



健康元
JOINCARE

Stock Short Name: 健康元
Stock code: 600380



2021 Annual Report



FOR THE HEALTH FOR THE FUTURE

[HTTP://WWW.JOINCARE.COM](http://www.joincare.com)

JOINCARE PHARMACEUTICAL
GROUP INDUSTRY CO.,LTD.

For the Health For the Future

Important Notice

- I The Board of Directors (the “Board”), the Board of Supervisors and directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of this annual 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 directors of the company have attended the Board meeting.
- III Grant Thornton (Special General Partnership) Issued a standard unqualified audit report for the Company.
- 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 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 resolution during the Reporting Period
Based on the audit conducted by Grant Thornton (Special General Partnership), the Parent Company generated net profit of RMB 1,248,797,138.93, 10% of which was contributed to the statutory surplus reserve, namely RMB 124,879,713.89, the remainder of which, together with undistributed profits from last year RMB 564,932,141.19, subtracting cash dividends from last year RMB 288,675,388.05, is the current year Profits available for distribution to shareholders RMB 1,400,174,178.18. The Company plans to distribute cash dividends for the fiscal year 2021, based on the total number of shares for dividend distribution, which is defined by the total shares of Company, minus the shares in the Share Repurchase Account, on the equity registration date designated by the annual profit distribution plan. The Company plans to distribute cash dividend of RMB 1.50 (tax inclusive) for every 10 shares of to all shareholders of the Company, and the remaining undistributed profits to be carried forward to the following year.
- VI Risk declaration for the forward-looking statements
 Applicable N/A
The Report contains forward-looking statements which involve the future plans, development strategies, etc. of the Company, yet do not constitute substantive undertakings of the Company to investors. Investors should exercise caution prior to making investment decisions.
- VII Whether there is non-operating use of funds by the controlling shareholder and their related parties
No
- VIII Whether there is a violation of the prescribed decision-making procedures to provide external guarantees
No
- IX Whether more than half of directors cannot warrant the truthfulness, accuracy and completeness of the Report disclosed by the Company
No
- X Significant risk warnings
There is no exceptionally significant risk that will have a material impact on the production and operation of the Company during the Reporting Period. In this report, the Company has elaborated on the risks and countermeasures that the Company may face in the course of production and operation, including industry policy risks, market risks, environmental risks, risk in price and supply of raw materials, R&D risks, risk of the normalization of Covid-19 pandemic. For more information, please refer to “Possible risks” part in Chapter III 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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List of filings	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 document of the auditors' report sealed by the accounting firm and signed and sealed by the certified public accountants.
	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

Dear shareholders,

The year 2021, marking the opening year of the 14th Five-Year Plan, was a critical year for China to deepen the reforms of the pharmaceutical and health systems. Starting there, the reform of the “three-med” linkage covering medicine, medical care, and medical insurance headed towards a deeper level. For the healthcare industry, the past year was full of unprecedented opportunities and challenges. The year 2021 was a year when COVID-19 pandemic continued to spread around the world. The pandemic changed the habits and order of human society, regardless of national boundaries. We are experiencing a pandemic, a turnaround and a change unseen in a hundred years.

Faced with the industry-wide “big test” , Joincare adheres to, as it always does, the mission of “For the health, For the future” and the vision of “Attentively developing high-quality medicines and innovative medicines” . Centered on medicine development, we were firmly implementing the dual-drive strategy of developing platforms of both innovative medicines and high-barrier complex preparations. Oriented by the three-in-one goal of innovative transformation, integrated operation, and sustainable growth, **we gave full play to the advantages of production-research integration and “APIs-preparations integration” across the entire industry. We sought “opportunities” from “crisis” and pursued growth while ensuring stability. We united as one, worked hard, and finally successfully achieved our annual business goals and targets, achieving double-digit growth in both revenues and profits given that we have been continuously increasing investments in R&D.**

In 2021, Joincare realized total revenues of RMB 15,904 million, representing a year-on-year increase of approximately 17.62%; realized a net profit attributable to shareholders of listed companies of RMB 1,328 million, representing a year-on-year increase of approximately 18.57%; and realized a net profit attributable to shareholders of listed companies after deduction of the extraordinary gains and losses of RMB 1,225 million, representing a year-on-year increase of approximately 26.72%.

Robust financial performance builds a solid foundation for us to generate higher returns for our shareholders.

We attach great importance to our shareholder returns. In addition to completing the first share repurchase mandate with a total amount of RMB700 million in the secondary market in September 2021, we launched a new share buyback plan in the secondary market with a mandate of total amount of RMB 300 million to RMB600 million at the end of the reporting period; those share buyback mandates illustrate the sincere confidence of the Board and the management level in the intrinsic value of Joincare. Based on our operating results and overall financial position in 2021, the Board of Directors propose that we continue to adopt a stable profit distribution scheme. Specifically, a cash dividend of RMB 1.50 (tax inclusive) will be distributed to all shareholders for every 10 shares, based on the total number of shares for dividend distribution, which is defined by the total shares of Company, minus the shares in the Share Repurchase Account, on the equity registration date designated by the annual profit distribution plan. The profit distribution scheme for 2021 is yet to be reviewed and approved at the Company's 2021 Annual General Meeting.

In 2021, our main business structure and product matrix have been continuously optimizing, making the Group's advantages of endogenous growth much more significant.

We achieved an obvious sales growth in the segment of chemical drug preparations, and an especially rapid year-on-year sales growth in key advantageous fields, such as respiratory, gastroenterology and gonadotropic hormones. In the segment of APIs, our high-end characteristic APIs steadily gained more market shares and profits. We have been continuing doing great jobs in pipeline commercialization and recording increased sales volumes in our inhalation preparations segment, reconfirming the growth momentum and our status as a leader of the inhalation medicine market niche in China. The Sale Volumes of The Ilaprazole series, one of our innovative medicines, and of Leuprorelin Acetate Microspheres for Injection, one of our high-barrier complex preparations continue to grow rapidly, providing a strong engine for the rapid development for Joincare.

In terms of product innovation, In the innovation development in line with the trend of the times, we gradually worked out a set of mature system, and continuously polished and optimized along each dimension, not letting go of any opportunity for leapfrog development under the tone of progressive innovation.

We continued to significantly increase our R&D investment for several years, from RMB 609 million in 2016 to RMB1,850 million

in 2021, more than tripling in five years. “Taking the needs of patients as our responsibility and being ambitious to be the pioneer” , we have developed innovative R&D technology platforms for high-barrier complex preparations, including inhalation administration, antibody, and sustained-release microspheres. In 2021, the R&D of many innovative medicine products in the Group's pipeline made significant progress.

We are expanding our business territory at a steady pace. In 2021, Recombinant SARS-CoV-2 Fusion Protein Vaccine (V-01), jointly developed by the Institute of Biophysics of the Chinese Academy of Sciences and Joincare, achieved milestones in terms of both R&D and commercialization. Currently, we are actively promoting the launch of V-01 to the market, hoping to contribute to the world-wide fight against the COVID-19 epidemic at the earliest possible time. As Joincare's first product to conduct the phase III global multi-center clinical trials, the smooth progress of V-01's phase III clinical trials have also accumulated richer resources and experience in organizational management, partnerships, team capabilities and registration applications for the internationalization of our innovative medicines.

In 2021, Joincare Biopharmaceutical Research Institute was established. We successively built 6 R&D platforms of industrial strain improvement, synthetic biology, biocatalysis, fermentation scale-up, product extraction, and biochemical APIs. In addition, we signed a strategic cooperation agreement with Tencent Quantum Lab to joint our efforts in establishing a system enabled by quantum computing and AI for research on microbial synthetic biology and R&D of relevant drugs. We will apply AI technology to better serve the Group's R&D and innovation, and boost the development and upgrading of China's medical and healthcare industry.

In 2021, in terms of business model innovation, we strive to embrace a digital marketing mode.

Our “Healthy Lung” Challenge for the World COPD Day launched on TikTok was a precedent for digital marketing in the industry. In China, the rate of awareness and rate of standardized diagnosis and treatment of Chronic obstructive pulmonary disease (COPD) and similar chronic respiratory diseases are low, but the patient population is quite large. Joincare has bravely stepped out of the “comfort zone” , create a “friend zone” and build an “ecosphere” . With the clear principle of “patient-centered” , We strive to empower all links including education, screening, diagnosis, treatment, and medication monitoring, form a closed-loop consisting of doctors, hospitals, patients and drug companies, and explore the external huge market of chronic disease management with private traffic, so as to realize real-time interaction between consumers and brands, and inject new vitality to commercialization of the Company.

Only when we share the same frequency can we resonate. While focusing on our own development, the Group always persists in contributing to the social welfare business and actively undertakes social responsibilities We pay great attention to our sustainable development, and actively focus on the internal regulatory environment and external policy guidance. Considering China's 14th Five-Year Plan and the local government's development plan, the Group has formulated a CSR strategy and goals adapting to its current business situation. We adhere to social welfare undertakings and strive to make achievement in both enterprise profits and social benefits.

The inhalation medicine products are the best and most effective therapy methods for respiratory diseases, such as asthma and COPD, and the R&D investments in this market niche are highly recommended by the Chinese government. However, due to the high barriers to the R&D and production of inhalation medicine products, the market shares have been dominated by foreign manufacturers for a long time. In March 2021, the National Drug Reimbursement List (2020) was officially implemented. Joincare's blockbuster product, Levosalbutamol Hydrochloride Nebuliser Solution, as the only made-in-China inhalation preparation included in the List for negotiation led by National Health Security Administration, started to benefit more patients with respiratory diseases. In June 2021, Joincare's three inhalation preparation products, including “Budesonide Suspension for Inhalation” (雾舒), “Compound Ipratropium Bromide Solution for Inhalation” (舒坦琳), and “Ipratropium Bromide Solution for Inhalation” (丽雾安), were listed in the fifth round of the national centralized drug procurement program. This enabled more Chinese people to get high-quality inhalation preparations at a more affordable price.

In 2021, our footprint for public welfare for chronic diseases prevention and treatment further expanded. Since the end of 2018 until today, the “Access to Public Welfare for Chronic Diseases Prevention and Treatment Program” , established jointly by the us and the Livzon Group, has been implemented in various regions, including Sichuan Province, Shanxi Province, Gansu Province, Jilin Province, Tibet, Henan Province, Anhui Province, Hunan Province and Jiangxi Province, and delivered pharmaceuticals needed urgently by middle and elder age patients with chronic diseases.

In 2021, Henan was hit by a flood and drew nation-wide concerns. To help the flood-stricken areas, Joincare and Livzon Group

quickly joined hands to donate a total of RMB 10 million in cash and RMB 10 million in medicines to boost related medical assistance and post-disaster reconstruction.

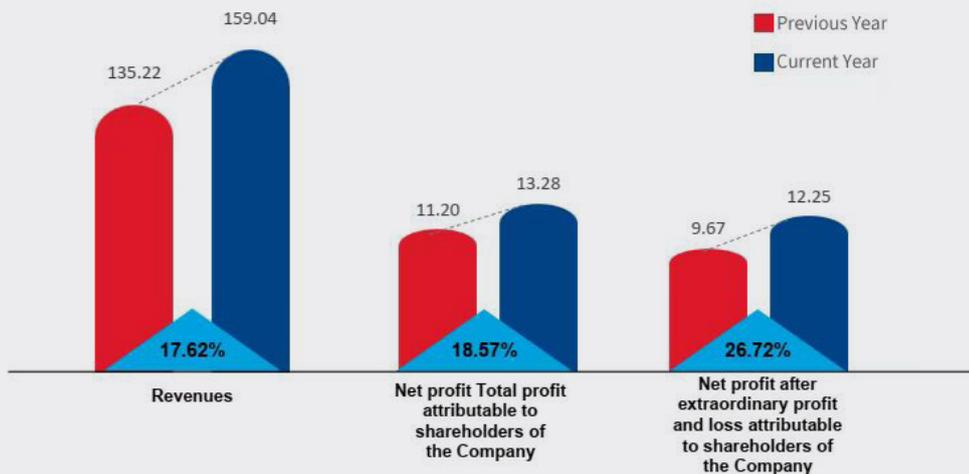
The year 2022 will be the 30th anniversary of Joincare. Looking back, we have seized opportunities given by the times again and again, especially in the context of the “Healthy China” development strategy officially proposed in the report of the 19th National Congress of the Communist Party of China. We have been chorusing with the times and produced triumphs in terms of innovation, transformation and development. There are full of uncertainties in the current global macro and economic environments.

For Joincare, an enterprise with revenues of tens of billions and a history of three decades, achieving continuous innovation and growth call for arduous efforts. Looking into 2022, we will continue to take the courage of “starting from the scratch” and work hard together to accelerate the progress of R&D, innovation, and commercialization of new products. We will also thoroughly plan the next-generation product matrix to further strengthen the Company's competitiveness. We are full of confidence in fulfilling our business goals for 2022 and realizing our future strategic vision.

On behalf of the Board of the Company, I would like to take this opportunity to express my sincere thanks to all Shareholders, all staff of the Group and business partners for their long-lasting care, companion and support.

Chairman: Zhu Baoguo
29 March 2022

Major Financial Indicators (RMB in 100 million)

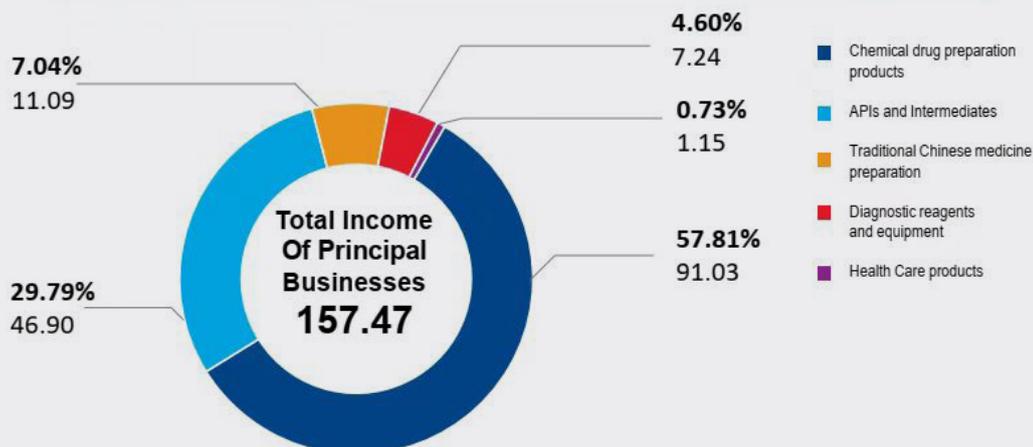


EPS (RMB /Share)

EPS-diluted (RMB /Share)

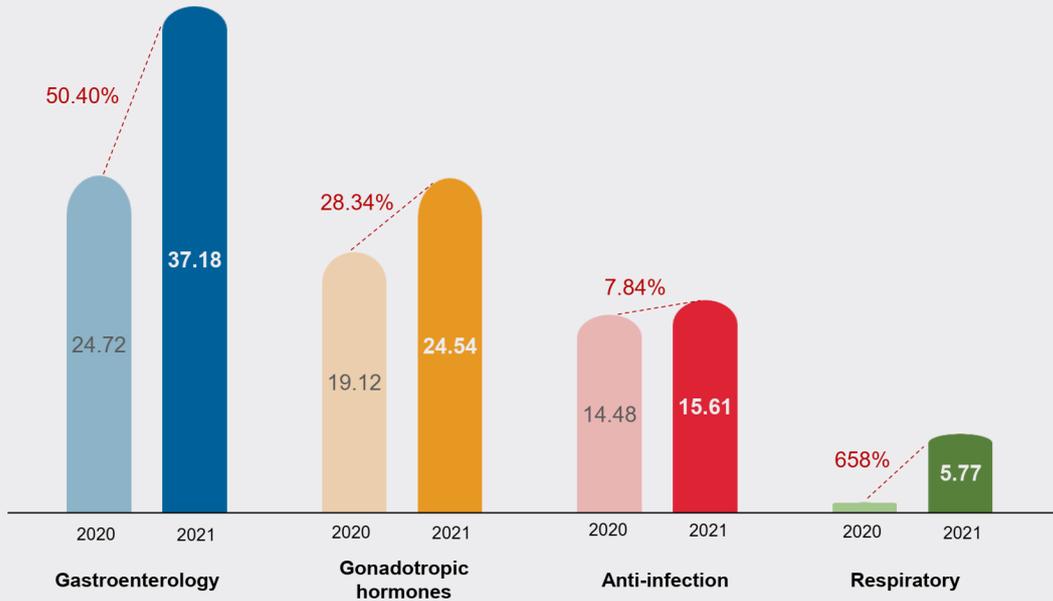


Composition of Principal Businesses (RMB in 100 million)



Unit: RMB in 100 million

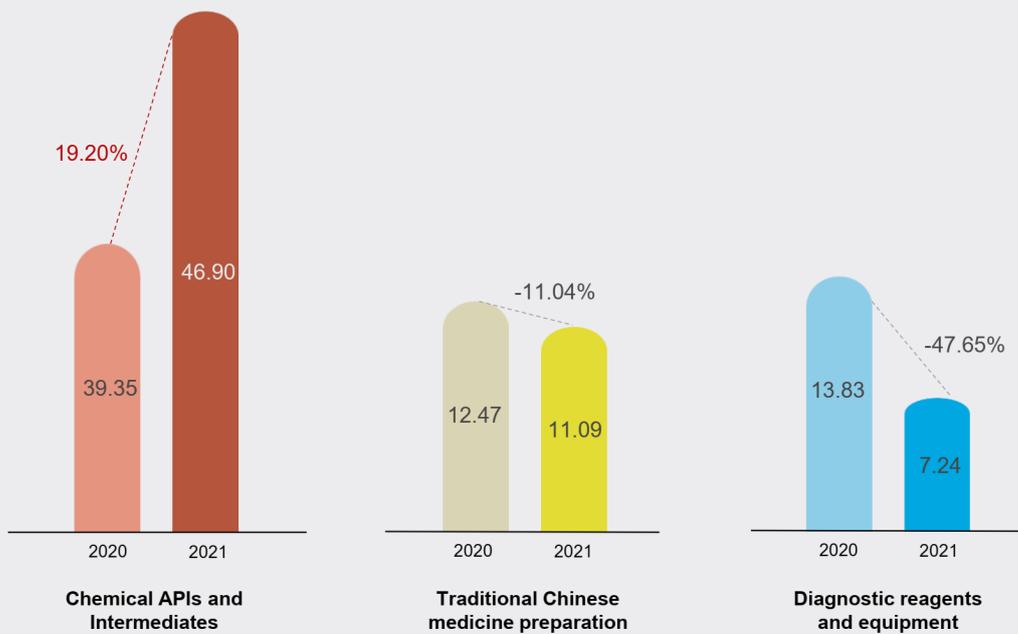
Chemical drug preparation products



Chemical APIs and Intermediates

Traditional Chinese medicine preparation

Diagnostic reagents and equipment



Chapter 1

Definitions

I 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
BLA	Refers to	Biologics License Application
IND	Refers to	Investigational New Drug Application
WHO	Refers to	World Health Organization
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)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.* (健康元海滨药业有限公司)
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)

Definitions of common terms		
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)
Jiaozuo Hecheng	Refers to	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (焦作丽珠合成制药有限公司)
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 31 December 2021
End of the Reporting Period	Refers to	31 December 2021
Currency or unit	Refers to	RMB unless otherwise specified

Chapter 2

Company Profile and Major Financial Indicators

I Company profile

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

II Contact persons and contact information

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

III Introduction of the Company's basic information

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

IV Information disclosure and place of reports prepared for inquiry

Designated media and website for disclosing annual report	China Securities Journal, Securities Times, Securities Daily, and Shanghai Securities News
Stock exchange website for disclosing annual report	www.sse.com.cn
The place for inspection of annual report	Office address of the Company

V Company Stock Profile

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

Accounting firm appointed by the Company (domestic)	Name	Grant Thornton (Special General Partnership)
	Office address	5th Floor, Scitech Palace, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
	Name of the signing accountants	Wang Ying (王莹) and Wang Qilai (王其来)
Sponsor appointed for performing the duty of continuous supervisory responsibilities during the Reporting Period	Name	Minsheng Securities Co., Ltd.
	Office address	17th Floor, Block D, Minsheng Financial Centre, 28 Jianguomen Nei Avenue, Dongcheng District, Beijing
	Name of sponsor representatives signing the report	Yu Chunyu(于春宇) and Ma Chujin (马初进)
	Period of continuous supervision	From 24 October 2018 to 31 December 2019

Note: According to Article 29 of Measures for the Administration of the Sponsorship Business for the Offering and Listing of Securities, for offering of new stocks or convertible corporate bonds by a company listed on the main board, the period of continuous supervision and guidance shall be the remaining time of the current year of the listing of securities and the following one full accounting year. As the Company issued shares to the public by allotment on 24 October 2018, the period of continuous supervision should start from the completion of this issuance and end on 31 December 2019. Furthermore, according to Article 13 of the Guidelines of Shanghai Stock Exchange for Self-Regulation Rules for Listed Companies No. 11 - Continuous Supervision, the sponsor shall continue to perform the obligations of continuous supervision if the funds raised have not been fully utilized upon the expiration of the continuous supervision period. During the Reporting Period, funds raised in this issuance have not yet been fully utilized, so the sponsor, Minsheng Securities, shall continue to perform its continuous supervision obligations in respect of the deposit and utilization of the funds raised.

VII Major accounting data and financial indicators in the last three years

1) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2021	2020	YoY Change (%)	2019
Revenues	15,903,688,266.59	13,521,605,768.20	17.62	11,980,153,109.49
Net profit attributable to shareholders of the listed company	1,328,499,432.05	1,120,439,799.25	18.57	894,346,741.25
Net profit attributable to shareholders of the listed company after deduction of extraordinary gains and losses	1,224,997,371.57	966,680,220.14	26.72	828,859,988.18
Net cash flow from operating activities	2,563,089,045.24	3,024,999,592.24	-15.27	2,312,447,687.11
	End of 2021	End of 2020	Increase or decrease at the end over the same period of last year (%)	End of 2019
Net assets attributable to shareholders of the listed company	11,820,293,656.69	11,096,125,890.51	6.53	10,355,964,661.31
Total assets	31,103,900,389.29	28,156,977,599.07	10.47	25,437,613,001.39

2) Major financial indicators

Major financial indicators	2021	2020	YoY Change (%)	2019
Basic earnings per share (RMB/share)	0.6864	0.5753	19.31	0.4615
Diluted earnings per share (RMB/share)	0.6858	0.5728	19.73	0.4607
Basic earnings per share after deduction of extraordinary gains and losses (RMB/share)	0.6329	0.4964	27.50	0.4277
Weighted average return on net assets (%)	11.50	10.41	Increased by 1.09 percentage points	8.98
Weighted average return on net assets after deduction of extraordinary gains and losses (%)	10.60	8.98	Increased by 1.62 percentage points	8.32

Statement on major accounting data and financial indicators within three years before the end of the Reporting Period

Applicable N/A

VIII Differences in accounting data under domestic and foreign accounting standards

1) Differences in net profit and net assets attributable to shareholders of the listed company disclosed in the financial statements according to international accounting standards (IFRS) and Chinese accounting standards (Chinese GAAP)

Applicable N/A

2) Differences in net profit and net assets attributable to shareholders of the listed company disclosed in the financial statements according to foreign accounting standards and Chinese accounting standards

Applicable N/A

3) Explanations on differences under domestic and foreign accounting standards:

Applicable N/A

IX Major financial indicators in 2021 by quarter

Unit: Yuan Currency: RMB

	1st quarter (Jan. - Mar.)	2nd quarter (Apr.- Jun.)	3rd quarter (Jul. - Sept.)	4th quarter (Oct. - Dec.)
Revenues	4,144,871,763.27	3,690,500,511.39	4,098,276,714.19	3,970,039,277.74
Net profit attributable to shareholders of the listed company	366,890,019.20	320,457,475.33	321,327,690.20	319,824,247.32
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gains or losses	335,022,033.02	262,870,294.41	321,676,905.90	305,428,138.24
Net cash flow from operating activities	494,649,514.25	251,137,999.11	875,382,191.22	941,919,340.66

Statement on differences between quarterly data and the data disclosed in previous periodic reports

 Applicable N/A

X Items and amounts of extraordinary gains and losses

 Applicable N/A

Unit: Yuan Currency: RMB

Item of extraordinary gains and losses	2021	2020	2019
Gain or loss on disposal of non-current assets	14,492,047.24	102,634,566.25	1,492,371.91
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable polices and standards of the country)	245,335,140.69	246,707,925.30	178,577,544.79
Profit or loss on debt restructuring	0.00	-298,617.11	0.00
Gains and losses on fair value changes incurred from financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income 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	8,110,644.25	48,458,672.96	-12,515,352.16
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	1,013,650.67	0	468,558.26
Other non-operating income and expenses apart from the above items	-30,737,442.83	-22,794,516.25	-9,119,451.05
Less: Effect of income tax	39,580,260.30	51,541,134.41	22,788,289.61
Effect of minority equity (after tax)	95,131,719.24	169,407,317.63	70,628,629.07
Total	103,502,060.48	153,759,579.11	65,486,753.07

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

 Applicable N/A

XI Items measured at fair value

Applicable N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Change during the period	Effect on current Profits & losses
Financial assets held for trading	28,328,748.72	184,638,344.31	156,309,595.59	10,674,950.50
Other equity instrument investments	1,576,391,663.13	1,408,882,377.42	-167,509,285.71	37,114,395.95
Financial liabilities held for trading	212.07	143,302.24	143,090.17	-143,090.17
Total	1,604,720,623.92	1,593,664,023.97	-11,056,599.95	47,646,256.28

XII Others

Applicable N/A

Chapter 3

Management Discussion and Analysis

I Discussion and analysis of business operation

In 2021, the first year of the 14th Five-Year Plan period, the fight against COVID-19 on the global scale remained challenging, and the external environment was becoming increasingly complicated and uncertain. In this context, China pursued economic development while ensuring stability and deepened reform of the medical and health care systems. The pharmaceutical industry was accelerating its pace in upgrading and innovation, and yielded new results in pursuing high quality development. Facing the complex and volatile market environment, and guided by the vision of “Attentively developing high-quality medicines and innovative medicines” and the core values of “Putting People First, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing”, the Company achieved sustained and stable growth by focusing on its principal business, fully leveraging its comprehensive strength, increasing input in R&D to improve its innovative capability, and adjusting the product structure in a quicker pace to adapt to the in-depth reform and innovation of the marketing system.

(1) Focusing on innovative medicines and high-barrier complex preparations to promote innovation and upgrading for sustainable development

Driven by technical innovation, the Company has been concentrating on developing innovative medicines and high-barrier complex preparations to meet the needs of patients. While continuing to promote original inhalation drugs, sustained-release microspheres, antibodies technology and other platforms with technical strength, the Company has been committed to developing technical platforms for new complex injections represented by micro/nano injection, and has entered a new stage of product structure optimization. During the Reporting Period, the Company made a major headway in developing multiple innovative medicines, and sped up the innovation process. It completed phase III clinical study and production application for Tobramycin Solution for Inhalation (妥布霉素吸入溶液) and Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球) (1-month sustained release). Overseas phase III clinical study of Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) (“V-01”) was advancing smoothly. 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), Aripiprazole Microspheres for Injection (注射用阿立哌唑微球), and 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) were currently under clinical study, and an approval for clinical study of Acclidinium Bromide Powder for Inhalation (阿地溴铵吸入粉雾剂), Triptorelin Pamoate Microspheres for Injection (注射用双羟萘酸曲普瑞林微球) (3-month sustained release) and Alarelin Acetate Microspheres for Injection (注射用丙氨瑞林微球) (1-month sustained release) was obtained.

While continuously strengthening independent innovation, the Company actively sought opportunities for frontier technology expansion and global product layout through cooperative development and licensing, among other means, to improve its capability for commercialization and integration. In 2021, Joincare Biopharmaceutical Research Institute signed a strategic cooperation agreement with Tencent Quantum Lab (腾讯量子实验室) to study Biosynthetic Gene Clusters (BGCs) from the prospective of synthetic biology with AI technology; Livzon Group completed introduction of multiple technologies, and completed IND application for a small-molecule antitumor drug (LZ001) developed in cooperation with Zhejiang TYK Medicines. A pre-IND application was submitted for a transdermal product Asenapine introduced with authorization by a German company LTS Lohmann Therapie-Systeme AG. At the same time, Livzon Group participated in the pre-A round equity investment of Beijing Infinite Intelligence Pharma and B round financing of Beijing Luzhu Biotechnology Co., Ltd., which was conducive to further enriching the Company's industrial layout and empowering product pipeline. Moreover, the Company succeeded in exporting its products under research, with its R&D strength gradually recognized by overseas markets. In November 2021, Livzon MAB licensed the 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) with proprietary intellectual property rights to Bright Peak Therapeutics, Inc., on a non-exclusive basis for development of novel PD-1-targeted immune cytokines (PD-1 ICs) (新型PD-1靶向免疫细胞因子).

(2) Building a diversified marketing model to strengthen brand promotion

In 2021, the marketing teams of prescription medicines actively implemented the sales plans and mainly completed the following key tasks: strengthening product and brand promotion, integrating terminal resources, focusing on appraisal of hospitals at above grade II, and enhancing the coverage of core brands and fulfillment rate of evaluation indicators. During the Reporting Period, the hospital coverage rate of key products continued to rise, and the overall sales revenue of prescription medicines showed a remarkable increase compared with the previous period; strengthening professional marketing and fine management, constantly improving the marketing teams of the respiratory and psychiatric departments to promote the rapid growth of respiratory and psychiatric products; continuously promoting digital marketing, such as using new media like TikTok and WeChat to conduct online marketing and popularize knowledge on disease management so as to improve the Company's brand image; continuing to carry out evidence marketing, and maintain close communication with domestic and international academic communities. Thanks to the efforts, Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液), Ilaprazole series (艾普拉唑系列) and Perospirone Hydrochloride Tablets (盐酸哌罗匹隆片), among others, were incorporated into a number of core guides or clinical consensus, and the clinical and pharmacoeconomic study for key products went on smoothly, boosting continuous growth of products; actively following up the implementation of policies on national medical reform, and including four products to the fifth batch of centralized drug procurement organized by the State; achieving success in negotiation over keeping Ilaprazole Sodium for injection (注射用艾普拉唑钠) in the national reimbursement drug list, to reduce its price, improve its accessibility to patients, and expand the number of patients benefiting from it.

Actively exploring overseas markets remained the focus for API marketing this year. Affected by the spread of the pandemic worldwide, the demand for high-end antibiotics was increasing. Seizing the opportunity, the Company further improved its competitiveness and shares of high-end antibiotic products such as Meropenem (美罗培南), Vancomycin (万古霉素) and Teicoplanin (替考拉宁) in overseas markets. Through conducting in-depth cooperation with strategic customers, the Company actively explored overseas markets to maintain the current high market shares of intermediates; through strengthening cooperation with major animal health companies around the world, the Company increased the market shares of high-end pet drugs in many regions, and the market development for new products was progressing smoothly.

(3) Attaching equal importance to quality and efficiency, and accelerating the pace of internationalization

Adhering to the concept that quality, safety and environmental protection are the lifeline, the Company conducted systematic control of quality and safety risks, improved the management mechanism, and increased investment in safety and environmental protection, to ensure production safety and stable quality of drugs. At the same time, the Company continued to promote lean production and technical innovation of the production process. Through process optimization, the yield of key products was improved and the costs went down against the backdrop of continued rise of commodity prices and increased pressure from procurement costs of raw materials. While constantly consolidating the foundation for environmental protection and safety, improving the quality of existing products, optimizing the production process, and promoting the normalization of GMP, all production enterprises actively applied for international certification. The internationalization process was further accelerated. With respect to preparations, the Company strengthened the access and promotion of respiratory, assisted reproduction, antifungal, antiviral and Gastroenterology products in Pakistan, Indonesia, the Philippines and other countries and regions. In 2021, Joincare Haibin's production line for Compound Ipratropium Bromide Solution for Inhalation (复方异丙托溴铵吸入溶液) passed GMP certification in the Philippines; Livzon's Kanamycin for Injection (丽珠卡那霉素注射液) passed international certification and obtained a WHO pre-certification qualification certificate and special import approval in Indonesia. With respect to APIs, In 2021, three products were registered internationally which mainly include: Daptomycin (达托霉素) was approved for registration in Portugal, Japan, India, Singapore, Brazil and South Africa; Ceftriaxone sodium (头孢曲松钠) was approved for registration in Pakistan, East Africa, Colombia and Vietnam.

(4) Optimizing the management structure and improving the overall operating efficiency

During the Reporting Period, the Company further improved the Group's organizational structure and institutional setting, optimized the management structure, completed the establishment of five management centers through resource integration, and realized the improvement of management efficiency. In order to improve the overall operating efficiency and the risk control ability of the Group, the Company formulated the Detailed Rules for Standardized Operation and Management of Subsidiaries to further standardize and improve internal control operation and management; improved the management by objective (MBO) system with OKRs and KPIs in parallel, with full cooperation and support from all functional departments to provide strong services and guarantee for R&D, production and marketing; attached great importance to the building of a talent echelon, implemented the A/B role working mechanism, enhanced the working capability of employees, and continued to introduce high-end talents while strengthening identification, training and promotion of internal talents, to ensure stability of the core talent team; and improved cultural infrastructure, and constantly optimized the working environment and living facilities for employees, to enhance their sense of happiness and enterprise identity so as to achieve greater cohesiveness and affinity in the workplace.

(5) Strengthening social responsibility management to boost high-quality development

In 2021, taking into account the industrial characteristics and the overall strategic goals of the State, the Company formulated the “Energy Conservation and Emission Reduction Targets 2021-2025”, urging all production enterprises to carry out fine management of resources and energy consumption, and putting forward higher requirements for green production and sustainable development of the Company. While promoting the development of principal business, the Company further fulfilled its social responsibilities by actively participating in social welfare undertakings. Since the end of 2018, the Company has been cooperating with Livzon Group on the “Inclusive Chronic Disease Prevention and Treatment Public Welfare Project” to deliver urgently needed drugs to middle-aged and elderly patients with chronic diseases in Sichuan, Shanxi, Gansu, Jilin, Xizang, Henan, Anhui, Hunan and Jiangxi provinces. Moreover, the Company donated RMB 10 million in cash and RMB 10 million worth of drugs through Chinese Red Cross Foundation to aid disease prevention and post-disaster recovery and reconstruction in flood-hit areas in Henan.

II Overview on the industry in which the Company operates during the Reporting Period

On 30 January 2022, the “14th Five-Year Plan for the Development of Pharmaceutical Industry in China” (hereinafter referred to as the “Plan”) was jointly released by the Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Science and Technology, Ministry of Commerce, National Health Commission, Ministry of Emergency Management, National Healthcare Security Administration, National Medical Products Administration, and National Administration of Traditional Chinese Medicine. The Plan noted that the pharmaceutical industry is a strategic industry vital to the national economy, people's livelihood, economic development and national security, and an important foundation for the building of Healthy China. The Plan also clarified the development goals and safeguard measures for the pharmaceutical industry in the next five years. Pursuant to the Plan, the average annual growth rate of operating revenue and total profit should be above 8%. The Plan underscores the importance of product innovation, manufacturing upgrade and international development, and encourages enterprises to tap into the global market, vigorously promote the R&D of innovative products, and improve industrial technologies, placing higher requirements for the innovation-driven transformation and high-quality development of China's pharmaceutical industry.

Data of National Bureau of Statistics shows that in 2021, enterprises in the pharmaceutical manufacturing industry above designated scale in China have realized Revenues of RMB2,928.85 billion, representing a year-on-year increase of 20.1%; operating costs of RMB1,560.68 billion, representing a year-on-year increase of 12.7%; total profits of RMB627.14 billion, representing a year-on-year increase of 77.9% or an increase of 65.1 percentage points in growth rate as compared with the same period of last year, 43.6 percentage points higher than the overall level of domestic industrial enterprises above designated scale in the same period.

III Overview on the main businesses of the Company during the Reporting Period

(I) Principal businesses and products of the Company

The Company was 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 operated in the pharmaceutical manufacturing industry (C27).

At present, the business scope of the Company covers chemical drug preparation products, traditional Chinese drug preparation products, chemical active pharmaceutical ingredients (APIs) and intermediates, diagnostic reagents and equipment, and health care products, etc. The comprehensive product series and mix provide larger market and growth opportunities for the Company. Main products of the Company are as follows:

Product Type	Treatment Field	Main Products	
Chemical drug preparation products	Respiration		
		Levosalmol Hydrochloride Nebuliser Solution (丽舒同)	Budesonide Suspension for Inhalation (雾舒)
			
		Ipratropium Bromide Solution for Inhalation (丽雾安)	Compound Ipratropium Bromide Solution for Inhalation (舒坦琳)
	Gastroenterology		
		Esomeprazole Enteric-Coated Tablets (壹丽安)	(Esomeprazole Sodium for Injection) (壹丽安)

Product Type	Treatment Field	Main Products		
Chemical drug preparation products	Gastroenterology			
		Bismuth Potassium Citrate Tablets/Tinidazole Tablets/Clarithromycin Tablets (丽珠维三联)	Bismuth Potassium Citrate Tablets (丽珠得乐)	
	Anti-infection			
		Meropenem for Injection (倍能)	Voriconazole for Injection (丽福康)	
	Gonadotropic hormones			
		Leuporelin Acetate Microspheres for Injection (贝依)	Urofollitropin for Injection (丽申宝)	
	Psychiatry			
		Fluvoxamine Maleate Tablets (瑞必乐)	Perospirone Hydrochloride Tablets (康尔汀)	
	Traditional Chinese drug preparation products	Anti-tumor, Cold		
			Anti-tumor medicine Shenqi Fuzheng Injection	Cold medicine Anti-viral Granules

Product Type	Treatment Field	Main Products	
Chemical APIs and intermediates	/	7-ACA, D-7ACA, Meropenem Trihydrate, Imipenem and Cilastatin Sodium, Phenylalanine, Daptomycin, Vancomycin Hydrochloride, Mevastatin, Acarbose, Lincomycin, etc.	
Diagnostic reagents and equipment	/		
		Autoimmunity multiple detection platform	Diagnostic Kit for IgM / IgG Antibody to Coronavirus (SARS-CoV-2) (Lateral Flow)
Healthcare products	/		
		Jingxin Menocare Essence	Eagle's American Ginseng Tea

(II) Business model of the Company

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

1. R&D model

Taking independent R&D as the mainstay and combining external introduction and cooperative development, the Company has been paying attention to the cutting-edge technology and unfulfilled clinical demand, with efforts focused on innovative medicines and high-barrier complex drug preparations, and has established an efficient R&D innovation management model. In terms of independent innovation, the Company has diversified, multi-level R&D organizations with mature R&D teams for chemical drug preparation products, traditional Chinese drug preparation products, biological drugs, APIs, diagnostic reagents and health care products. Based on technology platform construction, the Company has built a clear product R&D pipeline centering on key areas such as respiration, tumor immunity and psychiatry. In terms of cooperative innovation, the Company has launched technical cooperation with domestic and foreign scientific research institutions by way of commissioned development or cooperative development, and introduced new technologies and products through technology transfer or licensing to implement industrial transformation, so as to shorten the time for product development and research and reduce the risk of development to a certain extent.

2. 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.

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

4. Sales 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

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. Specific pricing method: 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 get approvals.

Specific sales methods of APIs include: 1) Domestic market: The Company directly signs product sales contracts with large manufacturers to directly sell products to customers. Meanwhile, the Company also sells products through distributors. 2) 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 27 provincial branches and 107 subordinate offices across China and maintained long-term partnership with distributors with better area coverage capability for stable strategic alliance and common development. The Company has cooperated with about 103 first-level/primary distributors in total, including 78 businesses in drug production line and more than 25 businesses in food production line with more than 150,000 subordinate secondary businesses and terminal businesses in drug and food production lines. Products are well managed and promoted through the tiered marketing channel. In addition to the traditional distribution management model, the Company realizes common development through coordinated marketing in E-commerce channel.

(III) Industry status of the Company

Through years of development, the Company has become a comprehensive pharmaceutical enterprise covering multiple areas including chemical drug preparation products, chemical APIs and intermediates, traditional Chinese drug preparation products, diagnostic reagents and equipment, health care products, etc. Chemical drug preparation products are the largest revenue generator of the Company, among which gastroenterological products, anti-infective products and gonadotropic hormones products are traditional competitive products of the Company, with key products securing a long-term position in national drug preparation market, and respiratory and psychiatric products have been the focus of the Company, with key products maintaining a strong sales growth momentum.

During the Reporting Period, the Company, with solid strength in R&D and production and steady marketing presence, ranked Top 9 in “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.

(IV) Performance drivers in the Reporting Period

In 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, especially in fields of respiratory, Gastroenterology, gonadotropic hormones 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.

IV Analysis of core competitive strengths during the Reporting Period

✓ Applicable N/A

1. Diversified product structure, constantly upgraded product matrix and obvious brand advantage

Since its foundation, the Company has been dedicated to the production and operation of pharmaceutical and health products, and has built a successful brand image and won wide recognition in the market with premium product quality and market service. Products of the Company cover biologics, prescription drug preparations, APIs, health 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. Many brands of series products under the Company have made the Company widely recognized and gain brand advantages. In particular, in recent years, the Group has successfully removed the barriers in R&D, approval and production of inhalation preparations, and launched competitive products such as “Shutanlin (舒坦琳)”, “Lishutong (丽舒同)” and “Wushu (雾舒)” in succession, breaking through the monopoly in the international market and marking a milestone in the history of development of inhalation preparations in China.

2. R&D innovation strength

Under the strategy of developing both innovative preparations and high-barrier complex preparations, and bearing in mind the unsatisfied clinical demands, the Company has been committed to the development of technical platforms for inhalation drugs, antibodies, sustained-release microspheres and milk corpuscles through increasing R&D investment, actively introducing domestic and foreign senior experts and innovative talents, and forming overseas strategic alliances, to continuously enhance its R&D competitiveness. At present, with diversified and multi-level R&D institutions, the Company boasts strong capability and internationally advanced R&D concepts in the fields of chemical and traditional Chinese drug preparation products, biological drugs, diagnostic reagents, health products and over-the-counter (OTC) drugs, and has formed a clear layout of product lines in the fields of respiration, assisted reproduction, digestion, psychiatry and nerve and tumor immunity, etc.

The Company adopted a strategy of “competitive differentiation” in the layout and management of R&D pipeline, focusing on both innovation and success rate. On the one hand, the Company took practical measures to accelerate the R&D and launch of modified innovative medicines, to constantly improve the sustainable profitability of product matrix; and on the other hand, firmly and steadily deployed cutting-edge technologies from a long-term perspective, such as AI drug molecular design and synthetic biology, to empower the innovation, success rate and efficiency of the Group's R&D pipeline.

3. Improved terminal competitive strength through continuous marketing reform and innovation

Through continuous marketing reform and innovation, the sales teams of the Company became more independent, competitive and capable, and maintained a good cooperative relationship with dealers at all levels through active and frequent interaction with them. Joicare 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 operating income.

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. Under the new digital marketing mode, Joicare strives to empower all links including education, screening, diagnosis, treatment and medication monitoring, form a closed-loop consisting of doctors, hospitals, patients and drug companies, and explore the external huge market of chronic disease management with private traffic, so as to realize real-time interaction between consumers and brands, and inject new vitality to commercialization of the Company.

4. Enhanced Talent Teams

The Company has a stable, visionary and experienced, results-oriented management team and an outstanding talent team. Outstanding leaders are the key to the Company's rapid development. The founder and the core management team of Joincare have long-term work experience and rich professional knowledge in the pharmaceutical industry, and have rich experience, outstanding leadership, vision and ambition in the field under their management. Joincare has upheld the core value of “Putting People First, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing” and laid emphasis on talent training to build a diversified reserve of talents with global vision, advanced knowledge, strong implementation capability and sense of self-reliance. Driven by the corporate culture of pursuing excellence, the talent team works diligently and conscientiously to achieve the strategic goals and vision of the enterprise through teamwork and collaboration.

V Overview of business operations during the Reporting Period

During the Reporting Period, Joincare realized total revenues of RMB 15,904 million, up approximately 17.62% compared with the same period last year; realized a net profit attributable to shareholders of listed companies of RMB 1,328 million, representing a year-on-year increase of approximately 18.57%; and realized a net profit attributable to shareholders of listed companies after deduction of the extraordinary gains and losses of RMB 1,225 million, representing a year-on-year increase of approximately 26.72%. Operation results of our main business segments are as follows:

(1) Livzon Group (excluding Livzon MAB)

As at the end of the Reporting Period, the Company directly and indirectly held 44.66% of equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized revenues of RMB 12,021 million, representing a year-on-year increase of approximately 14.27%; and realized a net profit of approximately RMB 888 million attributable to shareholders of the Company. For operation and financial results of Livzon Group, please refer to the 2021 Annual Report of Livzon Pharmaceutical Group Inc.

(2) Livzon MAB

As at the end of the Reporting Period, the equity interest directly and indirectly held by the Company in Livzon MAB was 55.86%, and the amount affecting the Company's net profit attributable to the parent company for the current period was approximately RMB -211 million.

During the Reporting Period, Livzon MAB focused on promoting the clinical study and commercialization 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. The results of Phase I/II clinical trials of V-01 showed that the vaccine had excellent safety and immunogenicity. Phase III clinical trials were carried out overseas in a comprehensive manner. Phase III clinical trials of the basic immunization regimen were conducted in the Philippines, Indonesia and Russia, and phase III clinical trials of inactivated sequential immunization as a booster shot were conducted in Pakistan and Malaysia. The vaccine commercialization workshop had been completed and put into use. Phase III clinical trial of V-01, the Company's first product undergoing global multi-center clinical trials was advancing smoothly, providing resources and experience for subsequent internationalization of Company's innovative medicines and multi-center clinical trials of more drugs in terms of organizational management, partnership, team capabilities and registration application.

On the other hand, Livzon MAB continues to focus on new molecules, new targets and differentiated molecular designs in the fields of oncology, autoimmune diseases and assisted reproduction. During the Reporting Period, the following projects of biologics have achieved phase progress in R&D: Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒毛膜性素) was approved for market launch as the first domestic generic drug and has started sales; the BLA application of Tocilizumab Solution for Injection (托珠单抗注射液) (i.e. Recombinant Humanized Anti-human IL-6R Monoclonal Antibody Solution for Injection (重组人源化抗人IL-6R单克隆抗体注射液) was accepted by CDE (Center for Drug Evaluation under the National Medical Products Administration); 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) completed enrollment of the Ib clinical trial; Recombinant Human Follitropin Alfa Solution for Injection (重组人促卵泡激素注射液) was approved for clinical trials, and has initiated the phase I clinical studies. During the Reporting Period, Livzon MAB and Bright Peak Therapeutics, Inc., an American company, signed a licensing cooperation agreement on the 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) project, which will provide more opportunities for further commercialization in future.

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

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB 4,129 million, up about 23.41% compared with the same period last year; and realized a net profit attributable to shareholders of listed companies of RMB 650 million, a year-on-year increase of approximately 45.09%. Joincare realized a net profit attributable to Shareholders of the listed company after deducting the extraordinary gains and losses of RMB 618 million, representing a year-on-year increase of approximately 44.27%. Key results of the main therapeutic fields and core products are as follows:

① Prescription medicines

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB 1,789million from prescription drug segment, representing a year-on-year increase of approximately 55%. Among which, the sales revenues and year-on-year change of key therapeutic areas are as follows: the revenues generated from the field of anti-infection totaled 1,192 million, representing a year-on-year increase of 12%; the revenues generated from the field of respiratory totaled 577 million, representing a year-on-year increase of 6.58 times.

In 2021, the Company continued to accelerate construction of the national sales team in respiratory line, established a three-level fine marketing development system of regional manager, provincial manager, and development manager, actively took various measures to speed up the development of key products in hospitals: 1. Enhanced the coverage and fulfillment rate of evaluation indicators; the development speed of respiratory variety was obviously accelerated; more than 4,000 hospitals above grade II were developed; 2. Realized rapid coverage and sales growth of the variety by taking the opportunity that Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) was included in the list of drugs for negotiation led by National Healthcare Security Administration; 3. Continued to advance the construction of digital marketing platforms, launched a phenomenal public welfare campaign titled “who has the strongest lung” on TikTok and promoted knowledge on respiratory disease on multiple platforms, marking a new starting point for digital marketing of prescription medicines; 4. The three inhalation preparation varieties of Budesonide Suspension for Inhalation (吸入用布地奈德混悬液), Ipratropium Bromide Solution for Inhalation (吸入用异丙托溴铵溶液), and Compound Ipratropium Bromide Solution for Inhalation (吸入用复方异丙托溴铵溶液) were selected into the fifth batch of centralized drug procurement organized by the State, contributing to rapidly opening up the domestic sales market and improving market share for inhalation preparation products of the Company.

② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB 2,034million from APIs and intermediates, representing a year-on-year increase of approximately 11%.

During the Reporting Period, in the API segment, Joincare continued to strengthen safety and environmental protection and drive lean production. Production capacity and yield of key products were improved steadily through further enhancement of technical innovation of the production process. In terms of marketing, both the sales volume and prices of the Company's key products 7-ACA and Meropenem Trihydrate (美罗培南混粉) increased and remained at high levels in 2021, due to the continuous rise of commodity prices, the rising costs of raw materials and energy, the impact of pandemic and production restriction for environmental protection. On the other hand, the Company achieved stable sales growth through precise strategic layout, strengthening in-depth cooperation with strategic customers, and actively expanding domestic and foreign markets. In particular, the sales of Meropenem Trihydrate (美罗培南混粉) continued to go up under the catalysis of overseas pandemic situation, driving the export share to 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 at the end of 2020 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 introduced 8 doctors and 14 masters, 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 development and research in improvement of the production capacity for industrial strains, and fermentation and extraction of natural products for drugs. 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, and conduct research on sequence prediction and metabolic pathway optimization of genome gene clusters and functional elements with AI technology.

③ Health care products and OTC drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB 289 million from health products and OTC sector, representing a year-on-year decrease of approximately 12%.

In 2021, due to the impact of external environment such as the lingering pandemic, natural disasters in key target provinces and medical insurance policies of the State, the customer flow of offline pharmacies and shops, which were the mainstream channels for the Company's healthcare products, declined sharply, affecting the offline sales performance. Joincare quickly adjusted the marketing strategy for health products in Q3 2021, by focusing on online digital marketing and increasing exposure on TikTok and Xiaohongshu platforms to improve the brand reputation and product visibility. At the same time, being customer-centered, Joincare enhanced the proportion of online sales channels to promote the sale of key products through content marketing to innovate traffic referral for e-commerce platforms and increasing investment in festivals.

(I) Analysis of principal business

1. Analysis of changes in statement of income and statement of cash flows items

Unit: Yuan Currency: RMB

Item	Amount in current period	Amount in same period of last year	Change (%)
Revenues	15,903,688,266.59	13,521,605,768.20	17.62
Operating costs	5,716,293,887.58	4,874,186,898.05	17.28
Selling expenses	5,026,812,145.41	3,940,337,105.29	27.57
Administrative expenses	939,253,444.33	950,827,562.47	-1.22
Financial expenses	-92,894,751.72	-98,885,820.58	N/A
R&D expenses	1,397,131,273.33	1,071,711,981.95	30.36
Net cash flow from operating activities	2,563,089,045.24	3,024,999,592.24	-15.27
Net cash flow from investing activities	-1,964,157,731.17	-500,320,691.78	N/A
Net cash flow from financing activities	-974,904,353.44	-1,238,212,948.15	N/A

Reasons for changes in R&D expenses: Mainly due to an increase in the number of R&D projects, as well as an expansion of R&D scale and investment.

Reasons for changes in net cash flow from investing activities: Mainly due to the payment of consideration for the acquisition of equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司) and the increase in investment for construction of new plants and workshops of some subsidiaries.

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

Applicable N/A

2. Analysis of revenues and costs

√ Applicable □ N/A

During the Reporting Period, the Company realized revenues of 15,904 million, representing a YoY increase of 17.62%; the operating costs totaled 5,716 million, an increase of 17.28% over the same period of the previous year.

1) Composition of principal businesses by industry, product, region and sales model

Unit: Yuan Currency: RMB

Principal business by industry						
Industry	Operating revenues	Operating costs	Gross profit margin (%)	YoY change in operating revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Industrial and commercial	15,741,612,221.92	5,602,928,231.82	64.41	17.13	16.29	Increased by 0.26 percentage points
Service industry	5,012,626.61	1,774,064.30	64.61	-20.36	-35.34	Increased by 8.33 percentage points
Principal business by product						
Product	Operating revenues	Operating costs	Gross profit margin (%)	YoY change in operating revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Chemical drug preparation products	9,102,675,799.95	1,769,561,792.01	80.56	35.88	29.85	Increased by 0.90 percentage points
Chemical APIs and intermediates	4,690,255,375.73	3,184,889,165.53	32.10	19.20	21.28	Decreased by 1.17 percentage points
Traditional Chinese drug preparation products	1,109,344,037.45	295,328,306.33	73.38	-11.04	-12.96	Increased by 0.59 percentage points
Diagnostic reagents and equipment	723,917,736.81	319,168,131.72	55.91	-47.65	-22.94	Decreased by 14.14 percentage points
Health care products	115,164,422.30	33,652,500.02	70.78	-20.80	-26.33	Increased by 2.19 percentage points
Principal business by region						
Region	Operating revenues	Operating costs	Gross profit margin (%)	YoY change in operating revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Domestic	13,175,044,906.28	3,837,751,076.40	70.87	22.16	20.60	Increased by 0.38 percentage points
Overseas	2,571,579,942.25	1,766,951,219.72	31.29	-3.34	7.82	Decreased by 7.11 percentage points
Principal business by sales model						
Sales model	Operating revenues	Operating costs	Gross profit margin (%)	YoY change in operating revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Channel sales	10,702,994,671.61	2,302,249,214.15	78.49	17.01	12.96	Increased by 0.77 percentage points
Direct sales	5,043,630,176.92	3,302,453,081.97	34.52	17.33	18.67	Decreased by 0.74 percentage points

Explanations on composition of principal businesses by industry, product, region and sales model

During the Reporting Period, the Company realized operating revenues of 15,747 million representing a YOY 2,301 million increase in amount and a YOY 17.11% increase in percentage; the operating revenues of chemical drug preparation products achieved a YoY increase of 35.88% and the operating revenues of APIs and intermediates achieved a YoY increase of 19.20%.

The growth of the Company's revenues from principal businesses mainly thanks to the Company's efforts in deepening marketing reform by sinking down to low tier markets and focusing on sales in key specialist areas. Sales of main varieties in key specialist areas kept steady growth, and contribution of sales revenue of key preparation products to overall revenues was continuously improved. In specific, Ilaprazole series (gastroenterological products), Leuprorelin Acetate Microspheres for Injection and Urofollitropin for Injection (gonadotropic hormones products) achieved high growth year-on-year. Budesonide Suspension for Inhalation, Levosalbutamol Hydrochloride Nebuliser Solution and other series recorded a gradual increase in sales with a remarkable overall growth rate. Meanwhile, the sales volume of the API segment also rose steadily through consolidating resources, adjusting product mix and increasing international certifications.

2) Analysis of production and sales

Applicable N/A

Main products	Unit	Production	Sales	Inventory level	YoY change in production (%)	YoY change in sales (%)	YoY change in inventory (%)
Ilaprazole sodium for injection	ten thousand boxes	1,436.29	1,245.05	316.14	94.86	97.94	152.43
Leuprorelin Acetate Microspheres for Injection	Ten thousand ampules	155.70	137.53	-	48.23	31.42	-
Ilaprazole Enteric-Coated Tablets	ten thousand boxes	1,950.88	2,055.40	239.36	26.87	46.94	-30.39
Meropenem for Injection	Ten thousand ampules	1,826.21	1,977.24	150.75	14.66	11.57	-51.38
7-ACA (including D-7ACA)	ton	2,903.89	2,986.98	55.88	45.00	44.49	-64.48

Explanations on production and sales

During the Reporting Period, 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. Therefore, during the Reporting Period, sales revenue of main varieties in key specialist areas of the Company kept steady growth, and the production and sales volume grew in proportion. The changes in inventory was mainly due to the stock-up in the beginning of the year and the demand-supply position change during the year end.

3) Performance of major procurement contracts and major sales contracts

Applicable N/A

4) Cost analysis

Unit: Yuan

Cost Components by Industry						
Industry	Cost components	Amount incurred in the current period	As a percentage of operating costs(%)	Amount incurred in the same period of previous year	As Percentage in total costs in the same period of previous year (%)	YoY Change (%)
Industrial and commercial	Costs of materials	3,426,827,118.77	59.95	3,089,084,780.11	63.38	10.93
	Labor costs	619,622,563.47	10.84	448,186,516.57	9.20	38.25
	Manufacturing costs	1,487,278,456.52	26.02	1,137,339,779.71	23.33	30.77
	Depreciation	322,761,251.80	5.65	276,175,262.41	5.67	16.87
	Others	-141,969,567.28	-2.48	-79,351,536.71	-1.63	78.91
	Total	5,714,519,823.28	99.97	4,871,434,802.09	99.94	17.31
Service industry	Costs of materials	408,782.66	0.01	898,200.38	0.02	-54.49
	Labor costs	1,022,280.28	0.02	1,315,269.00	0.03	-22.28
	Manufacturing costs	223,280.63	0.00	415,334.88	0.01	-46.24
	Depreciation	119,720.73	0.00	123,291.70	0.00	-2.90
	Total	1,774,064.30	0.03	2,752,095.96	0.06	-35.54
Total	Costs of materials	3,427,235,901.43	59.96	3,089,982,980.49	63.39	10.91
	Labor costs	620,644,843.75	10.86	449,501,785.57	9.22	38.07
	Manufacturing costs	1,487,501,737.14	26.02	1,137,755,114.59	23.34	30.74
	Depreciation	322,880,972.53	5.65	276,298,554.11	5.67	16.86
	Others	-141,969,567.28	-2.48	-79,351,536.71	-1.63	78.91
	Total	5,716,293,887.58	100.00	4,874,186,898.05	100.00	17.28
Cost Components by Product						
Product	Cost components	Amount incurred in the current period	As a percentage of operating costs(%)	Amount incurred in the same period of previous year	As Percentage in total costs in the same period of previous year (%)	YoY Change (%)
Healthcare products	Costs of materials	26,560,959.72	0.46	33,355,073.53	0.68	-20.37
	Labor costs	6,336,694.50	0.11	7,403,326.99	0.15	-14.41
	Manufacturing costs	2,677,541.36	0.05	6,875,531.21	0.14	-61.06
	Depreciation	2,564,510.61	0.04	1,195,160.19	0.02	114.57
	Others	-4,487,206.18	-0.08	-3,146,679.93	-0.06	42.60
	Total	33,652,500.02	0.59	45,682,412.00	0.94	-26.33
Medicine Products	Costs of materials	3,359,165,272.77	58.76	3,003,987,376.89	61.63	11.82
	Labor costs	611,624,924.03	10.70	440,395,045.89	9.04	38.88
	Manufacturing costs	1,435,952,937.90	25.12	1,105,950,570.61	22.69	29.84
	Depreciation	320,084,243.85	5.60	268,333,896.16	5.51	19.29
	Others	-157,879,982.96	-2.76	-76,427,205.33	-1.57	106.58
	Total	5,568,947,395.59	97.42	4,742,239,684.22	97.29	17.43

Other information on cost analysis

Cost and variety of main medicinal herbs used in main TCMs

Main TCMs	Variety of main medicinal herbs	Supply and demand	Procurement model	Influence of price fluctuation
Shenqi Fuzheng Injection	Codonopsis Root and Astragalus Root	The supply is relatively stable. Both medicinal herbs are supplied by plantation bases and external suppliers. Plantation Base of Livzon Group Limin Pharmaceutical Manufacturing Factory ("Livzon Limin Base") maintains safety stock of medicinal herbs, which ensures the supply quantity and stabilizes the supply price. Meanwhile, Limin signed annual demand-based supply agreements with external suppliers who are obligated to stock up according to Limin's quality requirements, so as to ensure sufficient supply of herbs with stable quality.	Supplied by Livzon Limin Base and external suppliers	1. Codonopsis Root's purchase price fall compared with the same period last year; 2. Astragalus Root: stay the same compared with the same period last year.
Anti-Viral Granules, Anti-Viral Granules (Sugar-free), Anti-Viral Syrup, Anti-Viral Tablets	Indigowoad Root, Fructus Forsythiae, Anemarrhena, Acori graminei Rhizoma, Gypsum, Rhizoma Phragmitis, Patchouli, Rehmanniae Radix, Radix Curcumae, Dahurian Angelica Root	There is sufficient supply of main raw medicinal herbs used in Anti-Viral Granules	Tendering procurement	Price of main raw medicinal herbs used in Anti-Viral Granules stays the same compared with the same period last year. Specifically, price of Fructus Forsythiae increases significantly due to reduced production in main producing areas caused by spring frost and extreme weather; price of Rehmanniae Radix increases significantly due to reduced production in Henan and Shanxi caused by extreme rainstorm and flood; price of Patchouli falls largely thanks to effective prevention and control of the epidemic; price of Indigowoad Root, Anemarrhena, and Acori graminei Rhizoma records a small increase as affected by market demand and supply; purchase price of Rhizoma Phragmitis, Gypsum and Radix Curcumae stays relatively the same.

- 5) Changes in consolidation scope due to equity change of major subsidiaries during the Reporting Period
 Applicable N/A
- 6) Material changes or adjustments in business, products or services during the Reporting Period
 Applicable N/A

7) Major customers of sales and major suppliers

A. Major customers of sales

Sales to top 5 customers were RMB 1,372.03 million, representing 8.63% of the total annual sales; none of which is the sales to related parties.

Sales to any individual customer in excess of 50% of the total, any new customer in top 5 customers or heavy dependence on a few customers during the Reporting Period

Applicable N/A

B. Information on major suppliers

Purchases from top 5 suppliers were RMB 839.93 million, representing 20.54% of the total annual purchase cost, of which the purchases from related parties were RMB 212.59 million, representing 5.20% of the total purchase cost.

Purchases from any individual supplier in excess of 50% of the total, any new supplier in top 5 suppliers or heavy dependence on a few suppliers during the Reporting Period

Applicable N/A

3. Expenses

Applicable N/A

Unit: Yuan

Item	2021	2020	YoY Change	Explanations
Selling expenses	5,026,812,145.41	3,940,337,105.29	27.57%	No material changes
Administrative expenses	939,253,444.33	950,827,562.47	-1.22%	No material changes
Financial expenses	-92,894,751.72	-98,885,820.58	N/A	No material changes
R&D expenses	1,397,131,273.33	1,071,711,981.95	30.36%	Mainly due to an increase in the number of R&D projects, as well as an expansion of R&D scale and investment.

4. Investment in R&D

1) Investment in R&D

Applicable N/A

Unit: Yuan

Current expensed R&D expenditure	1,397,131,273.33
Current capitalized R&D expenditure	452,684,306.26
Total R&D expenditure	1,849,815,579.59
Total amount R&D expenditure as a percentage of Revenues (%)	11.63
Ratio of capitalized R&D expenditure (%)	24.47

2) R&D Staff

 Applicable N/A

Number of R&D personnel	1,615
Proportion of R&D personnel to the total employees (%)	12.20
Education background of R&D staff	
Degree level	Number
PhD	55
Master	409
Bachelor	749
Junior college graduate	293
Graduate from high school and lower	109
Age composition of R&D staff	
Age composition of R&D staff	Number
Under 30 years old (exclusive)	788
30-40 years old (including 30 years old, excluding 40 years old)	612
40-50 years old (including 40 years old, excluding 50 years old)	165
50-60 years old (including 50 years old, excluding 60 years old)	50
Over 60 years old	0

3) Explanations

 Applicable N/A

During the Reporting Period, total investment of the Company amounted to RMB 1,849.82 million, representing a year-on-year growth of 46.75%, accounting for 11.63% of total Revenues and 9.17% 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, R&D expenditures increased significantly.

4) Reasons for and impact of the material change in the composition of R&D staff personnel on future development of the Company

 Applicable N/A

5. Cash flows

 Applicable N/A

Item	2021	2020	YoY Change	Explanations
Net cash flow from operating activities	2,563,089,045.24	3,024,999,592.24	-15.27%	No material changes
Net cash flow from investing activities	-1,964,157,731.17	-500,320,691.78	N/A	Mainly due to the payment of consideration for the acquisition of equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司) and the increase in investment for construction of new plants and workshops of some subsidiaries.
Net cash flow from financing activities	-974,904,353.44	-1,238,212,948.15	N/A	No material changes

(II) Statement on material changes in profits arising from non-principal businesses

√ Applicable □ N/A

Unit: Yuan

Item	Amount	As a percentage of total profit	Reason for occurrence	Sustainability
Investment income	71,881,264.65	2.43%	Mainly due to changes in profit and loss from investments in associates and gains generated upon expiration of forward foreign exchange settlement contracts.	No
Gains or losses arising from changes in fair value	-23,506,126.09	-0.80%	Mainly due to fluctuations in the market value of subject securities investment held.	No
Asset impairment cost	-62,950,978.72	-2.13%	Mainly due to impairment provisions for inventories.	No
Non-operating Revenues	8,641,830.86	0.29%	Mainly due to income on disposal of obsolete.	No
Non-operating expenditure	39,379,273.69	-1.33%	Mainly due to donation payments and loss on scrapping of fixed assets.	No
Other income	247,346,934.96	8.38%	Mainly due to the government subsidies received.	Yes

(III) Analysis of assets and liabilities

√ Applicable □ N/A

1. Status of assets and liabilities

Unit: Yuan

Item	Ending balance of this period	Proportion of closing balance of this period to the total assets (%)	Ending balance of previous period	The proportion of closing balance of previous period to the total assets (%)	Change in amount (%)	Explanations
Financial assets held for trading	184,638,344.31	0.59	28,328,748.72	0.10	551.77	Mainly due to the subsidiary Livzon Group cancelled the investment in SCC VENTURE VII 2018-C, L.P., and received the distributed shares.
Bills Receivables	1,977,286,022.02	6.36	1,343,013,818.54	4.77	47.23	Mainly due to the increase of sales revenues during the reporting period.
Prepayments	369,232,546.29	1.19	209,926,040.57	0.75	75.89	Mainly due to an increase of payment of raw material purchase.
Other receivables	88,053,825.12	0.28	177,240,162.81	0.63	-50.32	Mainly due to the receipt of Yunfeng's payment during the reporting period.
Non-current assets due within one year	317,381.23	0.00	19,934,376.07	0.07	-98.41	Mainly due to the subsidiary Livzon Group collected the equity transfer price of an invested company.
Other current assets	83,986,214.37	0.27	58,098,049.20	0.21	44.56	Mainly due to an increase of excess VAT credits and prepaid corporate income tax.
Long-term equity investments	1,419,349,454.84	4.56	628,279,599.73	2.23	125.91	Mainly due to Livzon Group acquired 40% share of Tianjin Tongrentang Group Co. LTD.
right-of-use assets	46,774,759.69	0.15	18,030,132.69	0.06	159.43	Mainly due to an increase of leases longer than one year.

Item	Ending balance of this period	Proportion of closing balance of this period to the total assets (%)	Ending balance of previous period	The proportion of closing balance of previous period to the total assets (%)	Change in amount (%)	Explanations
Development expenditure	786,993,435.71	2.53	399,119,603.78	1.42	97.18	Mainly due to an increase in R&D expenses Investment in the overseas phase III clinical trials of a project researched and developed by Livzon MAB
Other non-current assets	663,584,003.80	2.13	373,557,910.72	1.33	77.64	Mainly due to the increase in prepayment for project and equipment.
Bills payable	1,582,386,767.93	5.09	1,087,759,353.31	3.86	45.47	Mainly due to an increase of bank acceptance bills paid.
Contract liabilities	234,140,702.29	0.75	133,422,354.03	0.47	75.49	Mainly due to an increase of the collection of contract advances by the Company.
Non-current liabilities due within one year	91,576,066.33	0.29	8,539,077.05	0.03	972.44	Mainly due to the reclassification of long-term loans due within one year as non-current liabilities due within one year.
Other current liabilities	15,626,224.29	0.05	6,267,034.79	0.02	149.34	Mainly due to an increase of output VAT debits.
Long-term loans	826,780,252.78	2.66	360,324,027.48	1.28	129.45	Mainly due to an increase of bank long-term loans.
Leasing liabilities	25,071,794.32	0.08	9,817,780.04	0.03	155.37	Mainly due to the increase in leases payable.
Other comprehensive income	5,387,545.97	0.02	116,300,559.28	0.41	-95.37	Mainly due to the disposal of investment in other equity instruments, transferring other comprehensive income to retained earnings.

2. Overseas assets

Applicable N/A

(1) Asset size

Of which: Overseas assets were 37.34 (Unit: 100million Currency: RMB), representing 12.03% of the total assets.

(2) Statement on high proportion of overseas assets

Applicable N/A

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

Applicable N/A

Unit: Yuan

Item	Book value (Ending Balance)	Reasons for being subject to restriction
Other monetary funds	11,742,597.03	Letter of credit, bank acceptance bill and forward settlement deposit, etc.
Bills receivable	870,153,979.75	Bills Pooling Business, bills receivables pledged
Total	881,896,576.78	

4. Others

Applicable N/A

(IV) Analysis of industry-related business information

✓ Applicable N/A

According to the Guidelines for the Industry Classification of Listed Companies (2012 Revision) issued by CSRC, the Company was operating in the pharmaceutical manufacturing industry. Adhering to the mission of “ For the health, For the future” and the vision of “Attentively developing high-quality medicines and innovative medicines” , the Company has been committed to the pharmaceutical business and been strengthening R&D, production, marketing and management of medical products, to strive to become a domestic leading comprehensive pharmaceutical enterprise with capacity for independent innovation and international competitiveness in terms of production, technology and management in the near future.

Analysis of business information on pharmaceutical manufacturing industry

1. Basic information on industry and main drugs (products)

(1). Basic information on industry

✓ Applicable N/A

1) Influence of industry policies

In 2021, multiple pharmaceutical industry policies were launched. The 14th Five-Year Plan for A Healthcare Security System with Universal Coverage was released. The practice of centralized volume-based procurement and use of drugs was further expanded. The catalog of medicines covered by medical insurance system was modified. DRG payment reform was initiated. All those movements exerted far-reaching impact on the industry. Some of the main policies that have a significant impact on the Company are as follows:

1) 14th Five-Year Plan for A Healthcare Security System with Universal Coverage was released.

On September 23, 2021, Executive Meetings of the State Council reviewed, approved, and released the nation's first special plan for the development of healthcare security system - 14th Five-Year Plan for A Healthcare Security System with Universal Coverage. The plan, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics, aims to promote the implementation of Healthy China strategy. The plan clearly proposes to establish a fair, law-based, safe, intelligent, and collaborative healthcare security system, and anticipates a more mature and stable healthcare security system, standardization of healthcare security policies, refined management, convenient services, and more collaborative reform by 2025. By 2035, the basic healthcare security system will be more standardized and unified, the multi-level healthcare security system will be more refined, and the superiority of the healthcare security system with Chinese characteristics will be fully revealed.

2) Volume-based procurement becomes normalized.

On January 28, 2021, the State Council published the Opinions on Promoting the Normalization and Institutionalization of Centralized Volume-Based Procurement of Drugs to improve the market-driven drug price mechanism and promote the normalization and institutionalization of centralized volume-based procurement of drugs.

On January 15, 2021, the state's Joint Drug Procurement Office issued an announcement on National Centralized Drug Procurement (GY-YD2021-1); on February 8, 2021, the state's Joint Drug Procurement Office announced the Selected Drugs in the Fourth-Round National Centralized Drug Procurement (GY-YD2021-1) and the List of Varieties of Selected Drugs to Be Supplied (GY-YD2021-1).

On June 2, 2021, the state's Joint Drug Procurement Office issued an announcement on National Centralized Drug Procurement (GY-YD2021-2); on June 28, 2021, the state's Joint Drug Procurement Office announced the Selected Drugs in the Fifth-Round National Centralized Drug Procurement (GY-YD2021-2) and the List of Varieties of Selected Drugs to Be Supplied (GY-YD2021-2).

On November 15, 2021, the state's Joint Drug Procurement Office issued an announcement on National Centralized Drug Procurement (Insulin) (GY-YD2021-3); on November 30, 2021, the state's Joint Drug Procurement Office announced the Selected Drugs in the Sixth-Round National Centralized Drug Procurement (Insulin) and the List of Varieties of Selected Drugs to Be Supplied.

3) The catalog of medicines covered by medical insurance is modified.

On May 10, 2021, the National Healthcare Security Administration and the National Health Commission jointly issued the Guiding Opinions on Establishing and Improving the “Dual Channel” Management Mechanism for Drugs in National Medical Insurance Negotiations. On June 30, 2021, the National Healthcare Security Administration issued the 2021 Work Plan for Modifying the Catalog of Drugs Covered by National Medical Insurance System, and simultaneously issued the 2021 Guidelines on Application for Modifying the Catalog of Drugs Covered by National Medical Insurance System. On September 10, 2021, the National Healthcare Security Administration and the National Health Commission officially issued the Notice on Adapting to the Normalization of National Medical Insurance Negotiations and Continuing to Ensure the Adoption of Negotiated Drugs.

In November 2021, according to 2021 Work Plan for Modifying the Catalog of Drugs Covered by National Medical Insurance System, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security jointly organized negotiation on inclusion of drugs into the Catalog of Drugs Covered by National Medical Insurance System. As a result, the Catalog of Drugs Covered by National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2021) was published on December 3, 2021 and would come into effect from January 1, 2022. Through the negotiation, a total of 94 drugs were successfully negotiated and the payment standards were established.

4) Reform of DRG/DIP payment method implemented industry-wide.

To promote reform of medical insurance related payment method and further deepen the DRG/DIP payment reform, the National Healthcare Security Administration issued the Rules for Diagnosis-Intervention Packet (DIP) Payment Agency Services (Pilot) on July 15, 2021. On November 26, 2021, the National Healthcare Security Administration issued the Notice of the National Healthcare Security Administration on the Issuance of the Three-Year Action Plan for the Reform of DRG/DIP Payment Methods. According to the Notice, all areas reimbursed by the pooled fund will carry out reform of DRG/DIP payment by the end of 2024.

On December 17, 2021, the National Healthcare Security Administration issued the Notice on the Issuance of the List of Demonstration Sites of DRG/DIP Payment. Prepared after evaluation on voluntary applicants, the list includes 18 DRG demonstration sites, 12 DIP demonstration sites and 2 DRG/DIP demonstration sites.

5) The reform of medical service price will be deepened.

On August 31, 2021, eight ministries including the National Healthcare Security Administration, the National Health Commission and National Development and Reform Commission issued the Pilot Program for Deepening the Reform of Medical Service Price. This program expects to gather replicable and extendable experience in the reform of medical service price through 3-5 years' pilot practice. By 2025, the experience will be extended to the whole country. The medical service price mechanism featured classified management, hospital participation, scientific determination and dynamic adjustment will be mature and finalized with the price leverage role coming into full play.

6) API industry is undergoing high-quality development

On November 9, 2021, the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly issued the Implementation Plan to Promote the High-quality Development of the API Industry. The plan emphasizes that chemical APIs are the basic raw materials and active ingredients of drugs, and are an important part of the pharmaceutical industry. By 2025, the nation will develop a batch of high value-added and high-growth varieties, make a breakthrough in a batch of green and low-carbon technology and equipment, cultivate a batch of internationally competitive leading enterprises, and establish a batch of industrial clusters and production bases with global influence.

7) Faster progress is made in inheritance and innovation of TCMs

On December 28, 2021, the Office of the National Healthcare Security Administration and the Office of the National Administration of Traditional Chinese Medicine issued the Notice on Updating the Classification and Codes of Diseases and Patterns of Traditional Chinese Medicine (Covered by Medical Insurance). As indicated by the notice, the classification and codes of diseases and patterns of traditional Chinese medicine in the Classification and Code of Diagnosis and Operation of Diseases Covered by Medical Insurance (GB/T15657-2021) shall be updated and take effect from January 1, 2022.

On 31 December 2021, the National Healthcare Security Administration and the Office of the National Administration of Traditional Chinese Medicine jointly issued the Guiding Opinions on Supporting the Inheritance, Innovation and Development of Traditional Chinese Medicine with Healthcare Security System. The Opinions propose to recognize qualified TCM medical institutions as medical insurance designated sites, and allow TCMs and medical services to be paid by medical insurance fund. Also, the Opinions stress the need to improve the payment policy suitable for TCMs and strengthen the price management.

Response measures: The Company will take effective measures to cope with major changes in policies of the pharmaceutical industry through early layout, transformation and compliance, and constantly improve its core competitive strength. To build strengths and core competitiveness, the Company will: emphasize more on R&D and innovation of new products to drive development; adhere to high standards of consistency evaluation; do its best endeavor to apply for medical insurance coverage; maintain the competitive sales of large varieties while keeping striving for market access and promoting sales to lower-tier markets; create more competitive advantages of products; improve the production quality management; standardize the safe and environmentally friendly production; operate in compliance with regulations, and establish a more reasonable market-oriented system.

II) Basic information on the segment where the Company belongs

The Company is primarily engaged in the R&D, production and sale of hundreds of varieties of pharmaceutical products in areas such as chemical drug preparation products, chemical active pharmaceutical ingredients (APIs), traditional Chinese drug preparation products, and intermediates, diagnostic reagents and equipment, and healthcare products. Basic information on the market niches in which the Company operates are follows:

Chemical drug preparation products: In recent years, influenced by policies regarding medical insurance payment control, volume-based procurement and consistency evaluation, chemical drug preparation products have recorded a slower growth in revenue and profit. The market of chemical drug preparation products is relatively competitive as there are many domestic manufacturers. However, innovative drugs and high-barrier preparations will become an industry trend and an important source of profits thanks to low competitive pressure and continuous support from national policies. The Company's chemical drug preparation products cover many therapeutic fields with competitive strengths in product varieties, sales channels, end user groups and brand awareness. In the future, the Company will speed up research and development, introduce new technologies, accelerate the product structure adjustment and strategic layout to cope with the increasingly fierce market competition.

Chemical APIs: At present, the Company has the following chemical APIs: cephalosporin series, statin series, and carbapenem series among others. Restricted by heavy investment, long construction period, high technical threshold and strict environmental protection requirements, the bulk API market in China is relatively concentrated. However, overcapacity causes fierce competition. To adapt to future competition, the Company gradually completed the transformation and upgrading from bulk APIs to high-end characteristic APIs, from nonstandard market to standardized market and from domestic market to international market. Meanwhile, in an effort to further implement the Implementation Plan to Promote the High-quality Development of the API Industry issued by the National Development and Reform Commission and the Ministry of Industry and Information Technology in November 2021, the Company strengthened forward-looking research layout to accelerate high-quality development of APIs under new background. Since October 2020, the Company has focused on building a research and development platform in synthetic biology with AI integrated to promote green, low-carbon transformation of the industry, give more added value to pharmaceutical intermediates and APIs, and accelerate integration into the global industrial chain and value chain.

Traditional Chinese medicine (TCM): In recent years, encouraged by many favorable national policies, the TCM industry has gained abundant opportunities to grow. Since 2021, the state has successively issued several policies, including the Several Policies and Measures on Accelerating the Characteristic Development of Traditional Chinese Medicine, the Notice on Updating the Classification and Codes of Diseases and Patterns of Traditional Chinese Medicine (Covered by Medical Insurance) and the Guiding Opinions on Supporting the Inheritance, Innovation and Development of Traditional Chinese Medicine with Healthcare Security System. These policies emphasize the need to optimize the TCM evaluation and approval management, improve the classification and registration management, implement suitable payment policies, strengthen the price management, adopt integrative medicine approach, and promote the development of TCM industry. In the fight against the epidemic, three drugs and three prescriptions of TCM play an important role in clinic treatment, highlighting the importance of TCM. Shenqi Fuzheng Injection, Anti-Viral Granules and other products from Livzon Group, a holding subsidiary of the Company, are representatives of the Company's TCM products. In the future, the Company will continue to intensify R&D and technological innovation to drive sustainable profitability.

Diagnostic reagents and equipment: As China's healthcare industry develops gradually, in vitro diagnostic reagents industry is seeing a bigger market but remains in primary stage compared with developed countries such as European countries and America. With more product varieties and more advanced technologies, in vitro diagnostic reagents are used in more scenarios, from traditional hospital laboratories to third-party medical diagnostic institutions, physical examination centers, families and other primary healthcare institutions. More application scenarios fully release the demand for different kinds of in vitro diagnostic reagents, promoting rapid development of the industry. Since its establishment, Livzon Diagnostics, controlled by Livzon Group (a holding subsidiary of the Company), has been committed to the R&D, production and sales of diagnostic reagents and equipment. After years of efforts and development, it has built a multi-faceted technical platform that supports ELISA test, colloidal gold rapid test, chemiluminescence assay, multiplex liquid-chip assay, and nucleic acid assay. It has strong market influence in such fields as respiratory infection, infectious diseases, and drug concentration monitoring. Some of its products hold big market shares in China.

Health care products: Driven by increasing public awareness of wellness, aging, consumption upgrading and promotion of direct sales, health care industry has developed rapidly in recent years. However, due to low technical threshold and high gross profit, the domestic market is witnessing fierce competition, product homogeneity and low concentration. Well-known brands such as “Taitai” (太太), “Jingxin” (静心) and “Eagle's” (鹰牌) have gained wide recognition. In the face of fierce market competition, while staying committed to traditional pharmaceutical chain channels, the Company also vigorously expands online channels through strategic cooperation with new social e-commerce sales platforms to drive sales growth. In addition, the Company actively prepares to access to fields of special medical purpose and functional food by leveraging its R&D and market strengths to add product pipelines and enhance core competitiveness.

(2). Basic information on main drugs (products)

✓ Applicable □ N/A

Basic information on main drugs (products) by segment and therapeutic areas

✓ Applicable □ N/A

Segment	Main treatment field	Name of drug (product)	Registration classification	Indications	Prescription drug or not	Protected traditional Chinese medicine or not (if applicable)	Effective and expiration date of patent right for invention (if applicable)	New drug (product) launched during the Reporting Period or not	Included in the Catalog of National Essential Drugs or not	Covered by national medical insurance system or not
Chemical drug preparation products	Gastroenterology	Ilaprazole Sodium for Injection	Chemical drugs Class 2	Peptic ulcer bleeding	Yes	No	From 23 October 2009 to 23 October 2029	No	No	Yes
Chemical drug preparation products	Gonadotropic hormones	Leuprorelin Acetate Microspheres for Injection	Chemical drugs Class 6	Endometriosis, hysteromyoma, breast cancer, etc.	Yes	No	From 23 December 2010 to 23 December 2030	No	No	Yes
Chemical drug preparation products	Gastroenterology	Ilaprazole Enteric-Coated Tablets	Chemical drugs Class 1.1	Duodenal ulcer and reflux esophagitis	Yes	No	From 24 March 2006 to 24 March 2026	No	No	Yes
Chemical drug preparation products	Anti-infection	Meropenem for Injection	Chemical drugs Class 4	Used to treat infection caused by one bacterium or more bacteria sensitive to meropenem.	Yes	No	From 6 June 2006 to 6 June 2026 From 31 July 2012 to 31 July 2032	No	No	Yes

Note: The starting and expiration dates listed above refer to the corresponding term of patents of core products in each product category.

Main drugs (products) newly added into and exited from the Catalog of National Essential Drugs and the catalog of medicines covered by medical insurance system during the Reporting Period

✓ Applicable □ N/A

Name of main products	Catalog of National Essential Drugs	Catalog of Medicines Covered by National Medical Insurance System
Ilaprazole Sodium for Injection	Not included	Included
Leuprorelin Acetate Microspheres for Injection	Not included	Included
Ilaprazole Enteric-Coated Tablets	Not included	Included
Meropenem for Injection	Not included	Included

Winning bids for main drugs in centralized drug procurement during the Reporting Period

 ✓ Applicable N/A

Name	Winning bid price range	Total actual procurement volume by medical institutions	Unit
Ilaprazole Sodium for Injection	RMB 156	1,299.37	Ten thousand ampules
Leuporelin Acetate Microspheres for Injection	RMB 1,295.90~1,409.36	148.89	Ten thousand boxes
Ilaprazole Enteric-Coated Tablets (6 tablets)	RMB 78.34~102.09	1,535.36	Ten thousand boxes
Ilaprazole Enteric-Coated Tablets (10 tablets)	RMB 156.30~161.12	109.46	Ten thousand boxes
Meropenem for Injection 0.25g	RMB 54.05~63.3	618.54	Ten thousand ampules
Meropenem for Injection 0.5g	RMB 86.30~108.08	1,186.70	Ten thousand ampules
Meropenem for Injection 1g	RMB 157.20~187.70	68.41	Ten thousand ampules

Explanations

 ✓ Applicable N/A

- (1) Data regarding Total actual procurement volume by medical institutions are from IQVIA;
- (2) The information disclosed is the winning price of the tenderer province and newly implemented winning prices during the Reporting Period.

Operating data by therapeutic areas or main drug (products)

 ✓ Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Therapeutic area	Operating income	Operating costs	Gross profit margin (%)	YoY change in operating income (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)	Gross profit margin of products in the same field in the same industry
Gastroenterology	371,790.91	45,364.70	87.80	50.40	42.78	0.65	85.39%
Gonadotropic hormones	245,355.67	86,255.72	64.84	28.34	24.21	1.17	-
Anti-infection	156,128.38	25,332.56	83.77	7.84	20.47	-1.70	53.54%
Respiratory	57,709.55	10,663.88	81.52	657.53	592.10	1.75	84.95%

Explanations

 ✓ Applicable N/A

- ① The gross profit margin of products in the field of gastroenterology is derived from that of the relevant industry in “Major products of metabolism and alimentary system” in Fosun Pharma's 2020 Annual Report.
- ② No comparable data on gross profit margin in the field of gonadotropic hormones has been found.
- ③ The data on the gross profit margin of products in the field of anti-infection comes from that of “anti-infection category” in the 2020 Annual Report of Tianyao Co., Ltd.
- ④ The gross profit margin data of products in the field of the respiratory comes from that of “respiratory system category” in Luoxin Pharmaceutical's 2021 Annual Report.

2. Drug (product) R&D of the Company

(1). Overview of R&D of the Company

Applicable N/A

(1) Chemical drug preparation products

1. High-barrier complex preparations: There were a total of 40 projects under research, of which, four had been applied for production and 7 had started clinical/BE study. The progress of the major projects was as follows

Inhalation preparations: Tobramycin Solution for Inhalation (妥布霉素吸入溶液), Formoterol Fumarate Solution for Inhalation (富马酸福莫特罗吸入溶液) and Terbutaline Sulphate Solution for Nebulization (硫酸特布他林雾化吸入溶液) had been applied for production; Formoterol Fumarate Inhalation Aerosol (富马酸福莫特罗吸入气雾剂) and Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol (莫米松福莫特罗吸入气雾剂) had started clinical study, and Acclidinium Bromide Powder for Inhalation (阿地溴铵吸入粉雾剂) had received the notice of clinical trials;

Sustained-release microspheres: Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球) (one-month sustained release) had been applied for production registration after completing the phase III clinical trials, and received the notification of acceptance of the production application. Aripiprazole Microspheres for Injection (注射用阿立哌唑微球) were currently undergoing phase I clinical trials. The single dose study had been completed, and multiple dose clinical trials were now under way. Octreotide Acetate Microspheres for Injection (注射用醋酸奥曲肽微球) were undergoing BE pre-trials. Leuporelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球) (three-month sustained-release) were undergoing BE pre-trials; Triptorelin Pamoate Microspheres for Injection (注射用双羟萘酸曲普瑞林微球) (three-month sustained-release) and Alarelin Acetate Microspheres for Injection (注射用丙氨瑞林微球) (one-month sustained-release) had obtained the notification of clinical trials, and active preparations had been made for the trials.

2. Conventional preparations: There were a total of 27 projects under research, of which, two had been approved, four had been applied for production and five had started clinical/BE study. Among them, Alogliptin Benzoate Tablets (苯甲酸阿格列汀片) had been approved for production; Cetrorelix Acetate for Injection (注射用醋酸西曲瑞克) had been applied for registration in China and the United States, and was approved for marketing by China National Medical Products Administration in December 2021; Blonanserin Tablets (布南色林片) and Lurasidone Hydrochloride Tablets (盐酸鲁拉西酮片) had completed BE study and will be soon applied for production; and LZ001, an innovative anti-tumor drug was applied for clinical study (IND) in December 2021.

3. Consistency evaluation: There were a total of 20 projects under research, of which, 4 had been approved and 10 were under application review. Among them, Omeprazole Sodium for Injection (注射用奥美拉唑钠) and Fluvoxamine Maleate Tablets (马来酸氟伏沙明片) had been approved; Cefodizime Sodium for Injection (注射用头孢地嗪钠) was under review; Valsartan Capsule (缬沙坦胶囊) had completed submission of supplementary application materials; Imipenem and Cilastatin Sodium for Injection (注射用亚胺培南西司他丁钠) and Bismuth Potassium Citrate Capsule (枸橼酸铋钾胶囊) had been applied for approval; Rabeprazole Sodium Enteric-Coated Tablets (雷贝拉唑钠肠溶片) had completed process verification and were in preparation for BE.

(2) Biologics

There were a total 8 research projects, of which, one had been launched to the market; one had been applied for production; one was in phase III clinical study; two were in phase Ib/II clinical study and two were in phase I clinical study.

Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒毛促性素) had been approved for launching in the market in China; Tocilizumab Solution for Injection (托珠单抗注射液) had been officially applied for production and the application had been accepted; Phase III clinical trial enrollment of Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) was coming to an end; Recombinant Humanized Anti-PD-1 Monoclonal Antibody for Injection (注射用重组人源化抗PD-1单克隆抗体) and Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody for Injection (重组抗人IL-17A/F人源化单克隆抗体注射液) were undergoing phase Ib/II clinical trials; and Recombinant Tumor Enzyme Specific Interferon α -2b Fc Fusion Protein for Injection (注射用重组肿瘤酶特异性干扰素 α -2b Fc融合蛋白) and Recombinant Human Follicle Stimulating Hormone for Injection (重组人促卵泡激素注射液) were undergoing phase I clinical trials.

(3) APIs and intermediates

There were a total of 35 projects under research, of which Dalbavancin (达巴万星) had completed verification and batch production, and Fluralaner (氟雷拉纳) was planned for verification and batch production.

(4) Diagnostic reagents and equipment

There were a total of 49 projects under research, of which, seven were in the clinical trial stage. For reagent development platform, four products including Novel Coronavirus (2019-nCoV) IgM Antibody Detection Kit (IgM抗体检测试剂盒) (enzyme-linked immunosorbent assay) (category III), seven Autoimmune Hepatitis-related Autoantibodies Detection Kit (magnetic barcode immunofluorescence luminescence) (category II), Mycoplasma Pneumoniae IgM Antibody Detection Kit (Chemiluminescence) (category III) and Dry Immunofluorescence Analyzer had been registered in China; seven projects including four diabetes specific autoantibodies, IgG4, Mycoplasma pneumoniae IgM (chemiluminescence) and Influenza Virus A+B antigen colloid gold had entered clinical trials, among which IgG4 and Mycoplasma pneumoniae IgM (chemiluminescence) had completed clinical trials and were being submitted for registration. As for the equipment R&D platform, the multi-channel dry fluorescence immunoanalyzer had been registered in China, and the second-generation irradiator model and the all-in-one instrument for molecular diagnostics had entered the stage of trial production.

(2). Basic information on main R&D projects

√ Applicable □ N/A

R&D projects (including projects subject to GCE)	Name of drug (product)	Registration classification	Indications	Prescription drug or not	Protected traditional Chinese medicine or not (if applicable)	R&D stage (registration)
V-01 (COVID-19)	The Recombinant SARS-CoV-2 Fusion Protein Vaccine	Preventive biological products Class 1.1	Used for treatment of novel coronavirus infection	Yes	No	Clinical trial
LZM009 (PD-1)	The Recombinant Humanized Anti-PD-1 Monoclonal Antibody for Injection	Therapeutic biological products	Advanced solid tumor	Yes	No	Clinical trial
Aripiprazole Microspheres for Injection (1-month sustained-release)	Aripiprazole Microspheres for Injection (1-month sustained-release)	Chemical drugs Class 2.2	Mainly used to treat adult schizophrenia	Yes	No	Clinical trial
Triptorelin Acetate Microspheres for Injection (1-month sustained release)	Triptorelin Acetate Microspheres for Injection (1-month sustained release)	Chemical drugs Class 2.2	Metastatic prostate cancer, endometriosis (stages I to IV), female infertility, pretreatment of uterine fibroids before surgery, precocious puberty.	Yes	No	Application for production
LZM008 (IL-6R)	Recombinant Humanized Anti-human IL-6R Monoclonal Antibody Solution for Injection	Chemical drugs Class 3.3	It is indicated for the treatment of adult patients with moderately to severely active rheumatoid arthritis who have not responded adequately to disease-modifying antirheumatic drugs (DMARDs).	Yes	No	Application for production
Blonanserin Tablets	Blonanserin Tablets	Chemical drugs Class 4	Schizophrenia	Yes	No	Completed BE studies
Tobramycin Solution for Inhalation	Tobramycin Solution for Inhalation	Chemical drugs Class 2.4	Used for long-term treatment of chronic pulmonary infection caused by Pseudomonas aeruginosa in children with cystic fibrosis over 5 years old.	Yes	No	Application for production
Formoterol Fumarate Inhalation Solution	Formoterol Fumarate Inhalation Solution	Chemical drugs Class 3	Used to treat chronic obstructive pulmonary disease	Yes	No	Application for production
Formoterol Fumarate Inhalation Aerosol	Formoterol Fumarate Inhalation Aerosol	Chemical drugs Class 2.2	Used to treat bronchial asthma and chronic obstructive pulmonary disease.	Yes	No	Clinical trial
Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol	Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol	Chemical drugs Class 3	Used to treat asthma and chronic obstructive pulmonary disease.	Yes	No	Clinical trial
Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation	Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation	Chemical drugs Class 4	Used for routine treatment of reversible obstructive airway diseases, including asthma in adults and children.	Yes	No	Application for clinical trial
Imipenem and Cilastatin Sodium for Injection (under consistency evaluation)	Imipenem and Cilastatin Sodium for Injection	Chemical drugs Class 4	Used to treat infection caused by one bacteria or more bacteria sensitive to imipenem in adults and children.	Yes	No	Consistency evaluation

(3). Drugs (products) filed for regulatory approval and granted approval during the Reporting Period

✓ Applicable □ N/A

① Drugs (products) filed for regulatory approval during the Reporting Period

Name of drug	Registration classification	Approval items	Indications
Tobramycin Solution for Inhalation	Chemical drugs Class 2.4	Application for production	Used for long-term treatment of chronic pulmonary infection caused by Pseudomonas aeruginosa in children with cystic fibrosis over 5 years old.
Formoterol Fumarate Solution for Inhalation	Chemical drugs Class 3	Application for production	Used to treat chronic obstructive pulmonary disease
Terbutaline Sulphate Solution for Nebulization	Chemical drugs Class 4	Application for production	Used to relieve bronchial asthma, chronic bronchitis, pulmonary emphysema and bronchospasm caused by other pulmonary diseases.
Tocilizumab Solution for Injection	Chemical drugs Class 3.3	Application for production	Used for treatment of moderate to severe active rheumatoid arthritis in adult patients with inadequate response to DMARDs. Recombinant Humanized Anti-IL-6R Monoclonal Antibody for Injection combined with Methotrexate (MTX)
Triptorelin Acetate Microspheres for Injection	Chemical drugs Class 2.2	Application for production	Localized, advanced, and metastatic prostate cancer
Elaprazole Sodium for Injection	Chemical drugs Class 2	Application for production (Indonesia)	Peptic ulcer bleeding
Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation	Chemical drugs Class 4	Application for clinical trial	Used for routine treatment of reversible obstructive airway diseases, including asthma in adults and children.
LZ001 Tablets	Chemical drugs Class 1	Application for clinical trial	Used for treatment of non-small cell lung cancer (NSCLC) with ROS1 gene mutation and solid tumor with NTRK gene fusion
Ciclosporin Soft Capsules (consistency evaluation)	Chemical drugs	Supplementary application	1. Transplantation: organ transplantation; bone marrow transplantation 2. Non-transplantation: endogenous uveitis; psoriasis; atopic dermatitis; rheumatoid arthritis; nephrotic syndrome
Valsartan Capsules (consistency evaluation)	Chemical drugs	Supplementary application	Used for treatment of mild to moderate essential hypertension.
Cefuroxime Sodium for Injection (consistency evaluation)	Chemical drugs	Supplementary application	Used for treatment of the following infections caused by sensitive organism: respiratory system infection; ear, nose, and throat (ENT) infection; urogenital system infection; skin and soft tissue infection; bone and joint infection; other infections; and used for prevention of surgical and gynaecological diseases
Bismuth Potassium Citrate Capsules (consistency evaluation)	Chemical drugs	Supplementary application	Used for treatment of chronic gastritis and mitigation of gastralgia, heartburn and sour regurgitation caused by hyperacidity.
Vancomycin Hydrochloride for Injection (consistency evaluation)	Chemical drugs	Supplementary application	Used for treatment of infections caused by methicillin-resistant staphylococcus aureus and other bacteria: septicemia, infective endocarditis, osteomyelitis, arthritis, superficial secondary infection including burns and operative wound, pneumonia, lung abscess, empyema, peritonitis, and meningitis.

② Drugs (products) granted clinical approval during the Reporting Period

Name of drug	Registration classification	Indications
Formoterol Fumarate Inhalation Aerosol	Chemical drugs Class 2.2	Used to treat bronchial asthma and chronic obstructive pulmonary disease.
Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol	Chemical drugs Class 3	Used to treat asthma and chronic obstructive pulmonary disease.
Aclidinium Bromide Powder for Inhalation	Chemical drugs Class 2.2	Used to treat chronic obstructive pulmonary disease
Recombinant Human Follicle Stimulating Hormone for Injection	Chemical drugs Class 3.3	1) Used for treatment in women with anovulation (including polycystic ovary syndrome [PCOS]) and showing no response to Clomiphene Citrate. 2) Used to stimulate the development of multiple follicles in women who underwent controlled ovarian hyperstimulation by Assisted Reproductive Technology (ART), such as In Vitro Fertilization (IVF), Gamete Intra-Fallopian Transfer (GIFT), and Zygote Intra-Fallopian Transfer (ZIFT). 3) Used in patients who lack luteinizing hormone (LH) and follicle-stimulating hormone (FSH), or patients whose endogenous serum LH level is below 1.2IU/L. Combined use of LH and FSH is recommended to stimulate follicular development
SARS-CoV-2 Fusion Protein Vaccine	Preventive biological products Class 1.1	Used for treatment of novel coronavirus infection
Triptorelin Pamoate Microspheres for Injection	Chemical drugs Class 2.2	Localized, advanced, or metastatic prostate cancer
Alarelin Acetate Microspheres for Injection	Chemical drugs Class 2.2; 2.4	1) Prostate cancer; 2) endometriosis, hysteromyoma, breast cancer, precocious puberty, assisted reproduction, etc.
Semaglutide Injection	Therapeutic biological products Class 3.3	Used to control the blood glucose of adult patients with type 2 diabetes after pool glycemic control with metformin and/or sulfonylureas based on diet control and exercise, and to reduce the risk of main cardiovascular adverse events (including cardiovascular death, non-fatal myocardial infarction or non-fatal stroke) to adult patients with type 2 diabetes and cardiovascular diseases.

Note: The Recombinant SARS-CoV-2 Fusion Protein Vaccine obtained approvals for phase III clinical primary trials countries including Philippines, Indonesia and Russia and obtained approvals for phase III clinical booster trials in Pakistan and Malaysia.

③ Drugs (products) granted registration approval during the Reporting Period

Name of drug	Registration classification	Indications
Recombinant Human Chorionadotropin alfa for Injection	Therapeutic biological products Class 15	1) Used to trigger final maturity and luteinization of follicles after stimulating follicular growth in women who underwent controlled ovarian hyperstimulation before receiving assisted reproduction technology such as IVF. 2) Used to trigger ovulation and luteinization after stimulating follicular growth in women with anovulation or rare ovulation.
Alogliptin Benzoate Tablets	Chemical drugs Class 4	Used to treat patients with type 2 diabetes in addition to diet control and exercise; used to improve glycemic control in patients with type 2 diabetes based on diet control and exercise in combination with Metformin Hydrochloride.
Cetrorelix Acetate for Injection	Chemical drugs Class 4	Used to prevent premature ovulation in patients receiving controlled ovarian stimulation with assisted reproduction technology. Used in combination with human menopausal gonadotropin (HMG) in clinical trials. Limited combined use of this product with recombinant human follicle-stimulating hormone (r-hFSH) shows that its efficacy is similar to the former.
Omeprazole Sodium for Injection (consistency evaluation)	Chemical drugs	Mainly used to: 1) treat peptic ulcer bleeding and anastomotic ulcer bleeding; 2) treat acute gastric mucosal lesion under stress condition or caused by non-steroidal anti-inflammatory drugs; 3) prevent upper gastrointestinal bleeding caused by severe diseases (such as cerebral hemorrhage and severe trauma) under stress condition and after gastric surgery; 4) treat the following diseases when oral therapies are not applicable: duodenal ulcer, gastric ulcer, reflux esophagitis, and Zollinger-Ellison.
Fluvoxamine Maleate Tablets (consistency evaluation)	Chemical drugs	Used for treatment of 1) depression; 2) obsessive compulsive disorder

(4). Cancellation of R&D projects or the failure to obtain approval for drugs (products) during the Reporting Period

Applicable N/A

(5). R&D accounting policy

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 recognized in profit or loss for the current period when incurred.

Expenditures on the development phase will be capitalized 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 recognized 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.

Capitalized 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.

Capitalization 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in profit or loss for the current period

(6). R&D investment

Horizontal comparison

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Comparable peer companies	R&D investment amount	Proportion of R&D investment to operating income (%)	Proportion of R&D investment to net assets (%)	Ratio of capitalized R&D investment (%)
Fosun Pharma	400,300.00	13.21	10.82	30.18
Kelun Pharma	151,629.35	9.21	11.23	-0.73
CR Double-Crane	41,111.92	4.83	4.42	29.21
Humanwell Healthcare (Group)	93,661.07	4.60	8.70	18.33
North China Pharmaceutical	46,886.42	4.08	7.66	74.56
Average R&D investment in the same industry				146,717.75
Proportion of R&D investment to operating income during the Reporting Period (%)				11.63
Proportion of R&D investment to net assets during the Reporting Period (%)				9.17
Ratio of capitalized R&D investment during the Reporting Period (%)				24.47

Note: 1. The data regarding comparable companies listed above are from each company's 2020 annual report;

2. The average R&D investment in the same industry is the arithmetic average of the R&D investment of five comparable companies listed above.

Statement on material changes in R&D investment and rationality of R&D investment proportion and capitalization proportion

Applicable N/A

During the Reporting Period, the Company's total R&D investment was RMB 1,849.82 million, a YoY increase of 46.75%, representing 11.63% of the total operating revenue and 9.17% of the total net assets, which was relatively high in the industry. In order to adapt to the changes in the demand of the pharmaceutical market and the continuous reform of the new drug research and development registration, the Company reconsidered its varieties under research and actively adjusted R&D strategy. While maintaining competitive products, the Company strengthened resource integration and internal control management. These moves improved R&D efficiency while kept R&D activities in an orderly manner as usual. The Company's current R&D investment is reasonable as it is well in line with the strategic layout and future development.

Investment in major R&D projects

√ Applicable □ N/A

Unit: 10,000 Yuan Currency: RMB

R&D project	R&D investment amount	Expensed R&D investment	Capitalized R&D investment	Proportion of R&D investment to operating income (%)	Change (%)
V-01 (COVID-19)	49,111.94	17,694.65	31,417.29	3.09	1,062.05
LZM009 (PD-1)	5,078.53	3,222.14	1,856.39	0.32	39.35
Aripiprazole Microspheres for Injection (1-month sustained-release)	4,856.54	4,856.54	0	0.31	139.60
Triptorelin Acetate Microspheres for Injection (1-month sustained release)	4,403.32	3,361.52	1,041.8	0.28	55.52
LZM008 (IL-6R)	3,812.03	563.81	3,248.22	0.24	-53.21
Blonanserin Tablets	1,194.12	1,194.12	0	0.08	128.90
Tobramycin Solution for Inhalation	2,268.58	313.58	1,955.01	0.14	68.38
Formoterol Fumarate Solution for Inhalation	1,571.91	497.87	1,074.05	0.10	50.62
Fluticasone Propionate Nebulizable Suspension	964.54	902.51	62.03	0.06	27.68
Formoterol Fumarate Inhalation Aerosol	396.68	110.85	285.83	0.02	-32.69
Mometasone Furoate and Formoterol Fumarate Dihydrate Inhalation Aerosol	419.77	52.75	367.02	0.03	26.46
Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation	1,311.78	799.16	512.62	0.08	533.11
Imipenem and Cilastatin Sodium for Injection (consistency evaluation)	275.14	0.06	275.08	0.02	62.73

Notes: 1. The Projects listed above are the main R&D projects conducted by the Company; of which project Blonanserin Tablets is a Priority Review & Approval project.

2. The main reason for the quite significant YoY increase in our R&D expenditure is that our R&D projects went into later clinical stages during the Reporting Period.

3. Sales of drugs (products)

(1). Analysis of main sales model

√ Applicable □ N/A

Please refer to Overview on the main businesses of the company during the Reporting Period part in this Chapter.

(2). Analysis of selling expenses

Components of selling expenses

√ Applicable □ N/A

Unit: 10,000 Yuan Currency: RMB

Project name	Amount incurred in the current period	Proportion of current amount to total selling expenses (%)
Business promotion expenses	447,776.46	89.08
Employee compensation	39,717.01	7.90
Entertainment and travel expenses	6,529.77	1.30
Business meeting expenses	2,355.47	0.47
Others	6,302.51	1.25
Total	502,681.21	100.00

Horizontal comparison

√ Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Comparable peer companies	Selling expenses	Proportion of selling expenses to operating income (%)
Fosun Pharma	846,394.32	27.93
Kelun Pharma	488,254.51	29.66
CR Double-Crane	302,941.81	35.62
Humanwell Healthcare (Group)	366,880.40	18.01
North China Pharmaceutical	276,414.83	24.05
Total selling expenses of the Company during the Reporting Period		502,681.21
Proportion of selling expenses to operating income during the Reporting Period (%)		31.61

Note: The data regarding comparable companies listed above are from each company's 2020 annual report;

Statement on material changes in selling expenses and rationality of selling expenses

√ Applicable N/A

During the Reporting Period, the Company's sales expenses were 5,026.81 million, representing 31.61% of the operating revenue, recording an increase compared with the previous year. The increase was mainly due to more efforts to promote products and brands, and an increase in sales expenses in prescription drugs which recorded significant sales growth during this period. Looking forward, the Company will continue to deepen the reform of the marketing system to optimize sales channels and increase the cost efficiency for high profitability.

4. Others

 Applicable N/A**(V) Analysis of investments**

Overall analysis of external equity investment

√ Applicable N/A

During the Reporting Period, the Company carried out strategic investments in accordance with our development plans; the main investment projects are as follows:

1. Major equity investment

√ Applicable N/A

(1) Livzon Group acquired 40% equity interest of 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% 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.

The Shenzhen Stock Exchange has suspended the review of listing of Tianjin Tongrentang on 26 January 2022, as CSRC has initiated an investigation against ShineWing Certified Public Accountants (Special General Partnership), the accountant engaged by Tianjin Tongrentang for the initial public offering of its shares and listing on the ChiNext Board. The suspension of the review of the IPO application of Tianjin Tongrentang will not have significant impact on the production and operation activities of the Company. There is still uncertainty about the time for the resumption of review of Tianjin Tongrentang's IPO application and whether it will eventually 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, 1 July 2021 and 8 February 2022.

(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 31 December 2021, the total investment of the specific contracts entered into for the Project amounted to RMB395.5607 million, and the sum of subsidies received from government authorities at various levels amounted to RMB 101.1799 million, the construction works for the warehousing system and the QC main body were completed, the construction works for the main body of the extraction workshop and the pre-treatment workshop were implemented, and the foundation construction works for the granulation workshop, the comprehensive preparation workshop and the packaging workshop were implemented, and the overall Project was smooth in progress.

(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 RMB 20 million to subscribe for registered capital of RMB 158,730 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.

In 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.

(7) Establishment of Zhuhai Livzon Pharmaceutical Import and Export Co., Ltd.

In July 2021, Zhuhai Livzon Pharmaceutical Import and Export Co., Ltd. was established as a wholly-owned subsidiary of Livzon Group, a majority-owned subsidiary of the Company, with a registered capital of RMB 10 million, to mainly engage in wholesale, import and export of drugs.

(8) Establishment of Changsha Lijin Baokang Medical Technology Co., Ltd.

In August 2021, Changsha Lijin Baokang Medical Technology Co., Ltd. was established by Livzon Diagnostics, a majority-owned subsidiary of Livzon Group, a majority-owned subsidiary of the Company, with a registered capital of RMB 1 million, to mainly engage in R&D, production and sale of class I, class II and class III medical apparatuses and instruments.

(9) Establishment of Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd.

In August 2021, Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. was established as a wholly-owned subsidiary of Livzon Group, a majority-owned subsidiary of the Company with a registered capital of RMB 30 million, to mainly engage in production, wholesale, import and export of drugs.

(10) Investment in Beijing Luzhu Biotechnology Co., Ltd.

In August 2021, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd., a wholly-owned subsidiary of Livzon Group, a majority-owned subsidiary of the Company, invested RMB 30 million to purchase Beijing Luzhu Biotechnology Co., Ltd, accounting for 1.3951% of its registered capital of RMB 2,332,815. The company is mainly engaged in development and transfer of technologies, and provision of services related to biological products, drugs, diagnostic reagents and medical instruments.

(11) Investment in Shanghai Keentai Biomedical Technology Co., Ltd.

In September 2021, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd., a wholly-owned subsidiary of Livzon Group, a majority-owned subsidiary of the Company, invested RMB 20 million to participate in Pre-A round financing of Shanghai Keentai Biomedical Technology Co., Ltd., accounting for 4.88% of the total financing. The company is principally engaged in technological development, technology service, technology transfer, technology consulting and drug R&D in fields of biotechnology and pharmaceutical technology.

2. Major non-equity investment

Applicable N/A

3. Financial assets measured at fair value

Applicable N/A

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

4. Progress of Material Asset Restructurings of the Company during the Reporting Period

Applicable N/A

(VI) Sale of major assets and equity

Applicable N/A

(VII) Analysis of major controlled and invested companies

Applicable N/A

Unit: 10,000 Yuan

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	R&D, production and sales of oral liquids, hormone tablets, aerosol (hormone-containing), inhalation preparations (solution for inhalation) (hormone-containing), hormone nasal spray, and TCM extraction workshop.	10,000	56,299.86	29,267.82	22,281.36	10,316.83	9,227.15
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	178.84	124.34	80.74	-6.15	-21.60

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
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	223,846.22	123,957.73	168,852.00	31,642.97	28,641.75
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical products, intermediates and other chemical products.	10,000	42,854.45	24,198.91	63,588.06	7,346.68	6,575.02
Health Pharmaceutical	Industry	Production and sale of self-produced healthcare food, traditional Chinese medicine decoction pieces, and drug products.	HKD 7,317	13,085.35	9,815.33	3,914.58	682.75	401.30
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	18,513.32	10,184.61	10,970.48	2,329.97	2,160.77
Hiyeeah Industry	Commerce	Investment in industry, domestic commerce, material supply and marketing industry, and economic information consulting	17,800	659.46	607.84	280.38	-57.60	-57.60
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	3,860.41	3,854.08	-	95.75	95.29
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	3,629.66	3,629.66	6.63	6.53	6.53
Appraisal institution	Commerce	Forensic evidence identification	-	1,023.64	945.17	190.52	-54.65	-56.22
Zhuhai Jiankangyuan	Industry	Technical R&D and application of biomedical products	6,587	-	-	-	949.88	948.95
Fenglei Electric Power	Investment	Investment in power, industry, domestic commerce, and material supply and marketing industry	10,000	29,186.45	14,190.84	-	-3,193.67	-3,193.67
Hong Kong Health	Investment	Investment and trade	HKD 1	32,345.55	648.66	289.51	240.40	214.42
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceutical preparations, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products.	50,000	207,954.53	153,764.56	140,642.76	21,634.98	19,267.40

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Topsino	Commerce	Investment and trade	HKD89,693	162,517.08	81,227.09	-	21,191.45	21,191.45
Health Investment	Investment	According to law where it was registered	USD5	2,594.51	2,594.51	-	-	-
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	66,857.71	45,349.43	30,977.60	17,343.57	14,570.05
Joincare Special Medicine Food	Industry	R&D, production and sale of formula food, health-care food and food for special medical use	2,000	1,354.85	232.54	-	-84.43	-66.48
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	93,787	2,237,191.56	1,431,102.48	1,206,386.33	226,699.00	195,210.12

Note: 1. 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.

2. Zhuhai Jiankangyuan completed the industrial and commercial deregistration on 8 September 2021.

3. For business conditions of Livzon Group, please refer to the 2021 Annual Report of Livzon Group.

(VIII) Structured entities controlled by the Company

Applicable N/A

VI Discussion and analysis of the Company's future development

(I) Industry landscape and trend

Applicable N/A

Please refer to the “Basic information on industry” part in this chapter.

(II) Company's strategies for business development

Applicable N/A

Taking scientific and technological innovation as a strategic priority, executing our dual-drive strategy of developing platforms of both innovative medicines and high-barrier complex preparations, we have been evolving into an industry-wide influential innovative pharmaceutical enterprise paying great attention to people's livelihood and actively undertaking social responsibilities. Over the years, the Company has been committed to developing itself in the pharmaceutical field, and has grown into a comprehensive pharmaceutical enterprise covering multiple areas including chemical drug preparation, chemical APIs and intermediates, traditional Chinese drug preparation products, diagnostic reagents and equipment. In the future, the Company will continue to increase R&D investment to improve its research and innovation capacity, accelerate the optimization and adjustment of its product structure, fully leverage its existing market advantages, and actively deepen the reform of the marketing system, to promote its sustainable and steady business growth.

(III) Business plans

✓ Applicable □ N/A

The main business plans for each operation unit of the Company in 2022 are set as follows:

1. R&D Center

R&D and innovation are the hard power of the Company to maintain sustainable development. The Company will, on the one hand, define the strategic direction for future R&D efforts, and screen and evaluate key high-barrier varieties, to diversify the R&D variety pipeline; and will, on the other hand, promote product transformation, and effectively advance the research and clinical development of existing core products, to accelerate the marketing process. (1) Strategic layout of R&D and innovation: In recent years, focusing on inhalant preparations, the Group has conducted in-depth research on a few of carefully selected new products with high clinical value and wide market space, and has achieved good results. In the future, under the existing R&D pipeline, the Group will focus on the following R&D areas: 1) Inhalation preparations: continue to enrich the pipeline and layout of inhalation preparations; 2) Complex injections: Complex injections are mainly micro and nano injections, with broad clinical application prospect and high technical complexity, and will be added to the high-barrier complex preparation R&D platform of the Group; 3) New drug delivery devices: drugs for respiratory treatment are usually delivered through combined medical instruments with a complex structure, thus posing high requirements on the structural design, performance and quality control. The Group will develop supporting drug delivery devices based on the progress of R&D of drugs for respiratory diseases, improve the industrial chain of inhalation preparations, and enhance the added value and core competitive strengths of products to be marketed. (2) Transformation of existing products under R&D: Currently, the Group has 179 products under R&D, including 40 high-barrier complex preparations. In 2022, the Group will make major efforts to apply for marketing authorization for Tobramycin Solution for Inhalation (妥布霉素吸入溶液), and strive to get it included in China's National Reimbursement Drug List. At the same time, the Group will make vigorous efforts to assist and promote global multi-center phase III clinical trials of V-01, and strive to complete the trials and apply for marketing authorization as soon as possible. This will endow the Company with the qualification and rich experience in conducting global multi-center clinical trials for more products in the future.

2. Sales Center

In 2021, the Group secured outstanding achievements in selling prescription medicines. In the future, with the transformation of more products developed, especially the production and marketing of new respiratory products, the Company will see a more complete product line in the prescription drug sector. Against the backdrop of increased incidence of respiratory diseases and steady increase of clinical demand, the marketing and promotion of prescription medicines should be backed by the Group's strong R&D strength and efficient innovation. Taking the industrial and market opportunity that three blockbuster products, including Budesonide Suspension for Inhalation (吸入用布地奈德混悬液) have been selected for centralized drug procurement organized by the State and that Levosalbutamol Hydrochloride Nebuliser Solution (盐酸左沙丁胺醇雾化吸入溶液) has been included in the list of drugs for negotiation led by National Health Security Administration, the Company will make continuous efforts to enable its inhalation preparations to enter more hospitals and serve more patients. To this end, the Group will, in terms of marketing prescription medicines in the new year, focus on the following five aspects: strengthen team building and improvement of comprehensive quality, 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; strengthen supervision, appraisal, and management by objectives, strengthen integration of terminal resources, focus on establishing national benchmark areas, benchmark hospitals and benchmark sales teams, include key hospitals above grade II in the appraisal system, and comprehensively enhance the coverage and fulfillment rate of evaluation indicators; seize the opportunity that three inhalation preparation products have been successfully selected for 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; promote digital marketing, continue to advance construction of digital marketing platform and support for terminal market activities, effectively combine online and offline methods, and enhance brand recognition on the doctor side and patient side; strengthen access to the National Reimbursement Drug List and policy adjustment, follow up in real time national medical reform-related policies, strengthen drug post-marketing and pharmacoeconomic research, and actively cope with subsequent medical insurance adjustment.

In the past year, by grasping the market opportunities in the API and intermediates segments, the Group ensured continued sales growth. In the future, in order to further excel in API and intermediates marketing, the Group will: 1) strengthen building of the sales team: make full use of OKR and strengthen management by objectives, to build a vigorous and highly efficient sales team; 2) continue to promote strategic cooperation: pursue further development in segments, actively develop customer resources and maintain cooperative partnerships, give full play to the strength of the Company's brand, and establish long-term, stable and win-win cooperation with strategic partners; 3) subdivide the terminals of the entire industrial chain, with a focus on that of key varieties, conduct in-depth research and analysis of domestic and foreign markets, explore potential customer resources, and continuously increase the market share at home and abroad; 4) accelerate the R&D and production transformation of high-margin varieties, enrich the product structure, foster a complete ecological industry chain, and enhance the visibility of the brand of Joincare API series.

Healthcare products, as the products firstly developed by the Group, are an important part of the Group's entire product package. In the future, the Group will deepen reform of the marketing mode for healthcare products and OTC products and further promote digital marketing, to enhance the brand visibility and influence among users through three major media platforms. TikTok platform will be mainly used to increase the exposure of products, enhance the brand visibility and access by consumers; Xiaohongshu will be used to maintain the brand reputation and attract consumers; Toutiao will be used to activate and enhance the stickiness of consumers utilizing the influence of authoritative figures. Through mental and effect input, the Group will increase the transformation efficiency of communication, achieve the integration of brand effect and sales results and empower offline and online marketing transformation. The Company will make in-depth channel distribution through O2O reform, and focus on integrating diversified resources and boosting sales by resource empowerment.

3. Production Center

The Production Center will persist in ensuring workplace safety and product quality, proceed with establishment of a quality management system, and implement product quality-centered risk control, with a focus on checking raw and auxiliary materials, production sites and production process, to detect workplace safety risks according to the six systems in GMP, at the same time, continuously optimize the production process by introducing advanced technology, and improve the employee training system to enhance the professional skills of employees so as to ensure uniform and stable product quality; persist in reducing costs and improving efficiency through introducing advanced technology and equipment, production optimization, system improvement and lean management, to effectively improve the production and operation level; adhere to green development, continue to uphold and promote the concept of green, healthy and sustainable development, enhance the environmental protection and quality standards and requirements, set environmental protection targets, strengthen monitoring of energy consumption, pollutant emissions and other environmental information in the production and operation processes, and effectively implement energy conservation, emission reduction and green production. It will persist in optimizing production capacity, advance the construction of Haibin factory in Pingshan and the new production line as planned, follow up the establishment of supporting facilities and capacity layout planning, and improve the technology transformation capacity of new products to meet the increased market demand for new and existing products.

4. Functions and strategies

The Company's functions and strategies of 2022 are mainly focused on the following five aspects: 1) organizational structure: further perfect the organizational structure and institutional setting of subsidiaries of the Group, strengthen internal control of the Group and its subsidiaries, comprehensively enhance the management efficiency of the Group and its subsidiaries, and promote lean management; 2) talent team building: conduct a comprehensive reform of the compensation system, clarify the career development channel and ranks within the compensation system and corresponding incentives, implement the management by objective (MBO) system with OKRs and KPIs in parallel, conduct quarterly rolling dynamic tracking and adjustment, build a talent echelon and introduce high-end talents to ensure the stability of the core talent team; 3) internal and external cooperation: pay close attention to innovation of cutting-edge technologies and industry development, actively leverage the resource advantages brought out by internal and external business cooperation, and invest in and introduce innovative products and technologies to improve the Company's strategic layout; 4) cultural development: actively create a healthy and positive work culture and atmosphere, constantly optimize the working environment, boost the enthusiasm and subjective initiative of employees, improve the sense of happiness and belonging of employees in work and life, so that employees and the Company can develop together; 5) social responsibility: in the pandemic era, the Company will actively fulfill its social responsibilities by contributing to the fight against the pandemic, and will, at the same time, promote the high quality and sustained development of the Company.

(IV) Potential risks

Applicable N/A

1. Risk 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 Catalog, expansion of minimum procurement commitment, and other industrial policies that have been successively launched. In 2022, the Company's key product Meropenem for Injection (注射用美罗培南) was included in the seventh batch of centralized drug procurement organized by the State. This will have a great impact on the sales price and market share of this product.

Response measures: The Company will pay close attention to industry dynamics and reform, cope with major changes in policies of the pharmaceutical industry through early layout, transformation and compliance, and actively strengthen new product R&D and innovation and constantly improve its core competitive strengths. Meanwhile, the Company is actively engaged in the access to the national reimbursement drug list and negotiation. In the adjustment of the list in 2021, the Company's product Ilaprazole sodium for injection (注射用艾普拉唑钠) has been renewed through negotiations and continues to be included in the New Medical Insurance Catalogue. This will improve the clinical value of the product and benefit more patients. At present, this product has a low coverage rate of grade hospitals, so the price reduction will benefit more patients. The Company will continue to increase the coverage of hospitals and sales, to realize the objective of "price for quantity", so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the centralized drug procurement is becoming a regular practice. In 2021, three inhalation preparation products of the Company were successfully included into the fifth batch of centralized drug procurement organized by the State. This will help the Company rapidly open up the domestic market of inhalation preparation products and increase the market share. In the face of the upcoming seventh batch of centralized drug procurement and the possible impact on the business performance, the Company will continue to strengthen innovation and improve its competitiveness, to ensure sound operation. With the Company's new high-barrier complex preparations, represented by inhalation preparations, appearing on the market one after another, commercialization will gradually enter a stable contribution period. The Company's product structure will be further optimized, and the reliance on a single product will also gradually reduce.

2. Market risk

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

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

3. Risk of environmental protection

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

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

4. Risk in price and supply of raw materials

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

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

5. Risk of R&D for new drugs

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

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

6. 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 medicines irrelevant to the pandemic dropped due to the decline of outpatients and inpatients in medical institutions, the sales of some products were lower than expected. In the first half of 2021, China implemented pandemic prevention and control on a continuing basis and promoted vaccination against the virus in an orderly manner. According to data on the official website of the National Health Commission, as of 31 December 2021, 31 provinces (autonomous regions and municipalities) and Xinjiang Production and Construction Commission had reported a total of 2,823.42 million doses of vaccines vaccinated, with a full vaccination coverage rate over 85%. However, the emergence of new COVID-19 variants has made epidemic prevention and control more complicated, especially since its discovery in South Africa in November 2021, Omicron variant has spread widely worldwide. In late January 2022, the outbreak began in Hong Kong, China with an average daily new infections exceeded 10,000 in early March. Many parts of Mainland China also report a formidable outbreak.

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. Measures include improving operational management, controlling various operational risks, and promoting innovation and collaboration. In the face of the new global market pattern brought out by COVID-19, the Company will strengthen the export advantages of featured APIs, set up an Internet operation center, strengthen online promotion of some preparations, and accelerate the overseas clinical progress of COVID-19 vaccine, so as to contribute to the global supply of COVID-19 vaccines and actively fulfill its social responsibilities.

(V) Others

Applicable N/A

VII Information not disclosed according to guidelines due to inapplicability of the standard, involving state secrets or trade secrets or other reasons, and notes on relevant reasons

Applicable N/A

Chapter 4

Corporate Governance

I Corporate Governance

✓ Applicable N/A

During the Reporting Period, the Company continued to improve its corporate governance structure, strengthen information disclosure management, enhance investor relations management and internal control to standardize the operation of the Company in strict accordance with the laws and regulations, including the Company Law, the Securities Law, the Guidelines for Corporate Governance of Listed Companies, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

1. Shareholders and General Meetings

During the Reporting Period, 1 annual general meeting and 5 extraordinary general meetings were held by the Company. The Company convened and held general meetings in strict compliance with the Articles of Association, Rules of Procedure for General Meetings and other relevant regulations to ensure that resolutions can be made at general meetings based on fairness and openness, thereby safeguarding the rights and interests of shareholders. In addition, the Company made full use of modern information technology such as online voting to ensure that all shareholders, particularly minority shareholders, can attend general meetings and exercise their rights to know and participate in decision making in the most convenient and fastest way.

2. Controlling shareholders and the listed company

The Company is able to carry on its business and operations independently. In terms of business, personnel, assets, organizations and finance, the Company performed management and accounting independently from the controlling shareholders of the Company. The controlling shareholders of the Company have exercised their rights and assumed their obligations in strict compliance with the laws and regulations, and have never directly or indirectly interfered with the decision-making or business activities of the Company without authorization of the general meeting. The Company has formulated the Management Policy of Jincare Pharmaceutical Group Industry Co., Ltd. for Preventing the Controlling Shareholders or De Facto Controller and Other Related Parties from Using Funds of the Company, and established a long-term mechanism to prevent the controlling shareholders or de facto controller and their related parties from using funds of the listed company or damaging the interests of the listed company. During the Reporting Period, there was no circumstance where the Company's controlling shareholders, de facto controller, and their related parties occupied assets of the Company or damaged the interests of the Company and minority shareholders.

3. Directors and the Board

During the Reporting Period, the Company held 23 board meetings in multiple ways, including on-the-spot meeting, attendance through electronic means and the combination of on-the-spot meeting and electronic means, providing convenience for the attending directors. During the Reporting Period, the Board of the Company performed its duties actively and effectively in strict compliance with the relevant regulations, including the Company Law, the Articles of Association, and the Rules of Procedure for Board Meetings.

The Board of the Company comprises a total of 9 directors, including 4 independent directors who are legal and financial professionals and provide constructive advice for the effective, standard governance and decision-making on major policies of the Company. Besides, five special committees are set up under the Board of the Company, namely the Audit Committee, the Remuneration Committee, the Strategy Committee, the Nomination Committee, and the Corporate Social Responsibility Committee. These committees assist the Board in performing its decision-making and supervision functions and give full play to their expertise, so as to ensure the legality, scientificity, and correctness of decisions made by the Board.

During the Reporting Period, the Company convened, held and voted at the board meetings in accordance with the Rules of Procedure for Board Meetings, and all directors of the Company have attended meetings including the board meeting and general meeting in a conscientious, responsible and honest manner, actively participated in relevant business training, familiarized themselves with relevant laws and regulations, and clarified the rights, obligations and responsibilities of directors.

4. Supervisors and the Supervisory Committee

During the Reporting Period, the Company held 15 meetings of the Supervisory Committee for review of the periodic report, option exercise, special report on fund raising, and other matters of the Company. The Supervisory Committee of the Company is comprised of three supervisors, including one employee's representative. During the Reporting Period, the Supervisory Committee of the Company performed its duties in accordance with the law, supervised the duty performance of directors and senior management of the Company, carried out regular inspections on the financial position of the Company, and focused on significant investments of the Company, fully protecting the interests of the Company and all shareholders.

5. Performance evaluation and incentive restraint mechanism for senior management

The appointment and dismissal of and reward and punishment for senior management of the Company are performed in strict accordance with the relevant laws, regulations, and the Articles of Association. The Company has established the selection, appointment and performance assessment criteria and the remuneration decision-making procedure for the senior management. The Nomination Committee of the Company provided appropriate candidates for directors and senior management in accordance with the law, and submitted the list of candidates to the Board of the Company for review. The Remuneration Committee of the Company, pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, determined the result of performance assessment of senior management based on the completion of business objectives of the Company and work objectives of the senior management in 2021. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2021 were determined and submitted to the Board of the Company for review and resolution.

6. Investor relations

The Company has always attached great importance to communication and exchange with investors. The Board designated departments and personnel to manage information disclosure and investor relations, enhance communication with minority shareholders, answer questions from shareholders on the production, management and operation of the Company, and listen earnestly to the suggestions and advice of shareholders on the strategy and development of the Company. Without violating regulations, the Company satisfied to the maximum extent the information needs of investors for the sustainable and healthy development of the Company.

7. Information disclosure and transparency

The Company disclosed information in a timely, accurate, authentic and complete manner in strict compliance with the relevant regulations, including the Company Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association, and the Information Disclosure Management Bylaws. The Company designated the Board Secretary to manage information disclosure, receive visitors, answer questions consulted, contact shareholders, and provide investors with the information publicly disclosed by the Company. The Company has the ability to disclose information in an authentic, accurate, complete and timely manner in accordance with the laws, regulations, and the Articles of Association, and is able to ensure equal access to information for all shareholders.

8. Stakeholders

The Company has fully respected the legitimate rights and interests of stakeholders, including banks, other creditors, employees, consumers, suppliers and communities, and has extended communication and cooperation with such stakeholders based on mutual benefit, so as to jointly promote the sustained and healthy development of the Company and protect the interests of public shareholders.

During the Reporting Period, the Company did not provide undisclosed information to its substantial shareholders or de facto controller, and the substantial shareholders and de facto controller of the Company did not interfere with the production, operation and management of the listed company. Overall, no corporate governance irregularities were found.

The corporate governance of the Company complies with the Company Law and relevant regulations issued by the CSRC. Achieving good corporate governance is a long journey, which requires continuous improvement. The Company will continue to timely update and improve its internal governance system in accordance with relevant regulations, discover and solve problems in a timely manner, and strengthen internal management, so as to promote standard operation and corporate governance and advance the steady and healthy development of the Company.

9. Establishment and implementation of insider registration management system for inside information

The Resolution relating to Amendment of the Insider Registration Management System for Inside Information of Joincare Pharmaceutical Group Industry Co., Ltd. was revised and approved at the 8th meeting of the 8th session of the Board of the Company, with a view to strengthening the confidentiality of inside information, maintaining the principles of openness, fairness and justice for the Company's information disclosure, and protecting the legitimate rights and interests of investors. During the Reporting Period, the Board Office of the Company was responsible for the management of inside information of the Company. It is stipulated that the documents and data reported and transmitted externally and other information involving inside information and information disclosure shall be reviewed and approved by the Board or the Board Secretary. When preparing periodic reports and planning significant matters, the Company performed inside information registration timely, and reminded the insiders by mail or phone not to deal with shares of the Company during the sensitive period. Through self-inspection, it was found that there was no circumstance where the insiders dealt with shares and derivatives using inside information of the Company during the Reporting Period.

Whether there are any material deviations of the Company's corporate governance from laws, administrative regulations and CSRC regulations on the governance of listed companies; If any, give the reasons.

Applicable N/A

II Measures taken by the controlling shareholder and de facto controllers to ensure the independence of the Company's assets, personnel, finance, organization, business, in addition to solutions, work schedules and follow-up work plans adopted to enhance the independence of the Company

Applicable N/A

Engagement in the same or similar business as the Company by controlling shareholders, de facto controllers and other units under their control, and the influence of horizontal competition or major changes in horizontal competition on the Company, countermeasures taken, progress and follow-up plan

Applicable N/A

III Introduction to General Meetings

Meeting session	Date of meeting	Query index of the designated website for publishing the resolution	Disclosure date	Meeting resolution
2021 First Extraordinary General Meeting	25 February 2021	www.sse.com.cn	26 February 2021	The Resolution on Repurchase of Shares of the Company through Centralized Bidding Transactions and the Resolution on the General Meeting for Granting Mandate to Deal with Matters Regarding the Repurchase were considered and approved. See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2021 First Extraordinary General Meeting (Lin 2021-025) for details.
2020 Annual General Meeting	21 May 2021	www.sse.com.cn	22 May 2021	Thirteen (13) resolutions were considered and approved, including the 2020 Annual Work Report of the Supervisory Committee, 2020 Annual Work Report of the Board of Directors, 2020 Annual Profit Distribution Scheme, and 2020 Annual Report of Joicare Pharmaceutical Group Industry Co., Ltd. (Full Text and Abstract). See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2020 Annual General Meeting (Lin 2021-063) for details.
2021 Second Extraordinary General Meeting	29 June 2021	www.sse.com.cn	30 June 2021	Five (5) resolutions were considered and approved, including the Resolution on Increase of Ways for Investments of Projects Invested with Proceeds and 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. See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2021 Second Extraordinary General Meeting (Lin 2021-081) for details.
2021 Third Extraordinary General Meeting	27 August 2021	www.sse.com.cn	28 August 2021	Seven (7) resolutions were considered and approved, including the Resolution on Increase of Board Seats and Amendment to Certain Clauses of the Articles of Association, the Resolution on Adjustment to Emoluments of Independent Directors of the Company, and the Resolution on Modification of Certain Clauses of the Work System for Independent Directors. See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2021 Third Extraordinary General Meeting (Lin 2021-111) for details.
2021 Fourth Extraordinary General Meeting	12 November 2021	www.sse.com.cn	13 November 2021	Four (4) resolutions were considered and approved, including the Resolution in Relation to Providing a Three-Year Financing Guarantee for the Controlling Subsidiary Livzon MAB by Livzon Group and the Counter Guarantee for Livzon Group by the Company, and the Resolution in Relation to Amendment of the Business Scope of the Company. See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2021 Fourth Extraordinary General Meeting (Lin 2021-133) for details.
2021 Fifth Extraordinary General Meeting	23 December 2021	www.sse.com.cn	24 December 2021	The Resolution on Repurchase of Shares of the Company through Centralized Bidding Transactions and the Resolution on the General Meeting for Granting Mandate to Deal with Matters Regarding the Repurchase were considered and approved. See the Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 2021 Fifth Extraordinary General Meeting (Lin 2021-154) for details.

Holders of preferred shares with restored voting rights requesting to hold extraordinary general meeting

Applicable N/A

Explanations to general meetings

Applicable N/A

IV Information on directors, supervisors and senior management

(I) Changes in shareholding and remuneration of current directors, supervisors, and senior management and those left the Company during the Reporting Period

Applicable N/A

Name	Position (Note)	Gender	Age	Start date of the office term	End date of the office term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shareholding	Reason for change	Unit: shares	
										Total pre-tax remuneration received from the Company during the Reporting Period (Ten thousand)	Receive any remuneration from any related party of the Company or not
Zhu Baoguo	Chairman	Male	60	28 August 2021	27 August 2024					339.56	No
Liu Guangxia	Vice Chairman	Female	53	28 August 2021	27 August 2024					359.27	No
Yu Xiong	Director, President	Male	61	28 August 2021	27 August 2024	430,000	660,000	230,000	Equity incentive	335.00	No
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	Male	51	28 August 2021	27 August 2024	357,409	537,409	180,000	Equity incentive	173.62	Yes
Lin Nanqi	Director, Vice President	Male	40	28 August 2021	27 August 2024	811,040	1,051,040	240,000	Equity incentive	173.62	No
Cui Liguo	Independent Director	Male	52	28 August 2021	27 August 2024					10.00	No
Huo Jing	Independent Director	Female	46	28 August 2021	27 August 2024					10.00	No
Qin Yezhi	Independent Director	Male	48	28 August 2021	27 August 2024					10.00	No
Peng Juan	Independent Director	Female	58	28 August 2021	27 August 2024					3.60	No
Yu Xiaoyun	Chairman of the Supervisory Committee	Male	54	28 August 2021	27 August 2024					68.29	No
Peng Jinhua	Supervisor	Female	60	28 August 2021	27 August 2024	38,043	38,043	0		38.09	No
Xie Youguo	Supervisor	Male	65	28 August 2021	27 August 2024	75,442	75,442	0		44.38	No
Zhao Fengguang	Vice President, Secretary to the Board	Male	47	28 August 2021	27 August 2024	407,400	588,000	180,600	Equity incentive and purchase from the secondary market	168.62	No
Total	/	/	/	/	/	2,119,334	2,949,934	830,600	/	1,734.05	/

Note: Mr. Zhu Baoguo serves as the chairman of Livzon Group, a controlled subsidiary of the Company; and Mr. Yu Xiong and Mr. Qiu Qingfeng serve as non-executive directors of Livzon Group. The remuneration listed above does not include the part paid by Livzon Group. Please refer to Livzon Group's 2021 Annual Report for details.

Name	Main work experience
Zhu Baoguo	Male, born in 1962, with a bachelor's degree. He was the director of Henan Xinxiang Waterborne Resin Research Institute, vice chairman and general manager of Henan Feilong Fine Chemical Products Co., Ltd., and had been the general manager and vice chairman of the Company since 1992. He is currently the chairman of the Company and the chairman of Livzon Pharmaceutical Group Inc. Mr. Zhu Baoguo is a shareholder of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and is the de facto controller of the Company.
Liu Guangxia	Female, born in 1969, with a college degree. She was the manager of the Advertising Department of CCTV International Corporation Shenzhen, deputy general manager and director of the Company, and the vice chairman of Livzon Group. She is currently the vice chairman of the Company. Ms. Liu Guangxia is a shareholder of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and is the spouse of Mr. Zhu Baoguo, the de facto controller of the Company.
Yu Xiong	Male, born in 1961, researcher. He graduated from the Department of Chemistry of Fudan University with a bachelor of science degree in July 1984. In 1999, he received the special government allowance from the State Council. In 2004, he studied at KU Leuven in Modern Enterprise Management. From July 2005 to January 2006, he worked as a senior visiting scholar at California State University, Northridge. Since 2016, he had been the vice president of the Company. He serves currently as director and president of the Company, director of Livzon Group, chairman of Shanghai Frontier and Haibin Pharma, independent director of Tianjin Tianyao Pharmaceuticals Co., Ltd. and Sichuan Biokin Pharmaceutical Co., Ltd., director of Shanghai Huatai Investment Development Co., Ltd., honorary director of Chinese Pharmaceutical Association, honorary chairman of Pharmaceutical Engineering Specialized Committee, honorary director of Shanghai Society of Chemistry and Chemical Industry, and adjunct professor of East China University of Science and Technology. He was formerly the vice president of China State Institute of Pharmaceutical Industry, chemistry department director and vice president of Shanghai Institute of Pharmaceutical Industry, chairman of Shanghai Techwell Biopharmaceutical Co., Ltd., legal person of National Shanghai Center for New Drug Safety Evaluation and Research, and general manager and chairman of Sinopharm Yangzhou VAC Biological Engineering Co., Ltd. He was also the person in charge of the comprehensive new drug research and development platform under the national key project of "new drug creation" (Shanghai Institute of Pharmaceutical Industry) and the technical chief of rolling projects under the 12th Five-Year Plan.
Qiu Qingfeng	Male, born in 1971, with an executive master of business administration degree from China Europe International Business School, member of Chinese Institute of Certified Public Accountants (non-practicing). He worked at Tianjin No.1 Machine Tool Works. Since 1996, he had served successively as the finance personnel, finance supervisor, finance manager, deputy general manager of the Company, and the general manager, board secretary, and president of the Company. He is currently the director, vice president and chief financial officer of the Company and a non-executive director of Livzon Pharmaceutical Group Inc.
Lin Nanqi	Male, born in 1982, with a bachelor of engineering degree. He was formerly the workshop supervisor of Chongqing Daxin Pharmaceutical Co., Ltd., the workshop manager, production director and deputy general manager of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc., and the general manager of Jiaozuo Joincare Bio Technological Co., Ltd., a wholly-owned subsidiary of the Company. He is currently the director and vice president of the Company.
Cui Liguo	Male, born in 1970, with a master of laws degree. He is the founding partner and director of Management Committee of Beijing Guantao Law Firm. He is currently an independent director of the Company, APT Satellite Holdings Limited (security code: 01045), CNNC International Ltd. (security code: 02302), Frontier Services Group Ltd. (security code: 00500), China Coal Xinji Energy Co., Ltd. (security code: 601918), Essence Securities Co., Ltd. and Beijing Life Insurance Co., Ltd.

Name	Main work experience
Huo Jing	<p>Female, born in 1976, with a bachelor's degree. She is a member of All China Lawyers Association and Tencent Guangdong Real Estate Think Tank. She was a specially invited lawyer by chinacourt.org, 9ask.cn, 66law.cn, Southern Metropolis Daily, and Shenzhen Evening News. Since 2007, she has been the lawyer and partner of Guangdong Sun Law Firm. She was a member of Real Estate Specialized Committee of Shenzhen Lawyers Association, and served successively as permanent legal adviser to many companies, fully responsible for the review of corporate legal affairs, drafting and amendment of economic contracts, and issuance of legal opinions, with extensive litigation experience for various types of cases. She is currently an independent director of the Company.</p>
Qin Yezhi	<p>Male, born in 1974, with a bachelor's degree, a practicing member of Chinese Institute of Certified Public Accountants and China Certified Tax Agents Association, and a non-practicing member of China Certified Public Valuers Association. He successively served as auditor of Shenzhen Zhengfeng Lifu Accounting Firm, partner of Shenzhen Jinzheng Accounting Firm, and partner of Asia Pacific (Group) CPAs (Special General Partnership). From 2014 to date, he has served as partner of China Shu Lun Pan Certified Public Accountants LLP. He is currently an independent director of the Company.</p>
Peng Juan	<p>Female, born in 1964, doctor and doctoral supervisor. From 1997 to date, she has been an associate professor at the Department of Accounting of Antai College of Economics and Management in Shanghai Jiao Tong University, covering research areas of digital finance, green finance, marketing audit, and corporate governance. She is currently an independent director of the Company. She successively served as instructor at the Department of Accounting of School of Economics and Management in Shanghai Maritime University, and director of Executive Education Center of Antai College of Economics and Management in Shanghai Jiao Tong University. She is currently the president and training supervisor of Shanghai Cost Research Society of Shanghai Jiao Tong University, adviser of China Financial Cloud Institute, a member of Behavioral Science Council, China marketing certification training specialist, a member of Finance and Accounting Association of Shanghai Jiao Tong University, and a member of Green Finance Center of Shanghai Environment and Energy Exchange. She served concurrently as independent director of Zhejiang Dibay Electric Co., Ltd. (security code: 603320), Kexin Development Co., Ltd., Shanxi (security code: 600234), Dynamiker Biotechnology (Tianjin) Co., Ltd. and Jiangsu Pizhou Rural Commercial Bank, and supervisor of Shanghai Jiaopeng Technology Co., Ltd.</p>
Yu Xiaoyun	<p>Male, born in 1968, with a bachelor's degree, and an MBA degree from University of Greenwich. He is a senior engineer and high-level professional talent of Shenzhen. He worked for Henan Institute of Traditional Chinese Medicine. From December 1992 to date, he has served successively as technical manager of the Company, government affairs manager of Institute of Traditional Chinese Medicine, and vice president of the Institute. He is currently the adviser of the Institute and chairman of the Supervisory Committee of the Company, and also a standing member of China Healthcare Association.</p>
Peng Jinhua	<p>Female, born in 1962, with a college degree. She served as technical data processor at State-owned 272nd Plant of Ministry of Nuclear Industry and accountant of the staff hospital of the Plant, teacher of Hengyang Radio & TV University, and finance manager of Shenzhen New Era Industrial City Industrial Co., Ltd. She joined the Company in March 1994, and served successively as finance supervisor, manager of planning and finance department, manager of finance department, manager of tax department, administration manager, and general manager assistant. She is currently a supervisor of the Company.</p>
Xie Youguo	<p>Male, born in 1957, with a bachelor's degree. Since 2003, he served successively as pharmaceutical factory director of the Company's wholly-owned subsidiary Shenzhen Taitai Pharmaceutical Co., Ltd., executive deputy general manager and general manager of the Company's wholly-owned subsidiary Shenzhen Haibin Pharmaceutical Co., Ltd. He is currently an inspector of Shenzhen Haibin Pharmaceutical Co., Ltd. and a supervisor of the Company.</p>

Name	Main work experience
Zhao Fengguang	Male, born in 1975, with a bachelor of economics degree and master of science degree, member of Jiusan Society. He was formerly the secretary to president of Shenyang Pharmaceutical University, council secretary and office director of Shenzhen Research Center of Traditional Chinese Medicine and Natural Products, and assistant to director of Chinese Medicine Laboratory of Research Institute of Tsinghua University in Shenzhen. Since August 2011, he served successively as manager of project research and management department of the institute of the Company, deputy head and project research director of the institute of the Group, and director of the controlling subsidiary Shanghai Frontier. He is currently the vice president and board secretary of the Company.

Explanations of other relevant information

Applicable N/A

On 10 August 2021, the Company convened the 52nd meeting of the seventh session of the Board of Directors, at which the Resolution on Addition of Board Seats and Revision of Provisions of the Articles of Association, the Resolution on General Election of the Board of Directors and Election of Non-Independent Directors of the 8th Session of the Board of the Company and the Resolution on General Election of the Board of Directors and Election of Independent Directors of the 8th Session of the Board of the Company were considered and approved; at the same time, the Company convened the 39th meeting of the seventh session of the Supervisory Committee, at which, the Resolution on General Election of the Supervisory Committee and Election of Supervisors of the 8th Session of the Supervisory Committee of the Company was considered and approved. According to the resolution, the number of supervisors of the Company increased from 7 to 9, and the resolution was submitted to the annual general meeting for deliberation. On 27 August 2021, the Company convened the 2021 third extraordinary general meeting, at which the Resolution on Addition of Board Seats and Revision of Provisions of the Articles of Association, the Resolution on General Election of the Board of Directors and Election of Non-Independent Directors of the 8th Session of the Board of the Company, the Resolution on General Election of the Board of Directors and Election of Independent Directors of the 8th Session of the Board of the Company and the Resolution on General Election of the Supervisory Committee and Election of Supervisors of the 8th Session of the Board of the Company were considered and approved. Following the general meeting of shareholders on the day, the first meeting of the 8th session of the Board of Directors was held by the Company, at which, the Resolution on Appointment of Senior Management of the 8th Session of the Board of Directors was considered and approved. For details, please see the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Completion of the General Election of the Board of Directors, the Supervisory Committee and Senior Management disclosed by the Company on 28 August 2021 (Lin 2021-114).

(II) Posts held by current directors, supervisors, and senior management and those resigned during the Reporting Period

1. Posts held at corporate shareholders of the Company

Applicable N/A

Name	Corporate shareholder	Posts held	Start date of the office term	End date of the office term
Zhu Baoguo	Baiyeyuan	Chairman, General Manager	11 March 2014	/
Liu Guangxia	Baiyeyuan	Director	21 January 1999	/
Note		Mr. Zhu Baoguo, Chairman of the Company, directly holds 90% of shares in Baiyeyuan, and Ms. Liu Guangxia, Vice Chairman of the Company, directly holds 10% of shares in Baiyeyuan. Both of them are directors of Baiyeyuan, and Mr. Zhu Baoguo is the spouse of Ms. Liu Guangxia.		

2. Posts held at other entities

✓ Applicable □ N/A

Name	Other entities	Posts held	Start date of the office term	End date of the office term
Zhu Baoguo	Shenzhen Federation of Industry and Commerce	Honorary Vice President	November 2014	/
	Federation of Shenzhen Commerce	Director	April 2015	/
	TNC Greater China Council of Advisors	Council Member	December 2012	/
	The Paradise International Foundation	Director	April 2015	/
	China Entrepreneur Club	Council Member	April 2017	/
	Central China Management Company Limited	Independent Director	May 2021	
Yu Xiong	Chinese Pharmaceutical Association	Honorary Director	January 2022	/
	Shanghai Society of Chemistry and Chemical Industry	Honorary Director	October 2016	/
	Tianjin Tianyao Pharmaceuticals Co., Ltd.	Independent Director	December 2016	/
	Sichuan Biokin Pharmaceutical Co., Ltd.	Independent Director	September 2019	/
	East China University of Science and Technology	Adjunct Professor	July 2019	/
	Pharmaceutical Engineering Specialized Committee of Chinese Pharmaceutical Association	Honorary Chairman	November 2019	/
Qiu Qingfeng	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Director	December 2004	
Cui Liguo	Beijing Guantao Law Firm	Director of Management Committee, Founding Partner	February 1994	/
	APT Satellite Holdings Limited	Independent non-executive director	July 2007	/
	CNNC International Ltd.	Independent non-executive director	November 2008	/
	Frontier Services Group Ltd.	Independent non-executive director	June 2020	/
	China Electronics Information Service Co., Ltd.	External Director	July 2016	/
	Essence Securities Co., Ltd.	Independent Director	December 2016	/
	Beijing Life Insurance Co., Ltd.	Independent Director	April 2018	/
	CEC Xinze (Beijing) Investment Management Co., Ltd.	External Director	May 2018	/
	China Coal Xinji Energy Co., Ltd.	Independent Director	May 2019	/
Huo Jing	Guangdong Sun Law Firm	Lawyer, Partner	June 2007	/
Qin Yezhi	China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)	Partner	July 2014	/
	Shenzhen Yongpeng CTA Firm (Special General Partnership)	Partner	September 2013	/
Peng Juan	Antai College of Economics and Management of Shanghai Jiao Tong University	Associate Professor of Department of Accounting	September 1997	/
	Kexin Development Co., Ltd., Shanxi	Independent Director	July 2016	/
	Zhejiang Dibay Electric Co., Ltd.	Independent Director	August 2016	/
	Jiangsu Pizhou Rural Commercial Bank	Independent Director	September 2016	/
	Dynamiker Biotechnology (Tianjin) Co., Ltd.	Independent Director	July 2020	/
	Shanghai Jiaopeng Technology Co., Ltd.	Supervisor	July 2019	/
Yu Xiaoyun	China Healthcare Association	Executive Council Member	June 2015	/
Explanations	Not applicable			

(III) Remuneration of directors, supervisors and senior management✓ Applicable N/A

Decision-making procedure regarding remuneration of directors, supervisors and senior management

The emolument of chairman and vice chairman of the Company shall follow the Resolutions of the 2018 Second Extraordinary General Meeting of the Company, which is RMB3.25 million per year, with the individual income tax withheld and remitted by the Company in accordance with the relevant regulations of the Tax Law. The emolument of each independent director of the Company, following the Resolutions of the 2021 Third Extraordinary General Meeting of the Company, shall be adjusted to RMB9,000 (before tax) from RMB 8,000 (before tax) per month, with the individual income tax withheld and remitted by the Company in accordance with the relevant regulations of the Tax Law.

The emolument of each supervisor of the Company, following the Resolutions of the 2021 Third Extraordinary General Meeting of the Company, shall be adjusted to RMB4,000 (before tax) per month from RMB 3,000 (before tax) per month, with the individual income tax withheld and remitted by the Company in accordance with the relevant regulations of the Tax Law. During the Reporting Period, the remuneration received by supervisors is the duty wage based on the Wage System of the Company plus the emolument. During the Reporting Period, the person who acted as the supervisor of the Company received remuneration according to the salary system in addition to the supervisor allowance.

The remuneration of senior management of the Company shall follow the resolution of the 52nd meeting of the 6th session of the Board of the Company. The annual basic remuneration of the president, vice president and other senior management members during the term of office is RMB2.60 million, RMB1.35 million and RMB1.20 million, respectively. In addition to the basic remuneration, pursuant to the remuneration management system of the Company, individual assessment shall be performed and performance bonuses shall be paid according to the assessment result. In case of holding concurrent positions, the highest remuneration among all positions shall prevail.

For the Company's directors who serve concurrently as a senior management member of the Company, the remuneration received by them is equal to the wage paid according to their position as a senior management member, and no directors' emoluments are paid by the Company.

On 24 January 2022, the Remuneration Committee under the Board of the Company convened the 4th meeting of the 8th session of the Board, at which the Resolution on the 2021 Annual Performance Assessment Result and Remuneration Distribution of Senior Management of the Company was considered and approved. It was agreed that the Company, pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, determined the 2021 annual performance assessment result and annual remuneration of senior management based on the completion of business objectives of the Company and work objectives of the senior management in 2021. On 24 January 2022, the Board of the Company convened the 8th meeting of the 8th session of the Board, at which the Resolution on Remuneration Distribution of Senior Management for the Year 2021 was considered and approved.

Except for fulfilling the job responsibilities of being directors, supervisors and senior management of the Company, other remuneration paid for positions held in subsidiaries shall be implemented according to the relevant remuneration system of the corresponding subsidiaries.

Basis for determining remuneration of directors, supervisors and senior management	Pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, the result of performance assessment of senior management is determined based on the completion of business objectives of the Company and work objectives of the senior management in 2021. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2021 were determined and submitted to be reviewed by the Remuneration Committee under the Board who shall then submit it to the Board for review and resolution.
Remuneration actually paid to directors, supervisors and senior management	As at the date of the Report, remuneration of directors, supervisors and senior management has been fully paid.
Total remuneration paid to all directors, supervisors and senior management as of the end of the Reporting Period	RMB 17.3405million

(IV) Changes in directors, supervisors and senior management

Applicable N/A

Name	Position	Change	Reason for change
Yu Xiong	Director	Appointed	Appointed by the Board
Peng Juan	Independent Director	Appointed	Appointed by the Board

(V) Statement on punishments imposed by securities regulatory authorities in the past three years

Applicable N/A

(VI) Others

Applicable N/A

V Board meetings held during the Reporting Period

Meeting session	Date of meeting	Meeting resolution
38th meeting of the 7th session of the Board	11 January 2021	The Resolution on Equity Transfer and Capital Increase of Zhuhai Livzon Biotechnology Co., Ltd. was considered and approved. See the Announcement on Resolutions Considered and Approved at the 38th Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-006) disclosed on 12 January 2021 for details.
39th meeting of the 7th session of the Board	18 January 2021	The Resolution on Capital Increase of Zhuhai Livzon Biotechnology Co., Ltd. and the Resolution on Equity Transfer of Livzon MABPharm Inc. were considered and approved. See the Announcement on Resolutions Considered and Approved at the 39th Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-008) disclosed on 19 January 2021 for details.
40th meeting of the 7th session of the Board	27 January 2021	The Resolution on Equity Transfer of Livzon Biologics Hong Kong Limited was considered and approved. See the Announcement on Resolutions Considered and Approved at the 40th Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-011) disclosed on 28 January 2021 for details.

Meeting session	Date of meeting	Meeting resolution
41st meeting of the 7th session of the Board	9 February 2021	Five (5) resolutions were considered and approved, including the Resolution on Termination of Matters regarding 2020 Non-public Issuance of Shares of the Company, and the Resolution on Repurchase of Shares through Centralized Bidding Transactions. See the Announcement on Resolutions Considered and Approved at the 41st Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-014) disclosed on 10 February 2021 for details.
42nd meeting of the 7th session of the Board	25 February 2021	The Resolution on Repurchase of Shares by Livzon Biologics Limited and the Resolution on Adjustment of Organizational Structure of the Company were considered and approved. See the Announcement on Resolutions Considered and Approved at the 42nd Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-022) disclosed on 26 February 2021 for details.
43rd meeting of the 7th session of the Board	22 March 2021	The Resolution on Acquisition of 40% Equity Interest in Tianjin Tongrentang Group Co., Ltd. by the Controlling Subsidiary Livzon Group was considered and approved. See the Announcement on Resolutions Considered and Approved at the 43rd Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-029) disclosed on 23 March 2021 for details.
44th meeting of the 7th session of the Board	29 March 2021	Eighteen (18) resolutions were considered and approved, including the 2020 Annual Work Report of the President, 2020 Annual Work Report of the Board of Directors, 2020 Annual Profit Distribution Plan, and 2020 Annual Report of Jincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Abstract). See the Announcement on Resolutions Considered and Approved at the 44th Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-033) disclosed on 31 March 2021 for details.
45th meeting of the 7th session of the Board	22 April 2021	Four (4) resolutions were considered and approved, including the 2021 Q1 Report of Jincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Body) and the Resolution on Change in Registered Capital of the Company. See the Announcement on Resolutions Considered and Approved at the 45th Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-053) disclosed on 23 April 2021 for details.
46th meeting of the 7th session of the Board	28 April 2021	The Resolution on Convening the 2020 Annual General Meeting of the Company was considered and approved. See the Notice of Jincare Pharmaceutical Group Industry Co., Ltd. on Convening the 2020 Annual General Meeting (Lin 2021-057) announced on 29 April 2021 for details.
47th meeting of the 7th session of the Board	7 May 2021	The Resolution on the Launch of Futures Hedging Activities by Controlling Subsidiaries of Livzon Group was considered and approved. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on the Launch of Futures Hedging Activities by Controlling Subsidiaries of Livzon Group (Lin 2021-060) disclosed on 8 May 2021 for details.
48th meeting of the 7th session of the Board	10 June 2021	Six (6) resolutions were considered and approved, including the Resolution on Adding implementation methods of Usage of Proceeds from Fund-Raising and 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. See the Announcement on Resolutions Considered and Approved at the 48th Meeting of the 7th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-068) disclosed on 11 June 2021 for details.

Meeting session	Date of meeting	Meeting resolution
49th meeting of the 7th session of the Board	25 June 2021	The Resolution on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company was considered and approved. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Adjusting the Exercise Price of the 2018 Share Options Incentive Scheme of the Company (Lin 2021-080) disclosed on 26 June 2021 for details.
50th meeting of the 7th session of the Board	8 July 2021	The Resolution on Changes in Asset Management and Custody Agencies of the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme was considered and approved. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Changes in Asset Management and Custody Agencies of the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme (Lin 2021-085) disclosed on 9 July 2021 for details.
51st meeting of the 7th session of the Board	29 July 2021	The Resolution on Conducting Foreign Exchange Derivatives Trading Business was considered and approved. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Conducting Foreign Exchange Derivatives Trading Business (Lin 2021-089) disclosed on 30 July 2021 for details.
52nd meeting of the 7th session of the Board	10 August 2021	Seven (7) resolutions were considered and approved, including the Resolution on Increase of Board Seats and Amendment to Certain Clauses of the Articles of Association, and the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan. See the Announcement on Resolutions Considered and Approved at the 52nd Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-095) published on 11 August 2021 for details.
53rd meeting of the 7th session of the Board	25 August 2021	Three (3) resolutions were considered and approved, including the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme of the Company was considered and approved. See the Announcement on Resolutions Considered and Approved at the 53rd Meeting of the 7th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-105) disclosed on 26 August 2021 for details.
1st meeting of the 8th session of the Board	27 August 2021	Three (3) resolutions were considered and approved, including the Resolution on Election of Chairman and Vice Chairman of the 8th Session of the Board of the Company, and the Resolution on Appointment of Senior Management of the 8th Session of the Board of the Company. See the Announcement on Resolutions Considered and Approved at the 1st Meeting of the 8th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-113) disclosed on 28 August 2021 for details.
2nd meeting of the 8th session of the Board	13 October 2021	The Resolution in Relation to Providing a Credit Line Guarantee for the Wholly-Owned Subsidiary Shenzhen Haibin Pharmaceutical Co., Ltd. by the Company was considered and approved. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Providing a Credit Line Guarantee for the Wholly-Owned Subsidiary Shenzhen Haibin Pharmaceutical Co., Ltd. (Lin 2021-125) disclosed on 14 October 2021 for details.

Meeting session	Date of meeting	Meeting resolution
3rd meeting of the 8th session of the Board	26 October 2021	Six (6) resolutions were considered and approved, including the 2021 Q3 Report of Jincare Pharmaceutical Group Industry Co., Ltd. and the Resolution in Relation to Providing a Three-Year Financing Guarantee for the Controlling Subsidiary Livzon MAB by Livzon Group and the Counter Guarantee for Livzon Group by the Company. See the Announcement on Resolutions Considered and Approved at the 3rd Meeting of the 8th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-127) disclosed on 27 October 2021 for details.
4th meeting of the 8th session of the Board	15 November 2021	The Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan and the Resolution relating to Adjustment to Projected Daily Connected Transactions of the Controlling Subsidiaries Jiaozuo Jincare and Jinguan Electric Power were considered and approved. See the Announcement on Resolutions Considered and Approved at the 4th Meeting of the 8th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-135) disclosed on 16 November 2021 for details.
5th meeting of the 8th session of the Board	29 November 2021	The Resolution on Fulfillment of Exercise Conditions for the Third Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme was considered and approved. See the Announcement of Jincare Pharmaceutical Group Industry Co., Ltd. on Fulfillment of Exercise Conditions for the Third Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme of the Company (Lin 2021-140) disclosed on 30 November 2021 for details.
6th meeting of the 8th session of the Board	6 December 2021	Three (3) resolutions were considered and approved, including the Resolution on Repurchase of Shares through Centralized Bidding Transactions and the Resolution on the General Meeting for Granting Mandate to Deal with Matters Regarding the Repurchase. See the Announcement on Resolutions Considered and Approved at the 6th Meeting of the 8th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-144) disclosed on 7 December 2021 for details.
7th meeting of the 8th session of the Board	30 December 2021	The Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds and the Resolution on Appointment of Representative of Securities Affairs of the Company were considered and approved. See the Announcement on Resolutions Considered and Approved at the 7th Meeting of the 8th Session of the Board of Jincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-158) disclosed on 31 December 2021 for details.

VI Performance of duties by directors

(1) Attendance by directors of the Board meetings and general meetings

Name	Whether independent director	Attendance of the Board meetings					Whether the director has been absent from two consecutive meetings	Attendance of general meetings
		Meetings the director should have attended this year	Meetings attended in person	Meetings attended through electronic means	Meetings attended by proxy	Absence (times)		Meetings attended
Zhu Baoguo	No	23	23	22	0	0	No	5
Liu Guangxia	No	23	23	22	0	0	No	1
Yu Xiong	No	7	7	7	0	0	No	2
Qiu Qingfeng	No	23	23	22	0	0	No	6
Lin Nanqi	No	23	23	22	0	0	No	5
Cui Ligu	Yes	23	23	22	0	0	No	6
Huo Jing	Yes	23	23	22	0	0	No	6
Qin Yezhi	Yes	23	23	22	0	0	No	6
Peng Juan	Yes	7	7	7	0	0	No	2

Statement on absence from two consecutive meetings

Applicable N/A

Board meetings held during the year	23
In which: Face-to-face meetings	1
Meetings held through electronic means	22
Meetings held both in the form of face-to-face meeting and through electronic means	0

(2) Objections raised by directors to affairs of the Company

Applicable N/A

(3) Others

Applicable N/A

VII Board committees

Applicable N/A

(1) Members of the Board committees

Committee name	Member
Audit Committee	Qin Yezhi, Huo Jing, Peng Juan
Nomination Committee	Cui Ligu, Qiu Qingfeng, Huo Jing
Remuneration Committee	Huo Jing, Qin Yezhi, Peng Juan
Strategy Committee	Zhu Baoguo, Yu Xiong, Qin Yezhi, Cui Ligu, Peng Juan
Corporate Social Responsibility (CSR) Committee	Zhu Baoguo, Lin Nanqi, Cui Ligu

(2) 6 meetings were held by the Audit Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
25 January 2021	Review of the 2020 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd. (Unaudited)	Approved
22 March 2021	Review of the Draft Audit Opinions for the 2020 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Review of the Draft Audit Opinions for the 2020 Annual Internal Control of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
29 March 2021	Review of the Audit Report for the 2020 Annual Financial Statements of the Company (Final)	Approved
	Review of the Audit Report for the 2020 Annual Internal Control of the Company (Final)	Approved
	Review of the Summary Report on Audit Work for the Year 2020 from Grant Thornton (Special General Partnership)	Approved
	Review of the Self-Assessment Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Risk Management and Internal Control for the Year 2020	Approved
	Review of the Resolution on Appointment of Grant Thornton (Special General Partnership) as the Auditor of the Company for the Year 2021	Approved
	Review of the Resolution on Daily Connected Transactions of the Controlling Subsidiaries Jiaozuo Joincare and Jinguan Electric Power	Approved
27 August 2021	Review of the Resolution on Change of Accounting Policies	Approved
	Review of the Resolution on Election of Chairman of the Audit Committee under the 8th Session of the Board of the Company	Approved
15 November 2021	Review of Resolution relating to Adjustment to Projected Daily Connected Transactions of the Controlling Subsidiaries Jiaozuo Joincare and Jinguan Electric Power	Approved
3 December 2021	Review of the 2021 Financial Statements and Internal Control Audit Proposal of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

(3) 6 meetings were held by the Remuneration Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
29 March 2021	Review of the Resolution on 2020 Annual Remuneration of Senior Management of the Company	Approved
10 August 2021	Review of the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan	Approved
25 August 2021	Review of the Resolution on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme	Approved
27 August 2021	Review of the Resolution on Election of Chairman of the Remuneration Committee under the 8th Session of the Board of the Company	Approved
15 November 2021	Review of the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan	Approved
29 November 2021	Review of the Resolution on Fulfillment of Exercise Conditions for the Third Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme	Approved

(4) 2 meetings were held by the Nomination Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
7 August 2021	Review of the Resolution on General Election of the Board of Directors and Election of Non-Independent Directors of the 8th Session of the Board of the Company	Approved
27 August 2021	Review of the Resolution on Election of Chairman of the Nomination Committee under the 8th Session of the Board of the Company	Approved

(5) 2 meetings were held by the Strategy Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
25 February 2021	Review of the Resolution on Adjustment of Organizational Structure of the Company	Approved
26 October 2021	Review of the Resolution in Relation to Amendment of the Business Scope of the Company	Approved

(6) 3 meetings were held by the Corporate Responsibility Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
29 March 2021	Review of the 2020 Corporate Social Responsibility Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Review of the Energy Saving and Emission Reduction Targets of Joincare Pharmaceutical Group Industry Co., Ltd. (2021-2025)	Approved
27 August 2021	Review of the Resolution on Election of Chairman of the Corporate Responsibility Committee under the 8th Session of the Board of the Company	Approved
15 November 2021	Review of the Resolution on Establishment of 2021 Corporate Responsibility Work Group of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

(7) Affairs subject to objection

Applicable N/A

VIII Statement on risks of the Company identified by the Board of Supervisors

Applicable N/A

The Supervisory Committee had no objection to the matters under their supervision within the reporting period.

IX Employees of the parent company and major subsidiaries

(I) Employees

Number of active employees of the parent company	411
Number of active employees of major subsidiaries	12,823
Total number of active employees	13,234
Number of retired employees for whom the parent company and major subsidiaries need to pay certain expenses	665
Profession	
Category	Number
Production staff	7,612
Sales staff	2,634
Technical staff	1,980
Financial staff	262
Administrative staff	746
Total	13,234
Education background	
Education background	Number
PhD	62
Master	611
Undergraduate	3,368
Junior college diploma	3,569
Others	5,624
Total	13,234

(II) Compensation policy

Applicable N/A

The Company implements scientific, reasonable and incentive-based compensation strategies. Based on scientific analysis and assessment of the organizational structure and job responsibilities, the Company determines the relative value of each position, and by combining the external market compensation data and the ability of the Company to pay, the Company provides a reasonable employee compensation package. Employee compensation consists of two parts: fixed income and variable income. Variable income is linked to business results of the Company and individual performance of employees. In this way, employees are encouraged to increase their enthusiasm and motivation at work. Competitive compensation policies are adopted for talents in key positions and those urgently needed in the market, so as to prevent loss of key talents and provide a talent pool for the development of the Company.

(III) Training programs

Applicable N/A

In 2021, the Company continued to attach great importance to internal talent training. With multi-level, diversified training systems and a combination of online and offline learning, the Company organized and carried out new employee orientation training, employee on-the-job training, career-based study for a master's or doctor's degree, and training team building. Meanwhile, the Company encouraged employees to actively participate in external learning activities related to work, facilitated the improvement of employee competence and team cohesion, and built talent teams.

(IV) Outsourced workers

Applicable N/A

X Profit distribution proposal or proposal for capitalization of capital reserve

(I) Formulation, implementation or adjustment of cash dividend distribution policy

Applicable N/A

1. Formation of Cash dividend policy

To establish a scientific, consistent and stable decision-making and supervision mechanism for dividends, and fully protect and safeguard the rights and interests of the majority of shareholders, the Company formulated this cash dividend policy in accordance with the “Regulatory Guidelines for Listed Companies No. 3 - Distribution of Cash Dividends of Listed Companies” released by China Securities Regulatory Commission (CSRC announcement [2022] No. 3) and the “Regulatory Guideline for Self-regulation of Listed Companies No. 1 - Standardized Operation” released by Shanghai Stock Exchange and other relevant documents and requirements and in light of the reality of the Company, and clarified the formulation, decision-making and adjustment procedures for the policy in the Articles of Association: If the Company is in a sound operating condition and its cash flow can meet the needs of normal operation and long-term development, the Company shall actively implement the profit distribution policy to provide reasonable returns to investors while taking into account the sustainable development of the Company, in order to maintain the continuity and stability of the policy. The profits may be distributed in cash, stocks, or combination thereof or in any other way permitted by laws and regulations. Cash dividends are superior to stock dividends in the distribution of profits, and shall be adopted whenever the conditions are met. Unless otherwise provided for in the Articles of Association, the profits distributed in cash shall not be less than 10% of the distributable profits realized in the current year. The specific amount and proportion of cash dividends for each year shall be determined by the Board of Directors of the Company in accordance with relevant provisions and in light of the Company's current operating situation, and shall be reported to the annual general meeting for deliberation and decision.

2. Implementation of cash dividend policy in 2021

On 21 May 2021, the Company convened the 2020 Annual General Meeting, at which the Company's Profit Distribution Plan for 2020 was considered and approved: a cash dividend of RMB 1.50 (tax inclusive) will be distributed to all shareholders for every 10 shares, based on the total share capital of the Company on the equity registration date as determined for implementation of the Company's profit distribution plan for 2020, minus the total number of shares in the Company's special securities account for repurchase, with the remaining undistributed profits to be carried forward to the following year. As of the end of this Reporting Period, the above cash dividends have been fully distributed.

3. Profit distribution scheme for 2021

Based on the audit conducted by Grant Thornton (Special General Partnership), the Parent Company generated net profit of RMB 1,248,797,138.93, 10% of which was contributed to the statutory surplus reserve, namely RMB 124,879,713.89, the remainder of which, together with undistributed profits from last year RMB 564,932,141.19, subtracting cash dividends from last year RMB 288,675,388.05, is the current year Profits available for distribution to shareholders RMB 1,400,174,178.18. The Company plans to distribute cash dividends for the fiscal year 2021, based on the total number of shares for dividend distribution, which is defined by the total shares of Company, minus the shares in the Share Repurchase Account, on the equity registration date designated by the annual profit distribution plan. The Company plans to distribute cash dividend of RMB 1.50 (tax inclusive) for every 10 shares of to all shareholders of the Company, and the remaining undistributed profits to be carried forward to the following year.

4. Modification and adjustment of the cash dividend policy during the Reporting Period

The Company's cash dividend policy was not modified or adjusted during the Reporting Period.

(II) Special statement on cash dividend distribution policy✓ Applicable N/A

Whether it meets the requirements of the articles of association or the resolution of the general meeting	✓ Yes <input type="checkbox"/> No
Are there defined and clear distribution qualifications and proportions	✓ Yes <input type="checkbox"/> No
Are there well-designed decision-making procedures and system	✓ Yes <input type="checkbox"/> No
Have independent directors performed their duties and role properly	✓ Yes <input type="checkbox"/> No
Whether the minority shareholders have the chance to fully express their opinions and demands	✓ Yes <input type="checkbox"/> No
Whether their legitimate rights and interests have been well protected	✓ Yes <input type="checkbox"/> No

(III) If the Company made a profit in the Reporting Period and there's profit distributable by the parent company to shareholders, but the Company does not propose to distribute profits in cash, the Company shall explain the reason in detail, usage of the undistributed profit and usage plan Applicable ✓ N/A**XI Share incentive plan, employee share ownership scheme and other employee incentives of the Company and their effect**

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

✓ Applicable N/A

Overview	Query index
<p>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>See the Announcement on 2021 Q1 Independent Exercise Results of the 2018 Share Options Incentive Scheme of Joicare Pharmaceutical Group Industry Co., Ltd. & Changes in Shares (Lin 2021-044) disclosed by the Company on 2 April 2021 for details.</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 Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the Congress of Workers and Staff (Lin 2021-069), Announcement on Resolutions of Joicare Pharmaceutical Group Industry Co., Ltd. at the 48th Meeting of the 7th Session of the Board (Lin 2021-068), Announcement on Resolutions of Joicare 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 Joicare Pharmaceutical Group Industry Co., Ltd. (Draft) and its Summary disclosed by the Company on 11 June 2021 for details.</p> <p>See the Announcement on Resolutions of Joicare 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 30 June 2021 for details.</p>

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 Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-080) disclosed 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 Joincare Pharmaceutical Group Industry Co., Ltd. & Changes in Shares (Lin 2021-084) disclosed by the Company on 2 July 2021 for details.</p>
<p>The Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan was considered and approved at the 52nd Meeting of the 7th Session of the Board and the 38th meeting of the 7th Session of the Supervisory Committee of the Company on 10 August 2021. The share options under the first grant and reserved grant that have been granted but not yet exercised by some of the original incentive participants who had resigned and were therefore no longer qualified for the incentive were canceled. The number of share options incentive participants under the first grant was adjusted from 233 to 211, the number of share options under the first grant that have not been exercised was adjusted from 9,505,859 to 8,827,859, and 678,000 share options under the first grant were canceled. The number of share options incentive participants under the reserved grant was adjusted from 150 to 142, the number of share options under the reserved grant that have not been exercised was adjusted from 3,370,472 to 3,210,472, and 160,000 share options under the reserved grant were canceled.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan (Lin 2021-098) disclosed by the Company on 11 August 2021 for details. Upon review and confirmation by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the said cancellation of share options was completed on 17 August 2021.</p>
<p>The Resolution on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme was considered and approved at the 53rd Meeting of the 7th Session of the Board and the 40th meeting of the 7th Session of the Supervisory Committee of the Company on 25 August 2021, with independent opinions issued by independent directors of the Company, and review opinions issued by the Supervisory Committee. The number of exercisable options during the second exercise period of the reserved grant under the 2018 Share Options Incentive Scheme of the Company was 2,935,000, and the exercise period was from 23 September 2021 to 22 September 2022 by way of independent exercise.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme of the Company (Lin 2021-107) disclosed by the Company on 26 August 2021 for details.</p>

Overview	Query index
<p>The number of options exercised was 1,899,922 from 1 July 2021 to 30 September 2021. As at 30 September 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 22,459,801.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on 2021 Q3 Independent Exercise Results of the 2018 Share Options Incentive Scheme & Changes in Shares (Lin 2021-124) disclosed by the Company on 9 October 2021 for details.</p>
<p>The Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan was considered and approved at the 4th Meeting of the 8th Session of the Board and the 3rd meeting of the 8th Session of the Supervisory Committee of the Company on 15 November 2021. The share options that have been granted but not yet unlocked by some of the original incentive participants who had resigned and were therefore no longer qualified for the incentive should be canceled. The number of share options incentive participants under the first grant was adjusted from 211 to 208, and 60,000 share options were canceled. After completion of the cancellation, the number of share options under the first grant was adjusted to 15,264,000.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan (Lin 2021-136) disclosed by the Company on 16 November 2021 for details. Upon review and confirmation by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the said cancellation of 60,000 share options was completed on 17 November 2021.</p>
<p>The Resolution on Fulfillment of Exercise Conditions for the Third Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme was considered and approved at the 5th Meeting of the 8th Session of the Board and the 4th meeting of the 8th Session of the Supervisory Committee of the Company on 29 November 2021, with independent opinions issued by independent directors of the Company, and review opinions issued by the Supervisory Committee. The number of exercisable options during the third exercise period of the first grant under the 2018 Share Options Incentive Scheme of the Company was 7,263,000, and the exercise period was from 21 December 2021 to 20 December 2022 by way of independent exercise.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Fulfillment of Exercise Conditions for the Third Exercise Period of the First Grant under the 2018 Share Options Incentive Scheme of the Company (Lin 2021-140) disclosed by the Company on 30 November 2021 for details.</p>
<p>The number of options exercised was 2,370,065 from 1 October 2021 to 31 December 2021. As at 31 December 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 24,829,866.</p>	<p>See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on 2021 Q4 Independent Exercise Results of the 2018 Share Options Incentive Scheme & Changes in Shares (Lin 2022-001) disclosed by the Company on 6 January 2022 for details.</p>

(2) 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

(3) Equity incentives granted to directors and senior management during the Reporting Period

√ Applicable N/A

Unit: 10,000 shares

Name	Title	Number of share options held at the beginning of the year	Number of newly granted share options during the Reporting Period	Number of exercisable options during the Reporting Period	Number of exercised options during the Reporting Period	Exercise price (RMB Yuan)	Number of share options held at the end of the period	Market price at the end of the Reporting Period (RMB Yuan)
Yu Xiong	Director, President	37	0	37	13 10	7.89 7.74	14	12.84
Lin Nanqi	Director, Vice President	48	0	48	24	7.74	24	12.84
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	36	0	36	18	7.89	18	12.84
Zhao Fengguang	Vice President, Board Secretary	36	0	36	18	7.89	18	12.84
Total	/	157	0	157	83	/	74	/

(4) Performance assessment mechanism for senior management during the Reporting Period, and the development and implementation of incentive scheme

√ Applicable N/A

According to the relevant provisions of the Company such as the “Remuneration and Performance Appraisal Management System for Senior Management”, plans on remuneration of senior management are set based on the operating revenue and profit of the Company in 2021 and the corresponding personal performance of each senior management. The plans shall be reviewed and approved by the Remuneration Committee of the Board and then be submitted to the Board for review and decision. During the Reporting Period, Senior management of the Company perform their duties in strict accordance with the “Company Law”, “Articles of Association” and other relevant regulations, actively implement the relevant resolutions of the Company's General meetings and the Board meetings, actively adjust business plans under the guidance of the board of directors, continuously strengthen internal control management, and strive to Improve the Company's core competitiveness.

XII Development and implementation of internal controls during the Reporting Period

√ Applicable N/A

During the Reporting Period, the Company carried out standard operation and risk control in strict accordance with the laws and regulations in China and the internal control system of the Company. The Company established a rigorous internal control management system, continued to optimize and improve the internal control system by combining the industry characteristics and the actual operation of the Company, enhanced its decision-making efficiency, and ensured the legal compliance of business management and the security of corporate assets, facilitating the steady implementation of strategies of the Company. Thanks to an effective internal control mechanism, the Company can prevent, timely identify and correct any deviation in the operation and management, and can reasonably ensure the security and integrity of corporate assets, and the authenticity, accuracy and completeness of accounting information, safeguarding the interests of the Company and all shareholders.

Based on the identification of material deficiencies of internal control of the Company, there was no material deficiency or significant deficiency of internal control over financial reporting and non-financial reporting in the Company for the year 2021. Through operation, analysis and evaluation of the internal control system, the Company effectively prevented business management risks, and promoted the achievement of internal control objectives. Looking ahead, the Company will continue to improve the internal control system, standardize its implementation, strengthen the supervision and inspection over internal control, and promote the healthy and sustainable development of the Company.

See the Risk Management and Internal Control Self-Assessment Report 2021 of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 31 March 2022 for details.

Statement on material loopholes in internal controls during the Reporting Period

Applicable N/A

XIII Management and control of subsidiaries during the Reporting Period

Applicable N/A

The Company formulated relevant subsidiary management rules, such as the Detailed Rules for Standardized Operation and Management of Subsidiaries, to strengthen internal control of wholly-owned and majority-owned subsidiaries by specifying their governance structure, management of three meetings, outbound investment, special transactions, legal person's authorization and relevant issues, to improve the Company's overall operating efficiency and risk control capability. During the Reporting Period, the Company exercised management and control over its subsidiaries in accordance with the Company Law, the Articles of Association and other relevant laws and regulations. First, it provided guidance for the subsidiaries as to how to improve the corporate governance structure, and how to revise and improve the Articles of Association and other relevant systems in accordance with relevant laws and regulations; second, through internal training such as training on connected transactions, the Company urged subsidiaries to report to the Company on connected transactions, external guarantee and other major matters in advance; third, the Company updated the internal control manual and related materials, to improve the internal control system, and strengthen implementation and enhance the effectiveness of internal control.

XIV Related information on internal control audit report

Applicable N/A

In accordance with relevant standards, guidelines and regulatory documents, and subject to approval by the audit committee of the Board of Directors, the Board of Directors and the general meeting, the Company engaged Grant Thornton China (special general partnership) to conduct internal control audit in 2021. In accordance with the Basic Standards for Enterprise Internal Control and the Application Guidelines for Enterprise Internal Control, Grant Thornton China conducted audit of the effectiveness of internal control over financial reporting of the Company and its subsidiaries as of 31 December 2021, and issued a standard internal control audit report with unqualified opinion. See the Internal Control Audit Report 2021 of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 31 March 2022 for details.

Disclosure of internal control auditor's report: Yes

Types of internal control auditor's opinion: Standard unqualified opinion

XV Rectification of self-examined deviations in the Special Action for Governance of Listed Companies

1. Optimization of the meeting convening methods of the Board of Directors and Special Committees of the Board

Situation description: At present, the Board of Directors and the special committees mostly hold meetings through electric means which is not conducive to full expression of opinions by directors.

Rectification measures: In order to ensure that directors can fully express their opinions, the Company will increase the number of on-site meetings of the Board of Directors and its specialized committees. In particular, on-site meetings or on-site + electric means will be held for matters related to major asset purchase or sale or major connected transactions in the future.

2. Improvement of the audit institution selection and engagement review process

Situation description: The special self-inspection found that the Company engaged the audit institution based on public information on its professional competence and integrity, without consulting the record of integrity of the audit institution in the securities and futures market through China Securities Regulatory Commission in advance.

Rectification measures: From 2021, in addition to public information, the Company would, before selecting and engaging an audit institution, consult the records of integrity of the audit institution and relevant certified public accountants to be engaged in the securities and futures market as maintained by Shenzhen Securities Regulatory Bureau, to fully learn about its practicing experience, professional competence and integrity.

XVI Others

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	115.69	220	700.123	942.1	Nil
	Ammonia nitrogen				16.2	35	97.685	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	28.38	345	0.24	19.34	Nil
	Biochemical oxygen demand				48.4	150	0.35	Nil	Nil
	Suspended solids				5.3	250	0.042	Nil	Nil
	pH value				8.06	6 ~ 9	/	Nil	Nil
	Sulfur dioxide	Intermittent	1	Chimney on the roof of the boiler room	0.9	50	0.009	Nil	Nil
	Nitrogen oxide				11.36	150	0.12	Nil	Nil
Particulate matter	15.46				20	0.22	Nil	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	53.85	500	3.07	41.65	Nil
	Ammonia nitrogen				3.14	45	0.18	3.7485	Nil
	Particulate matter		1	Discharge outlet of boiler exhaust gas	2.4	20	0.05	Nil	Nil
	Sulfur dioxide				0	50	0	Nil	Nil
	Nitrogen oxide				21	150	0.43	Nil	Nil
	Volatile organic compounds		2	Discharge outlet of process organic exhaust gas and tank farm exhaust gas	3.3	100	0.3	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	62.30	220	11.286	14.81	Nil
	Ammonia nitrogen				0.79	35	0.838	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	19.43	100	19.41	124.5	Nil
	Ammonia nitrogen				0.273	15	0.27	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 workshop	86.4	240	70.62	Nil	Nil
	Ammonia nitrogen				6.8	70	5.61	Nil	Nil

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

vii. Livzon Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/ (mg/m ³)	Pollutant discharge standards implemented (mg/L)/ (mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Hecheng	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	88.505	192	18.258	Nil	Nil
	Ammonia nitrogen (NH ₃ -N)				8.757	40	1.478	Nil	Nil
	Sulfur dioxide	Organized continuous emission	3	Boiler room	5.67	50	0.1427	Nil	Nil
	Nitrogen oxide		3	Boiler room	57.0625	150	1.5497	Nil	Nil
	Particulate matter		3	Boiler room	1.36	20	0.0361	Nil	Nil
	Hydrogen chloride		7	Workshop	1.41	100	0.4635	Nil	Nil
	Non-methane hydrocarbons		7	Workshop	15.93	60	7.5421	77.76	Nil
	Non-methane hydrocarbons		1	RTO	8.56	60	1.5622		Nil
	Nitrogen oxide		1	RTO	50	200	8.3813	Nil	Nil
Sulfur dioxide	1	RTO	3	200	0.8233	Nil	Nil		

Notes:

1. The discharge concentration of pollutants in waste water represents the average concentration by online monitoring from the master discharge outlet by the company into South District Sewage Treatment Plant, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD \leq 192mg/L, ammonia nitrogen \leq 40mg/L.

2. 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	Southeastern part of the factory zone	50.66	120	13.463	108	Nil
	Ammonia nitrogen				11.884	35	3.162	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	16.75	110	4.988	Nil	Nil
	Ammonia nitrogen				0.516	15	0.152	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/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Pharmaceutical Factory	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	12.83	120	2.27	Nil	Nil
	Ammonia nitrogen			Wastewater treatment station	0.369	20	0.06	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)/ (mg/m3)	Pollutant discharge standards implemented (mg/L)/ (mg/m3)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharmaceutical	Chemical oxygen demand	Continuous	1	Sewage treatment	105	200	111.59	Nil	Nil
	Ammonia nitrogen			workshop on north side of factory zone	0.8	25	0.82	Nil	Nil
	Sulfur dioxide			Boiler workshop on north side of factory zone	47	200	24.79	156.816	Nil
	Nitrogen oxide				102	200	87.76	156.816	Nil
	Particulate matter			14	30	8.2	23.522	Nil	
Volatile organic compounds	9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage	8.5	100	22	79.535	Nil		

Notes:

1. The discharge concentration of wastewater represents the concentration of ultimate discharge to the environmental protection control center of Ningxia Xin'an Technology Co., Ltd. (宁夏新安科技有限公司) (“Xin'an Company”), the standard adopted for pollutant discharge was the standard stipulated in the pollutant discharge license of the company and the amount of discharge was calculated by the amount received by Xin'an Company. In respect of the total amount of approved discharge, since 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.

2. The emission concentration of boiler exhaust gas represents the self-monitoring average concentration throughout the year, the standard adopted for discharge was the standard stipulated in the pollutant discharge license of the company and the amount of discharge was calculated by the amount indicated by online monitoring. The concentration of volatile organic compounds (VOCs) represents the concentration of ultimate discharge to the environment (self-monitoring concentration), the adopted standard was the standard limits stipulated in Schedule I of the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB37823-2019) and the amount of discharge was calculated by the amount of exhaust gas emissions and the discharge concentration recorded by the monitoring report.

xii. Jiaozuo Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Hecheng	Chemical oxygen demand	Continuous	1	Master outlet in industrial wastewater workshop	109.049	220	9.396	60.8	Nil
	Ammonia nitrogen				3.911	35	0.337	8.8	Nil

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

xiii. Shanghai Livzon

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/ (mg/m ³)	Pollutant discharge standards implemented (mg/L)/ (mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Shanghai Livzon	COD	Intermittent	1	Master outlet in the park	50.25	500	2.97	Nil	Nil
	Ammonia nitrogen				27.98	40	1.77	Nil	Nil
	Particulate matter	Organized intermittent discharge	2	No. 5 and 6 outlet on the roof	5	20	0.015	0.054	Nil
	VOCs				8	No.1, 2, 3, 4, 7, 8, 9 and 10 outlets on the roof	1.98	60	0.277

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 °C 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	<p>Pollution preventive facilities functioned properly and ensured up-to-standard discharge.</p> <ol style="list-style-type: none"> 1. 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. A new sewage anaerobic treatment system had been building in 2021 and is currently under construction. 2. Exhaust gas: The 40000m³/h regenerative oxidation exhaust gas treatment system designed by Jiangsu Ruiding started operation on 2 November 2019 and is functioning properly in 2021. 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 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 2021. A new exhaust gas membrane recovery system was added to the third workshop and the system operates properly in 2021 3. Solid wastes were disposed of in compliance with the relevant requirements.

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Fuzhou Fuxing	<p>The company strictly complies with the “Three-Simultaneous” system of environmental protection by collecting and treating “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. 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. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</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 2021, an aggregate amount of over RMB6 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 40 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>
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 floatation/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 2021, RMB4.88 million has been invested in environmental protection projects; RMB2.34 million has been invested in the collection and pretreatment of high-concentration exhaust gas from various workshops; RMB0.8 million has been invested in increase washing to eliminate odors from RTO-treated waste gas; Valves; RMB0.63 million has been invested in RTO maintenance, including valves, ceramics and internal anti-corrosion replacement and upgrade, etc.; RMB0.65 million has been invested to purchase liquid nitrogen cryogenic device for treatment of chloroform waste gas in Workshop 102; RMB0.26 million has been invested to collect and treat laboratory and R&D waste gas; and RMB0.20 million has been invested for maintenance of GAC activated carbon adsorption and desorption attached device. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</p>

Name of company or subsidiary	Construction and operation of pollution preventive facilities
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, adoption of the advanced “A/O + SBR + nitrogen removal by denitrification + Fenton decolorizing + air flotation” sewage treatment process, 6,000 m³ of effective reservoir capacity of the treatment system and more than 20 sets of treatment equipment with 350 KW installed capacity to improve the water treatment process, thus ensuring that all wastewater treatment indicators are stable and satisfy the discharge standard. Treated sewage that reaches the grade II discharge standard is directly 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 2021, RMB0.6 million was invested to upgrade the environmentally friendly sludge pressing system to reduce the moisture content of the sludge and the amount of sludge produced. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</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. The technical transformation project of the R&D center has installed waste gas treatment facilities such as activated carbon adsorption and acid mist spray tower. In respect of control of noise pollution, 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>
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 7,500m³/d (including one plant with capacity of 5,000m³/d and one plant with capacity of 2,500m³/d), and the actual total treatment amount was 3,100m³/d. After the wastewater had reached the standard stipulated in the pollutant discharge license, it would be discharged through the sewage pipeline network in the industrial park to Xin’ an Company. In 2021, the installation and use of exhaust gas collection and treatment facilities for hazardous waste stations were completed, and doramectin fermentation exhaust gas of 101 fermentation workshop was introduced into the specific exhaust gas treatment facility for doramectin fermentation exhaust gas of 102 fermentation workshop, and a primary sedimentation tank was added to the sewage treatment station to lead out exhaust gas for treatment. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</p>

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Hecheng	<p>The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The designed sewage treatment capacity was 3,000t/d, the treatment process of “hydrolytic acidification tank + anaerobic UASB + aerobic pool + materialized treatment” was adopted, 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 200m³/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>The Reply to the Environmental Impact Assessment Report for the 400-ton Pharmaceutical Intermediates Erythromycin Thiocyanate Project of Jiaozuo Joincare Biological Product Co.,Ltd (Jiao Huan Shen [2021] No. 29) was received on October 27, 2021. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of the Company.</p>
Taitai Pharmaceutical	<p>There was no such project in 2021.</p>
Haibin Pharma	<p>The “Environmental Impact Assessment Report for the Reconstruction Project of Shenzhen Haibin Pharmaceutical Inc. (《深圳市海滨制药有限公司改扩建项目环境影响报告表》)” was approved on November 2019; with strict enforcement of the “Three Simultaneous” system in the production process and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly.</p>

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
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> <p>The reply to the Environmental Impact Assessment Report for the Peinan Series API Development Project of Xinxiang Haibin Pharmaceutical Co., Ltd (Xin Huan Shu Shen [2021] No. 24) was received.</p>
Fuzhou Fuxing	<p>The “Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.” was approved on 23 August 2021. The company strictly 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. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</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>
Livzon Hecheng	<p>The Environmental Impact Assessment Report on Current Status of the Product Structure and Production Capacity Adjustment Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司产品结构及产能调整项目现状环境影响评价报告》) was approved in December 2016. In 2021, the environmental impact assessment of 14 new products including paliperidone palmitate (棕榈酸帕利呱酮), aripiprazole (阿立哌唑), bismuth potassium citrate (枸橼酸铋钾), i.e. the “Environmental Impact Assessment Report on Technological Renovation and Expansion Project of Livzon Synthetic Pharmaceutical Co., Ltd. in Zhuhai Free Trade Zone” (《珠海保税区丽珠合成制药有限公司技改扩建项目环境影响评价报告》), passed the expert review, with approval being processed. 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. Change of pollutant discharge license was completed in December 2019. The integrated treatment on VOCs passed the “one policy for one enterprise” inspection and acceptance in November 2020. On 21 December 2021, a new round of voluntary clean production was inspected and approved. On 30 December 2021, the inspection and acceptance of VOCs in-depth management manual was completed. In 2021, it was awarded the green card enterprise of environmental credit rating by Zhuhai Municipal Ecology and Environment Bureau.</p>

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
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 the 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. In November 2021, the review for initial emission right was passed, and the right will be valid for four years. In October 2021, the clean production audit report was completed and passed auditing by experts, audit opinion of the Ningde Environmental Science Institute was obtained, and the company is applying to the Gutian County Ecology and Environment Bureau for review acceptance.</p>
Livzon Limin	<p>The Environmental Impact Report on the Technological Reform Project for the R&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. A review expert meeting was held on 24 April 2021, and independent review was completed. The Environmental Impact Report for Workshop II of Small-capacity Injection (《小容量注射剂二车间项目环境影响报告表》) was approved on 23 November 2020. On 15 September 2021, a review expert meeting was held, and independent review was completed. The National Sewage Permit was updated on 22 October 2021. The “Three Simultaneous” system was strictly enforced to implement the environmental protection measures required under the environmental impact assessment, with normal operation of the environmental protection facilities.</p>
Livzon Pharmaceutical Factory	<p>The Environmental Impact Assessment Report on Expansion Project for Production Line of Recombinant Human Chorionic Gonadotropin for Injection of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) was approved in March 2018; the Environmental Impact Assessment Report on Expansion Project for Sewage Treatment Stations of Livzon Group Livzon Pharmaceutical Factory was approved in April 2019; the Environmental Impact Assessment Report on Expansion Project for Production Line of lyophilized Powder Injection of Livzon Group Livzon Pharmaceutical Factory was approved in November 2020. The company obtained a updated sewage permit in October 2021. The company will strictly enforce the “Three-simultaneous” system to implement the environmental protection measures as required by environmental assessment.</p>
Ningxia Pharmaceutical	<p>The environmental protection inspection for completion of doramectin expansion project was completed in March 2021. In September 2021, expert review and government filing were completed for the environmental impact evaluation of project work upon optimized disposal of the company's solid waste. The company applied to change its pollutant discharge permit and passed the review of the Pingluo Branch of Shizuishan Municipal Ecology and Environment Bureau in December 2021. The company strictly enforced the “Three Simultaneous” system to implement the environmental protection measures as required by environmental assessment, and the environmental protection facilities were in normal operation. For details on circumstances in previous years, please refer to the relevant content of the 2020 annual report of Livzon.</p>

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Jiaozuo Hecheng	The Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司现状环境影响评估报告》) was approved and filed on 15 December 2016, the “Three Simultaneous” system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were 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. In 2021, Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. prepared the implementation plan of “one factory, one policy” for emergency emission reduction in response to heavy pollution weather from 2021 to 2022.
Shanghai Livzon	The company passed the environmental assessment review of the Leuprorelin Acetate Microspheres for Injection Industrialization Project (《注射用醋酸亮丙瑞林微球产业化项目》) on 11 October 2010, obtained the approval for the Environmental Impact Report on Supporting Engineering and Laboratory Projects of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司配套工程及实验室项目环境影响报告》) on 10 January 2020, and completed the construction and passed the acceptance inspection in September 2020. The company strictly implements the “Three Simultaneous” system and take environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. In July 2021, the change of national pollutant discharge license was completed.

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	The Environmental Emergency Contingency Plan was revised and recorded (record number: 440308-2020-0029M). Trainings and drills on emergency responses were provided for employees to improve the capability of the Company for dealing with environmental emergencies.
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.

Name of company or subsidiary	Environmental emergency contingency plan
Fuzhou Fuxing	<p>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.</p> <p>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.</p>
Xinbeijiang Pharmaceutical	<p>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”, Xinbeijiang Pharmaceutical entered into the issued “Environmental Emergency Contingency Plan of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司突发环境事件应急预案》)” (File No. 441802-2021-0162-H) again on 30 September 2021, which has been verified and filed by the Qingyuan Municipal Ecology and Environment Bureau on 22 October 2021. The company conducted internal exercises regularly to identify environmental factors and sources of hazards, as well as drills on the emergency contingency plan. 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.</p>
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>

Name of company or subsidiary	Environmental emergency contingency plan
Gutian Fuxing	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Gutian Fuxing Pharmaceutical Co., Ltd. (《古田福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of “Focus on Prevention, Aim at Self-rescue, 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 the plan, the company provides trainings and drills for its employees. On 9 September 2021, the company carried out an ammonia leakage emergency drill. The company is 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 (File No. 440203-2021-009-L). According to the contingency plan, an environmental accident emergency drill was conducted on 24 September 2021, and a specific drill summary was made. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on 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 updated by the company in 2021, and has been approved for filing approval and announced, with the File No. 440404-2021-0212-L. In October 2021, the company conducted an emergency drill for alcohol leakage in the dangerous goods warehouse, to enhance emergency response capabilities of staff, so as to alleviate or eliminate the consequences effectively.</p>
Ningxia Pharmaceutical	<p>The Environmental Emergency Contingency Plan of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (《丽珠集团(宁夏)制药有限公司突发环境事件应急预案》) was verified, 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 to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, and enhance the responsiveness and coordination of the rescue team in terms of integrated coordination and collaboration capabilities. Reamendment of the Environmental Emergency Contingency Plan was amended in May 2021, and has passed expert review and has been reviewed and filed by government environmental department in August 2021.</p>

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Hecheng	<p>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 to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, and enhance the responsiveness and coordination of the rescue team in terms of integrated coordination and collaboration capabilities. 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》). In November 2021, the “Operation Regulations for Exhaust Gas UV Photolysis Equipment” and the “Spray Towers Operation Regulations” were added, and training was carried out on the operation regulations for exhaust gas UV photolysis equipment and spray tower operation regulations to enhance the environmental protection knowledge of staff.</p>
Shanghai Livzon	<p>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 File No. 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.</p>

5. Environmental self-monitoring program

Applicable N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joincare	<p>As required by the self-monitoring program for pollutant discharge licenses, Jiaozuo Joincare developed the 2021 Self-monitoring Program at the beginning of 2021 and carried out self-monitoring according to the program. As at 31 December 2021, Jiaozuo Joincare has completed the self-monitoring for the full year.</p>
Taitai Pharmaceutical	<p>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.</p>
Haibin Pharma	<p>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.</p>
Xinxiang Haibin	<p>Exhaust gas and wastewater were monitored quarterly by the third party in accordance with the new version of pollutant discharge license.</p>

Name of company or subsidiary	Environmental self-monitoring program
Fuzhou Fuxing	<p>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 requirement of environmental assessment technical standards, which are connected to relevant environmental protection authorities and have passed the inspection and acceptance of the relevant environmental protection authorities. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In 2021, the work on leakage detection and repair (LDAR) of volatile organic compounds (VOCs) was done on two occasions. The soil and groundwater testing was completed in July 2021. Information publicity website: http://wryfb.fjmc.org.cn.</p>
Xinbeijiang Pharmaceutical	<p>According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)”, the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Qingyuan Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The automated monitoring equipment for waste water (COD, ammonia nitrogen, pH, flow) and waste gases (non-methane hydrocarbons) has been installed in accordance with the requirement of environmental assessment technical standards, and the connection between online information and national development platform and Qingyuan municipal platform has been completed. Online monitoring equipment for waste water has passed the inspection and acceptance of relevant environmental protection authorities. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In accordance with the requirements of the specification, a third party is hired to conduct LADR testing and repairs every six months for workshops that use VOCs. On 28 September 2021, the TOC testing for the import and export of cooling towers was completed.</p>
Livzon Hecheng	<p>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.</p>

Name of company or subsidiary	Environmental self-monitoring program
Gutian Fuxing	<p>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 2021, a qualified third party was engaged on two occasions to complete the leakage detection and repair (LDAR) work of volatile organic compounds and a report was obtained. Information publicity website: http://wryfb.fjemc.org.cn.</p>
Livzon Limin	<p>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 Municipal Ecology and Environmental Bureau on a timely basis, and the relevant data would be announced to the public after being reviewed by and filing with the Shaoguan Municipal Ecology and Environmental Bureau.</p>
Livzon Pharmaceutical Factory	<p>Inspection party 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.</p>
Ningxia Pharmaceutical	<p>The company formulated the self-monitoring program for 2021, which was reviewed by and filed with the Ecological Environment Bureau of Shizuishan City. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized exhaust gas emission, exhaust gas emission from boiler, waste water discharge, underground water, soil, 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, and passed government inspection in August 2021.</p>

Name of company or subsidiary	Environmental self-monitoring program
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 Internet Private Line Access Clustering Protocol was entered into in November 2021. The leak detection and repair (LDAR) of volatile organic compounds was completed according to plan in 2021. 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 punishments imposed for environmental issues during the Reporting Period

Applicable N/A

7. Other environmental information to be disclosed

Applicable N/A

(II) Statement on environmental protection 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 punishments imposed for environmental issues

Applicable N/A

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

Applicable N/A

3. Reasons for non-disclosure of other environmental information

Applicable N/A

(III) 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 Joincare	The company completed verification of carbon emissions and the external audit on the energy system. In the evaluation of green development of the pharmaceutical industry in Henan Province, it ranked second among the industrial peers. LDAR leak detection and repair was conducted twice.
Taitai Pharmaceutical	Creation of environmental safety standardization, management of hazardous waste standardization, on-site inspection, 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.
Haibin Pharma	The company promoted LDAR detection, to timely repair leakage points and reduce unorganized emission of VOCs.
Xinxiang Haibin	The company completed verification of carbon emissions, and in the evaluation of green development of the pharmaceutical industry in Henan Province, it ranked fourth among the industrial peers.
Joincare Haibin	All waste water from production was collected and sent to the waste water treatment station for treatment, and then sent back to the cooling tower for reuse, so as to realize “zero” discharge of waste water.
Fuzhou Fuxing	Two LDARs in the first half and second half of the year, detection of hidden hazards in soil, detection of soil, audit of energy system, verification of greenhouse gas emission, and application for the certificate of provincial green factory were completed. In the environmental credit evaluation completed, the company was rated as an environmentally credible enterprise.
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; sealing around the reverse hanging membrane of the pretreatment tank at the waste water treatment station was reinforced to reduce unorganized odor dispersion in surrounding areas; the RTO operation processing level was improved; and the VOCs processing efficiency was raised to 98%, effectively reducing VOCs emission.
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%; and tail gas treatment facilities were added at gas collection station by the QC Testing and Technical Development Department. 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; and the entrusted testing of waste water, waste gas, soil and groundwater in 2021 was completed, with the results showing they were all up to the standards. Hazardous waste was entrusted to qualified companies for compliant treatment to reduce the risk of environmental pollution.
Livzon Limin	Solid preparations and steam equipment in high capacity workshop were renovated; steam usage was reduced; locations of different drugs in the overhead cabin and TCM cabin were adjusted; storage energy consumption of the two cabins was reduced; three idle water pumps of the factory were used; post-treated waste water was used for watering flowers, trees and grass in the factory in three lines.

Name of company or subsidiary	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
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. Environmental impact assessment was conducted for new workshops as required. The facilities at the waste water treatment station were renovated to ensure the sewage treatment meets the national standards, and at the same time, improve the treatment efficiency.
Ningxia Pharmaceutical	LDAR was completed; field check of “one policy for one enterprise” for corporate VOCs governance was carried out in cooperation with leaders and experts of the Municipal Environmental Protection Department; installation of online monitoring equipment for RTO exhaust and VOCs was completed; installation of treatment facilities for exhaust gas from hazardous waste stations, primary sedimentation tank at the sewage treatment station and 101 doramectin fermentation workshop, and installation of the dust collection and treatment facilities for the boiler coal conveying system were completed. The environmental protection inspection for completion of doramectin expansion project was completed, and the evaluation of project work upon optimized disposal of the company's solid waste was carried out. The amendment of the Environmental Emergency Contingency Plan was completed. The monthly and quarterly self-monitoring was completed as required.
Jiaozuo Hecheng	Automatic construction was carried out; LDAR was completed; green development evaluation of the pharmaceutical industry in Henan Province was completed; the result of being No. 8 in the pharmaceutical industry of Henan Province was achieved; treated waste gas was replaced to ensure the treatment effect; hazardous waste was entrusted to qualified units for treatment with compliance treatment rate of 100%; waste gas was entrusted to qualified third party for testing; the facilities of the waste water system were entrusted to qualified third party for maintenance; the “one policy for one enterprise” as advocated by the Municipal Environmental Protection Bureau for emergency emission reduction in heavily polluted weather was implemented.
Shanghai Livzon	The company discharged pollutants in strict compliance with standards set out in the pollution discharge license obtained, developed the annual self-monitoring program for pollution discharge at the beginning of 2021 and implemented it, and successfully passed the semi-annual and annual review of corporate pollution discharge by the third party entrusted by government departments. It also completed the annual report on compliance with the pollution discharge license without violation of laws and regulations. Meanwhile, the company further strengthened the daily monitoring of operation of waste gas treatment facilities and waste water treatment stations and ensured the effective operation of equipment and facilities. The company developed the Plan on Comprehensive VOCs Treatment and Emission Reduction in General Enterprises in accordance with the Notice on Comprehensive Treatment of Volatile Organic Compounds in Key Industries in the City issued by Shanghai Ecological Environment Department, and used bromogeramine (benzalkonium bromide) solution to replace part of ethanol for disinfection, so as to meet the VOCs emission targets.

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

✓ Applicable N/A

Name of company or subsidiary	Measures for carbon emission reduction and effect during the Reporting Period
Jiaozuo Joicare	In the fermentation workshop, the control parameters of fermentation tank consumption were optimized to reduce steam flow and cut steam consumption; the stirring motor of fermentation tanks was changed from fixed frequency to variable frequency to realize real-time control of the rotation speed so as to reduce power consumption and carbon emission. In the refining workshop, plate heat exchangers were installed in front of the desorption tanks to stabilize the temperature of water supply by physical means, so as to save one compressor on the refrigerator from being used and reduce power consumption.

Name of company or subsidiary	Measures for carbon emission reduction and effect during the Reporting Period
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	In 2021, the old cooling tower was replaced with a new efficient one, saving about 5,976 yuan and reducing carbon dioxide emission of about 9.5 tons annually. In 2021, the pump motor at the water pump house was replaced with an energy-saving one, saving about 14,172 yuan and reducing carbon dioxide emission of about 22.4 tons annually; in the same year, the waste water treatment blower was replaced with an air suspension blower, saving about 90,000 yuan and reducing carbon dioxide emission of about 136.6 tons annually.
Xinxiang Haibin	The company invested 3 million yuan to replace the leaky reciprocating vacuum pumps with screw vacuum pumps and liquid ring pumps.
Joincare Haibin	The company purchased energy-saving and power-saving equipment meeting the new standards, developed energy-saving habits and thinking, reduced the use of natural gas in boilers, increased the frequency of facility maintenance and pipeline inspection, adopted effective heat preservation measures, and encouraged use of pure electric cars for traveling to save fuel.
Fuzhou Fuxing	The company 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.
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; 80m3 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; the old boilers with high energy consumption and high maintenance costs were replaced with new ones, reducing the average steam consumption per ton by 1.06m3 natural gas.
Livzon Hecheng	Water cooling units were maintained and renovated so as to use energy in a more reasonable manner; power consumption for production was saved through a more reasonable production scheduling of the Production Department; the natural gas was used as the fuel for the canteen and boiler of the company; the Roots fans for sewage treatment at the Environmental Protection Center were replaced with magnetic levitation fans with a relative energy saving rate of 30%, saving about 100,000 KWH of power annually. All employees in the factory were called on to save electricity by turning off lamps and air conditioners after work, and limit the minimum temperature of air conditioners; green travel was promoted; employees were encouraged to take public transportation for business trip; commuting buses were provided for employees.
Gutian Fuxing	Four 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.

Name of company or subsidiary	Measures for carbon emission reduction and effect during the Reporting Period
Livzon Limin	In the solid agent workshop, the set values of temperature and humidity of the air conditioning system were appropriately adjusted (within the reference range) to be as close as possible to the values of the ambient temperature and humidity to reduce steam consumption; the large - capacity workshops were renovated to save steam; the energy consumption was reduced by the QC Department through control of the number of compressors of the air conditioning unit in service and parameter setting, and intermittent use of the biological test room; the total energy consumption of warehouses was reduced by the Supply Chain Department through reasonably relocating and merging warehouses of Chinese medicinal materials on eight floors and construction of cool warehouses according to requirements of GSP.
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. Functional departments were required to further tighten energy conservation management, and encourage employees to turn off lights and machines during the lunch break, or when they leave their post, so as to reduce power consumption.
Ningxia Pharmaceutical	Two 1500m ³ /h cooling water towers were newly installed to reduce the consumption of primary water. The waste condensate water produced by MVR equipment was used to replace the primary water for ceramic membrane cleaning. Part of phenylalanine spent activated carbon was reused to reduce the spent activated carbon generated. 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” . Workshop paint was put unified management, to avoid waste; a view mirror was added behind the steam trap valve to observe steam loss; unqualified water in the purified water system of workshops was used; steam condensate was diverted to the production auxiliary system of the hot water tank and the crystallizing tank for use; the lights in the public areas and corridors of workshops were changed to voice-controlled or light-controlled ones; LED lights were used in workshops; and high energy-consumption equipment and facilities in workshops were gradually replaced with low energy- consumption or automatic interlocking ones.
Shanghai Livzon	The company further strengthened daily energy conservation management according to existing energy conservation plan, effectively enhanced energy conservation awareness of employees through inspection and publicity, and encouraged employees to develop the good habit of water and power conservation. Meanwhile, the company improved more than 10% of peptide yield by optimizing peptide process so as to reduce power consumption of unit product.

II Corporate Social responsibility

✓ Applicable N/A

Joincare is striving to be an explorer in the healthcare industry and insisting on creating a healthy life driven by technology. The Group pays great attention to its sustainable development, and actively focuses on the internal regulatory environment and external policy guidance. Considering China's 14th Five-Year Plan and the local government's development plan, the Group has formulated a CSR strategy and goals adapting to its current business situation.

Focusing on “health”, the Group's CSR strategy aims to provide the whole society with high-quality, safe, accessible and affordable medical products and services through the development of its principal businesses, while improving the overall strength of the health industry. Meanwhile, the strategy is committed to empowering employees and communities, emphasizing environmental protection and promoting the overall health development in society.

The development of enterprises relies on society. Over the years, the Company has conscientiously fulfilled its social responsibility, paid taxes according to law, supported social public welfare projects, and actively assumed its social responsibility for building a harmonious society. At the same time, the Group was actively creating social value. It generated tax revenues for the government of RMB 1,653 million, paid RMB 1,951 million in salary to employees, distributed dividends and paid interest worth RMB1,271 million to banks and other creditors, donated funds and goods totaling RMB 29.10 million to the society, and achieved a social contribution per share of approximately RMB 2.57 for the society in 2021. For our performance of social responsibility, see the 2021 Corporate Social Responsibility Report of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 31 March 2022 for details.

III 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 plan 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 95 local workers for the self-built base and jointly constructed base.

2. Access to public welfare for chronic diseases prevention and treatment

In supporting consolidation and expansion of achievements in poverty alleviation and rural revitalization and In order to respond positively to the call of national policy, Joincare have launched “Access to Public Welfare for Chronic Diseases Prevention and Treatment (普惠慢病防治公益项目)” program by combining our 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, with the support of local government agencies and relevant authorities at all levels, we carried out the “Inclusive Chronic Disease Prevention and Control Public Welfare Project” successively in areas including Chaotian District of Guangyuan City, 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 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, Huangshan District of Huangshan City in Anhui Province, Suining County of Hunan Province, and Fenyi County of Jiangxi Province, bringing benefits to many patients. Joincare won the awards of “2021 China Brand Influence - Model for Undertaking Social Responsibility” and “2021 Model for Rural Revitalization” for its excellent projects supporting urban revitalization.

As at 31 December 2021, the project covered 8 provinces and one autonomous region, among which 14 were remote areas in need of help and one was natural reserve at state level, and there were more than 5,000 registered people. In 2022, it is expected to donate drugs to areas including Hubei, Gansu 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 proposed grant of RMB300,000 for 2021 has been awarded. Up to now, the grant of RMB900,000 planned to be donated has been awarded and the total number of project participants is more than 180.

4. Assist Henan's Flood Relief

In 2021, a record-breaking extreme heavy and persistent rainfall occurred in Henan province, causing serious waterlogging and other disasters in many parts of Henan, imposing great pressure on flood control. Providing Strong Support to Disaster Areas Joincare Pharmaceutical Group and Livzon Pharmaceutical Group supported Henan by jointly donating RMB 10 million in cash and RMB 10 million worth of medicines through China Red Cross Foundation, joining the Government and other sectors of the society in an effort to ensure the safety of Henan locals, to procure emergency relief materials and to assist disaster recovery.

Chapter 6 Major Events

I Fulfillment of undertakings

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

✓ Applicable □ N/A

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
	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; 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;	10 January 2014, long-term	No	Yes	-	-

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
	Settlement of horizontal competition	Baiyeyuan, de facto controllers and persons acting-in-concert, and the Company	<p>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; (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).</p>	10 January 2014, long-term	No	Yes	-	-

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
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 Joincare	Yes	Yes	-	-
	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 through 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) If the Company has made profit forecast on its assets or projects and the Year is still within the profit forecast period, the Company shall give an explanation on why its assets or projects achieved its profit forecast

Realized Unrealized N/A

(III) Fulfillment of performance covenant and its influence on goodwill impairment test

Applicable N/A

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 guarantees

Applicable N/A

IV The Board's statement on the “non-standard opinion auditor's report” issued by the appointed accounting firm

Applicable N/A

V Analysis and explanation from the Company on the reasons and impact of the change of accounting policies, accounting estimates or correction on significant accounting errors

(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates

Applicable N/A

(II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors

Applicable N/A

(III) Communication with former accounting firm

Applicable N/A

(IV) Others

Applicable N/A

VI Appointment and termination of appointment of accounting firm

Unit: 10,000 Yuan Currency: RMB

Current accounting firm	
Name of domestic accounting firm	Grant Thornton (Special General Partnership)
Remuneration for domestic accounting firm	128
Continuous years of auditing services provided by domestic accounting firm	3

	Name	Fee
Accounting firm for internal control audit	Grant Thornton (Special General Partnership)	32

Statement on appointment and termination of appointment of accounting firm

Applicable N/A

Statement on re-engagement of accounting firm during the audit period

Applicable N/A

VII Risk of delisting

(1) Reasons for delisting risk warning

Applicable N/A

(2) Countermeasures to be taken by the Company

Applicable N/A

(3) Risk of delisting and the reasons

Applicable N/A

VIII Matters related to bankruptcy and reorganization

Applicable N/A

IX Material litigation and arbitration

The Company was involved in material litigation or arbitration in current year

The Company was not involved in material litigation or arbitration in current year

X Violations committed by the listed company and its directors, supervisors, senior management, controlling shareholders and de facto controllers, punishments imposed and rectifications

Applicable N/A

XI Credit standing of the Company and its controlling shareholders and de facto controllers during the Reporting Period

Applicable N/A

XII Material related-party transactions

(I) Related-party transactions in connection with day-to-day operation

1. Matters already disclosed in interim announcements about which no new information is available
 Applicable N/A

Overview	Query index
<p>Pursuant to the “Resolution on Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joicare and Jinguan Electric Power” considered and approved at the 44th Meeting of the 7th Session of the Board on 29 March 2021, Jiaozuo Joicare intended to purchase no more than RMB 200 million (inclusive) of steam and power from Jinguan Electric Power in 2021 so as to satisfy the demands of Jiaozuo Joicare 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.</p> <p>The “Resolution on the Adjustment of Forecast of Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiary Jiaozuo Joicare and Jinguan Electric Power” was considered and approved at the 4th Meeting of the 8th Session of the Board on 15 November 2021: given that the prices of coal and other raw materials in the market have been rising considerably since Q3 2021, and the actual power consumption of Jiaozuo Joicare was higher than forecast at the beginning of the year, to satisfy the demands of Jiaozuo Joicare for steam and power in the process of production and operation, the cap of the connected transaction, that is, purchase of steam and power from Jinguan Electric Power, was changed from RMB 200 million (inclusive) to RMB 220 million (inclusive) in 2021. The independent directors of the Company gave prior approval opinions on the Resolution and gave opinions on the approval at the Board meeting.</p> <p>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 RMB 212.586 million.</p>	<p>See the Announcement on Resolutions Considered and Approved at the 44th Meeting of the 7th Session of the Board of Joicare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-033) and the Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on the Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joicare and Jinguan Electric Power (Lin 2021-038) disclosed by the Company on 31 March 2021 for details.</p> <p>See the Announcement on Resolutions Considered and Approved at the 4th Meeting of the 8th Session of the Board of Joicare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-135) and the Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on the Adjustment of Projection of Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joicare and Jinguan Electric Power (Lin 2021-137) disclosed by the Company on 16 November 2021 for details.</p>

2. Matters already disclosed in interim announcements about which new information is available
 Applicable N/A
3. Matters not disclosed in interim announcements
 Applicable N/A

(II) Related-party transactions involving acquisition or sale of assets or equity

1. Matters already disclosed in interim announcements about which no new information is available
 Applicable N/A
2. Matters already disclosed in interim announcements about which new information is available
 Applicable N/A
3. Matters not disclosed in interim announcements
 Applicable N/A
4. Fulfillment of performance covenants (if any) during the Reporting Period
 Applicable N/A

(III) Material related-party transactions involving joint external investment

- Matters already disclosed in interim announcements about which no new information is available
 Applicable N/A
- Matters already disclosed in interim announcements about which new information is available
 Applicable N/A
- Matters not disclosed in interim announcements
 Applicable N/A

(IV) Claims and debts with related parties

- Matters already disclosed in interim announcements about which no new information is available
 Applicable N/A
- Matters already disclosed in interim announcements about which new information is available
 Applicable N/A
- Matters not disclosed in interim announcements
 Applicable N/A

Unit: Yuan Currency: RMB

Related party	Relationship	Offer funds to related parties			Receive funds from related parties		
		Opening balance	Amount incurred in the current period	Closing balance	Opening balance	Amount incurred in the current period	Closing balance
Guangdong Blue Treasure Pharmaceutical Co., Ltd.* (广东蓝宝制药有限公司)	Others	5,092,960.00	20,560,996.55	25,653,956.55	0.00	379,960.00	379,960.00
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	Others	1,740,994.29	-1,740,994.29	0.00			
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 Health Deer Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Others	0.00	4,680.00	4,680.00			
Shenzhen City Youbao Technology Co., Ltd.* (深圳市有宝科技有限公司)	Others	0.00	154,500.00	154,500.00			
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	Others	153,900.00	183,495.02	337,395.02	0.00	8,936.17	8,936.17
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 Sanmed Biotech Inc.* (珠海圣美生物诊断技术有限公司)	Others	15,211,200.00	-15,000,000.00	211,200.00			
Zhuhai Sanmed Gene Diagnostics Ltd.* (珠海市圣美基因检测科技有限公司)	Others	49,093.14	180,195.69	229,288.83			
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	0	8,240,517.56	8,240,517.56	31,681,080.57	-31,681,080.57	0
Total		52,263,057.10	1,615,623.27	53,878,680.37	33,147,686.61	-32,758,790.44	388,896.17
Cause for claims and debts with related parties		During the Reporting Period, the Company had normal operating fund transactions with connected parties.					
Impact of claims and debts with related parties on 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 part					

(V) Financial business among the Company, related financial companies, financial companies controlled by the Company, and related parties Applicable N/A**(VI) Others** Applicable N/A**XIII Material contracts and their performance****(I) Trusteeship, contracting and lease**

1. Trusteeship

 Applicable N/A

2. Contracting

 Applicable N/A

3. Lease

 Applicable N/A**(II) Guarantees** Applicable N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees provided by the Company (excluding those provided for its subsidiaries)													
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee (signing date of agreement)	Effective date	Expiration date	Guarantee type	Fulfilled or not	Overdue or not	Overdue amount	Whether there's a counter-guarantee	Guaranteed for a related party or not	Relationship
Joincare	Headquarter of the Company	Jinguan Electric Power	4,800.00	2021/2/23	2021/2/23	2022/2/23	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	10,000.00	2021/3/3	2021/3/3	2022/2/25	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2021/7/8	2021/7/8	2022/7/8	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	5,000.00	2021/7/14	2021/7/14	2022/7/14	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2021/7/16	2021/7/16	2022/6/16	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2021/8/12	2021/8/12	2022/8/12	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,200.00	2021/9/23	2021/9/23	2022/9/22	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,200.00	2021/10/11	2021/10/11	2022/10/11	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,800.00	2021/10/13	2021/10/13	2022/10/12	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Livzon	Holding subsidiary	Sanmed Biotech	2,900.00	2021/1/1	2021/1/1	2021/5/6	Joint liability guarantee	Yes	No	0	Yes	Yes	Associate

Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)	42,900.00
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)	40,000.00
Guarantee provided by the Company and its subsidiaries to subsidiaries	
Total amount of guarantees to subsidiaries during the Reporting Period	276,627.03
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)	164,656.89
Total guaranteed amount of the Company (including guarantees to subsidiaries)	
Total guaranteed amount (A+B)	204,656.89
Percentage of total guaranteed amount in the Company's net assets (%)	10.14
In which:	
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)	0
Amount of debt guarantee directly or indirectly provided to a guaranteed party with an asset-liability ratio exceeding 70% (D)	121,966.71
Portion of total guaranteed amount exceeding 50% of net assets (E)	0
Total guaranteed amount of the above three items (C+D+E)	121,966.71
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee	N/A
Statement on guarantees	-

(III) Entrusted cash asset management

1. Entrusted wealth management

(1) Overall situation of entrusted wealth management

Applicable N/A

Other information

Applicable N/A

(2) Single entrusted wealth management

Applicable N/A

Other information

Applicable N/A

(3) Provision for impairment of entrusted wealth management products

Applicable N/A

2. Entrusted loans

(1) Overall situation of entrusted loans

Applicable N/A

Other information

Applicable N/A

(2) Single entrusted loans

Applicable N/A

Other information

Applicable N/A

(3) Provision for impairment of entrusted loans

Applicable N/A

3. Other information

Applicable N/A

(IV) Other material contracts

Applicable N/A

XIV Other significant matters having significant influence on the value judgment and decisions of investors

✓ Applicable N/A

1. Use of proceeds

Pursuant to the Reply to the Approval of Share Allotment of Joicare Pharmaceutical Group Industry Co., Ltd. issued by CSRC (Zheng Jian Xu Ke [2018] No. 1284), the Company allotted 365,105,066 shares to original shareholders. 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 Joicare Pharmaceutical Group Industry Co., Ltd. issued by Ruihua Certified Public Accountants (Rui Hua Yan Zi [2018] No. 40060006).

As at 31 December 2021, the use of proceeds was as follows:

Unit: 10,000 Yuan

Project name	Total amount of investment	Total amount of proceeds investment	Use of proceeds as at 31 December 2021	Balance of proceeds as at 31 December 2021
Zhuhai Health Industry Base Construction Project	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	66,745.58	23,254.42
Total	223,538.19	166,974.02	70,131.87	96,842.15

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 RMB 900 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. On 9 February 2021, the Company repaid RMB 40 million to the special account for proceeds ahead of schedule; and returned the temporary replenishment of working capital was RMB 860 million to the special account.

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 RMB 250 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 of 31 December, 2021, all cash management products purchased by the Company have been withdrawn due to maturity.

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 resolution was considered and approved at the 2020 annual general meeting convened by the Company on 21 May 2021. For details, see the Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on Extension of Certain Projects Invested with Proceeds disclosed by the Company (Lin 2021-040) and the Announcement of Joicare Pharmaceutical Group Industry Co., Ltd. on the Resolution of 2020 Annual General Meeting (Lin 2021-063).

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 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. The resolution was considered and approved at the 2021 second extraordinary general meeting convened by the Company on 29 June 2021. For details, 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 (Lin 2021-070) and the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Resolution of 2021 Second Extraordinary General Meeting of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-081).

Pursuant to the Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 7th Meeting of the 8th Session of the Board of the Company on 30 December 2021, it was agreed that the Company temporarily replenished the working capital with no more than RMB 700 million of idle proceeds from 1 January 2022 to 31 December 2022 on the premise of not affecting the progress of the equity investment projects, so as to improve the use efficiency of proceeds and reduce financial expenses of the Company.

Pursuant to the “Resolution on Change of Certain Projects Invested with Proceeds” considered and approved at the 8th meeting of the 8th Session of the Board of the Company on 24 January 2022, given the facts that the “Zhuhai Health Industry Base Construction Project” has been postponed for several times for not meeting the conditions for commencement, and the market environment and the Company's business situation have changed, which resulted in changes in the project feasibility, that the Company has an urgent need of funds for R&D investment and other projects, and that other financing channels are time-consuming and costly, it was agreed that Zhuhai Health Industry Base Construction Project was changed to the New Product R&D Project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project. The resolution was approved at the 2022 1st extraordinary general meeting of the Company on 11 February 2022. For details, see the “Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Change of Certain Projects Invested with Proceeds” (Lin 2022-007).

For details about deposit and actual use of proceeds in 2021, please refer to the Special Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Use of Proceeds in 2021 disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 31 March 2022.

2. Matters about share repurchase

1) First share repurchases in 2021

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized bidding transactions 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 bidding transactions with its own funds; the total amount of repurchase funds should be no less than RMB 350 million (inclusive) and no more than RMB 700 million (inclusive); the repurchase price should be no more than RMB 20/share (inclusive); the repurchase term should be no more than 12 months from the date when the repurchase scheme was approved by the General Meeting of the Company. For the details, please see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized bidding transactions (Lin 2021-016) and the Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized bidding transactions (Lin 2021-027).

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

As of 14 September 2021, the Company had actually repurchased 55,135,296 shares, representing 2.81% of the Company's total share capital (1,959,977,436 shares). The highest repurchase price was RMB 16.92/share, the lowest, RMB 10.80/share, and the average, RMB 12.69/share. The total amount of funds used was RMB 699,900,526.87 (including the handling fee). De-registration was completed on 16 September 2021. For details, see the "Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Implementation Results of Share Repurchase and Share Changes" (Lin 2021-122).

2) Second share repurchases in 2021

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized bidding transactions and other resolutions considered and approved at the 6th Meeting of the 8th Session of the Board and the 2021 Fifth Extraordinary General Meeting of the Company on 6 December 2021 and 23 December 2021, it was approved that the Company repurchased company shares by way of Centralized bidding transactions with its own funds; the total amount of repurchase funds should be no less than RMB 300 million (inclusive) and no more than RMB 600 million (inclusive); the repurchase price should be no more than RMB 15/share (inclusive); the repurchase term should be no more than 12 months from the date when the repurchase scheme was approved by the General Meeting of the Company. For the details, please see the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized bidding transactions (Lin 2021-145) and the Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized bidding transactions (Lin 2022-002).

On 20 January 2022, the Company initially repurchased 785,992 shares by way of Centralized bidding transactions, representing 0.04% of total share capital (1,907,727,908 shares) of the Company. The aggregate amount of funds used for the repurchase was RMB 9.981 million (including the transaction costs). See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Initial Share Repurchase by Way of Centralized bidding transactions (Lin 2022-004) for details.

As of 11 March 2022, the Company initially repurchased 19,195,871 shares by way of Centralized bidding transactions, representing 1.01% of total share capital (1,907,727,908 shares) of the Company. The aggregate amount of funds used for the repurchase was RMB229.98 million (including the transaction costs). See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Repurchase of Total Share Capital to 1% and the Repurchase Progress (Lin 2022-022) 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 Joincare Pharmaceutical Group Industry Co., Ltd. and Hillhouse Capital Management PTE. LTD. and the Strategic Cooperation Agreement Valid with Conditions between Joincare Pharmaceutical Group Industry Co., Ltd. and Hillhouse Capital Management PTE. LTD. with Hillhouse Capital. See the Announcement of Joincare 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 Joincare 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 Joincare 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).

5. Livzon Group's plan to spin off Livzon Diagnostics for A-share listing

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

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

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

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

Chapter 7

Changes in Equity and Shareholders

I Changes in share capital

(I) Table of changes in shares

1. Table of changes in 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									
Of which: 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	10,082,440	0	0	-55,135,296	-45,052,856	1,907,727,908	100
1. Ordinary shares denominated in Renminbi	1,952,780,764	100	10,082,440	0	0	-55,135,296	-45,052,856	1,907,727,908	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,952,780,764	100	10,082,440	0	0	-55,135,296	-45,052,856	1,907,727,908	100

2. Explanations on 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 8,001,000, and the exercise period was from 21 December 2020 to 20 December 2021. The number of exercisable options during the third exercise period was 7,263,000, and the exercise period was from 21 December 2021 to 20 December 2022. 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 3,545,000, and the exercise period was from 23 September 2020 to 22 September 2021. The number of exercisable options during the second exercise period was 2,935,000, and the exercise period was from 23 September 2021 to 22 September 2022. Options are exercised in an active way. During the Reporting Period, the number of options cumulatively exercised and completing share transfer registration for grants under the 2018 Share Options Incentive Scheme of the Company was 10,082,440.

From 25 February 2021 to 24 February 2022, the Company expects to buy back at a price of not more than RMB 20 yuan/share, with a total repurchase amount of not less than RMB 350 million (inclusive) and not more than RMB 700 million (inclusive). The shares bought back this time will be used to reduce the registered capital of the Company. As of 14 September 2021, the Company has bought back 55,135,296 shares through centralized bidding, and canceled 55,135,296 shares bought back in Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 16 September 2021.

3. The influence of changes in shares on financial indicators such as earnings per share and net assets per share in the most recent year and the most recent reporting period (if applicable)
 Applicable N/A
4. Other information disclosed as the Company deems necessary or required by the securities regulatory authority
 Applicable N/A

(II) Changes in shares subject to selling restrictions

Applicable N/A

II Issuance and listing of securities

(I) Securities issued during the Reporting Period

Applicable N/A

Explanations on securities issuance during the Reporting Period (list separately bonds with different interest rates during the duration):

Applicable N/A

(II) Changes in total number of shares, shareholding structure, and structure of assets and liabilities of the Company

Applicable N/A

(III) Outstanding shares granted under the employee share ownership scheme

Applicable N/A

III Information on shareholders and the de facto controller

(I) Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the Reporting Period	109,269
Total number of shareholders of ordinary shares as of the end of the month immediately prior to the publish date of this annual report	104,600

(II) Shares held by top 10 shareholders and top 10 holders of tradable shares (shares without selling restrictions) as of 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 without selling restrictions	Pledge, mark or lock-up Share status	Nature of shareholder
Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)	0	895,653,653	46.95	0	Pledge	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	-2,253,722	91,961,426	4.82	0	Unknown	Unknown
Might Seasons Limited	0	71,859,334	3.77	0	Unknown	Foreign entity
108 portfolio of national social security fund	-4,570,119	12,272,021	0.64	0	Unknown	Unknown
Huaxia Life Insurance Co., Ltd. - Equity fund	9,112,618	9,112,618	0.48	0	Unknown	Unknown
16011 portfolio of basic endowment insurance fund	-11,977,669	9,050,234	0.47	0	Unknown	Unknown
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds	-11,266,700	8,732,946	0.46	0	Unknown	Unknown
He Zhong	3,062,424	7,850,024	0.41	0	Unknown	Domestic natural person
Agricultural Bank of China Limited - Fullgoal CSI 500 Index Enhanced Securities Investment Fund (LOF)	4,186,892	5,757,424	0.30	0	Unknown	Unknown
Agricultural Bank of China Limited - CSI 500 Exchange Traded Index Securities Investment Fund	-95,308	5,397,294	0.28	0	Unknown	Unknown
Shareholdings of the Top 10 shareholders without selling restrictions						
Name of shareholder	Number of tradable shares held without selling restrictions		Class and number of shares			
			Class	Number		
Shenzhen Baiyeyuan Investment Co., Ltd. * (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		91,961,426	Ordinary shares denominated in Renminbi	91,961,426		
Might Seasons Limited		71,859,334	Ordinary shares denominated in Renminbi	71,859,334		
108 portfolio of national social security fund		12,272,021	Ordinary shares denominated in Renminbi	12,272,021		
Huaxia Life Insurance Co., Ltd. - Equity fund		9,112,618	Ordinary shares denominated in Renminbi	9,112,618		
16011 portfolio of basic endowment insurance fund		9,050,234	Ordinary shares denominated in Renminbi	9,050,234		
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds		8,732,946	Ordinary shares denominated in Renminbi	8,732,946		
He Zhong		7,850,024	Ordinary shares denominated in Renminbi	7,850,024		
Agricultural Bank of China Limited - Fullgoal CSI 500 Index Enhanced Securities Investment Fund (LOF)		5,757,424	Ordinary shares denominated in Renminbi	5,757,424		
Agricultural Bank of China Limited - CSI 500 Exchange Traded Index Securities Investment Fund		5,397,294	Ordinary shares denominated in Renminbi	5,397,294		
Notes on the special repurchase account among the Top 10 shareholders	As at the end of the Reporting Period, the special repurchase account of the Company (special securities repurchase account of Joincare Pharmaceutical Group Industry Co., Ltd.) owned 17,459,813 shares in total, accounting for 0.92%.					

Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	Not applicable
Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown.

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

Applicable N/A

(III) Strategic investors or general legal persons who became top 10 shareholders as a result of allotment of new shares

Applicable N/A

IV Information on the Controlling shareholder and the de facto controller

(I) Information on the Controlling shareholder

1 Legal person

Applicable N/A

Name	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Person in charge of the unit or legal representative	Zhu Baoguo
Date of incorporation	January 21, 1999
Principal business	Investment in industry, domestic commerce, and material supply and marketing industry
Equity held in other domestic and overseas listed companies during the Reporting Period	Except for the daily trading of securities assets in the secondary market, Baiyeyuan did not hold or participate in the equity of other domestic and overseas listed companies during the Reporting Period.
Others	Not applicable

2 Natural person

Applicable N/A

3 Special statement if the Company does not have a controlling shareholder

Applicable N/A

4 Statement on changes in controlling shareholders during the Reporting Period

Applicable N/A

5 The block diagram describing controlling shareholders' ownership of and control over the Company

Applicable N/A

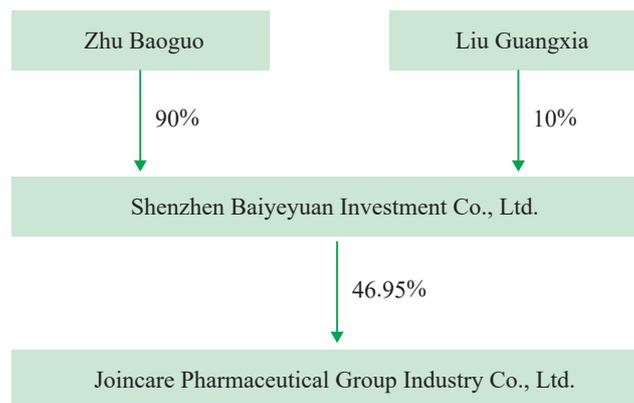
See the “Block diagram showing the property rights and control relationship between the Company and its de facto shareholders” in this chapter.

(II) Information on the De facto controller

- 1 Legal person
 Applicable N/A
- 2 Natural person
 Applicable N/A

Name	Zhu Baoguo
Nationality	China
Hold the right of residence in other countries or regions or not	No
Main occupation and position	Chairman of the Company and Livzon Group
Domestic and overseas listed companies controlled in the past 10 years	Except for the Company and Livzon Group, Mr. Zhu Baoguo has never controlled any other domestic and overseas listed companies.

- 3 Special statement if the Company does not have a de facto controller
 Applicable N/A
- 4 Statement on change of control of the Company during the Reporting Period
 Applicable N/A
- 5 The block diagram describing de facto controllers' ownership of and control over the Company
 Applicable N/A



- 6 The De facto controller controls the Company through trust or other asset management methods
 Applicable N/A

(III) Other information on the controlling shareholder and the de facto controllers

Applicable N/A

V The cumulative number of shares pledged by controlling shareholders or the largest shareholder of the Company and their persons acting in concert accounts for more than 80% of the shares held by them in the Company

Applicable N/A

VI Other corporate shareholders holding more than 10% shares

Applicable N/A

VII Explanation on restrictions on share selling

Applicable N/A

VIII Information on implementation of share repurchases plans during the Reporting Period

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Name of share repurchase plan	Plan on share repurchase by centralized bidding	Plan on share repurchase by centralized bidding
Disclosure date of share repurchase plan	10 February 2021	7 December 2021
Number of shares to be repurchased and its percentage in total share capital (%)	0.89~1.79	1.05~2.10
Proposed repurchase amount	35,000~70,000	30,000~60,000
Proposed repurchase period	12 months after the date when the share repurchase plan is approved at the general meeting	12 months after the date when the share repurchase plan is approved at the general meeting
Purpose of repurchase	To reduce registered capital of the Company	To reduce registered capital of the Company
Repurchased number (shares)	55,135,296	0
Percentage of repurchased shares in the target shares under share incentive scheme (%) (if any)	Not applicable	Not applicable
The progress of the Company's reduction of repurchased shares by centralized bidding	Not applicable	Not applicable
Remarks	On 16 September 2021, 55,135,296 repurchased shares completed cancellation.	

Chapter 8

Information on Preferred Shares

Applicable N/A

Chapter 9

Information on Bonds

I Corporate bonds, debentures and debt financing instruments issued by non-financial entities

Applicable N/A

II Convertible corporate bonds

Applicable N/A

I Auditor's report

✓ Applicable N/A

Z.T.S.Zi (2022) No. 442A005270

To all shareholders of Joincare Pharmaceutical Group Industry Co., Ltd.:

I. Auditor's Opinion

We have audited the financial statements of Joincare Pharmaceutical Group Industry Co., Ltd. (the “Group”), which comprise the Consolidated and Company balance sheet as at 31 December 2021, and the Consolidated and Company income statement, the Consolidated and Company cash flow statement, the Consolidated and Company statement of changes in shareholders' equity for the year 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in compliance with the Accounting Standards for Enterprises in all material aspects, and give a truthful and fair view of the Consolidated and Company financial position of the Group as at 31 December 2021, and of its Consolidated and Company financial performance and cash flows for the year 2021.

II. Basis for the Formation of Auditor's Opinion

We conducted our audit in accordance with Auditing Standards for CPAs of China (the “Auditing Standards”). Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the Group in accordance with China Code of Ethics for Certified Public Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition

Further disclosed in paragraph 28 under Note 3 to the financial statements and paragraph 43 under Note 5.

1. Key audit matter

In 2021, the Group generated operating revenues of RMB15,746.62 million from the principal businesses. We identified revenue recognition as a key audit matter due to the materiality of revenue to the financial statements as a whole and the risk of material misstatement as to whether revenue is real and accurately accounted for in the appropriate accounting period.

2. How our audit addressed the key audit matter

- (1) We obtained an understanding of and assessed the Company management's design and operating effectiveness of key internal controls over revenue recognition.
- (2) We obtained the contracts signed between the Company and its customers and verified the key terms of the contracts, such as shipment and acceptance, payment and settlement, exchange and return policies.

- (3) We inquired about the business registration information of the Company's customers and asked relevant personnel of the Company in order to confirm whether there was an affiliated relationship between the Company and its customers; obtained an understanding of the reasons for customer changes and contract performance among others; counted and analyzed end sales of products purchased by selected customers from the Company based on the business system of the Company's directly connected customers.
 - (4) We obtained records of returns and exchanges in the Company's business system and checked them to confirm whether there were significant abnormalities that affected revenue recognition.
 - (5) We selected samples to check contracts, purchase orders, shipping documents, transportation documents, bookkeeping vouchers, payback documents, and periodic reconciliation letters, and performed external confirmation procedures on major customer sales and accounts receivable.
 - (6) The procedures of income analysis for the rationality of income changes are based on product category and factors such as market trends, industry trends, business expansion; and the income analysis would be combined with market data collected by third-party consulting companies.
 - (7) We sampled sales revenue transactions around the balance sheet date, reviewed sales contracts, purchase orders, shipping documents, transportation documents, and bookkeeping vouchers, and evaluated whether revenues were recorded in the appropriate accounting period.
- (II) Allowance for bad debts on accounts receivable

Further disclosed in paragraph 10 under Note 3 to the financial statements and paragraph 4 under Note 5.

1. Key audit matter

As of 31 December 2021, the Group's ending balance of accounts receivable as reported in the consolidated balance sheet was RMB 2,926.10 million and the allowance for bad debts was RMB 72.44 million which were material to the financial statements as a whole. The management is required to apply significant accounting estimates and judgments in assessing the expected recoverable amount of accounts receivable, which could have a material impact on the financial statements if they were not collected on schedule or uncollectible resulting in a bad debt loss. Therefore, we identified allowance for bad debts on accounts receivable as a key audit matter.

2. How our audit addressed the key audit matter

- (1) We obtained an understanding of and assessed the management's design and operating effectiveness of key internal controls over the management of accounts receivable.
- (2) We obtained an understanding of the basis and process of recognizing the expected credit loss ratio and the key parameters and assumptions applied in the expected credit loss model, including the basis for grouping accounts receivable based on customers' credit risk characteristics and the historical migration rate data indicated in the expected loss ratio; evaluated whether the expected credit loss ratio was set by taking into account and was appropriately adjusted for current economic conditions and forward-looking information, and assessed the reasonableness of the estimate of the allowance for bad debts.
- (3) We obtained a schedule of allowance for bad debts on accounts receivable and checked whether the allowance method was implemented in accordance with the allowance policy for bad debts; and recalculated the amount of allowance for bad debts to check the accuracy.
- (4) We analyzed the ratio of the ending balance of allowance for bad debts to accounts receivable and compared the allowance for bad debts in the previous period with the actual amount incurred, and analyzed whether the allowance for bad debts on accounts receivable was adequate.
- (5) We analyzed the aging of accounts receivable and the creditworthiness of customers, and evaluated the reasonableness of the allowance for bad debts on accounts receivable through audit procedures such as audit confirmation and post-period recovery check.

IV. Other Information

The Group's management (the "Management") is responsible for the other information. The other information comprises the information disclosed in 2021 Annual Report of the Group but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Management's and Governance Level's Responsibility for the Financial Statements

The Management of the Group is responsible for the preparation of the financial statements that give a truthful and fair view in accordance with the Accounting Standards for Enterprises, and for design, implementation and maintenance of internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management of the Group either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The Governance level is responsible for overseeing the Group's financial reporting process.

VI. CPA's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.

We communicate with the Governance level regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Governance level with a statement that we have complied with relevant ethical requirements regarding independence and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In our communication with the Governance level, we identify key audit matters which are those matters of most significance in our audit of the financial statements of the current period. We disclose these matters in our auditor's report unless public disclosure of such matters is prohibited by laws or regulations, or in rare cases where we determine not to communicate a matter in our auditor's report if we reasonably expect that the negative consequences of communicating it in our auditor's report would outweigh the benefits in the public interest.

Grant Thornton (Special General Partnership)

Beijing, · China

Certified Public Accountants Wang Ying
(The partner in charge of the auditing service project)

Certified Public Accountants Wang Qilai

March 29, 2022

II Financial statements

Consolidated Balance Sheet

31 December 2021

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

Unit: Yuan Currency: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary funds	V.1	11,729,230,390.98	12,289,098,613.19
Financial assets held for trading	V.2	184,638,344.31	28,328,748.72
Bill receivable	V.3	1,977,286,022.02	1,343,013,818.54
Accounts receivable	V.4	2,853,655,551.54	2,447,406,222.52
Receivables financing			
Prepayments	V.5	369,232,546.29	209,926,040.57
Other receivables	V.6	88,053,825.12	177,240,162.81
In which: Interests receivable		365,873.64	
Dividends receivable			
Inventories	V.7	2,078,944,387.68	1,831,509,012.27
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	V.8	317,381.23	19,934,376.07
Other current assets	V.9	83,986,214.37	58,098,049.20
Total current assets		19,365,344,663.54	18,404,555,043.89
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables	V.10	266,904.13	584,284.36
Long-term equity investment	V.11	1,419,349,454.84	628,279,599.73
Other equity instrument investment	V.12	1,408,882,377.42	1,576,391,663.13
Other non-current financial assets			
Investment properties	V.13	6,191,475.43	6,191,475.43
Fixed assets			
Construction in progress	V.14	4,839,005,169.81	4,380,285,156.93
Construction in progress	V.15	742,998,743.75	648,478,042.42
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.16	46,774,759.69	18,030,132.69
Intangible assets			
Development expenses	V.17	456,782,094.80	468,087,916.05
Development expenses	V.18	786,993,435.71	399,119,603.78
Goodwills	V.19	614,468,698.73	614,468,698.73
Long-term prepaid expenses	V.20	200,715,740.93	170,049,601.98
Deferred income tax assets	V.21	552,542,866.71	468,898,469.23
Other non-current assets	V.22	663,584,003.80	373,557,910.72
Total non-current assets		11,738,555,725.75	9,752,422,555.18
Total assets		31,103,900,389.29	28,156,977,599.07
Current liabilities:			
Short-term loans			
Short-term loans	V.23	2,518,484,835.09	2,110,942,804.06
Financial liabilities held for trading			
Financial liabilities held for trading	V.24	143,302.24	212.07
Notes payable	V.25	1,582,386,767.93	1,087,759,353.31
Accounts payable	V.26	871,553,210.51	832,632,206.53
Receipts in advance			
Contract liabilities	V.27	234,140,702.29	133,422,354.03
Payroll payable	V.28	475,430,823.20	476,521,798.51

Item	Note	31 December 2021	31 December 2020
Taxes payable	V.29	270,618,183.41	298,342,182.44
Other payables	V.30	3,292,407,989.79	2,847,688,065.59
In which: Interests payable			
Dividends payable		6,951,984.46	8,418,590.50
Held-for-sale liabilities			
Non-current liabilities due within one year	V.31	91,576,066.33	8,539,077.05
Other current liabilities	V.32	15,626,224.29	6,267,034.79
Total current liabilities		9,352,368,105.08	7,802,115,088.38
Non-current liabilities:			
Long-term loans	V.33	826,780,252.78	360,324,027.48
Bonds payable			
Lease liabilities	V.34	25,071,794.32	9,817,780.04
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.35	433,543,352.40	467,562,770.49
Deferred income tax liabilities	V.21	208,525,905.39	202,259,855.68
Other non-current liabilities	V.36	78,000,000.00	78,000,000.00
Total non-current liabilities		1,571,921,304.89	1,117,964,433.69
Total liabilities		10,924,289,409.97	8,920,079,522.07
Owner's equity (or shareholder's equity):			
Paid-in capital	V.37	1,907,727,908.00	1,952,780,764.00
Other equity instruments			
In which: Preferred shares			
Perpetual debts			
Capital reserve	V.38	2,265,357,311.92	2,533,288,674.28
Less: Treasury shares	V.39	222,644,454.50	253,637,154.50
Other comprehensive income	V.40	5,387,545.97	116,300,559.28
Special reserve			
Surplus reserve	V.41	640,821,179.08	515,941,465.19
Undistributed profits	V.42	7,223,644,166.22	6,231,451,582.26
Total owner's equity (or shareholder's equity) attributable to the parent company		11,820,293,656.69	11,096,125,890.51
Minority shareholder's equity		8,359,317,322.63	8,140,772,186.49
Total owner's equity (or shareholder's equity)		20,179,610,979.32	19,236,898,077.00
Total liabilities and owner's equity (or shareholder's equity)		31,103,900,389.29	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

31 December 2021

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

Unit: Yuan Currency: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary funds		1,370,906,734.13	1,469,821,002.61
Financial assets held for trading			
Notes receivable		374,296,302.21	53,571,233.65
Accounts receivable		535,543,070.24	369,494,860.22
Receivable financing			
Prepayments		201,605,530.55	319,923,532.69
Other receivables		1,136,237,811.25	376,775,704.09
In which: Interest receivable			
Dividends receivable		814,041,000.00	69,999,500.00
Inventories			778,363.53
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			8,520,000.00
Other current assets		9,379,100.23	
Total current assets		3,627,968,548.61	2,598,884,696.79
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,530,939,152.29	3,273,776,583.43
Other equity instrument investment		372,609,966.35	417,364,363.95
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets			
Construction in progress		7,890,737.14	5,681,470.43
Productive biological assets			
Oil & gas assets			
Right-of-use assets		12,470,703.77	
Intangible assets		15,316,963.24	16,497,572.49
Development expenses		21,304,063.68	13,616,385.52
Goodwills			
Long-term prepaid expenses		900,737.50	1,597,393.42
Deferred income tax assets		134,711,371.96	65,869,331.55
Other non-current assets		54,866,150.94	943,396.22
Total non-current assets		4,202,340,554.57	3,846,852,910.67
Total assets		7,830,309,103.18	6,445,737,607.46
Current liabilities:			
Short-term loans		450,436,811.38	500,000,000.00
Trading financial liabilities			
Notes payable		358,526,972.01	
Accounts payable		461,763,867.32	310,847,849.81
Receipts in advance			
Contract liabilities		31,637,971.91	8,066,344.20
Payroll payable		95,624,280.17	50,357,030.92
Taxes payable		17,190,533.60	20,724,808.94

Item	Note	31 December 2021	31 December 2020
Other payables		810,207,330.35	502,707,045.70
In which: Interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		44,954,632.42	
Other current liabilities		2,140,860.88	
Total current liabilities		2,272,483,260.04	1,392,703,079.57
Non-current liabilities:			
Long-term loans		160,000,000.00	
Bonds payable			
In which: Preferred shares			
Perpetual debts			
Lease liabilities		7,683,561.03	
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		40,796,000.00	43,134,800.00
Deferred income tax liabilities		29,371,338.01	38,280,327.88
Other non-current liabilities			
Total non-current liabilities		237,850,899.04	81,415,127.88
Total liabilities		2,510,334,159.08	1,474,118,207.45
Owner's equity (or shareholder's equity):			
Paid-in capital		1,907,727,908.00	1,952,780,764.00
Other equity instruments			
In which: Preferred shares			
Perpetual debts			
Capital reserve		1,605,482,128.64	2,169,622,381.22
Less: Treasury shares		222,644,454.50	253,637,154.50
Other comprehensive income		77,015,953.08	110,581,751.29
Special reserve			
Surplus reserve		552,219,230.70	427,339,516.81
Undistributed profits		1,400,174,178.18	564,932,141.19
Total owner's equity (or shareholder's equity)		5,319,974,944.10	4,971,619,400.01
Total liabilities and owner's equity (or shareholder's equity)		7,830,309,103.18	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

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	Note	2021	2020
I. Total revenues	V.43	15,903,688,266.59	13,521,605,768.20
In which: Operating revenues		15,903,688,266.59	13,521,605,768.20
II. Total operating costs		13,169,412,648.95	10,900,819,831.29
In which: Operating costs	V.43	5,716,293,887.58	4,874,186,898.05
Operating tax and surcharges	V.44	182,816,650.02	162,642,104.11
Selling expenses	V.45	5,026,812,145.41	3,940,337,105.29
Administrative expenses	V.46	939,253,444.33	950,827,562.47
R&D expenses	V.47	1,397,131,273.33	1,071,711,981.95
Financial expenses	V.48	-92,894,751.72	-98,885,820.58
In which: Interest expenses		90,278,042.69	35,689,153.09
Interest income		191,964,051.82	203,479,591.12
Add: Other income	V.49	247,346,934.96	248,324,865.70
Income from investments (loss is indicated by “-”)	V.50	71,881,264.65	182,316,456.98
In which: Income from investments in associates and joint ventures		10,281,021.59	17,271,121.06
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure hedges (loss is indicated by “-”)			
Gains from changes in fair values (loss is indicated by “-”)	V.51	-23,506,126.09	10,217,720.09
Losses of credit impairment (loss is indicated by “-”)	V.52	-8,024,112.20	-6,838,947.54
Impairment loss of assets (loss is indicated by “-”)	V.53	-62,950,978.72	-80,786,875.70
Gains from disposal of assets (loss is indicated by “-”)	V.54	24,044,186.55	-1,064,564.68
III. Operating profit (loss is indicated by “-”)		2,983,066,786.79	2,972,954,591.76
Add: Non-operating income	V.55	8,641,830.86	10,432,247.60
Less: Non-operating expenses	V.56	39,379,273.69	33,226,763.85
IV. Total profit (loss is indicated by “-”)		2,952,329,343.96	2,950,160,075.51
Less: Income tax expenses	V.57	339,480,305.29	371,693,580.17
V. Net profit (loss is indicated by “-”)		2,612,849,038.67	2,578,466,495.34
(I) Classified by business continuity			
1. Net profit from ongoing operation (loss is indicated by “-”)		2,612,849,038.67	2,578,466,495.34
2. Net profit from discontinuing operation (loss is indicated by “-”)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (loss is indicated by “-”)		1,328,499,432.05	1,120,439,799.25
2. Profit and loss of minority shareholders (loss is indicated by “-”)		1,284,349,606.62	1,458,026,696.09
VI. Other comprehensive income, net of tax		-177,686,201.25	76,769,040.33
(I) Other comprehensive income attributable to owners of the parent company, net of tax		-110,913,013.31	-644,580.46
1. Other comprehensive income that cannot be reclassified into profit or loss		-78,059,481.21	37,208,220.51
(1) Changes from remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		6,658,847.65	
(3) Changes in fair value of investments in other equity instruments		-84,718,328.85	37,208,220.51
(4) Changes in fair value of the enterprise's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss		-32,853,532.10	-37,852,800.97
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		-13,599.80	-18,039.87
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			

Item	Note	2021	2020
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-32,839,932.30	-37,834,761.10
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-66,773,187.94	77,413,620.78
VII. Total comprehensive income		2,435,162,837.42	2,655,235,535.67
(I) Total comprehensive income attributable to owners of the parent company		1,217,586,418.74	1,119,795,218.79
(II) Total comprehensive income attributable to minority shareholders		1,217,576,418.68	1,535,440,316.87
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.6864	0.5753
(II) Diluted earnings per share (RMB/share)		0.6858	0.5728

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

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	Note	2021	2020
I. Operating revenues		2,021,173,825.62	1,433,075,511.23
Less: Operating costs		1,356,825,036.11	921,243,233.86
Operating tax and surcharges		12,392,762.31	10,221,427.14
Selling expenses		509,217,536.91	309,277,172.32
Administrative expenses		152,344,869.22	109,243,507.11
R&D expenses		99,273,556.14	41,453,499.24
Financial expenses		-18,244,358.04	-11,350,097.41
In which: Interest expenses		4,032,165.84	10,015,894.55
Interest income		22,710,793.68	21,521,821.07
Add: Other income		1,551,111.38	2,375,942.94
Income from investments (loss is indicated by “-”)		1,293,747,303.58	544,379,774.53
In which: Income from investments in associates and joint ventures		-2,005,822.14	-1,887,802.59
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure hedges (loss is indicated by “-”)			
Gains from changes in fair values (loss is indicated by “-”)			
Losses of credit impairment (loss is indicated by “-”)		-203,993.20	-948,839.02
Impairment loss of assets (loss is indicated by “-”)		-41,007.68	-187,095.55
Gains from disposal of assets (loss is indicated by “-”)			
II. Operating profit (loss is indicated by “-”)		1,204,417,837.05	598,606,551.87
Add: Non-operating income		75,665.33	1,910,488.90
Less: Non-operating expenses		13,762,938.68	8,560,790.62
III. Total profit (loss is indicated by “-”)		1,190,730,563.70	591,956,250.15
Less: Income tax expenses		-58,066,575.23	10,740,637.06
IV. Net profit (loss is indicated by “-”)		1,248,797,138.93	581,215,613.09
(I) Net profit from ongoing operation (loss is indicated by “-”)		1,248,797,138.93	581,215,613.09
(II) Net profit from discontinuing operation (loss is indicated by “-”)			
V. Other comprehensive income, net of tax		-33,565,798.21	-34,389,779.91
(I) Other comprehensive income not to be reclassified into profit and loss		-33,565,798.21	-34,389,779.91
1. Changes from remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		-33,565,798.21	-34,389,779.91
4. Changes in fair value of the enterprise's own credit risks			
(II). Other comprehensive income that will be reclassified into profit and loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies			
(7) Others			
VI. Total comprehensive income		1,215,231,340.72	546,825,833.18
VII. Earnings per share:			
(1) Basic earnings per share (RMB/share)			
(2) Diluted earnings per share (RMB/share)			

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

Consolidated Cash Flow Statement

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	Note	2021	2020
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		16,302,075,867.93	13,571,483,724.62
Tax refunds		142,987,224.70	133,558,486.14
Other cash received related to operating activities	V.58	545,037,436.64	655,216,196.75
Subtotal of cash inflow from operating activities		16,990,100,529.27	14,360,258,407.51
Cash paid for goods and services		4,536,979,552.07	3,560,766,056.50
Cash paid to and on behalf of employees		1,950,726,146.40	1,470,505,238.58
Taxes paid		1,653,421,224.28	1,419,695,247.36
Other cash paid related to operating activities	V.58	6,285,884,561.28	4,884,292,272.83
Subtotal of cash outflow in operating activities		14,427,011,484.03	11,335,258,815.27
Net cash flow from operating activities		2,563,089,045.24	3,024,999,592.24
II. Cash flow from investing activities:			
Cash received from withdrawal of investment		155,208,882.44	319,220,699.26
Cash received from investment income		114,833,282.84	64,666,776.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,404,128.73	49,081,680.14
Net cash received from disposal of subsidiaries and other business units		3,311,220.53	5,339,063.95
Other cash received related to investing activities	V.58	113,574,087.21	61,508,016.38
Subtotal of cash inflow from investing activities		396,331,601.75	499,816,235.82
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		1,521,419,292.51	830,408,355.23
Cash paid for investment		786,000,000.00	157,137,468.09
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities	V.58	53,070,040.41	12,591,104.28
Subtotal of cash outflow in investing activities		2,360,489,332.92	1,000,136,927.60
Net cash flow from investing activities		-1,964,157,731.17	-500,320,691.78
III. Cash flow from financing activities:			
Cash received from absorption of investments		609,358,382.32	484,946,400.09
In which: Cash received by subsidiaries from investments of minority shareholders		526,782,825.73	360,264,512.67
Borrowings received		3,534,880,943.19	2,943,579,914.03
Other cash received related to financing activities	V.58	37,852,177.42	2,778,643.64
Subtotal of cash inflow from financing activities		4,182,091,502.93	3,431,304,957.76
Cash repayment		2,593,581,286.53	3,129,811,030.60
Cash paid for dividend and profit distribution or interest payment		1,271,374,383.55	1,035,943,628.98
In which: Dividends and profit paid by subsidiaries to minority shareholders		888,900,577.12	675,004,435.64
Other cash paid related to financing activities	V.58	1,292,040,186.29	503,763,246.33
Subtotal of cash outflow in financing activities		5,156,995,856.37	4,669,517,905.91
Net cash flow from financing activities		-974,904,353.44	-1,238,212,948.15
IV. Influence of exchange rate fluctuations on cash and cash equivalents		-49,290,130.94	-103,989,866.63
V. Net increase in cash and cash equivalents		-425,263,170.31	1,182,476,085.68
Add: Opening balance of cash and cash equivalents		12,122,781,311.49	10,940,305,225.81
VI. Closing balance of cash and cash equivalents		11,697,518,141.18	12,122,781,311.49

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

Cash Flow Statement of Parent Company

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	Note	2021	2020
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		2,029,373,201.42	1,363,754,879.37
Tax refunds			
Other cash received related to operating activities		606,516,829.33	1,128,399,015.69
Subtotal of cash inflow from operating activities		2,635,890,030.75	2,492,153,895.06
Cash paid for goods and services		983,814,721.63	822,966,958.82
Cash paid to and on behalf of employees		181,261,857.67	127,975,207.89
Taxes paid		107,046,894.42	67,292,114.59
Other cash paid related to operating activities		1,062,779,580.04	909,133,528.65
Subtotal of cash outflow in operating activities		2,334,903,053.76	1,927,367,809.95
Net cash flow from operating activities		300,986,976.99	564,786,085.11
II. Cash flow from investing activities:			
Cash received from withdrawal of investment		68,268,656.05	88,796,121.25
Cash received from investment income		632,000,814.98	592,707,238.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		81,400.00	4,852,059.86
Net cash received from disposal of subsidiaries and other business units			2,351,839.03
Other cash received related to investing activities		101,013,650.67	
Subtotal of cash inflow from investing activities		801,364,521.70	688,707,258.59
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		8,127,874.33	1,811,509.57
Cash paid for investment		319,037,191.00	78,000,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities		50,000,000.00	
Subtotal of cash outflow in investing activities		377,165,065.33	79,811,509.57
Net cash flow from investing activities		424,199,456.37	608,895,749.02
III. Cash flow from financing activities:			
Cash received from absorption of investments		82,575,556.59	124,681,887.42
Borrowings received		650,000,000.00	500,000,000.00
Other cash received related to financing activities		36,583,025.57	
Subtotal of cash inflow from financing activities		769,158,582.16	624,681,887.42
Cash repayment		500,000,000.00	1,300,000,000.00
Cash paid for dividend and profit distribution or interest payment		292,289,892.43	336,592,711.32
Other cash paid related to financing activities		701,265,930.75	253,701,833.17
Subtotal of cash outflow in financing activities		1,493,555,823.18	1,890,294,544.49
Net cash flow from financing activities		-724,397,241.02	-1,265,612,657.07
IV. Influence of exchange rate fluctuations on cash and cash equivalents		296,539.18	-1,416.03
V. Net increase in cash and cash equivalents		1,085,731.52	-91,932,238.97
Add: Opening balance of cash and cash equivalents		1,369,821,002.61	1,461,753,241.58
VI. Closing balance of cash and cash equivalents		1,370,906,734.13	1,369,821,002.61

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 Statement of Changes in Owner's Equity

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	2021											Total owner's equity		
	Paid-up capital	Other equity instruments			Capital reserve	Owner's equity attributable to the parent company		Special reserve	Surplus reserve	General risk provision	Undistributed profits		Subtotal	Minority shareholder's equity
Preferred share		Perpetual debts	Others	Less: Treasury shares		Other comprehensive income								
I. Balance at the end of last 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: Change of accounting policies														
Correction to errors of the previous period														
Business combination involving enterprises under common control														
Others														
II. Opening balance of the current 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 and decrease of the current year (enter "-" for decrease)	-45,052,856.00				-267,931,362.36	-30,992,700.00	-110,913,013.31		124,879,713.89		992,192,583.96	724,167,766.18	218,545,136.13	942,712,902.32
(I) Total comprehensive income							-110,913,013.31				1,328,499,432.05	1,217,586,418.74	1,217,576,418.68	2,435,162,837.42
(II). Capital invested or decreased by owners	-45,052,856.00				-570,478,635.27	-30,992,700.00					-584,538,791.27	-21,931,055.41	-606,469,846.68	
1. Ordinary shares invested by the owners	10,082,440.00				72,493,116.59	699,900,526.87					-617,324,970.28	437,967,405.33	-179,357,564.95	
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					1,793,479.01							1,793,479.01		1,793,479.01
4. Others	-55,135,296.00				-644,765,230.87	-730,893,226.87					30,992,700.00	-459,898,460.74	-428,905,760.74	
(III). Profit distribution								124,879,713.89		-413,555,101.94	-288,675,388.05	-887,433,971.08	-1,176,109,359.13	
1. Accrual of surplus reserve								124,879,713.89		-124,879,713.89				
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-288,675,388.05	-288,675,388.05	-887,433,971.08	-1,176,109,359.13
4. Others														
(IV). Internal carrying forward of owner's equity											77,248,253.85	77,248,253.85	94,678,535.62	171,926,789.47
1. Capital reserve transferred to increase capital (or share capital)														
2. Surplus reserve transferred to increase capital (or share capital)														
3. Surplus reserve compensating losses														
4. Retained earnings carried over from changes in the defined benefit plan														
5. Retained earnings carried over from other comprehensive income											77,248,253.85	77,248,253.85	94,678,535.62	171,926,789.47
6. Others														
(V). Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI). Others					302,547,272.91							302,547,272.91	-184,344,791.68	118,202,481.23
IV. Closing balance of the current period	1,907,727,908.00				2,265,357,311.92	222,644,454.50	5,387,545.97		640,821,179.08		7,223,644,166.22	11,820,293,656.69	8,359,317,322.63	20,179,610,979.32

Consolidated Statement of Changes in Owner's Equity (Cont.)

From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	2020											Total owner's equity		
	Paid-up capital	Other equity instruments			Capital reserve	Owner's equity attributable to the parent company		Special reserve	Surplus reserve	General risk provision	Undistributed profits		Subtotal	Minority shareholder's equity
	Preferred share	Perpetual debts	Others	Less: Treasury shares		Other comprehensive income								
I. Balance at the end of last 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: Change of accounting policies														
Correction to errors of the previous period														
Business combination involving enterprises under common control														
Others														
II. Opening balance of the current 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 and decrease of the current year (enter "-" for decrease)	14,747,426.00				129,631,596.31	253,637,154.50	-644,580.46		61,926,327.89		788,137,613.96	740,161,229.20	1,112,710,597.04	1,852,871,826.25
(I). Total comprehensive income							-644,580.46				1,120,439,799.25	1,119,795,218.79	1,535,440,316.87	2,655,235,535.67
(II). Capital invested or decreased by owners	14,747,426.00				125,566,742.45	253,637,154.50						-113,322,986.05	98,645,829.86	-14,677,156.19
1. Ordinary shares invested by the owners	14,747,426.00				109,934,461.42	253,637,154.50						-128,955,267.08	77,986,526.50	-50,968,740.58
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					15,632,281.03							15,632,281.03	20,659,303.36	36,291,584.39
4. Others														
(III). Profit distribution									58,121,561.31		-366,545,084.51	-308,423,523.20	-593,243,501.42	-901,667,024.62
1. Accrual of surplus reserve									58,121,561.31		-58,121,561.31			
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-308,423,523.20	-308,423,523.20	-593,243,501.42	-901,667,024.62
4. Others														
(IV). Internal carrying forward of owner's equity									3,804,766.58		34,242,899.22	38,047,665.80		38,047,665.80
1. Capital reserve transferred to increase capital (or share capital)														
2. Surplus reserve transferred to increase capital (or share capital)														
3. Surplus reserve compensating losses														
4. Retained earnings carried over from changes in the defined benefit plan														
5. Retained earnings carried over from other comprehensive income									3,804,766.58		34,242,899.22	38,047,665.80		38,047,665.80
6. Others														
(V). Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI). Others					4,064,853.86							4,064,853.86	71,867,951.73	75,932,805.59
IV. Closing balance of the current period	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

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

Statement of Changes in Owner's Equity of the Parent Company From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	2021										
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred share	Perpetual debts	Others							
I. Balance at the end of last year	1,952,780,764.00				2,169,622,381.22	253,637,154.50	110,581,751.29		427,339,516.81	564,932,141.19	4,971,619,400.01
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening balance of the current year	1,952,780,764.00				2,169,622,381.22	253,637,154.50	110,581,751.29		427,339,516.81	564,932,141.19	4,971,619,400.01
III. Increase and decrease of the current year (enter "-" for decrease)	-45,052,856.00				-564,140,252.58	-30,992,700.00	-33,565,798.21		124,879,713.89	835,242,036.99	348,355,544.09
(I). Total comprehensive income							-33,565,798.21			1,248,797,138.93	1,215,231,340.72
(II). Capital invested or decreased by owners	-45,052,856.00				-570,478,635.27	-30,992,700.00					-584,538,791.27
1. Ordinary shares invested by the owners	10,082,440.00				72,493,116.59	699,900,526.87					-617,324,970.28
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					1,793,479.01						1,793,479.01
4. Others	-55,135,296.00				-644,765,230.87	-730,893,226.87					30,992,700.00
(III). Profit distribution									124,879,713.89	-413,555,101.94	-288,675,388.05
1. Accrual of surplus reserve									124,879,713.89	-124,879,713.89	
2. Amount distributed to owners (or shareholders)										-288,675,388.05	-288,675,388.05
3. Others											
(IV). Internal carrying forward of owner's equity											
1. Capital reserve transferred to increase capital (or share capital)											
2. Surplus reserve transferred to increase capital (or share capital)											
3. Surplus reserve compensating losses											
4. Retained earnings carried over from changes in the defined benefit plan											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V). Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
(VI). Others					6,338,382.69						6,338,382.69
IV. Closing balance of the current period	1,907,727,908.00				1,605,482,128.64	222,644,454.50	77,015,953.08		552,219,230.70	1,400,174,178.18	5,319,974,944.10

Statement of Changes in Owner's Equity of the Parent Company (Cont.) From January to December, 2021

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

Unit: Yuan Currency: RMB

Item	2021										
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred share	Perpetual debts	Others							
I. Balance at the end of last 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: Change of accounting policies											-
Correction to errors of the previous period											-
Others											-
II. Opening balance of the current 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 and decrease of the current year (enter "-" for decrease)	14,747,426.00				123,676,171.40	253,637,154.50	-34,389,779.91		61,926,327.89	248,913,427.80	161,236,418.68
(I). Total comprehensive income							-34,389,779.91			581,215,613.09	546,825,833.18
(II). Capital invested or decreased by owners	14,747,426.00				114,786,996.27	253,637,154.50	-		-	-	-124,102,732.23
1. Ordinary shares invested by the owners	14,747,426.00				109,934,461.42	253,637,154.50					-128,955,267.08
2. Capitals invested by other equity instrument holders											-
3. Amount of share-based payment included in owner's equity					4,852,534.85						4,852,534.85
4. Others											-
(III). Profit distribution	-				-	-	-		58,121,561.31	-366,545,084.51	-308,423,523.20
1. Accrual of surplus reserve									58,121,561.31	-58,121,561.31	-
2. Amount distributed to owners (or shareholders)										-308,423,523.20	-308,423,523.20
3. Others											-
(IV). Internal carrying forward of owner's equity	-				-	-	-		3,804,766.58	34,242,899.22	38,047,665.80
1. Capital reserve transferred to increase capital (or share capital)											-
2. Surplus reserve transferred to increase capital (or share capital)											-
3. Surplus reserve compensating losses											-
4. Retained earnings carried over from changes in the defined benefit plan											-
5. Retained earnings carried over from other comprehensive income									3,804,766.58	34,242,899.22	38,047,665.80
6. Others											-
(V) Special reserve	-				-	-	-		-	-	-
1. Accrual of the current year											-
2. Amount utilized in the current period											-
(VI) Others					8,889,175.13						8,889,175.13
IV. Closing balance of the current period	1,952,780,764.00				2,169,622,381.22	253,637,154.50	110,581,751.29		427,339,516.81	564,932,141.19	4,971,619,400.01

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 Joincare 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). 1,899,922 share options were exercised from July to September 2021, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2021] No. 442C000667) issued by Grant Thornton; and 2,370,065 share options were exercised from October to December 2021, which was validated and confirmed by the Capital Verification Report (Zhi Tong Yan Zi [2022] No. 442C000008) issued by Grant Thornton.

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, respectively, it was approved that the Company repurchased company shares shall be cancelled and thus to reduce registered capital of the Company. The Company completed the cancellation of repurchased 55,135,296 shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 16 September 2021.

As of 31 December 2021, the total share capital of the Company was 1,907,727,908 shares after exercising options and cancelling of the repurchased shares during 2021.

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.

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

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 9th Meeting of the 8th Session of the Board on 29 August 2022.

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 in 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 consolidated and the Company's financial position as at 31 December 2021, and the consolidated and the Company's operating results and the consolidated and the Company's cash flow and other relevant information for 2021.

2. Accounting period

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

3. Business cycle

Applicable N/A

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 have 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

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.

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

- (6). Overhaul costs

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

27. Preferred shares, perpetual bonds and other financial instruments

Applicable N/A

(1) Classification of financial liabilities and equity instruments

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

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

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

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

28. 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

Applicable N/A

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

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

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

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

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

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

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

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

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

30. Government grants

Applicable N/A

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

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

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

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

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

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

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

31. Deferred tax assets and deferred tax liabilities

Applicable N/A

(1) Current tax

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

(2) Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

(3) Tax expenses

The tax expenses comprise current tax and deferred tax.

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

(4) Offset of tax

The current tax assets and liabilities of the Company should be listed by the written-off net amount which intend to 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	0 or 12 (Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.)
Shenzhen Taitai Pharmaceutical Co., Ltd, Shenzhen Haibin Pharmaceutical Co., Ltd, Xinxiang Haibin Pharmaceutical Co., Ltd, Jiaozuo Joincare Bio Technological Co., Ltd, Shanghai Frontier Health Medicine Technology Co., Ltd, Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd, Joincare Haibin Pharmaceutical Co., Ltd., Livzon Group, 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 Xinbeiji Jiang 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, Joincare Pharmaceutical Group Industry Co., Ltd., Livzon International Limited, Livzon Biologics Limited, Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II.	0
Other subsidiaries	25

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

2. Tax incentives

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.

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

3. Others

N/A

V. Notes to the Components of the Consolidated Financial Statements

1. Monetary funds

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Items	Balance at End of the Period			Balance at Beginning of the Period		
	Amount in foreign currency	Translation rate	Amount in RMB	Amount in foreign currency	Translation rate	Amount in RMB
Cash on hand:	--	--	225,179.98	--	--	197,923.25
RMB	--	--	178,851.99	--	--	148,845.40
HKD	30,607.30	0.8176	25,024.53	30,521.06	0.84164	25,687.74
USD	701.00	6.3757	4,469.37	706.00	6.5249	4,606.58
Euro	2,033.67	7.2197	14,682.49	2,063.67	8.025	16,560.95
GBP	250.00	8.6064	2,151.60	250.00	8.8903	2,222.58
Bank deposits:	--	--	11,554,754,721.43	--	--	12,131,569,238.87
RMB	--	--	9,879,590,764.20	--	--	10,797,711,400.19
HKD	563,828,766.21	0.8176	460,986,399.26	397,295,268.64	0.84164	334,379,589.89
USD	189,797,249.60	6.3757	1,210,090,324.28	152,908,866.07	6.5249	997,715,060.07
Euro	75,451.09	7.2197	544,734.23	78,241.56	8.025	627,888.52
JPY	43,429,022.00	0.055415	2,406,619.26	0.00	0.063126	0.00
MOP	1,412,971.92	0.7936	1,121,334.52	1,370,869.68	0.8172	1,120,274.70
GBP	1,690.10	8.6064	14,545.68	1,690.10	8.8903	15,025.50
Of bank deposits: deposit with financial companies	--	--	174,250,489.57	--	--	157,331,451.07
Other monetary funds:	--	--	12,784,212.07	--	--	67,550,057.63
RMB	67,298,631.20	0.81760	55,023,360.87	1,617,225.39	0.84164	1,361,121.58
HKD	13,562,944.28	6.37570	86,473,263.86	13,551,207.20	6.5249	88,420,271.86
USD			19,969,652.77			
Total			11,729,230,390.98			12,289,098,613.19
Of which: total overseas deposits			1,309,853,620.27			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	31 December 2021	31 December 2020
Time deposit	0.00	100,000,000.00
Letter of Credit Margin	1,788,607.74	6,378,736.56
Bank Acceptance Draft Margin	6,004,457.37	57,075,915.14
Other business margin	3,949,531.92	2,862,650.00
Total	11,742,597.03	166,317,301.70

2. Financial assets held for trading

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	184,638,344.31	28,328,748.72
Of which:		
Debt instrument investments	940,162.94	909,752.05
Equity instrument investments	176,321,853.05	14,351,400.72
Derivative financial assets	7,376,328.32	13,067,595.95
Total	184,638,344.31	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	1,977,767,022.02	1,343,494,818.54
bad debts	-481,000.00	-481,000.00
Total	1,977,286,022.02	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	870,153,979.75
Total	870,153,979.75

As at 31 December 2021, bills with carrying amount of RMB 870,153,979.75 (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 not yet mature but already endorsed	186,290,992.91	0.00
Bank acceptance bills not yet mature but already discounted	67,908,033.05	0.00
Total	254,199,025.96	0.00

During the Year, the Company discounted RMB76,908,320 bank acceptance bills (Last Year: RMB208,990,920) to a bank. As the main risks (such as interest rate risks) and rewards related to these bank acceptance bills were transferred to the bank, the Company derecognised the undue bank acceptance bills that had been discounted. The discounted fee was RMB506,780 (Last Year: RMB2,036,920).

(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	0.02	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	0.02	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	1,977,286,022.02	99.98	0.00	0.00	1,977,286,022.02	1,343,013,818.54	99.96	0.00	0.00	1,343,013,818.54
Of which:										
Bank acceptance bills	1,977,286,022.02	99.98	0.00	0.00	1,977,286,022.02	1,343,013,818.54	99.96	0.00	0.00	1,343,013,818.54
Total	1,977,767,022.02	100.00	481,000.00	0.02	1,977,286,022.02	1,343,494,818.54	100.00	481,000.00	0.04	1,343,013,818.54

(5). 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
	Gross amount	Provision for bad debt	Expected credit loss rate (%)	
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

(6). 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

(7). 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:	2,872,710,981.81
1-2 years	18,541,236.06
2-3 years	12,869,985.75
3-4 years	7,835,031.26
4-5 years	1,332,259.38
Over 5 years	12,807,886.92
Total	2,926,097,381.18

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	9,709,854.02	0.33	5,513,168.82	56.78	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	9,709,854.02	0.33	5,513,168.82	56.78	4,196,685.20	10,312,742.41	0.41	6,116,057.21	59.31	4,196,685.20
Due from overseas customers	0.00	0.00	0.00	0.00	0.00	113,533.26	0.00	113,533.26	100.00	0.00
Provision for bad debt on a collective basis	2,916,387,527.16	99.67	66,928,660.82	2.29	2,849,458,866.34	2,514,820,193.56	99.59	71,610,656.24	2.85	2,443,209,537.32
Of which:										
Due from domestic customers	2,333,938,533.50	79.76	58,705,544.56	2.52	2,275,232,988.94	2,028,481,823.13	80.33	64,858,199.12	3.20	1,963,623,624.01
Due from overseas customers	582,448,993.66	19.91	8,223,116.26	1.41	574,225,877.40	486,338,370.43	19.26	6,752,457.12	1.39	479,585,913.31
Total	2,926,097,381.18	100.00	72,441,829.64	2.48	2,853,655,551.54	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	9,709,854.02	5,513,168.82	56.78	Not expected to be recoverable
Total	9,709,854.02	5,513,168.82	56.78	/

Descriptions of provision for bad 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:	2,290,261,988.15	32,953,674.70	1.44
1-2 years (including 2 years)	18,541,236.06	2,450,973.15	13.22
2-3 years (including 3 years)	4,476,615.34	2,960,042.15	66.12
3-4 years (including 4 years)	7,550,258.06	7,277,583.42	96.39
4-5 years (including 5 years)	1,271,992.78	1,226,828.03	96.45
Over 5 years	11,836,443.11	11,836,443.11	100.00
Total	2,333,938,533.50	58,705,544.56	2.52

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

Applicable N/A

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:	582,448,993.66	8,223,116.26	1.41
1-2 years (including 2 years)	0.00	0.00	0.00
2-3 years (including 3 years)	0.00	0.00	0.00
3-4 years (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	582,448,993.66	8,223,116.26	1.41

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	9,189,454.14	0.00	14,572,969.66	-14,901.55	72,441,829.64
Total	77,840,246.71	9,189,454.14	0.00	14,572,969.66	-14,901.55	72,441,829.64

As of 31 December 2020 and of 31 December 2021, the Company had no accounts receivable that were past due but had not been impaired.

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	14,572,969.66

Significant accounts receivable that are written off:

Applicable N/A

Descriptions of write-off of accounts receivable:

Applicable N/A

- (5). Total amount of account receivables of top five balances of accounts receivables by debtors at the End of the Period

✓ Applicable N/A

Unit: Yuan Currency: RMB

Name of Debtors	A/R Ending Balance	Percentage% as total A/R (Ending Balance)	Bad Debt Provision (Ending Balance)
Debtor 1	101,210,658.25	3.46	694,990.42
Debtor 2	70,072,167.75	2.39	679,833.87
Debtor 3	60,585,663.88	2.07	590,107.52
Debtor 4	56,782,566.75	1.94	554,141.08
Debtor 5	50,897,405.05	1.74	519,263.27
Total	339,548,461.68	11.60	3,038,336.16

Other descriptions:

The total amount of the top five balances of accounts receivables by debtors at the End of the Year was RMB 339,548,461.68 for the Period, representing 11.60% of the total balances of accounts receivables at the End of the Year, and the corresponding aggregate amount of the balances of provision for bad debt at the End of the Year was RMB 3,038,336.16.

- (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	354,340,559.20	95.97	199,646,272.88	95.11
1-2 years	8,031,100.50	2.17	8,545,039.74	4.07
2-3 years	6,323,201.42	1.71	552,633.55	0.26
Over 3 years	537,685.17	0.15	1,182,094.40	0.56
Total	369,232,546.29	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

Name of Receivers	Ending Balance of Prepayments	Percentage% as of Ending Balance of Total Prepayments
Receiver 1	41,409,303.20	11.21
Receiver 2	15,523,899.11	4.20
Receiver 3	13,160,000.00	3.56
Receiver 4	12,199,251.14	3.30
Receiver 5	11,105,927.86	3.01
Total	93,398,381.31	25.30

Other descriptions:

The aggregate amount of prepayments paid to the five largest receivers of prepayments at the End of the Period was RMB93,398,381.31 for the Period, representing 25.30% 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
Interest receivable	365,873.64	0.00
Other receivables	87,687,951.48	177,240,162.81
Total	88,053,825.12	177,240,162.81

Other descriptions:

Applicable N/A

Interest receivable

Applicable N/A

Unit: Yuan Currency: RMB

Project	Balance at the End of the Period	Balance at the Beginning of the Period
Term interests	365,873.64	0.00
Total	365,873.64	0.00

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	53,953,012.32
1-2 years	33,803,432.35
2-3 years	1,821,553.83
3-4 years	2,532,015.23
4-5 years	807,025.60
Over 5 years	50,248,098.81
Provision for bad debt	-55,477,186.66
Total	87,687,951.48

(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	11,003,281.04	10,427,225.66
Reserved fund and advances	17,870,245.40	22,442,315.38
Related party balances	20,323,903.96	34,057,672.41
External entities balances	22,421,780.76	20,635,951.11
Tax refund on exports	17,708,111.60	23,764,211.44
Treasury bonds and margin	17,968,386.04	18,982,036.71
Capital reduction	24,078,925.22	92,347,581.27
Amounts of exercised options	8,463,240.98	9,169,356.40
Others	3,327,263.14	2,610,860.99
Total	143,165,138.14	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	32,542,166.20	0.00	0.00	32,542,166.20	
Amounts of exercised options	8,463,240.98	0.00	0.00	8,463,240.98	Recoverable
Capital reduction	24,078,925.22	0.00	0.00	24,078,925.22	Recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	32,542,166.20	0.00	0.00	32,542,166.20	

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	63,594,020.80	13.28	8,448,235.52	55,145,785.28	
Export tax refund receivable	17,708,111.60	1.12	198,927.69	17,509,183.91	
Deposits under guarantee, deposits and lease expenses receivable	11,003,281.04	26.33	2,897,272.69	8,106,008.35	
Other receivables	34,882,628.16	15.34	5,352,035.14	29,530,593.02	
Total	63,594,020.80	13.28	8,448,235.52	55,145,785.28	

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	47,028,951.14	100.00	47,028,951.14	0.00	
Other receivables	47,028,951.14	100.00	47,028,951.14	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	47,028,951.14	100.00	47,028,951.14	0.00	

Provision for bad debt as at 31 December 2020

At the End of 2020, 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	101,516,937.67	0.00	0.00	101,516,937.67	
Amounts of exercised options	9,169,356.40	0.00	0.00	9,169,356.40	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	101,516,937.67	0.00	0.00	101,516,937.67	

At the End of 2020, 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	84,877,671.89	10.79	9,154,446.75	75,723,225.14	
Export tax refund receivable	23,764,211.44	1.05	250,463.32	23,513,748.12	
Deposits under guarantee, deposits and lease expenses receivable	10,427,225.66	25.18	2,625,854.42	7,801,371.24	
Other receivables	50,686,234.79	12.39	6,278,129.01	44,408,105.78	
Total	84,877,671.89	10.79	9,154,446.75	75,723,225.14	

At the End of 2020, 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	Step 2	Step 3	Total
	Expected credit loss over the next 12 months	Expected credit loss over the lifetime (without impairment of credit)	Expected credit loss over the lifetime (with impairment of credit)	
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	-488,887.77	488,887.77	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	-151,691.27	0.00	-151,691.27
Reversals during the Period	0.00		1,013,650.67	1,013,650.67
Settlement during the Period	0.00	0.00	0.00	0.00
Write-off during the Period	0.00	0.00	488,887.77	488,887.77
Other changes	0.00	-65,632.19	0.00	-65,632.19
Balance at 31 December 2021	0.00	8,448,235.52	47,028,951.14	55,477,186.66

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	488,887.77

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	24,078,925.22	1-2 years	16.82	0.00
Shenzhen Jiekang Health Care Co., Ltd.	Related party balances	18,577,246.63	Over 5 years	12.98	18,577,246.63
Hua Xia Securities Co., Ltd.	Treasury bonds and margin	17,968,386.04	Over 5 years	12.55	17,968,386.04
Tax refunds on exports	Export tax refund	17,708,111.60	Within 1 year	12.37	198,927.69
China Securities Depository and Clearing Corporation Limited (Shenzhen Branch)	Amount of exercised options	8,463,240.98	Within 1 year	5.91	0.00
Total	/	86,795,910.47	/	60.63	36,744,560.36

- (7) Other receivables due to the transfer of financial assets
 Applicable N/A

- (8) 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	553,234,567.88	16,068,254.74	537,166,313.14	449,307,601.96	24,992,444.56	424,315,157.40
Packaging materials	125,197,237.91	7,099,883.19	118,097,354.72	68,812,746.78	7,353,583.54	61,459,163.24
Goods in process and Proprietary semi-finished goods	538,151,968.97	2,891,675.04	535,260,293.93	372,253,640.56	2,679,118.64	369,574,521.92
Low-value consumables	61,806,078.47	217,760.90	61,588,317.57	32,476,319.46	382,146.01	32,094,173.45
Finished goods and stock goods	834,035,538.26	30,182,179.43	803,853,358.83	947,677,545.58	33,908,986.43	913,768,559.15
Sub-contracting materials	2,251,074.26	0.00	2,251,074.26	1,863,102.15	0.00	1,863,102.15
Consumable biological assets	12,342,303.96	0.00	12,342,303.96	11,511,335.81	0.00	11,511,335.81
Goods in transit	8,385,371.27	0.00	8,385,371.27	16,922,999.15	0.00	16,922,999.15
Total	2,135,404,140.98	56,459,753.30	2,078,944,387.68	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	23,244,030.42 0.00	32,168,220.24 0.00	16,068,254.74
Packaging materials	7,353,583.54	2,070,617.16 0.00	2,324,317.51 0.00	7,099,883.19
Goods in process and Proprietary semi-finished goods	2,679,118.64	3,587,621.55 0.00	3,375,065.15 0.00	2,891,675.04
Low-value consumables	382,146.01	30,790.83 0.00	195,175.94 0.00	217,760.90
Finished goods and stock goods	33,908,986.43	33,506,690.02 0.00	37,233,497.02 0.00	30,182,179.43
Total	69,316,279.18	62,439,749.98 0.00	75,296,275.86 0.00	56,459,753.30

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

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	317,381.23	11,414,376.07
Interest receivable due within one year	0.00	8,520,000.00
Total	317,381.23	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	53,179,328.86	49,003,571.19
Advance payment of income tax	30,667,849.83	9,094,478.01
Others	139,035.68	0.00
Total	83,986,214.37	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	584,285.36	0.00	584,285.36	1,030,893.17	0.00	1,030,893.17	4.75%
Long-term receivables due within one year	-317,381.23	0.00	-317,381.23	-11,414,376.07	0.00	-11,414,376.07	
Total	266,904.13	0.00	266,904.13	584,284.36	0.00	584,284.36	

(2) Provision for bad debts

Applicable N/A

The provision amount of bad debt reserves in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable 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 of	
	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	Balance at the End of the Period	provision for impairment at the 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	17,232,604.65	0.00	0.00	11,475,000.00	0.00	0.00	78,029,592.18	0.00
Shenzhen City Youbao Technology Co., Ltd.	1,080,543.04	0.00	0.00	141,855.85	0.00	0.00	0.00	0.00	0.00	1,222,398.89	0.00
AbCyte Therapeutics Inc.	16,183,551.42	0.00	0.00	-1,028,841.46	0.00	0.00	0.00	0.00	0.00	15,154,709.96	0.00
L&L Biopharma, Co. Ltd.	14,024,119.09	0.00	0.00	-1,650,109.20	0.00	2,658,626.68	0.00	0.00	-145,798.11	14,886,838.46	0.00
Zhuhai Sanmed Biotech Inc.*	31,649,784.72	0.00	0.00	-18,179,141.47	-30,268.27	69,715,182.18	0.00	0.00	0.00	83,155,557.16	0.00
Aetio Biotherapy, Inc.	17,647,744.60	0.00	0.00	-1,619,256.12	0.00	0.00	0.00	0.00	0.00	16,028,488.48	0.00
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	70,260,600.00	0.00	0.00	-2,351,992.02	0.00	0.00	0.00	0.00	0.00	67,908,607.98	0.00
Tianjin Tongrentang Group Co., Ltd.*	0.00	724,000,000.00	0.00	52,620,894.45	14,820,196.44	148,673.03	40,040,000.00	0.00	0.00	751,549,763.92	0.00
Infinite Intelligence Pharmaceutical Co. Ltd.	0.00	20,000,000.00	0.00	-1,199,311.93	0.00	1,137,221.57	0.00	0.00	0.00	19,937,909.64	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	316,556,367.05	0.00	0.00	-31,936,458.04	0.00	0.00	0.00	0.00	0.00	284,619,909.01	0.00
Ningbo Ningrong Biomedical Co., Ltd.	28,301,318.36	0.00	0.00	-837,219.65	0.00	0.00	0.00	0.00	0.00	27,464,098.71	0.00
Feellife Health Inc.	11,964,576.16	0.00	0.00	769,797.06	0.00	0.00	0.00	0.00	0.00	12,734,373.22	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	19,561,050.64	0.00	0.00	-1,480,167.43	0.00	0.00	0.00	0.00	0.00	18,080,883.21	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	28,777,957.12	0.00	0.00	-201,633.10	0.00	0.00	0.00	0.00	0.00	28,576,324.02	0.00
Subtotal	629,479,599.73	744,000,000.00	0.00	10,281,021.59	14,789,928.17	73,659,703.46	51,515,000.00	0.00	-145,798.11	1,420,549,454.84	1,200,000.00
Total	637,767,316.53	744,000,000.00	0.00	10,281,021.59	14,789,928.17	73,659,703.46	51,515,000.00	0.00	-145,798.11	1,428,837,171.64	9,487,716.80

Note 1: Other equity changes of L&L Biopharma Co., Ltd. (上海健信生物医药科技有限公司) and Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司) are non-proportional capital increase, and Livzon Group's share of such changes was calculated in proportion to its equity interest.

Note2: In April 2021, Livzon Group entered 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”), Livzon Group shall 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 at the consideration of RMB724 million. On 27 April 2021, Livzon Group obtained the Confirmation Letter for Securities Transfer and Registration from China Securities Depository and Clearing Co., Ltd. confirming Livzon Group had acquired 40.00% equity of Tianjin Tongrentang.

Note3: In February 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), the subsidiary of Livzon Group (“Equity Investment Company”) entered into the Shareholder Agreement with Beijing Infinite Intelligence Pharmaceutical Technology Co., Ltd. (北京英飞智药科技有限公司) (“Infinite Intelligence Pharma”), Equity Investment Company contribute a total of RMB20,000,000 to hold 11.7647% equity of Infinite Intelligence Pharma. According to the Shareholder Agreement and the provisions of the articles of association, Equity Investment Company shall appoint one director to Infinite Intelligence Pharma. Since the Equity Investment Company can have a significant impact on Infinite Intelligence Pharma, the investment in Infinite Intelligence Pharma will be accounted as long-term equity investment; Other changes in equity shall be non-proportional capital increase which is calculated according to the shareholding ratio of the Equity Investment Company. After the capital increase, the shareholding ratio of the Equity Investment Company shall become 10.989%.

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.	212,384,666.97	237,438,086.13
Shanghai Yunfeng Xinchuang Equity Investment Center	94,040,236.88	112,254,757.06
Shanghai JingYi Investment Center	66,175,062.50	67,661,520.76
Qianhai Equity Investment Fund	264,930,500.00	253,987,145.00
Apricot Forest, Inc	137,711,800.01	149,384,486.40
PANTHEON D ,L.P.	3,715,566.69	12,680,875.63
Zhuhai China Resources Bank Co., Ltd.	164,395,200.00	170,772,300.00
GLOBAL HEALTH SCIENCE	235,133,216.46	246,837,324.35
SCC VENTURE VI 2018-B,L.P.	6,615,626.07	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	30,667,263.04	29,583,312.39
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	59,999,953.41	30,000,000.00
ELICIO THERAPEUTICS, INC.	31,878,510.16	32,624,491.32
CARIAMA THERAPEUTICS INC.	31,876,936.63	32,622,880.98
Beijing Luzhu Biotechnology Co., Ltd.	41,944,015.67	0.00
Shanghai Keentai Biotechnology Co., Ltd.	12,000,000.00	0.00
Others	15,413,822.93	9,968,802.04
Total	1,408,882,377.42	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	0.00	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	12,224,832.07	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	137,631,513.65	non-trading	Corporate lapsed and investment withdrawn
SCC VENTURE VII 2018-C,L.P.	0.00	0.00	0.00	0.00	non-trading	
Nextech V Oncology S.C.S., SICAV-SIF	21,298,939.65	0.00	0.00	0.00	non-trading	
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
ELICIO THERAPEUTICS, INC.	0.00	0.00	0.00	0.00	non-trading	
CARIAMA THERAPEUTICS INC.	0.00	0.00	0.00	0.00	non-trading	
Beijing Luzhu Biotechnology Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
Shanghai Keantai Biotechnology Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
Others	25,000.00	0.00	0.00	34,295,275.82	non-trading	Disposal
Total	37,724,341.58	0.00	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:

Applicable N/A

Other descriptions:

Applicable N/A

14. Fixed assets

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Year
Fixed assets	4,839,005,169.81	4,380,285,156.93
Disposal of fixed assets	0.00	0.00
Total	4,839,005,169.81	4,380,285,156.93

Other descriptions:

Applicable N/A

(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	4,557,020,864.75	104,791,052.69	662,702,629.16	9,104,155,774.30
2. Additions for the Period	203,437,875.03	658,030,999.87	11,324,491.83	152,589,581.07	1,025,382,947.80
(1) Acquisition	18,022,101.75	180,023,958.68	10,930,219.42	118,048,251.21	327,024,531.06
(2) Construction in progress transferred	185,415,773.28	478,007,041.19	394,272.41	34,541,329.86	698,358,416.74
3. Decrease for the Period	6,879,891.82	95,235,106.60	8,100,214.31	31,926,047.25	142,141,259.98
(1) Disposal or written-off	6,879,891.82	95,235,106.60	7,725,588.18	31,556,254.60	141,396,841.20
(2) Change in scope of consolidation	0.00	0.00	0.00	345,584.98	345,584.98
(3) Others	0.00	0.00	374,626.13	24,207.67	398,833.80
4. Balance at the End of the Period	3,976,199,210.91	5,119,816,758.02	108,015,330.21	783,366,162.98	9,987,397,462.12
II. Accumulated depreciation					
1. Balance at the Beginning of the Period	1,465,544,461.45	2,615,640,767.17	73,194,504.98	450,208,988.22	4,604,588,721.82
2. Additions for the Period	168,842,593.41	310,165,425.29	10,522,291.37	51,197,171.85	540,727,481.92
(1) Provision	168,842,593.41	310,165,425.29	10,522,291.37	51,197,171.85	540,727,481.92
(2) Others	0.00	0.00	0.00	0.00	0.00
3. Decrease for the Period	1,123,788.48	75,345,139.96	7,217,655.38	23,229,897.71	106,916,481.53
(1) Disposal or written-off	1,123,788.48	75,345,139.96	6,856,704.38	23,118,823.33	106,444,456.15
(2) Change in scope of consolidation	0.00	0.00	0.00	86,866.71	86,866.71
(2) Others	0.00	0.00	360,951.00	24,207.67	385,158.67
4. Balance at the End of the Period	1,633,263,266.38	2,850,461,052.50	76,499,140.97	478,176,262.36	5,038,399,722.21
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	848,789.03	0.00	342,933.27	1,191,722.30
(1) Provision	0.00	848,789.03	0.00	342,933.27	1,191,722.30
3. Decrease for the Period	55,196.03	10,127,065.20	35,856.87	262,929.65	10,481,047.75
(1) Disposal or written-off	55,196.03	10,127,065.20	35,856.87	262,929.65	10,481,047.75
4. Balance at the End of the Period	26,564,784.45	64,186,228.26	41,578.65	19,199,978.74	109,992,570.10
IV. Carrying amount					
1. Carrying amount at the End of the Period	2,316,371,160.08	2,205,169,477.26	31,474,610.59	285,989,921.88	4,839,005,169.81
2. Carrying amount at the Beginning of the Period	2,287,476,785.77	1,867,915,593.15	31,519,112.19	193,373,665.82	4,380,285,156.93

The depreciation during the period was RMB540,727,481.92 (RMB518,267,264.56 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	23,926,279.99	14,125,840.52	5,155,770.80	4,644,668.67	
Machinery and equipment	187,653,120.50	129,431,802.20	40,715,156.36	17,506,161.94	
Electronic devices and others	3,631,593.98	2,596,927.70	215,250.11	819,416.17	
Total	215,210,994.47	146,154,570.42	46,086,177.27	22,970,246.78	

(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	1,555,592.77

(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	224,266,766.47	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	742,533,534.23	647,937,496.92
Construction supplies	465,209.52	540,545.50
Total	742,998,743.75	648,478,042.42

Other descriptions:

Applicable N/A

(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
Haibin Pharma Pingshang New Factory	144,364,877.42	0.00	144,364,877.42	229,735,516.02	0.00	229,735,516.02
Guangda New Factory Project	179,745,064.48	0.00	179,745,064.48	64,845,632.88	0.00	64,845,632.88
Fuxing Company Phase I & II Projects and others	36,580,114.83	0.00	36,580,114.83	95,851,873.91	0.00	95,851,873.91
Project of Shijiao New Factory	61,845,397.73	0.00	61,845,397.73	154,752,745.97	0.00	154,752,745.97
Transformation Project of Pharmaceutical Factory Workshop	19,579,452.17	0.00	19,579,452.17	16,500,619.41	0.00	16,500,619.41
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	15,616,651.12	0.00	15,616,651.12	7,805,534.78	0.00	7,805,534.78
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	83,020,966.01	0.00	83,020,966.01	1,559,405.27	0.00	1,559,405.27
Project of lyophilized powder injection workshop	70,673,332.62	0.00	70,673,332.62	8,495,072.05	0.00	8,495,072.05

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
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	54,924,595.61	0.00	54,924,595.61	307,744.41	0.00	307,744.41
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	257,441.66	0.00	257,441.66	0.00	0.00	0.00
Technology transformation project for Microsphere Phase II of Shanghai Livzon	10,123,776.54	0.00	10,123,776.54	0.00	0.00	0.00
Others	65,971,204.50	169,340.46	65,801,864.04	68,252,692.68	169,340.46	68,083,352.22
Total	742,702,874.69	169,340.46	742,533,534.23	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
Habbin Pharma Pingshang New Factory	229,735,516.02	85,431,217.12	134,074,241.43	36,727,614.29	0.00	0.00	0.00	144,364,877.42	1,037,000,000.00	58.19	Completion of some projects	Self-funding and funds raised
Guangda New Factory Project	64,845,632.88	114,899,431.60	0.00	0.00	0.00	0.00	0.00	179,745,064.48	646,000,000.00	27.82	Under construction	Self-funding
Fuxing Company Phase I & II Projects and others	95,851,873.91	73,773,985.30	133,045,744.38	0.00	0.00	0.00	0.00	36,580,114.83	378,090,800.00	67.07	Completion of some projects	Self-funding
Project of Shijiao New Factory	154,752,745.97	65,846,744.88	158,754,093.12	0.00	0.00	0.00	0.00	61,845,397.73	377,005,000.00	59.88	Completion of some projects	Self-funding and funds raised
Transformation Project of Pharmaceutical Factory Workshop	16,500,619.41	44,486,202.38	41,407,369.62	0.00	0.00	0.00	0.00	19,579,452.17	306,558,388.48	38.01	Completion of some projects	Self-funding
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	7,805,534.78	10,557,699.98	2,746,583.64	0.00	0.00	0.00	0.00	15,616,651.12	262,445,000.00	53.95	Completion of some projects	Self-funding and funds raised
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	1,559,405.27	81,461,560.74	0.00	0.00	0.00	0.00	0.00	83,020,966.01	117,710,000.00	70.53	Under construction	Self-funding
Project of lyophilized powder injection workshop	8,495,072.05	62,178,260.57	0.00	0.00	0.00	0.00	0.00	70,673,332.62	143,500,000.00	49.25	Under construction	Self-funding and funds raised
P09 Construction Project of Livzon Group Livzon Pharmaceutical Factory	307,744.41	203,607,526.48	148,990,675.28	0.00	0.00	0.00	0.00	54,924,595.61	296,580,000.00	68.76	Under construction	Self-funding
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	0.00	257,441.66	0.00	0.00	0.00	0.00	0.00	257,441.66	126,880,000.00	0.2	Under construction	Self-funding
Technology transformation project for Microsphere Phase II of Shanghai Livzon	0.00	10,123,776.54	0.00	0.00	0.00	0.00	0.00	10,123,776.54	40,500,000.00	25	Under construction	Self-funding
Others	68,252,692.68	86,619,992.91	79,339,709.27	9,561,771.82	0.00	0.00	0.00	65,971,204.50	--	--	--	Self-funding
Total	648,106,837.38	839,243,840.16	698,358,416.74	46,289,386.11	0.00	0.00	0.00	742,702,874.69	3,732,269,188.48	/	/	/

Other deduction mainly refers to transfer of long-term deferred expenses.

Other descriptions

□ Applicable ✓ N/A

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	29,133,700.11	29,133,700.11
2. Addition during the Period	54,745,418.58	54,745,418.58
(1) Leasing	54,745,418.58	54,745,418.58
3. Decrease during the Period	13,918,600.42	13,918,600.42
4. Balance at the End of the Period	69,960,518.27	69,960,518.27
II. Accumulated depreciation		
1. Balance at the Beginning of the Period	11,103,567.42	11,103,567.42
2. Addition during the Period	26,000,791.57	26,000,791.57
(1) Provision	26,000,791.57	26,000,791.57
3. Decrease during the Period	13,918,600.41	13,918,600.41
4. Balance at the End of the Period	23,185,758.58	23,185,758.58
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	46,774,759.69	46,774,759.69
2. Carrying amount at the Beginning of the Period	18,030,132.69	18,030,132.69

Other descriptions:

As of 31 December 2021, the Company recognised lease expenses related to short-term leases and the leases of low value assets of RMB7.4548 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
I. Original book value						
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	55,624,707.48	7,354,491.28	4,716.98	0.00	62,983,915.74
(1) Acquisition	0.00	3,353,641.70	7,354,491.28	4,716.98	0.00	10,712,849.96
(2) Internal R&D	0.00	52,271,065.78	0.00	0.00	0.00	52,271,065.78
3. Decrease for the Period	9,723,610.00	23,372,149.54	106,656.46	0.00	0.00	33,202,416.00
(1) Disposal or written-off	9,723,610.00	16,705,482.54	106,656.46	0.00	0.00	26,535,749.00
(2) Change in scope of consolidation	0.00	6,666,667.00	0.00	0.00	0.00	6,666,667.00
4. Balance at the End of the Period	413,762,737.87	519,813,876.67	79,232,390.69	62,769,716.98	10,985,294.53	1,086,564,016.74
II. Accumulated amortisation						
1. Balance at the Beginning of the Period	118,722,931.47	339,090,486.99	51,118,566.22	62,765,000.00	4,485,661.92	576,182,646.60
2. Additions for the Period	8,560,052.42	38,940,864.05	5,226,425.06	196.55	1,098,529.45	53,826,067.53
(1) Provision	8,560,052.42	38,940,864.05	5,226,425.06	196.55	1,098,529.45	53,826,067.53
3. Decrease for the Period	4,285,813.60	8,395,834.01	57,098.93	0.00	0.00	12,738,746.54
(1) Disposal or written-off	4,285,813.60	7,895,833.97	57,098.93	0.00	0.00	12,238,746.50
(2) Change in scope of consolidation	0.00	500,000.04	0.00	0.00	0.00	500,000.04
4. Balance at the End of the Period	122,997,170.29	369,635,517.03	56,287,892.35	62,765,196.55	5,584,191.37	617,269,967.59
III. Provision for impairment						
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
IV. Carrying amount						
1. Carrying amount at the End of the Period	289,783,740.64	138,648,232.23	22,944,498.34	4,520.43	5,401,103.16	456,782,094.80
2. Carrying amount at the Beginning of the Period	303,781,589.46	136,940,704.33	20,865,989.65	0.00	6,499,632.61	468,087,916.05

The amortisation for the period was RMB53,826,067.53 (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 24.65%

(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	4,164,314.22	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	133,042,483.22	0.00	13,033,255.30	79,161,936.76	179,411,666.34
Biologics	213,261,084.53	51,186,161.19	0.00	38,805,707.06	12,539,408.55	213,102,130.11
Vaccine	0.00	314,172,937.62	0.00	0.00	0.00	314,172,937.62
APIs and others	47,294,144.07	43,542,133.89	0.00	432,103.42	10,097,472.90	80,306,701.64
Total	399,119,603.78	541,943,715.92	0.00	52,271,065.78	101,798,818.21	786,993,435.71

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
Vaccine	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
Total	640,550,053.67	0.00	0.00	0.00	0.00	640,550,053.67

(2). Provision for impairment of goodwill

✓ Applicable N/A

Unit: Yuan Currency: RMB

Name of investee or the matter of goodwill arisen	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
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 63.24%-63.43% and a business revenue growth rate of 0-9.07% as well as a cash flow discount rate of 12.99%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shenzhen Haibin Pharmaceutical Co., Ltd., key assumptions are a gross margin of 58.33%-59.13% and a business revenue growth rate of 0-5.27% as well as a cash flow discount rate of 11.78%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the 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	7,850,405.20	3,332,198.97	636,080.74	26,940,700.02
Renovation costs of plants	82,549,157.36	6,780,069.68	10,953,783.19	38,348.62	78,337,095.23
Plants reconstruction project	38,063,547.08	35,995,971.86	13,691,355.23	0.00	60,368,163.71
Certification costs of GMP project	432,295.36	0.00	120,640.57	0.00	311,654.79
Others	25,946,027.65	24,703,242.62	15,891,143.09	0.00	34,758,127.18
Total	170,049,601.98	75,329,689.36	43,989,121.05	674,429.36	200,715,740.93

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	323,372,877.26	54,704,601.96	348,200,387.60	59,268,643.32
Accrued expenses	945,774,497.50	166,481,490.01	889,520,767.20	148,230,373.91
Deductible losses	497,850,865.29	84,167,365.69	183,558,004.28	33,002,594.88
Deferred income	375,321,674.10	60,145,851.14	395,262,933.81	63,372,920.07
Unrealised gains from intra-company transactions	560,934,298.63	84,185,529.66	617,172,492.65	101,762,569.57
Changes in fair value of other equity instruments	146,653,568.40	36,663,392.10	116,897,135.04	29,224,283.76
Share incentive costs	77,872,943.63	11,933,224.52	55,129,055.25	8,614,498.87
Changes in fair value of financial assets held for trading	6,918,505.67	1,158,336.82	5,004.11	1,229.82
Other deductible temporary difference	282,821,670.90	53,103,074.81	148,783,538.98	25,421,355.03
Total	3,217,520,901.38	552,542,866.71	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	19,970,547.94	3,215,329.05	18,644,355.09	3,365,228.40
Accelerated depreciation of fixed assets	752,180,706.08	114,114,492.09	564,348,918.93	85,208,619.02
Changes in fair value of other equity instruments	359,110,036.65	70,405,084.25	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	1,237,201,290.67	208,525,905.39	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	175,707,417.84	316,754,374.35
Deductible losses	1,365,909,940.62	1,116,620,167.81
Total	1,541,617,358.46	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	0.00	108,384,223.02	
2022	129,386,282.40	141,475,583.52	
2023	182,300,761.96	197,436,530.74	
2024	385,138,859.92	385,190,825.59	
2025	254,360,863.53	277,697,732.91	
2026	389,994,598.37	0.00	
Indefinite	24,728,574.44	6,435,272.03	
Total	1,365,909,940.62	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
Term deposit and interests	52,127,500.00	0.00	52,127,500.00	0.00	0.00	0.00
Remaining VAT credit	56,384,552.60	0.00	56,384,552.60	33,826,183.51	0.00	33,826,183.51
Prepayment for acquisition of project and equipment	491,703,933.59	0.00	491,703,933.59	300,277,977.91	0.00	300,277,977.91
Prepayment for acquisition of technical know-how	63,368,017.61	0.00	63,368,017.61	39,453,749.30	0.00	39,453,749.30
Total	663,584,003.80	0.00	663,584,003.80	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	1,666,838,964.15	1,850,000,000.00
Loans on guarantee	851,645,870.94	260,942,804.06
Total	2,518,484,835.09	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	143,090.17	0.00	143,302.24
Of which:				
Derivative financial liabilities	212.07	143,090.17	0.00	143,302.24
Total	212.07	143,090.17	0.00	143,302.24

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	1,582,386,767.93	1,087,759,353.31
Total	1,582,386,767.93	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	809,539,858.35	770,352,354.22
Over 1 year	62,013,352.16	62,279,852.31
Total	871,553,210.51	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	208,025,612.34	125,816,111.93
Over 1 year	26,115,089.95	7,606,242.10
Total	234,140,702.29	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 89,991,623.98.

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	1,842,060,745.21	1,842,354,099.29	473,806,357.40
II. Post-resignation benefits-defined contribution plans	981,049.03	127,168,164.64	127,807,489.87	341,723.80
III. Dismissal benefits	1,441,038.00	3,266,253.11	3,424,549.11	1,282,742.00
Total	476,521,798.51	1,972,495,162.96	1,973,586,138.27	475,430,823.20

(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	1,516,182,208.88	1,508,769,918.24	325,123,978.13
II. Employee welfare	5,159,583.88	67,739,188.41	67,546,637.63	5,352,134.66
III. Social insurance	648,169.59	57,770,394.32	57,849,075.16	569,488.75
Of which: Medical insurances	479,191.24	50,045,894.76	50,057,523.09	467,562.91
Work-related injury insurances	120,278.27	3,269,300.48	3,326,867.38	62,711.37
Maternity insurances	48,700.08	4,455,199.08	4,464,684.69	39,214.47
IV. Housing provident fund	1,812,818.16	54,197,763.39	54,516,861.67	1,493,719.88
V. Labour union fees and employee education fees	268,119.84	5,341,149.46	5,067,704.70	541,564.60
VI. Special funds of the share ownership scheme	148,499,332.52	140,830,040.75	148,603,901.89	140,725,471.38
Total	474,099,711.48	1,842,060,745.21	1,842,354,099.29	473,806,357.40

(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	122,881,458.07	123,469,339.38	303,582.07
2. Unemployment insurance	89,585.65	4,286,706.57	4,338,150.49	38,141.73
Total	981,049.03	127,168,164.64	127,807,489.87	341,723.80

Other descriptions:

Applicable N/A

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company makes contributions to these plans in accordance with relevant requirements of the local government. Save for the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

29. Taxes 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	91,860,518.74	73,761,952.33
Urban maintenance and construction tax	10,047,715.71	8,540,571.43
Enterprise income tax	145,106,168.70	197,934,880.78
Property tax	2,178,644.31	3,335,394.01
Land use tax	1,716,626.70	1,861,774.91
Individual income tax	9,991,974.56	5,176,424.28
Stamp duty	676,792.62	573,412.18
Education surcharges	6,594,414.24	5,877,893.41
Others	2,445,327.83	1,279,879.11
Total	270,618,183.41	298,342,182.44

30. Other payables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends payable	6,951,984.46	8,418,590.50
Other payables	3,285,456,005.33	2,839,269,475.09
Total	3,292,407,989.79	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	20,174.46	20,174.46
Dividends payable--Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Dividends payable--Other legal persons and individual shares of subsidiaries	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	6,951,984.46	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	66,603,733.56	54,902,934.12
Deposits under guarantees	85,316,947.15	84,683,431.06
Business promotion expenses	1,385,121,675.36	1,188,695,632.04
Technology transfer funds	10,000,000.00	10,072,731.53
Accrued expenses	1,696,272,218.54	1,432,467,048.13
Others	42,141,430.72	68,447,698.21
Total	3,285,456,005.33	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.

- (2) Significant other payables aged over 1 year

 Applicable N/A

Other descriptions:

√ Applicable N/A

Of which, the breakdown of accrued expenses was as follows:

Item	31 December 2021	31 December 2020	Reason for outstanding at the End of the Period
Utilities expenses	23,611,733.95	28,252,339.28	Not yet paid
Research expenses	122,637,625.45	31,246,236.75	Not yet paid
Business development and promotion expenses	1,459,695,485.76	1,282,377,335.13	Not yet paid
Audit and information disclosure expenses	4,893,299.88	3,876,590.50	Not yet paid
Others	85,434,073.50	86,714,546.47	Not yet paid
Total	1,696,272,218.54	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	21,295,233.00	8,539,077.05
Long-term loans and interest due within 1 year	70,280,833.33	0.00
Total	91,576,066.33	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	15,626,224.29	6,267,034.79
Total	15,626,224.29	6,267,034.79

Other descriptions:

Applicable N/A

33. Long-term loans

(1) Classification of long-term loans

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	interest rate range	Balance at the Beginning of the Period	interest rate range
Loans on credit	897,061,086.11	3.45%-3.70%	360,324,027.48	3.55%-3.60%
Long-term loans due within 1 year	-70,280,833.33		0.00	
Total	826,780,252.78		360,324,027.48	

Other descriptions, including interest rate range:

Applicable N/A

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	46,367,027.32	18,356,857.09
Lease liabilities due within one year	-21,295,233.00	-8,539,077.05
Total	25,071,794.32	9,817,780.04

Other descriptions:

During January to December 2021, the amount of interest expenses of lease liabilities was RMB2.2757 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	53,936,373.61	87,955,791.70	433,543,352.40	/
Total	467,562,770.49	53,936,373.61	87,955,791.70	433,543,352.40	/

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	Amount charged to Other income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to 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	0	1,500,000.00	0	0	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	0	1,346,750.00	151,700.00	3,501,550.00	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	0	0	0	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	0	0	5,000,000.00	0	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	0	1,492,333.34	0	927,666.66	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	0	0	0	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	0	0	0	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	0	0	0	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	0	0	10,000,000.00	0	Related to assets
Project Subsidy of Meropenem internationalization (美罗培南国际化项目补助)	3,300,000.00	0	0	0	3,300,000.00	0	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	0	0	0	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	0	0	67,248,400.00	Related to assets
Zhimu total sapogenin project (知母总皂甙元项目)	8,900,000.00	0	0	0	0	8,900,000.00	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素混悬液项目)	0	3,600,000.00	0	0	0	3,600,000.00	Related to assets
Financial appropriations for small molecule peptide projects (财政拨款用于小分子肽项目)	399,999.84	0	0	80,000.04	0	319,999.80	Related to assets
Leulu total sterone project (漏芦总甾酮项目)	2,500,000.00	0	0	0	0	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	0	119,706.24	0	957,649.92	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	0	1,991,666.67	0	2,508,333.33	Related to assets
Return of land holding tax (土地使用税返还)	3,674,691.16	0	0	107,029.74	0	3,567,661.42	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	0	9,708.66	0	0	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	Amount charged to Other income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
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	0	1,219,192.66	0	40,741,354.94	Related to assets
Innovation voucher (Jingjin Filter Press Equipment) (创新券(景津压滤设备))	313,332.99	0	0	80,000.20	0	233,332.79	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金支持)	1,917,508.44	0	0	56,397.36	0	1,861,111.08	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	0	500,000.00	0	0	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	0	9,000,002.00	0	0	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations (开发区财政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	0	0	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	0	0	0	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	0	0	0	500,000.00	Related to assets
City Service Development Special (市服务发展专项)	800,000.00	0	0	0	0	800,000.00	Related to assets
Patent funding (专利资助)	0	200,000.00	0	0	0	200,000.00	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020年度上海市专业技术平台能力提升项目立项)	0	1,000,000.00	0	0	0	1,000,000.00	Related to assets
high-growth small and micro innovation enterprises (高成长小微科创企业)	0	400,000.00	0	0	0	400,000.00	Related to assets
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3鱼油中/长链脂肪乳注射液研究开发补助)	350,000.00	0	0	0	0	350,000.00	Related to assets
R&D and industrialization of innovative llaprazole Series (艾普拉唑系列创新药物研发及产业化)	20,988,166.29	0	0	4,910,000.04	0	16,078,166.25	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	0	0	0	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	0	0	0	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	0	750,000.00	0	12,550,000.00	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I)(长效微球制剂产业化建设项目(一期工程))	7,024,025.85	15,329,800.00	0	1,634,320.37	0	20,719,505.48	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)	2,400,000.00	0	0	2,400,000.00	0	0	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	0	0	0	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	0	231,000.00	0	1,366,750.00	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	0	159,999.96	0	1,040,000.14	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	0	10,560,089.27	0	40,045,946.93	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	0	1,102,000.08	0	2,455,499.43	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	0	408,365.76	0	2,703,484.56	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	0	3,823,529.40	0	15,676,470.62	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	0	1,129,563.36	0	5,459,555.72	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	Amount charged to Other income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	10,648,600.33	0	0	3,288,929.52	0	7,359,670.81	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	0	48,000.00	0	380,000.00	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	1,008,000.00	0	473,166.56	0	1,534,833.44	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	0	445,755.36	0	4,802,478.80	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	0	75,330.36	0	166,439.46	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	0	2,038,717.56	0	3,961,282.44	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for α -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)	571,428.64	0	0	107,142.84	0	464,285.80	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	0	29,999.88	0	30,000.48	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	0	110,925.60	0	28,566.20	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	0	1,200,000.00	0	2,200,000.00	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds (珠海市工业企业“云上平台”服务券支持资金)	114,972.73	0	0	25,540.87	0	89,431.86	Related to income
Commissioner workstation (特派员工作站)	145,000.00	0	0	60,000.00	0	85,000.00	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	3,603,500.01	0	0	1,158,000.00	0	2,445,500.01	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	0	0	0	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	0	199,999.92	0	308,333.75	Related to assets
New industrialization development grant (新型工业化发展奖金)	1,304,166.42	2,629,900.00	0	350,000.04	0	3,584,066.38	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	0	200,000.04	0	366,666.57	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	400,000.16	0	0	99,999.96	0	300,000.20	Related to assets
Subsidy for new R&D institution (新型研发机构补助)	2,000,000.00	0	0	2,000,000.00	0	0	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	0	9,000,000.00	0	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	4,000,000.00	0	0	0	12,500,000.00	Related to assets
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020年度珠海市创新创业团队(纳米晶))	0	1,500,000.00	0	0	0	1,500,000.00	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	0	0	0	0	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	0	0	0	0	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业协同平台示范项目)	0	3,650,000.00	0	0	0	3,650,000.00	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	0	0	0	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制剂)	2,400,000.00	0	0	0	0	2,400,000.00	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	Amount charged to Other income for the Period	Other changes	Balance at the End of the Period	Related to assets/ Related to income
Technological transformation projects of new Cefuroxime (新型头孢粉剂技术改造项目)	1,533,100.00	0	0	0	0	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	0	90,000.00	0	675,000.00	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	190,000.04	0	0	9,999.96	0	180,000.08	Related to assets
Green factory (绿色工厂)	1,261,666.67	0	0	129,999.96	0	1,131,666.71	Related to assets
HCG project construction (HCG项目建设)	3,783,485.81	0	0	395,649.97	0	3,387,835.84	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	72,269.96	0	0	8,030.04	0	64,239.92	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)	1,287,500.00	0	0	150,000.00	0	1,137,500.00	Related to assets
Subsidies for online monitoring equipment and installations of coal-fired boilers (燃煤锅炉在线监控设备装置补助资金)	105,000.00	0	0	22,500.00	0	82,500.00	Related to assets
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化资金)	1,550,000.00	0	0	1,368,367.88	0	181,632.12	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019年度第一批科技创新专项资金立项配套资助)	850,000.00	0	0	250,000.00	0	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	0	357,200.00	0	1,046,533.33	Related to assets
Guangdong Province Science and Technology Department special emergency fund for scientific and technological research on prevention and control of COVID-19 (广东省科学技术厅防控新型冠状病毒感染科技攻关应急专项款)	350,000.00	0	0	350,000.00	0	0	Related to assets
Zhuhai Financial Bureau cum COVID-19 emergency technology special emergency fund (珠海市财政局新冠应急科技攻关专项款)	250,000.00	0	0	250,000.00	0	0	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	0	0	80,000.00	80,000.00	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	0	484,784.35	0	4,116,415.65	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	0	2,088.50	0	11,467.25	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	12,000,000.00	0	0	0	0	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	0	0	0	20,000,000.00	Related to assets
Environmental protection bureau RTO project special funds (环保局RTO项目资金)	200,000.00	0	0	20,000.04	0	179,999.96	Related to assets
Structure-efficiency optimization of marine microorganisms and evaluation of antitumor activity (海洋微生物构效优化与抗肿瘤活性评价)	0	324,673.61	0	12,307.34	0	312,366.27	Related to income
Total	467,562,770.49	53,936,373.61	0	60,424,091.70	27,531,700.00	433,543,352.40	

Other descriptions:

Applicable N/A

36. Other non-current liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	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		Changes for the Period (+ -)			Balance at the End of the Period
	Beginning of the Period	Issuance of new shares	Reserve fund capitalised	Others	Sub-total	
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	10,082,440	0	-55,135,296	-45,052,856	1,907,727,908
2. Domestically listed foreign shares	0	0	0	0	0	0
Tradable shares in aggregate	1,952,780,764	10,082,440	0	-55,135,296	-45,052,856	1,907,727,908
Total number of shares	1,952,780,764	10,082,440	0	-55,135,296	-45,052,856	1,907,727,908

Other descriptions: The reduced registered capital during the Reporting Period is due to the cancellation of the repurchased shares.

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	369,115,622.89	747,275,331.40	2,152,860,227.84
Other capital reserve	2,268,737.93	114,769,391.67	4,541,045.52	112,497,084.08
Total	2,533,288,674.28	483,885,014.56	751,816,376.92	2,265,357,311.92

Other descriptions, including changes for the current period and reasons therefor:

Reasons for increase in capital premium: 1) 10,082,440 shares of the Company's stock options were exercised, increasing the capital premium by RMB 72,493,116.59, and the corresponding accrued share incentive fee of RMB 1,457,178.93 was transferred from other capital reserves to the capital premium; 2) The Company's subsidiary Livzon's stock options are exercised, according to the shareholding ratio of the Company, the corresponding increase in the share capital premium of 88,109,304.98 yuan, and the corresponding accrued equity incentive expenses of 3,083,866.59 yuan are transferred from other capital reserves to the share capital premium; 3) After the stock options are exercised, the difference between the pre-taxable expenses and the accrued expenses will reduce the income tax payable by RMB 13,609,184.27, and the share capital premium will be increased accordingly; 4) Since the overseas financing of the subsidiary Livzon is transferred to the Mainland China and thus the reduced registered capital of the subsidiaries are not in the same proportion. Correspondingly, the capital premium is increased by RMB 190,362,971.53 for the difference between the net assets of the subsidiaries owned by the Company before and after the reduction of share capital.

The decrease in share capital premium of RMB 747,275,331.4 for the period was due to the cancellation of shares repurchased by the Company and the subsidiary Livzon Group.

Reasons for changes in Other capital reserves: 1) The Company and its subsidiary Livzon Group provided equity incentive expenses of RMB 11,652,295.42; 2) The subsidiary Livzon Group's equity method accounting units increased capital in different proportions, resulting in changes in the Company's shareholding ratio and changes in other equity instrument investment; Thus the capital reserve increased by RMB 35,846,098.47. 3) The exercise of the stock options of the incentive

plan and and repurchase of the subsidiary Livzon Group lead to changes in the Company's shareholding ratio and changes in other equity instrument investment; thus the capital reserve decreased by RMB 55,295,829.27; 4) the capital reserve of RMB 11,975,168.51 transferred to profit and loss as The Company disposed of the subsidiaries;

Other capital reserves decreased as the equity incentive expenses of RMB 4,541,045.52 was transferred to the share capital premium

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	30,992,700.00	222,644,454.50
Repurchase of shares to be cancelled	0.00	699,900,526.87	699,900,526.87	0.00
Total	253,637,154.50	699,900,526.87	730,893,226.87	222,644,454.50

Other descriptions, including changes for the current period and reasons therefor:

The reason for decreases in the ending balances of Repurchase of A Shares due to Share Ownership Scheme and Share Options Incentive Scheme is that the shares repurchased transferred to the designated special account of the Share Ownership Scheme
The increase of treasury shares during the period represented: The Company repurchased 55,135,296 shares totally through centralized bidding transactions by the Company. The decrease in treasury shares during the Year: the cancellation of repurchased shares.

40. Other comprehensive income

✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of The Period	Amount incurred before income tax for the Period	For the Period				Attributable to minority interests after tax	Balance at the End of the Period
			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			
I. Other comprehensive income not to be reclassified into profit or loss	180,616,463.38	43,382,751.21	171,926,789.47	2,196,770.08	-78,059,481.21	-52,681,327.13	102,556,982.18	
Of which: Other comprehensive income not to be reclassified into profit or loss under equity method	0.00	14,820,196.44	0.00	0.00	6,658,847.65	8,161,348.794	6,658,847.65	
Change in fair value of other investments in equity instruments	180,616,463.38	28,562,554.77	171,926,789.47	2,196,770.08	-84,718,328.85	-60,842,675.92	95,898,134.53	
II. Other comprehensive income to be reclassified into profit or loss	-64,315,904.10	-46,945,392.92	0.00	0.00	-32,853,532.10	-14,091,860.81	-97,169,436.20	
Of which: Other comprehensive income to be reclassified into profit or loss under the equity method	51,589.71	-30,268.270	0.00	0.00	-13,599.80	-16,668.468	37,989.91	
Translation differences of financial statements denominated in foreign currency	-64,367,493.82	-46,915,124.650	0.00	0.00	-32,839,932.30	-14,075,192.346	-97,207,426.12	
Total of other comprehensive income	116,300,559.28	-3,562,641.71	171,926,789.47	2,196,770.08	-110,913,013.31	-66,773,187.94	5,387,545.97	

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	124,879,713.89	0.00	599,506,581.71
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	124,879,713.89	0.00	640,821,179.08

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	1,328,499,432.05	1,120,439,799.25
Gain on disposal of other equity investments	77,248,253.85	38,047,665.80
Less: Appropriation to statutory surplus reserve	124,879,713.89	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	7,223,644,166.22	6,231,451,582.26

Descriptions of appropriation of profits

Unit: Yuan Currency: RMB

Item	2020	2019
Dividends:		
Final dividends in respect of the year 2020 paid during the year (Note 2)	288,675,388.05	
Final dividends in respect of the year 2019 paid during the year (Note 3)		308,423,523.20
Dividends proposed after the balance sheet date:		
Final dividends proposed for the year 2021 (Note 1)	0.00	
Final dividends proposed for the year 2020 (Note 2)		288,675,388.05

Note 1: On 29 March 2022, the Company convened the 9th meeting of the 8th Session of the Board, at which the Company's Profit Distribution Proposal for 2021 was approved: a cash dividend of RMB 1.50 (tax inclusive) will be distributed to all shareholders for every 10 shares, based on the total share capital of the Company on the equity registration date as determined for implementation of the Company's profit distribution plan for 2021, minus the total number of shares in the Company's special securities account for repurchase, with the remaining undistributed profits to be carried forward to the following year.

Note 2: 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 3: 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	15,746,624,848.53	5,604,702,296.12	13,445,875,833.84	4,821,005,051.41
Other activities	157,063,418.06	111,591,591.46	75,729,934.36	53,181,846.64
Total	15,903,688,266.59	5,716,293,887.58	13,521,605,768.20	4,874,186,898.05

Other descriptions:

Breakdown information of principal activities income

① Breakdown by product types

Item	January to December 2021		January to December 2020	
	Income	Cost	Income	Cost
Chemical APIs and Intermediates	4,690,255,375.73	3,184,889,165.53	3,934,784,153.44	2,625,972,440.71
Chemical drug preparation products	9,102,675,799.95	1,769,561,792.01	6,699,175,307.66	1,362,807,966.99
Traditional Chinese drug preparation products	1,109,344,037.45	295,328,306.33	1,247,075,910.10	339,295,382.97
Health care products	115,164,422.30	33,652,500.02	145,411,197.65	45,682,412.00
Diagnostic reagents and equipment	723,917,736.81	319,168,131.72	1,382,748,085.32	414,163,893.55
Others	254,849.67	328,336.21	30,387,281.00	30,330,859.23
Industry and Commerce Subtotal	15,741,612,221.92	5,602,928,231.82	13,439,581,935.17	4,818,252,955.45
Service industry	5,012,626.61	1,774,064.30	6,293,898.67	2,752,095.96
Total	15,746,624,848.53	5,604,702,296.12	13,445,875,833.84	4,821,005,051.41

② Breakdown by major operating regions

Item	January to December 2021		January to December 2020	
	Income	Cost	Income	Cost
Domestic	13,175,044,906.28	3,837,751,076.40	10,785,410,799.31	3,182,220,956.99
Overseas	2,571,579,942.25	1,766,951,219.72	2,660,465,034.53	1,638,784,094.42
Total	15,746,624,848.53	5,604,702,296.12	13,445,875,833.84	4,821,005,051.41

③ Breakdown by time of income recognition

Item	January to December 2021		January to December 2020	
	Income	Cost	Income	Cost
Commodities (recognised at a point of time)	15,746,624,848.53	5,604,702,296.12	13,445,875,833.84	4,821,005,051.41
Total	15,746,624,848.53	5,604,702,296.12	13,445,875,833.84	4,821,005,051.41

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 December 2021	1,372,032,796.69	8.71
January to December 2020	1,005,534,593.73	7.48

⑤ Breakdown of non-core businesses

Item	January to December 2021		January to December 2020	
	Income	Cost	Income	Cost
Selling raw materials	50,440,716.79	40,772,550.07	27,671,720.97	21,411,470.46
Processing charges	6,794,908.37	1,660,944.94	1,069,292.89	388,143.68
Lease	9,381,937.42	112,497.34	14,606,830.90	6,646,206.06
Inspection fees	0.00	0.00	213,284.91	0.00
Power and Utilities	11,855,332.16	11,464,416.78	15,067,776.06	14,223,405.64
Others	78,590,523.32	57,581,182.33	17,101,028.63	10,512,620.80
Total	157,063,418.06	111,591,591.46	75,729,934.36	53,181,846.64

44. Taxes and surcharges

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban maintenance and construction tax	78,915,243.23	71,147,999.02
Education surcharges	57,919,345.89	53,550,431.82
Property tax	22,448,547.60	20,276,839.64
Land use tax	9,853,262.81	10,150,547.58
Stamp duty and others	13,680,250.49	7,516,286.05
Total	182,816,650.02	162,642,104.11

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	4,477,764,584.15	3,476,022,898.97
Staff salaries	397,170,070.40	324,928,316.74
Office, entertainment and travelling expenses	65,297,664.11	58,624,951.47
Business meeting expenses	23,554,731.43	15,451,969.22
Others	63,025,095.32	65,308,968.89
Total	5,026,812,145.41	3,940,337,105.29

46. Administrative expenses

✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	458,139,486.90	419,321,625.18
Depreciation and amortisation	118,237,699.36	99,360,656.37
Loss on suspension of operations	67,730,993.25	102,477,386.51
Share incentive expenses	27,642,491.39	35,587,152.92
Advisory, consultancy and information disclosure fees	28,176,640.22	26,248,855.50
Quality project expenses	46,075,518.11	51,118,220.20
Office, entertainment and travelling expenses	60,231,705.78	71,244,309.60
Repair of utilities, transportation and miscellaneous expenses	41,571,843.51	33,397,279.98
Recruitment and staff training expenses	10,648,299.29	12,434,260.13
Others	80,798,766.52	99,637,816.08
Total	939,253,444.33	950,827,562.47

47. R&D expenses

✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material costs	289,853,404.42	246,044,210.79
Staff salaries	399,459,964.18	278,021,637.62
Share incentive expenses	6,884,591.21	704,431.47
Testing fees	434,694,547.02	350,009,783.09
Depreciation and amortisation	130,493,088.54	89,801,938.18
Acquired Technology	7,318,927.47	19,773,674.13
Others	128,426,750.49	87,356,306.67
Total	1,397,131,273.33	1,071,711,981.95

48. Finance expenses

✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	90,253,042.69	35,689,153.09
Interest income	-191,964,051.82	-203,479,591.12
Exchange (gains)/losses	2,737,152.59	62,347,543.47
Commission charges and others	6,079,104.82	6,557,073.98
Total	-92,894,751.72	-98,885,820.58

49. Other income✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Related to assets/ Related to income
Government grants	59,110,913.13	37,465,591.29	Related to assets
Government grants	186,224,227.56	208,797,326.66	Related to income
Tax withholding commission charges	2,011,794.27	2,038,723.31	
Extra tax deductions for tax refunds	0.00	23,224.44	
Total	247,346,934.96	248,324,865.70	

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
Long-term equity investments income under equity method	10,281,021.59	17,271,121.06
Investment income from disposal of long-term equity investments	-9,552,139.31	103,699,130.93
Investment income from financial assets held for trading during the holding period	2,421,216.08	337,875.68
Dividend income from other equity instrument investments	37,114,395.95	23,065,993.55
Investment income from disposal of financial assets held for trading	31,616,770.34	30,282,438.65
Income generated from revaluation of remaining equity measured at fair value upon loss of control	0.00	7,958,514.22
Others	0.00	-298,617.11
Total	71,881,264.65	182,316,456.98

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	-23,363,035.92	10,204,016.16
Of which: Debt instrument investments	30,410.89	14,481.37
Equity instrument investments	-17,702,179.18	152,493.76
Derivative financial assets	-5,691,267.63	10,037,041.03
Financial liabilities held for trading	-143,090.17	13,703.93
Of which: Derivative financial liabilities	-143,090.17	13,703.93
Total	-23,506,126.09	10,217,720.09

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	-431,000.00
Bad debt loss of accounts receivables	-9,189,454.14	-5,248,048.75
Bad debt loss of other receivables	1,165,341.94	-1,159,898.79
Total	-8,024,112.20	-6,838,947.54

53. Asset impairment losses

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Losses on bad debts	0.00	0.00
II. Losses on decline in value of inventories and on impairment of contract performance costs	-61,759,256.42	-76,606,295.55
III. Losses on impairment of long-term equity investments	0.00	0.00
IV. Losses on impairment of property	0.00	0.00
V. Losses on impairment of fixed assets	-1,191,722.30	-3,100,286.17
VI. Losses on impairment of project materials	0.00	0.00
VII. Losses on impairment of construction in progress	0.00	0.00
VIII. Losses on impairment of bearer biological assets	0.00	0.00
IX. Losses on impairment on oil and gas assets	0.00	0.00
X. Losses on impairment of intangible assets	0.00	-1,080,293.98
XI. Losses on impairment of goodwill	0.00	0.00
XII. Others	0.00	0.00
Total	-62,950,978.72	-80,786,875.70

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)	6,780,989.95	-1,064,564.68
Gains on disposal of Intangible assets (“-” represents losses)	17,263,196.60	0.00
Total	24,044,186.55	-1,064,564.68

55. Non-operating income

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount charged to non-recurring gains or losses during the Period
Gains on destruction or retirement of non-current assets	631,652.20	111,294.41	631,652.20
Income from scraps	3,106,514.85	1,048,932.53	3,106,514.85
Compensation income	890,504.89	2,473,510.35	890,504.89
Waiver of payables	891,816.68	4,165,953.70	891,816.68
Others	3,121,342.24	2,632,556.61	3,121,342.24
Total	8,641,830.86	10,432,247.60	8,641,830.86

Government grants included in current profit or loss

Applicable N/A

56. Non-operating expenses√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount charged to non-recurring gains or losses during the Period
Total losses on disposal of non-current assets	7,057,428.39	6,125,145.64	7,057,428.39
External donation	29,101,247.20	22,163,382.60	29,101,247.20
Others	3,220,598.10	4,938,235.61	3,220,598.10
Total	39,379,273.69	33,226,763.85	39,379,273.69

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	375,813,164.01	455,645,093.01
Deferred income tax	-36,332,858.72	-83,951,512.84
Total	339,480,305.29	371,693,580.17

(2) Reconciliation of income tax expenses to the accounting profit

√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period
Total profit	2,952,329,343.96
Income tax expenses calculated at legal/applicable tax rate	738,082,335.99
Effect of different tax rates applicable to subsidiaries	-157,284.13
Effect of tax reduction and exemption	-461,501,254.72
Effect of non-deductible costs, expenses and losses	11,222,334.85
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-1,262,016.75
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	91,064,540.85
Others	-37,968,350.80
Income tax expenses	339,480,305.29

Other descriptions:

 Applicable 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	231,492,540.63	284,761,193.77
Interest income	177,822,721.68	204,437,373.98
Recovery of employee loans	8,237,323.25	7,821,420.99
Deposits under guarantee	75,737,734.89	65,972,530.31
Indemnity received	83,043.02	2,450,218.35
Movements in capital and others	51,664,073.17	89,773,459.35
Total	545,037,436.64	655,216,196.75

(2). Cash paid relating to other operating activities

√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Office Expenses	98,749,129.18	71,351,485.02
Travel expenses	69,905,127.66	70,653,292.94
Business entertainment expense	84,266,002.56	80,329,323.97
Freight expenses	107,473,996.66	84,344,464.94
advertising fee	3,789,481.18	10,191,855.40
Conference fees	34,011,851.22	34,126,734.10
Agency and consulting services Fees	87,616,669.78	39,464,688.93
R&D expenses	756,535,241.25	621,409,966.49
Bank charges	5,874,566.03	6,557,073.98
Reserves	1,008,235.84	24,280,755.52
Promotion Fees	4,788,794,823.81	3,537,165,014.07
Letter of credit and bank acceptance deposit	33,459,360.54	2,943,454.22
Other Expenses paid and current payments	214,400,075.57	301,474,163.25
Total	6,285,884,561.28	4,884,292,272.83

(3). Cash received relating to other investing activities

√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Structured Deposits and Term Deposits	100,000,000.00	33,000,000.00
Deposits under guarantee	12,557,736.54	450,000.00
Insurance claims	0.00	19,828,856.24
Compensation for demolition	0.00	8,000,000.00
Payments received due to bankruptcy and liquidation of Huaxia Securities Co., Ltd.	1,013,650.67	0.00
Others	2,700.00	229,160.14
Total	113,574,087.21	61,508,016.38

(4). Cash paid relating to other investing activities

√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Structured Deposits and Term Deposits	50,000,000.00	0.00
Deposits under guarantee	235,000.00	8,846,941.28
Foreign exchange forward contract losses	2,831,260.72	3,564,544.29
Others	3,779.69	179,618.71
Total	53,070,040.41	12,591,104.28

(5). Cash received relating to other financing activities

√ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Equity Transfer fee paid to Guosen Securities Employee Stock Ownership Plan Account	30,992,700.00	0.00
Collection and advance payment of individual income tax	6,859,477.42	2,778,643.64
Total	37,852,177.42	2,778,643.64

(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	938,084,088.14	503,698,567.66
Capital reduction in minority interests in subsidiary	324,225,000.00	0.00
Rental	27,862,261.10	0.00
Collection and advance payment of individual income tax	1,716,145.57	64,678.67
Dividend handling fee	152,691.48	0.00
Total	1,292,040,186.29	503,763,246.33

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	2,612,849,038.67	2,578,466,495.34
Add: Asset impairment loss	62,950,978.72	80,786,875.70
Credit impairment loss	8,024,112.20	6,838,947.54
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	540,627,410.92	512,674,285.79
Amortisation of use of right assets	26,000,791.57	0.00
Amortisation of intangible assets	53,826,067.53	34,235,699.61
Amortisation of long-term prepaid expenses	43,989,121.05	39,277,350.86
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by “-”)	-24,044,186.55	1,064,564.68
Losses on retirement of fixed assets (gain is indicated by “-”)	6,425,776.19	6,013,851.23
Losses on changes in fair values (gain is indicated by “-”)	23,506,126.09	-10,217,720.09
Financial expenses (gain is indicated by “-”)	100,946,504.76	77,412,457.94
Investment losses (gain is indicated by “-”)	-71,881,264.65	-182,316,456.98
Decrease in deferred tax assets (increase is indicated by “-”)	-75,082,337.68	-75,956,091.84
Increase in deferred tax liabilities (decrease is indicated by “-”)	28,755,973.72	-7,995,421.00
Decrease in inventories (increase is indicated by “-”)	-306,334,662.14	-384,205,022.18
Decrease in receivables from operating activities (increase is indicated by “-”)	-1,593,686,129.41	-647,413,039.05
Increase in payables from operating activities (decrease is indicated by “-”)	1,036,581,635.58	963,799,874.60
Others	89,634,088.67	32,532,940.09
Net cash flow from operating activities	2,563,089,045.24	3,024,999,592.24
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	11,697,518,141.18	12,122,781,311.49
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	-425,263,170.31	1,182,476,085.68

(2) Net cash payment for acquisition of subsidiaries during the Period

Applicable 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 Qiao Biotechnology Co., Ltd. (珠海启奥生物技术有限公司)	6,688,779.47
Add: Cash or cash equivalents received during the Period from disposal of subsidiaries during previous periods	0.00
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	Balance at the End of the Period	Balance at the Beginning of the Period
I Cash	11,697,518,141.18	12,122,781,311.49
Of which: Cash on hand	225,179.98	197,923.25
Bank deposits that are readily available for payment	11,554,754,721.43	12,031,569,238.87
Other monetary funds that are readily available for payment	142,538,239.77	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	11,697,518,141.18	12,122,781,311.49

Other descriptions:

√ Applicable N/A

Cash and cash equivalents excluded restricted cash and cash equivalents used by the Company.

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
Other monetary funds	11,742,597.03	Deposits for L/C, bank acceptance draft and forward settlement
Bills receivables	870,153,979.75	Bills pooling business, pledged bills receivables
Total	881,896,576.78	/

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	203,360,894.88	6.3757	1,296,568,057.51
Euro	77,484.76	7.2197	559,416.72
HKD	631,158,004.71	0.8176	516,034,784.66
MOP	1,412,971.92	0.7936	1,121,334.52
JPY	43,429,022.00	0.055415	2,406,619.25
GBP	1,940.10	8.6064	16,697.28
Accounts receivables	-	-	
Of which: USD	90,823,295.30	6.3757	579,062,083.84
Euro	622,350.00	7.2197	4,493,180.30
MOP	3,559,534.45	0.7936	2,824,846.54
Other receivables	-	-	
Of which: HKD	3,317,918.13	0.8176	2,712,729.86
MOP	581,188.00	0.7936	461,230.80
Accounts payables	-	-	
Of which: USD	33,452.83	6.3757	213,285.21
Euro	5,665.41	7.2197	40,902.56
MOP	13,870.44	0.7936	11,007.58
Other payables	-	-	
Of which: HKD	3,061,615.96	0.8176	2,503,177.21
USD	2,514,960.49	6.3757	16,034,633.60

(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	53,611,700.00	Deferred income	
Related to income	324,673.61	Deferred income	
Related to assets	59,110,913.13	Other income	59,110,913.13
Related to income	186,224,227.56	Other income	186,224,227.56

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
Research and development and industrialization of non-steroidal anti-inflammatory drug Celecoxib capsules	5,000,000.00	Project withdrawal
Meropenem special fund subsidy	10,000,000.00	Project withdrawal
Meropenem Internationalization Project Subsidy	3,300,000.00	Project withdrawal
Zhuhai innovation and enterprising team and high-level talent enterprising project (paclitaxel micellar for injection)	9,000,000.00	Project withdrawal
China Postdoctoral Science Foundation subsidy funds	80,000.00	Re-appropriation
Export credit insurance subsidies	407,687.30	Re-appropriation
Total	27,939,387.30	

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	1,500,000.00	0	0	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	1,346,750.00	151,700.00	3,501,550.00	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	0	0	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	0	5,000,000.00	0	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	1,492,333.34	0	927,666.66	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	0	0	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	0	0	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	0	0	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	0	10,000,000.00	0	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	0	3,300,000.00	0	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	0	0	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	0	67,248,400.00	other income	Related to assets
Zhimu total sapogenin project (知母总皂甙元项目)	Fiscal appropriation	8,900,000.00	0	0	0	8,900,000.00	other income	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素混悬液项目)	Fiscal appropriation	0	3,600,000.00	0	0	3,600,000.00	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
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	80,000.04	0	319,999.80	other income	Related to assets
Leulu total sterone project (漏芦总甾酮项目)	Fiscal appropriation	2,500,000.00	0	0	0	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	119,706.24	0	957,649.92	other income	Related to assets
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	Fiscal appropriation	4,500,000.00	0	1,991,666.67	0	2,508,333.33	other income	Related to assets
Return of land holding tax (土地使用税返还)	Fiscal appropriation	3,674,691.16	0	107,029.74	0	3,567,661.42	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	9,708.66	0	0	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	1,219,192.66	0	40,741,354.94	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	80,000.20	0	233,332.79	other income	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金支持)	Fiscal appropriation	1,917,508.44	0	56,397.36	0	1,861,111.08	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	500,000.00	0	0	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	9,000,002.00	0	0	other income	Related to assets
Development Zone Finance Bureau funded Start-ups Pioneer Entrepreneurs Project: 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	0	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	0	0	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	0	0	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	0	0	800,000.00	other income	Related to assets
Patent funding (专利资助)	Fiscal appropriation	0	200,000.00	0	0	200,000.00	other income	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020年度上海市专业技术平台能力提升项目立项)	Fiscal appropriation	0	1,000,000.00	0	0	1,000,000.00	other income	Related to assets
high-growth small and micro innovation enterprises(高成长小微科创企业)	Fiscal appropriation	0	400,000.00	0	0	400,000.00	other income	Related to assets
Research and development subsidy for ω-3-Fish Oil Medium and Long Chain Fat Emulsion Injection (ω-3鱼油中/长链脂肪乳注射液研究开发补助)	Fiscal appropriation	350,000.00	0	0	0	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	4,910,000.04	0	16,078,166.25	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类治疗人源化抗人肿瘤坏死因子α单克隆抗体新药研制资金)	Fiscal appropriation	8,000,000.00	0	0	0	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	0	0	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	750,000.00	0	12,550,000.00	other income	Related to assets
Construction project for industrialization of prolonged-action microsphere preparation (phase I) (长效微球制剂产业化建设项目(一期工程))	Fiscal appropriation	7,024,025.85	15,329,800.00	1,634,320.37	0	20,719,505.48	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
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	2,400,000.00	0	0	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	0	0	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	231,000.00	0	1,366,750.00	other income	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Fiscal appropriation	1,200,000.10	0	159,999.96	0	1,040,000.14	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	10,560,089.27	0	40,045,946.93	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	1,102,000.08	0	2,455,499.43	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	408,365.76	0	2,703,484.56	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	19,500,000.02	0	3,823,529.40	0	15,676,470.62	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	1,129,563.36	0	5,459,555.72	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	3,288,929.52	0	7,359,670.81	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	48,000.00	0	380,000.00	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	1,008,000.00	473,166.56	0	1,534,833.44	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	445,755.36	0	4,802,478.80	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	75,330.36	0	166,439.46	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	2,038,717.56	0	3,961,282.44	other income	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for α -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	571,428.64	0	107,142.84	0	464,285.80	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	29,999.88	0	30,000.48	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	110,925.60	0	28,566.20	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	1,200,000.00	0	2,200,000.00	other income	Related to income
Zhuhai industrial enterprise "cloud and platform" service coupons supporting funds (珠海市工业企业“云上平台”服务券支持资金)	Fiscal appropriation	114,972.73	0	25,540.87	0	89,431.86	other income	Related to income
Commissioner workstation (特派员工作站)	Fiscal appropriation	145,000.00	0	60,000.00	0	85,000.00	other income	Related to assets
Industrial revitalisation supporting funds(产业振兴扶持资金)	Fiscal appropriation	3,603,500.01	0	1,158,000.00	0	2,445,500.01	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	0	0	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	199,999.92	0	308,333.75	other income	Related to assets
New industrialization development grant(新型工业化发展奖金)	Fiscal appropriation	1,304,166.42	2,629,900.00	350,000.04	0	3,584,066.38	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
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	200,000.04	0	366,666.57	other income	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Fiscal appropriation	400,000.16	0	99,999.96	0	300,000.20	other income	Related to assets
Subsidy for new R&D institution (新型研发机构补助)	Fiscal appropriation	2,000,000.00	0	2,000,000.00	0	0	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	9,000,000.00	0	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	4,000,000.00	0	0	12,500,000.00	other income	Related to assets
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020年度珠海市创新创业团队(纳米晶))	Fiscal appropriation	0	1,500,000.00	0	0	1,500,000.00	other income	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)	Fiscal appropriation	5,600,000.00	0	0	0	0	other income	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	Fiscal appropriation	3,000,000.00	0	0	0	0	other income	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Fiscal appropriation	0	3,650,000.00	0	0	3,650,000.00	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	0	0	2,000,000.00	other income	Related to assets
Innovative drug of Ilaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	Fiscal appropriation	2,400,000.00	0	0	0	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	0	0	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	90,000.00	0	675,000.00	other income	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	Fiscal appropriation	190,000.04	0	9,999.96	0	180,000.08	other income	Related to assets
Green factory (绿色工厂)	Fiscal appropriation	1,261,666.67	0	129,999.96	0	1,131,666.71	other income	Related to assets
HCG project construction (HCG项目建设)	Fiscal appropriation	3,783,485.81	0	395,649.97	0	3,387,835.84	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	8,030.04	0	64,239.92	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	150,000.00	0	1,137,500.00	other income	Related to assets
Subsidies for online monitoring equipment and installations of coal-fired boilers (燃煤锅炉在线监控设备装置补助资金)	Fiscal appropriation	105,000.00	0	22,500.00	0	82,500.00	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	1,368,367.88	0	181,632.12	other income	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019年度第一批科技创新专项资金立项配套资助)	Fiscal appropriation	850,000.00	0	250,000.00	0	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	357,200.00	0	1,046,533.33	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	350,000.00	0	0	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	250,000.00	0	0	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
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	0	80,000.00	80,000.00	other income	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)	Fiscal appropriation	4,601,200.00	0	484,784.35	0	4,116,415.65	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	2,088.50	0	11,467.25	other income	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	Fiscal appropriation	12,000,000.00	0	0	0	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	0	0	20,000,000.00	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	20,000.04	0	179,999.96	other income	Related to assets
Structure-efficiency optimization of marine microorganisms and evaluation of antitumor activity (海洋微生物构效优化与抗肿瘤活性评价)	Fiscal appropriation	0	324,673.61	12,307.34	0	312,366.27	other income	Related to income
Total		467,562,770.49	53,936,373.61	60,424,091.70	27,531,700.00	433,543,352.40		

(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 Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Social security subsidy (社保补助)	Fiscal appropriation	417,699.36	72,684.89	Other income	Related to income
Patent grant (专利补助)	Fiscal appropriation	300,000.00	300,000.00	Other income	Related to income
Job stabilization subsidy (稳岗补贴)	Fiscal appropriation	802,889.91	122,853.35	Other income	Related to income
Electricity subsidy (用电补助)	Fiscal appropriation	1,293,613.03	1,245,193.22	Other income	Related to income
Maternity benefits (生育津贴)	Fiscal appropriation	56,229.56	298,510.00	Other income	Related to income
Marine small molecule peptide beauty moisturizing health drink project (海洋小分子肽美容补水保健饮料项目)	Fiscal appropriation	80,000.04	80,000.04	Other income	Related to assets
The acceptance of the budesonide project is transferred to other income (布地奈德项目验收转其他收益)	Fiscal appropriation	0	1,991,666.67	Other income	Related to assets
Recruitment subsidy for college graduates (高校毕业生招用补贴)	Fiscal appropriation	0	59,000.00	Other income	Related to income
Enterprise pre job training subsidy in 2020 (20年企业岗前培训补贴)	Fiscal appropriation	0	7,400.00	Other income	Related to income
Enterprise R&D investment plan (企业研发投入计划)	Fiscal appropriation	0	2,000,000.00	Other income	Related to income
Domestic and foreign invention patent funding in 2020 (20年国内外发明专利资助款)	Fiscal appropriation	0	2,500.00	Other income	Related to income
Job training subsidy (适岗培训补贴)	Fiscal appropriation	0	236,835.00	Other income	Related to income
2020 National High-tech Enterprise Recognition Award Subsidy Fund (2020年国家高新技术企业认定奖补助资金)	Fiscal appropriation	0	50,000.00	Other income	Related to income
Subsidy for waste treatment costs in 2020 (20年污废处理费用补助)	Fiscal appropriation	0	63,500.00	Other income	Related to income
National High-tech Enterprise Cultivation Support Program (国家高新技术企业培增支持计划)	Fiscal appropriation	0	100,000.00	Other income	Related to income
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	0	1,492,333.34	Other income	Related to assets
Study on the technology of antifungal drug caspofungin (抗真菌药卡泊芬净工艺研究)	Fiscal appropriation	0	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	0	1,346,750.00	Other income	Related to assets
Zhang Bin Industry and Information Development Special Fund * 2018 Technology Center Improvement (张斌工信发展专项经费*2018技术中心提升)	Fiscal appropriation	0	260,527.00	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Subsidy funds for the improvement of atmospheric environment quality *Shenzhen Ecological Environment Bureau (大气环境质量提升补贴资金*深圳生态环境局)	Fiscal appropriation	0	153,240.00	Other income	Related to income
Amortization of special funds for powder spray production line (粉雾生产线专项资金项目摊销)	Fiscal appropriation	0	200,000.00	Other income	Related to income
Grant on the technology of antifungal drug caspofungin (抗真菌药卡泊芬净工艺补助)	Fiscal appropriation	0	87,438.00	Other income	Related to income
Amortization of special funds for engineering laboratories (工程实验室专项资金项目摊销)	Fiscal appropriation	0	72,400.00	Other income	Related to income
Export insurance premium subsidy (June-December, 2019) (2019年06-12月出口用保险保费补助款)	Fiscal appropriation	0	10,000.00	Other income	Related to income
The 9th batch of job training subsidies for enterprises in Yantian District in 2020 (2020年盐田区企业适岗培训补贴第9批次)	Fiscal appropriation	0	2,880,000.00	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	3,000,000.00	Other income	Related to income
Export insurance premium subsidy (January-June, 2020)(2020年01-06月出口用保险保费资助款)	Fiscal appropriation	0	50,000.00	Other income	Related to income
2015 Pilot Project of United Development of Emerging Strategic Industrial Regions in Guangdong Province (2015年广东省战略性新兴产业区域集聚发展试点项目)	Fiscal appropriation	0	9,500,002.00	Other income	Related to assets
Return of land holding tax (土地使用税返还)	Fiscal appropriation	107,029.74	107,029.74	Other income	Related to assets
Construction of 500 cubic meters/day wastewater membrane concentration system (建设500立方米/日废水膜浓缩系统)	Fiscal appropriation	58,252.42	9,708.66	Other income	Related to assets
Subsidy funds allocated by the Bureau of Finance (财政局拨付补助资金)	Fiscal appropriation	1,219,192.66	1,219,192.66	Other income	Related to assets
Innovation voucher- buy Jingjin Filter Press Equipment (创新券-购买景津压滤设备)	Fiscal appropriation	80,000.14	80,000.20	Other income	Related to assets
Export insurance premium subsidy(January-June, 2019) (2019年上半年出口信保补贴资金)	Fiscal appropriation	403,700.00	0	Other income	Related to income
2020 Special Fund for Foreign Economic and Trade Development (2020年度外经贸发展专项资金)	Fiscal appropriation	365,000.00	0	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	Other income	Related to income
Subsidies for Credit insurance and SME in second half of 2018 (2018年下半年信保和中小开补贴)	Fiscal appropriation	714,100.00	0	Other income	Related to income
Subsidies for SME in the second half of 2016 (2016年下半年中小开补贴)	Fiscal appropriation	90,700.00	0	Other income	Related to income
Export insurance premium subsidy(January-June, 2017) (2017年上半年出口信保项目补贴)	Fiscal appropriation	333,200.00	0	Other income	Related to income
Export insurance premium subsidy in 2016 (2016年出口信保项目补贴)	Fiscal appropriation	522,000.00	0	Other income	Related to income
Government grants special funds for the development of small and medium-sized enterprises (政府补助中小企业发展专项资金)	Fiscal appropriation	1,412,200.00	0	Other income	Related to income
Subsidies for work-based training (以工代训补贴)	Fiscal appropriation	387,358.50	77,547.17	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	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	720,000.00	Other income	Related to income
Government subsidies for flood (政府洪涝补助)	Fiscal appropriation	0	200,000.00	Other income	Related to income
Special funds for foreign trade and economic development(外经贸发展专项资金)	Fiscal appropriation	0	200,000.00	Other income	Related to income
Special funds for corporate R&D financial subsidies in 2021 (2021年企业研发财政补助专项资金)	Fiscal appropriation	0	270,000.00	Other income	Related to income
Provincial special funds for basic conditions of science and technology (省科技基础条件专项经费)	Fiscal appropriation	10,000.00	0	Other income	Related to income
Government subsidy - support the elimination of national III -car incentives (政府补助-支持淘汰国三车奖励)	Fiscal appropriation	18,000.00	0	Other income	Related to income
The second batch of patent funding in 2018 (2018年第二批专利资助)	Fiscal appropriation	10,000.00	0	Other income	Related to income
National Quality Enterprise Supporting Award (国家级优势企业配套奖)	Fiscal appropriation	200,000.00	0	Other income	Related to income
Overseas trademark subsidies (境外商标补贴)	Fiscal appropriation	10,000.00	0	Other income	Related to income
Corporate Income Tax Return (企业所得税返还)	Fiscal appropriation	419.73	0	Other income	Related to income
Amortized Study of Donipenem Government Subsidies (摊销研究多尼培南政府补贴)	Fiscal appropriation	300,000.00	0	Other income	Related to assets
Subsidies for work-based training (以工代训)	Fiscal appropriation	541,500.00	0	Other income	Related to income
Pandemic Donation (疫情捐赠)	Fiscal appropriation	78,230.09	0	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Intellectual Property Rights Protection Funding (知识产权维权资助)	Fiscal appropriation	131,740.03	0	Other income	Related to income
Government Patent Grants in 2020 (2020年政府专利资助)	Fiscal appropriation	0	9,000.00	Other income	Related to income
The third batch of biopharmaceutical industry leader (第三批生物医药产业领航)	Fiscal appropriation	0	500,000.00	Other income	Related to income
Quality brand double promotion support plan (质量品牌双提升扶持计划)	Fiscal appropriation	0	400,000.00	Other income	Related to income
The first batch of funding for the 2019 Enterprise Research and Development Funding Program (2019年企业研究开发资助计划第一批资助)	Fiscal appropriation	1,018,000.00	0	Other income	Related to income
The first batch of funding for the 2020 Enterprise Research and Development Funding Program (2020年企业研究开发资助计划第一批资助)	Fiscal appropriation	0	871,000.00	Other income	Related to income
The Shenzhen Industrial Stable Growth Fund 100 million key enterprise funding in 2019 (2019年深圳市工业稳增长资金1亿级重点企业资助经费)	Fiscal appropriation	300,000.00	0	Other income	Related to income
The second and third batches of atmospheric environment quality improvement subsidies in 2020 *Shenzhen Finance Bureau (2020年第二、三批大气环境质量提升补贴*深圳市财政局)	Fiscal appropriation	200,000.00	0	Other income	Related to income
2020 Shenzhen Intellectual Property Operation Service System Construction Special Fund-funded Project (2020年度深圳市知识产权运营服务体系专项建设专项资金资助项目)	Fiscal appropriation	226,000.00	0	Other income	Related to income
Support Program Grants in 2020 (2020年扶持计划资助款)	Fiscal appropriation	953,000.00	0	Other income	Related to income
Subsidy for sewage charges (排污费补贴)	Fiscal appropriation	72,785.25	0	Other income	Related to income
Enterprise files and cards for poor labor subsidies (企业建档立卡贫困劳动力补贴)	Fiscal appropriation	15,000.00	0	Other income	Related to income
Enterprises absorb one-time subsidy for poor labor and employment (企业吸纳建档立卡贫困劳动就业一次性补贴)	Fiscal appropriation	10,000.00	0	Other income	Related to income
Export credit insurance funding in 2018 (2018年出口信用保险资助经费)	Fiscal appropriation	184,732.00	0	Other income	Related to income
Donation of COVID-19 (新冠疫情捐赠)	Fiscal appropriation	312,920.35	0	Other income	Related to income
Industrial Development Fund in Yantian Distict (盐田区产业发展资金)	Fiscal appropriation	500,000.00	0	Other income	Related to income
Government funding* (technical transformation) (政府资助* (技术改造))	Fiscal appropriation	70,000.00	60,000.00	Other income	Related to income
Government funding* (COVID-19) (政府资助* (新冠肺炎))	Fiscal appropriation	200,000.00	0	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	Other income	Related to income
Enterprise support funds (企业扶持资金)	Fiscal appropriation	350,000.00	0	Other income	Related to income
2019 fresh graduates apply for living allowance (2019应届毕业生申请生活补贴)	Fiscal appropriation	7,333.00	0	Other income	Related to income
District Innovation Voucher Funding (区创新券资助)	Fiscal appropriation	17,600.00	150,000.00	Other income	Related to income
2019 fresh graduates apply for living allowance (2019应届毕业生生保补贴)	Fiscal appropriation	1,338.30	0	Other income	Related to income
Recognition and reward of high-tech enterprises (高企认定奖励)	Fiscal appropriation	200,000.00	200,000.00	Other income	Related to income
R&D Innovation Award (研发创新奖励)	Fiscal appropriation	779,900.00	19,764.00	Other income	Related to income
Resumption of work and production (复工复产)	Fiscal appropriation	6,500.00	1,000.00	Other income	Related to income
Shanghai Pudong New District Intellectual Property Protection Center (上海市浦东新区知识产权保护中心)	Fiscal appropriation	4,000.00	0	Other income	Related to income
Training allowance (培训补贴)	Fiscal appropriation	4,200.00	3,000.00	Other income	Related to income
Supporting the Industrialization of Innovative Achievements - Biomedicine (支持创新成果产业—生物医药)	Fiscal appropriation	2,000,000.00	0	Other income	Related to income
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	Other income	Related to income
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	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	278,460.00	Other income	Related to income
Social insurance subsidies for recruiting non-employment difficulties in 2020 (2020年招用非就业困难人员社会保险补贴)	Fiscal appropriation	24,905.08	61,986.60	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Value-added tax deduction (增值税加计抵减)	Fiscal appropriation	65,792.65	114,614.53	Other income	Related to income
Supporting funds for science and technology awards in the first half of 2020 (2020年上半年科技奖励配套资金)	Fiscal appropriation	750,000.00	0	Other income	Related to income
2020 provincial science and technology innovation strategy special fund (2020年度省科技创新战略专项资金)	Fiscal appropriation	100,000.00	0	Other income	Related to income
Subsidies for work-based training in 2020 (2020年以工代训补贴)	Fiscal appropriation	17,000.00	0	Other income	Related to income
Shanghai domestic invention patent (上海市国内发明专利)	Fiscal appropriation	0	5,500.00	Other income	Related to income
One-time employment (一次性吸纳就业)	Fiscal appropriation	0	16,000.00	Other income	Related to income
Preclinical study of targeted anti-tumor innovative drug JK00265 (靶向抗肿瘤创新药物JK00265临床前研究)	Fiscal appropriation	0	500,000.00	Other income	Related to income
Innovative talent support during the "13th Five-Year Plan" period in Pudong New District (浦东新区"十三五"期间创新型人才扶持)	Fiscal appropriation	0	28,800.00	Other income	Related to income
Shanghai Zhangjiang Special Fund (上海张江专项资金)	Fiscal appropriation	0	100,000.00	Other income	Related to income
Science and Technology Development Fund for Enterprise R&D Institutions in Pudong New District 浦东新区科技发展基金企业研发机构专项	Fiscal appropriation	0	800,000.00	Other income	Related to income
Gazelle Enterprise Direct Recognition Award (one-time) (瞪羚企业直接认定奖励(一次性))	Fiscal appropriation	0	50,000.00	Other income	Related to income
Special subsidy for research and development expenses of gazelle enterprises (瞪羚企业研发费专项补助)	Fiscal appropriation	0	500,000.00	Other income	Related to income
Recruitment of social insurance subsidies for non-employment difficulties in 2021 (2021年招用非就业困难社会保险补贴)	Fiscal appropriation	0	122,726.92	Other income	Related to income
Venue Subsidy of Guangzhou entrepreneurship leading team in 2020 (广州市创业领军团队2020年场地补贴)	Fiscal appropriation	0	278,460.00	Other income	Related to income
2019 SME subsidies (2019年中小开补贴)	Fiscal appropriation	0	107,500.00	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	304,900.00	Other income	Related to income
Subsidy for the second batch of patent applications in Shenzhen in 2018 (2018年深圳第二批专利申请资助款)	Fiscal appropriation	8,000.00	0	Other income	Related to income
The first batch of enterprise research and development funding plan in 2019 (2019年度企业研究开发资助计划第一批)	Fiscal appropriation	806,000.00	0	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	Other income	Related to income
The 20th China Patent Award (第二十届中国专利奖)	Fiscal appropriation	200,000.00	0	Other income	Related to income
Pre-job training subsidy (岗前培训补贴)	Fiscal appropriation	6,200.00	9,200.00	Other income	Related to income
bone and joint repair and health care (骨关节修复与保健)	Fiscal appropriation	119,706.80	119,706.24	Other income	Related to assets
Funding for the integration of industrialization and industrialization (两化融合资助款)	Fiscal appropriation	50,000.00	0	Other income	Related to income
Nanshan District Science and Technology Award Support Program (2019) (南山区科技奖励支持计划(2019年))	Fiscal appropriation	200,000.00	0	Other income	Related to income
Nanshan District Enterprise R&D Investment Support Plan (2019) (南山区企业研发投入支持计划(2019年))	Fiscal appropriation	658,500.00	0	Other income	Related to income
Nanshan District Patent Support Program (2019) (南山区专利支持计划(2019年))	Fiscal appropriation	28,500.00	5,000.00	Other income	Related to income
Shenzhen Economic and Trade Bureau Electricity Cost Reduction Subsidy (深圳经贸局用电降成本补助)	Fiscal appropriation	1,421,280.76	0	Other income	Related to income
Unemployment Insurance Rebate (失业保险返还款)	Fiscal appropriation	750,931.65	0	Other income	Related to income
Sewage treatment fee subsidy (污水处理费补贴)	Fiscal appropriation	74,884.95	0	Other income	Related to income
Return of land transfer fee (土地出让金返还)	Fiscal appropriation	56,397.36	0	Other income	Related to assets
Invention patent maintenance awards for more than 6 years (Science and Technology Bureau of Xinxiang High-tech District Management Committee) (6年以上发明专利维护奖补(新乡高新区管委会科学技术局))	Fiscal appropriation	4,400.00	0	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Invention Patent Authorization Award (Xinxiang High-tech District Science and Technology Bureau) (发明专利授权奖补(新乡高新区管委会科学技术局))	Fiscal appropriation	16,000.00	0	Other income	Related to income
Provincial R&D Platform Certification Award Supplement (Xinxiang High-tech District Science and Technology Bureau) (省级研发平台认定奖补(新乡高新区管委会科学技术局))	Fiscal appropriation	100,000.00	0	Other income	Related to income
Enterprise R&D Subsidy Fund (Xinxiang High-tech District Science and Technology Bureau) (企业研发费补贴资金(新乡高新区管委会科学技术局))	Fiscal appropriation	560,000.00	0	Other income	Related to income
2019 Special Fund for Cross-border E-commerce Comprehensive Pilot Zone (Service Industry Promotion Bureau of Xinxiang High-tech District Management Committee) (2019年跨境电商综合实验区专项资金(新乡高新区管委会服务业促进局))	Fiscal appropriation	1,400.00	0	Other income	Related to income
High-tech District Promotion Bureau Henan Province Investment Promotion Incentive Fund (高新区促进局河南省招商引奖励励资金)	Fiscal appropriation	750,000.00	0	Other income	Related to income
High-tech District Promotion Bureau platform online funding subsidy (高新区促进局平台上线资金补贴)	Fiscal appropriation	40,000.00	0	Other income	Related to income
2020 Xinxiang major science and technology special fund of High-tech District Science and Technology Bureau (高新区科技局2020年度新乡市重大科技专项资金)	Fiscal appropriation	400,000.00	0	Other income	Related to income
The third batch of special funds for provincial science and technology basic conditions of High-tech District Science and Technology Bureau (高新区科技局第三批省科技基础条件专项经费)	Fiscal appropriation	40,000.00	0	Other income	Related to income
Inland Revenue Department refunds overpaid stamp duty (税务局退多交印花税)	Fiscal appropriation	20,000.00	0	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	265,000.00	Other income	Related to income
Land Support Fund in 2020 (2020土地扶持资金)	Fiscal appropriation	0	56,397.36	Other income	Related to assets
Job stabilization subsidy in 2020 (Xinxiang Unemployment Insurance Management Center) (2020年稳岗补贴(新乡失业保险管理中心))	Fiscal appropriation	77,116.86	15,006.57	Other income	Related to income
2020 Provincial Foreign Economic and Trade Development Special Fund (Xinxiang High-tech District Management Committee Service Industry Promotion Bureau) (2020年省级外经贸发展专项资金(新乡高新区管委会服务业促进局))	Fiscal appropriation	8,000.00	0	Other income	Related to income
Export credit insurance subsidy (Xinxiang High-tech District Management Committee Service Industry Promotion Bureau) (出口信保补贴(新乡高新区管委会服务业促进局))	Fiscal appropriation	24,400.00	0	Other income	Related to income
Subsidies for work-based training (以工代训补助)	Fiscal appropriation	20,500.00	0	Other income	Related to income
Special Subsidies for Epidemic Support Enterprises (疫情支持企业专项资助)	Fiscal appropriation	10,300.00	0	Other income	Related to income
One-time subsidy for enterprises to absorb and file poor laborers (企业吸纳建档立卡贫困劳动力就业一次性补贴)	Fiscal appropriation	0	5,000.00	Other income	Related to income
The second batch of funding plans for technological transformation investment projects in 2021 (2021年技术改造投资项目第二批资助计划)	Fiscal appropriation	0	1,710,000.00	Other income	Related to income
Science and Technology Innovation Special Fund Government Subsidy-Shenzhen Pingshan District Science and Technology Innovation Bureau (科技创新专项资金政府补助-深圳市坪山区科技创新局)	Fiscal appropriation	0	1,085,794.00	Other income	Related to income
Subsidies for work-based training (以工代训)	Fiscal appropriation	0	2,000.00	Other income	Related to income
Export credit insurance subsidy (出口信保补贴)	Fiscal appropriation	2,410,489.14	1,991,489.70	Other income	Related to income
R&D subsidy (研究开发费补助)	Fiscal appropriation	6,331,169.33	6,267,222.00	Other income	Related to income
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I类治疗人源化抗人肿瘤坏死因子α单克隆抗体新药的研制资金)	Fiscal appropriation	-8,000,000.00	0	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	1,206,390.00	0	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	828,374.15	4,784,320.37	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	4,910,000.04	4,910,000.04	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	748,129.50	560,000.00	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	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	159,999.96	159,999.96	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	231,000.00	231,000.00	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	90,000.00	90,000.00	Other income	Related to assets
R&D and commercialisation of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒促性素研发及产业化)	Fiscal appropriation	150,000.00	150,000.00	Other income	Related to assets
Construction of HCG Project (HCG项目建设)	Fiscal appropriation	161,921.69	395,649.97	Other income	Related to assets
Fiscal Subsidy and Operating Subsidy (财政补贴及经营运营补贴)	Fiscal appropriation	119,079,372.24	119,047,484.00	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	10,560,089.16	10,560,089.27	Other income	Related to assets
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	2,500,000.00	0	Other income	Related to income
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	473,166.56	Other income	Related to assets
Project of astragalus base (黄芪基地项目)	Fiscal appropriation	4,641,357.94	0	Other income	Related to assets
Promoting Imports of Foreign Trade Development Special Fund (外贸经济发展专项资金)	Fiscal appropriation	697,650.00	50,352.00	Other income	Related to income
Production safety subsidy (安全生产补助)	Fiscal appropriation	62,000.00	0	Other income	Related to income
Subsidy for Rental and Property Fee of the Investment and Promotion Center (投促中心租金及物业费补贴)	Fiscal appropriation	0	67,500.00	Other income	Related to income
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	107,142.84	107,142.84	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	194,365.80	408,365.76	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	1,213,999.92	3,823,529.40	Other income	Related to assets
Financial grant for the quality control technologies of Shenqi (参芪质量控制技术财政拨款)	Fiscal appropriation	2,823,529.44	0	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	1,102,000.08	1,102,000.08	Other income	Related to assets
Electricity Incentive Funds (用电奖励资金)	Fiscal appropriation	217,903.00	364,257.43	Other income	Related to income
Subsidies for high and new technology enterprises and high and new technology products (高新技术企业及高新技术产品项目补贴)	Fiscal appropriation	504,000.00	1,071,346.00	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	1,500,000.00	Other income	Related to income
Small and medium enterprise market development project funds (中小企业开拓市场项目资金)	Fiscal appropriation	33,135.00	0	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	335,100.00	1,576,000.00	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Fiscal appropriation	3,687,744.59	4,131,600.00	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	29,999.88	29,999.88	Other income	Related to assets
Technology transformation of recycling system of Acarbose project (阿卡波糖回收系统技术改造项目)	Fiscal appropriation	1,239,575.06	397,818.48	Other income	Related to assets
Commissioner workstation (特派员工作站)	Fiscal appropriation	60,000.00	60,000.00	Other income	Related to assets
Special Fund and Encouraging funds for Energy Saving and Emission Reduction (节能减排专项资金及奖励金)	Fiscal appropriation	50,000.00	352,000.00	Other income	Related to income
Energy-saving and emission reduction projects (节能减排项目)	Fiscal appropriation	12,030.04	86,030.04	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	4,027,272.76	7,352,000.00	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/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	0	250,000.00	Other income	Related to assets
Set-up and research fund for postdoctoral Station (博士后建站和科研补贴)	Fiscal appropriation	500,000.00	100,000.00	Other income	Related to income
Patent (Intellectual Property) Support Fund (专利(知识产权)资助资金)	Fiscal appropriation	2,055,068.00	849,370.00	Other income	Related to income
Optimization of structural effect of sea organisms and valuation of anti-tumor activity (海洋微生物构效优化与抗肿瘤活性评价)	Fiscal appropriation	0	12,307.34	Other income	Related to income
Policy fund for leading industrial enterprises loan interests (工业龙头企业贷款贴息政策资金)	Fiscal appropriation	200,000.00	200,000.04	Other income	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	Fiscal appropriation	199,999.92	199,999.92	Other income	Related to assets
Reward Fund for Industry Growth and Production Expansion (工业保值增长及增产奖励)	Fiscal appropriation	27,794,500.00	5,050,000.00	Other income	Related to income
New industrialization development funds (新型工业化发展资金)	Fiscal appropriation	300,000.04	350,000.04	Other income	Related to assets
Industrial revitalisation supporting funds (产业振兴扶持资金)	Fiscal appropriation	1,158,000.00	1,158,000.00	Other income	Related to assets
Industrial supporting funds (产业扶持资金)	Fiscal appropriation	0	13,000.00	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	150,000.00	99,999.96	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	5,760,396.73	5,024,018.69	Other income	Related to income
New Scientific Research Institution Subsidy (新型科研机构补助资金)	Fiscal appropriation	0	2,000,000.00	Other income	Related to assets
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	-3,179,362.63	445,755.36	Other income	Related to assets
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) (企业技术中心创新能力建设(抗体药物实验室))	Fiscal appropriation	86,916.30	75,330.36	Other income	Related to income
Special funds for industry and informatization (工业和信息化专项资金)	Fiscal appropriation	0	48,000.00	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	646,759.03	Other income	Related to income
Bounties for import and export growth to BRICS countries (对金砖国家进出口增长奖励金)	Fiscal appropriation	1,011,750.00	0	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	519,700.00	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	22,500.00	22,500.00	Other income	Related to assets
Special funds for key leading enterprises in the 13th Five-Year Plan (2019) (十三五重点领军企业专项资金(2019年))	Fiscal appropriation	4,784,100.00	0	Other income	Related to income
Green factory (绿色工厂)	Fiscal appropriation	48,333.29	129,999.96	Other income	Related to assets
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	130,000.00	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	610,000.00	0	Other income	Related to income
Research on transformation of bacterial strains and fermentation process (菌种改造与发酵工艺研究)	Fiscal appropriation	480,000.00	160,000.00	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	1,170,000.00	0	Other income	Related to income
Refund of unemployment insurance fees (失业保险费返还款)	Fiscal appropriation	2,067,505.76	29,476.67	Other income	Related to income
Subsidies for work-based training (以工代训)	Fiscal appropriation	901,700.00	848,400.00	Other income	Related to income
Subsidies for insurance fees (保险费用补贴)	Fiscal appropriation	478,471.45	200,000.00	Other income	Related to income
Subsidies and supporting funds for production of emergency materials in Xiangzhou District (香洲区应急物资生产补贴扶持资金)	Fiscal appropriation	200,000.00	1,000.00	Other income	Related to income
Subsidies and supporting funds for production of emergency materials in Xiangzhou District (香洲区应急物资生产补贴扶持资金)	Fiscal appropriation	1,044.25	2,088.50	Other income	Related to assets
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Fiscal appropriation	0	357,200.00	Other income	Related to assets
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Fiscal appropriation	476,266.67	3,540,020.00	Other income	Related to income

Projects with grants	Type	Amount charged to profit and loss for Last Year	Amount charged to profit and loss for the Year	Presentation item in profit and loss	Related to assets/income
Funds for projects of proactively expanding import in Zhuhai (珠海市主动扩大进口项目资金)	Fiscal appropriation	133,505.00	0	Other income	Related to income
Special funds for expenditures in respect of projects for other causes including people's livelihood for 2020 (Silver Age Project) (20年民生补助等其他事业性发展支出(银龄专项)项目资金)	Fiscal appropriation	200,000.00	0	Other income	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)	Fiscal appropriation	865,100.00	1,368,367.87	Other income	Related to assets
Research of high-throughput screening technology for toxic substances in aquatic products (水产品中有害物质高通量检测技术研究)	Fiscal appropriation	80,000.00	0	Other income	Related to income
Employment tax incentives for key groups and retired soldiers (重点群体及退役士兵就业税收优惠)	Fiscal appropriation	0	66,400.00	Other income	Related to income
Funds for industrial volatile organic pollution control projects (工业挥发性有机污染治理项目资金)	Fiscal appropriation	0	628,000.00	Other income	Related to income
Achievement transfer of blood screening BCI nucleic acid detection testing (血液筛查BCI核酸检测试剂成果转化)	Fiscal appropriation	0	2,038,717.57	Other income	Related to assets
COVID-19 emergency technology special emergency fund and special grants for industrialization (新冠应急科技攻关专项款及产业化项目补助金)	Fiscal appropriation	0	1,084,784.35	Other income	Related to assets
"Specialized and new" subsidy ("专精特新"补贴)	Fiscal appropriation	0	175,000.00	Other income	Related to income
Exchange rate hedging subsidy (汇率避险补贴)	Fiscal appropriation	0	106,605.00	Other income	Related to income
National foreign special fund for 2020 allocated by Guangdong Province Science and Technology Department (广东省科学技术厅拨来2020年度国家外专款)	Fiscal appropriation	0	300,000.00	Other income	Related to income
Several measures to pay enterprises to tide over difficulties in response to COVID-19 pandemic – funds for financial support project (应对新型冠状病毒肺炎疫情支付企业共渡难关的若干措施-金融支持项目资金)	Fiscal appropriation	0	6,093,000.00	Other income	Related to income
Others	Fiscal appropriation	258,657.39	68,848.09	Other income	Related to income
Total		246,262,917.95	245,335,140.69		

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

Unit: Yuan Currency: RMB

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
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

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)	-	-	-	-	-	-

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

- 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 Livzon Group 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.
- 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. On 13 August 2021, Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) established Changsha Lijin Baokang Medical Technology Co., Ltd. (长沙丽瑾葆康医疗科技有限公司) with a registered capital of RMB1 million, and is interested in 100% of its registered capital.
- 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. On 31 December 2021, Both of Livzon International Limited and Livzon Biologics Limited, subsidiaries of Livzon Group, completed deregistration.

VII EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1). Group structure

√ Applicable □ N/A

Name of subsidiary	Principal Place of Business	Place of Registration	Nature of Business	Percentage of Shareholding (%)		Acquisition Method
				Direct	Indirect	
Topsino Industries Limited	Hong Kong	Hong Kong	Business	100	0	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	0	Set-up
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up
Joincare Pharmaceutical Group Industry Co., Ltd.(BVI)*	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Cayman	Cayman	Investment	0	100	Set-up
Zhuhai Jiankangyuan Biology Medicine Co., Ltd. Note 1	Zhuhai	Zhuhai	Industry	90.89	0	Set-up
Xinxiang Haibin Pharmaceutical Co., Ltd. (Xinxiang Haibin)	Xinxiang	Xinxiang	Industry	0	100	Set-up
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	Shenzhen	Investment	100	0	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) Note 2	Shanghai	Shanghai	Industry	65	0	Set-up
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	Shenzhen	Industry	100	0	Set-up
Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd. (Joincare Respiratory)	Guangzhou	Guangzhou	Industry	0	26	Set-up
Guangdong Taitai Forensic Test Institute	Shenzhen	Shenzhen	Business	0	100	Set-up
Joincare 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
Joincare Daily-Use & Health Care Co., Ltd.	Shenzhen	Shenzhen	Business	80	20	Consolidation not under common control
Health Pharmaceuticals (China) Limited	Zhuhai	Zhuhai	Industry	0	100	Consolidation not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group) Note 3	Zhuhai	Zhuhai	Industry	23.69	21.14	Consolidation not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	100	Consolidation not under common control
Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	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	0	100	Consolidation not under common control
Zhongshan Renhe Health Products Co., Ltd.	Zhongshan	Zhongshan	Industry	0	100	Consolidation not under common control
Shenzhen Jiekang Health Care Co., Ltd.	Shenzhen	Shenzhen	Industry	0	100	Consolidation not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd.	Shaoguan	Shaoguan	Industry	100	0	Set-up
Henan Joincare Biomedical Research Institute Co., Ltd. Note 4	Jiaozuo	Jiaozuo	Industry	0	70.14	Set-up

Other descriptions:

Noe 1: On 8 September 2021, Zhuhai Jiankangyuan Biology Medicine Co., Ltd. completed the cancellation of the business license.

Note 2: On 30 March 2021, Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) and the Livzon Group, a subsidiary of the Company, established Shanghai Liyu Biotechnology Co., Ltd. (上海丽予生物医药有限责任公司), of which Livzon Group is interested in 55% of its registered capital, and Shanghai Frontier interested in 45% of its registered capital.

Note 3: Zhuhai Livzon Biomedical Technology Co., Ltd. was a subsidiary within the scope of Livzon Group's consolidation. It was originally 100% indirectly held by Livzon Group. In this period, due to the restructuring of the shareholding structure of Livzon Group's holding subsidiary, it was adjusted to Livzon Group holding 55.13% of the shares, the company holding 35.75% of the shares, and YF Pharmab Limited holding 9.12% of the shares.

Note 4: On 26 October 2020, Jiaozuo Joicare Bio Technological Co., Ltd. (a subsidiary of the Company) and Livzon Xinbeijiang Pharmaceutical Co., Ltd. (a subsidiary of the Company's subsidiary Livzon Group) co-founded Henan Joicare Biomedical Research Institute Co., Ltd., in which, the former holding 51% of the shares. The joint venture completed the business registration on 26 October 2020.

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.	3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd.	500,000.00	500,000.00	100%
Shenzhen Jiekang Health Care Co., Ltd.	4,000,000.00	4,000,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd., 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	55.1743%	977,852,785.18	644,923,997.09	7,174,735,557.32

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		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
Livzon Group	1,467,309.66	769,881.90	2,237,191.56	692,506.81	113,582.27	806,089.08
Name of subsidiary	Balance at the Beginning of the Period		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
Livzon Group	1,462,735.70	596,345.88	2,059,081.58	608,288.89	86,784.49	695,073.38
Name of subsidiary	Amount for the Period			Cash flow from operating activities		
	Revenue	Net profit	Total Comprehensive income			
Livzon Group	1,206,386.33	195,210.12	183,489.81	190,232.81		
Name of subsidiary	Amount for the Previous Period			Cash flow from operating activities		
	Revenue	Net profit	Total Comprehensive income			
Livzon Group	1,052,040.98	213,132.67	227,271.22	216,076.06		

(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

Unit: Yuan Currency: RMB

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	Zhaozhonggong 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

N/A

(3). Key financial information of significant associates

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Balance at the End of the Period / Amount for the Period Jinguan Electric Power	Balance at the Beginning of the Period / Amount for the Previous Period Jinguan Electric Power
Current assets	900,929,930.10	747,232,522.21
Of which: cash equivalents	151,817,021.98	174,001,731.35
Non-current assets	295,290,603.34	319,027,493.06
Total assets	1,196,220,533.44	1,066,260,015.27
Current liabilities	621,231,810.54	423,866,168.40
Non-current liabilities	13,660,568.14	14,902,039.03
Total liabilities	634,892,378.68	438,768,207.43
Net asset	561,328,154.76	627,491,807.84
Of which: Minority interests	0.00	0.00
Total equity attributable to shareholders of the parent company	561,328,154.76	627,491,807.84
Share of net assets calculated by shareholding ratio	275,050,795.83	307,470,985.84
Adjustment items	9,569,113.18	9,085,381.21
Goodwill		
Unrealised profit on internal transactions		
Provision for diminution in value		
Others	9,569,113.18	9,085,381.21
Book value of equity investment in associates	284,619,909.02	316,556,367.05
Fair value of equity investment in associates with public quotation		
Revenue	702,123,322.31	714,896,011.60
Finance expenses	14,968,954.50	10,183,170.92
Income tax expense	-1,540,629.99	22,033,077.65
Net profit	-65,176,444.97	33,227,689.56
Net profit from discontinued operations		
Other comprehensive income		
Total Comprehensive income	-65,176,444.97	33,227,689.56
Cash flow from operating activities	-135,982,225.15	108,439,599.85
Dividends received from associates in the current year		

(4). Summarized accounting information for other non-important associates

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Balance at the End of the Period / Amount for the Period	Balance at the Beginning of the Period / Amount for the Previous Period
Associates:		
Total carrying amount of investment	1,134,729,545.83	311,723,232.68
Total amount calculated by percentage of shareholding		
net profit	42,217,479.63	334,745.24
other comprehensive income	14,789,928.17	-40,317.61
total comprehensive income	57,007,407.80	294,427.63

- (5). Descriptions of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company
 Applicable N/A

VIII Risks Management of Financial Instruments

Applicable N/A

The major financial instruments of the Company include cash, bills receivable and accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, long-term receivables, bills payable and accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, short-term borrowings, bonds payable and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

(1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong Kong dollars, U.S. dollar and Eurodollar. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

① 31 December 2021

Unit: 1,000 Yuan

Item	HKD item	USD item	Euro item	JPY item	GBP item	MOP item
Financial assets in foreign currency:						
Monetary funds	516,034.78	1,296,568.06	559.42	2,406.62	16.70	1,121.33
Financial assets held for trading	163,071.45	0.00	0.00	0.00	0.00	0.00
Accounts receivables	0.00	579,062.08	4,493.18	0.00	0.00	2,824.85
Other receivables	2,712.73	0.00	0.00	0.00	0.00	461.23
Other equity instrument investments	480,531.75	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,162,350.71	1,875,630.14	5,052.60	2,406.62	16.70	4,407.41
Financial liabilities in foreign currency:						
Accounts payables	0.00	213.29	40.90	0.00	0.00	11.01
Other payables	2,503.18	16,034.63	0.00	0.00	0.00	0.00
Subtotal:	2,503.18	16,247.92	40.90	0.00	0.00	11.01

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 31 December 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 RMB 151,553,060 (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 terms of bills receivable settlement, external payments are settled with bills receivable with priority and most of the remaining bills are high-quality bills with maturity within three months; thus none expected major credit risk exits. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers accounted for 11.60% (31 December 2020: 11.32%); among the other receivables of the Company, the other receivables of the top five customers accounted for 60.63% (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 31 December 2021

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Monetary funds	11,729,230,390.98	0.00	0.00	0.00	11,729,230,390.98
Financial assets held for trading	184,638,344.31	0.00	0.00	0.00	184,638,344.31
Bills receivables	1,977,286,022.02	0.00	0.00	0.00	1,977,286,022.02
Accounts receivables	2,853,655,551.54	0.00	0.00	0.00	2,853,655,551.54
Other receivables	88,053,825.12	0.00	0.00	0.00	88,053,825.12
Non-current assets due within one year	317,381.23	0.00	0.00	0.00	317,381.23
Long-term receivables	0.00	266,904.13	0.00	0.00	266,904.13
Subtotal:	16,833,181,515.20	266,904.13	0.00	0.00	16,833,448,419.33
Financial liabilities:					
Short-term borrowings	2,518,484,835.09	0.00	0.00	0.00	2,518,484,835.09
Financial liabilities held for trading	143,302.24	0.00	0.00	0.00	143,302.24
Bills payables	1,582,386,767.93	0.00	0.00	0.00	1,582,386,767.93
Accounts payables	871,553,210.51	0.00	0.00	0.00	871,553,210.51
Other payables	3,292,407,989.79	0.00	0.00	0.00	3,292,407,989.79
Non-current liabilities due within one year	91,576,066.33	0.00	0.00	0.00	91,576,066.33
Lease liabilities	0.00	13,186,526.27	11,885,268.05	0.00	25,071,794.32
Long-term borrowings	0.00	466,780,252.78	360,000,000.00	0.00	826,780,252.78
Subtotal:	8,356,552,171.89	479,966,779.05	371,885,268.05	0.00	9,208,404,218.99

② 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 31 December 2021, the Company's gearing ratio is 35.12% (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 31 December 2021, the Company's carrying amounts of bank acceptance bills undue and endorsed to suppliers for settling account payables is RMB186,290,992.91 (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). The Company's bank acceptance bill discounted to bank is RMB67,908,033.05 (Last year: RMB208,990,917.90). On 31 December 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 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

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement				
(1) Financial assets held for trading	177,262,015.99	7,376,328.32	0.00	184,638,344.31
1. Financial assets at fair value through profit or loss				
(1) Debt instrument investments	940,162.94	0.00	0.00	940,162.94
(2) Equity instrument investments	176,321,853.05	0.00	0.00	176,321,853.05
(3) Derivative financial assets	0.00	7,376,328.32	0.00	7,376,328.32
2. Financial asset designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Other investments in equity instruments	212,384,666.97	0.00	196,497,710.45	1,408,882,377.42
(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	389,646,682.96	7,376,328.32	1,196,497,710.45	1,593,520,721.73

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	0.00	143,302.24	0.00	143,302.24
Of which: Issued tradable bonds				
Derivative financial liabilities	0.00	143,302.24	0.00	143,302.24
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	143,302.24	0.00	143,302.24
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

In 2021, there were no transfers of the fair value measurements between level 1 and level 2 and no transfers into or out of level 3.

2. Basis for determining the market price of continuous and non-continuous level 1 fair value

measurement items

Applicable N/A

The basis for determining the market price of level 1 fair value measurement items is when listed and traded on the Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange and the United States, its fair value is determined by the closing price on the last trading day of the reporting period.

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

Applicable N/A

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.

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	7,376,328.32	The fair value is measured at the forward exchange rate quoted by the respective matured contract
Derivative financial liabilities	143,302.24	The fair value is measured at the forward exchange rate quoted by the respective matured contract

4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

Applicable N/A

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	94,040,236.88	Net asset method
Other equity instrument investments - Shanghai JingYi Investment Center (L.P.)	66,175,062.50	Net asset method
Other equity instrument investments-Qianhai Equity Investment Fund(L.P.)	264,930,500.00	Net asset method
Other equity instrument investments –Apricot Forest, Inc	137,711,800.01	Income approach
Other equity instrument investments – China Resources Bank of Zhuhai Co., Ltd.	164,395,200.00	Market method
Other equity instrument investments -PANTHEOND,L.P.	3,715,566.69	Net asset method
Other equity instrument investments –GLOBAL HEALTH SCIENCE	235,133,216.46	Net asset method
Other equity instrument investments –SCC VENTURE VI 2018-B,L.P.	6,615,626.07	Net asset method
Other equity instrument investments –Nextech V Oncology S.C.S., SICAV-SIF	30,667,263.04	Net asset method
Other equity instrument investments - Yizun Biopharmaceutics (Shanghai) Co., Ltd.	59,999,953.41	latest financing price
Other equity instrument investments - Zhuhai Medpha Biotechnology Co., Ltd.	6,971,000.00	latest financing price
Other equity instrument investments- Beijing Luzhu Biotechnology Co., Ltd.	41,944,015.67	latest financing price
Other equity instrument investments -Others	84,198,269.72	Cost method
Total	1,196,497,710.45	

6. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Applicable N/A

7. Changes in valuation techniques for the current period and reasons for changes

Applicable N/A

8. Fair value of financial assets and liabilities not measured at fair value

Applicable N/A

9. Others

Applicable N/A

X RELATED PARTIES AND RELATED 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	46.95	46.95

Notes to the parent company of the Company:

The parent company of the Company is Shenzhen Baiyeyuan Investment Co., Ltd., which was established on 21 January 1999, and its main business scope is investment and establishment of industry, domestic commerce, and material supply and marketing.

The ultimate controller of the Company: Zhu Baoguo

Other descriptions:

(1) 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	46.95%

2. The Company's subsidiaries

For details of the subsidiaries of the Company, please refer to notes VII.1.

✓ Applicable N/A

Please refer to notes VII.1. for the details of subsidiaries.

3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please see the notes.

Applicable N/A

Please refer to notes VII.2. 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.	A company controlled by the associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd.	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
Zhuozhou Jingnan Yongle Golf Club Co., Ltd.	Others
Shenzhen Health Deer Technology Co., Ltd.	Others
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Others
Zhuhai Medpha Biotechnology Co., Ltd.	Others
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership)	Others
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	Others
Zhuhai Liying Investment Management Partnership (Limited Partnership)	Others
Jiangsu One Winner Medical Technology Co., Ltd.	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	2,786,053.10	3,938,902.64
Zhuhai Sanmed Biotech Inc.	Finished goods	28,558.55	184,070.79
Zhuhai Medpha Biotechnology Co., Ltd.	Raw materials	0.00	27,079.65
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods, Business promotion	887,872.67	0.00
Jiangsu One Winner Medical Technology Co., Ltd.	Finished goods, Business promotion	408,427.00	0.00
Zhuhai Sanmed Gene Diagnostics Ltd.	Testing	14,377.36	52,415.09
L&L Biopharma, Co. Ltd.	R&D	943,396.20	0.00
Shenzhen City Youbao Technology Co., Ltd.	Business promotion	1,062,850.00	0.00
Zhuozhou Jingnan Yongle Golf Club Co., Ltd.	Membership service	84,037.00	0.00
Infinite Intelligence Pharma	R&D	148,514.85	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Electricity, steam	212,585,953.81	157,947,440.20

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	63,972,886.45	41,584,936.24
Zhuhai Medpha Biotechnology Co., Ltd.	Macromolecule materials	0.00	209,736.83
Zhuhai Sanmed Gene Diagnostics Ltd.	Finished goods	577,453.14	428,384.87
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Finished goods	4,951,551.99	0.00
Zhuhai Sanmed Biotech Inc.	Water, electricity, power and others	667,998.89	1,337,996.41

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	2,226,299.00	3,067,097.00
Zhuhai Sanmed Gene Diagnostics Ltd.	Buildings	240,000.00	140,000.00
Shenzhen Baiyeyuan Investment Co., Ltd.	Buildings	18,891.76	18,891.76
Novastage Pharmaceuticals (Shenzhen), Ltd.	Buildings & Equipment	315,457.80	81,594.55
Shenzhen Taitelixing Investment Development Co., Ltd.	Buildings	18,720.00	18,720.00
Shenzhen Healthy Deer Information Technology Co., Ltd.	Buildings	17,174.32	17,174.32
Shenzhen City Youbao Technology Co., Ltd.	Buildings	17,174.32	17,174.32

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	2021/7/8	2022/7/8	No
Jinguan Electric Power	5,000.00	2021/7/14	2022/7/14	No
Jinguan Electric Power	3,000.00	2021/7/16	2022/6/16	No
Jinguan Electric Power	3,000.00	2021/8/12	2022/8/12	No
Jinguan Electric Power	3,200.00	2021/9/23	2022/9/22	No
Jinguan Electric Power	3,200.00	2021/10/11	2022/10/11	No
Jinguan Electric Power	3,800.00	2021/10/13	2022/10/12	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 31 December 2021, the Company provided Jinguan Electric Power with guarantees for loans of RMB400 million; RMB100 million in Shenzhen Branch of China Zheshang Bank, RMB80 million in Shenzhen Branch of Nanyang Commercial Bank, and RMB220 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 31 December 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

Unit: Yuan Currency: RMB

Related party	Description of related party transaction	Amount for the current period	Amount for the prior period
L&L Biopharma, Co., Ltd. (上海健信生物医药科技有限公司)	Acquisition of technical know-how	0.00	3,773,584.80
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Transfer of equity interest in Zhuhai Sanmed Gene Diagnostics Ltd.	0.00	20,000,000.00
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Sales of equipment	17,699.12	0.00

(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	1734.05	1,719.66

Remuneration of key management personnel is disclosed as follows:

2021

Unit: 10,000 Yuan Currency: RMB

	Fees of Director/Supervisor	Salaries and allowances	Social insurance	Housing provident fund	Bonus	Compensation for loss of office	Others	Total
Directors:								
Zhu Baoguo (朱保国)	330.94	0.00	6.22	2.40	0.00	0.00	0.00	339.56
Liu Guangxia (刘广霞)	330.94	17.91	8.01	2.40	0.00	0.00	0.00	359.27
Yu Xiong (俞雄)	0.00	240.00	0.00	0.00	95.00	0.00	0.00	335.00
Qiu Qingfeng (邱庆丰)	0.00	135.00	6.22	2.40	30.00	0.00	0.00	173.62
Lin Nanqi (林楠棋)	0.00	135.00	6.22	2.40	30.00	0.00	0.00	173.62
Cui Ligu (崔利国)	10.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Huo Jing (霍静)	10.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Qin Yezhi (覃业志)	10.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Peng Juan (彭娟)	3.60	0.00	0.00	0.00	0.00	0.00	0.00	3.60
Supervisors:								
Yu Xiaoyun (余孝云)	4.00	38.16	6.01	2.18	17.95	0.00	0.00	68.29
Peng Jinhua (彭金花)	4.00	32.73	0.00	1.36	0.00	0.00	0.00	38.09
Xie Youguo (谢友国)	4.00	36.35	0.00	1.17	2.86	0.00	0.00	44.38
Other senior management:								
Zhao Fengguang (赵凤光)	0.00	135.00	6.22	2.40	25.00	0.00	0.00	168.62
Total	707.48	770.14	38.88	16.74	200.81	0.00	0.00	1,734.05

Note: Mr. Zhu Baoguo serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong and Mr. Qiu Qingfeng serve as non-executive directors of Livzon. The remuneration listed above does not include the part paid by Livzon. Please refer to Livzon's 2021 Annual Report for details.

2020

Unit: 10,000 Yuan Currency: RMB

	Fees of Director/ Supervisor	Salaries and allowances	Social insurance	Housing provident fund	Bonus	Compensation for loss of office	Others	Total
Directors:								
Zhu Baoguo (朱保国)	312.52	0.00	4.33	2.16	0.00	0.00	0.00	319.01
Liu Guangxia (刘广霞)	312.52	0.00	4.35	2.16	0.00	0.00	0.00	319.03
Qiu Qingfeng (邱庆丰)	0.00	260.09	4.35	2.16	0.00	0.00	0.00	266.60
Lin Nanqi (林楠棋)	0.00	82.04	4.35	2.16	68.32	0.00	0.00	156.87
Cui Ligu (崔利国)	9.60	0.00	0.00	0.00	0.00	0.00	0.00	9.60
Huo Jing (霍静)	9.60	0.00	0.00	0.00	0.00	0.00	0.00	9.60
Qin Yezhi (覃业志)	5.60	0.00	0.00	0.00	0.00	0.00	0.00	5.60
Hu Qin (胡庆) (Resigned)	4.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
Supervisors:								
Yu Xiaoyun (余孝云)	3.60	26.01	3.81	1.51	16.93	0.00	0.00	51.87
Peng Jinhua (彭金花)	3.60	60.09	0.00	2.16	34.83	0.00	0.00	100.67
Xie Youguo (谢友国)	3.60	36.82	0.00	2.01	2.86	0.00	0.00	45.29
Other senior management:								
Yu Xiong (俞雄)	0.00	109.37	0.00	0.00	70.30	0.00	0.00	179.67
Zhao Fengguang (赵凤光)	0.00	91.22	4.35	2.16	61.98	0.00	0.00	159.71
Tang Lingzhi (汤凌志) (Resigned)	0.00	60.81	4.35	2.16	24.83	0.00	0.00	92.14
Total	664.65	726.45	29.90	18.61	280.05	0.00	0.00	1,719.66

Note: Mr. Zhu Baoguo serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong and Mr. Qiu Qingfeng serve as non-executive directors of Livzon. The remuneration listed above does not include the part paid by Livzon. Please refer to Livzon's 2020 Annual Report for details.

(8). Other related transactions

Applicable N/A

The Company, Livzon Group (a subsidiary of the Company), International Limited ("Livzon International" , a wholly-owned subsidiary of the Company), Joicare Pharmaceutical Group Industry Co., Ltd. ("Joicare BVI" , a wholly-owned subsidiary of the Company), YF Pharmab Limited ("YF") and Livzon Biologics Limited ("Livzon Cayman" , a controlling company of the Livzon Group), as well as its controlled entities, including Livzon Biologics Hong Kong Limited (丽珠生物科技香港有限公司), ("Livzon HK"), Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司) ("LivzonBio"), Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) ("Livzon MAB"), Zhuhai Kadi Medical Biotechnology Inc. (珠海市卡迪生物医药有限公司) ("Kadi") (collectively known as the "Subsidiaries under Livzon Cayman") have jointly entered into the reorganization framework agreement (the "Reorganization Framework Agreement"), pursuant to which the parties have agreed to implement the proposed reorganization of shareholding structures of the Subsidiaries under Livzon Cayman, so that LivzonBio will become the controlling company of the domestic and overseas Subsidiaries under Livzon Cayman. On 8 January 2021, the Resolution on the Connected Transactions in relation to the Reorganization of the Shareholding Structures of the Controlling Subsidiaries of the Company was passed at the 2021 first extraordinary general meeting of the Livzon Group, at which the above transaction was considered and approved. Details of the transaction were set out as below:

A. The equity transfer and capital increase of LivzonBio: the Livzon Group and the Company agreed to acquire 51% and 49% equity interest in LivzonBio from Livzon HK at a consideration of RMB24,316,290 and RMB23,362,710, respectively.

Meanwhile, the registered capital of LivzonBio was increased from RMB250 million to RMB600 million with pro rata registered capital subscription from the Livzon and the Company on the basis of RMB1 of the registered capital for RMB1 of the subscription, of which Livzon Group contributed RMB281,722,419.00 and the Company contributed RMB270,674,481.00, respectively.

B. Transfer to the domestic market from the overseas through Series A Financing: Livzon Group and YF made investment in LivzonBio, pursuant to which Livzon Group and YF subscribed for the increased registered capital of RMB147,401,875 and RMB74,954,742 of LivzonBio at a consideration of US\$98,299,320 (equivalent to RMB637,421,940.54) and US\$50,000,000 (equivalent to RMB324,225,000.00), respectively.

C. Equity transfer of Livzon Mab: LivzonBio acquired the 100% equity interest of Livzon MAB from Livzon HK at a consideration of RMB1.48 billion.

D. Equity transfer and capital reduction of Livzon HK: LivzonBio acquired the 100% equity interest of Livzon HK from Livzon Cayman at a consideration of US\$6.10 million (equivalent to RMB39,445,700). Livzon HK returned capital to Livzon Cayman, so that Livzon Cayman recovered part of the investment amount in Livzon HK, which is equivalent to the total capital reduction paid to Livzon International, Joincare BVI and YF upon capital reduction of Livzon Cayman.

E. Streamline the overseas shareholding structure: Each of Livzon International, YF and Joincare BVI issued a Repurchase Letter to Livzon Cayman, pursuant to which Livzon Cayman repurchased its shares held by them. As at 13 May 2021, Livzon Cayman had repurchased an aggregate of 137,074,829 issued shares and had fully settled the corresponding consideration. The above share repurchases have been completed and Livzon Cayman only preserves 1 issued ordinary share, which will be held by Livzon International, and Livzon Cayman has become a wholly-owned subsidiary of Livzon International.

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.	5,492,960.00	0.00	0.00	0.00
Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	18,889,500.00	490,875.00	5,092,960.00	52,457.49
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Inc.	224,023.83	8,578.07	38,563.14	374.06
Accounts receivables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	337,395.02	48,933.97	0.00	0.00
Prepayments	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	0.00	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	154,500.00	0.00	0.00	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	8,240,517.56	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	Shenzhen Health Deer Technology Co., Ltd.	4,680.00	74.38	0.00	0.00
Other receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd.	1,271,496.55	21,233.99	0.00	0.00
Other receivables	Zhuhai Sanmed Biotech Inc.	0.00	0.00	15,000,000.00	415,461.96
Other receivables	Zhuhai Sanmed Gene Diagnostics Inc.	5,265.00	87.93	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:	L&L Biopharma, Co. Ltd.	0.00	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.	379,960.00	0.00
Accounts payables	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	0.00	31,681,080.57
Dividends payable	Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	0.00	1,466,606.04
Other payables	Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	8,936.17	0.00

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	10,082,440
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.

As at 31 December 2021, the number of share options exercised for the Period was 20,503,580 and the number of outstanding share options was 6,484,420.

- ② Pursuant to “the Resolution on the Grant of Share Options to Incentive Participants under the Reserved Grant” considered and approved at the 16th Meeting of the 7th Session of the Board of the Company on 23 September 2019, 23 September 2019 was set as the date of grant, on which 8.99 million share options were granted to 187 incentive participants at an exercise price of RMB10.47 per share option.

Pursuant to “the Resolution in Relation to the Adjustment of the Quantity to be Granted and the List of Incentive Participants of the Reserved Grant under 2018 Share Options Incentive Scheme” considered and approved at the 17th Meeting of the 7th Session of the Board of the Company on 28 October 2019, the number of Incentive Participants for the Reserved Grant of share options was adjusted from 187 to 186, while the number of share options under the Reserved Grant was adjusted from 8.99 million to 8.97 million.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 30th Meeting of the 7th Session of the Board of the Company on 14 August 2020, 1.88 million share options that have been granted but not yet exercised by 28 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the Reserved Grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 186 to 158, while the number of share options under the

Reserved Grant was adjusted from 8.97 million to 7.09 million.

Pursuant to “the Resolution on Fulfillment of Exercise Conditions for the First Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme” considered and approved at the 31st Meeting of the 7th Session of the Board of the Company on 27 August 2020, it was believed that the exercise conditions for the first exercise period of the reserved grant under the Incentive Scheme had been achieved, and it was agreed that the incentive participants who had fulfilled the exercise conditions might exercise the share options on voluntary basis. The number of exercisable share options was 3,545,000, and the exercise period was from 23 September 2020 to 22 September 2021.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan” considered and approved at the 33rd Meeting of the 7th Session of the Board of the Company on 16 November 2020, 450,000 share options that have been granted but not yet exercised by 8 Incentive Participants under the Reserved Grant who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the reserved grant of the 2018 share options incentive scheme of the Company was adjusted from 158 to 150, while the number of share options under the reserved grant was adjusted from 4,616,500 to 4,166,500.

As at 31 December 2021, the number of share options exercised for the Period was 4,326,286 and the number of outstanding share options was 2,153,714.

(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)	5,752,133
Total equity instruments of the Company expired during the Current Period (share)	-
Range of exercise price of share option of the Company outstanding and remaining term of contract as at the end of the Period	Note 1
Range of exercise price of other equity instruments of the Company and remaining term of contract as at the end of the Period	Note 2

Note 1: Share Option

- ① On 5 September 2018, “the Resolution on 2018 Share Options Incentive Scheme (Revised Draft) and its summary” , the “Resolution on Administrative Measures for Appraisal System of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc.” and “the Resolution on the General Meeting For Granting Mandate to the Board to Deal with Matters Regarding the 2018 Share Options Incentive Scheme” were considered and approved at the 2018 Third Extraordinary General Meeting, the 2018 Third Class Meeting of A Shareholders and the 2018 Third Class Meeting of H Shareholders of Livzon Group. Pursuant to “the Resolution in Relation to the Adjustment of the List of Incentive Participants of the First Grant and the Quantity to be Granted for the First Grant under 2018 Share Options Incentive Scheme” and “the Resolution on the Related Matters of the First Grant of 2018 Share Options Incentive Scheme” considered and approved at the 19th Meeting of the 9th Session of the Board of Livzon Group on 11 September 2018, 11 September 2018 was set as the date of grant, on which 17,475,500 Share Options were granted to 1,050 Incentive Participants at an exercise price of RMB47.01 per share option.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, 254,995 share options that have been granted but not yet exercised by 17 Incentive Participants who resigned due to personal reasons and did not meet the incentive conditions are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 share options incentive scheme of Livzon Group was adjusted from 1,050 to 1,033,

while the number of share options under the first grant was adjusted from 22,718,150 to 22,463,155.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 162,912 share options under the first exercise period held but not yet exercised by 55 Incentive Participants and 1,535,765 share options granted and no longer meeting the exercising conditions to 129 Incentive Participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 1,033 to 904, while the number of share options under the first grant was adjusted from 22,463,155 to 20,764,478.

Pursuant to “Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the the 25th meeting of the tenth session of the Board of Livzon Group on 10 November 2021, 323,274 share options under the second exercise period held but not yet exercised by 80 Incentive Participants and 673,422 share options granted and no longer meeting the exercising conditions to 107 Incentive Participants who were no longer qualified for the incentive are cancelled. After the completion of the cancellation, the number of Incentive Participants for the first grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 904 to 797, while the number of share options under the first grant was adjusted from 20,764,478 to 19,767,782.

As at 31 December 2021, the number of share options exercised was 14,598,360 and the number of outstanding share options was 5,169,422.

- ② Pursuant to “the Resolution relating to Relevant Issues concerning the Reserved Grant under the 2018 Share Options Incentive Scheme” considered and approved at the 31st Meeting of the 9th Session of the Board of Livzon Group on 28 August 2019, the Board approved 28 August 2019 as the date of grant, on which 2,535,000 share options were granted to 145 Incentive Participants and the exercise price was RMB28.87 per A share.

Pursuant to “the Resolution relating to Adjusting the List of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme” considered and approved at the 32nd Meeting of the 9th Session of the Board of Livzon Group on 18 September 2019, the number of Incentive Participants under the reserved grant of the share option incentive plan was adjusted from 145 to 170.

On 28 October 2019, the Reserved Grant of the share options has completed registration. During the process of registration, 1 Incentive Participant was no longer qualified for incentive due to his resignation, and 2 Incentive Participants voluntarily gave up the Share Options to be granted by Livzon Group due to personal reasons. Therefore, the number of Incentive Participants under the Reserved Grant is adjusted from 170 to 167, and the total number of Share Options under the Reserved Grant is adjusted from 2,535,000 to 2,524,500.

Pursuant to “the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the 4th Meeting of the 10th Session of the Board of Livzon Group on 23 October 2020, 309,900 share options granted and no longer meeting the exercising conditions to 10 incentive participants who had resigned due to personal reasons and were therefore no longer qualified for the incentive are canceled. After the completion of the cancellation, the number of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme of Livzon Group was adjusted from 167 to 157, while the number of share options under the Reserved Grant was adjusted from 2,524,500 to 2,214,600.

Pursuant to “Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan” considered and approved at the the 25th meeting of the tenth session of the Board of Livzon Group on 10 November 2021, 31,150 share options under the first exercise period held but not yet exercised by 7 Incentive Participants and 129,400 share options granted and no longer meeting the exercising conditions to 18 incentive participants who were no longer qualified for the incentive are cancelled. After the completion of the cancellation, the number of Incentive Participants under the Reserved Grant of the 2018 Share Options Incentive Scheme of the Company was adjusted from 157 to 139, while the number of share options under the Reserved Grant was adjusted from 2,214,600 to 2,054,050.

As at 31 December 2021, the number of share options exercised was 1,226,494 and the number of outstanding share options

was 827,556.

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 and share incentive expenses were recognised due to the share-based payment as a result of the change in the shareholding of the shareholders of Zhuhai Liying Investment Management Partnership (Limited Partnership).

Pursuant to “the Resolution on the Implementation of Employee Equity Incentive Scheme by a Holding Subsidiary” considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, the total number of shares of new issuance by Zhuhai Livzon Diagnostics Inc. for implementation of employee equity incentive scheme shall not be more than 4,643,839 shares, and the scheme participants shall contribute a total of RMB11,702,474.28 to directly subscribe for the above shares or indirectly subscribe for the such shares through the holding of the limited partnership shares of the employee shareholding platform. In December 2019, pursuant to the Capital Increase Agreement of Zhuhai Livzon Diagnostics Inc., the total shares of Zhuhai Livzon Diagnostics Inc. increased from 88,232,932 shares to 92,876,771 shares with par value of RMB1 per share. The increased number of shares were subscribed for by Zhuhai Haoxun Enterprise Management Consulting Partnership (Limited Partnership) (珠海豪讯企业管理咨询合伙企业(有限合伙)), Zhuhai Yichen Enterprise Management Consulting Partnership (Limited Partnership) (珠海熠臣企业管理咨询合伙企业(有限合伙)) and Zhuhai Qijing Enterprise Management Consulting Partnership (Limited Partnership) (海启靖企业管理咨询合伙企业(有限合伙)) at the consideration of RMB11,702,474. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB20,709,000, which should be amortized within 5 years according to the Partnership Agreement, and share incentive expenses were recognized due to the share-based payment as a result of the change in the shares/shareholding of the shareholders of Zhuhai Livzon Diagnostics Inc.

On 31 August 2021, the general meeting of LivzonBio considered and approved the Equity Incentive Scheme of Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物醫藥科技有限公司), granting 66,666,667 restricted shares of Livzon Biologics to incentive participants, among which 42 million shares were granted in the first batch and 24,666,667 shares were reserved. Incentive participants indirectly subscribed for the above shares through the holding of the limited partnership shares of the employee shareholding platform. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB33.6 million, which should be amortized during the lock-up period according to the Equity Incentive Scheme of LivzonBio and the Grant Agreement and RMB6,533,300 was amortized in 2021.

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	169,298,762.65
Total expense recognised for equity settled share-based payments for the Period	34,527,082.60

3. Cash settled share-based payments

Applicable N/A

XII COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Applicable N/A

Significant commitments to outsiders as of the balance sheet data, and their nature and amount

(1) Capital commitments

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	322,611,032.41	673,900,118.24
Commitments in relation to external investment	8,000,000.00	0.00
Commitments in relation to research and development expenditures	309,313,880.64	0.00

(2) Operating lease commitments

As at 31 December 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	21,295,233.00
In the second year from the balance sheet date	13,186,526.27
In the third year from the balance sheet date	9,161,217.34
Subsequent years	3,535,180.85
Total	47,178,157.46

(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 31 December 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 31 December 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

Unit: Yuan Currency: RMB

Profits or dividends to be distributed	283,540,214.25
Profits or dividends declared after deliberation and approval	

Note: The amount of cash dividends proposed in 2021 (tax included) listed above are calculated based on the company's total share capital at the end of 2021 minus the ending balance in the company's special account for share repurchase. The actual dividends paid shall be based on the implementation of the company's 2021 profit distribution plan, in which the calculation is based on the company's total share capital on the plan's date of record minus the total shares in the company's special securities account for share repurchase.

On 29 March 2022, the Company held the 9th meeting of the eighth session of the Board of the Company and passed the resolution of 2021 annual profit distribution plan. It is expected to distribute cash dividend of RMB 1.50 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company's total share capital (excluding total number of shares in the Company's special securities account) as at the registration date of shareholding as determined by implementation of the 2021 annual profit distribution plan. The remaining undistributed profits are carried forward to distribution in subsequent years.

The above mentioned profit distribution plan shall be submitted to the annual general meeting of 2021 of the Company for consideration and approval.

3. Sales returns Applicable N/A**4. Descriptions of other events after the balance sheet date**√ Applicable N/A**(1) Exercise of share options**

As of 29 March 2022, shares option involving 4,005,170 shares were exercised by the incentive participants and the share capital of the Company was changed to 1,911,733,078 shares.

(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 6th Meeting of the 8th Session of the Board on 6 December 2021, it was approved that the Company repurchased company shares by way of centralized price bidding through the trading system of Shanghai Stock Exchange; the total amount of repurchase funds should be no less than RMB300 million (inclusive) and no more than RMB600 million (inclusive); the repurchase price should be no more than RMB15/share (inclusive), and all the shares repurchased shall be cancelled for reducing its registered capital. The repurchase funds come from the company's own funds or self-raised funds. 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, from December 23, 2021 to December 22, 2022.

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized Price Bidding and other resolutions considered and approved at the 2021 Fifth Extraordinary General Meeting of the Company on 23 December 2021.

As of 29 March 2022, the Company cumulatively repurchased 20,942,771 shares, the total amount paid was RMB249,971,630.73 (including transaction costs).

As of 29 March 2022, the Company has no other events that needed to be disclosed after the balance sheet date.

XIV Other significant events

✓ Applicable □ N/A

(I) 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 RMB 21.55 million (tax inclusive) from Xincheng Company during the current period, accounting for 100% 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 31 December 2021, the balance of prepayment of the Company to Xincheng Company was RMB12,199,251.14.

(II) 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.

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

Before the alteration of the projects invested with the Proceeds is as follows:

Unit: 10,000 Yuan

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

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

Unit: 10,000 Yuan

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

The details of alteration of the projects invested as follows:

1) The New Product R&D Project

The total investment amount of the project is RMB 1,100,000,000, in which RMB 545,877,300 is raised, mainly for the research and development of inhalation preparations, complex injections, and new drug delivery devices among others. In particular, the investment is used to acquire R&D equipment, pre-clinical and clinical R&D inputs. Main products involved in this project are: 1) respiratory drugs: the main purpose of the project as a part of the Company's strategic layout in the respiratory drug market, in a bid to increase sources of profit and enhance the Company's comprehensive competitiveness in the pharmaceutical market; 2) complex injections: mainly micronano injections. The Company has built a complex injection technology development platform, specializing in the development of special injection products such as nanocrystals, microcrystals, liposomes and emulsions. The micronano preparations proposed with this platform will be developed based on existing drugs with exact clinical value to further expand the clinical use of the drug; and (3) new drug delivery devices: to be developed based on the progress of R&D of drugs for respiratory diseases, so as to improve the industrial chain of core products, and enhance the added value and core competitiveness of products to be marketed.

2) Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project

The total investment amount of this project is RMB 181,393,900, in which RMB 160,000,000 is raised. Expanded from the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project, this project established new production lines of Tobramycin Solution for Inhalation, Fluticasone Propionate Suspension for Inhalation, among others and expanded existing production lines of Budesonide Suspension for Inhalation and Levosalbutamol Hydrochloride Nebuliser Solution. This project is implemented for two key reasons: 1) New products are to be marketed, which requires related production lines. With inhalation preparations incorporated in its key layout in recent years, the Company has continuously invested in the R&D of several new products with high clinical value and broad market space. As new products like Tobramycin Solution for Inhalation and Fluticasone Propionate Suspension for Inhalation are to be marketed, related production lines are necessary to make preparation for commercial production. 2) The capacity is unable to meet demand of some products: Budesonide Suspension for Inhalation was involved in the fifth batch of national centralized drug procurement in June 2021, and will be supplied to 7 provincial public hospitals in the country, meeting 70% of the drug needs according to policies. Levosalbutamol Hydrochloride Nebuliser Solution is the first approved exclusive generic drug in China. So far, no originator manufacturers or other generic drug manufacturers have been approved for market in China. However, the market demand is huge. The original capacity of the above two products is unable to meet such market demand, making capacity expansion a must. 3. The Information Platform Construction Project

3) The Information Platform Construction Project

The total investment amount of this project is RMB 30,000,000, in which RMB 30,000,000 is raised. The investment is used to purchase information management software and hardware as well as computer room facilities. The project planned to upgrade and improve: (1) the information infrastructure of existing information management system, including disaster recovery and infrastructure of the server, and security equipment; (2) financial management system, including financial sharing system and tax administration system; (3) group management and control system, including HR system and SAP system.

(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” to adjust the “Project for Indepth Development and Industrialization Upgrade of Innovative Naprazole Series, 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.

(III) 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	For the period
Short-term leases	7,454,872.21
Leases of low value assets	0.00
Total	7,454,872.21

(IV) 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

人员工持股计划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.

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.

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	374,296,302.21	0.00	374,296,302.21	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	374,296,302.21	0.00	374,296,302.21	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	285,562,300.65

(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	19,391,291.49	
Bank acceptance bills discounted but not yet mature	22,858,934.79	
Total	42,250,226.28	

(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 (%)	Amount	Percentage (%)	Carrying value
Provision for bad debt on an individual basis										
Provision for bad debt on a collective basis	374,296,302.21	100.00	0.00	0.00	374,296,302.21	53,571,233.65	100.00	0.00	0.00	53,571,233.65
Of which:										
Bank acceptance bills	374,296,302.21	100.00	0.00	0.00	374,296,302.21	53,571,233.65	100.00	0.00	0.00	53,571,233.65
Total	374,296,302.21	100.00	0.00	0.00	374,296,302.21	53,571,233.65	100.00	0.00	0.00	53,571,233.65

(5) Provision for bad debt made, recovered or reversed during the Period
 Nil

(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	538,967,095.90
1-2 years	1,410,787.21
2-3 years	733,293.23
3-4 years	388,712.49
4-5 years	360,879.34
Over 5 years	7,723,623.65
Total	549,584,391.82

(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	771,300.68	0.14	771,300.68	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	771,300.68	0.14	771,300.68	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	548,813,091.14	99.86	13,270,020.90	2.42	535,543,070.24	386,433,230.10	99.71	16,938,369.88	4.38	369,494,860.22
Of which:										
Amount due from domestic customers	548,813,091.14	99.86	13,270,020.90	2.42	535,543,070.24	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	549,584,391.82	100	14,041,321.58	2.55	535,543,070.24	387,553,933.25	100.00	18,059,073.03	4.66	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	771,300.68	771,300.68	100.00	Not expected to be recoverable
Total	771,300.68	771,300.68	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		
	Accounts receivables	Provision for bad debts	Carrying Value (%)
Within 1 year	538,967,095.90	5,259,670.96	0.98
1-2 years (including 2 years)	1,410,787.21	150,539.36	10.67
2-3 years (including 3 years)	733,293.23	239,987.97	32.73
3-4 years (including 4 years)	103,939.29	81,969.65	78.86
4-5 years (including 5 years)	300,612.74	240,490.19	80.00
Over 5 years	7,297,362.77	7,297,362.77	100.00
Total	548,813,091.14	13,270,020.90	2.42

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	Provision	Changes for the current period			Balance at the End of the Period
			Recovery or reversal	Removal/write-off	Other changes	
Accounts receivables	18,059,073.03	1,857,142.19	0.00	5,874,893.64	0.00	14,041,321.58
Total	18,059,073.03	1,857,142.19	0.00	5,874,893.64	0.00	14,041,321.58

As at 31 December 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

Item	Amount written off
Accounts receivable actually written off	5,874,893.64

Significant accounts receivables written off.

Applicable N/A

- (5). The top five balances of accounts receivable by debtors as at the End of the Period

Applicable N/A

Unit: Yuan Currency: RMB

Name of company	Balance at the End of the Period	Proportion in total balance of account receivables for the End of the Year (%)	balance for bad debts as at the End of the Period
Unit 1	17,455,040.43	3.18	174,550.40
Unit 2	15,755,536.96	2.87	157,555.37
Unit 3	14,641,981.20	2.66	146,419.81
Unit 4	14,588,288.80	2.65	145,882.89
Unit 5	14,396,812.58	2.62	143,968.13
Total	76,837,659.97	13.98	768,376.60

Other descriptions:

The total of the top five balances of accounts receivable by debtors as at the End of the Period was RMB76,837,659.97 for the Period, representing 13.98% 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 RMB768,376.60.

- (6). Derecognised accounts receivables in the Company due to the transfer of financial assets.

Applicable N/A

- (7). Amount of assets or liabilities for which accounts receivable have been transferred but involvement continues in the Company.

Applicable N/A

Other descriptions:

Applicable N/A

3. Other receivables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividend receivables	814,041,000.00	69,999,500.00
Other receivables	322,196,811.25	306,776,204.09
Total	1,136,237,811.25	376,775,704.09

Other descriptions:

Applicable N/A

- (1). Dividend receivables

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	749,999,500.00	49,999,500.00
Haibin Pharma	44,041,500.00	0.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Provision for bad debts	0.00	0.00
Total	814,041,000.00	69,999,500.00

Other receivables

(1). Disclosure by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	321,955,080.06
1-2 years	149,812.10
2-3 years	206,676.00
3-4 years	126,228.36
4-5 years	20,000.00
Over 5 years	19,085,586.00
Provision for bad debts	-19,346,571.27
Total	322,196,811.25

(2). Disclosure by nature of the amount

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Other receivables of each company within the scope of combination	294,833,504.86	209,567,199.87
Capital reduction	24,078,925.22	92,347,581.27
Treasury bonds and Margin	17,968,386.04	18,982,036.71
External entities balances	3,763,793.73	2,074,984.69
Margin	848,272.56	1,452,703.18
Others	50,500.11	3,517,018.63
Total	341,543,382.52	327,941,524.35

(3). 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	24,078,925.22	0.00	0.00	24,078,925.22	Expected to be recoverable
Capital reduction	24,078,925.22	0.00	0.00	24,078,925.22	
Provision for bad debt on a collective basis	294,833,504.86	0.00	0.00	294,833,504.86	Expected to be recoverable
Other receivables of each company within the scope of combination	294,833,504.86	0.00	0.00	294,833,504.86	
Total	318,912,430.08	0.00	0.00	318,912,430.08	

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					
Provision for bad debt on a collective basis	4,662,566.40	29.56	1,378,185.23	3,284,381.17	
Receivable deposits	877,102.56	17.99	157,778.54	719,324.02	
Other receivables	3,785,463.84	32.24	1,220,406.69	2,565,057.15	
Total	4,662,566.40	29.56	1,378,185.23	3,284,381.17	

As at 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					
National debt and Margin	17,968,386.04	100.00	17,968,386.04	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	
Total	17,968,386.04	100.00	17,968,386.04	0.00	

As at 31 December 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					
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	

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

Unit: Yuan Currency: RMB

Provision for bad debts	Step 1	Step 2	Step 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (without impairment of credit)	Expected credit losses over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period	0.00	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
-- Transferred to step 3	0.00	-165,600.00	165,600.00	0.00
-- Reversed in step 2	0.00			0.00
-- Reversed in step 1	0.00			0.00
Provisions made for the Period	0.00	-639,498.32		-639,498.32
Reversals for the Period	0.00		1,013,650.67	1,013,650.67
Write-off for the Period	0.00			0.00
Settlement for the Period	0.00	0.00	165,600.00	165,600.00
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,378,185.23	17,968,386.04	19,346,571.27

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 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.	Other receivables of each company within the scope of combination	129,956,104.29	1-2 years	38.05	
Joincare Haibin Pharmaceutical Co., Ltd.	Other receivables of each company within the scope of combination	111,500,000.25	Within 1 year	32.65	
Topsino Industries Limited	Other receivables of each company within the scope of combination	36,954,169.56	1-2 years	10.82	
Shanghai Yunfeng Xinchuang Capital Management Center (L.P.)	Capital reduction	24,078,925.22	1-2 years	7.05	
Huaxia Securities Co., Ltd	National debt and Margin	17,968,386.04	Above 5 years	5.26	17,968,386.04
Total	/	320,457,585.36	/	93.83	17,968,386.04

(5). Other receivables derecognised due to the transfer of financial assets

Applicable N/A

(6). Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

Applicable N/A

Other descriptions:

Applicable N/A

4. Long-term equity investments

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,453,138,312.11	7,010,047.91	3,446,128,264.20	3,193,969,921.11	7,010,047.91	3,186,959,873.20
Investments in associates and joint ventures	84,810,888.09	0.00	84,810,888.09	86,816,710.23	0.00	86,816,710.23
Total	3,537,949,200.20	7,010,047.91	3,530,939,152.29	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
Joincare Biology	59,868,800.00	0.00	59,868,800.00	0.00	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
Total	3,193,969,921.11	319,037,191.00	59,868,800.00	3,453,138,312.11	0.00	7,010,047.91

Note 1: Zhuhai Jiankangyuan completed the industrial and commercial deregistration on 8 September, 2021;

Note 2: In April 2021, the Company and its subsidiary Haibin Pharma completed the capital increase in Joincare Haibin Pharmaceutical Co., Ltd.

Note 3: 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 55.13% of its equity, and the Company held 35.75% of its equity.

(2). Investments in associates

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Change during the Period										Balance of provision for impairment at the End of the Period
	Balance at the Beginning of the Year	Increased investment	Decreased investment	Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others	Balance at the End of the Period	
Associates											
Ningbo Ningrong Biological Medicine Co., Ltd.	28,301,318.36	0.00	0.00	-837,219.65	0.00	0.00	0.00	0.00	0.00	27,464,098.71	0.00
Feellife Health Inc.	10,176,384.11	0.00	0.00	513,198.04	0.00	0.00	0.00	0.00	0.00	10,689,582.15	0.00
Novastage Pharmaceuticals (Shenzhen), Ltd.	19,561,050.64	0.00	0.00	-1,480,167.43	0.00	0.00	0.00	0.00	0.00	18,080,883.21	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd	28,777,957.12	0.00	0.00	-201,633.10	0.00	0.00	0.00	0.00	0.00	28,576,324.02	0.00
Total	86,816,710.23	0.00	0.00	-2,005,822.14	0.00	0.00	0.00	0.00	0.00	84,810,888.09	0.00

5. Operating income and operating cost

Operating income and operating cost

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Principal activities	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84
Other activities	23,227,007.34	10,880,121.11	17,173,139.38	5,717,311.02
Total	2,021,173,825.62	1,356,825,036.11	1,433,075,511.23	921,243,233.86

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	115,187,552.33	73,483,571.30	138,445,501.80	89,635,887.75
Chemical drug preparation products	1,844,258,573.30	1,249,873,341.86	1,237,805,648.80	801,249,508.12
Traditional Chinese drug preparation	38,481,963.54	22,519,595.22	38,914,059.05	23,894,996.93
Others	18,729.10	68,406.62	737,162.20	745,530.04
Total	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84

② Operating income and operating cost presented by major operating regions

Item	For the Period		For the Previous Period	
	Cost	Income	Cost	Income
Domestic	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84
Total	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84

③ Operating income and operating cost presented by time of income recognition

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Commodities (transferred at a point in time)	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84
Total	1,997,946,818.28	1,345,944,915.00	1,415,902,371.85	915,525,922.84

(3) Descriptions of other activities

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Processing fee	1,403,169.59	1,712,962.53	0.00	0.00
Rental fees	13,104,696.50	1,989,089.05	14,722,066.99	3,333,402.42
Others	8,719,141.25	7,178,069.53	2,451,072.39	2,383,908.60
Total	23,227,007.34	10,880,121.11	17,173,139.38	5,717,311.02

6. Investment income✓ Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Long-term equity investments income under cost method	1,351,395,397.50	545,238,761.01
Long-term equity investments income under equity method	-2,005,822.14	-1,887,802.59
Investment income from disposal of long-term equity investments	-59,868,800.00	-2,807,961.97
Dividend income from other equity instrument investments	4,175,569.86	3,836,778.08
Investment income from disposal of financial assets held for trading	50,958.36	0.00
Total	1,293,747,303.58	544,379,774.53

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	14,492,047.24
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	245,335,140.69
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	8,110,644.25
Reversals of provision for impairment of accounts receivable with individual impairment test	1,013,650.67
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	-30,737,442.83
Other items that conform to the definition of non-recurring profit or loss	0.00
Less: Effect of income tax	39,580,260.30
Effect of minority equity	95,131,719.24
Total	103,502,060.48

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	11.50	0.6864	0.6858
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	10.60	0.6329	0.6324

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

Applicable N/A

4. Others

Applicable N/A

Chairman: Zhu Baoguo

Date of Submission Approved by the Board: 29 March 2022

Revised information

Applicable N/A