the Company:  
Zhu BaoguoPerson-in-charge of the Company's accounting work:  
Qiu QingfengPerson-in-charge of the accounting department:  
Qiu Qingfeng

## Statement of Changes in Owners Equity of the Parent Company (Cont.)

January to June, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd

Unit: Yuan Currency: RMB

Item	First half of 2020									
	Paid-in capital (or share capital)	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred shares	Perpetual bonds							
I. Balance as at the end of the previous year	1,938,033,338.00			2,045,946,209.82		144,971,531.20		365,413,188.92	316,018,713.39	4,810,382,981.33
Add: Adjustment for changes in accounting policies										
Correction of accounting errors in prior period										
Others										
II. Balance at the beginning of the year	1,938,033,338.00			2,045,946,209.82		144,971,531.20		365,413,188.92	316,018,713.39	4,810,382,981.33
III. Increase/decrease during the period ("-"represents decreases)	9,504,295.00			70,971,934.77	253,637,154.50	-37,331,034.14		1,158,648.04	46,870.77	-209,286,440.06
(I) Total comprehensive income						-37,331,034.14			298,042,561.59	260,711,527.45
(II) Capital contributed and reduced by shareholders	9,504,295.00			70,971,934.77	253,637,154.50					-173,160,924.73
1. Ordinary shares contributed by shareholders	9,504,295.00			67,005,279.75	253,637,154.50					-177,127,579.75
2. Capital contributed by holders of other equity instruments										
3. Share-based equity-settled payments				3,966,655.02						3,966,655.02
4. Others										
(III) Profit distribution									-308,423,523.20	-308,423,523.20
1. Transfer of surplus reserve									-308,423,523.20	-308,423,523.20
2. Distribution to shareholders									-308,423,523.20	-308,423,523.20
3. others										
(IV) Internal transfer of shareholders' equity								1,158,648.04	10,427,832.38	11,586,480.42
1. Transfer of capital reserve to share capital										
2. Transfer of surplus reserve to share capital										
3. Compensate losses by surplus reserve										
4. Changes in defined benefit plans transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings								1,158,648.04	10,427,832.38	11,586,480.42
6. others										
(V) Special reserve										
1. Extraction during the period										
2. Amount used during the period										
(VI) Others										
IV. Balance as at the end of the period	1,947,537,633.00			2,116,918,144.59	253,637,154.50	107,640,497.06		366,571,836.96	316,065,584.16	4,601,096,541.27

Person-in-charge of the Company:  
Zhu Baoguo

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

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

# Joincare Pharmaceutical Group Industry Co., Ltd

## Notes to the financial statements

(All amounts in RMB Yuan unless otherwise stated)

### I. Company Profile

#### 1. Overview

Applicable  N/A

Shenzhen Aimier Food Co., Ltd., the predecessor of the Company, was a Sino-foreign joint venture officially established on 18 December 1992 with the approval from Shenzhen Administration for Industry and Commerce. It was primarily engaged in the production and sale of Taitai oral liquid.

On 19 January 1994, the Company changed its name to "Shenzhen Taitai Health Food Co., Ltd. \* (深圳太太保健食品有限公司)". On 4 July 1995, the Company changed its name to "Shenzhen Taitai Pharmaceutical Co., Ltd. \* (深圳太太药业有限公司)".

The Company was wholly reorganized into a company limited by shares with 31 August 1999 as the base date of joint-stock system reorganization pursuant to the resolution of the General Meeting and upon approval by Shenzhen Municipal People's Government Document [1999] No. 197 on 16 September 1999 and 10 November 1999. The Company convened the Founding Meeting on 12 November 1999, completed the changes of the industrial and commercial registration on 24 November 1999, renewed the business license with registration number of Qi He Yue Shen Zong Zi No. 103358A, and changed its name to "Shenzhen Taitai Pharmaceutical Co., Ltd. \*(深圳太太药业股份有限公司)". The Company set 1 September 1999 as the effective date of the joint-stock system reorganization in accounting.

On 6 February 2001, the Company was approved by CSRC to issue domestic shares (A shares) to the public according to the Notice on the Approval of Public Offering by Shenzhen Taitai Pharmaceutical Co., Ltd. (Zheng Jian Fa Xing Zi [2001] No. 21). On 8 June 2001, shares of the Company were listed and traded on Shanghai Stock Exchange.

On 25 May 2001, the Company went through the registration formalities for industrial and commercial changes and renewed the business license with registration number of 4403011066279.

Pursuant to the resolution approved at the General Meeting on 21 May 2002, the Company issued 5 shares for every 10 shares by way of conversion of capital reserve based on the share capital of the Company on 31 December 2001. The Company renewed the business license with the registration number unchanged.

On 4 June 2003, the Company changed its name to Shenzhen Health Pharmaceutical Industry Group Co., Ltd. \*(深圳健康药业集团股份有限公司). On 29 September 2003, the Company changed its name to Joincare Pharmaceutical Group Industry Co., Ltd. \*(健康元药业集团股份有限公司).

Pursuant to the resolution approved at the General Meeting on 29 September 2003, the Company issued 5 shares for every 10 shares by way of conversion of capital reserve based on the share capital of the Company on 30 June 2003. The Company renewed the business license with the registration number unchanged.

On 2 December 2005, the Company was changed to a company limited by shares with foreign investment (with proportion of foreign investment lower than 25%) and renewed the business license with the registration number changed to Qi He Yue Shen Zong Zi No. 111262 upon approval by the Ministry of Commerce of the People's Republic of China.

The Reform Scheme for Non-tradable Shares of the Company was approved at the General Meeting on 16 October 2006 and implemented on 23 November 2006. According to the Scheme, shareholders of tradable shares may obtain 3.80 shares of share consideration implemented by shareholders of non-tradable shares for every 10 tradable shares they held. After the implementation of the Reform Scheme for Non-tradable Shares, the number of shares held by shareholders and the shareholding ratio of shareholders of the Company were changed, but the total share capital, assets, liabilities, owner's equities, net profits and other financial indicators of the Company were not changed.



Pursuant to the resolution approved at the General Meeting on 26 March 2008, the Company issued 8 shares for every 10 shares to all shareholders and distributed cash dividends of RMB1 (tax inclusive) based on 609,930,000 shares, the total share capital of the Company at the end of 2007. The Company renewed the business license with the registration number unchanged.

Pursuant to the resolution approved at the General Meeting on 31 March 2010, the Company issued 2 shares for every 10 shares by way of conversion of capital reserve based on the share capital of the Company on 31 December 2009. The Company renewed the business license with the registration number unchanged.

Pursuant to the resolution approved at the General Meeting on 15 February 2011, it was agreed that the Company repurchased certain public shares by way of centralized price bidding in the trading system of Shanghai Stock Exchange provided that the total amount of funds for repurchase was no more than RMB300 million and the share repurchase price was no more than RMB12.00/share, and canceled such shares in accordance with law, with a repurchase period of 12 months from the date when the resolution was approved. As at 30 November 2011, the Company repurchased 29,252,223 shares, accounting for approximately 2.220% of the total issued share capital. The maximum repurchase price was RMB11.33/share and the minimum repurchase price was RMB7.07/share. The total amount paid was RMB299,999,708.87 (including stamp duty and commission), reaching the cap of RMB300 million. The Company completed the Scheme for Repurchasing Certain Public Shares and went through the formalities for cancellation of repurchased shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The post-repurchase share capital was 1,288,196,577 shares.

Pursuant to the resolution approved at the General Meeting on 20 April 2012, the Company issued 2 shares for every 10 shares by way of conversion of capital reserve based on the Company's share capital of 1,288,196,577 shares. The share capital after the conversion was 1,545,835,892 shares. The Company renewed the business license with registration number of 440301501126176.

In May 2015, the Company implemented the Equity Incentive Scheme and issued 38,043,400 restricted shares to 214 equity incentive participants. The registered capital was changed to 1,583,879,292 shares. The Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited in July 2015. Moreover, the Company completed the changes of the industrial and commercial registration on 23 February 2016, with unified social credit code of 91440300618874367T.

On 21 December 2015, the Company granted the first batch of reserved restricted shares in the Equity Incentive Scheme in May 2015 to 39 equity incentive participants, and the actual number of exercised options was 3,150,000. The Company's total share capital following the exercise changed to 1,587,029,292 shares. In February 2016, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

On 16 May 2016, the Company granted the second batch of reserved restricted shares in the Equity Incentive Scheme in May 2015 to 38 equity incentive participants, and the actual number of exercised options was 1,360,000. The Company's total share capital following the exercise changed to 1,588,389,292 shares. On 25 July 2016, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Pursuant to "the Resolution on Repurchase and Cancellation of Restricted Shares Granted But Not Yet Unlocked Held by Some Incentive Participants" considered and approved at the 20th Meeting of the 6th Session of the Board on 18 August 2016, 1,250,000 shares were repurchased. After the repurchase, the Company's total share capital changed to 1,587,139,292 shares. On 18 November 2016, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Pursuant to the "Resolution on Repurchase and Cancellation of Restricted Shares Granted But Not Yet Unlocked Held by Some Incentive Participants" considered and approved at the 27th Meeting of the 6th Session of the Board on 23 November 2016, 1,238,000 shares were repurchased. After the repurchase, the Company's total share capital changed to 1,585,901,292 shares. On 25 January 2017, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Pursuant to the "Resolution on Repurchase and Cancellation of Restricted Shares Granted But Not Yet Unlocked Held by Some Incentive Participants" considered and approved at the 33rd Meeting of the 6th Session of the Board on 27 April 2017, 12,123,020 shares were repurchased. After the repurchase, the Company's total share capital changed to 1,573,778,272 shares. On 19 July 2017, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Pursuant to the "Resolution on Repurchase and Cancellation of Restricted Shares Granted But Not Yet Unlocked Held by Some Incentive Participants" considered and approved at the 46th Meeting of the 6th Session of the Board on 21 March 2018, 850,000 shares were repurchased. After the repurchase, the Company's total share capital changed to 1,572,928,272 shares. On 19 June 2018, the Company completed the changes of securities registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

On 18 October 2018, pursuant to the resolutions of the 34th Meeting of the 6th Session of the Board on 11 May 2017, the 2016 Annual General Meeting on 8 June 2017, the 41st Meeting of the 6th Session of the Board on 16 November 2017, the 48th Meeting of the 6th Session of the Board on 26 April 2018, and the 2017 Annual General Meeting on 22 May 2018, as approved by China Securities Regulatory Commission (中国证券监督管理委员会) with "Approval in Relation to the Allotment of Shares by Joicare Pharmaceutical Group Industry Co., Ltd. \* (健康元药业集团股份有限公司)" (Zheng Jian Xu Ke [2018] No. 1284) on 17 August 2018, 365,105,066 ordinary shares denominated in Renminbi (A Shares) of the Company were issued to the original shareholders through allotment of shares with a nominal value of RMB1.00 each. After the issuance, the Company's total share capital changed to 1,938,033,338 shares. This capital increase was validated and confirmed by the Capital Verification Report (Ruihua Yan Zi [2018] No. 40060006) issued by Ruihua Certified Public Accountants.

Pursuant to "the Resolution on 2018 Share Options Incentive Scheme (Draft) and its Summary" considered and approved at the 2018 Third Extraordinary General Meeting on 13 December 2018 and the "Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Grant under 2018 Share Options Incentive Scheme" considered and approved at the 7th Meeting of the 7th Session of the Board on 24 January 2019, 21 December 2018 was set as the date of grant, on which 35.72 million share options were granted to 320 incentive participants at an exercise price of RMB8.21 per share option. Pursuant to "the Resolution on the Grant of Share Options to Incentive Participants under the Reserved Grant" considered and approved at the 16th Meeting of the 7th Session of the Board on 23 September 2019 and "the Resolution in Relation to the Adjustment of the Quantity for the Reserved Grant and the List of Incentive Participants of the Reserved Grant under 2018 Share Options Incentive Scheme" considered and approved at the 17th Meeting of the 7th Session of the Board on 28 October 2019, 23 September 2019 was set as the date of grant, on which 8.97 million reserved share options were granted to 186 incentive participants at an exercise price of RMB10.47 per share option.

8,887,186 share options were exercised from January to March 2020, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2020] No. 442ZC0063) issued by Grant Thornton; 617,109 share options were exercised from April to June 2020, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2020] No. 442ZC00200) issued by Grant Thornton; 3,249,839 share options were exercised from July to September 2020, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2020] No. 442ZC00368) issued by Grant Thornton; and 1,993,292 share options were exercised from October to December 2020, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2021] No. 442C000002) issued by Grant Thornton. As at 31 December 2020, a total of 14,747,426 share options were exercised; and the Company's total share capital was increased to 1,952,780,764 shares.

3,848,413 share options were exercised from January to March 2021, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2021] No. 442C000151) issued by Grant Thornton (Special General Partnership); and 1,964,040 share options were exercised from April to June 2021, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2021] No. 442C000453) issued by Grant Thornton (Special General Partnership). As at 30 June 2021, a total of 5,812,453 share options were exercised, and the Company's total share capital was increased to 1,958,593,217 shares.

The controlling shareholder of the Company is Shenzhen Baiyeyuan Investment Co., Ltd. \* (深圳市百业源投资有限公司), and the de facto controller is Zhu Baoguo.

The Company is engaged in the integrated pharmaceutical industry.

Approved business scope of the Company: R&D (excluding R&D of traditional Chinese medicines that have been listed as the State protection resources and Chinese patent medicine with secret prescriptions), wholesale, import and export, and related supporting businesses (not involving goods subject to State trading administration, commodities subject to the administration of quota or license or other special regulations shall apply for approval in accordance with relevant national provisions) of drugs, Chinese patent drugs, chemical APIs, chemical preparations, antibiotic APIs, and antibiotic preparations; R&D of food, health food and cosmetics; sale of prepackaged food (excluding frozen food) and special food (including health food and formula food for special medical use), and R&D and sales of Class I and II medical devices.

During the Reporting Period, there was no change in the principal activities of the Company.

The financial statements and notes to the financial statements of the Company were approved at the 53rd Meeting of the 7th Session of the Board on 25 August 2021.

## 2. Scope of consolidated financial statements

Applicable  N/A

Please refer to Note VII "Equity in other entities" for names of subsidiaries included in the consolidation for the first six months of 2021. Please refer to Note VI "Change to consolidation scope" for details of change to current consolidation scope of the Company.

## II. Basis of Preparation for the Financial Statements

### 1. Basis of preparation

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

### 2. Continuing operation

Applicable  N/A

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

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

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

## III. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimate tips:

Applicable  N/A

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

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

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the Company's financial position, operating results, cash flow and other relevant information.

### 2. Accounting period

The accounting period of the Company is classified into an accounting year and an interim accounting period. An interim accounting period refers to a reporting period shorter than a full fiscal year. The fiscal year of the Company is from 1 January to 31 December in each calendar year.

### 3. Business cycle

Applicable  N/A

Business cycle of the Company consists of 12 months.

### 4. Functional currency

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

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

Applicable  N/A

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

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

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

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

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

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

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

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

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

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

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

(3) Transaction fees attribution during the combination

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

## 6. Preparation of consolidated financial statements

Applicable  N/A

(1) Scope of consolidation

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

(2) Method for preparation of the consolidated financial statements

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

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

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

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

(3) Purchase of the minority stake in the subsidiary

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

(4) Treatment of loss of control of subsidiaries

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

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

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

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

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

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

In the consolidated financial statements, where the Company disposes of the equity investment in the subsidiary through

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

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

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

Applicable  N/A

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

### (1) Joint operation

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

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

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

### (2) Joint ventures

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

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

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

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

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

Applicable  N/A

### (1) Foreign currency transactions

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

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

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

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

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

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

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

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

## 10. Financial instruments

Applicable  N/A

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

### (1) Recognition and De-recognition of financial instruments

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

The financial assets will be de-recognised if any of the following conditions is satisfied:

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

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

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

### (2) Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains



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

#### Financial assets at fair value through other comprehensive income

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

A. The Company's business model for managing the financial assets is both to collect contractual cash flows and to sell the financial assets;

B. The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

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

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

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

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

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

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

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

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

Only when the Company changes its business model of managing financial assets, all the financial assets affected shall be

reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial confirmation.

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

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Distinction between financial liabilities and equity instruments

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

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

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

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

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

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

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

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in

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

(5) Fair value of the financial instrument

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

(6) Impairment of financial assets

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

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

Measurement of expected credit loss (ECLs)

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

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

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

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

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

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

For the financial instruments classified in Stage 1 and Stage 2 and those with lower credit risk, the Company would measure

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

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

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

A. Bills receivable

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

B. Accounts receivables

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

Contract assets

Contract assets portfolio: Sale of products

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

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

Other receivables

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

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

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

Long-term receivables

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

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

A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

B. Other long-term receivables

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

For finance lease receivables and equity transfer receivables, the Company measures expected credit losses based on the risk

exposures of default and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

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

#### Debt investments and other debt investments

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

#### Assessment of significant increase in credit risk

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

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

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

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

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

#### Credit-impaired financial assets

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

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

#### Presentation of allowance for ECL

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

#### Write-off

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

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

#### (7) Transfer of financial assets

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

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

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

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

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

## 11. Fair value measurement

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

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

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

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

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

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

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

## 12. Inventories

Applicable  N/A

### (1) Classification of inventories

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

### (2) Method of costing

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

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

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

### (4) Inventory system

The Company maintains a perpetual inventory system.

### (5) Amortisation methods of consumables

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

## 13. Assets held for sale

Applicable  N/A

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

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

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

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

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

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

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

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

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

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

## (2) Discontinued operation

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

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

## (3) Presentation

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



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

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

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

#### 14. Long-term equity investment

Applicable  N/A

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

##### (1) Determination of initial investment cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Held-for-sale equity investment

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

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

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

(5) Impairment test and Impairment provision

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

## 15. Investment properties

(1). Measured at cost

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

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

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

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

## 16. Fixed asset

(1). Conditions for recognition of fixed assets

Applicable  N/A

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

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

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

(2). Method of depreciation

Applicable  N/A

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

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

- (3). The impairment testing and the impairment provision of fixed assets  
Refer to note III. 22 for the impairment testing and the impairment provision of fixed assets.
- (4). Recognition basis, valuation and depreciation method of financial leased fixed assets  
✓ Applicable  N/A

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

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

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

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

- (5). The Company reviews the useful life and estimated net residual value of fixed asset and the depreciation method applied annually at each of the period end.
- (6). Overhaul costs  
The overhaul costs occurred in regular inspection of f are recognised in the cost of property, plant and equipment if there is undoubted evidence to confirm that they meet the recognition criteria of fixed assets, otherwise, the overhaul costs are recognised in profit or loss for the current period. Property, plant and equipment are depreciated during the intervals of the regular overhaul.

## 17. Construction in progress

✓ Applicable  N/A

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

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

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

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

## 18. Borrowing costs

Applicable  N/A

### (1) Recognition principle of capitalisation of borrowing costs

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

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

### (2) Capitalisation period of borrowing costs

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

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

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

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

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

## 19. Biological assets

Applicable  N/A

### (1) Determination of biological assets

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

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

### (2) Classification of biological assets

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

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

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

(3) Impairment of biological assets

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

## 20. Intangible assets

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

Applicable  N/A

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

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

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

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

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

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

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

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

## 21. Research and development expenditures

Applicable  N/A

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

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

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

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

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

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

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

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

## 22. Impairment of assets

Applicable  N/A

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

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

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

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

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

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

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

### 23. Long-term deferred expenses

Applicable  N/A

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

### 24. Employee compensation

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

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

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

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

Applicable  N/A

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

#### (3). Post-employment benefits

Applicable  N/A

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

#### (4). Termination benefits

Applicable  N/A



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

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

(5). Other long-term employee benefits

Applicable  N/A

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

## 25. Provisions

Applicable  N/A

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

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

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

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

## 26. Share-based payment and equity instruments

Applicable  N/A

(1) Accounting treatment of share-based payment

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

① Equity-settled share-based payment

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

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

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

② Cash-settled share-based payment

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

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

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

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

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

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

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

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

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

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

For a share-based payment transaction occurring between each enterprise under the Company where the enterprise receiving services and the settlement enterprise are not the same enterprise, such share-based payment transaction shall be recognised and measured in each of the respective financial statements of the enterprise receiving services and the settlement enterprise (as compared with the above principles).

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

Applicable  N/A

### (1) Classification of financial liabilities and equity instruments

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

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

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

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

## 28. Income

Applicable  N/A

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

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

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

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

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

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

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

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

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

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

## 29. Contract costs

N/A

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

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

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

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

- ③ The costs are expected to be recovered.

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

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

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

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

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

### 30. Government grants

Applicable  N/A

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

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

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

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

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

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

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

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

N/A

#### (1) Current tax

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

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

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

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

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

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

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

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

#### (3) Tax expenses

The tax expenses comprises current tax and deferred tax.

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

(4) Offset of tax

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

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

### 32. Leases

✓ Applicable  N/A

(1) Identification of leases

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

(2) The Company as the lessee

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

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

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

#### Short-term lease

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

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

#### Leases of low-value assets

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

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

(3) The Company as the lessor

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

Finance leases

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

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

Operating leases

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

### 33. Right-of-use assets

✓ Applicable  N/A

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

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

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

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

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

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



### 34. Repurchase of shares

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

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

### 35. Restricted Shares

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

### 36. Significant accounting judgements and estimates

Applicable  N/A

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

#### (1) Classification of financial assets

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

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

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

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

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

(3) Impairment of goodwill

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

(4) Development expenditure

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

(5) Deferred income tax assets

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

(6) Revenue recognition

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

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

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

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

(1). Changes in significant accounting policies

Applicable  N/A

(2). Changes in significant accounting estimates

Applicable  N/A

(3). Description of adjustments in opening balances of line items in financial statements of the current year due to first implementation of new lease standard since 2021

Applicable  N/A

(4). Description of retrospective adjustments in comparative data in prior periods due to first implementation of new lease standard in 2021

Applicable  N/A

## IV. Taxation

### 1. The main taxes and tax rates

✓ Applicable  N/A

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

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

Note 2: Disclosure of taxpayers (if any) with different rates of enterprise income tax

✓ Applicable  N/A

Taxpayer	Rate of enterprise income tax (%)
Hong Kong Health Pharmaceutical Industry Company Limited, Livzon Pharmaceutical Biotechnology Co., Limited, Lian (Hong Kong) Co., Ltd., Livzon Biologics Hong Kong Limited	16.5
Companhia de Macau Carason Limitada, Li Zhu (Macau) Limitada (Note 1)	12
Shenzhen Taitai Pharmaceutical Co., Ltd, Shenzhen Haibin Pharmaceutical Co., Ltd, Xinxiang Haibin Pharmaceutical Co., Ltd, Jiaozuo Joincare Bio Technological Co., Ltd, Shanghai Frontier Health Medicine Technology Co., Ltd, Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd, Livzon Group, Livzon Group Limin Pharmaceutical Manufacturing Factory, Livzon Group Livzon Pharmaceutical Factory, Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd., Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd., Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc., Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd., Zhuhai Livzon Diagnostics Inc., Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd., Shanghai Livzon Biotechnology Co., Ltd. and Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.	15
Livzon MAB Pharm (US) Inc.	21
Health Investment Holdings Ltd, JoincarePharmaceutical Group Industry Co.,Ltd., Livzon International Limited, Livzon Biologics Limited, Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II. (Note 2)	0
Other subsidiaries	25

Note 1: Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.

Note 2: Companies registered in the British Virgin Islands and the Cayman Islands are not subject to enterprise income tax

## 2. Tax incentives

Applicable  N/A

### (1) Preferential value added tax

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

### (2) Preferential enterprise income tax

The Company's subsidiaries, Shenzhen Taitai Pharmaceutical Co., Ltd, Shenzhen Haibin Pharmaceutical Co., Ltd, Xinxiang Haibin Pharmaceutical Co., Ltd and Shanghai Frontier Health Medicine Technology Co., Ltd are entitled to enjoy preferential income tax policies applicable to high and new technology enterprises since 2020 for a valid period of three years. Livzon Group and its subsidiaries, Livzon Group Limin Pharmaceutical Manufacturing Factory, Livzon Group Livzon Pharmaceutical Factory, Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd., Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd., Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. and Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. are entitled to enjoy preferential income tax policies applicable to high and new technology enterprises since 2020 for a valid period of three years; Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. and Zhuhai Livzon Diagnostics Inc. are entitled to preferential income tax policies applicable to high and new technology enterprises since 2019 for a valid period of three years; Shanghai Livzon Biotechnology Co., Ltd. has reapplied and recognised as the high and new technology enterprises for the Period; Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. was approved to enjoy the enterprise taxation preference of the Encouraged Industries in Western China. Such companies were subject to an enterprise income tax rate of 15% for the Period.

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

## 3. Others

Applicable  N/A

## V. Notes to the Components of the Consolidated Financial Statements

### 1. Monetary funds

Items	30 June 2021			31 December 2020		
	Amount in foreign currency	Translation rate	Amount in RMB	Amount in foreign currency	Translation rate	Amount in RMB
Cash on hand:			653,340.73			197,923.25
RMB			605,286.90			148,845.40
HKD	30,521.06	0.83208	25,395.96	30,521.06	0.84164	25,687.74
USD	706.00	6.4601	4,560.83	706.00	6.5249	4,606.58
Euro	2,063.67	7.6862	15,861.79	2,063.67	8.025	16,560.95
GBP	250.00	8.941	2,235.25	250.00	8.8903	2,222.58
Bank deposits:			10,180,998,574.47			12,131,569,238.87
RMB			8,761,663,322.25			10,797,711,400.19
HKD	542,888,275.05	0.83208	451,726,475.90	397,295,268.64	0.84164	334,379,589.89
USD	149,348,410.22	6.4601	964,805,664.87	152,908,866.07	6.5249	997,715,060.07
Euro	100,590.09	7.6862	773,155.55	78,241.56	8.025	627,888.52
MOP	2,492,385.85	0.8084	2,014,844.72	1,370,869.68	0.8172	1,120,274.70
GBP	1,690.10	8.941	15,111.18	1,690.10	8.8903	15,025.50
Of bank deposits: deposit with financial companies						
Other monetary funds:			174,095,025.98			157,331,451.07
RMB			64,454,311.78			67,550,057.63
HKD	26,519,036.70	0.83208	22,065,960.06	1,617,225.39	0.84164	1,361,121.58
USD	13,556,253.64	6.4601	87,574,754.14	13,551,207.20	6.5249	88,420,271.86
Total			10,355,746,941.18			12,289,098,613.19
Of which: total overseas deposits			1,334,237,446.03			1,147,163,147.28

① Other monetary funds are mainly deposits for investments, deposits under guarantee of letter of guarantee, issuing letters of credit and foreign exchange forward contracts, etc.

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

Item	30 June 2021	31 December 2020
Time deposit	100,000,000.00	100,000,000.00
Letter of Credit Margin	9,277,563.34	6,378,736.56
Bank Acceptance Draft Margin	50,597,783.31	57,075,915.14
Other business margin	2,932,159.06	2,862,650.00
Total	162,807,505.71	166,317,301.70

**2. Financial assets held for trading**√ Applicable  N/A

## (1) Classification

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Financial asset measured at fair value through profit or loss	241,873,785.15	28,328,748.72
Of which:		
Debt instrument investments	926,807.89	909,752.05
Equity instrument investments	237,166,389.06	14,351,400.72
Derivative financial assets	3,780,588.20	13,067,595.95
Total	241,873,785.15	28,328,748.72

Other descriptions:

√ Applicable  N/A

① The company's investments in equity instruments and debt instruments for financial assets held for trading at the End of the Period were listed for trading on Shenzhen Stock Exchange and Hong Kong Stock Exchange. The fair value was determined based on the closing price on the last trading day in the Reporting Period.

② Derivative financial assets represent foreign currency forward contracts, futures contracts and gains from unexpired contracts measured at fair value which were recognised as financial assets as at the balance sheet date.

- (2) No restrictive financial asset measured at fair value through profit or loss was realised in the ending balance.  
 (3) No hedging instruments in the ending balance and no hedging transactions have occurred during the Period.

**3. Bills receivable**√ Applicable  N/A

Unit: Yuan Currency: RMB

Types of bills	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,826,636,857.39	1,343,494,818.54
Commercial acceptance bills	0.00	0.00
bad debts	-481,000.00	-481,000.00
Total	1,826,155,857.39	1,343,013,818.54

## (1). Pledged bills receivables at the End of the Period

√ Applicable  N/A

Unit: Yuan Currency: RMB

Type	Pledged amount at the End of the Period
Bank acceptance bills	802,531,287.95
Total	802,531,287.95

As at 30 June 2021, bills with carrying amount of RMB 802,531,287.95 (31 December 2020: RMB 365,916,598.01) were pledged for bank acceptance bills.

## (2). Endorsed or discounted bills receivables not yet mature as of the balance sheet date at the End of the Period

√ Applicable  N/A

Unit: Yuan Currency: RMB

Type	Derecognised amount at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills	312,339,291.89	0.00
Commercial acceptance bills	3,953,012.00	0.00
Total	316,292,303.89	0.00

(3). Bills transferred into account receivables for non-performance by the issuer as at the End of the Period

Applicable  N/A

(4). Classification by method of provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Gross amount		Provision for bad debt		Carrying value	Gross amount		Provision for bad debt		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)		Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debt on an individual basis	481,000.00	0.03	481,000.00	100.00	0.00	481,000.00	0.04	481,000.00	100.00	0.00
Of which:										
Commercial acceptance bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank acceptance bills	481,000.00	0.03	481,000.00	100.00	0.00	481,000.00	0.04	481,000.00	100.00	0.00
Provision for bad debt on a collective basis	1,826,155,857.39	99.97	0.00	0.00	1,826,155,857.39	1,343,013,818.54	99.96	0.00	0.00	1,343,013,818.54
Of which:										
Bank acceptance bills	1,826,155,857.39	99.97	0.00	0.00	1,826,155,857.39	1,343,013,818.54	99.96	0.00	0.00	1,343,013,818.54
Total	1,826,636,857.39	100.00	481,000.00	0.03	1,826,155,857.39	1,343,494,818.54	100.00	481,000.00	0.04	1,343,013,818.54

Provision for bad debt on an individual basis :

Applicable  N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			
	Gross amount	Provision for bad debt	Expected credit loss rate (%)	Reason for provision made
Henan Jiuzhoutong Pharmaceutical Co., Ltd.	431,000.00	431,000.00	100.00	Not expected to be recoverable
Other customers	50,000.00	50,000.00	100.00	Not expected to be recoverable
Total	481,000.00	481,000.00	100.00	/

Descriptions of provision for bad debts made individually:

Applicable  N/A

Provision for bad debt on a collective basis:

Applicable  N/A

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

Applicable  N/A

(5). Provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the Beginning of the Period	Changes for the current period			Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	
Provision for bad debts	481,000.00	0.00	0.00	0.00	481,000.00
Total	481,000.00	0.00	0.00	0.00	481,000.00

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

N/A

## (6). Bills receivable actually written off for the current period

 Applicable  N/A

Other descriptions:

 Applicable  N/A**4. Account receivables**

## (1). Disclosed by aging analysis

 Applicable  N/A

Unit: Yuan Currency: RMB

Age	Balance at the End of the Period
Subtotal within 1 year:	2,895,422,892.04
1-2 years	16,988,771.15
2-3 years	17,429,541.43
3-4 years	2,189,285.28
4-5 years	4,437,021.59
Over 5 years	18,379,673.86
Provision for bad debt	-78,675,079.46
Total	2,876,172,105.89

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

## (2). Disclosure by category based on methods of provision for bad debts

 Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Gross amount		Provision for bad debt		Carrying value	Gross amount		Provision for bad debt		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debt on an individual basis	10,425,148.15	0.35	6,228,462.95	59.74	4,196,685.20	10,426,275.67	0.41	6,229,590.47	59.75	4,196,685.20
Of which:										
Due from domestic customers	10,312,742.41	0.35	6,116,057.21	59.31	4,196,685.20	10,312,742.41	0.41	6,116,057.21	59.31	4,196,685.20
Due from overseas customers	112,405.74	0.00	112,405.74	100.00	0.00	113,533.26	0.00	113,533.26	100.00	0.00
Provision for bad debt on a collective basis	2,944,422,037.20	99.65	72,446,616.51	2.46	2,871,975,420.69	2,514,820,193.56	99.59	71,610,656.24	2.85	2,443,209,537.32
Of which:										
Due from domestic customers	2,355,198,925.15	79.71	64,294,005.61	2.73	2,290,904,919.54	2,028,481,823.13	80.33	64,858,199.12	3.20	1,963,623,624.01
Due from overseas customers	589,223,112.05	19.94	8,152,610.90	1.38	581,070,501.15	486,338,370.43	19.26	6,752,457.12	1.39	479,585,913.31
Total	2,954,847,185.35	100.00	78,675,079.46	2.66	2,876,172,105.89	2,525,246,469.23	100	77,840,246.71	3.08	2,447,406,222.52



Provision for bad debt on an individual basis:

Applicable  N/A

Unit: Yuan Currency: RMB

Description	Balance at the End of the Period			Reason for provision made
	Gross amount	Provision for bad debt	Percentage (%)	
Payment for goods	10,425,148.15	6,228,462.95	59.74	Not expected to be recoverable
Total	10,425,148.15	6,228,462.95	59.74	/

Descriptions of provision for bad debts made individually:

Applicable  N/A

Provision for bad debt on a collective basis:

Applicable  N/A

Item: Due from domestic customers

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period		
	Account receivables	Provision for bad debt	Percentage (%)
Within 1 year:	2,306,199,779.99	32,929,841.06	1.43
1-2 years(including 2 years)	16,876,365.41	2,935,739.06	17.40
2-3 years(including 3years)	8,751,510.33	5,370,907.19	61.37
3-4years(including 4 years)	2,129,018.68	1,924,077.14	90.37
4-5 years(including 5 years)	4,437,021.59	4,328,212.01	97.55
Over 5 years	16,805,229.15	16,805,229.15	100.00
Total	2,355,198,925.15	64,294,005.61	2.73

Item: Due from overseas customers

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period		
	Account receivables	Provision for bad debt	Percentage (%)
Within 1 year:	589,223,112.05	8,152,610.90	1.38
1-2 years(including 2 years)	0.00	0.00	0.00
2-3 years(including 3years)	0.00	0.00	0.00
3-4years(including 4 years)	0.00	0.00	0.00
4-5 years(including 5 years)	0.00	0.00	0.00
Over 5 years	0.00	0.00	0.00
Total	589,223,112.05	8,152,610.90	1.38

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

Applicable  N/A

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

Applicable  N/A

## (3). Provision for bad debts

√ Applicable  N/A

Unit: Yuan Currency: RMB

Category	Balance at the Beginning of the Period	Changes for the current period				Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	Other changes	
Provision for bad debts	77,840,246.71	8,839,388.74	0.00	8,002,612.33	-1,943.66	78,675,079.46
Total	77,840,246.71	8,839,388.74	0.00	8,002,612.33	-1,943.66	78,675,079.46

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

 Applicable  N/A

## (4). Actual write-off of account receivables for the Period

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written off	8,002,612.33

Significant accounts receivable that are written off:

 Applicable  N/A

Descriptions of write-off of accounts receivable:

 Applicable  N/A

## (5). Aggregate amount of account receivables due from the top five parties at the End of the Period

√ Applicable  N/A

The aggregate amount of account receivables due from the top five parties with the largest amounts at the End of the Period was RMB 274,692,123.41 for the Period, representing 9.30% of the total amount of account receivables at the End of the Period, and the corresponding total balance of provision for bad debt at the End of the Period was RMB3,746,740.12.

## (6). Derecognised account receivables due to the transfer of financial assets.

 Applicable  N/A

## (7). assets or liabilities formed by its continuous involvement of transferring account receivables

 Applicable  N/A

Other descriptions:

 Applicable  N/A**5. Prepayments**

## (1) Disclosure of prepayments by aging analysis

√ Applicable  N/A

Unit: Yuan Currency: RMB

Age	Balance at the End of the Period		Balance at the Beginning of the Period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	424,818,861.90	95.91	199,646,272.88	95.11
1-2 years	13,934,351.28	3.14	8,545,039.74	4.07
2-3 years	2,564,135.89	0.58	552,633.55	0.26
Over 3 years	1,631,445.04	0.37	1,182,094.40	0.56
Total	442,948,794.11	100.00	209,926,040.57	100.00

(2) Prepayments with five largest amounts by receivers of prepayments at the End of the Period

Applicable  N/A

The aggregate amount of prepayments paid to the five largest receivers of prepayments at the End of the Period was RMB119,668,144.90 for the Period, representing 27.02% of the total balance of prepayments at the End of the Period.

Other descriptions:

Applicable  N/A

**6. Other receivables**

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	4,175,569.86	0.00
Other receivables	192,676,721.85	177,240,162.81
<b>Total</b>	<b>196,852,291.71</b>	<b>177,240,162.81</b>

Other descriptions:

Applicable  N/A

Dividends receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Project (or invested unit)	Balance at the End of the Period	Balance at the Beginning of the Period
China Galaxy Securities Co., Ltd.	4,175,569.86	0.00
Less: Provision for bad debt	0.00	0.00
<b>Total</b>	<b>4,175,569.86</b>	<b>0.00</b>

Other receivables

(1) Disclosure by aging analysis

Applicable  N/A

Unit: Yuan Currency: RMB

Age	Balance at the End of the Period
Subtotal within 1 year	182,792,141.27
1-2 years	11,406,190.12
2-3 years	1,586,123.34
3-4 years	1,475,455.77
4-5 years	851,390.67
Over 5 years	52,159,124.92
Provision for bad debt	-57,593,704.24
<b>Total</b>	<b>192,676,721.85</b>

## (2) Disclosure by nature of amounts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Nature	Balance at the End of the Period	Balance at the Beginning of the Period
Deposits under guarantee, deposits and lease expenses	11,209,277.48	10,427,225.66
Reserved fund and advances	25,443,781.06	22,442,315.38
Related party balances	27,627,492.36	34,057,672.41
External entities balances	22,969,810.24	20,635,951.11
Tax refund on exports	15,694,997.58	23,764,211.44
Treasury bonds and margin	18,982,036.71	18,982,036.71
Capital reduction	92,347,581.27	92,347,581.27
Amounts of exercised options	33,338,151.50	9,169,356.40
Others	2,657,297.89	2,610,860.99
Total	250,270,426.09	234,437,211.37

## (3) Provision for bad debt

√ Applicable □ N/A

At the End of the Period, the provision for bad debt in Step 1 was as follows:

Category	Gross amount	Expected credit loss rate over the next 12 months (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on an individual basis	125,685,732.77	0.00	0.00	125,685,732.77	
Amounts of exercised options	33,338,151.50	0.00	0.00	33,338,151.50	Recoverable
Capital reduction	92,347,581.27	0.00	0.00	92,347,581.27	Recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	125,685,732.77	0.00	0.00	125,685,732.77	

At the End of the Period, the provision for bad debt in Step 2 was as follows:

Category	Gross amount	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	76,542,091.51	12.48	9,551,102.43	66,990,989.08	
Export tax refund receivable	15,694,997.58	1.00	156,763.72	15,538,233.86	
Deposits under guarantee, deposits and lease expenses receivable	11,209,277.48	18.73	2,099,174.51	9,110,102.97	
Other receivables	49,637,816.45	14.70	7,295,164.20	42,342,652.25	
Total	76,542,091.51	12.48	9,551,102.43	66,990,989.08	

At the End of the Period, the provision for bad debt in Step 3 was as follows:

Category	Gross amount	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on an individual basis	48,042,601.81	100.00	48,042,601.81	0.00	
Other receivables	48,042,601.81	100.00	48,042,601.81	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	48,042,601.81	100.00	48,042,601.81	0.00	

(4) Provision for bad debts made, recovered or reversed during the Period

Unit: Yuan Currency: RMB

Provision for bad debt	Step 1 Expected credit loss over the next 12 months	Step 2 Expected credit loss over the lifetime (without impairment of credit)	Step 3 Expected credit loss over the lifetime (with impairment of credit)	Total
Balance at 1 January 2021	0.00	9,154,446.75	48,042,601.81	57,197,048.56
Movements of balance at 1 January 2021				
– Transferred to Step 2	0.00	0.00	0.00	0.00
– Transferred to Step 3	0.00	-228,412.36	228,412.36	0.00
– Reversed to Step 2	0.00	0.00	0.00	0.00
– Reversed to Step 1	0.00	0.00	0.00	0.00
Provision made for the Period	0.00	645,906.93	0.00	645,906.93
Reversals during the Period	0.00	0.00	0.00	0.00
Settlement during the Period	0.00	0.00	0.00	0.00
Write-off during the Period	0.00	0.00	228,412.36	228,412.36
Other changes	0.00	-20,838.89	0.00	-20,838.89
Balance at 30 June 2021	0.00	9,551,102.43	48,042,601.81	57,593,704.24

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period

Applicable  N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable  N/A

(5) Other receivables actually written off during the Period

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount written off
Other receivables actually written off	228,412.36

Significant other receivables that are written off:

Applicable  N/A

Descriptions of write-off of other receivables:

Applicable  N/A

## (6) Aggregate amount of other receivables due from the top five parties with the largest amounts at the End of the Period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name of entity	Nature of amount	Balance of other receivables at the End of the Period	Age	Percentage in the total balance of other receivables at the End of the Period (%)	Provision for bad debts at the end of the Period
Shanghai Yunfeng Xinchuang Equity Investment Center	Capital reduction	92,347,581.27	1-2 years	36.90	0.00
China Securities Depository and Clearing Corporation Limited (Shenzhen Branch)	Amount of exercised options	33,338,151.50	Within 1 year	13.32	0.00
Hua Xia Securities Co., Ltd.	Treasury bonds and margin	18,982,036.71	Over 5 years	7.58	18,982,036.71
Shenzhen Jiekang Health Care Co., Ltd.	Related party balances	18,577,246.63	Over 5 years	7.42	18,577,246.63
Tax refunds on exports	Export tax refund	15,694,997.58	Within 1 year	6.27	156,763.72
Total	/	178,940,013.69	/	71.50	37,716,047.06

## (7) Other receivables due to the government grants

□ Applicable √ N/A

## (8) Other receivables due to the transfer of financial assets

□ Applicable √ N/A

## (9) Assets or liabilities formed by its continuous involvement of transferring other receivables:

□ Applicable √ N/A

Other descriptions

□ Applicable √ N/A

**7. Inventories**

## (1). Classification of inventories

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Gross amount	Provision for diminution in value	Carrying amount	Gross amount	Provision for diminution in value	Carrying amount
Raw materials	517,400,886.84	10,195,193.16	507,205,693.68	449,307,601.96	24,992,444.56	424,315,157.40
Packaging materials	90,840,605.79	1,722,821.23	89,117,784.56	68,812,746.78	7,353,583.54	61,459,163.24
Goods in process and Proprietary semi-finished goods	322,935,374.35	1,433,894.92	321,501,479.43	372,253,640.56	2,679,118.64	369,574,521.92
Low-value consumables	63,820,174.86	375,035.81	63,445,139.05	32,476,319.46	382,146.01	32,094,173.45
Finished goods and stock goods	908,847,082.10	35,277,995.99	873,569,086.11	947,677,545.58	33,908,986.43	913,768,559.15
Sub-contracting materials	245,998.44	0.00	245,998.44	1,863,102.15	0.00	1,863,102.15
Consumable biological assets	11,985,042.19	0.00	11,985,042.19	11,511,335.81	0.00	11,511,335.81
Goods in transit	8,667,618.30	0.00	8,667,618.30	16,922,999.15	0.00	16,922,999.15
Total	1,924,742,782.87	49,004,941.11	1,875,737,841.76	1,900,825,291.45	69,316,279.18	1,831,509,012.27

- (2). Provision for diminution in value of inventories and provision for diminution in value of contract performance costs  
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Year	Increase during the Period Provision	Other	Decrease during the Period Reversed or written off	Other	Balance at the End of the Period
Raw materials	24,992,444.56	2,610,088.80	0.00	17,407,340.20	0.00	10,195,193.16
Packaging materials	7,353,583.54	1,144,995.29	0.00	6,775,757.60	0.00	1,722,821.23
Goods in process and Proprietary semi-finished goods	2,679,118.64	81,439.01	0.00	1,326,662.73	0.00	1,433,894.92
Low-value consumables	382,146.01	265.50	0.00	7,375.70	0.00	375,035.81
Finished goods and stock goods	33,908,986.43	24,950,790.36	0.00	23,581,780.80	0.00	35,277,995.99
Total	69,316,279.18	28,787,578.96	0.00	49,098,917.03	0.00	49,004,941.11

Provision for diminution in value of inventories (Continued)

Item	Basis for determination of net realisable value/ remaining consideration and the cost to be incurred	Reason for reversal or write off provision for diminution in value of inventories/ impairment provision for contract performance cost during the Period
Raw materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Goods in process and Proprietary semi-finished goods	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	The estimated selling price less the related taxes	Discard
Finished goods and stock goods	The estimated selling price less the estimated selling expenses and related taxes	Sale and discard

- (3). Descriptions at the End of the Period of inventories including capitalised amount of borrowing costs

Applicable  N/A

- (4). Descriptions of amortisation of contract performance costs for the current period

Applicable  N/A

Other descriptions:

Applicable  N/A

**8. Non-current assets due within one year**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Long-term receivables due within one year	0.00	11,414,376.07
Interest receivable due within one year	8,520,000.00	8,520,000.00
Total	8,520,000.00	19,934,376.07

Significant debt investments and other debt investments at the end of the period:

 Applicable  N/A**9. Other current assets**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Input VAT pending deduction/attestation	52,408,619.81	49,003,571.19
Advance payment of income tax	13,361,276.70	9,094,478.01
Others	1,719,872.69	0.00
Total	67,489,769.20	58,098,049.20

**10. Long-term receivables**

(1) Descriptions of long-term receivables

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period			Range of discount rate
	Gross amount	Provision for bad debts	Carrying value	Gross amount	Provision for bad debts	Carrying value	
Receivables from equity transferred by installments	0.00	0.00	0.00	10,967,767.26	0.00	10,967,767.26	5.00%
Finance lease payment	584,284.36	0.00	584,284.36	1,030,893.17	0.00	1,030,893.17	4.75%
Long-term receivables due within one year	0.00	0.00	0.00	-11,414,376.07	0.00	-11,414,376.07	
Total	584,284.36	0.00	584,284.36	584,284.36	0.00	584,284.36	

(2) Provision for bad debts

✓ N/A

(3) Long-term receivables derecognised out of transfer of financial assets.

 Applicable  N/A

(4) Assets or liabilities formed by its continuous involvement of transferring long-term receivables.

 Applicable  N/A

Other descriptions:

 Applicable  N/A



## 11. Long-term equity investments

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Balance at			Change during the Period					Balance at the		Balance of provision for impairment at the End of the Period
	the Beginning of the Period	additional investment	Decreased investment	Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for impairment	Others	End of the Period	
I. Subsidiaries											
Zhongshan Renhe Health Products Co., Ltd.	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,337,823.35	6,337,823.35
Guangzhou Hiyeah Industry Co., Ltd.	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,949,893.45	1,949,893.45
Subtotal	8,287,716.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,287,716.80	8,287,716.80
II. Associates											
Livzon Medical Electronic Equipment (Plant) Co., Ltd.	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd.	72,271,987.53	0.00	0.00	11,187,150.70	0.00	0.00	0.00	0.00	0.00	83,459,138.23	0.00
Shenzhen City Youbao Technology Co., Ltd.	1,080,543.04	0.00	0.00	44,123.07	0.00	0.00	0.00	0.00	0.00	1,124,666.11	0.00
AbCyte Therapeutics Inc.	16,183,551.42	0.00	0.00	-367,057.18	0.00	0.00	0.00	0.00	0.00	15,816,494.24	0.00
L&L Biopharma, Co. Ltd.	14,024,119.09	0.00	0.00	-844,668.34	0.00	2,658,626.68	0.00	0.00	0.00	15,838,077.43	0.00
Zhuhai Sanmed Biotech Inc.*	31,649,784.72	0.00	0.00	-14,565,455.09	0.00	0.00	0.00	0.00	0.00	17,084,329.63	0.00
Aetio Biotherapy, Inc.	17,647,744.60	0.00	0.00	-752,701.47	0.00	0.00	0.00	0.00	0.00	16,895,043.13	0.00
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	70,260,600.00	0.00	0.00	-1,025,739.02	0.00	0.00	0.00	0.00	0.00	69,234,860.98	0.00
Tianjin Tongrentang Group Co., Ltd.*	0.00	724,000,000.00	0.00	14,751,708.09	0.00	0.00	40,040,000.00	0.00	0.00	698,711,708.09	0.00
Infinite Intelligence Pharmaceutical Co. Ltd.	0.00	20,000,000.00	0.00	-260,176.46	0.00	0.00	0.00	0.00	0.00	19,739,823.54	0.00
Jiaozuo Jinguang Jiahua Electric Power Co., Ltd.	316,556,367.05	0.00	0.00	2,853,999.18	0.00	0.00	0.00	0.00	0.00	319,410,366.23	0.00
Ningbo Ningrong Biomedical Co., Ltd.	28,301,318.36	0.00	0.00	-703,515.76	0.00	0.00	0.00	0.00	0.00	27,597,802.60	0.00
Feellife Health Inc.	11,964,576.16	0.00	0.00	88,813.56	0.00	0.00	0.00	0.00	0.00	12,053,389.72	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	19,561,050.64	0.00	0.00	-586,430.17	0.00	0.00	0.00	0.00	0.00	18,974,620.47	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	28,777,957.12	0.00	0.00	-69,626.84	0.00	0.00	0.00	0.00	0.00	28,708,330.28	0.00
Subtotal	629,479,599.73	744,000,000.00	0.00	9,750,424.27	0.00	2,658,626.68	40,040,000.00	0.00	0.00	1,345,848,650.68	1,200,000.00
Total	637,767,316.53	744,000,000.00	0.00	9,750,424.27	0.00	2,658,626.68	40,040,000.00	0.00	0.00	1,354,136,367.48	9,487,716.80

## 12. Other equity instrument investments

## (1) Descriptions of other equity investment

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
China Galaxy Securities Co., Ltd.	200,427,353.28	237,438,086.13
Shanghai Yunfeng Xinchuang Equity Investment Center	120,279,650.08	112,254,757.06
Shanghai JingYi Investment Center	66,908,461.62	67,661,520.76
Qianhai Equity Investment Fund	280,307,004.00	253,987,145.00
Apricot Forest, Inc	149,384,486.40	149,384,486.40
PANTHEON D ,L.P.	11,445,746.78	12,680,875.63
Zhuhai China Resources Bank Co., Ltd.	170,772,300.00	170,772,300.00
GLOBAL HEALTH SCIENCE	227,873,899.09	246,837,324.35
SCC VENTURE VI 2018-B,L.P.	13,566,215.68	13,823,660.49
SCC VENTURE VII 2018-C,L.P.	0.00	176,752,020.58
Nextech V Oncology S.C.S., SICAV-SIF	31,350,997.34	29,583,312.39
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	30,000,000.00	30,000,000.00
ELICIO THERAPEUTICS, INC.	32,300,513.52	32,624,491.32
CARIAMA THERAPEUTICS INC.	32,298,919.16	32,622,880.98
Others	9,481,647.24	9,968,802.04
Total	1,376,397,194.19	1,576,391,663.13

## (2) Descriptions of investments in non-trading equity instruments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Dividend income recognised for the Period	Cumulative gains	Cumulative losses	Amount transferred from other comprehensive income to retained earning	Reason for the designation as fair value through other comprehensive income	Reason for transfer
China Galaxy Securities Co., Ltd.	4,175,569.86	4,175,569.86	0.00	0.00	non-trading	
Shanghai Yunfeng Xinchuang Equity Investment Center	0.00	0.00	0.00	0.00	non-trading	
Shanghai JingYi Investment Center	0.00	0.00	0.00	0.00	non-trading	
Qianhai Equity Investment Fund	0.00	0.00	0.00	0.00	non-trading	
Apricot Forest, Inc	0.00	0.00	0.00	0.00	non-trading	
PANTHEON D ,L.P.	0.00	0.00	0.00	0.00	non-trading	
Zhuhai China Resources Bank Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
GLOBAL HEALTH SCIENCE	0.00	0.00	0.00	0.00	non-trading	
SCC VENTURE VI 2018-B,L.P.	0.00	0.00	0.00	0.00	non-trading	
SCC VENTURE VII 2018-C,L.P.	0.00	0.00	0.00	137,631,513.65	non-trading	Corporate lapsed and investment withdrawn
Nextech V Oncology S.C.S., SICAV-SIF	8,153,391.88	8,153,391.88	0.00	0.00	non-trading	
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
ELICIO THERAPEUTICS, INC.	0.00	0.00	0.00	0.00	non-trading	
CARIAMA THERAPEUTICS INC.	0.00	0.00	0.00	0.00	non-trading	
Others	0.00	0.00	0.00	34,295,275.82	non-trading	Disposal
Total	12,328,961.74	12,328,961.74	0.00	171,926,789.47		

Other descriptions:

Applicable  N/A

### 13. Investment property

Measurement of investment properties

(1). Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Plant and buildings	Total
I. Original book value:		
1. Balance at the Beginning of the Period	61,914,754.28	61,914,754.28
2. Additions for the Period	0.00	0.00
3. Decrease for the Period	0.00	0.00
4. Balance at the End of the Period	61,914,754.28	61,914,754.28
II. Accumulated depreciation and amortisation		
1. Balance at the Beginning of the Period	55,723,278.85	55,723,278.85
2. Additions for the Period	0.00	0.00
(1) Provision or amortisation	0.00	0.00
3. Decrease for the Period	0.00	0.00
(1) Disposal	0.00	0.00
4. Balance at the End of the Period	55,723,278.85	55,723,278.85
III. Provisions for impairment		
1. Balance at the Beginning of the Period	0.00	0.00
2. Additions for the Period	0.00	0.00
(1) Provision	0.00	0.00
3. Decrease for the Period	0.00	0.00
(1) Provision	0.00	0.00
4. Balance at the End of the Period	0.00	0.00
VI. Carrying Amount		
1. Balance at the End of the Period	6,191,475.43	6,191,475.43
2. Balance at the Beginning of the Period	6,191,475.43	6,191,475.43

(2). Investment properties whose title certificate has not completed:

N/A

Other descriptions:

Applicable  N/A

### 14. Fixed assets

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Year
Fixed assets	4,557,108,992.58	4,380,285,156.93
Disposal of fixed assets	0.00	0.00
Total	4,557,108,992.58	4,380,285,156.93

## (1) Descriptions of fixed assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Plant and building	Machinery and equipment	Motor vehicles	Electronic devices and others	Total
I. Original book value					
1. Balance at the Beginning of the Period	3,779,641,227.70	4,557,028,218.73	104,791,052.69	662,695,275.18	9,104,155,774.30
2. Additions for the Period	86,892,955.55	304,779,069.93	8,785,209.63	57,874,001.37	458,331,236.48
(1) Acquisition	17,241,688.20	115,116,955.94	8,785,209.63	53,052,933.92	194,196,787.69
(2) Construction in progress transferred	69,651,267.35	189,662,113.99	0.00	4,821,067.45	264,134,448.79
3. Decrease for the Period	971,082.89	60,727,396.76	5,901,930.10	22,764,532.88	90,364,942.63
(1) Disposal or written-off	971,082.89	60,727,396.76	5,771,765.65	22,764,532.88	90,234,778.18
(2) Others	0.00	0.00	130,164.45	0.00	130,164.45
4. Balance at the End of the Period	3,865,563,100.36	4,801,079,891.90	107,674,332.22	697,804,743.67	9,472,122,068.15
II. Accumulated depreciation					
1. Balance at the Beginning of the Period	1,465,544,461.45	2,615,627,521.50	73,194,504.98	450,222,233.89	4,604,588,721.82
2. Additions for the Period	84,053,999.83	153,579,565.27	6,944,915.34	26,159,610.31	270,738,090.75
(1) Provision	84,053,999.83	153,579,565.27	6,944,915.34	26,159,610.31	270,738,090.75
3. Decrease for the Period	207,216.02	51,351,321.44	5,143,410.98	17,201,218.22	73,903,166.66
(1) Disposal or written-off	207,216.02	51,351,321.44	5,075,652.86	17,201,218.22	73,835,408.54
(2) Others	0.00	0.00	67,758.12	0.00	67,758.12
4. Balance at the End of the Period	1,549,391,245.26	2,717,855,765.33	74,996,009.34	459,180,625.98	4,801,423,645.91
III. Impairment provision					
1. Balance at the Beginning of the Period	26,619,980.48	73,464,504.43	77,435.52	19,119,975.12	119,281,895.55
2. Additions for the Period	0.00	87,535.69	0.00	2,945.34	90,481.03
(1) Provision	0.00	87,535.69	0.00	2,945.34	90,481.03
3. Decrease for the Period	0.00	5,606,701.84	35,856.87	140,388.21	5,782,946.92
(1) Disposal or written-off	0.00	5,606,701.84	35,856.87	140,388.21	5,782,946.92
4. Balance at the End of the Period	26,619,980.48	67,945,338.28	41,578.65	18,982,532.25	113,589,429.66
IV. Carrying amount					
1. Carrying amount at the End of the Period	2,289,551,874.62	2,015,278,788.29	32,636,744.23	219,641,585.44	4,557,108,992.58
2. Carrying amount at the Beginning of the Period	2,287,476,785.77	1,867,936,192.80	31,519,112.19	193,353,066.17	4,380,285,156.93

The depreciation during the period was RMB270,738,090.75 (RMB253,732,625.92 during the previous period)

## (2) Temporarily idled fixed assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Plant and building	31,706,009.07	15,853,917.64	5,155,770.80	10,696,320.63	
Machinery and equipment	192,257,657.23	131,025,040.62	43,098,094.64	18,134,521.97	
Electronic devices and others	1,878,354.77	1,381,524.23	157,074.29	339,756.25	
Total	225,842,021.07	148,260,482.49	48,410,939.73	29,170,598.85	

## (3) Fixed assets leased in under financing leases

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount at the End of the Period
Plant and building	1,821,249.04

(4) Fixed assets whose title certificate has not completed

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount	Reason for pending for certificate of ownership
Plant and building	220,297,525.64	Being in progress

Other descriptions

Applicable  N/A

**15. Construction in progress**

Line items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Construction in progress	764,334,539.24	647,937,496.92
Construction supplies	506,235.16	540,545.50
Total	764,840,774.40	648,478,042.42

(1) Descriptions of construction in progress

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Gross amount	Provision for impairment	carrying amount	Gross amount	Provision for impairment	carrying amount
Shenzhen Haibin Pingshang New Factory	204,153,587.00	0.00	204,153,587.00	229,735,516.02	0.00	229,735,516.02
Guangda New Factory Project	87,929,862.91	0.00	87,929,862.91	64,845,632.88	0.00	64,845,632.88
Fuxing Company Phase I & II Projects and others	59,455,887.45	0.00	59,455,887.45	95,851,873.91	0.00	95,851,873.91
Project of Shijiao New Factory	201,555,415.17	0.00	201,555,415.17	154,752,745.97	0.00	154,752,745.97
Transformation Project of Pharmaceutical Factory Workshop	26,506,202.62	0.00	26,506,202.62	16,500,619.41	0.00	16,500,619.41
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	9,004,024.25	0.00	9,004,024.25	7,805,534.78	0.00	7,805,534.78
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	68,839,698.64	0.00	68,839,698.64	1,559,405.27	0.00	1,559,405.27
Project of lyophilized powder injection workshop	31,220,016.77	0.00	31,220,016.77	8,495,072.05	0.00	8,495,072.05
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	2,962,844.93	0.00	2,962,844.93	307,744.41	0.00	307,744.41
Others	72,876,339.96	169,340.46	72,706,999.50	68,252,692.68	169,340.46	68,083,352.22
Total	764,503,879.70	169,340.46	764,334,539.24	648,106,837.38	169,340.46	647,937,496.92

## (1) Changes in significant construction in progress during the period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name of Project	Balance at the Beginning of the Year	Additions for the Period	Transferred to fixed asset	Other deduction	Accumulated amount of the interest capitalised	Of which: Interest capitalised for the Period	Interest capitalised rate for the Period (%)	Balance at the End of the Period	Budgeted amount	Percentage of accumulated cost incurred over budgeted amount (%)	Construction progress	Sources of funds
Shenzhen Haibin Pingshang New Factory	229,735,516.02	31,854,407.01	51,023,769.87	6,412,566.16	0.00	0.00	0.00	204,153,587.00	1,037,000,000.00	53.16	Completion of some projects	Self-funding and funds raised
Guangda New Factory Project	64,845,632.88	23,084,230.03	0.00	0.00	0.00	0.00	0.00	87,929,862.91	646,000,000.00	13.61	Under construction	Self-funding
Fuxing Company Phase I & II Projects and others	95,851,873.91	24,869,233.35	61,265,219.81	0.00	0.00	0.00	0.00	59,455,887.45	378,090,800.00	54.14	Completion of some projects	Self-funding
Project of Shijiao New Factory	154,752,745.97	46,802,669.20	0.00	0.00	0.00	0.00	0.00	201,555,415.17	377,005,000.00	54.83	Completion of some projects	Self-funding and funds raised
Transformation Project of Pharmaceutical Factory Workshop	16,500,619.41	20,125,321.77	10,119,738.56	0.00	0.00	0.00	0.00	26,506,202.62	259,737,830.00	35.49	Completion of some projects	Self-funding
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	7,805,534.78	2,749,586.32	1,551,096.85	0.00	0.00	0.00	0.00	9,004,024.25	262,445,000.00	50.98	Completion of some projects	Self-funding and funds raised
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	1,559,405.27	67,280,293.37	0.00	0.00	0.00	0.00	0.00	68,839,698.64	114,000,000.00	60.39	Under construction	Self-funding
Project of lyophilized powder injection workshop	8,495,072.05	22,724,944.72	0.00	0.00	0.00	0.00	0.00	31,220,016.77	143,500,000.00	21.76	Under construction	Self-funding and funds raised
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	307,744.41	113,256,299.33	110,601,198.81	0.00	0.00	0.00	0.00	2,962,844.93	296,580,000.00	38.29	Under construction	Self-funding
Others	68,252,692.68	39,712,172.83	29,573,424.89	5,515,100.66	0.00	0.00	0.00	72,876,339.96				Self-funding
Total	648,106,837.38	392,459,157.93	264,134,448.79	11,927,666.82	0.00	0.00	0.00	764,503,879.70	3,514,358,630.00			

Other deduction mainly refers to transfer of long-term deferred expenses.

## 16. Right-of-use assets

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Plant and building	Total
I. Original book value:		
1. Balance at the Beginning of the Period	30,316,151.38	30,316,151.38
2. Addition during the Period	4,489,445.11	4,489,445.11
(1) Leasing	4,489,445.11	4,489,445.11
3. Decrease during the Period	0.00	0.00
4. Balance at the End of the Period	34,805,596.49	34,805,596.49
II. Accumulated depreciation		
1. Balance at the Beginning of the Period	12,286,018.69	12,286,018.69
2. Addition during the Period	6,973,283.91	6,973,283.91
(1) Provision	6,973,283.91	6,973,283.91
3. Decrease during the Period	0.00	0.00
4. Balance at the End of the Period	19,259,302.60	19,259,302.60
III. Provision for impairment		
1. Balance at the Beginning of the Period	0.00	0.00
2. Addition during the Period	0.00	0.00
3. Decrease during the Period	0.00	0.00
4. Balance at the End of the Period	0.00	0.00
IV. Carrying amount		
1. Carrying amount at the End of the Period	15,546,293.89	15,546,293.89
2. Carrying amount at the Beginning of the Period	18,030,132.69	18,030,132.69

Other descriptions:

As of 30 June 2021, the Company recognised lease expenses related to short-term leases and the leases of low value assets of RMB5.9050 million.

**17. Intangible assets****(1). Descriptions of intangible assets**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Land use right	Patent and technical know-how	Software	Trademark rights	Others	Total
<b>I. Original book value</b>						
1. Balance at the Beginning of the Period	423,486,347.87	487,561,318.73	71,984,555.87	62,765,000.00	10,985,294.53	1,056,782,517.00
2. Additions for the Period	0.00	54,192,604.06	3,840,321.64	0.00	0.00	58,032,925.70
(1) Acquisition	0.00	2,354,029.70	3,840,321.64	0.00	0.00	6,194,351.34
(2) Internal R&D	0.00	51,838,574.36	0.00	0.00	0.00	51,838,574.36
3. Decrease for the Period	9,723,610.00	6,666,667.00	70,796.46	0.00	0.00	16,461,073.46
4. Balance at the End of the Period	413,762,737.87	535,087,255.79	75,754,081.05	62,765,000.00	10,985,294.53	1,098,354,369.24
<b>II. Accumulated amortisation</b>						
1. Balance at the Beginning of the Period	118,722,931.47	339,090,486.99	51,098,224.34	62,765,000.00	4,506,003.80	576,182,646.60
2. Additions for the Period	4,355,298.34	18,624,622.75	2,977,006.56	0.00	761,378.28	26,718,305.93
(1) Provision	4,355,298.34	18,624,622.75	2,977,006.56	0.00	761,378.28	26,718,305.93
3. Decrease for the Period	4,285,813.60	500,000.04	21,238.94	0.00	0.00	4,807,052.58
4. Balance at the End of the Period	118,792,416.21	357,215,109.70	54,053,991.96	62,765,000.00	5,267,382.08	598,093,899.95
<b>III. Provision for impairment</b>						
1. Balance at the Beginning of the Period	981,826.94	11,530,127.41	0.00	0.00	0.00	12,511,954.35
2. Additions for the Period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease for the Period	0.00	0.00	0.00	0.00	0.00	0.00
4. Balance at the End of the Period	981,826.94	11,530,127.41	0.00	0.00	0.00	12,511,954.35
<b>IV. Carrying amount</b>						
1. Carrying amount at the End of the Period	293,988,494.72	166,342,018.68	21,700,089.09	0.00	5,717,912.45	487,748,514.94
2. Carrying amount at the Beginning of the Period	303,781,589.46	136,940,704.33	20,886,331.53	0.00	6,479,290.73	468,087,916.05

The amortisation for the period was RMB 26,718,305.93 (RMB 14,424,153.41 for the previous period).

The proportion of intangible assets created due to the internal R&D in the balance of intangible assets at the End of the Period is 29.24%

**(2). Intangible assets pending for certificates of ownership**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Carrying amount	Reason for pending for certificate of ownership
Land use rights	4,227,092.83	Being in progress

Other descriptions

√ Applicable □ N/A

The land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC laws in China, and the term of grant will be 50 years commencing from the date of obtaining the land use rights.



## 18. Development Expenditure

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Internal development expenditure	Other increases	Recognised as intangible assets	Recognised in profit and loss for current period	
Chemical drug preparation	138,564,375.18	87,105,707.62	11,414,501.09	13,032,867.30	67,705,996.27	156,345,720.32
Biologics	213,261,084.53	0.00	29,399,825.85	38,805,707.06	0.00	203,855,203.32
APIs and others	47,294,144.07	19,024,232.61	0.00	0.00	4,988,760.74	61,329,615.94
<b>Total</b>	<b>399,119,603.78</b>	<b>106,129,940.23</b>	<b>40,814,326.94</b>	<b>51,838,574.36</b>	<b>72,694,757.01</b>	<b>421,530,539.58</b>

Other descriptions:

Item	Time for commencement of capitalisation	Specific basis of capitalisation	Progress of research and development as at the End of the Period
Chemical drug preparation	Clinical trial	Obtain approval for clinical trial	Clinical stage
Biologics	Clinical trial	Obtain approval for clinical trial	Clinical stage
APIs and others	Pilot stage	Pilot related information	Post-pilot stage

## 19. Goodwill

(1). Original book value of goodwill

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Name of investee or matter from which goodwill arose	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Arose from business combination	Others	Disposal	Others	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.	2,045,990.12	0.00	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25
Livzon Group Livzon Pharmaceutical Factory	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66
Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd.	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd.	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd.	92,035.87	0.00	0.00	0.00	0.00	92,035.87
<b>Total</b>	<b>640,550,053.67</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>640,550,053.67</b>

## (2). Provision for impairment of goodwill

√ Applicable  N/A

Unit: Yuan Currency: RMB

Name of investee or the matter of goodwill arisen	Balance at the Beginning of the Period	Increase for the Period Provision	Others	Decrease for the Period Disposal	Others	Balance at the End of the Period
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Joicare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Total	26,081,354.94	0.00	0.00	0.00	0.00	26,081,354.94

## (3). Relevant information regarding the asset portfolio and set of asset portfolios to which the goodwill belongs

√ Applicable  N/A

Goodwill of the Company arose from its business combination involving enterprises not under common control in previous years.

## (4). Descriptions of the process of goodwill impairment testing, key parameters (such as the growth rate of the forecast period, the growth rate of the stable period, the profit rate, the discount rate and the forecast period, etc. when the present value of future cash flows are expected, if applicable) and the recognition method of the impairment losses on goodwill

√ Applicable  N/A

On the balance sheet date, the Company conducted impairment test on goodwill and adopted the asset groups related to goodwill to estimate the present value of the future cash flow when estimating the recoverable amount of the investment cost.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group, key assumptions are a gross margin of 62.47%~62.55% and a business revenue growth rate of 0~10.85% as well as a cash flow discount rate of 14.08%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shenzhen Haibin Pharmaceutical Co., Ltd., key assumptions are a gross margin of 66.52%-69.40% and a business revenue growth rate of 0~10.85% as well as a cash flow discount rate of 14.13%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the Reporting Period.

## (5). The impact of goodwill impairment test

 Applicable  N/A

Other descriptions:

 Applicable  N/A

## 20. Long-term deferred expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Amortisation for the Period	Other decrease	Balance at the End of the Period
Renovation costs of offices	23,058,574.53	1,789,091.35	1,191,880.44	696.58	23,655,088.86
Renovation costs of plants	82,549,157.36	5,756,161.20	5,935,507.56	0.00	82,369,811.00
Plants reconstruction project	38,063,547.08	10,728,821.59	5,849,803.71	0.00	42,942,564.96
Certification costs of GMP project	432,295.36	0.00	60,320.28	0.00	371,975.08
Others	25,946,027.65	15,377,601.43	8,676,159.85	0.00	32,647,469.23
Total	170,049,601.98	33,651,675.57	21,713,671.84	696.58	181,986,909.13

## 21. Deferred income tax assets/ deferred income tax liabilities

(1). Deferred income tax assets without offsetting

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	326,259,145.56	56,016,844.67	348,200,387.60	59,268,643.32
Accrued expenses	887,638,522.48	152,746,927.85	889,520,767.20	148,230,373.91
Deductible losses	58,721,109.38	13,371,060.50	183,558,004.28	33,002,594.88
Deferred income	400,453,231.97	63,736,584.79	395,262,933.81	63,372,920.07
Unrealised gains from intra-company transactions	635,794,496.11	95,580,596.75	617,172,492.65	101,762,569.57
Changes in fair value of other equity instruments	118,885,323.02	29,721,330.76	116,897,135.04	29,224,283.76
Share incentive costs	62,318,267.43	9,695,365.81	55,129,055.25	8,614,498.87
Changes in fair value of financial assets held for trading	590,584.82	92,059.97	5,004.11	1,229.82
Other deductible temporary difference	169,158,973.41	28,477,670.18	148,783,538.98	25,421,355.03
Total	2,659,819,654.18	449,438,441.28	2,754,529,318.92	468,898,469.23

(2). Deferred income tax liabilities without offsetting

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of financial assets held for trading	17,689,686.66	2,880,440.01	18,644,355.09	3,365,228.40
Accelerated depreciation of fixed assets	602,549,563.46	90,938,715.69	564,348,918.93	85,208,619.02
Changes in fair value of other equity instruments	332,982,405.84	62,857,308.90	497,704,254.93	92,895,008.26
Unrealised gains from intra-company transactions	105,940,000.00	20,791,000.00	105,940,000.00	20,791,000.00
Total	1,059,161,655.96	177,467,464.60	1,186,637,528.95	202,259,855.68

(3). Deferred income tax assets or liabilities listed as net amount after offset

Applicable  N/A

## (4). Details of unrecognised deferred tax assets

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Deductible temporary difference	321,087,280.75	316,754,374.35
Deductible losses	1,301,620,194.83	1,116,620,167.81
Total	1,622,707,475.58	1,433,374,542.16

## (5). Deductible loss of deferred income tax assets not recognised will be due in the following years

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Year	Balance at the End of the Period	Balance at the Beginning of the Period	Note
2021	106,488,275.41	108,384,223.02	
2022	140,099,365.81	141,475,583.52	
2023	196,709,050.80	197,436,530.74	
2024	385,135,868.11	385,190,825.59	
2025	254,428,962.67	277,697,732.91	
2026	213,126,260.37	0.00	
Indefinite	5,632,411.66	6,435,272.03	
Total	1,301,620,194.83	1,116,620,167.81	/

Other descriptions:

 Applicable  N/A**22. Other non-current assets**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Remaining VAT credit	48,613,133.35	0.00	48,613,133.35	33,826,183.51	0.00	33,826,183.51
Prepayment for acquisition of project and equipment	380,729,188.61	0.00	380,729,188.61	300,277,977.91	0.00	300,277,977.91
Prepayment for acquisition of technical know-how	47,353,109.07	0.00	47,353,109.07	39,453,749.30	0.00	39,453,749.30
Total	476,695,431.03	0.00	476,695,431.03	373,557,910.72	0.00	373,557,910.72

**23. Short-term loans**

## (1) Classification of short-term loans

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Loans on credit	1,390,704,871.11	1,850,000,000.00
Loans on guarantee	371,215,105.43	260,942,804.06
Total	1,761,919,976.54	2,110,942,804.06

(2) Outstanding and overdue short-term loans

Applicable  N/A

Other descriptions:

Applicable  N/A

**24. Financial liabilities held for trading**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Financial liabilities held for trading	212.07	555,857.77	0.00	556,069.84
Of which:				
Derivative financial liabilities	212.07	555,857.77	0.00	556,069.84
Total	212.07	555,857.77	0.00	556,069.84

Other descriptions:

Derivative financial liabilities represent foreign currency forward contracts, loss from unexpired contracts measured at fair value was recognised as financial liabilities held for trading at balance sheet date.

**25. Bills payables**

Applicable  N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,492,064,332.85	1,087,759,353.31
Total	1,492,064,332.85	1,087,759,353.31

The total of bills payable due but not yet paid during the period is RMB 0.00.

**26. Accounts payables**

(1). Presentations of accounts payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	786,673,041.94	770,352,354.22
Over 1 year	62,838,547.08	62,279,852.31
Total	849,511,589.02	832,632,206.53

(2). Significant accounts payable aged more than one year

Applicable  N/A

Other descriptions:

Applicable  N/A

**27. Contract liabilities**

## (1). Descriptions of contract liabilities

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	75,052,137.96	125,816,111.93
Over 1 year	28,235,104.69	7,606,242.10
Total	103,287,242.65	133,422,354.03

## (2). Significant changes in the carrying amount during the reporting period and reasons therefor

 Applicable ✓ N/A

Other descriptions:

✓ Applicable  N/A

As at the End of the Period, there was no significant contract liabilities aged over 1 year; the amount of income recognised during the Period which was included in the carrying amount of the contract liabilities at the Beginning of the Period was RMB 82,991,828.73.

**28. Employee benefits payables**

## (1). Descriptions of employee benefits payables

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I. Short-term salary	474,099,711.48	825,783,860.97	1,069,474,099.85	230,409,472.60
II. Post-resignation benefits-defined contribution plans	981,049.03	57,990,499.69	58,648,731.01	322,817.71
III. Dismissal benefits	1,441,038.00	343,144.63	487,961.63	1,296,221.00
Total	476,521,798.51	884,117,505.29	1,128,610,792.49	232,028,511.31

## (2). Descriptions of Short-term remuneration

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I. Salaries, bonuses, allowances and subsidies	317,711,687.49	727,973,036.73	869,969,786.64	175,714,937.58
II. Employee welfare	5,159,583.88	28,721,790.57	28,751,214.21	5,130,160.24
III. Social insurance	648,169.59	26,545,226.65	26,658,494.08	534,902.16
Of which: Medical insurances	479,191.24	23,616,007.39	23,656,541.10	438,657.53
Work-related injury insurances	120,278.27	1,224,190.00	1,286,160.08	58,308.19
Maternity insurances	48,700.08	1,705,029.26	1,715,792.90	37,936.44
IV. Housing provident fund	1,812,818.16	23,931,717.93	24,536,811.16	1,207,724.93
V. Labour union fees and employee education fees	268,119.84	2,367,496.13	2,096,703.76	538,912.21
VI. Special funds of the share ownership scheme	148,499,332.52	16,244,592.96	117,461,090.00	47,282,835.48
Total	474,099,711.48	825,783,860.97	1,069,474,099.85	230,409,472.60

(3) Defined contribution plan

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Post-resignation benefits				
Of which: 1. Basic pension insurance	891,463.38	56,168,276.50	56,763,969.15	295,770.73
2. Unemployment insurance	89,585.65	1,822,223.19	1,884,761.86	27,046.98
Total	981,049.03	57,990,499.69	58,648,731.01	322,817.71

Other descriptions:

Applicable  N/A

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company makes contributions to these plans in accordance with relevant requirements of the local government. Save for the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

**29. Taxes payables**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Value added tax	85,484,417.95	73,761,952.33
Urban maintenance and construction tax	8,057,879.37	8,540,571.43
Enterprise income tax	145,765,077.99	197,934,880.78
Property tax	9,208,984.75	3,335,394.01
Land use tax	2,793,149.99	1,861,774.91
Individual income tax	13,006,451.03	5,176,424.28
Stamp duty	511,310.80	573,412.18
Education surcharges	5,733,934.17	5,877,893.41
Others	1,675,114.57	1,279,879.11
Total	272,236,320.62	298,342,182.44

**30. Other payables**

Item Listing

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends payable	6,997,318.79	8,418,590.50
Other payables	3,102,069,597.24	2,839,269,475.09
Total	3,109,066,916.03	2,847,688,065.59

## Dividends payable

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends on ordinary shares	65,508.79	20,174.46
Dividends payable--Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Dividends payable--Other legal persons and individual shares of subsidiaries	3,311,300.00	3,311,300.00
Dividends payable--Staff shares of subsidiaries	2,419,800.00	2,419,800.00
Dividends payable--Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	0.00	1,466,606.04
Total	6,997,318.79	8,418,590.50

## Other payables

(1) Other payables by nature

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Office expenses	60,338,410.75	54,902,934.12
Deposits under guarantees	86,172,313.73	84,683,431.06
Business promotion expenses	1,358,132,384.91	1,188,695,632.04
Technology transfer funds	13,446,534.45	10,072,731.53
Accrued expenses	1,528,717,647.21	1,432,467,048.13
Others	55,262,306.19	68,447,698.21
Total	3,102,069,597.24	2,839,269,475.09

The obligations of repurchasing restricted shares of the directors, the senior management and their spouses amounted RMB0.00 at the End of the Period.

## Other descriptions:

√ Applicable  N/A

Of which, the breakdown of accrued expenses was as follows:

Item	30 June 2021	31 December 2020	Reason for outstanding at the End of the Period
Utilities expenses	24,268,503.00	28,252,339.28	Not yet paid
Research expenses	30,383,351.14	31,246,236.75	Not yet paid
Business development and promotion expenses	1,357,871,549.47	1,282,377,335.13	Not yet paid
Audit and information disclosure expenses	4,690,386.16	3,876,590.50	Not yet paid
Others	111,503,857.44	86,714,546.47	Not yet paid
Total	1,528,717,647.21	1,432,467,048.13	



### 31. Non-current liabilities due within one year

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease liabilities due within one year	9,015,086.52	8,539,077.05
Total	9,015,086.52	8,539,077.05

### 32. Other current liabilities

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Tax for items pending for settlement	4,754,676.57	6,267,034.79
Total	4,754,676.57	6,267,034.79

### 33. Long-term loans

(1) Classification of long-term loans

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Loans on credit	638,453,815.00	360,324,027.48
Long-term loans due within 1 year	0.00	0.00
Total	638,453,815.00	360,324,027.48

Other descriptions, including interest rate range:

✓ Applicable  N/A

Interest rate range: 3.55%-3.70%

### 34. Lease liabilities

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Amount payable under lease	15,958,036.00	18,356,857.09
Lease liabilities due within one year	-9,015,086.53	-8,539,077.05
Total	6,942,949.47	9,817,780.04

Other descriptions:

During January to June 2021, the amount of interest expenses of lease liabilities was RMB0.5584 million, which was recorded in finance expenses – interest expenses.

## 35. Deferred income

Deferred income

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period	Reason
Government grants	467,562,770.49	39,283,500.00	38,729,280.01	468,116,990.48	/
Total	467,562,770.49	39,283,500.00	38,729,280.01	468,116,990.48	/

Projects involving government grants:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Liabilities	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to Non-operating income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related income
Study on the technology of antifungal drug caspofungin (抗真菌药卡泊芬净工艺研究)	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Related to assets
Laboratory project of respiratory system inhalation preparation engineering laboratory project (呼吸系统吸入制剂工程实验室项目)	5,000,000.00	0.00	538,700.00	151,700.00	4,309,600.00	Related to assets
Construction of a recycling production base for carbapenem products(碳青霉烯类系列产品循环化生产基地建设)	3,625,000.00	0.00	0.00	0.00	3,625,000.00	Related to assets
Research and development and industrialization of non-steroidal anti-inflammatory drug Celecoxib capsules (非甾体抗炎药物塞来昔布胶囊研发及产业化)	5,000,000.00	0.00	0.00	0.00	5,000,000.00	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动泡罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	2,420,000.00	0.00	0.00	0.00	2,420,000.00	Related to assets
Change in National Science and Technology Major Project* Research funding for lipid injection * Baiyunshan Hanfang transfer (国家重大专项项目变更*注射脂质研究经费*白云山汉方转入)	150,000.00	0.00	0.00	0.00	150,000.00	Related to assets
Research on common key technologies for the large-scale development of new inhalation preparations (新型吸入制剂规模化发展共性关键技术研究)	365,700.00	0.00	0.00	0.00	365,700.00	Related to assets
Large-scale development subsidy for new inhalation preparations(新型吸入制剂规模化发展补助)	2,262,600.00	0.00	0.00	0.00	2,262,600.00	Related to assets
Meropenem special fund subsidy(美罗培南专项资金补助)	10,000,000.00	0.00	0.00	10,000,000.00	0.00	Related to assets
Project Subsidy of meropenem internationalization (美罗培南国际化项目补助)	3,300,000.00	0.00	0.00	3,300,000.00	0.00	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	23,840,000.00	0.00	0.00	0.00	23,840,000.00	Related to assets
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	54,154,400.00	13,094,000.00	0.00	0.00	67,248,400.00	Related to assets
Zhimu total sapogenin project(知母总皂甙元项目)	8,900,000.00	0.00	0.00	0.00	8,900,000.00	Related to assets
Receive financial appropriations for small molecule peptide projects(收财政拨款用于小分子肽项目)	399,999.84	0.00	40,000.02	0.00	359,999.82	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素吸入混悬液项目)	0.00	3,600,000.00	0.00	0.00	3,600,000.00	Related to assets

Liabilities	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to Non-operating income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Leulu total sterone project(漏芦总甾酮项目)	2,500,000.00	0.00	0.00	0.00	2,500,000.00	Related to assets
R&D of active substances with bone and joint repair and health care functions(具有骨关节修复与保健功能的活性物质研发)	1,077,356.16	0.00	59,853.12	0.00	1,017,503.04	Related to assets
Key technology research and development of budesonide nebulized inhalation solution(布地奈德雾化吸入溶液关键技术研发)	4,500,000.00	0.00	0.00	0.00	4,500,000.00	Related to assets
Return of land holding tax(土地使用税返还)	3,674,691.16	0.00	53,514.87	0.00	3,621,176.29	Related to assets
Special Fund for environmental protection of wastewater membrane concentration system(废水膜浓缩系统环保专项资金)	9,708.66	0.00	9,708.66	0.00	0.00	Related to assets
Subsidies for The development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	41,960,547.60	0.00	609,596.40	0.00	41,350,951.20	Related to assets
Receive innovation voucher(Jingjin Filter Press Equipment)(收创新券(景津压滤设备))	313,332.99	0.00	40,000.07	0.00	273,332.92	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金扶持)	1,917,508.44	0.00	28,198.68	0.00	1,889,309.76	Related to assets
Hepatitis B vaccine methanol yeast expression system (乙肝疫苗甲醇酵母表达系统)	500,000.00	0.00	0.00	0.00	500,000.00	Related to assets
New recombinant protein vaccine technology platform and Industrialization of Cervical Cancer Vaccine (新型重组蛋白疫苗技术平台及宫颈癌疫苗产业化)	9,000,002.00	0.00	0.00	0.00	9,000,002.00	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations(开发区财政局拨款创业领军人才项目:药品吸入制剂共性共建技术的研究)	1,900,000.00	900,000.00	0.00	0.00	2,800,000.00	Related to assets
Research and development of respiratory system drug and clinical research technology service platform project talent funding (呼吸系统药物研发和临床研究技术服务平台项目人才经费)	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Related to assets
Science and technology help the economy key special projects (科技助力经济重点专项)	500,000.00	0.00	0.00	0.00	500,000.00	Related to assets
City Service Development Special(市服务发展专项)	800,000.00	0.00	0.00	0.00	800,000.00	Related to assets
Patent funding(专利资助)	0.00	200,000.00	0.00	0.00	200,000.00	Related to income
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3鱼油中/长链脂肪乳注射液研究开发补助)	350,000.00	0.00	0.00	0.00	350,000.00	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	20,988,166.29	0.00	2,455,000.02	0.00	18,533,166.27	Related to assets
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source(I类治疗用人源化抗人肿瘤坏死因子α单克隆抗体新药研制资金)	8,000,000.00	0.00	0.00	0.00	8,000,000.00	Related to income
Strategic emerging industries in 2014 (sustained release microspheres)(2014年战略性新兴产业(缓释微球))	16,700,000.00	0.00	0.00	0.00	16,700,000.00	Related to assets
Fund for industrialization of prolonged-action microsphere preparation(长效微球制剂的产业化款项)	13,300,000.00	0.00	0.00	0.00	13,300,000.00	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I)(长效微球制剂产业化建设项目(一期工程))	7,024,025.85	8,329,800.00	431,665.47	0.00	14,922,160.38	Related to assets

Liabilities	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to Non-operating income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Pilot-scale enlargement and industrialization of prolonged-action injection microsphere products (长效注射微球产品的中试放大和产业化)	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Related to assets
Project subsidy from the Ministry of Industry and Information Technology(工业和信息化部项目补助款)	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Related to assets
Project subsidy from the Ministry of Industry and Information Technology(工业和信息化部项目补助款)	1,597,750.00	0.00	115,500.00	0.00	1,482,250.00	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	1,200,000.10	0.00	80,000.00	0.00	1,120,000.10	Related to assets
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection(注射用鼠神经生长因子研发及产业化)	50,606,036.20	0.00	5,280,044.56	0.00	45,325,991.64	Related to assets
Demonstration project on the application of solar photovoltaic architecture(太阳能光电建筑应用示范项目)	3,557,499.51	0.00	551,000.02	0.00	3,006,499.49	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金PVC软袋)	3,111,850.32	0.00	204,182.88	0.00	2,907,667.44	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液技改项目)	19,500,000.02	0.00	1,911,764.70	0.00	17,588,235.32	Related to assets
Provision for technology transformation funds and subsequent grants(技术改造资金拨款及事后补奖)	6,589,119.08	0.00	564,781.68	0.00	6,024,337.40	Related to assets
Provision for technology transformation funds and subsequent grants(技术改造资金拨款及事后补奖)	10,648,600.33	0.00	1,644,464.76	0.00	9,004,135.57	Related to assets
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects (节能减排项目配电变压器能效提升)	428,000.00	0.00	24,000.00	0.00	404,000.00	Related to assets
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	1,000,000.00	0.00	444,166.64	0.00	555,833.36	Related to assets
Innovation capacity building of technology center (antibody laboratory)(技术中心创新能力建设(抗体药物实验室))	5,248,234.16	0.00	222,877.68	0.00	5,025,356.48	Related to assets
Innovation capacity building of technology center (antibody laboratory)(技术中心创新能力建设(抗体药物实验室))	241,769.82	0.00	37,665.18	0.00	204,104.64	Related to income
Achievement transfer of blood screening (BCI) nucleic acid detection testing(血液筛查(BCI)核酸检测试剂成果转化)	6,000,000.00	0.00	6,000,000.00	0.00	0.00	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for $\alpha$ -glucosidase inhibitor)( $\alpha$ -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	571,428.64	0.00	53,571.42	0.00	517,857.22	Related to assets
R&D and industrialization of Statins (降血脂他汀类药物的研发与产业化)	60,000.36	0.00	14,999.94	0.00	45,000.42	Related to assets
Scientific technology award and subsidy for technological innovative project(科学技术奖及科技创新项目资助)	139,491.80	0.00	55,462.80	0.00	84,029.00	Related to assets
Scientific technology award and subsidy for technological innovative project(科学技术奖及科技创新项目资助)	3,400,000.00	0.00	600,000.00	0.00	2,800,000.00	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds (珠海市工业企业"上云上平台"服务券支持资金)	114,972.73	0.00	12,770.44	0.00	102,202.29	Related to income
Commissioner workstation(特派员工作站)	145,000.00	0.00	30,000.00	0.00	115,000.00	Related to assets

Liabilities	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to Non-operating income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Industrial revitalisation supporting funds (产业振兴扶持资金)	3,603,500.01	0.00	579,000.00	0.00	3,024,500.01	Related to assets
Phase IV clinical study of innovative drug Ilaprazole (创新药物艾普拉唑IV期临床研究)	8,210,800.00	0.00	0.00	0.00	8,210,800.00	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	508,333.67	0.00	99,999.96	0.00	408,333.71	Related to assets
New industrialization development grant (新型工业化发展奖金)	1,304,166.42	609,700.00	175,000.02	0.00	1,738,866.40	Related to assets
Policy fund for leading industrial enterprises loan Interests (工业龙头企业贷款贴息政策资金)	566,666.61	0.00	100,000.02	0.00	466,666.59	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry(新型研发机构补助)	400,000.16	0.00	49,999.98	0.00	350,000.18	Related to assets
Subsidy for new R&D institution	2,000,000.00	1,800,000.00	0.00	0.00	3,800,000.00	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project (paclitaxel micellar for injection)(珠海市创新创业团队和高层次人才创业项目(注射液紫杉醇胶束))	2,700,000.00	6,300,000.00	0.00	0.00	9,000,000.00	Related to assets
Capital project for innovation and entrepreneurship team funding program(创新创业团队资助计划资金项目)	8,500,000.00	0.00	0.00	0.00	8,500,000.00	Related to assets
Fund for R&D and industrialization of innovative Ilaprazole series(艾普拉唑系列创新药物研发及产业化项目资金)	5,600,000.00	0.00	0.00	0.00	5,600,000.00	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	3,000,000.00	0.00	0.00	0.00	3,000,000.00	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch) (珠海市产业核心和关键技术攻关方向项目资金(第二批))	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Related to assets
Innovative drug of Ilaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	1,533,100.00	0.00	0.00	0.00	1,533,100.00	Related to assets
Internet benchmarking project for advanced drug Manufacturing (先进药品制造互联网标杆项目)	765,000.00	0.00	45,000.00	0.00	720,000.00	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	190,000.04	0.00	5,000.00	0.00	185,000.04	Related to assets
Green factory(绿色工厂)	1,261,666.67	0.00	65,000.00	0.00	1,196,666.67	Related to assets
HCG project construction(HCG项目建设)	3,783,485.81	0.00	197,825.00	0.00	3,585,660.81	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	72,269.96	0.00	4,015.00	0.00	68,254.96	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛促性素研发及产业化)	1,287,500.00	0.00	75,000.00	0.00	1,212,500.00	Related to assets
Subsidies for online monitoring equipment and installations of coalfired boilers(燃煤锅炉在线监控设备装置补助资金)	105,000.00	0.00	11,250.00	0.00	93,750.00	Related to assets

Liabilities	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to Non-operating income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化资金)	1,550,000.00	0.00	0.00	0.00	1,550,000.00	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019年度第一批科技创新专项资金立项配套资助)	850,000.00	0.00	250,000.00	0.00	600,000.00	Related to assets
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019年省产业创新(省级企业技术中心)项目)	1,403,733.33	0.00	0.00	0.00	1,403,733.33	Related to assets
Guangdong Province Science and Technology Department special emergency fund for scientific and technological research on prevention and control of COVID-19(广东省科学技术厅汇防控新型冠状病毒感染科技攻关应急专项款)	350,000.00	0.00	0.00	0.00	350,000.00	Related to assets
Zhuhai Financial Bureau cum COVID-19 emergency technology special emergency fund (珠海市财政局汇新冠应急科技攻关专项款)	250,000.00	0.00	0.00	0.00	250,000.00	Related to assets
China Postdoctoral Science Foundation subsidy funds (中国博士后科学基金会资助经费)	160,000.00	0.00	0.00	0.00	160,000.00	Related to income
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	4,601,200.00	0.00	1,497,000.00	0.00	3,104,200.00	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds (special funds for prevention and control of pandemic) (香洲区购置设备补贴扶持资金(疫情防控专项资金))	13,555.75	0.00	0.00	0.00	13,555.75	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	12,000,000.00	0.00	0.00	0.00	12,000,000.00	Related to assets
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	20,000,000.00	0.00	0.00	0.00	20,000,000.00	Related to assets
Study on intestinal absorption of Ilaprazole and biodistribution (艾普拉唑体内肠吸收和生物分布研究)	0.00	800,000.00	0.00	0.00	800,000.00	Related to income
Data-driven industrial chain collaboration platform demonstration project(数据驱动的产业链协同平台示范项目)	0.00	3,650,000.00	0.00	0.00	3,650,000.00	Related to assets
Environmental protection bureau RTO project special funds (环保局RTO项目资金)	200,000.00	0.00	10,000.02	0.00	189,999.98	Related to assets
Total	467,562,770.49	39,283,500.00	25,277,580.01	13,451,700.00	468,116,990.48	

### 36. Other non-current liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	78,000,000.00	78,000,000.00
Total	78,000,000.00	78,000,000.00

### 37. Share capital

✓ Applicable  N/A

Unit: Yuan Currency: RMB

	Balance at the Beginning of the Period	Changes for the Period (+ -)			Sub-total	Balance at the End of the Period
		Issuance of new shares	Reserve fund capitalised	Others		
I. Tradable shares subject to selling restrictions						
1. Domestic legal person shares	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0
II. Tradable shares						
1. Ordinary shares denominated in RMB	1,952,780,764	5,812,453	0	0	5,812,453	1,958,593,217
2. Domestically listed foreign shares	0	0	0	0	0	0
Tradable shares in aggregate	1,952,780,764	5,812,453	0	0	5,812,453	1,958,593,217
Total number of shares	1,952,780,764	5,812,453	0	0	5,812,453	1,958,593,217

Other descriptions:

The increase in share capital in the current period is due to the exercise of stock options

### 38. Capital reserve

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Capital premium (Share premium)	2,531,019,936.35	104,734,986.31	71,706,339.93	2,564,048,582.73
Other capital reserve	2,268,737.93	58,220,810.33	416,819.97	60,072,728.29
Total	2,533,288,674.28	162,955,796.64	72,123,159.90	2,624,121,311.02

Other descriptions, including changes for the current period and reasons therefor:

The increase in the share premium for the period represented: 1. An increase in share premium of RMB 40,944,662.85 as a result of the effective exercise of 5,812,453 share options during the Period; 2. An increase in share premium of RMB55,805,982.88 as a result of the effective exercise of Livzon Group in accordance with the Company's shareholding ratio; 3. Upon the exercise of share options of the Company and subsidiary Livzon Group, pursuant to the taxation rules, the difference between deductible expenses before taxation and the amount of provision reduced income tax payable by RMB7,814,226.56, the share premium was increased accordingly; 4. the increase in share premium by disproportionate capital decrease to a subsidiary due to the difference of RMB170,114.02 between the capital contribution and the corresponding share of net assets of the subsidiary.

The decrease in the share premium for the Period represented the decrease in share premium caused by cancellation of 71,706,339.93 repurchased shares of Livzon Group.

Other capital reserve increase for the Period includes: 1. Withdrawal of share incentive expenses of RMB5,667,743.67 of the Company and subsidiary Livzon Group; 2. Capital reserve increase of RMB1,768,427.84 due to changes in shareholding percentage of the Company as well as other changes in equity caused by disproportionate capital increase under the equity method of subsidiary Livzon Group; 3. Capital reserve increase of RMB50,784,638.82 due to changes in shareholding percentage of the Company as well as other changes in equity caused by equity incentive exercise and share repurchase of subsidiary Livzon Group.

Other capital reserve decrease for the Period includes: Capital reserve decrease of RMB 416,819.97 due to changes in shareholding percentage of the Company caused by the reorganization of the equity structure of Livzon Group's holding subsidiary

### 39. Treasury shares

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Repurchase of A Shares due to Share Ownership Scheme and Share Options Incentive Scheme	253,637,154.50	0.00	0.00	253,637,154.50
Repurchase of shares to be cancelled	0.00	229,511,622.91	0.00	229,511,622.91
Total	253,637,154.50	229,511,622.91	0.00	483,148,777.41

Other descriptions, including changes for the current period and reasons therefor:

The increase of treasury shares during the period represented: The company repurchased 16,199,998 shares totally through centralized bidding transactions with RMB229,511,622.91 (Including transaction expense), and the repurchase of shares aimed to be used to reduce the company's registered capital.

### 40. Other comprehensive income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period		For the Period				Balance at the End of the Period
	Amount	Less: amount recognised in other comprehensive income in the Previous Period transferred to profit or loss or retained earnings for the Period	Less: income tax expenses	Attributable to the parent company after tax	Attributable to minority interests after tax		
I. Other comprehensive income not to be re-classified into profit or loss	180,616,463.38	37,787,760.71	171,926,789.47	2,706,556.05	-61,841,866.88	-75,003,717.93	118,774,596.50
Change in fair value of other investments in equity instruments	180,616,463.38	37,787,760.71	171,926,789.47	2,706,556.05	-61,841,866.88	-75,003,717.93	118,774,596.50
II. Other comprehensive income to be reclassified into profit or loss	-64,315,904.10	-24,273,180.95	0.00	0.00	-18,219,204.58	-6,053,976.37	-82,535,108.68
Of which: Other comprehensive income to be reclassified into profit or loss under the equity method	51,589.71	0.00	0.00	0.00	0.00	0.00	51,589.71
Translation differences of financial statements denominated in foreign currency	-64,367,493.82	-24,273,180.95	0.00	0.00	-18,219,204.58	-6,053,976.37	-82,586,698.40
Total of other comprehensive income	116,300,559.28	13,514,579.76	171,926,789.47	2,706,556.05	-80,061,071.46	-81,057,694.30	36,239,487.82



#### 41. Surplus reserve

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Statutory surplus reserve	474,626,867.82	0.00	0.00	474,626,867.82
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve funds	1,103,954.93	0.00	0.00	1,103,954.93
Total	515,941,465.19	0.00	0.00	515,941,465.19

#### 42. Retained earnings

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Retained earnings for the end of Last Period before adjustment	6,231,451,582.26	5,443,313,968.30
Adjustment for total retained earnings as at the beginning of the Period (+ for increase and – for decrease)	0.00	0.00
Retained earnings at the beginning of the Period after adjustment	6,231,451,582.26	5,443,313,968.30
Add: Net earnings attributable to the owners of the parent company for the Period	687,347,494.53	1,120,439,799.25
Gain on disposal of other equity investments	77,041,425.92	38,047,665.80
Less: Appropriation to statutory surplus reserve	0.00	61,926,327.89
Appropriation to discretionary surplus reserve	0.00	0.00
Dividends payable to ordinary shares	288,675,388.05	308,423,523.20
Dividends of ordinary shares capitalised	0.00	0.00
Retained earnings at the end of the Period	6,707,165,114.66	6,231,451,582.26

#### Descriptions of appropriation of profits

Unit: Yuan Currency: RMB

Item	January to June 2021	January to June 2020
Dividends:		
Final dividends in respect of the year 2020 paid during the year (Note 1)	288,675,388.05	
Final dividends in respect of the year 2019 paid during the year (Note 2)		308,423,523.20
Dividends proposed after the balance sheet date:		
Final dividends proposed for the year 2020 (Note 1)	288,675,388.05	
Final dividends proposed for the year 2019 (Note 2)		308,423,523.20

Note 1: According to the 2020 Annual Profit Distribution Plan approved at 2020 Annual General Meeting of Shareholders on 21 May 2021 of the Company, it is expected to distribute cash dividend of RMB0.15 for every share to all Shareholders of the Company. And the total cash distributed is RMB288,675,388.05 based on 1,924,502,587 shares, which calculated by the 1,958,593,217 issued shares registered in the Shanghai Branch of China Securities Depository and Clearing Co., Ltd on 24 June of 2021 after deducting the 34,090,630 shares repurchased in the repurchase account.

Note 2: According to the 2019 Annual Profit Distribution Plan approved at 2019 Annual General Meeting of Shareholders on 29 May 2020 of the Company, it is expected to distribute cash dividend of RMB0.16 for every share to all Shareholders of the Company. And the total cash distributed is RMB 308,423,523.20 based on 1,927,647,020 shares, which calculated by the 1,947,537,633 issued shares registered in the Shanghai Branch of China Securities Depository and Clearing Co., Ltd on 2 July of 2020 after deducting the 19,890,613 shares repurchased in the repurchase account.

#### 43. Operating income and operating cost

## (1) Operating income and operating cost

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Principal activities	7,783,517,167.36	2,702,753,651.01	6,446,765,028.83	2,259,894,172.65
Other activities	51,855,107.30	40,252,083.92	28,937,876.57	17,661,483.57
Total	7,835,372,274.66	2,743,005,734.93	6,475,702,905.40	2,277,555,656.22

Other descriptions:

Breakdown information of principal activities income

## ① Breakdown by product types

Item	January to June 2021		January to June 2020	
	Income	Cost	Income	Cost
Chemical APIs and Intermediates	2,258,879,617.33	1,517,873,006.34	1,944,505,474.06	1,247,747,581.38
Chemical drug preparation products	4,434,234,171.70	840,614,882.95	2,877,556,231.64	604,329,731.47
Traditional Chinese drug preparation products	633,012,054.83	168,867,289.58	661,763,939.48	174,711,733.59
Health care products	62,421,585.01	17,301,631.46	71,956,835.88	23,140,142.05
Diagnostic reagents and equipment	390,683,579.78	156,931,989.53	889,021,644.89	209,072,484.83
Others	0.00	0.00	304,498.92	367,872.33
Industry and Commerce Subtotal	7,779,231,008.65	2,701,588,799.86	6,445,108,624.87	2,259,369,545.65
Service industry	4,286,158.71	1,164,851.15	1,656,403.96	524,627.00
Total	7,783,517,167.36	2,702,753,651.01	6,446,765,028.83	2,259,894,172.65

## ② Breakdown by major operating regions

Item	January to June 2021		January to June 2020	
	Income	Cost	Income	Cost
Domestic	6,520,552,394.49	1,840,235,327.71	4,944,972,684.84	1,447,749,632.26
Overseas	1,262,964,772.87	862,518,323.30	1,501,792,343.99	812,144,540.39
Total	7,783,517,167.36	2,702,753,651.01	6,446,765,028.83	2,259,894,172.65

## ③ Breakdown by time of income recognition

Item	January to June 2021		January to June 2020	
	Income	Cost	Income	Cost
Commodities (recognised at a point of time)	7,783,517,167.36	2,702,753,651.01	6,446,765,028.83	2,259,894,172.65
Total	7,783,517,167.36	2,702,753,651.01	6,446,765,028.83	2,259,894,172.65

## ④ Operating income of top five customers

Period	Total operating income of the top five customers	Proportion of main business income in the same period (%)
January to June 2021	630,159,477.01	8.10
January to June 2020	502,052,025.62	7.79

#### 44. Taxes and surcharges

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban maintenance and construction tax	37,829,206.02	31,685,270.91
Education surcharges	28,856,430.50	24,460,082.16
Land use tax	5,029,764.24	5,049,996.52
Property tax	11,683,354.15	10,311,551.71
Stamp duty and others	6,946,337.65	3,461,599.42
Total	90,345,092.56	74,968,500.72

Other descriptions:

The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

#### 45. Selling expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Marketing and promotional expenses	2,221,503,601.12	1,554,305,361.03
Staff salaries	203,807,784.32	165,804,587.76
Office, entertainment and travelling expenses	27,758,220.54	16,881,140.04
Business meeting expenses	6,762,806.37	1,479,731.41
Others	40,117,344.95	64,776,842.51
Total	2,499,949,757.30	1,803,247,662.75

#### 46. Administrative expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	163,036,323.73	190,839,885.45
Share incentive expenses	13,424,119.37	16,209,269.94
Depreciation and amortisation	55,667,766.18	46,640,826.92
Loss on suspension of operations	31,970,734.79	30,214,503.31
Others	133,822,147.10	118,018,345.35
Total	397,921,091.17	401,922,830.97

#### 47. R&D expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material costs	144,814,730.87	84,595,860.71
Staff salaries	187,188,506.60	120,937,178.09
Share incentive expenses	175,632.62	397,092.72
Testing fees	182,107,386.82	77,364,904.32
Depreciation and amortisation	55,398,138.72	38,891,600.95
Others	53,277,992.78	50,336,604.93
Total	622,962,388.41	372,523,241.72

**48. Finance expenses**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	38,708,820.91	13,912,163.40
Interest income	-78,035,350.84	-109,006,742.62
Exchange (gains)/losses	-6,123,814.35	-7,891,504.27
Commission charges and others	3,723,581.51	3,572,237.74
Total	-41,726,762.77	-99,413,845.75

**49. Other income**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants(Related to assets)	24,627,144.39	19,642,257.65
Government grants(Related to income)	104,833,852.88	100,193,952.45
Tax withholding commission charges	1,994,381.60	2,651,149.04
Extra tax deductions for tax refunds	0.00	23,224.44
Total	131,455,378.87	122,510,583.58

Other descriptions:

For specific information on government grants, please refer to Note V. 62. Government grants for details.

**50. Investment income**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Investment income from financial assets held for trading during the holding period	75,810.76	348,024.60
Investment income from disposal of financial assets held for trading	22,232,401.40	-195,439.54
Dividend income from other equity instrument investments during the holding period	12,328,961.74	5,188,104.54
Long-term equity investments income under equity method	9,750,424.27	2,918,469.78
Investment income from disposal of long-term equity investments	2,423,029.20	108,312,122.27
Income generated from revaluation of remaining equity measured at fair value upon loss of control	0.00	7,958,514.22
Total	46,810,627.37	124,529,795.87

**51. Gains from changes in fair value**✓ Applicable  N/A

Unit: Yuan Currency: RMB

Sources of gains from changes in fair value	For the Period	For the Previous Period
Financial assets held for trading	33,851,438.22	-3,091,727.29
Of which: Debt instrument investments	17,055.84	-1,274,254.56
Equity instrument investments	43,142,356.83	9,412.89
Derivative financial assets	-9,307,974.45	-1,826,885.62
Financial liabilities held for trading	-534,891.07	-1,269,050.22
Of which: Derivative financial liabilities	-534,891.07	-1,269,050.22
Total	33,316,547.15	-4,360,777.51

## 52. Credit impairment loss

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debt loss of bills receivables	0.00	50,000.00
Bad debt loss of accounts receivables	-8,839,388.74	-7,294,129.48
Bad debt loss of other receivables	-645,906.93	-524,728.52
Total	-9,485,295.67	-7,768,858.00

## 53. Asset impairment losses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Losses on bad debts		
II. Losses on decline in value of inventories and on impairment of contract performance costs	-28,787,578.96	-13,106,362.66
III. Losses on impairment of long-term equity investments		
IV. Losses on impairment of property		
V. Losses on impairment of fixed assets	-90,481.03	-188,983.76
VI. Losses on impairment of project materials		
VII. Losses on impairment of construction in progress		
VIII. Losses on impairment of bearer biological assets		
IX. Losses on impairment on oil and gas assets		
X. Losses on impairment of intangible assets		
XI. Losses on impairment of goodwill		
XII. Others		
Total	-28,878,059.99	-13,295,346.42

## 54. Gains on disposal of assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Gains on disposal of fixed assets ("-" represents losses)	664,575.34	-75,589.89
Gains on disposal of Intangible assets ("-" represents losses)	17,263,196.60	0.00
Total	17,927,771.94	-75,589.89

Other descriptions:

Applicable  N/A

**55. Non-operating income**√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount charged to nonrecurring gains or losses during the Period
Total gains or losses from disposal of non-current assets	662,808.97	66,167.50	662,808.97
Of which: Gains from disposal of fixed assets	662,808.97	66,167.50	662,808.97
Income from scraps	1,887,207.65	653,473.54	1,887,207.65
Waiver of payables	390,917.12	121,010.03	390,917.12
Compensation income	52,270.26	1,033,127.99	52,270.26
Others	1,648,160.71	399,780.59	1,648,160.71
Total	4,641,364.71	2,273,559.65	4,641,364.71

Government grants included in current profit or loss

 Applicable  N/A

Other descriptions:

 Applicable  N/A**56. Non-operating expenses**√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount charged to nonrecurring gains or losses during the Period
Total losses on disposal of non-current assets	2,965,842.31	2,425,514.55	2,965,842.31
Of which: Losses on disposal of fixed assets	2,965,842.31	2,425,514.55	2,965,842.31
External donation	2,336,297.53	16,658,988.01	2,336,297.53
Others	737,831.60	1,879,791.59	737,831.60
Total	6,039,971.44	20,964,294.15	6,039,971.44

**57. Income tax expenses**

(1) Table of income tax expenses

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Current income tax	210,262,491.71	268,135,292.74
Deferred income tax	34,303,242.59	-9,878,302.82
Total	244,565,734.30	258,256,989.92

(2) Reconciliation of income tax expenses to the accounting profit

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period
Total profit	1,712,663,336.00
Income tax expenses calculated at legal/applicable tax rate	428,165,834.00
Effect of different tax rates applicable to subsidiaries	-4,031,716.51
Effect of tax reduction and exemption	-230,199,399.20
Effect of non-deductible costs, expenses and losses	4,139,041.89
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-5,230,456.10
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	55,810,633.89
Others	-4,088,203.67
Income tax expenses	244,565,734.30

Other descriptions:

✓ N/A

**58. Items in the cash flow statement**

(1). Cash received relating to other operating activities

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants	142,823,778.95	111,077,040.92
Interest income	77,872,010.67	108,899,882.64
deposit	101,088.40	1,296,146.00
Recovery of employee loans	10,917,333.48	4,883,393.83
Deposits under guarantee	20,000,882.26	34,819,578.78
Movements in capital and others	32,457,345.34	54,705,464.21
Total	284,172,439.10	315,681,506.38

(2). Cash paid relating to other operating activities

✓ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Business promotion expenses	2,370,624,490.78	1,610,294,633.31
R&D expenses	388,887,165.89	180,297,615.13
Bank charges	3,723,581.51	3,563,605.91
Deposits for letter of credit and bank acceptance bills	13,196,993.75	9,018,113.89
Other expenses paid	345,181,558.78	401,341,025.92
Movements in capital and others	28,848,576.74	27,675,794.46
Total	3,150,462,367.45	2,232,190,788.62

## (3). Cash received relating to other investing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Deposits under guarantee	13,359,977.34	0.00
Insurance claims	0.00	19,828,856.24
Others	1,600.00	229,160.14
Total	13,361,577.34	20,058,016.38

## (4). Cash paid relating to other investing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Deposits under guarantee	165,000.00	45,000.00
Foreign exchange forward contract losses	1,397,587.39	3,492,944.44
Others	3,658.70	0.00
Total	1,566,246.09	3,537,944.44

## (5). Cash received relating to other financing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Collection and advance payment of individual income tax	2,809,612.35	4,933,246.35
Total	2,809,612.35	4,933,246.35

## (6). Cash paid relating to other financing activities

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Repurchase of shares	396,161,155.31	497,014,973.64
Capital reduction in minority interests in subsidiary	324,225,000.00	0.00
Collection and advance payment of individual income tax	2,531,100.50	0.00
Total	722,917,255.81	497,014,973.64



## 59. Supplemental information to cash flow statement

### (1) Supplemental information to cash flow statement

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Supplemental information	For the Period	For the Previous Period
1. Reconciliation from net profit to cash flow from operating activities:		
Net profit	1,468,097,601.70	1,589,490,941.98
Add: Asset impairment loss	28,878,059.99	13,295,346.42
Credit impairment loss	9,485,295.67	7,768,858.00
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	270,738,090.75	253,728,694.30
Amortisation of use of right assets		
Amortisation of intangible assets	26,718,305.93	14,424,153.41
Amortisation of long-term prepaid expenses	21,713,671.84	14,988,040.36
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by "-")	-17,927,771.94	75,589.89
Losses on retirement of fixed assets (gain is indicated by "-")	2,303,033.34	2,359,347.05
Losses on changes in fair values (gain is indicated by "-")	-33,316,547.15	4,360,777.51
Financial expenses (gain is indicated by "-")	43,511,052.15	7,860,833.24
Investment losses (gain is indicated by "-")	-46,810,627.37	-124,529,795.87
Decrease in deferred tax assets (increase is indicated by "-")	19,964,526.43	-27,240,425.30
Increase in deferred tax liabilities (decrease is indicated by "-")	5,245,308.28	18,879,117.61
Decrease in inventories (increase is indicated by "-")	-73,016,408.46	-335,683,555.42
Decrease in receivables from operating activities (increase is indicated by "-")	-1,194,193,008.38	-584,490,793.13
Increase in payables from operating activities (decrease is indicated by "-")	209,621,503.66	366,277,129.69
Others	4,775,426.92	27,427,476.77
Net cash flow from operating activities	745,787,513.36	1,248,991,736.51
2. Major investment and financing activities irrelevant to cash income and expenses:		
Conversion of debts into capital	0.00	0.00
Convertible corporate bonds due within 1 year	0.00	0.00
Fixed assets capitalised under finance leases	0.00	0.00
3. Net change in cash and cash equivalents:		
Cash balance at the end of the period	10,192,939,435.47	8,770,226,038.79
Less: Cash balance at the beginning of the period	12,122,781,311.49	10,940,305,225.81
Add: Balance of cash equivalents at the end of the period	0.00	0.00
Less: Balance of cash equivalents at the beginning of the period	0.00	0.00
Net increase in cash and cash equivalents	-1,929,841,876.02	-2,170,079,187.02

### (2) Net cash payment for acquisition of subsidiaries during the Period

√ N/A

## (3). Net cash received from disposal of subsidiaries during the Period Item

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	For the Period
Cash or cash equivalents received during the Period from disposal of subsidiaries during the Period	10,000,000.00
Of which: Zhuhai Qiao Biotechnology Co., Ltd. (珠海启奥生物技术有限公司)	10,000,000.00
Less: Cash and cash equivalents held by subsidiaries on the date when the Company loses control	6,688,779.47
Of which: Zhuhai Livzon Genetic Testing Technology Co., Ltd. (珠海市丽珠基因检测科技有限公司)	6,688,779.47
Add: Cash or cash equivalents received during the Period from disposal of subsidiaries during previous periods	
Net cash received from disposal of subsidiaries	3,311,220.53

## (4). Composition of cash and cash equivalents

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I Cash	10,192,939,435.47	12,122,781,311.49
Of which: Cash on hand	653,340.73	197,923.25
Bank deposits that are readily available for payment	10,080,998,574.47	12,031,569,238.87
Other monetary funds that are readily available for payment	111,287,520.27	91,014,149.37
II Cash equivalents	0.00	0.00
Of which: Bond investments due within three months	0.00	0.00
III. Balance of cash and cash equivalents at the end of the period	10,192,939,435.47	12,122,781,311.49

Other descriptions:

□ Applicable √ N/A

## 60. Assets with restricted ownership or right of use

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Carrying amount at the End of the Period	Reasons for restriction
Time deposit	100,000,000.00	Expected to hold to maturity
Bills receivables	802,531,287.95	Bills pooling business, pledged bills receivables
Other monetary funds	62,807,505.71	Deposits for L/C, bank acceptance draft and forward settlement
Total	965,338,793.66	/

## 61. Monetary items denominated in foreign currencies

### (1). Monetary items denominated in foreign currencies

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance in foreign currency at the End of the Period	Exchange rate	Equivalent RMB balance at the End of the Period
Monetary funds	-	-	
Of which: USD	162,905,369.86	6.46010	1,052,384,979.84
HKD	569,437,832.81	0.83208	473,817,831.92
Euro	102,653.76	7.68620	789,017.34
MOP	2,492,385.85	0.80840	2,014,844.72
GBP	1,940.10	8.94100	17,346.43
Accounts receivables	-	-	
Of which: USD	91,214,004.17	6.46010	589,251,588.34
MOP	2,254,691.45	0.80840	1,822,692.57
Other receivables	-	-	
Of which: HKD	3,625,953.36	0.83208	3,017,083.27
MOP	581,188.00	0.80840	469,832.38
Accounts payables	-	-	
Of which: CHF	36,737.77	7.01340	257,656.68
MOP	435,857.17	0.80840	352,346.94
Other payables	-	-	
Of which: HKD	117,682.21	0.83208	97,921.01
USD	2,595,716.72	6.46010	16,768,589.58

### (2). Descriptions of overseas operating entities, including disclosure of the main overseas

business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any)

Applicable  N/A

## 62. Government grants

### 1. Basic information of government grants

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Amount	Line item	Amount included in profit or loss for the current period
Related to assets	455,850,683.55	Deferred income	0.00
Related to income	12,266,306.93	Deferred income	0.00
Related to assets	24,627,144.39	Other income	24,627,144.39
Related to income	104,833,852.88	Other income	104,833,852.88

## 2. Return of government grants

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Items	Amount	Reasons
Respiratory system inhalation preparation engineering laboratory project	151,700.00	Balance returned
Meropenem special fund subsidy	10,000,000.00	Project withdrawal
Meropenem Internationalization Project Subsidy	3,300,000.00	Project withdrawal
Export credit insurance subsidies	407,687.30	Duplicate funding
Total	13,859,387.30	

## Other descriptions

## (1). Government grants included in deferred income will be measured by gross amount method

Items of grants	Type	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to profit and loss for the Period	Other changes	Balance at the End of the Period	Amount charged to profit and loss for the Period	Related to assets/income
Study on the technology of antifungal drug caspofungin (抗真菌药卡泊芬净工艺研究)	Fiscal appropriation	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Other income	Related to assets
Laboratory project of respiratory system inhalation preparation engineering laboratory project(呼吸系统吸入制剂工程实验室项目)	Fiscal appropriation	5,000,000.00	0.00	538,700.00	151,700.00	4,309,600.00	Other income	Related to assets
Construction of a recycling production base for carbapenem products (碳青霉烯类系列产品循环化生产基地建设)	Fiscal appropriation	3,625,000.00	0.00	0.00	0.00	3,625,000.00	Other income	Related to assets
Research and development and industrialization of non-steroidal anti-inflammatory drug Celecoxib capsules (非甾体抗炎药物塞来昔布胶囊研发及产业化)	Fiscal appropriation	5,000,000.00	0.00	0.00	0.00	5,000,000.00	Other income	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动泡罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	Fiscal appropriation	2,420,000.00	0.00	0.00	0.00	2,420,000.00	Other income	Related to assets
Change in National Science and Technology Major Project* Research funding for lipid injection * Baiyunshan Hanfang transfer (国家重大专项项目变更*注射脂质研究经费*白云山汉方转入)	Fiscal appropriation	150,000.00	0.00	0.00	0.00	150,000.00	Other income	Related to assets
Research on common key technologies for the large-scale development of new inhalation preparations(新型吸入制剂规模化发展共性关键技术研究)	Fiscal appropriation	365,700.00	0.00	0.00	0.00	365,700.00	Other income	Related to assets
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	Fiscal appropriation	2,262,600.00	0.00	0.00	0.00	2,262,600.00	Other income	Related to assets
Meropenem special fund subsidy(美罗培南专项资金补助)	Fiscal appropriation	10,000,000.00	0.00	0.00	10,000,000.00	0.00	Other income	Related to assets
Project Subsidy of meropenem internationalization (美罗培南国际化项目补助)	Fiscal appropriation	3,300,000.00	0.00	0.00	3,300,000.00	0.00	Other income	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	Fiscal appropriation	23,840,000.00	0.00	0.00	0.00	23,840,000.00	Other income	Related to assets
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Fiscal appropriation	54,154,400.00	13,094,000.00	0.00	0.00	67,248,400.00	Other income	Related to assets
Zhimu total saponin project(知母总皂甙元项目)	Fiscal appropriation	8,900,000.00	0.00	0.00	0.00	8,900,000.00	Other income	Related to assets
Receive financial appropriations for small molecule peptide projects (收财政拨款用于小分子肽项目)	Fiscal appropriation	399,999.84	0.00	40,000.02	0.00	359,999.82	Other income	Related to assets
Glucocorticoid inhalation suspension project(糖皮质激素吸入混悬液项目)	Fiscal appropriation	0.00	3,600,000.00	0.00	0.00	3,600,000.00	Other income	Related to assets
Leulu total sterone project(漏芦总甾酮项目)	Fiscal appropriation	2,500,000.00	0.00	0.00	0.00	2,500,000.00	Other income	Related to assets
R&D of active substances with bone and joint repair and health care functions(具有骨关节修复与保健功能的活性物质研发)	Fiscal appropriation	1,077,356.16	0.00	59,853.12	0.00	1,017,503.04	Other income	Related to assets

Items of grants	Type	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to profit and loss for the Period	Other changes	Balance at the End of the Period	Amount charged to profit and loss for the Period	Related to assets/income
Key technology research and development of budesonide nebulized inhalation solution(布地奈德雾化吸入溶液关键技术研发)	Fiscal appropriation	4,500,000.00	0.00	0.00	0.00	4,500,000.00	Other income	Related to assets
Return of land holding tax(土地使用税返还)	Fiscal appropriation	3,674,691.16	0.00	53,514.87	0.00	3,621,176.29	Other income	Related to assets
Special Fund for environmental protection of wastewater membrane concentration system(废水膜浓缩系统环保专项资金)	Fiscal appropriation	9,708.66	0.00	9,708.66	0.00	0.00	Other income	Related to assets
Subsidies for The development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	Fiscal appropriation	41,960,547.60	0.00	609,596.40	0.00	41,350,951.20	Other income	Related to assets
Receive innovation voucher(Jingjin Filter Press Equipment) (收创新券(景津压滤设备))	Fiscal appropriation	313,332.99	0.00	40,000.07	0.00	273,332.92	Other income	Related to assets
Xinxiang High-tech Project Fund Support(新乡高新技术项目资金扶持)	Fiscal appropriation	1,917,508.44	0.00	28,198.68	0.00	1,889,309.76	Other income	Related to assets
Hepatitis B vaccine methanol yeast expression system (乙肝疫苗甲醇酵母表达系统)	Fiscal appropriation	500,000.00	0.00	0.00	0.00	500,000.00	Other income	Related to assets
New recombinant protein vaccine technology platform and Industrialization of Cervical Cancer Vaccine (新型重组蛋白疫苗技术平台及宫颈癌疫苗产业化)	Fiscal appropriation	9,000,002.00	0.00	0.00	0.00	9,000,002.00	Other income	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations(开发区财政局拨款创业领军人才项目:药品吸入制剂共性共建技术的研究)	Fiscal appropriation	1,900,000.00	900,000.00	0.00	0.00	2,800,000.00	Other income	Related to assets
Research and development of respiratory system drug and clinical research technology service platform project talent funding (呼吸系统药物研发和临床研究技术服务平台项目人才经费)	Fiscal appropriation	1,500,000.00	0.00	0.00	0.00	1,500,000.00	Other income	Related to assets
Science and technology help the economy key special projects (科技助力经济重点专项)	Fiscal appropriation	500,000.00	0.00	0.00	0.00	500,000.00	Other income	Related to assets
City Service Development Special(市服务发展专项)	Fiscal appropriation	800,000.00	0.00	0.00	0.00	800,000.00	Other income	Related to assets
Patent funding(专利资助)	Fiscal appropriation	0.00	200,000.00	0.00	0.00	200,000.00	Other income	Related to income
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3鱼油中/长链脂肪乳注射液研究开发补助)	Fiscal appropriation	350,000.00	0.00	0.00	0.00	350,000.00	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Fiscal appropriation	20,988,166.29	0.00	2,455,000.02	0.00	18,533,166.27	Other income	Related to assets
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I类治疗用人源化抗人肿瘤坏死因子α单抗抗体新药研制资金)	Fiscal appropriation	8,000,000.00	0.00	0.00	0.00	8,000,000.00	Other income	Related to income
Strategic emerging industries in 2014 (sustained release microspheres)(2014年战略性新兴产业(缓释微球))	Fiscal appropriation	16,700,000.00	0.00	0.00	0.00	16,700,000.00	Other income	Related to assets
Fund for industrialization of prolonged-action microsphere preparation (长效微球制剂的产业化款项)	Fiscal appropriation	13,300,000.00	0.00	0.00	0.00	13,300,000.00	Other income	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I) (长效微球制剂产业化建设项目(一期工程))	Fiscal appropriation	7,024,025.85	8,329,800.00	431,665.47	0.00	14,922,160.38	Other income	Related to assets
Pilot-scale enlargement and industrialization of prolonged-action injection microsphere products(长效注射微球产品的中试放大和产业化)	Fiscal appropriation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Fiscal appropriation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Fiscal appropriation	1,597,750.00	0.00	115,500.00	0.00	1,482,250.00	Other income	Related to assets

Items of grants	Type	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to profit and loss for the Period	Other changes	Balance at the End of the Period	Amount charged to profit and loss for the Period	Related to assets/income
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Fiscal appropriation	1,200,000.10	0.00	80,000.00	0.00	1,120,000.10	Other income	Related to assets
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Fiscal appropriation	50,606,036.20	0.00	5,280,044.56	0.00	45,325,991.64	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture(太阳能光电建筑应用示范项目)	Fiscal appropriation	3,557,499.51	0.00	551,000.02	0.00	3,006,499.49	Other income	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金PVC软袋)	Fiscal appropriation	3,111,850.32	0.00	204,182.88	0.00	2,907,667.44	Other income	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液改造项目)	Fiscal appropriation	19,500,000.02	0.00	1,911,764.70	0.00	17,588,235.32	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	6,589,119.08	0.00	564,781.68	0.00	6,024,337.40	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	10,648,600.33	0.00	1,644,464.76	0.00	9,004,135.57	Other income	Related to assets
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects (节能减排项目配电变压器能效提升)	Fiscal appropriation	428,000.00	0.00	24,000.00	0.00	404,000.00	Other income	Related to assets
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	Fiscal appropriation	1,000,000.00	0.00	444,166.64	0.00	555,833.36	Other income	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	5,248,234.16	0.00	222,877.68	0.00	5,025,356.48	Other income	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	241,769.82	0.00	37,665.18	0.00	204,104.64	Other income	Related to income
Achievement transfer of blood screening (BCI) nucleic acid detection testing(血液筛查(BCI)核酸检测试剂成果转化)	Fiscal appropriation	6,000,000.00	0.00	6,000,000.00	0.00	0.00	Other income	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for $\alpha$ -glucosidase inhibitor)( $\alpha$ -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Fiscal appropriation	571,428.64	0.00	53,571.42	0.00	517,857.22	Other income	Related to assets
R&D and industrialization of Statins(降血脂他汀类药物的研发与产业化)	Fiscal appropriation	60,000.36	0.00	14,999.94	0.00	45,000.42	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project(科学技术奖及科技创新项目资助)	Fiscal appropriation	139,491.80	0.00	55,462.80	0.00	84,029.00	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project(科学技术奖及科技创新项目资助)	Fiscal appropriation	3,400,000.00	0.00	600,000.00	0.00	2,800,000.00	Other income	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds(珠海市工业企业"上云上平台"服务券支持资金)	Fiscal appropriation	114,972.73	0.00	12,770.44	0.00	102,202.29	Other income	Related to income
Commissioner workstation(特派员工作站)	Fiscal appropriation	145,000.00	0.00	30,000.00	0.00	115,000.00	Other income	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	Fiscal appropriation	3,603,500.01	0.00	579,000.00	0.00	3,024,500.01	Other income	Related to assets
Phase IV clinical study of innovative drug Ilaprazole (创新药物艾普拉唑IV期临床研究)	Fiscal appropriation	8,210,800.00	0.00	0.00	0.00	8,210,800.00	Other income	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	Fiscal appropriation	508,333.67	0.00	99,999.96	0.00	408,333.71	Other income	Related to assets
New industrialization development grant (新型工业化发展奖金)	Fiscal appropriation	1,304,166.42	609,700.00	175,000.02	0.00	1,738,866.40	Other income	Related to assets
Policy fund for leading industrial enterprises loan interests (工业龙头企业贷款贴息政策资金)	Fiscal appropriation	566,666.61	0.00	100,000.02	0.00	466,666.59	Other income	Related to assets

Items of grants	Type	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to profit and loss for the Period	Other changes	Balance at the End of the Period	Amount charged to profit and loss for the Period	Related to assets/income
Supporting funds for five advantageous industrial clusters and one high-tech industry (新型研发机构补助)	Fiscal appropriation	400,000.16	0.00	49,999.98	0.00	350,000.18	Other income	Related to assets
Subsidy for new R&D institution	Fiscal appropriation	2,000,000.00	1,800,000.00	0.00	0.00	3,800,000.00	Other income	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project (paclitaxel micellar for injection) (珠海市创新创业团队和高层次人才创业项目(注射液紫杉醇胶束))	Fiscal appropriation	2,700,000.00	6,300,000.00	0.00	0.00	9,000,000.00	Other income	Related to assets
Capital project for innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	Fiscal appropriation	8,500,000.00	0.00	0.00	0.00	8,500,000.00	Other income	Related to assets
Fund for R&D and industrialization of innovative llaprazole series (艾普拉唑系列创新药物研发及产业化项目资金)	Fiscal appropriation	5,600,000.00	0.00	0.00	0.00	5,600,000.00	Other income	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林纳))	Fiscal appropriation	3,000,000.00	0.00	0.00	0.00	3,000,000.00	Other income	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch)(珠海市产业核心和关键技术攻关方向项目资金(第二批))	Fiscal appropriation	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Other income	Related to assets
Innovative drug of llaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	Fiscal appropriation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	Fiscal appropriation	1,533,100.00	0.00	0.00	0.00	1,533,100.00	Other income	Related to assets
Internet benchmarking project for advanced drug Manufacturing (先进药品制造互联网标杆项目)	Fiscal appropriation	765,000.00	0.00	45,000.00	0.00	720,000.00	Other income	Related to assets
Cleaner Production Audit Project(清洁生产审核项目)	Fiscal appropriation	190,000.04	0.00	5,000.00	0.00	185,000.04	Other income	Related to assets
Green factory(绿色工厂)	Fiscal appropriation	1,261,666.67	0.00	65,000.00	0.00	1,196,666.67	Other income	Related to assets
HCG project construction(HCG项目建设)	Fiscal appropriation	3,783,485.81	0.00	197,825.00	0.00	3,585,660.81	Other income	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	Fiscal appropriation	72,269.96	0.00	4,015.00	0.00	68,254.96	Other income	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection(注射用重组人绒毛膜促性腺激素研发及产业化)	Fiscal appropriation	1,287,500.00	0.00	75,000.00	0.00	1,212,500.00	Other income	Related to assets
Subsidies for online monitoring equipment and installations of coalfired boilers(燃煤锅炉在线监控设备装置补助资金)	Fiscal appropriation	105,000.00	0.00	11,250.00	0.00	93,750.00	Other income	Related to assets
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化资金)	Fiscal appropriation	1,550,000.00	0.00	0.00	0.00	1,550,000.00	Other income	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019年度第一批科技创新专项资金立项配套资助)	Fiscal appropriation	850,000.00	0.00	250,000.00	0.00	600,000.00	Other income	Related to assets
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019年省产业创新(省级企业技术中心)项目)	Fiscal appropriation	1,403,733.33	0.00	0.00	0.00	1,403,733.33	Other income	Related to assets
Guangdong Province Science and Technology Department special emergency fund for scientific and technological research on prevention and control of COVID-19 (广东省科学技术厅汇防控新型冠状病毒感染科技攻关应急专项款)	Fiscal appropriation	350,000.00	0.00	0.00	0.00	350,000.00	Other income	Related to assets
Zhuhai Financial Bureau cum COVID-19 emergency technology special emergency fund (珠海市财政局汇新冠应急科技攻关专项款)	Fiscal appropriation	250,000.00	0.00	0.00	0.00	250,000.00	Other income	Related to assets
China Postdoctoral Science Foundation subsidy funds (中国博士后科学基金会资助经费)	Fiscal appropriation	160,000.00	0.00	0.00	0.00	160,000.00	Other income	Related to income

Items of grants	Type	Balance at the Beginning of the Year	Amount of additional grant for the Period	Amount charged to profit and loss for the Period	Other changes	Balance at the End of the Period	Amount charged to profit and loss for the Period	Related to assets/income
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19(新型冠状病毒检测试剂产业化项目补助金预拨)	Fiscal appropriation	4,601,200.00	0.00	1,497,000.00	0.00	3,104,200.00	Other income	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds (special funds for prevention and control of pandemic) (香洲区购置设备补贴扶持资金(疫情防控专项资金))	Fiscal appropriation	13,555.75	0.00	0.00	0.00	13,555.75	Other income	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	Fiscal appropriation	12,000,000.00	0.00	0.00	0.00	12,000,000.00	Other income	Related to assets
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	Fiscal appropriation	20,000,000.00	0.00	0.00	0.00	20,000,000.00	Other income	Related to assets
Study on intestinal absorption of Ilaprazole and biodistribution (艾普拉唑体内肠吸收和生物分布研究)	Fiscal appropriation	0.00	800,000.00	0.00	0.00	800,000.00	Other income	Related to income
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Fiscal appropriation	0.00	3,650,000.00	0.00	0.00	3,650,000.00	Other income	Related to assets
Environmental protection bureau RTO project special funds (环保局RTO项目资金)	Fiscal appropriation	200,000.00	0.00	10,000.02	0.00	189,999.98	Other income	Related to assets
Total		467,562,770.49	39,283,500.00	25,277,580.01	13,451,700.00	468,116,990.48		

## (2) Government grants charged to profit and loss for the Period by adopting gross amount method

Projects with grants	Type	Amount charged to profit and loss for the Previous Period	Amount charged to profit and loss for the Period	Presentation item in profit and loss	Related to assets/income
Social security subsidy (社保补助)	Fiscal appropriation	969,927.26	61,986.60	Other income	Related to income
Construction of HCG Project (HCG项目建设)	Fiscal appropriation	66,555.00	197,825.00	Other income	Related to assets
Technological Upgrading and Transformation Projects of Workshop for Acarbose (API of Glucosidase Inhibitor)(α-葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Fiscal appropriation	53,571.42	53,571.42	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole series(艾普拉唑系列创新药物研发及产业化)	Fiscal appropriation	2,455,000.02	2,455,000.02	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole series(艾普拉唑系列创新药物研发及产业化)	Fiscal appropriation	374,064.90	0.00	Other income	Related to income
Set-up and research fund for postdoctoral Station(博士后建站和科研补贴)	Fiscal appropriation	0.00	100,000.00	Other income	Related to income
Fiscal Subsidy and Operating Subsidy(财政补贴及经营运营补贴)	Fiscal appropriation	70,300,735.00	83,032,194.60	Other income	Related to income
Industrial supporting funds(产业扶持资金)	Fiscal appropriation	0.00	143,000.00	Other income	Related to income
Industrial revitalisation supporting funds(产业振兴扶持资金)	Fiscal appropriation	579,000.00	579,000.00	Other income	Related to assets
Inland transportation subsidy for export enterprises(出口企业内陆运输补助)	Fiscal appropriation	0.00	163,000.00	Other income	Related to income
Export credit insurance subsidy(出口信保补贴)	Fiscal appropriation	2,120,056.54	258,812.70	Other income	Related to income
Export insurance premium subsidy(出口用保险保费补助款)	Fiscal appropriation	0.00	347,965.00	Other income	Related to income
Special Funds for Promoting High-quality Economic Development(促进经济高质量发展专项资金)	Fiscal appropriation	0.00	328,020.00	Other income	Related to income
Grants to high-growth technology companies from Dazhangjiang project A04 (大张江项目A04对高增长技术企业资助款)	Fiscal appropriation	0.00	1,500,000.00	Other income	Related to income
Transfer other income based on asset-related special appropriations / Bone and joint repair and health care (from January,2020) (根据资产相关的专项拨款转其他收益/骨关节修复与保健(从2020.1月起))	Fiscal appropriation	59,853.68	59,853.12	Other income	Related to assets
Policy fund for leading industrial enterprises loan interests(工业龙头企业贷款贴息政策资金)	Fiscal appropriation	100,000.02	100,000.02	Other income	Related to assets
Government grant for industrial transformation(工业转型政府扶持资金)	Fiscal appropriation	99,999.89	99,999.96	Other income	Related to assets
Domestic patent annual fee rewards(国内专利年费奖励)	Fiscal appropriation	8,000.00	2,500.00	Other income	Related to income



Projects with grants	Typy	Amount charged to profit and loss for the Previous Period	Amount charged to profit and loss for the Period	Presentation item in profit and loss	Related to assets/income
Marine small molecule peptide beauty moisturizing health drink project (海洋小分子肽美容补水保健饮料项目)	Fiscal appropriation	40,000.02	40,000.02	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	1,659,558.81	2,209,246.44	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	335,100.00	0.00	Other income	Related to income
Construction of 500 cubic meters/day wastewater membrane concentration system (建设500立方米/日废水膜浓缩系统)	Fiscal appropriation	29,126.22	9,708.66	Other income	Related to assets
R&D and commercialisation of Statins(降血脂他汀类药物的研发与产业化)	Fiscal appropriation	14,999.94	14,999.94	Other income	Related to assets
Energy-saving and emission reduction projects(节能减排项目)	Fiscal appropriation	-15,984.98	43,015.02	Other income	Related to assets
Special Fund and Encouraging funds for Energy Saving and Emission Reduction (节能减排专项资金及奖励金)	Fiscal appropriation	0.00	628,000.00	Other income	Related to income
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Fiscal appropriation	1,327,272.76	1,200,000.00	Other income	Related to income
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Fiscal appropriation	55,462.80	305,462.80	Other income	Related to assets
Conformity Evaluation Research of Quality of Varieties such as Livzon Dele (丽珠得乐等品种质量一致性评价研究)	Fiscal appropriation	115,500.00	115,500.00	Other income	Related to assets
Green factory(绿色工厂)	Fiscal appropriation	19,999.98	65,000.00	Other income	Related to assets
Innovative talent support during the "13th Five-Year Plan" period in Pudong New Area (浦东新区"十三五"期间创新型人才扶持)	Fiscal appropriation	0.00	500,000.00	Other income	Related to income
Others	Fiscal appropriation	398,540.87	153,712.03	Other income	Related to income
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	43,458.18	37,665.18	Other income	Related to income
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	320,099.38	222,877.68	Other income	Related to assets
Employment Assurance and Re-employment and Attraction to Graduates of Tertiary Academic Institutions Subsidy(企业稳岗及再就业和吸纳高校毕业生补贴款)	Fiscal appropriation	2,068,112.68	769,100.46	Other income	Related to income
Enterprise R&D subsidy funds (企业研发补助资金)	Fiscal appropriation	560,000.00	720,000.00	Other income	Related to income
Enterprise R&D investment support plan(企业研发投入支持计划款)	Fiscal appropriation	887,000.00	1,000,000.00	Other income	Related to income
Subsidy for online monitoring equipment for coalfired boilers(燃煤锅炉在线监控设备装置补助)	Fiscal appropriation	11,250.00	11,250.00	Other income	Related to assets
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液技改项目)	Fiscal appropriation	1,911,764.70	1,911,764.70	Other income	Related to assets
Shenzhen Economic and Trade Bureau Electricity Cost Reduction Subsidy (深圳经贸局用电降成本补助)	Fiscal appropriation	148,808.00	387,715.44	Other income	Related to income
Subsidy of Shenzhen New Inhalation Preparation Engineering Laboratory (深圳新型吸入剂工程实验室补助)	Fiscal appropriation	0.00	538,700.00	Other income	Related to assets
Maternity benefits (生育津贴)	Fiscal appropriation	81,367.44	222,116.49	Other income	Related to income
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments(省财政支持技改招标项目补助金PVC软袋)	Fiscal appropriation	204,182.88	204,182.88	Other income	Related to assets
Provincial Science and Technology Innovation Strategy Special Fund(省科技创新战略专项资金)	Fiscal appropriation	1,500,000.00	444,166.64	Other income	Related to assets
Subsidy funds allocated by the Bureau of Finance (财政局拨付补助资金)	Fiscal appropriation	649,596.36	649,596.47	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Fiscal appropriation	551,000.04	551,000.02	Other income	Related to assets
Commissioner workstation (特派员工作站)	Fiscal appropriation	30,000.00	30,000.00	Other income	Related to assets
Subsidy for Rental and Property Fee of the Investment and Promotion Center (投促中心租金及物业费补贴)	Fiscal appropriation	0.00	67,500.00	Other income	Related to income

Projects with grants	Typy	Amount charged to profit and loss for the Previous Period	Amount charged to profit and loss for the Period	Presentation item in profit and loss	Related to assets/income
Return of land transfer fee (土地出让金返还)	Fiscal appropriation	28,198.68	28,198.68	Other income	Related to assets
Return of land holding tax(土地使用税返还)	Fiscal appropriation	53,514.90	53,514.87	Other income	Related to assets
Job stabilization subsidy (稳岗补贴)	Fiscal appropriation	382,402.59	23,920.00	Other income	Related to income
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Fiscal appropriation	49,999.98	49,999.98	Other income	Related to assets
Internet Benchmarking Project for Advanced Drug Manufacturing(先进药品制造互联网标杆项目)	Fiscal appropriation	45,000.00	45,000.00	Other income	Related to assets
New industrialization development funds(新型工业化发展资金)	Fiscal appropriation	175,000.09	175,000.02	Other income	Related to assets
Pre-appropriation of subsidies for the industrialization project of new coronavirus detection reagents(新型冠状病毒检测试剂产业化项目补助金预拨)	Fiscal appropriation	0.00	1,497,000.00	Other income	Related to assets
Achievement transfer of blood screening (BCI) nucleic acid detection testing (血液筛查(BCI)核酸检测试剂成果转化)	Fiscal appropriation	0.00	6,000,000.00	Other income	Related to assets
R&D subsidy (研究开发费补助)	Fiscal appropriation	1,371,600.00	2,420,000.00	Other income	Related to income
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Fiscal appropriation	79,999.98	80,000.00	Other income	Related to assets
One-off employment subsidy(一次性吸纳就业补贴)	Fiscal appropriation	0.00	62,400.00	Other income	Related to income
Subsidies for work-based training(以工代训补贴)	Fiscal appropriation	0.00	101,047.17	Other income	Related to income
Electricity subsidy(用电补贴)	Fiscal appropriation	0.00	793,292.78	Other income	Related to income
Electricity Incentive Funds(用电奖励资金)	Fiscal appropriation	0.00	301,257.43	Other income	Related to income
Government Subsidy for Long-acting Microspheres Major New Drug Creation (长效微球重大新药创制政府补助)	Fiscal appropriation	15,000.00	431,665.47	Other income	Related to assets
Government Subsidy for Long-acting Microspheres Major New Drug Creation (长效微球重大新药创制政府补助)	Fiscal appropriation	592,670.00	0.00	Other income	Related to income
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Fiscal appropriation	5,280,044.58	5,280,044.56	Other income	Related to assets
R&D and commercialisation of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛膜促性腺激素研发及产业化)	Fiscal appropriation	75,000.00	75,000.00	Other income	Related to assets
Patent (Intellectual Property) Support Fund(专利(知识产权)资助资金)	Fiscal appropriation	128,500.00	779,370.00	Other income	Related to income
Patent grant(专利补助)	Fiscal appropriation	30,400.00	10,000.00	Other income	Related to income
Respiratory system drug R&D and clinical research technology service platform project talent funding(呼吸系统药物研发和临床研究技术服务平台项目人才经费)	Fiscal appropriation	1,500,000.00	0.00	Other income	Related to assets
Special subsidy of Guangzhou technology-based small and medium-sized enterprises technology innovation in 2020(2020年广州市科技型中小企业技术创新专题补助)	Fiscal appropriation	1,500,000.00	0.00	Other income	Related to assets
Subsidies for leading talents in Guangzhou Development Zone Science and Technology Innovation Bureau (Huangpu Science and Technology Bureau) (广州开发区科技创新局(黄埔区科技局)区领军人才场地补贴)	Fiscal appropriation	226,844.00	0.00	Other income	Related to assets
Technology transformation of recycling system of Acarbose project (阿卡波糖糖回收系统技术改造项目)	Fiscal appropriation	103,119.26	0.00	Other income	Related to assets
Credit insurance subsidy (信保补助)	Fiscal appropriation	184,732.00	0.00	Other income	Related to income
Intellectual Property Rights Protection Fund(知识产权维权资助)	Fiscal appropriation	131,740.03	0.00	Other income	Related to income
The first batch of funding for the Enterprise Research and Development Funding Program (企业研究开发资助计划第一批资助款)	Fiscal appropriation	1,824,000.00	0.00	Other income	Related to income
Truck (Isuzu) scrap subsidy(货车(五十铃)报废补贴款)	Fiscal appropriation	12,000.00	0.00	Other income	Related to income
Support for further steady growth in 2019 (2019年进一步稳增长资助)	Fiscal appropriation	400,000.00	0.00	Other income	Related to income
Sewage treatment fee subsidy(污水处理费补贴)	Fiscal appropriation	46,926.75	0.00	Other income	Related to income
Funding for the integration of industrialization and industrialization(两化融合资助款)	Fiscal appropriation	50,000.00	0.00	Other income	Related to income
Government subsidies for the Quality and Brand Double Improvement Funding Program (质量品牌双提升资助计划政府补助)	Fiscal appropriation	800,000.00	0.00	Other income	Related to income

Projects with grants	Typy	Amount charged to profit and loss for the Previous Period	Amount charged to profit and loss for the Period	Presentation item in profit and loss	Related to assets/income
2020 Support Plan Funding (2020年扶持计划资助款)	Fiscal appropriation	953,000.00	0.00	Other income	Related to income
2016 Guangdong Provincial Enterprise Research and Development Provincial Financial Subsidy Fund Project (2016年广东省企业研究开发省级财政补助资金项目)	Fiscal appropriation	200,000.00	0.00	Other income	Related to income
Subsidy Funds from the Bureau of Commerce of Macun District(马村区商务局补助资金)	Fiscal appropriation	2,428,700.00	0.00	Other income	Related to income
Special funds for the development of advanced manufacturing industry in Henan Province (河南省先进制造业发展专项资金)	Fiscal appropriation	2,000,000.00	0.00	Other income	Related to income
Value-added tax deduction(增值税加计抵减)	Fiscal appropriation	41,584.45	0.00	Other income	Related to income
Shanghai Industrial Insurance supports enterprises to stabilize job subsidies (上海市实业保险支持企业稳定岗位补贴)	Fiscal appropriation	60,673.00	0.00	Other income	Related to income
District Innovation Voucher Funding(区创新券资助)	Fiscal appropriation	8,100.00	0.00	Other income	Related to income
Xinxiang High-tech District Science and Technology Bureau Provincial R&D Platform Certification Award Supplement(新乡高新区科技局省级研发平台认定奖补)	Fiscal appropriation	100,000.00	0.00	Other income	Related to income
Capital projects of innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	Fiscal appropriation	600,000.00	0.00	Other income	Related to income
Promoting Imports of Foreign Trade Development Special Fund(外贸经济发展专项资金)	Fiscal appropriation	86,080.00	0.00	Other income	Related to income
Special funds for industry and informatization(工业和信息化专项资金)	Fiscal appropriation	40,000.00	0.00	Other income	Related to income
Incentive funds for expansion of export scale(扩大出口规模奖励基金)	Fiscal appropriation	389,300.00	0.00	Other income	Related to income
Special funds for key leading enterprises in the 13th Five-Year Plan (2019)(十三五重点领军企业专项资金(2019年))	Fiscal appropriation	4,784,100.00	0.00	Other income	Related to income
Special capital replenishment for industrial enterprise Restructuring(工业企业结构调整专项资补)	Fiscal appropriation	1,940,000.00	0.00	Other income	Related to income
National Key R&D Program "Network Collaborative Manufacturing and Smart Factory" Special Project(国家重点研发计划"网络协同制造和智能工厂"专项)	Fiscal appropriation	515,000.00	0.00	Other income	Related to income
Network reconstruction and system optimization of actinomycete drug synthesis biological system (放线菌药物合成生物体系的网络重构与系统优化)	Fiscal appropriation	470,000.00	0.00	Other income	Related to income
Export credit insurance subsidy in the second half of 2019 (2019年下半年出口信保补贴资金)	Fiscal appropriation	0.00	304,900.00	Other income	Related to income
2019 SME subsidies (2019年中小开补贴)	Fiscal appropriation	0.00	107,500.00	Other income	Related to income
Advanced Group and Advanced Individual Subsidy in 2020(2020年度先进集团和先进个人补助)	Fiscal appropriation	0.00	20,000.00	Other income	Related to income
Special funds for corporate R&D financial subsidies in 2020(2020年企业研发财政补助专项资金)	Fiscal appropriation	0.00	265,000.00	Other income	Related to income
The 9th batch of Yantian District enterprise trial training subsidies in 2020 (2020年盐田区企业试岗培训补贴第9批次)	Fiscal appropriation	0.00	153,240.00	Other income	Related to income
Investment projects in weak links of the industrial chain in 2021(2021年产业链薄弱环节投资项目)	Fiscal appropriation	0.00	3,000,000.00	Other income	Related to income
The first batch of funding support for the development of science and technology industries in 2021 (2021年第一批科技类产业发展资金扶持资助)	Fiscal appropriation	0.00	200,000.00	Other income	Related to income
Industrial added value growth rate project(工业增加值增速达标项目)	Fiscal appropriation	0.00	2,880,000.00	Other income	Related to income
Funding for the Enterprise Research and Development Funding Program(企业研究开发资助)	Fiscal appropriation	0.00	871,000.00	Other income	Related to income
Supporting subsidy for "Talents Plan" and subsidy for talents introduction and cultivation ("人才计划"配套补贴及引才育才补贴)	Fiscal appropriation	0.00	150,000.00	Other income	Related to income
The second batch of funding for the 2020 science and technology innovation special fund (2020年度科技创新专项资金第二批资助)	Fiscal appropriation	0.00	767,637.00	Other income	Related to income
Total		119,836,210.10	129,460,997.27		

## (3). Government grants adopting the netting method to offset the relevant cost

Items of grants	Type	The amount of related costs offset in the previous year	The amount of related costs offset in this year	Presentation items to offset related costs	Related to assets/income
Loan discount	Fiscal appropriation	0.00	510,800.00	Financial expenses	Related to income
Total		0.00	510,800.00		

## VI. Change to Consolidation Scope

### 1. Business combination not involving enterprises under common control:

Applicable  N/A

### 2. Business combination involving enterprises under common control

Applicable  N/A

### 3. Reverse purchase

Applicable  N/A

### 4. Disposal of subsidiaries

Was there any circumstance under which a single disposal of the investment in subsidiaries will lose control?

Applicable  N/A

Other descriptions:

Applicable  N/A

### 5. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

Applicable  N/A

### 6. Others

Applicable  N/A

#### (1) The Livzon Group loss of control of subsidiaries by once disposal

Name of subsidiary	Amount of disposal for equity	Disposal ratio %	Mode of disposal	Time of ceased control	Recognition for the time of ceased control	Differences arising from disposal amount and portion of net assets held by disposal investment for the range of consolidated financial statement	Goodwill related to the subsidiary in the consolidated financial statement
Zhuhai Qiao Biotechnology Co., Ltd. (珠海启奥生物技术有限公司)	10,000,000.00	60	Sale	2021.6.11	Asset delivery	2,423,029.20	—
		(indirect holding)					

Continued:

Name of subsidiary	Percentage of the remaining equity at the date of ceased control	Book value of the remaining equity at the date of ceased control	Fair value of the remaining equity at the date of ceased control	Gain/loss arising from remeasurement at fair value	Recognition and major assumptions for fair value of the remaining equity at the date of ceased control	Profit or loss arising from transformation of other comprehensive income which is related to equity investment
Zhuhai Qiao Biotechnology Co., Ltd.(珠海启奥生物技术有限公司)	—	—	—	—	—	—

- (2). On 30 March 2021, the Livzon Group and Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) established Shanghai Liyu Biotechnology Co., Ltd. (上海丽予生物医药有限责任公司) with a registered capital of RMB 3 million, of which the Company contributed RMB 1.65 million and is interested in 55% of its registered capital, and Shanghai Frontier contributed RMB 0.81 million and is interested in 45% of its registered capital.
- (3). On 9 February 2021, Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司), a subsidiary of Livzon Group, established Zhuhai Liye Biotechnology Co., Ltd. (珠海市丽业生物技术有限公司) with a registered capital of RMB50 million, and is interested in 100% of its registered capital.
- (4). On 25 May 2021, Fuzhou Fuxing Pharmaceutical Co. Ltd. (福州市福兴制药有限公司), a subsidiary of Livzon Group, completed deregistration at the Administration for Industry and Commerce.

## VII EQUITY IN OTHER ENTITIES

### 1. Equity in subsidiaries

- (1). Group structure

Name of subsidiary	Principal Place of Business	Place of Registration	Nature of Business	Percentage of Shareholding (%)		Acquisition Method
				Direct	Indirect	
				√ Applicable □ N/A		
Topsino Industries Limited	Hong Kong	Hong Kong	Business	100		Set-up
Shenzhen Taitai Genomics Inc. Co., Ltd.	Shenzhen	Shenzhen	Industry	75	25	Set-up
Shenzhen Taitai Pharmaceutical Industry Co., Ltd.	Shenzhen	Shenzhen	Industry	100		Set-up
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	The British Virgin Islands	Investment		100	Set-up
Joincare Pharmaceutical Group Industry Co.,Ltd. (BVI)*	The British Virgin Islands	The British Virgin Islands	Investment		100	Set-up
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Cayman	Cayman	Investment		100	Set-up
Zhuhai Jiankangyuan Biology Medicine Co., Ltd.	Zhuhai	Zhuhai	Industry	90.89		Set-up
Xinxiang Haibin Pharmaceutical Co., Ltd.(Xinxiang Haibin)	Xinxiang	Xinxiang	Industry		100	Set-up
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	Shenzhen	Investment	100		Set-up
Jiaozuo Joincare Bio Technological Co., Ltd.(Jiaozuo Joincare)	Jiaozuo	Jiaozuo	Industry	75	25	Set-up
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.(Shanghai Frontier)	Shanghai	Shanghai	Industry	65		Set-up

Name of subsidiary	Principal Place of Business	Place of Registration	Nature of Business	Percentage of Shareholding (%)		Acquisition Method
				Direct	Indirect	
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	Shenzhen	Industry	100		Set-up
Guangzhou Joicare Respiratory Medicine Engineering Technology Co., Ltd. (Joicare Respiratory)	Guangzhou	Guangzhou	Industry		26	Set-up
Guangdong Taitai Forensic Test Institute	Shenzhen	Shenzhen	Business		100	Set-up
Joicare Haibin Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Industry	25	75	Set-up
Shenzhen Haibin Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Industry	97.87	2.13	Consolidation not under common control
Joicare Daily-Use & Health Care Co., Ltd.	Shenzhen	Shenzhen	Business	80	20	Consolidation not under common control
Health Pharmaceuticals (China) Limited	Zhuhai	Zhuhai	Industry		100	Consolidation not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group)	Zhuhai	Zhuhai	Industry	23.66	21.11	Consolidation not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment		100	Consolidation not under common control
Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment		100	Consolidation not under common control
Shenzhen Hiyeah Industry Co., Ltd.	Shenzhen	Shenzhen	Business	97.58	2.42	Consolidation not under common control
Guangzhou Hiyeah Industry Co., Ltd.	Guangzhou	Guangzhou	Industry		100	Consolidation not under common control
Zhongshan Renhe Health Products Co., Ltd.	Zhongshan	Zhongshan	Industry		100	Consolidation not under common control
Shenzhen Jiekang Health Care Co., Ltd.	Shenzhen	Shenzhen	Industry		100	Consolidation not under common control
Joicare (Guangdong) Special medicine Food Co., Ltd.	Shaoguan	Shaoguan	Industry	100		Set-up
Henan Joicare Biomedical Research Institute Co., Ltd.	Jiaozuo	Jiaozuo	Industry		66.93	Set-up

Other descriptions:

Subsidiaries not included in the scope of consolidation in the current period:

Name of subsidiary	Registered Capital	Actual investment	Own interest
Guangzhou Hiyeah Industry Co., Ltd.	RMB 3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd.	RMB 500,000.00	500,000.00	100%
Shenzhen Jiekang Health Care Co., Ltd.	RMB 4,000,000.00	4,000,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd., Zhongshan Renhe Health Products Co., Ltd., and Shenzhen Jiekang Health Care Co., Ltd. are wholly-owned subsidiaries of Hiyeah Industry. They entered the liquidation process in 2008. They have been closed for many years and completed the tax cancellation procedures. So they are not included in the scope of the consolidated statement.

(2). Important non-wholly owned subsidiaries

Applicable  N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Percentage of minority interest (%)	Gain or loss for the Period attributable to minority interest	Dividends distributed to the minority interest for the Period	Balance of minority interest at the End of the Period
Livzon Group	55.2362	586,374,083.96	644,923,997.09	6,629,008,742.72

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

Applicable  N/A

Other descriptions:

Applicable  N/A

(3). Important non-wholly owned subsidiaries

Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

Name of subsidiary	Balance at the End of the Period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	1,425,831.41	680,051.65	2,105,883.06	648,576.89	111,927.09	760,503.98
Name of subsidiary	Balance at the Beginning of the Period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	1,462,735.7	596,345.88	2,059,081.58	608,288.89	86,784.49	695,073.38

Name of subsidiary	Amount for the Period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	623,553.10	117,978.14	103,223.26	67,491.10
Name of subsidiary	Amount for the Previous Period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	509,523.83	133,072.86	135,639.95	87,357.69

(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts:

Applicable  N/A

(5). Financial supports or other supports offered for the structured entities included in the scope of consolidated financial statements:

Applicable  N/A

Other descriptions:

Applicable  N/A

**2. Transactions that Result in Change of Owners' Equity in Subsidiaries without Losing Control**

Applicable  N/A

**3. Interests in joint ventures or associates**

Applicable  N/A

(1). Significant joint ventures or associates

Applicable  N/A

Name of subsidiary	Main business place	Place of registration	Business nature	Shareholding(%)		Accounting treatment of investment in joint ventures or joint ventures
				Direct	Indirect	
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Jiaozuo City, Henan Province	Zhaozhanggong Village, Daiwang Town, Macun District, Jiaozuo City, Henan Province	Electricity production, power supply, comprehensive utilisation of fly ash	0.00	49	Equity method

(2). Key financial information of significant joint ventures

Applicable  N/A

## (3). Key financial information of significant associates

√ Applicable □ N/A

	Balance at the End of the Period / Amount for the Period	Balance at the Beginning of the Period / Amount for the Previous Period
	Jiaozuo Jinguang Jiahua Electric Power Co., Ltd.	Jiaozuo Jinguang Jiahua Electric Power Co., Ltd.
	Unit: Yuan Currency: RMB	
Current assets	880,051,682.08	747,232,522.21
Of which: cash equivalents	175,689,080.15	174,001,731.35
Non-current assets	305,034,548.34	319,027,493.06
Total assets	1,185,086,230.42	1,066,260,015.27
Current liabilities	537,496,499.49	423,866,168.40
Non-current liabilities	14,767,039.03	14,902,039.03
Total liabilities	552,263,538.52	438,768,207.43
Net asset	632,822,691.90	627,491,807.84
Of which: Minority interests	0.00	0.00
Total equity attributable to shareholders of the parent company	632,822,691.90	627,491,807.84
Share of net assets calculated by shareholding ratio	310,083,119.03	307,470,985.84
Adjustment items	9,327,247.20	9,085,381.21
Goodwill		
Unrealised profit on internal transactions		
Provision for diminution in value		
Others	9,327,247.20	9,085,381.21
Book value of equity investment in associates	319,410,366.23	316,556,367.05
Fair value of equity investment in associates with public quotation		
Revenue	326,758,406.59	354,586,544.07
Finance expenses	9,179,331.31	3,374,218.39
Income tax expense	1,776,961.35	5,131,338.79
Net profit	5,824,488.12	15,394,015.97
Net profit from discontinued operations		
Other comprehensive income		
Total Comprehensive income	5,824,488.12	15,394,015.97
Cash flow from operating activities	-103,889,799.14	17,628,220.14
Dividends received from associates in the current year		

## (4). Summarized accounting information for other non-important associates

√ Applicable □ N/A

	Balance at the End of the Period / Amount for the Period	Balance at the Beginning of the Period / Amount for the Previous Period
	Unit: Yuan Currency: RMB	
Associates:		
Total carrying amount of investment	1,025,238,284.45	311,723,232.68
Total amount calculated by percentage of shareholding		
net profit	6,896,425.09	-4,957,827.18
other comprehensive income	0.00	0.00
total comprehensive income	6,896,425.09	-4,957,827.18



- (5). Descriptions of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company  
 Applicable  N/A
- (6). Excess losses incurred by joint ventures or associates  
 Applicable  N/A
- (7). Unrecognised commitments related to investments in joint ventures  
 Applicable  N/A
- (8). Contingent liabilities related to investments in joint ventures or associates  
 Applicable  N/A

#### 4. Significant joint operations

Applicable  N/A

#### 5. Interests in structured entities not included in the scope of consolidated financial statements

Descriptions of structured entities not included in the scope of consolidated financial statements:

Applicable  N/A

#### 6. Others

Applicable  N/A

## VIII. Risks Management of Financial Instruments

Applicable  N/A

The major financial instruments of the Company include cash, bills receivable and accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, long-term receivables, bills payable and accounts payable, other payables, short-term borrowings and financial liabilities held for trading. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

### 1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

#### (1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong) are settled in Hong Kong dollars. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted non-hedging foreign currency forward contracts to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

## ① 30 June 2021

Unit: 1,000 Yuan

Item	HKD item	USD item	Euro item	GBP item	CHF item	MOP item
Financial assets in foreign currency:						
Monetary funds	473,817.83	1,052,384.98	789.02	17.35	2,014.84	0.00
Financial assets held for trading	222,000.94	0.00	0.00	0.00	0.00	0.00
Accounts receivables	0.00	589,251.59	0.00	0.00	1,822.69	0.00
Other receivables	3,017.08	0.00	0.00	0.00	469.83	0.00
Other equity instrument investments	501,192.42	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,200,028.28	1,641,636.57	789.02	17.35	4,307.37	0.00
Financial liabilities in foreign currency:						
Accounts payables	0.00	0.00	0.00	0.00	352.35	257.66
Other payables	97.92	16,768.59	0.00	0.00	0.00	0.00
Subtotal:	97.92	16,768.59	0.00	0.00	352.35	257.66

## ② 31 December 2020

Unit: 1,000 Yuan

Item	HKD item	USD item	Euro item	JPY item	GBP item	MOP item
Financial assets in foreign currency:						
Monetary funds	335,766.40	1,086,139.94	644.45	0.00	17.25	1,120.27
Financial assets held for trading	5,596.91	0.00	0.00	0.00	0.00	0.00
Accounts receivables	0.00	483,761.81	1,275.65	0.00	0.00	2,335.99
Other receivables	3,042.50	435.46	0.00	0.00	0.00	474.95
Other equity instrument investments	697,310.50	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,041,716.32	1,570,337.22	1,920.10	0.00	17.25	3,931.21
Financial liabilities in foreign currency:						
Accounts payables	0.00	218.39	45.46	6,688.92	0.00	0.00
Other payables	206.06	7,401.12	0.00	0.00	0.00	0.00
Subtotal:	206.06	7,619.51	45.46	6,688.92	0.00	0.00

As at 30 June 2021, in respect of the Company's financial assets and liabilities denominated in foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau dollar, should the value of RMB appreciate or depreciate by 5% against foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau dollar, and other factors remain unchanged, the Company would be subject to an increase or decrease in profit of approximately RMB141,465,100 (31 December 2020: approximately RMB130,168,110).

## (2). Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings and bonds payables. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

### (3). Credit risk

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivables and other receivables. In respect of cash at banks, they were placed at several banks with good reputations, for which the credit risk was limited. In respect of receivables, the Company shall assess the credit limit granted to customers for credit purpose. Moreover, as the customer base of the Company is large, the credit risk on accounts receivables is not concentrated. In respect of the settlement of bills receivables, since more quality bills such as bank acceptance bills are used, it's expected that there should be no significant credit risks as for whether the Company determines to hold for redemption upon maturity or endorse for payment to external parties based on capital requirements. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers accounted for 9.30% (31 December 2020: 11.32%); among the other receivables of the Company, the other receivables of the top five customers accounted for 71.50% (31 December 2020: 71.95%).

### (4). Liquidity risk

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels were available, such as direct financing by inter-bank market including short-term financing bills and medium-term financing bills, corporate bonds etc. These instruments can effectively reduce the effects of scale of financing and the macro monetary policies of China on indirect bank financing, which shall secure adequate funds in a flexible manner.

As at the date of the balance sheet, the contractual cash flows of financial assets and financial liabilities are presented below by term of maturity:

#### ① 30 June 2021

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Monetary funds	10,355,746,941.18	0.00	0.00	0.00	10,355,746,941.18
Financial assets held for trading	241,873,785.15	0.00	0.00	0.00	241,873,785.15
Bills receivables	1,826,155,857.39	0.00	0.00	0.00	1,826,155,857.39
Accounts receivables	2,876,172,105.89	0.00	0.00	0.00	2,876,172,105.89
Other receivables	196,852,291.71	0.00	0.00	0.00	196,852,291.71
Non-current assets due within one year	8,520,000.00	0.00	0.00	0.00	8,520,000.00
Long-term receivables	0.00	584,284.36	0.00	0.00	584,284.36
Subtotal:	15,505,320,981.32	584,284.36	0.00	0.00	15,505,905,265.68
Financial liabilities:					
Short-term borrowings	1,761,919,976.54	0.00	0.00	0.00	1,761,919,976.54
Financial liabilities held for trading	556,069.84	0.00	0.00	0.00	556,069.84
Bills payables	1,492,064,332.85	0.00	0.00	0.00	1,492,064,332.85
Accounts payables	849,511,589.02	0.00	0.00	0.00	849,511,589.02
Other payables	3,109,066,916.03	0.00	0.00	0.00	3,109,066,916.03
Non-current liabilities due within one year	9,015,086.52	0.00	0.00	0.00	9,015,086.52
Lease liabilities	0.00	4,932,084.43	2,010,865.04	0.00	6,942,949.47
Long-term borrowings	0.00	0.00	638,453,815.00	0.00	638,453,815.00
Subtotal:	7,222,133,970.80	4,932,084.43	640,464,680.04	0.00	7,867,530,735.27

## ② 31 December 2020

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Monetary funds	12,289,098,613.19	0.00	0.00	0.00	12,289,098,613.19
Financial assets held for trading	28,328,748.72	0.00	0.00	0.00	28,328,748.72
Bills receivables	1,343,013,818.54	0.00	0.00	0.00	1,343,013,818.54
Accounts receivables	2,447,406,222.52	0.00	0.00	0.00	2,447,406,222.52
Other receivables	177,240,162.81	0.00	0.00	0.00	177,240,162.81
Non-current assets due within one year	19,934,376.07	0.00	0.00	0.00	19,934,376.07
Long-term receivables	0.00	584,284.36	0.00	0.00	584,284.36
Subtotal:	16,305,021,941.85	584,284.36	0.00	0.00	16,305,606,226.21
Financial liabilities:					
Short-term borrowings	2,110,942,804.06	0.00	0.00	0.00	2,110,942,804.06
Financial liabilities held for trading	212.07	0.00	0.00	0.00	212.07
Bills payables	1,087,759,353.31	0.00	0.00	0.00	1,087,759,353.31
Accounts payables	832,632,206.53	0.00	0.00	0.00	832,632,206.53
Other payables	2,847,688,065.59	0.00	0.00	0.00	2,847,688,065.59
Non-current liabilities due within one year	8,539,077.05	0.00	0.00	0.00	8,539,077.05
Lease liabilities	0.00	6,266,093.09	3,551,686.95		9,817,780.04
Long-term borrowings	0.00	0.00	360,324,027.48	0.00	360,324,027.48
Subtotal:	6,887,561,718.61	6,266,093.09	363,875,714.43	0.00	7,257,703,526.13

## 2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets). On 30 June 2021, the Company's gearing ratio is 32.19% (31 December 2020: 31.68%).

### 3. Transfer of financial assets

(1). Financial assets which are transferred but have not been derecognised in their entirety  
Nil.

(2). Financial assets which have been transferred and ceased to be recognised but still have involvement with the transferor

On 30 June 2021, the Company's carrying amounts of bank acceptance bills undue and endorsed to suppliers for settling account payables is RMB312,339,291.89 (31 December 2020: RMB327,932,359.58); the Company has no commercial acceptance bills undue and endorsed to suppliers for settling account payables (31 December 2020: RMB0.00). On 30 June 2021, the due dates fall into 1 to 12 months. In accordance with the Law of Negotiable Instruments, the holders of the bills have a right of recourse against the Company if payment is refused by the bank of acceptance (the "Continuing Involvement"). In the opinion of the Company, the Company has transferred substantially all risks and rewards. Accordingly, their full carrying amounts and the associated account payables have been derecognised. The maximum loss and the undiscounted cash flows from the Continuing Involvement and repurchasing is equal to their carrying amounts. In the opinion of the Company, the fair values of the Continuing Involvement are not significant.

During January to June 2021, no gain or loss was generated by the Company on the date of transfer of the bills. The Company had no current or accumulated gain or expense arising from the Continuing Involvement in financial assets which had been derecognised. The endorsement was incurred evenly throughout the Period.

## IX. FAIR VALUE

### 1. Closing balance of the fair value of assets and liabilities measured at fair value

Applicable  N/A

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Unit: Yuan Currency: RMB				
I. Continuous fair value measurement				
( ) Recurring fair value measurement	238,093,196.95	3,780,588.20	0.00	241,873,785.15
1. Financial assets at fair value through profit or loss				
(1) Debt instrument investments	926,807.89	0.00	0.00	926,807.89
(2) Equity instrument investments	237,166,389.06	0.00	0.00	237,166,389.06
(3) Derivative financial assets	0.00	3,780,588.20	0.00	3,780,588.20
2. Financial assets, at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Other investments in equity instruments	200,427,353.28	0.00	1,175,969,840.91	1,376,397,194.19
(IV) Investment properties				
1. A land use right that is used to be leased out.				
2. A building that is leased out.				
3. A land use right held for transfer upon capital appreciation				
(V) Biological asset				
1. Consumable biological assets				
2. Productive biological assets				
Total assets continuously measured at fair value	438,520,550.23	3,780,588.20	1,175,969,840.91	1,618,270,979.34

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
(VI) Held-for-trading financial liabilities				
1. Financial liabilities at fair value through profit or loss				
Of which: Issued tradable bonds				
Derivative financial liabilities	0.00	556,069.84	0.00	556,069.84
Others				
2. Financial liabilities designated as at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis	0.00	556,069.84	0.00	556,069.84
II. Non-recurring fair value measurement				
(1) Held-for-sale assets	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

## 2. Basis for determining the market price of continuous and non-continuous level 1 fair value

measurement items

Applicable  N/A

When listed and traded on the Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange and the United States, its fair value is determined by the closing price on the last trading day of the reporting period.

## 3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

Applicable  N/A

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	3,780,588.20	The fair value is measured at the forward exchange rate quoted by the respective matured contract
Derivative financial liabilities	556,069.84	The fair value is measured at the forward exchange rate quoted by the respective matured contract

Valuation techniques and qualitative and quantitative information of key parameters adopted for level 2 fair value measurement items (1) The derivative financial instruments are foreign exchange forward contracts, and the fair value is calculated and determined based on the corresponding forward exchange rate of the expiring contract. (2) The fair value of some other equity instruments held is determined by the equity value recorded in the equity notice provided by the counterparty at the end of the year.

## 4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

Applicable  N/A

The fair value of some other equity instruments held is the best estimate based on the cost or the present value of expected future net cash flows.

## 5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of

unobservable parameters for continuous level 3 fair value measurement items

Applicable  N/A

Item	Fair value at the End of the Period	Valuation techniques
Other equity instrument investments- Shanghai Yunfeng Xinchuang Equity Investment Center	120,279,650.08	Net asset method
Other equity instrument investments - Shanghai JingYi Investment Center (L.P.)	66,908,461.62	Net asset method
Other equity instrument investments-Qianhai Equity Investment Fund(L.P.)	280,307,004.00	Net asset method
Other equity instrument investments –Apricot Forest, Inc	149,384,486.40	Income approach
Other equity instrument investments -PANTHEOND,L.P.	11,445,746.78	Net asset method
Other equity instrument investments – China Resources Bank of Zhuhai Co., Ltd.	170,772,300.00	Market method
Other equity instrument investments -GLOBALHEALTHSCIENCE	227,873,899.09	Net asset method
Other equity instrument investments -SCCVENTUREVI2018-B,L.P.	13,566,215.68	Net asset method
Other equity instrument investments -NextechVOncologyS.C.S.,SICAV-SIF	31,350,997.34	Net asset method
Other equity instrument investments -Others	104,081,079.92	Cost method

In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Applicable  N/A

## 6. Changes in valuation techniques for the current period and reasons for changes

Applicable  N/A

## 7. Fair value of financial assets and liabilities not measured at fair value

Applicable  N/A

## 8. Others

Applicable  N/A

# X. RELATED PARTIES AND RELATED TRANSACTIONS

## 1. Parent company of the Company

Applicable  N/A

Unit: Yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Percentage of the entity's shareholding held by the parent company (%)	Percentage of the entity's voting rights held by the parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd.	Shenzhen	investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	45.73	45.73

Notes to the parent company of the Company:

The parent company of the Company is Shenzhen Baiyeyuan Investment Co., Ltd., which was established on 21 January 1999, and its main business scope is investment and establishment of industry, domestic commerce, and material supply and marketing.

The de facto controller of the Company: Zhu Baoguo

Other descriptions:

(1) Parent company's registered capital and its changes

Name of parent company	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
Shenzhen Baiyeyuan Investment Co., Ltd.	80,000,000.00	0.00	0.00	80,000,000.00

(2) Shares of the company held by the parent company and their changes

Name of parent company	Balance at the Beginning of the Period	Proportion	Increase for the Period	Decrease for the Period	Balance at the End of the Period	Proportion
Shenzhen Baiyeyuan Investment Co., Ltd.	895,653,653.00	45.87%	0.00	0.00	895,653,653.00	45.73%

## 2. The Company's subsidiaries

For details of the subsidiaries of the Company, please refer to note VII.1.

Applicable  N/A

Please refer to note for the details of subsidiaries.

## 3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please see the notes.

Applicable  N/A

Please refer to note VII.3. for the details of the joint ventures and associates.

Other joint ventures or associates entered into transactions with the Company during the Period, or during the prior period with remaining closing balance were as follows:

Applicable  N/A

Name of joint ventures and associates	Relationship with the Company
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Associate
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Associate
Novastage Pharmaceuticals (Shenzhen), Ltd.	Associate
Shenzhen City Youbao Technology Co., Ltd.	Associate
AbCyte Therapeutics Inc.	Associate
L&L Biopharma, Co. Ltd.	Associate
Zhuhai Sanmed Biotech Inc.	Associate
Aetio Biotherapy Inc	Associate
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	Associate
Tianjin Tongrentang Group Co., Ltd.	Associate
Infinite Intelligence Pharma	Associate
Zhuhai Sanmed Gene Diagnostics Ltd. (formerly known as Livzon Gene Diagnostics Inc.)	A company controlled by the associate

Other descriptions

Applicable  N/A



#### 4. Other related parties of the Company

Applicable  N/A

Name of other related parties	Relationship with the Company
Shenzhen Taitelixing Investment Development Co., Ltd.	Others
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Others
Zhuhai Medpha Biotechnology Co., Ltd.	Others
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership)	Others
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	Others
Zhuhai Liying Investment Management Partnership (Limited Partnership)	Others
Directors, Supervisors and other senior management personnel	Others

#### 5. Related transactions

##### (1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods, receipt of services

Applicable  N/A

Unit: Yuan Currency: RMB

Related party	Description of related party transaction	Amount for the Period	Amount for the Previous Period
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Raw materials	3,122,300.89	2,497,840.69
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods	12,157.00	0.00
L&L Biopharma, Co. Ltd.	R&D	188,679.24	0.00
Shenzhen City Youbao Technology Co., Ltd.	Training	141,700.00	0.00
Zhuhai Sanmed Biotech Inc.	Finished goods	0.00	21,238.94
Zhuhai Medpha Biotechnology Co., Ltd.	Raw materials	0.00	18,053.10
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Electricity, steam	103,613,339.79	91,823,924.68
Total		107,078,176.92	94,361,057.41

Sales of goods, provision of services

Applicable  N/A

Unit: Yuan Currency: RMB

Related party	Description of related party transaction	Amount for the Period	Amount for the Previous Period
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Finished goods , Water and power	30,514,098.48	11,316,544.20
Zhuhai Medpha Biotechnology Co., Ltd.	Macromolecule materials	0.00	116,516.81
Zhuhai Sanmed Gene Diagnostics Ltd.	Finished goods , Water and power	199,918.70	0.00
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods	2,697,554.00	0.00
Zhuhai Sanmed Biotech Inc.	Water, electricity, power and others	292,011.06	987,045.99
Total		33,703,582.24	12,420,107.00

Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

Applicable  N/A

## (2). Related entrusted management/contracting and entrusting management/outsourcing

Table of the entrusted management/contracting of the Company:

 Applicable  N/A

Descriptions of related trusteeship/outsourcing

 Applicable  N/A

Table of the entrusting management/outsourcing of the Company:

 Applicable  N/A

Descriptions of related management/outsourcing

 Applicable  N/A

## (3). Related party leases

The Company as a lessor

 Applicable  N/A

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Lease income recognised for the Period	Lease income recognised for the Previous Period
Zhuhai Sanmed Biotech Inc.	Buildings	1,113,149.50	1,597,855.26
Zhuhai Sanmed Gene Diagnostics Ltd.	Buildings	120,000.00	0.00
Shenzhen Baiyeyuan Investment Co., Ltd.	Buildings	9,445.88	9,445.88
Novastage Pharmaceuticals (Shenzhen), Ltd.	Buildings & Equipment	163,189.08	0.00
Shenzhen Taitelixing Investment Development Co., Ltd.	Buildings	9,360.00	9,360.00
Shenzhen Healthy Deer Information Technology Co., Ltd.	Buildings	8,587.16	8,587.16
Shenzhen City Youbao Technology Co., Ltd.	Buildings	8,587.16	8,587.16
Total		1,432,318.78	1,633,835.46

The Company as a lessee:

 Applicable  N/A

Descriptions of related leases

 Applicable  N/A

## (4). Related party guarantees

The Company as the guarantor

 Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

Name of guaranteed party	Guarantee amount	Actual date of event	Guarantee maturity date	Performance completed or not
Jinguan Electric Power	4,800.00	2021/2/23	2022/2/23	No
Jinguan Electric Power	10,000.00	2021/3/3	2022/2/25	No
Jinguan Electric Power	4,000.00	2020/7/13	2021/7/13	No
Jinguan Electric Power	5,000.00	2020/7/20	2021/7/20	No
Jinguan Electric Power	3,200.00	2020/9/17	2021/9/17	No
Jinguan Electric Power	3,000.00	2020/10/12	2021/10/12	No
Jinguan Electric Power	4,000.00	2020/10/15	2021/10/15	No
Sanmed Biotech	2,900.00	2021/1/1	2021/5/6	Yes

The Company as the guaranteed party

 Applicable  N/A

Descriptions of guarantees with related parties

 Applicable  N/A

- ① In order to ensure the stable development of production and operation of Jinguan Electric Power, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee line with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) according to "the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare" considered and approved at the First Extraordinary General Meeting of the Company on 6 July 2016, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2019. Pursuant to "the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare" considered and approved at the 2017 Annual General Meeting of the Company on 22 May 2018, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee line with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts), with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022. In order to ensure the stable development of production and operation of Jinguan Electric Power, the revolving guarantee line with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) considered and approved at the 2017 General Meeting of the Company was changed to the revolving guarantee line with balance of no more than RMB450 million (inclusive) on 16 April 2019 due to the actual business needs of Jinguan Electric Power, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022.

As at 30 June 2021, the Company provided Jinguan Electric Power with guarantees for loans of RMB340 million, including RMB100 million in Shenzhen Branch of China Zheshang Bank, RMB80 million in Shenzhen Branch of Nanyang Commercial Bank, and RMB160 million in Shenzhen Branch of China Everbright Bank.

In order to ensure the safety of secured loans, Jinguan Electric Power provided counter guarantees for the said guarantees provided by the Company based on its owned assets, and undertook that it would unconditionally provide mutual guarantees for the Company or its controlling subsidiary designated with total line of no more than RMB450 million (inclusive) whenever the Company deemed necessary.

- ② The Company has provided a "Letter of Undertaking for Counter Guarantee", pursuant to which it has undertaken to provide a joint liability guarantee for 33.07% of the obligation of Livzon Group under the guarantee provided to Livzon MABPharm Inc. \* (珠海市丽珠单抗生物技术有限公司), and the guarantee period of which will be expired on the expiry date of Livzon Group's obligation thereunder.
- ③ Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)), the other shareholder of Livzon Diagnostics, has provided a "Letter of Undertaking for Counter Guarantee", pursuant to which it has undertaken to provide a joint liability guarantee for 9.025% of the obligation of Livzon Group under the guarantee provided to Livzon Diagnostics, and the guarantee period of which will be expired on the expiry date of Livzon Group's obligation thereunder.
- ④ Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙)), the other shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), has provided a "Letter of Undertaking for Counter Guarantee", pursuant to which it has undertaken to provide a joint liability guarantee for 8.44% of the obligation of Livzon Group under the guarantee provided to Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) and the guarantee period of which will be expired on the expiry date of Livzon Group's obligation thereunder.
- ⑤ Other shareholders of Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) including Li Lin and Shi Jianfeng have provided "Letter of Undertaking for Counter Guarantee", pursuant to which they have undertaken to provide a joint liability guarantee for a total of 74.0822% of the obligation of Livzon Group under the guarantee provided to Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) and the guarantee period of which will be expired on the expiry date of Livzon Group's obligation under the guarantee.

- ⑥ On 24 December 2020, Livzon Group signed a guarantee agreement with Zhuhai Branch of Industrial and Commercial Bank of China Limited \* (中国工商银行股份有限公司珠海分行) in the amount of RMB29 million to secure the credit facility granted to Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) by Zhuhai Branch of Industrial and Commercial Bank of China Limited \* (中国工商银行股份有限公司珠海分行) and the guarantee period of which will be expired on 24 December 2021. During the Period, Livzon Group provided guarantee to Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) at an actual amount of RMB29 million. As at 30 June 2021, the total balance of actual amount guaranteed by Livzon Group to Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) was nil.
- (5). Lending funds of related parties  
 Applicable  N/A
- (6). Asset transfer and debt restructuring between related parties  
 Applicable  N/A
- (7). Remuneration of key management personnel  
 Applicable  N/A

Unit: 10,000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration of key management personnel	602.27	607.70
Of which:		
Non-Independent Director	333.95	389.76
Independent Director	14.40	14.40
Supervisors	77.33	70.83
Other senior management	176.59	132.71

- (8). Other related transactions  
 Applicable  N/A

## 6. Amounts due from/to related parties

- (1). Amounts due from related parties  
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Related parties	Balance at the End of the Period		Balance at the Beginning of the Period	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bills receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	7,417,434.22	0.00	0.00	0.00
Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	15,278,880.00	152,788.80	5,092,960.00	52,457.49
Accounts receivables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	541,193.60	169,010.36	0.00	0.00
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Inc.	64,268.10	643.04	38,563.14	374.06
Prepayments	Sichuan Healthy Deer Hospital Management Co., Ltd.	153,900.00	0.00	153,900.00	0.00
Prepayments	Zhuhai Sanmed Biotech Inc.	211,200.00	0.00	211,200.00	0.00
Prepayments	Shenzhen City Youbao Technology Co., Ltd	478,150.00	0.00	0.00	0.00
Other receivables	Zhongshan Renhe Health Products Co., Ltd.	469,895.78	469,895.78	469,895.78	469,895.78
Other receivables	Shenzhen Jiekang Health Care Co., Ltd.	18,577,246.63	18,577,246.63	18,577,246.63	18,577,246.63
Other receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	1,338,551.32	17,936.59	0.00	0.00
Other receivables	Zhuhai Sanmed Biotech Inc.	159,723.45	1,597.23	15,000,000.00	415,461.96
Other receivables	Zhuhai Sanmed Gene Diagnostics Inc.	15,795.00	691.82	10,530.00	291.65
Non-current assets due within one year:	Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	0.00	0.00	10,967,767.26	0.00
Other non-current assets:	Zhuhai Liying Investment Management Partnership(Limited Partnership)	1,840,994.29	0.00	1,740,994.29	0.00

(2). Amount due to related parties

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Related parties	Balance at the End of the Period	Balance at the Beginning of the Period
Bills payables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	2,768,280.00	0.00
Accounts payables	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	43,805,257.36	31,681,080.57
Accounts payables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	379,960.00	0.00
Dividends payable	Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	0.00	1,466,606.04

**7. Commitments of related parties**

Applicable  N/A

**8. Others**

Applicable  N/A

**XI. SHARE-BASED PAYMENT**

**1. General information about share-based payment**

Applicable  N/A

Unit: Share Currency: RMB

Total equity instruments granted during the Current Period by the Company	0
Total equity instruments exercised during the Current Period by the Company	5,812,453
Total equity instruments of the Company expired during the Current Period	0
Range of exercise price of share option of the Company outstanding and remaining term of contract as at the End of the Period	Note
Range of exercise price of other equity instruments of the Company and remaining term of contract as at the End of the Period	—

Note: Share Option

① On 13 December 2018, "the Resolution on 2018 Share Options Incentive Scheme (Draft) and its summary", "the Resolution on Administrative Measures for Appraisal System of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc." and "the Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Regarding the 2018 Share Options Incentive Scheme" were considered and approved at the 2018 Third Extraordinary General Meeting. On 21 December 2018, "the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Grant under 2018 Share Options Incentive Scheme" and "the Resolution on the First Grant of Share Options to Incentive Participants" were considered and approved at the 6th Meeting of the 7th Session of the Board and the 5th Meeting of the 7th Session of the Supervisory Committee. On 24 January 2019, "the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Grant under 2018 Share Options Incentive Scheme" was considered and approved at the 7th Meeting of the 7th Session of the Board and the 6th Meeting of the 7th Session of the Supervisory Committee, pursuant to which, 21 December 2018 was set as the date of grant, on which 35.72 million share options were granted to 320 incentive participants at an exercise price of RMB8.21 per share option.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 12th Meeting of the 7th Session of the Board of the Company on 10 June 2019, 3.95 million share options that have been granted but not yet exercised by 39 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 320 to 281, while the number of share options under the first grant was adjusted from 35.72 million to 31.77 million.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 17th Meeting of the 7th Session of the Board of the Company on 28 October 2019, 2.46 million share options that have been granted but not yet exercised by 23 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 281 to 258, while the number of share options under the first grant was adjusted from 31.77 million to 29.31 million.

Pursuant to "the Resolution on Fulfillment of Exercise Conditions for the First Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme" considered and approved at the 19th Meeting of the 7th Session of the Board of the Company on 4 December 2019, it was believed that the exercise conditions for the first exercise period of the first grant under the Incentive Scheme had been achieved, and it was agreed that the 258 incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 11.724 million, and the exercise period was from 21 December 2019 to 20 December 2020.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 30th Meeting of the 7th Session of the Board of the Company on 14 August 2020, 1.488 million share options that have been granted but not yet exercised by 23 Incentive Participants under the first grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 258 to 235, while the number of share options under the first grant was adjusted from 18,928,900 to 17,444,100.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 33rd Meeting of the 7th Session of the Board of the Company on 16 November 2020, 96,000 share options that have been granted but not yet exercised by 2 Incentive Participants under the first grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of the Company was adjusted from 235 to 233, while the number of share options under the first grant was adjusted from 16,940,000 to 16,844,400.

Pursuant to "the Resolution on Fulfillment of Exercise Conditions for the Second Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme" considered and approved at the 35th Meeting of the 7th Session of the Board of the Company on 30 November 2020, it was believed that the exercise conditions for the second exercise period of the first grant under the Incentive Scheme had been achieved, and it was agreed that the incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 8,001,000, and the exercise period was from 21 December 2020 to 20 December 2021.

As at 30 June 2021, the number of share options exercised for the Period was 17,377,701 and the number of outstanding share options was 10,332,299.

② Pursuant to "the Resolution on the Grant of Share Options to Incentive Participants under the Reserved Grant" considered and approved at the 16th Meeting of the 7th Session of the Board of the Company on 23 September 2019, 23 September 2019 was set as the date of grant, on which 8.99 million share options were granted to 187 incentive participants.

Pursuant to "the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Reserved Grant under 2018 Share Options Incentive Scheme" considered and approved at the 17th Meeting of the 7th Session of the Board of the Company on 28 October 2019, the number of Incentive Participants for the Reserved Grant of share options was adjusted from 187 to 186, while the number of share options under the Reserved Grant was adjusted from 8.99 million to 8.97 million.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 30th Meeting of the 7th Session of the Board of the Company on 14 August 2020, 1.88 million share options that have been granted but not yet exercised by 28 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the Reserved Grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 186 to 158, while the number of share options under the Reserved Grant was adjusted from 8.97 million to 7.09 million.

Pursuant to "the Resolution on Fulfillment of Exercise Conditions for the First Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme" considered and approved at the 31st Meeting of the 7th Session of the Board of the Company on 27 August 2020, it was believed that the exercise conditions for the first exercise period of the reserved grant under the Incentive Scheme had been achieved, and it was agreed that the incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 3,545,000, and the exercise period was from 23 September 2020 to 22 September 2021.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan" considered and approved at the 33rd Meeting of the 7th Session of the Board of the Company on 16 November 2020, 450,000 share options that have been granted but not yet exercised by 8 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the reserved grant of the 2018 share options incentive scheme of the Company was adjusted from 158 to 150, while the number of share options under the reserved grant was adjusted from 4,616,500 to 4,166,500.

As at 30 June 2021, the number of share options exercised for the Period was 3,182,178 and the number of outstanding share options was 3,457,822.

(2) Livzon Group, a subsidiary of the Company

Total equity instruments granted during the Current Period by the Company (share)	-
Total equity instruments exercised during the Current Period by the Company (share)	3,641,051
Total equity instruments of the Company expired during the Current Period (share)	-
Range of exercise price of share option of the Company outstanding and remaining term of contract as at the end of the Period	Note 1
Range of exercise price of other equity instruments of the Company and remaining term of contract as at the end of the Period	Note 2

Note 1: Share Option

① On 5 September 2018, "the Resolution on 2018 Share Options Incentive Scheme (Revised Draft) and its summary", the "Resolution on Administrative Measures for Appraisal System of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc." and "the Resolution on the General Meeting For Granting Mandate to the Board to Deal with Matters Regarding the 2018 Share Options Incentive Scheme" were considered and approved at the 2018 Third Extraordinary General Meeting, the 2018 Third Class Meeting of A Shareholders and the 2018 Third Class Meeting of H Shareholders of Livzon Group. Pursuant to "the Resolution in Relation to the Adjustment of the List of Incentive Participants of the First Grant and the Quantity to be Granted for the First Grant under 2018 Share Options Incentive Scheme" and "the Resolution on the Related Matters of the First Grant of 2018 Share Options Incentive Scheme" considered and approved at the 19th Meeting of the 9th Session of the Board of Livzon Group on 11 September 2018, 11 September 2018 was set as the date of grant, on which 17,475,500 Share Options were granted to 1,050 Incentive Participants at an exercise price of RMB47.01 per share option.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan" considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, 254,995 share options that have been granted but not yet exercised by 17 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of Livzon Group was adjusted from 1,050 to 1,033, while the number of share options under the first grant was adjusted from 22,718,150 to 22,463,155.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan" considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 162,912 share options under the first exercise period held but not yet exercised by 55 Incentive Participants and 1,535,765 share options granted and no longer meeting the exercising conditions to 129 Incentive Participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 1,033 to 904, while the number of share options under the first grant was adjusted from 22,463,155 to 20,764,478. As at 30 June 2021, the number of share options exercised for the Period was 11,985,775 and the number of outstanding share options was 8,778,703.

② Pursuant to "the Resolution relating to Relevant Issues concerning the Reserved Grant under the 2018 Share Options Incentive Scheme" considered and approved at the 31st Meeting of the 9th Session of the Board of Livzon Group on 28 August 2019, the Board approved 28 August 2019 as the date of grant, on which 2,535,000 share options were granted to 145 Incentive Participants and the exercise price was RMB28.87 per A share.

Pursuant to "the Resolution relating to Adjusting the List of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme" considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, the number of Incentive Participants under the reserved grant of the share option incentive plan was adjusted from 145 to 170.

On 28 October 2019, the Reserved Grant of the share options has completed registration. During the process of registration, 1 Incentive Participant was no longer qualified for incentive due to his resignation, and 2 Incentive Participants voluntarily gave up the Share Options to be granted by Livzon Group due to personal reasons. Therefore, the number of Incentive Participants under the Reserved Grant is adjusted from 170 to 167, and the total number of Share Options under the Reserved Grant is adjusted from 2,535,000 to 2,524,500.

Pursuant to "the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan" considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 309,900 share options granted and no longer meeting the exercising conditions to 10 incentive participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 167 to 157, while the number of share options under the Reserved Grant was adjusted from 2,524,500 to 2,214,600. As at 30 June 2021, the number of share options exercised for the Period was 1,727,997 and the number of outstanding share options was 486,603.

#### Note 2: Other equity incentives

Pursuant to "the Resolution on the Disposal of Certain Equity of a Holding Subsidiary and Connected Transaction" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, it was agreed that 9.5% equity interests (totally 8,382,100 shares) in Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) held by Livzon Group shall be transferred to Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)) at the consideration of RMB21,122,892. Pursuant to the Assets Appraisal Report on the Valuation of the Shareholders' Equity as a Whole of Zhuhai Livzon Diagnostics Inc. in Relation to the Proposed Equity Transfer by Livzon Pharmaceutical Group Inc. (Huaya Zhengxin Appraisal Report [2019] No. A02-0011), the valuation of the shareholders' equity as a whole of Zhuhai Livzon Diagnostics Inc. as at 30 June 2019 was RMB647.3075 million, and the above equity transfer price was lower than its fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB40.4017 million, which should be amortized within 5 years according to the partnership agreement.



Pursuant to "the Resolution on the Implementation of Employee Equity Incentive Scheme by a Holding Subsidiary" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, the total number of shares of new issuance by Zhuhai Livzon Diagnostics Inc. for implementation of employee equity incentive scheme shall not be more than 4,643,839 shares, and the scheme participants shall contribute a total of RMB11,702,474.28 to directly subscribe for the above shares or indirectly subscribe for the such shares through the holding of the limited partnership shares of the employee shareholding platform. In December 2019, pursuant to the Capital Increase Agreement of Zhuhai Livzon Diagnostics Inc., the total shares of Zhuhai Livzon Diagnostics Inc. increased from 88,232,932 shares to 92,876,771 shares with par value of RMB1 per share. The increased number of shares were subscribed for by Zhuhai Haoxun Enterprise Management Consulting Partnership (Limited Partnership) (珠海豪讯企业管理咨询合伙企业(有限合伙)), Zhuhai Yichen Enterprise Management Consulting Partnership (Limited Partnership) (珠海熠臣企业管理咨询合伙企业(有限合伙)) and Zhuhai Qijing Enterprise Management Consulting Partnership (Limited Partnership) (海启靖企业管理咨询合伙企业(有限合伙)) at the consideration of RMB11,702,474. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB20,709,000, which should be amortized within 5 years according to the Partnership Agreement, and share incentive expenses were recognized due to the share-based payment as a result of the change in the shares/shareholding of the shareholders of Zhuhai Livzon Diagnostics Inc.

## 2. Equity settled share-based payments

Applicable  N/A

Unit: Yuan Currency: RMB

Determination on fair value of equity instruments as the date of grant	Black-Scholes Model, market price
Basis for determining quantity of exercisable equity instruments	—
Reasons for significant discrepancies between estimate for the Period and Previous Period	Nil
Accumulated amount of equity settled share-based payments included in capital reserve	163,314,210.90
Total expense recognised for equity settled share-based payments for the Period	13,599,751.99

## 3. Cash settled share-based payments

Applicable  N/A

## 4. Modifications to and termination of share-based payment

Applicable  N/A

## 5. Others

Applicable  N/A

# XII. COMMITMENTS AND CONTINGENCIES

## 1. Significant commitments

Applicable  N/A

Significant commitments to outsiders as of the balance sheet data, and their nature and amount

### (1) Capital commitments

Contracted but not recognised in the financial statement	Balance at the End of the Period	Balance at the Beginning of the Period
Commitments in relation to acquisition of long-term assets	651,951,984.61	673,900,118.24

## (2) Operating lease commitments

As at 30 June 2021, the Company signed the non-cancellable operating leases as follows:

Minimum lease payments under non-cancellable operating leases payable	Balance at the End of the Period
Within one year from the balance sheet date	10,033,022.95
In the second year from the balance sheet date	5,004,084.43
In the third year from the balance sheet date	2,176,941.39
Subsequent years	1,293,888.68
<b>Total</b>	<b>18,507,937.45</b>

## (3) Other commitments

Nil.

## (4) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments as at 30 June 2021 and the other commitments.

**2. Contingencies**

## (1). Significant contingencies as of the balance sheet date

Applicable  N/A

## (2). Please also make explanations thereof if the Company has no significant contingency to be disclosed:

Applicable  N/A

As at 30 June 2021, there were no significant contingencies required to be disclosed by the Company.

**3. Others**

Applicable  N/A

**XIII. Events after the Balance Sheet Date****1. Significant non-adjustment events**

Applicable  N/A

**2. Profit distribution**

Applicable  N/A

**3. Sales returns**

Applicable  N/A

**4. Descriptions of other events after the balance sheet date**

Applicable  N/A

**XIV. Other significant events****1. Corrections of previous accounting errors**

## (1). Retrospective restatement

Applicable  N/A

## (2). Prospective application

Applicable  N/A

## 2. Debt restructuring

Applicable  N/A

## 3. Replacement of assets

(1). Exchange of non-monetary assets

Applicable  N/A

(2). Replacement of other assets

Applicable  N/A

## 4. Annuity plan

Applicable  N/A

## 5. Discontinued operation

Applicable  N/A

## 6. Segment information

(1). Determination basis and accounting policies of reporting segments

Applicable  N/A

(2). Financial information of reporting segments

Applicable  N/A

(3). If the Company has no reporting segment or is unable to disclose total assets and liabilities of each reporting segments, please give the reason therefor

Applicable  N/A

(4). Other descriptions

Applicable  N/A

## 7. Other significant transactions and events affecting the investors' decisions

Applicable  N/A

1. Important supplier

Jiaozuo Xincheng Huai Medicine Co., Ltd. (hereinafter referred to as "Xincheng Company") is a supplier of Chinese herbs of the Company. The Company purchased Chinese herbs of RMB9,836,700 (tax inclusive) from Xincheng Company during the current period, accounting for 90.19% of the total amount of purchases of Chinese herbs (excluding Livzon Group). Xincheng Company delivered commodities to the Company according to the Purchase Contract of the Company and issued VAT special invoices after acceptance by the Company. As at 30 June 2021, the balance of prepayment of the Company to Xincheng Company was RMB18,178,593.12

2. Adjustment to the use of proceeds from Fund-Raising in Investment Projects

(1) The Company

Pursuant to "the Resolution on Extension of Certain Projects Invested with Proceeds" considered and approved at the 44th Meeting of the 7th Session of the Board of the Company on 29 March 2021, it was agreed that the Company extended the time to start construction of the project of Zhuhai Health Industry Base to the second half of 2021. The specific commencement time was up to the construction completion time of municipal supporting works on the project construction site.

(2) Livzon Group, a subsidiary of the Company

On 22 March 2021, the Board of Livzon Group considered and approved "the Resolution on Adjustment to Certain Projects Invested with Proceeds" (《关于调整部分募集资金投资项目投资计划的议案》) to adjust the "Project for Indepth Development and Industrialization Upgrade of Innovative Ilaprazole Series (艾普拉唑系列创新产品深度开发及产业化升级项目)", after which the remaining proceeds to be invested in the project is RMB203,996,700 and the project is expected to be ready for its intended use by 31 December 2024. The expected annual investment amount will be RMB119,924,000, RMB54,676,000, RMB16,000,000 and RMB13,396,700 in the next four years.

### 3. Leases

The Company had adopted a simplified approach for short-term leases and leases of low value assets and did not recognize right-of-use assets and lease liabilities. The expense of short-term leases, leases of low value assets and variable lease payments not included in the measurement of lease liabilities are included in the expenses in the current period as follows:

Item	From January to June 2021
Short-term leases	5,904,972.07
Leases of low value assets	0.00
Total	5,904,972.07

As at the date of the balance sheet, other than the matters mentioned above, the Company has no other significant events that need to be disclosed.

### 4. Medium to Long-term Business Partner Share Ownership Scheme

#### (1) The Company

On 29 June 2021, the 2021 second extraordinary general meeting of the Company reviewed and approved "the Resolution on the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary". On 4 August 2021, the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company purchased a total of 2,430,800 shares of the Company through the "Joincare Pharmaceutical Group Industry Co., Ltd.-the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme-Employee Ownership Scheme No. 1 Single Asset Management Plan of Guosen Securities and Joincare" (健康元药业集团股份有限公司 – 中长期事业合伙人持股计划之第一期持股计划-国信证券健康元员工持股1号单一资产管理计划) by way of non-trade transfer, representing 0.12% of total share capital of the Company, with an average transaction price of RMB12.75 per share and a transaction amount of RMB30,992,700.00. The purchase of shares under the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company has been completed, and these shares will be locked up for 36 months (from 4 August 2021 to 3 August 2024) as required.

#### (2) Livzon Group, a subsidiary of the Company

On 6 May 2021, the 2021 second extraordinary general meeting of Livzon Group reviewed and approved relevant resolutions including the Resolution on the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company (Draft) and its Summary. On 26 May 2021, the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Livzon Group purchased a total of 2,348,960 shares of the Company through the "CITIC Securities – the First Phase Business Partner Share Ownership Scheme of Livzon Group – Medium and Long-term Business Partner Employee Ownership Scheme No. 1 Single Asset Management Plan of CITIC Securities and Livzon Group" (中信证券 – 丽珠集团事业合伙人持股计划第一期 – 中信证券丽珠集团中长期事业合伙人工持股计划1号单一资产管理计划) by way of centralized price bidding, representing 0.25% of total share capital of Livzon Group, with an average transaction price of RMB49.92 per share and a transaction amount of RMB117,268,338.21. The purchase of shares under the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Livzon Group has been completed, and these shares will be locked up for 36 months (from 27 May 2021 to 26 May 2024) as required.

## XV. Notes to the Key Components of Financial Statements of the Parent Company

### 1. Bills receivables

Type of bill	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	327,812,619.63	0.00	327,812,619.63	53,571,233.65	0.00	53,571,233.65
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	327,812,619.63	0.00	327,812,619.63	53,571,233.65	0.00	53,571,233.65

(1) Bills receivables that were pledged at the End of the Period

Type of bill	Pledged amount at the End of the Period
Bank acceptance bills	261,413,610.72

(2) Bills receivable endorsed or discounted at the End of the Period but not yet mature at the date of balance sheet

Item	Amount derecognised at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills endorsed but not yet mature	39,082,245.20	
Bank acceptance bills discounted but not yet mature	0.00	
Total	39,082,245.20	

(3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

(4) Classification by the method of bad debt provision

Type	Balance at the End of the Period				Balance at the Beginning of the Period						
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Book balance		Provision for bad debts
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Percentage (%)	Amount	Percentage (%)	Carrying value
Provision for bad debt on an individual basis											
Provision for bad debt on a collective basis	327,812,619.63	100.00	0.00	0.00	327,812,619.63	53,571,233.65	100.00	0.00	0.00	0.00	53,571,233.65
Of which:											
Bank acceptance bills	327,812,619.63	100.00	0.00	0.00	327,812,619.63	53,571,233.65	100.00	0.00	0.00	0.00	53,571,233.65
Total	327,812,619.63	100.00	0.00	0.00	327,812,619.63	53,571,233.65	100.00	0.00	0.00	0.00	53,571,233.65

(5) Provision for bad debt made, recovered or reversed during the Period

	Amount of provision for bad debt
Balance at the Beginning of the Period	0.00
Provision made for the Period	0.00
Recovery or reversal for the Period	0.00
Write-off for the Period	0.00
Balance at the End of the Period	0.00

(6) There are no bills receivables actually written-off for the Period.

**2. Accounts receivables**

## (1). Disclosure using the aging analysis method

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Within 1 year	345,333,522.98
1-2 years	2,915,495.82
2-3 years	2,076,234.72
3-4 years	326,079.69
4-5 years	233,302.90
Over 5 years	7,825,902.46
Provisions for bad debts	-12,626,960.84
Total	346,083,577.73

## (2). Classification by the method of bad debt provision

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)		Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debt on an individual basis	1,120,703.15	0.31	1,120,703.15	100.00	0.00	1,120,703.15	0.29	1,120,703.15	100.00	0.00
Of which:										
Amount due from domestic customers	1,120,703.15	0.31	1,120,703.15	100.00	0.00	1,120,703.15	0.29	1,120,703.15	100.00	0.00
Amount due from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debt on a collective basis	357,589,835.42	99.69	11,506,257.69	3.22	346,083,577.73	386,433,230.10	99.71	16,938,369.88	4.38	369,494,860.22
Of which:										
Amount due from domestic customers	357,589,835.42	99.69	11,506,257.69	3.22	346,083,577.73	386,433,230.10	99.71	16,938,369.88	4.38	369,494,860.22
Amount due from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	358,710,538.57	/	12,626,960.84	/	346,083,577.73	387,553,933.25	/	18,059,073.03	/	369,494,860.22

## Provision for bad debt on an individual basis:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			Reason for provision made
	Book balance	Provision for bad debts	Expected credit loss rate (%)	
Payment for goods	1,120,703.15	1,120,703.15	100.00	Not expected to be recoverable
Total	1,120,703.15	1,120,703.15	100.00	/

## Provision for bad debt on an individual basis:

□ Applicable √ N/A

Provision for bad debt on a collective basis:

Applicable  N/A

Item on a collective basis: Due from domestic customers

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		
	Book balance	Provision for bad debts	Carrying Value (%)
Within 1 year	345,333,522.98	3,323,335.22	0.96
1-2 years (including 2 years)	2,915,495.82	225,774.79	7.74
2-3 years (including 3 years)	1,791,574.03	557,472.21	31.12
3-4 years (including 4 years)	265,813.09	162,906.55	61.29
4-5 years (including 5 years)	233,302.90	186,642.32	80.00
Over 5 years	7,050,126.60	7,050,126.60	100.00
Total	357,589,835.42	11,506,257.69	3.22

Standards of provision for bad debts made by portfolio and descriptions thereof:

Applicable  N/A

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

Applicable  N/A

(3). Provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Changes for the current period				Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	Other changes	
Provision for bad debt on an individual basis	18,059,073.03	469,608.21	0.00	5,901,720.40	0.00	12,626,960.84
Total	18,059,073.03	469,608.21	0.00	5,901,720.40	0.00	12,626,960.84

As at 30 June 2021 and 31 December 2020, the Company had no accounts receivables that are past due but not impaired.

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

Applicable  N/A

(4). Accounts receivable actually written off for the current period

Applicable  N/A

(5). The top five balances of accounts receivable by debtors as at the End of the Period

Applicable  N/A

The total of the top five balances of accounts receivable by debtors as at the End of the Period was RMB50,433,128.10 for the Period, representing 14.06% of the total balance of account receivables for the End of the Period, the aggregate balance of corresponding provisions for bad debts as at the End of the Period was RMB494,244.66.

(6). There are no derecognised accounts receivables in the Company due to the transfer of financial assets.

Applicable  N/A

(7). There is no amount of assets or liabilities for which accounts receivable have been transferred but involvement continues in the Company.

Applicable  N/A

Other descriptions:

Applicable  N/A

**3. Other receivables**

Item Listing

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividend receivables	74,175,069.86	69,999,500.00
Other receivables	356,399,511.85	306,776,204.09
Total	430,574,581.71	376,775,704.09

Other descriptions:

 Applicable  N/A

(1). Dividend receivables

√ Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Topsino	49,999,500.00	49,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
China Galaxy Securities Co., Ltd.	4,175,569.86	0.00
Total	74,175,069.86	69,999,500.00

(2). Significant dividends receivable aged more than 1 year

 Applicable  N/A

(3). Provision for bad debt

 Applicable  N/A

Other descriptions:

 Applicable  N/A

(4). Other receivables

1). Disclosure by aging

√ Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	355,790,742.88
1-2 years	482,890.44
2-3 years	245,712.36
3-4 years	0.00
4-5 years	20,000.00
Over 5 years	20,656,816.67
Provision for bad debts	-20,796,650.50
Total	356,399,511.85



## (1).Disclosure by nature of the amount

 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Other receivables of each company within the scope of combination	260,749,351.24	209,567,199.87
Capital reduction	92,347,581.27	92,347,581.27
Treasury bonds and Margin	18,982,036.71	18,982,036.71
External entities balances	2,246,244.02	2,074,984.69
Margin	1,349,683.01	1,452,703.18
Others	1,521,266.10	3,517,018.63
<b>Total</b>	<b>377,196,162.35</b>	<b>327,941,524.35</b>

## 2).Provision made for bad debts

 Applicable  N/A

As at the End of the Period, provision for bad debts at step 1:

Type	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	92,347,581.27	0.00	0.00	92,347,581.27	
Capital reduction	92,347,581.27	0.00	0.00	92,347,581.27	Expected to be recoverable
Provision for bad debt on a collective basis	260,749,351.24	0.00	0.00	260,749,351.24	
Other receivables of each company within the scope of combination	260,749,351.24	0.00	0.00	260,749,351.24	Expected to be recoverable
<b>Total</b>	<b>353,096,932.51</b>	<b>0.00</b>	<b>0.00</b>	<b>353,096,932.51</b>	

As at the End of the Period, provision for bad debts at step 2:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	5,117,193.13	35.46	1,814,613.79	3,302,579.34	
Receivable deposits and deposits and rental fees	1,349,683.01	35.76	482,581.64	867,101.37	
Other receivables	3,767,510.12	35.36	1,332,032.15	2,435,477.97	
<b>Total</b>	<b>5,117,193.13</b>	<b>35.46</b>	<b>1,814,613.79</b>	<b>3,302,579.34</b>	

As at the End of the Period, provision for bad debts at step 3:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	18,982,036.71	100.00	18,982,036.71	0.00	
National debt and Margin	18,982,036.71	100.00	18,982,036.71	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	18,982,036.71	100.00	18,982,036.71	0.00	

As at 31 December 2020, provision made for bad debts:

As at 31 December 2020, provision for bad debts at step 1:

Type	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	92,347,581.27	0.00	0.00	92,347,581.27	
Capital reduction	92,347,581.27	0.00	0.00	92,347,581.27	Expected to be recoverable
Provision for bad debt on a collective basis	209,567,199.87	0.00	0.00	209,567,199.87	
Other receivables of each company within the scope of combination	209,567,199.87	0.00	0.00	209,567,199.87	Expected to be recoverable
Total	301,914,781.14	0.00	0.00	301,914,781.14	

As at 31 December 2020, provision for bad debts at step 2:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	7,044,706.50	30.99	2,183,283.55	4,861,422.95	
Receivable deposits and deposits and rental fees	1,452,703.18	41.56	603,754.83	848,948.35	
Other receivables	5,592,003.32	28.25	1,579,528.72	4,012,474.60	
Total	7,044,706.50	30.99	2,183,283.55	4,861,422.95	

As at 31 December 2020, provision for bad debts at step 3:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	18,982,036.71	100.00	18,982,036.71	0.00	
Treasury bonds and Margin	18,982,036.71	100.00	18,982,036.71	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	18,982,036.71	100.00	18,982,036.71	0.00	

3).Provision for bad debts made, recovered or reversed during the Period

Unit: Yuan Currency: RMB

Provision for bad debts	Step 1 Expected credit losses over the next 12 months	Step 2 Expected credit losses over the lifetime (without impairment of credit)	Step 3 Expected credit losses over the lifetime (with impairment of credit)	Total
Balance at the Beginning of the Period	0.00	2,183,283.55	18,982,036.71	21,165,320.26
Balance at the Beginning of the Period transferred for the Period				
-- Transferred to step 2	0.00	0.00	0.00	0.00
-- Transferred to step 3	0.00	0.00	0.00	0.00
-- Reversed in step 2	0.00	0.00	0.00	0.00
-- Reversed in step 1	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	-368,669.76	0.00	-368,669.76
Reversals for the Period	0.00	0.00	0.00	0.00
Write-off for the Period	0.00	0.00	0.00	0.00
Settlement for the Period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,814,613.79	18,982,036.71	20,796,650.50

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period:

Applicable  N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable  N/A

4).Other receivables actually written off during the Period

Applicable  N/A

Descriptions of significant other receivables that are written off:

Applicable  N/A

5). Other receivables with five largest amount by creditors at the End of the Period

Applicable  N/A

Unit: Yuan Currency: RMB

Name of unit	Nature of receivables	Balance at the End of the Period	Ageing	Proportion to total other receivables at the End of the Period (%)	Balance of provision for bad debts at the End of the Period
Shenzhen Fenglei Electric Power Investment Co., Ltd.	Current account	129,955,604.29	Within 1 year	34.45	0.00
Shanghai Yunfeng Xinchuang Capital Management Center (L.P.)	Capital reduction	92,347,581.27	1-2 years	24.48	0.00
Topsino Industries Limited	Current account	57,355,070.81	Within 1 year	15.21	0.00
Huaxia Securities Co., Ltd	National debt and Margin	18,982,036.71	Above 5 years	5.03	18,982,036.71
Shenzhen Haibin Pharmaceutical Co., Ltd.	Current account	17,000,000.00	Within 1 year	4.51	0.00
Total	/	315,640,293.08	/	83.68	18,982,036.71

6). Receivables involving government grants

Applicable  N/A

7). Other receivables derecognised due to the transfer of financial assets

Applicable  N/A

8). Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

Applicable  N/A

Other descriptions:

Applicable  N/A

#### 4. Long-term equity investments

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,513,007,112.11	7,010,047.91	3,505,997,064.20	3,193,969,921.11	7,010,047.91	3,186,959,873.20
Investments in associates and joint ventures	85,516,346.50	0.00	85,516,346.50	86,816,710.23	0.00	86,816,710.23
Total	3,598,523,458.61	7,010,047.91	3,591,513,410.70	3,280,786,631.34	7,010,047.91	3,273,776,583.43

## (1). Investments in subsidiaries

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Year	Increase during the Period	Decrease during the Period	Balance at the End of the Period	Provision for impairment for the Period	Balance of provision for impairment at the End of the Period
Livzon	608,741,654.08	0.00	0.00	608,741,654.08	0.00	0.00
Haibin Pharma"	783,054,186.38	0.00	0.00	783,054,186.38	0.00	0.00
Joincare Daily-Use	24,116,498.56	0.00	0.00	24,116,498.56	0.00	1,610,047.91
Topsino	813,552,689.31	0.00	0.00	813,552,689.31	0.00	0.00
Taitai Genomics	37,500,000.00	0.00	0.00	37,500,000.00	0.00	0.00
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	105,939,709.72	0.00	0.00
Shenzhen Hiyeah	170,100,000.00	0.00	0.00	170,100,000.00	0.00	5,400,000.00
Zhuhai Jiankangyuan	59,868,800.00	0.00	0.00	59,868,800.00	0.00	0.00
Fenglei Electric Power	100,763,433.06	0.00	0.00	100,763,433.06	0.00	0.00
Jiaozuo Joincare	375,000,000.00	0.00	0.00	375,000,000.00	0.00	0.00
Shanghai Frontier	32,500,000.00	0.00	0.00	32,500,000.00	0.00	0.00
Taitai Biological	4,832,950.00	0.00	0.00	4,832,950.00	0.00	0.00
Joincare Haibin	75,000,000.00	25,000,000.00	0.00	100,000,000.00	0.00	0.00
Joincare (Guangdong) Special medicine Food Co., Ltd.	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Zhuhai Livzon Biotechnology Co., Ltd.*	0.00	294,037,191.00	0.00	294,037,191.00	0.00	0.00
<b>Total</b>	<b>3,193,969,921.11</b>	<b>319,037,191.00</b>	<b>0.00</b>	<b>3,513,007,112.11</b>	<b>0.00</b>	<b>7,010,047.91</b>

\* Zhuhai Livzon Biotechnology Co., Ltd. is a subsidiary within the consolidation scope of Livzon Group. Which originally held 100% indirectly by Livzon Group. In this period, due to the restructuring of the equity structure of the holding subsidiary of Livzon Group, Livzon Group held 51% of its equity, and the Company held 33.07% of its equity.

## (2). Investments in associates

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Year	Increased investment	Decreased investment	Change during the Period						Balance at the End of the Period	Balance of provision for impairment at the End of the Period
				Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others		
Associates											
Ningbo Ningrong Biological Medicine Co., Ltd.	28,301,318.36	0.00	0.00	-703,515.76	0.00	0.00	0.00	0.00	0.00	27,597,802.60	0.00
Feellife Health Inc.	10,176,384.11	0.00	0.00	59,209.04	0.00	0.00	0.00	0.00	0.00	10,235,593.15	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	19,561,050.64	0.00	0.00	-586,430.17	0.00	0.00	0.00	0.00	0.00	18,974,620.47	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd	28,777,957.12	0.00	0.00	-69,626.84	0.00	0.00	0.00	0.00	0.00	28,708,330.28	0.00
Total	86,816,710.23	0.00	0.00	-1,300,363.73	0.00	0.00	0.00	0.00	0.00	85,516,346.50	0.00

Other descriptions:

□ Applicable √ N/A

## 5. Operating income and operating cost

Operating income and operating cost

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Principal activities	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43
Other activities	8,294,340.88	2,648,591.72	6,514,507.02	1,644,179.76
Total	767,872,298.02	461,788,716.17	629,432,109.25	408,242,029.19

Other descriptions:

Descriptions of operating income

## ① Operating income and operating cost presented by product types

Item	For the Period		For the Previous Period	
	Cost	Income	Income	Cost
Health care products	62,009,176.42	39,684,403.79	65,092,265.82	40,485,042.19
Chemical drug preparation products	674,814,842.94	406,252,524.34	535,236,858.38	351,949,315.70
Traditional Chinese drug preparation	22,753,937.78	13,203,196.32	22,588,478.03	14,163,491.54
Total	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43

② Operating income and operating cost presented by major operating regions

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Domestic	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43
Total	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43

③ Operating income and operating cost presented by time of income recognition

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Commodities (transferred at a point in time)	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43
Total	759,577,957.14	459,140,124.45	622,917,602.23	406,597,849.43

**6. Investment income**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
		Period
Long-term equity investments income under cost method	592,353,897.50	274,498,761.01
Long-term equity investments income under equity method	-1,300,363.73	-261,761.49
Investment income from disposal of long-term equity investments	0.00	0.00
Investment income from financial assets held for trading during its holding period	0.00	0.00
Dividend income from other equity instrument investments	4,175,569.86	3,836,778.08
Interest income from debt investment during the holding period	0.00	0.00
Interest income from other debt investments during the holding period	0.00	0.00
Investment income from disposal of financial assets held for trading	48,524.94	0.00
Investment income from disposal of other investments in equity instruments	0.00	0.00
Investment income from disposal of debt investments	0.00	0.00
Investment income from disposal of other debt investments	0.00	0.00
Total	595,277,628.57	278,073,777.60

**7. Others**

Applicable  N/A

## XVI. Supporting Information

### 1. Statement of non-recurring profit or loss

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount
Profit or loss from disposal of non-current assets	20,350,801.14
Return, exemption and discharge of taxes resulting from approving ultra vires, or without formal approval or incidentally incurred	0.00
Government grants as included in the current profit or loss, however, except for those which are closely related to the normal business of an enterprise, comply with the policies of the State and are continuously entitled with specific amount or quantity according to certain standards	129,460,997.27
Funds occupation fees charged from non-financial enterprises	0.00
Gains resulting from the investment cost of the enterprise for the purpose of acquisition of the subsidiaries, joint operation and joint ventures is lower than the fair value of net identifiable assets of the investee as entitled at the time of receipt of the investment	0.00
Profit or loss from exchange of non-monetary assets	0.00
Profit or loss from investment or management of assets by the others	0.00
Provision for impairment of assets accrued due to force majeure factors, such as natural disasters	0.00
Profit or loss from debts restructuring	0.00
Enterprise restructuring fees, such as the expenses for employees' settlement and the integration fees	0.00
Profit or loss exceeding the fair value and generated from the transaction of which the transaction price is obviously unfair	0.00
Net profit or loss over the current period of the subsidiaries as a result of business combination under common control from the beginning of the year to the date of consolidation	0.00
Profit or loss from contingent issues irrelevant to the Company's normal business	0.00
Except for the efficient hedging related to the Company's normal business, profit or loss from changes in fair value as generated from financial assets and financial liabilities held for trading and gains from investment as a result of the disposal of financial assets and financial liabilities held for trading and debt investments	55,548,948.55
Reversals of provision for impairment of accounts receivable with individual impairment test	0.00
Profit or loss from entrusted loans	0.00
Gains or losses from changes in the fair values of investment properties that are subsequently measured using the fair value model	0.00
Impact of a one-time adjustment on current profit and loss according to the requirements of tax and accounting laws and regulations	0.00
Custody fees of entrusted operation	0.00
Other non-operating income and expenses besides the above items	-1,398,606.73
Other items that conform to the definition of non-recurring profit or loss	0.00
Effect of income tax	-26,198,216.42
Effect of minority equity	-88,308,756.71
Total	89,455,167.10

Provide explanations for classifying non-recurring profit and loss items defined in the Explanatory Announcement No. 1 for Public Company Information Disclosures –Non-recurring Profits and Losses, and for classifying non-recurring profit and loss items listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures –Non-recurring Profits and Losses as recurring profit and loss item.

Applicable  N/A



## 2. Rate of return on net assets and earnings per share

Applicable  N/A

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net loss attributable to the Company's ordinary shareholders	6.04	0.3514	0.3504
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	5.26	0.3057	0.3048

## 3. Differences in accounting data under domestic and foreign accounting standards

Applicable  N/A

## 4. Others

Applicable  N/A

Board Chairman: Zhu Baoguo

Date of Submission Approved by the Board: 25 August 2021

Revised information

Applicable  N/A