

Stock Short Name:健康元
Stock Code:600380



Interim Report 2023

【Mission】For the Health For the Future

【Vision】Diligently make high-quality and innovative drugs

【Core Values】Putting people first, Valuing workmanship and quality,
Pursuing innovation and truth, Promoting cooperation and sharing

Important Notice

I The Board of Directors (the “Board”), the Board of Supervisors and directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report (the “Report”), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.

II All the directors of the Company attended the Board meeting.

III The interim report of the Company is unaudited.

IV Mr. Zhu Baoguo (朱保国), the person-in-charge of the Company, and Mr. Qiu Qingfeng (邱庆丰), the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department), declare that they hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in the Report.

V Profit distribution plan or plan for conversion of capital reserve to share capital approved by the Board during the Reporting Period

Not applicable

VI Risk declaration for the forward-looking statements

Applicable N/A

The Report contains forward-looking statements which involve the future plans, development strategies, etc. of the Company, yet do not constitute substantive undertakings of the Company to investors. Investors should exercise caution prior to making investment decisions.

VII Whether there is non-operating use of funds by the controlling shareholder and their related parties

No

VIII Whether there is a violation of the prescribed decision-making procedures to provide external guarantees

No

IX Whether more than half of directors cannot warrant the truthfulness, accuracy and completeness of the Report disclosed by the Company

No

X Significant risk warnings

There is no exceptionally significant risk that will have a material impact on the productions and operations of the Company during the Reporting Period. The Company has described various risks related to productions and operations that the Company may face and the corresponding response measures taken. Please refer to “Risks” in Chapter 3 “Management Discussion and Analysis”.

XI Others

Applicable N/A

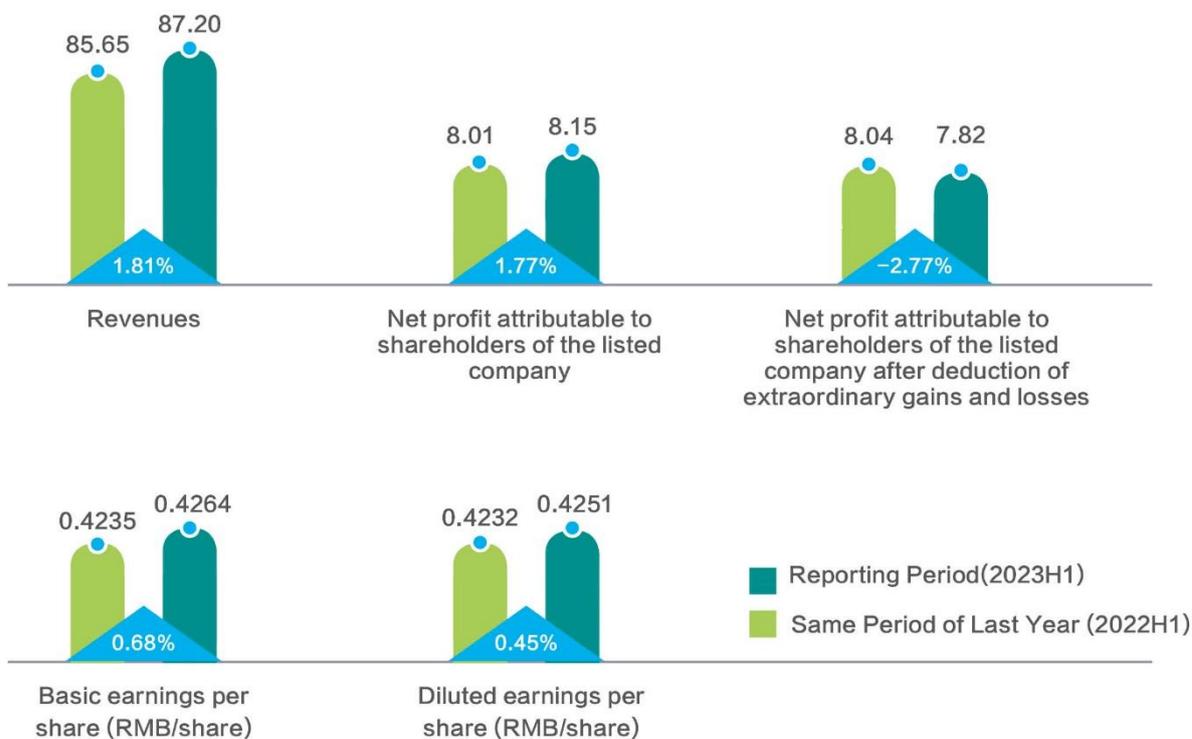
Table of Contents

Financial Highlights	5
Chapter 1 Definitions	7
Chapter 2 Company Profile and Major Financial Indicators	9
Chapter 3 Management Discussion and Analysis.....	13
Chapter 4 Corporate Governance	49
Chapter 5 Environmental and Corporate Social Responsibility.....	51
Chapter 6 Major Events	85
Chapter 7 Changes in Equity and Shareholders	97
Chapter 8 Information on Preferred Shares.....	101
Chapter 9 Information on Bonds	102
Chapter 10 Financial statements.....	103

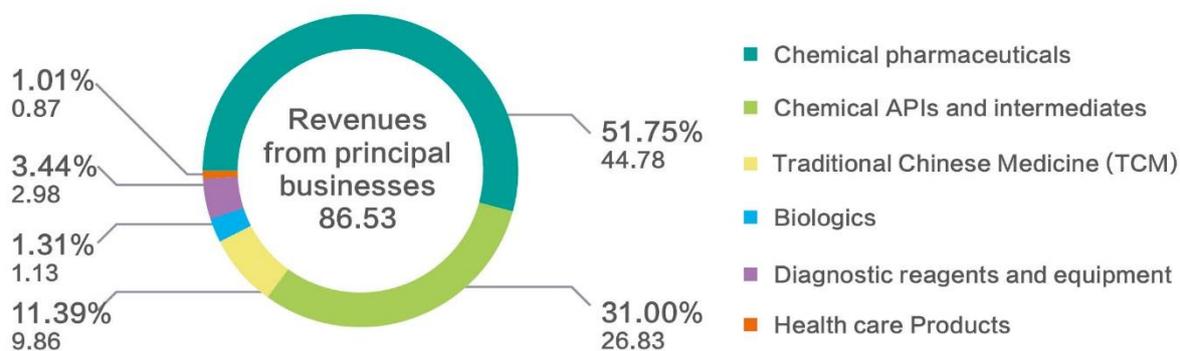
List of documents available for inspection	The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department)
	The original copies of all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

Financial Highlights

Major Financial indicators (RMB100 Million)



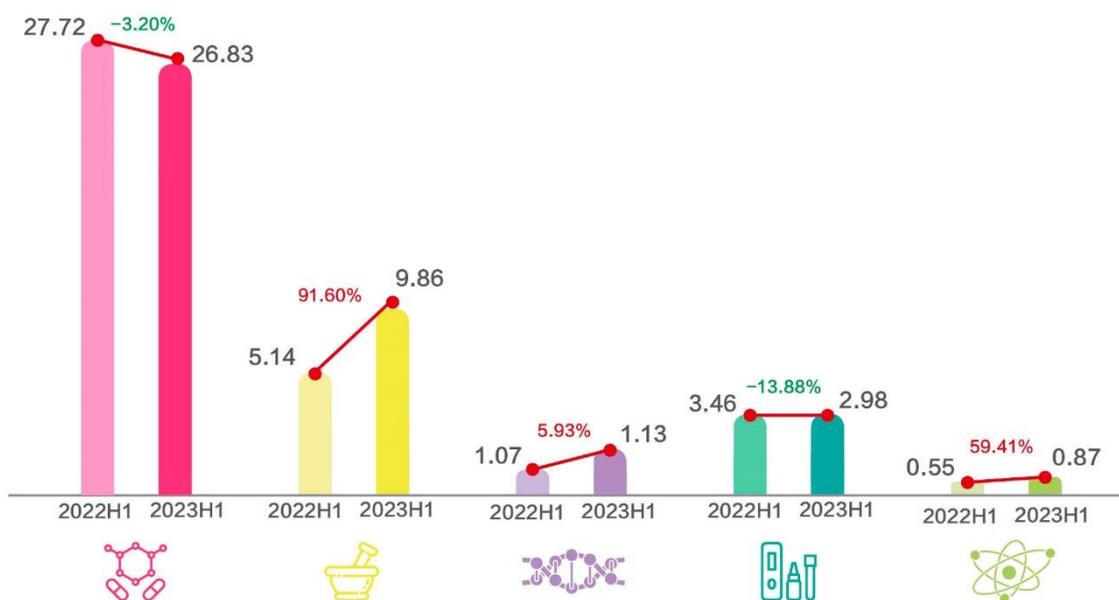
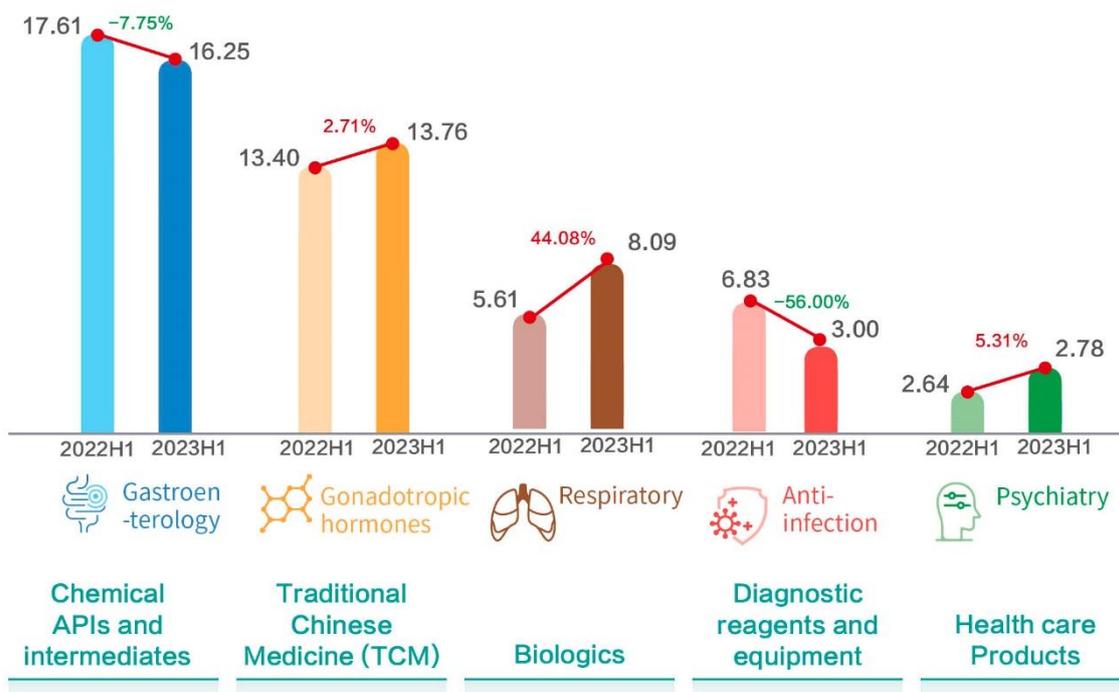
Principal Businesses (RMB 100 million)



Financial Highlights

Chemical pharmaceuticals

(RMB 100 million)



Chapter 1 Definitions

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

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Company or the Company	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd. * (健康元药业集团股份有限公司)
GDR	Refers to	Global Depository Receipts
CDE	Refers to	Center For Drug Evaluation (国家药品监督管理局药品审评中心)
FDA	Refers to	U.S Food and Drug Administration
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
BE	Refers to	Bioequivalence
MVR	Refers to	Mechanical Vapor Recompression
QC	Refers to	Quality Control
ROI	Refers to	Return on Investment
R&D	Refers to	Research and Development
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc.* (丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd. * (新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd. * (深圳太太药业有限公司)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.* (健康元海滨药业有限公司)
Taitai Genomics	Refers to	Shenzhen Taitai Genomics Inc. Co., Ltd. * (深圳太太基因工程有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司)
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)
Health China	Refers to	Health Pharmaceutical (China) Co., Ltd. * (健康药业(中国)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 Research Institute	Refers to	Henan Joincare Biomedical Research Institute Co., Ltd.*(河南省健康元生物医药研究院有限公司)
Livzon MAB	Refers to	Livzon MABPharm Inc. * (珠海市丽珠单抗生物技术有限公司)
Livzon Diagnostics	Refers to	Zhuhai Livzon Diagnostics Inc. * (珠海丽珠试剂股份有限公司)

Livzon Xinbeijiang	Refers to	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (丽珠集团新北江制药股份有限公司)
Ningxia Pharmaceutical	Refers to	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.* (丽珠集团(宁夏)制药有限公司)
Gutian Fuxing	Refers to	Gutian Fuxing Pharmaceutical Co., Ltd.* (古田福兴医药有限公司)
Fuzhou Fuxing	Refers to	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (丽珠集团福州福兴医药有限公司)
Livzon Hecheng	Refers to	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (珠海保税区丽珠合成制药有限公司)
Livzon Limin	Refers to	Livzon Group Limin Pharmaceutical Manufacturing Factory * (丽珠集团利民制药厂)
Livzon Pharmaceutical Factory	Refers to	Livzon Group Livzon Pharmaceutical Factory * (丽珠集团丽珠制药厂)
Shanghai Livzon	Refers to	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.* (上海丽珠制药有限公司)
Sichuan Guangda	Refers to	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.* (四川光大制药有限公司)
Jiaozuo Hecheng	Refers to	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (焦作丽珠合成制药有限公司)
Jinguan Electric Power	Refers to	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.* (焦作金冠嘉华电力有限公司)
Tianjin Tongrentang	Refers to	Tianjin Tongrentang Group Co., Ltd.* (天津同仁堂集团股份有限公司)
COVID-19 pandemic or pandemic	Refers to	The outbreak of the disease caused by a new coronavirus called SARS-CoV-2
Reporting Period	Refers to	From 1 January 2023 to 30 June 2023
End of the Reporting Period	Refers to	30 June 2023
Currency or unit	Refers to	RMB unless otherwise specified

*For identification purpose only

Chapter 2 Company Profile and Major Financial Indicators

I Company profile

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

II Contact persons and contact details

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

III Introduction of the Company's basic information

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

IV Introduction of changes in information disclosure and places for inspection

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

V Company stock profile

Class of stock	Listed on	Stock Abbreviation	Stock code	Stock abbreviation prior to change
A Share	Shanghai Stock Exchange	健康元	600380	太太药业, S健康元
GDR	SIX Swiss Exchange	Joincare Pharmaceutical Group Industry Co., Ltd.	JCARE	/

VI Other relevant information

Applicable N/A

VII Principal accounting data and financial indicators of the Company**(I) Principal accounting data**

Unit: Yuan Currency RMB

Principal accounting data	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Revenues	8,719,741,599.23	8,564,945,285.55	1.81
Net profit attributable to Shareholders of the listed company	815,434,734.90	801,268,519.50	1.77
Net profit attributable to Shareholders of the listed company after deduction the extraordinary gain or loss	781,744,142.18	803,994,432.03	-2.77
Net cash flow from operating activities	1,257,207,685.54	1,902,953,224.79	-33.93
	As at the End of the Reporting Period	As at the End of the Last Year	Increase/decrease as at the end of the Reporting Period as compared to the end of last year (%)
Net assets attributable to Shareholders of the listed company	13,234,183,227.97	13,121,820,410.55	0.86
Total assets	36,241,438,930.34	35,729,253,651.41	1.43

(II) Principal Financial Indicators

Principal Financial Indicators	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Basic earnings per share (RMB/share)	0.4264	0.4235	0.68
Diluted earnings per share (RMB/share)	0.4251	0.4232	0.45
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.4088	0.4249	-3.79
Weighted average return on net assets (%)	6.29	6.65	Decreased by 0.36 percentage points
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	6.03	6.67	Decreased by 0.64 percentage points

Description of principal accounting data and financial indicators of the Company

√Applicable □N/A

The net cash flow from operating activities was RMB1,257 million, representing a year-on-year decrease of 33.93%, this decrease was mainly due to the increased collection of promissory notes, decreased cash collections, and increased cash payments for purchasing goods during the Reporting Period.

VIII Differences in accounting data under domestic and foreign accounting standards

□Applicable √N/A

IX Items and amounts of extraordinary gains and losses

√Applicable □N/A

Unit Yuan Currency: RMB

Items of Extraordinary Gains and Losses	Amounts	Notes (If applicable)
Gains and losses on disposal of non-current assets	-342,359.46	Gains from disposal of fixed assets
Government grants as included in the profit or loss for the Period, 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	123,344,744.28	Government grants as included in the profit and loss for the Period
Gains and losses on fair value changes derived from holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income generated on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective	-45,351,392.03	Gains and losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading

hedging activities related to the ordinary operating business of the Company		
Other non-operating income and expenses apart from the above items	-5,612,578.23	Other non-operating income and non-operating expenses apart from the above items
Less: Effect of income tax	12,031,185.95	Effect of the above items on income tax
Effect of minority equity (after tax)	26,316,635.89	The portion of the above items to which minority shareholders are entitled
Total	33,690,592.72	

Explanations for the Company's extraordinary gain or loss items as defined in the "Explanatory Announcement No.1 for Public Company Information Disclosures – Extraordinary Gains or Losses", and the extraordinary gain or loss items as illustrated in the "Explanatory Announcement No.1 for Public Company Information Disclosures – Extraordinary Gains or Losses" which has been defined as its recurring gain or loss items.

Applicable N/A

X Others

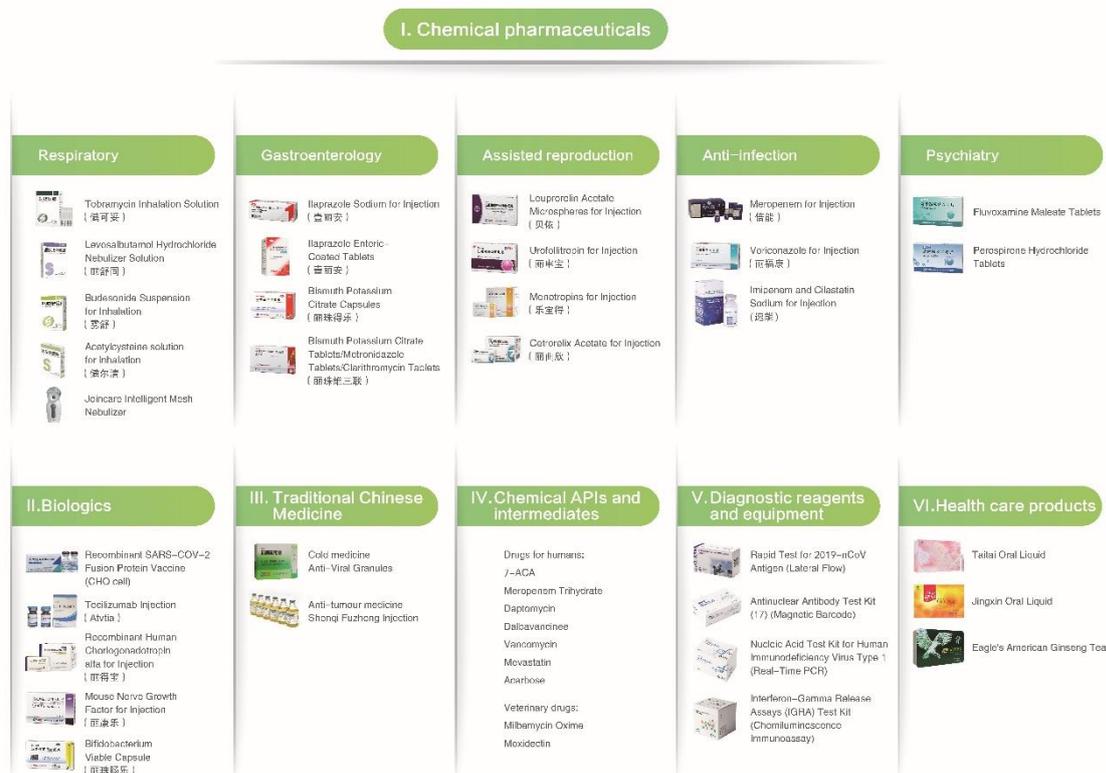
Applicable N/A

Chapter 3 Management Discussion and Analysis

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

(I) Principal businesses and products of the Company

The Company is primarily engaged in the R&D, production and sales of pharmaceutical products and health care products. The business scope of the Company covers chemical pharmaceuticals, biologics, chemical active pharmaceutical ingredients (APIs) and intermediates, traditional Chinese medicine (TCM), diagnostic reagents and equipment, health care products, etc. The enriched product series and mix provide larger market and growth opportunities for the Company. Main products of the Company are as follows:



(II) Business model of the Company

With the stable operation and rapid development over the years, the Company has become an integrated pharmaceutical group that is driven by scientific research and innovation, integrating the R&D, production, 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

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 unmet clinical needs, with efforts focused on innovative drugs and high-barrier complex formulations, and has established an efficient R&D innovation management model. In terms of independent innovation, the Company has a diversified and multi-dimensional R&D organization with mature R&D teams for chemical pharmaceuticals, biologics, TCM 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 respiratory, 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 has introduced new technologies and products that meet the strategic development goal of the Company through technology transfer or license-in to implement industrial transformation, so as to reinforce and strengthen our position and strategy in the leading and emerging fields.

2. Procurement

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 acquire market information for procurement through comparisons of quality and price.

3. Production

In terms of production, the Company adopts the principle of market demand-oriented approach 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 and Technology Departments of the Company.

The Company has been carrying 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 has established a strict and sound production quality assurance system, and is geared to international standards and subject to international certification while in compliance with national standards. The Company conducts annual GMP self-inspection, ISO9001 internal and external audits, and is 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. The system is running well.

4. Sales

(1) Drug formulation products

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

(2) APIs and intermediates

Main target customers of APIs are large pharmaceutical manufacturers. The selling prices are determined based on a set of integrated factors such as costs of production, inventory levels, industry rivalry and market trend. Specific pricing method: The sales and marketing department conduct weekly or bi-weekly meetings to analyze the current market conditions, 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 they 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 products are sold through distributors in areas with high market and political risks; At present, products of the Company are mainly exported to over 60 countries and regions in Asia, Europe, North America, and Africa.

(3) Diagnostic reagents and equipment

Diagnostic reagents and equipment are sold by the Company both domestically 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, with 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 channels and terminal coverage capability. At present, the Company has set up 27 provincial branches and 37 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 1,260 businesses in drug distribution line and approximately 29 businesses in food distribution line, with more than 450,000 subordinate secondary businesses and terminal businesses in drug and food distribution lines. Products are well managed and promoted through the tiered marketing channels. In addition to the traditional distribution management model, the Company realizes synergetic development through online channels. At present, the Company has set up official flagship stores on mainstream e-commerce platforms such as Tmall (天猫), Jingdong (京东), Douyin (抖音), Kuaisou (快手) and Pinduoduo (拼多多).

(III) Analysis of industry development

The pharmaceutical industry is a national strategic emerging industry bearing on the national economy and people's livelihood, and an important part of the national economy. According to the "14th Five-Year Plan for the Development of Pharmaceutical Industry" (《“十四五”医药工业发展规划》), the overall development of the pharmaceutical industry will reach a new level. During the "13th Five-Year Plan" period, the average annual growth rate of the added value of pharmaceutical industry above designated scale was 9.5%, 4.2 percentage points higher than the overall industrial growth rate, and the proportion of the total added value of the pharmaceutical industry to that of all industries increased from 3.0% to 3.9%; the average annual growth rates of the operating revenues and total profit of enterprises above designated scale were 9.9% and 13.8%, respectively, being at the forefront of various industries in terms of growth rates. At the same time, the scale of leading pharmaceutical manufacturers has further expanded with the steadily increasing industry concentration. In the first half of 2023, with the

deepening reform of the national medical and healthcare system and increasing improvement in the innovation environment, the pharmaceutical industry continued to advance towards high-quality development featuring transformation, upgrading and encouraging innovation. As China's population ages and urbanization rates continue to rise, from the long-term and holistic perspective, China's pharmaceutical industry will continue on a promising trajectory.

According to data from the National Bureau of Statistics, in the first half of 2023, enterprises in the pharmaceutical manufacturing industry above designated scale in China have realized revenues of RMB1,249.6 billion, representing a year-on-year decrease of 2.9%; operating costs were RMB713.01 billion, representing a year-on-year decrease of 1.8%; total profits reached RMB179.45 billion, representing a year-on-year decrease of 17.1%.

(IV) Industry status of the Company

Through years of development, the Company has become an integrated pharmaceutical enterprise covering multiple sectors including chemical pharmaceuticals, chemical APIs and intermediates, traditional Chinese medicine, diagnostic reagents and equipment as well as health care products. chemical pharmaceuticals are the largest revenue generator of the Company, among which drugs for gastroenterology and gonadotropic hormones are traditional competitive products of the Company, with key products securing a long-term leading position in national pharmaceutical formulation market segment, and respiratory and psychiatry products have been the strategic focus of the Company, with key products maintaining a strong sales growth momentum.

During the Reporting Period, the Company, leveraging its robust R&D and production capabilities and steady marketing presence, the Company ranked Top 10 in “2022 Annual Ranking of Top 100 Chinese Chemical Drug Enterprises”.

(V) Performance drivers in the Reporting Period

In the first half of 2023, amid the macro environment of weak recovery of domestic economy and tightening of industry regulation and access policy, the growth rate in the Company's performance slowed down due to factors such as a decrease in the volume-based procurement price of its key product Meropenem for injection and intensified competition in the APIs market. During the reporting period, the Company steadfastly the dual-driver strategy of "innovative drugs + high-barrier complex formulations", focusing on unmet clinical needs to accelerate its transformation into an innovative pharmaceutical company. While strengthening its independent R&D capabilities, the Company had introduced multiple new medicine projects through external acquisitions and co-development, comprehensively expanding the layout of its R&D pipeline. This strategic approach continuously reinforces the company's leading position in areas such as respiratory and gastroenterology.

II Analysis of core competitive strengths during the Reporting Period

√Applicable □N/A

1. PRC's leading integrated pharmaceutical company under continuous innovation and development

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

2. Strong R&D capability, diversified product matrix and leading commercialization capabilities

Focusing on innovative drugs and high-barrier complex formulations, the Company has formed diversified product matrix. With the huge clinical demand and high product quality, it has established market competitive advantages in many pharmaceutical segments. The Company's chemical pharmaceuticals cover gastroenterology diseases, assisted reproduction, infectious diseases, respiratory diseases, psychiatric and neurological diseases, tumor and other disease treatment fields, among which alimentary canal proton pump inhibitor (PPI) drugs, gonadotropic hormones drugs, and inhalation formulations for respiratory system diseases have an advantageous market position. Relying on APIs, the Company's core products, together with chemical APIs and intermediates, form a stable pharmaceutical industry chain of "APIs-formulations vertical integration". Meanwhile, the Company actively develops overseas markets, and its products are marketed and distributed worldwide, facilitating strategic cooperation with many internationally renowned pharmaceutical companies. In addition, the

Company also has a number of traditional Chinese medicine and in vitro diagnostic reagent products, and has accumulated resources and wide brand influence in health care products for many years.

3. Making breakthroughs in the key R&D and industrialization technologies of complex formulations

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

4. A stable senior management and R&D team with expertise, long-term vision and commitment to corporate social responsibility

The Company has a stable, visionary and experienced, results-oriented management team and an outstanding talent team. Outstanding leaders are the key to the Company's rapid development. The founder of the Company has over 30 years of expertise in the pharmaceutical industry as well as a global vision and a strategic mindset. With a deep industry insight, the founder has led us developing platform technologies centered on high-barrier complex formulation, which has established leading position of the Group with sustainable development in the broader healthcare industry

The senior management team of the Company has over 20 years of industry experience on average, with an average of more than 10 years of service in the Company, and has a thorough understanding of market demand, industry development and growth opportunities. Each key R&D field of the Company is led by industry-leading scientists and accompanied by an efficient R&D management team. In addition, the Company has upheld the core value of “Putting People First, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing” and laid emphasis on talent team training to build a diversified talents pool with global vision, advanced knowledge, strong execution capability and sense of ownership. Driven by the corporate culture of pursuing excellence, the talent team works diligently and conscientiously to jointly contribute to the sustainable development of the enterprise through teamwork and collaboration.

III Discussion and analysis of business conditions

1. Main business conditions during the Reporting Period

During the Reporting Period, the Company realized revenues of RMB8,720 million, representing a year-on-year increase of approximately 1.81%; a net profit attributable to shareholders of the listed company

of RMB815 million, representing a year-on-year increase of approximately 1.77%, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or loss of RMB782 million, representing a year-on-year decrease of approximately 2.77%. Business development of various segments of the Company is as follows:

(1) Livzon Group (excluding Livzon MAB)

As at the End of the Reporting Period, the Company directly and indirectly held 44.77% equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized revenues of RMB6,678 million, representing a year-on-year increase of approximately 6.08%; and thus it contributed a net profit of approximately RMB607 million attributable to shareholders of the Company.

During the Reporting Period, the sales of the chemical pharmaceuticals segment of Livzon Group maintained stable growth, and recorded the stable growth in the proportion and profitability of high-end specialty APIs in the API segment. The sales of its products in the key therapeutic areas are as follows: Gastroenterology products realized revenues of RMB1,625 million, representing a year-on-year decrease of approximately 7.75%; gonadotropic hormones products realized revenues of RMB1,376 million, representing a year-on-year increase of approximately 2.71%; and psychiatry products realized revenues of RMB278 million, representing a year-on-year increase of approximately 5.31%.

(2) Livzon MAB

As at the end of the Reporting Period, the Company held 55.90% equity interest in Livzon MAB, which contributed the amount of approximately RMB-241 million to the Company's net profit attributable to shareholders of the listed company for the current period.

Livzon MAB continued to focus on new molecules, new targets and differentiated molecular designs in the fields such as autoimmune diseases, vaccines, oncology and assisted reproduction to consistently push forward the R&D of key projects. During the Reporting Period, the progress in R&D of biological products was set out as below:

The application for launch on Tocilizumab Solution for Injection (Atvtia[®]) (托珠单抗注射液(安维泰[®])) had been approved for indications include rheumatoid arthritis, cytokine release syndrome (CRS) and juvenile idiopathic arthritis (sJIA). Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒毛促性素) was approved for launching in 2021 and had started sales, which is the first generic drug of its kind in China. Livzon MAB continued to actively promote overseas registrations; the drug had been approved for launching in Tajikistan, and its submission of registration materials had been completed in Indonesia, Pakistan, five countries in Central and South America and two countries in Central Asia. Recombinant Human Follitropin Alfa Solution for Injection (重组人促卵泡激素注射液) and Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人 IL-17 A/F 人源化单克隆抗体注射液) have conducted phase III clinical trial. Recombinant Anti-human

IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人 IL-17 A/F 人源化单克隆抗体注射液) is the first drug to be compared with IL-17A marketed drug for positive control phase III clinical trial in China. The results of phase II clinical trial show that the product has the clinical advantages of faster onset of action, better and longer duration of efficacy, showing better efficacy as compared with IL-17A single-target agents (IL-17A 单靶点药物) and is expected to provide a potentially better solution for the psoriasis treatment in China. In July 2023, the Recombinant SARS-COV-2 Bivalent (Original/Omicron XBB) Fusion Protein Vaccine (CHO Cell) (重组新型冠状病毒融合蛋白二价(原型株/Omicron XBB 变异株)疫苗(CHO 细胞)) was approved for clinical trial.

With the successive approvals for market launch of its products, LivzonMAB has enriched relevant teams such as pharmacovigilance, production quality and production-sales connection, gradually improved the GMP system and industrialization capabilities and enhanced the overall operational capabilities.

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

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB2,194 million, representing a year-on-year decrease of approximately 7.48%, and realized a net profit attributable to shareholders of listed companies of RMB445 million, representing a year-on-year increase of approximately 5.70%. Joincare realized a net profit attributable to shareholders of the listed company after deducting the extraordinary gains and losses of RMB435 million, representing a year-on-year increase of approximately 5.01%. Key results of the main business segments and core products are as follows:

① Prescription medicines

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB923 million from prescription drug segment, representing a year-on-year decrease of approximately 12.88%. Among which, the sales revenues and year-on-year change of key therapeutic areas are as follows: the revenues generated from the field of respiratory totaled RMB809 million, representing a year-on-year increase of 44.08%; the revenues generated from the field of anti-infection totaled RMB102 million, representing a year-on-year decrease of 79.17%.

In the first half of 2023, the Company continued to accelerate the formation of the national sales team in respiratory line, and further established the four-level fine management system of regional managers, provincial general managers, provincial managers and development managers. The Company actively took various measures to accelerate the development of its key products, especially its exclusive product, Tobramycin Inhalation Solution (妥布霉素吸入溶液), and thus drive sales volume of such products: firstly, it enhanced the assessment of the coverage rate and fulfillment rate, accelerated the development of various respiratory products, and in the first half of the year, the Company developed 559 hospitals above grade II, so that its respiratory products covered over 3,800 hospitals above grade II; secondly, it seized the opportunity of the inclusion of the Levosalbutamol Hydrochloride Nebulizer Solution (盐酸

左沙丁胺醇雾化吸入溶液) in the regular national reimbursement drug list to continue the rapid coverage and sales growth; thirdly, it continuously advanced construction of digital marketing platforms, utilizing digital methods to expedite the marketing process and comprehensively promoted the brand via the platform of “Respiratory Experts' Views” (呼吸专家说); fourthly, it refined the distribution management, and currently, there are 2 main warehouses and 10 regional warehouses nationwide, with the same day delivery within the province and 2-day delivery in the neighbouring provinces, which effectively ensured the timely and efficient distribution of drugs.

The key R&D projects of the Company's inhalation formulations made progress in stages: Formoterol Fumarate Inhalation Solution (富马酸福莫特罗吸入溶液), Indacaterol Maleate Powder for Inhalation (马来酸茚达特罗吸入粉雾剂), and Fluticasone Propionate Inhalation Suspension (丙酸氟替卡松雾化吸入用混悬液) had been in the stage of launch application review, of which Formoterol Fumarate Inhalation Solution was approved for launching in July 2023. Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂) was applied for production, which was the first domestic generic drug to submit a registration application after the publication of the new inhaled formulation BE guidance principles since 2020. In terms of medical devices, the Company continued to develop medical devices compatible with its owned inhalation formulations, Mini360+, a mesh nebulizer designed for used with Tobramycin Solution for Inhalation, had obtained the registration certificate of Class II medical device. Furthermore, while ploughing into advantageous technology platforms such as inhalation formulations, the Company was actively expanding other high-barrier complex formulation platforms, The successful completion of the bioequivalence study for Meloxicam Nanocrystalline Injection (美洛昔康纳米晶注射液) marks a significant breakthrough in the nanocrystalline technology platform.

While continuously strengthening independent innovation, the Company also continued to deepen the core areas of varieties of cooperative development and licensing introduction to leverage on the global advantageous resources and cutting-edge technologies to strengthen the Company's commercialization and integration capabilities. During the Reporting Period, the Company made significant progress in the field of business development (BD), introducing multiple innovative medicines, expanding into other indications in the respiratory system and accelerating the Company's transformation into an innovative pharmaceutical company. Among these endeavors, TG-1000 is an innovative PA endonuclease inhibitor, capable of effectively inhibiting both influenzas A and B viruses; It has completed Phase II clinical studies and is poised to enter Phase III clinical trials. XYP-001, a modified new drug for the treatment of Idiopathic Pulmonary Fibrosis (IPF), is currently in Phase I clinical trials, continues to advance in its clinical study efforts.

② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sale revenues of RMB1,060 million from APIs and intermediates segment, representing a year-on-year decrease of approximately 7.82%.

During the Reporting Period, in the API segment, Joincare adhered to the management concept of “green production, cost reduction and efficiency enhancement”, focused on the transformation and upgrading of production equipment, enhanced the establishment of the quality management system and strengthened the construction of safety and environmental management, guaranteeing the steady improvement in the production and yield of key products of the Company. In terms of marketing, the price of the Company's key product 7-ACA declined, and the Company maintained its advantage position in market share by strengthening the in-depth cooperation with strategic customers and actively expanding domestic and international markets. Another key product, Meropenem Trihydrate (美罗培南混粉), is facing challenges such as intensified international market competition and pricing pressures. The Company had taken active measures to maintain its existing market share, at the same time, the Company also actively expanded its overseas business to carry out a number of applications for the registration of Meropenem aseptic powder and crude product so as to enhance the Company's profitability. Furthermore, the Company leveraged on its advantages of APIs - formulations vertical integration, actively expanded the domestic API market. It has established collaborations with several domestic manufacturers to minimize the impacts of volume-based drug procurement.

In terms of APIs R&D, the Company focused on its R&D activities in two cutting-edge fields, synthetic biology and biocatalysis: in the construction of synthetic biology platform, the Company further strengthened the research of system biology and synthetic biology mainly against *Escherichia coli*, filamentous fungi and streptomycetes, completed the research of the modification and screening of over 10 genes of high-yield L-phenylalanine strains, and substantially increased the positive rate of the protoplasmic transformation screening of the filamentous fungi, which significantly shortened the research and development cycle of genetic modification experiments for the filamentous fungi like *cephalosporium acremonium*, and thus laid down a technological foundation for further development of multi-genetic modification methods of *cephalosporium acremonium*. In the construction of biocatalytic platform, the Company prepared the primary version of SOP for protein structure prediction using AlphaFold 2, and completed the structure prediction of 60% key proteins on the anabolic pathway of CPC in *cephalosporium acremonium* by using the cloud computing platform. Meanwhile, the Company completed the computer simulations for key genes by applying a computer-aided protein engineering technology platform. As at the end of the Reporting Period, Joincare Research Institute had applied for a total of 11 national invention patents (with 1 granted), 8 utility model patents (with 4 granted), 1 software copyright. Moreover, the Company published 2 high-level academic papers.

③Health care products and OTC drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB202 million from health care products and OTC segment, representing a year-on-year increase of approximately 33.17%.

During the Reporting Period, the Company had established user-centric data-driven digital marketing system as the core, leading to steady growth in sales performance. In terms of content marketing, the

Company promoted its performance growth by content marketing and cooperation with top steamers, and the ROI had reached a record high under the model of combining short video and flagship broadcast. Dexamethasone Acetate (意可贴) had a total exposure of 220 million in the first half of the year. The view counts of video had broken 100 million on Douyin (抖音), the brand word for mouth ulcer ranked first on the RED (小红书), and the flagship broadcast for Taitai (太太), Eagle's (鹰牌) and Jingxin (静心) were gaining popularity. In terms of online sales channels, the Company recovered the right to self-operation on JD.com, expanding the sales channels on Douyin to improve the efficiency of content conversion, and expand the gift-giving audiences through the development of large-size gift boxes. In terms of offline channel sales, the Company cultivated new users through the cooperation of offline chains to carry out brand project-based activities and patient education, and it re-deployed the drug line channels and new retail channels, the targeted cooperating chains for the drug line channels had reached over 3,900 with more than 1,000 pure sales distributors and 11 national-scale major chain stores, fully covering the top 50 chain stores. In terms of new offline retail channels, in the first half of the year, the Company developed its present in five cities in three provinces, covering more than 2,800 outlets with additional 819 new shops. At the same time, the Company had established the benchmark chains for its offline sales channels, such as Walmart, FamilyMart, LAWSON, 7-11 and other convenience store system, which significantly increasing the channel penetration rate, and thereby boosting the brand sales.

2. Business plans in the second half of 2023

In the second half of 2023, the major tasks in various business segments of the Company are set out as follows:

(1) R&D Center

R&D and innovation is the source to maintain corporate vitality and the core driver for the Company's sustainability. In the second half of 2023, the Company will continuously beef up and improve its in-house development capabilities with a focus on the core fields such as respiratory, gastroenterology, psychiatry, assisted reproduction and antitumor, and firmly and fully execute its dual-drive strategy of developing platforms of both innovative medicines and high-barrier complex formulation to effectively facilitate the research and clinical development of existing core products including TG-1000, XYP-001, 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), to build a differentiated product pipeline. The Company will accelerate the establishment of R&D platforms, and redouble efforts to advance the commercialization of innovative medicines, inhalation products, sustained-release microspheres, monoclonal antibody drug, micro-nanocrystals formulations and other technology platforms. In addition, by focusing on its advantageous fields and paying close attention to the cutting-edge technologies and business opportunities in the international markets, the Company will enhance external cooperation through cooperative development, licensing-in and other means, to introduce more innovative drug projects and improve the construction of product portfolio in its advantageous fields.

(2) Production Center

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

(3) Sales Center

The key work deployments in marketing of prescription drugs are as follows: 1. Promote the hospital coverage of core brands and enhance evaluation for fulfillment rate of absolute indicators to ensure the achievement of goal of the whole year; 2. With the objective of brand building, the company aims to enhance the practical capability and overall quality of marketing teams, continuing to expand and reinforce the sales team of hospital channels and attracting excellent talents to join the sales team; 3. Boost efforts in commerce, production, end-users and other links, rapidly increase market share and raise brand awareness in all aspects; 4. Continue to advance construction of digital marketing platform and support for end-user market activities, effectively combine online and offline methods, and enhance in-depth brand recognition among doctors and patients; 5. Follow up in real time national medical reform-related policies, strengthen clinical and pharmaco-economic research of launched products, and actively respond to medical insurance policy adjustments and volume-based procurement. The Company will formulate plans and prepare for the National Reimbursement Drug List negotiations of its key products including Tobramycin Inhalation Solution (妥布霉素吸入溶液), Ilaprazole Sodium for Injection (注射用艾普拉唑钠) and Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球).

In terms of marketing and promotion of APIs and intermediates, the Company will further strengthen construction of sales team, make full use of OKR and strengthen objectives management, to build a vigorous and highly efficient sales team; continue to deepen cooperation with global strategic customers,

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

On-line sales of our health care products have seen a steady growth since the implementation of digital marketing system. In terms of offline channels for drugs, we have completed organizational structure reform, deepened the distribution channels and struck strategic cooperation with top 50 pharmacy chains in China. The Company will empower its sales through brand campaigns, patient education, benchmark chains building, new product development and other means, with an aim for increasing yields. In terms of off-line sales of healthcare products, the Company will boost sales by exploring new channels and building benchmark terminals in light of product strategies. For online channels, in addition to further implementing digital marketing system with a focus on enhancing overall operational efficiency, the Company will drive off-site traffic and enhance on-site linkage, while proactively participating big sales events and delivering festival gift boxes to boost online sales. In terms of content marketing, in the second half of 2023, the Company will strengthen word of mouth marketing, mainly through recommendation in social media and endorsement by medical professionals, and constantly expand brand exposure via vertical KOLs' livestreaming. In terms of brand marketing and building, we will continue to deepen the cooperation with industry associations and professional forums, strengthen the professional building of brands, and carry out corresponding joint cooperation in platform promotion and festival marketing to expand brand exposure and enhance brand sales. In addition, we will continue to increase investment in user operations. We have established a special user operation team to attract, activate and operate users through Wecom. We will improve our WeChat digital mall, loyalty points and content operation system, cultivate original users through user operation, and develop loyal fans belonging to the brand.

(4) Functions and strategies

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

of the Company. Fifthly, we actively fulfill corporate social responsibility, endeavor to improve corporate governance level, and promote high-quality and sustainable development.

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

Applicable N/A

IV Overview of business operations during the Reporting Period

(I) Analysis of principal businesses

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

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of last year	Change (%)
Revenues	8,719,741,599.23	8,564,945,285.55	1.81
Operating costs	3,273,420,227.03	3,054,392,703.20	7.17
Selling expenses	2,399,063,230.20	2,512,369,792.45	-4.51
Administrative expenses	434,867,895.32	529,828,311.93	-17.92
Financial expenses	-122,587,587.38	-130,401,047.67	N/A
R&D expenses	765,166,559.76	707,433,078.44	8.16
Net cash flow from operating activities	1,257,207,685.54	1,902,953,224.79	-33.93
Net cash flow from investing activities	-509,260,181.38	-433,259,385.19	N/A
Net cash flow from financing activities	-904,436,444.00	-656,811,058.44	N/A

Reasons for changes in net cash flow from operating activities: Mainly due to the increased collection of promissory notes, decreased cash collections, and increased cash payments for purchasing goods during the Reporting Period.

Reasons for changes in net cash flow from financing activities: Mainly due to the significant decrease in borrowings during the Period.

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

Applicable N/A

3 Analysis of revenues and costs

Principal businesses by industry, product and region

Unit: Yuan Currency: RMB

Principal business by industry						
By industry	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)

Pharmaceutical manufacturing Industry	8,651,505,930.92	3,225,087,576.49	62.72	1.95	7.48	Decreased by 1.92 percentage points
Service industry	1,288,056.69	420,402.81	67.36	-78.64	-81.17	Increased by 4.39 percentage points
Principal business by product						
By product	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Chemical pharmaceuticals	4,477,996,443.20	922,208,230.73	79.41	-4.56	0.61	Decreased by 1.06 percentage points
Chemical APIs and intermediates	2,682,754,623.59	1,757,162,775.91	34.50	-3.20	0.77	Decreased by 2.58 percentage points
Traditional Chinese medicine	985,591,533.02	315,931,826.92	67.94	91.60	115.01	Decreased by 3.49 percentage points
Diagnostic reagents and equipment	297,994,623.29	133,676,710.13	55.14	-13.88	-18.52	Increased by 2.55 percentage points
Biologics	113,409,489.23	59,602,491.18	47.44	5.93	607.32	Decreased by 44.68 percentage points
Health care products	87,265,994.18	32,129,014.01	63.18	59.41	53.76	Increased by 1.35 percentage points
Principal business by region						
By region	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Domestic	7,274,024,825.06	2,345,678,968.90	67.75	4.30	13.59	Decreased by 2.64 percentage points
Overseas	1,378,769,162.55	879,829,010.40	36.19	-9.15	-6.19	Decreased by 2.02 percentage points

Description of principal businesses by industry, product and region

During the Reporting Period, the Company's principal businesses generated revenues of RMB8,653 million, representing a year-on-year increase of RMB161 million or 1.89%. Chemical pharmaceuticals achieved revenues of RMB4,478 million, representing a decrease of 4.56% year-on-year. Among them, the sales revenues in the field of gastroenterology reached RMB1,625 million, dropping by 7.75% year-on-year; the sales revenues in the field of gonadorelin hormones amounted to RMB1,376 million, increasing by 2.71% year-on-year; the sales revenues in the field of respiratory reached RMB809 million, a year-on-year increase of 44.08%; the sales revenues in the field of anti-infection was RMB300 million, dropping by 56.00% year-on-year; the sales revenues of psychiatry products was RMB278 million, a year-on-year increase of 5.31%. Chemical APIs and intermediates achieved revenues of RMB2,683 million, a year-on-year decrease of 3.20%. Traditional Chinese Medicine achieved revenues of RMB986 million, a year-on-year increase of 91.60%. Diagnostic reagents and equipment achieved revenues of RMB298 million, a year-on-year decrease of 13.88%. Biological achieved revenues of RMB113 million, a year-on-year increase of 5.93%. Health care products achieved revenues of RMB87 million, a year-on-year increase of 59.41%.

4. Investment in R&D

(1) Table for investment in R&D

Unit: Yuan Currency: RMB

Expensed investment in R&D during the Period	566,960,057.64
Capitalized investment in R&D during the Period	179,120,655.17
Total investment in R&D	746,080,712.81
Total amount of investment in R&D as a percentage of revenues (%)	8.56

(2) Description

During the Reporting Period, total investment in R&D of the Company amounted to RMB746.0807 million, accounting for 8.56% of total revenues. The Company places a strong emphasis on R&D and innovation, continuously boosted efforts in independent R&D and improved the efficiency of the conversion of technological results. Meanwhile, the Company strengthened external cooperation and introduced a number of innovative medicine projects through cooperative development and licensing, among other means, to consolidate its existing competitive edges and enrich its product pipeline. As of the disclosure date of this report, the overall R&D efforts of the Company in different segments were as follows:

1) Chemical pharmaceuticals

① **High-barrier complex formulation:** There were a total of 50 projects in development, of which, 2 had been launched to the market, 6 had been applied for production, 9 were under the clinical/BE study and 1 had been approved for clinical trials. The progress of the major projects was as follows:

Inhalation formulations: Formoterol Fumarate Inhalation Solution (富马酸福莫特罗吸入溶液) had been launched; Indacaterol Maleate Powder for Inhalation (马来酸茚达特罗吸入粉雾剂), Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂) and Fluticasone Propionate Inhalation Suspension (丙酸氟替卡松雾化吸入用混悬液) had been applied for production. For class 2 new drug XYP-001, the Company carried out phase I clinical trials.

Sustained-release microspheres: The project of Triptorelin Acetate Microspheres for Injection (Weibaoning®)(注射用醋酸曲普瑞林微球(维宝宁®))(1-month sustained release) for prostate cancer was approved for market launch; endometriosis project had completed the phase III clinical trial and the central precocious puberty indication is under preparation of materials for communication with CDE. Aripiprazole Microspheres for Injection (注射用阿立哌唑微球)(1-month sustained release) completed phase I clinical trial, Octreotide Acetate Microspheres for Injection (注射用醋酸奥曲肽微球)(1-month sustained release) and Leuprorelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球)(3-month sustained release) were undergoing BE trials; Alarelin Microspheres for Injection (注射用丙氨瑞林微球)(1-month sustained release) had completed phase I clinical trial; Triptorelin Pamoate

Microspheres for Injection (注射用双羟萘酸曲普瑞林微球) (3-month sustained release) was prepared for phase I clinical trials.

Other high-barrier complex formulations: Meloxicam Nanocrystal Injection (美洛昔康纳米晶注射液) was undergoing BE trials. Goserelin Acetate Sustained-release Implant (醋酸戈舍瑞林缓释植入剂) (1-month sustained-release) had carried out the bridging study of pilot-scale and full-scale production.

② **Other key projects in development:** There were a total of 40 projects in development, of which, 5 had been launched to the market, 5 had been applied for production, 6 were under the clinical/BE study. The progress of the major projects was as follows: Long Chain Fat Emulsion Injection (长链脂肪乳注射液) (OO), Biapenem for Injection (注射用比阿培南), Voriconazole for Injection (注射用伏立康唑) and Blonanserin Tablets(布南色林片) were approved for market launch and Ilaprazole Sodium for injection (注射用艾普拉唑钠) with new indication had been approved; Voriconazole for Oral Suspension (伏立康唑干混悬液), Perospirone Hydrochloride Tablets (盐酸哌罗匹隆片), Lurasidone Hydrochloride Tablets (盐酸鲁拉西酮片) and Progesterone Injection(黄体酮注射液) had been applied for production. For class 1 new drug TG-1000, the Company completed phase II clinical trials and will carry out phase III clinical study soon. Cetrorelix Acetate for Injection (注射用醋酸西曲瑞克) submitted a reply to the defect letter to the FDA. LZ001, Ilaprazole Enteric-coated Pellets (艾普拉唑微丸肠溶片) and Asenapine Transdermal patch (阿塞那平透皮贴剂) had been approved for phase I clinical trials. Elagolix Sodium Tablets (艾拉戈利钠片) had been submitted the clinical trial application.

③ **Consistency evaluation:** There were a total of 10 projects in development, of which 4 projects have been approved, 3 projects had made application. Imipenem and Cilastatin Sodium for Injection (注射用亚胺培南西司他丁钠), Cyclosporine Softgels (环孢素软胶囊) (50mg), Vancomycin Hydrochloride for Injection (注射用盐酸万古霉素) and Bismuth Potassium Citrate Capsule (枸橼酸铋钾胶囊) had been approved; and Bismuth Potassium Citrate Granules (枸橼酸铋钾颗粒) and Rabeprazole Sodium Enteric-coated Tablets (雷贝拉唑钠肠溶片) have applied for registration.

2) Biologics

There were a total of 8 projects in development, of which 2 projects were approved for market launch, 1 project was approved for emergency use, 1 project had applied for conditional market launch, 3 projects were in the phase III clinical trials and 1 project was in the phase I clinical trial.

Therapeutic biological products: Tocilizumab Injection(Atvtia[®]) (托珠单抗注射液(安维泰[®])) was approved for market launch in China; Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒促性素) was approved for market launch in China in 2021, and was currently under overseas registration; Lipustobart for Injection (注射用利普苏单抗) was in preparation for application for conditional market launch; Phase III clinical trials of Semaglutide Injection (司美格鲁肽注射液) has completed enrollment; 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) and Recombinant Human

Follitropin AlfaSolution for Injection (重组人促卵泡激素注射液) had commenced the phase III clinical trials.

Preventive biological products: Recombinant SARS-CoV-2 Fusion Protein Vaccine (Likang®) (重组新型冠状病毒融合蛋白疫苗 (丽康®)) was approved for emergency use for heterologous booster vaccination in China in June 2022 and was included in the national immunization program in September 2022, and has been vaccinated in 27 provinces and cities across the country. Recombinant SARS-CoV-2 Fusion Protein Bivalent (Prototype Strain /Omicron XBB variant) Vaccine (CHO Cell) (重组新型冠状病毒融合蛋白二价 (原型株/Omicron XBB变异株疫苗) (CHO 细胞)) obtained drug clinical trial approval in July 2023.

3) APIs and intermediates

There were a total of 41 projects in development, of which 24 were new product R&D projects and 17 were tech-upgradation projects of existing products. For new product R&D projects, the API of Biapenem (比阿培南) had been approved for launching, and the registration application for the API of Meloxicam (美洛昔康) and the API of Caspofungin Acetate (醋酸卡泊芬净) were submitted. For technological upgrading projects of existing products, the key project Cephalosporin C-High Producing Mutant Strains (头孢菌素C高产突变株) was progressing smoothly. After screening, the scale production verification of the strains had been completed, and the average unit yield had been steadily increased; in the development and selection project of new L-phenylalanine – High Producing Strains (L-苯丙氨酸新型高产菌株) driven by IBT technology, strain modification and selection was proceeding and shake-flask cultivation has achieved initial results. In addition, the Company also completed the establishment of Escherichia coli genome missing-at-random platform based on the mediation of transposons and CRISPR/Cas9, to screen and evolve L-phenylalanine with the minimum genome to synthesize advantageous strain in combination with the continuous evolution platform.

4) Traditional Chinese medicine

There were a total of 9 projects in the development track for new TCM, of which, SXSHL gel, a new improved TCM, had completed the preclinical experiment research, and its application materials were under preparation and collation. TGDX granules, a class 1.1 new TCM, had completed the in-hospital preparations single-centre clinical trial and its clinical trial summary report was finished.

5) Diagnostic reagents and equipment

There were a total of 73 projects in development in diagnostic reagents and equipment, 11 projects at clinical stage (including evaluation), 8 projects in alteration or technical renovation, and 5 projects in development in operation equipment. Livzon Diagnostics' 8 diagnostic kits for anti-phospholipid syndrome-related autoantibody were successively approved, further enriching the project list of the immunochemiluminescence system. So far, a total of 21 supporting diagnostic kits for the single-person chemiluminescence analyzer have been approved. Livzon Interferon-Gamma Release Assays (IGRA)

Test Kit (Chemiluminescence Immunoassay) (结核感染T细胞测定试剂盒 (化学发光法)), which is adapted to the high-speed chemiluminescence analyzer, was approved on 10 April, and Passive Particle Agglutination Test for Detection of Antibodies to Treponema Pallidum (梅毒螺旋体抗体检测试剂盒 (凝集法)) and Diagnostic Kit for Measurement of Antibodies to Mycoplasma Pneumonia (Passive Particle Agglutination) (肺炎支原体抗体检测试剂盒 (被动凝集法)) were also approved.

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

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount	Proportion of total profits (%)	Cause	Sustainable or not
Investment income	56,854,039.45	2.91	Mainly due to changes in the profit and loss from investments in associates and receipt of dividends from other equity instrument investments	No
Gains or losses from changes in fair value	-39,314,888.38	-2.01	Mainly due to fluctuations in market value of the securities investment held	No
Losses of credit impairment	-22,209,391.69	-1.14	Mainly due to expected credit losses on accounts receivable	No
Impairment of assets	-30,171,594.37	-1.55	Mainly due to the impairment provision for inventories	No
Non-operating income	1,757,450.18	0.09	Mainly due to the income from disposal of scrap items	No
Non-operating expenses	7,370,028.41	0.38	Mainly due to donation expenditure, etc.	No
Other income	125,925,260.26	6.45	Mainly due to the government grants received	Yes

(III) Analysis of assets and liabilities

√Applicable □N/A

1. Analysis of assets and liabilities

Unit: Yuan

Item	Ending balance of the period	Ending balance of the period to the total assets (%)	Ending balance of last year	Ending balance of last year to the total assets (%)	Change in the ending balance of the period to that of last year (%)	Explanations
Other receivables	105,444,746.96	0.29	52,535,740.14	0.15	100.71	Mainly due to the current announcement of profit distribution plan by the invested equity joint venture, as the dividend payment has not been received as of the balance sheet date.
Financial liabilities held for trading	21,644,248.86	0.06	755,634.43	0.00	2,764.38	Mainly due to the changes in fair value of foreign currency forward contracts.

Contract liabilities	92,547,832.12	0.26	292,977,730.74	0.82	-68.41	Mainly due to some contract performance obligations during the current period, which satisfies the conditions for revenue recognition and results in the carrying forward of revenue.
Treasury shares	717,135,581.08	1.98	347,176,561.29	0.97	106.56	Mainly due to the repurchase of A shares of the Company during the Period.
Other comprehensive income	35,886,298.52	0.10	4,704,473.53	0.01	662.81	Mainly due to the translation of the financial statements in foreign currency.

2. Overseas assets

√Applicable □N/A

(1) Asset size

Among them: Overseas assets were 45.59 (Unit: 100 million, Currency: RMB), representing 12.58% of the total assets.

(2) Statement on high proportion of overseas assets

□Applicable √N/A

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

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying value at the end of the period	Cause for restriction
Other monetary funds	3,713,052.25	Letters of credit, bank acceptances and forward exchange settlement deposits, etc.
Notes receivable	530,641,682.69	Notes pool business and pledge of notes receivable
Total	534,354,734.94	

4. Others

□Applicable √N/A

(IV) Analysis of investment**Overall analysis of equity investments**

√Applicable □N/A

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

1. Major equity investments

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Name of investee	Principal business	Whether the target is primarily engaged in investment business	Investment method	Investment amount	Percentage of shareholding	In the Consolidation scope of the Company or not	Item on the financial statement (if applicable)	Source of funds	Partner (if applicable)	Investment period (if any)	Status as of balance sheet date	Expected return (if any)	Impact of gain or loss for the period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司)	Engaged in investment activities with its own funds; asset management services invested with its own funds; corporate management; entrepreneurship investment and financing advisory services.	No	New establishment	100,000	66.86%	Yes	Long-term equity investment	Own funds	Livzon Group	Long term	Capital contribution of RMB 100 thousand was completed	-	-0.0017	No	Please see Note 1 for details	Please see Note 1 for details
Lijian (Guangdong) Animal Healthcare Co., Ltd. (丽健)	Engaged in production of veterinary medicine; operation of	No	New establishment	20,000	71.83%	Yes	Long-term equity investment	Own funds	Livzon Group	Long term	Capital contribution of RMB 75 million was completed	-	-284.41	No	Please see Note 2 for details	Please see Note 2 for details

(广东) 动物保健有限公司)	veterinary medicine; import and export of goods and technology and sale of disinfectors (excluding dangerous chemicals) and animal health products; technical advisory services on animal breeding, etc.															
Macau Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司)	R&D, production, sale, import and export of TCMs, proprietary Chinese medicine, food, medical machinery, chemical and industrial items for daily use, cosmeceuticals, cosmetics and health products, formula food for special medical use and gifts, etc.	No	New establishment	8.52	44.77%	Yes	Long-term equity investment	Own funds	N/A	Long term	Capital contribution was not yet completed	-	-	No	N/A	N/A
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	Technical development, technology transfer, technical advisory and technology	No	Acquisition	2,500	22.83%	Yes	Long-term equity investment	Own funds	N/A	Long term	Capital contribution of RMB 22.50 million was completed	-	-	No	N/A	N/A

	services in the biomedical technology industry, R&D and design of medical devices, R&D of diagnostic preparations, laboratory preparations, etc.															
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	Import and export of drugs; wholesale of drugs; retail of drugs; sale of healthcare food; general items: technical services, technical development, technical advisory, technical communications, technology transfer and technology promotion; sale of special chemical products (excluding dangerous chemicals); information advisory services (excluding licensed information advisory services);	No	Capital injection	2,000	1.61%	No	Other equity instrument investments	Own funds	Zhuhai Houpu Hefeng Investment Management Partnership (Limited Partnership) (珠海市厚朴合丰投资管理合伙企业(有限合伙)), Shenzhen Jinrui Biological Investment Co., Ltd. (深圳金瑞生物投资有限公司), Lai Xintian, Wei Nongnong, etc.	Long term	Capital contribution of RMB 20.00 million was completed	-	-	No	N/A	N/A

	information technical advisory services; social and economic advisory services; import and export of technology; technical R&D for biological and chemical products; domestic trade agency; health advisory services (excluding diagnosis and treatment services); corporate management; medical research, test and development																
Total	/	/	/	124,508.52	/	/	/	/	/	/	/	/	-	-284.4117	-	-	-

Note 1: For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Establishment of the Joint Venture with Livzon Group, a Controlling Subsidiary (Lin 2022-142) disclosed by the Company on 13 December 2022;

Note 2: For details, please refer to the Announcement on Investment in the Establishment of the Joint Venture with Joincare, the Controlling Shareholder and Connected Transaction disclosed by Livzon Group (000513.SZ, 01513.HK) on 17 January 2023.

2. Major non-equity investment

Applicable N/A

3. Financial assets measured at fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of asset	Amount at the beginning of the period	Gain or loss on change in fair value for the period	Change in fair value included in equity	Impairment provision for the period	Amount of investment during the period	Amount of disposal / redemption during the period	Other change	Amount at the end of the period
Shares	235,534,124.87	-13,003,336.17	2,137,552.45	-	6,183,753.83	-	-	230,852,094.98
Funds	688,053,816.62	9,573.79	-23,706,468.49	-	-	5,646,082.27	-	658,710,839.65
Derivatives	5,432,511.57	-5,432,511.57	-	-	-	-	-	-
Others	373,954,090.97	-	-	-	20,000,000.00	31,257.75	1,986.75	393,924,819.97
Total	1,302,974,544.03	-18,426,273.95	-21,568,916.03	-	26,183,753.83	5,677,340.02	1,986.75	1,283,487,754.61

Information on investment in securities

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Source of fund	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Change in fair value included in equity	Amount of investment during the period	Amount of disposal during the period	Profit or loss for the period	Carrying amount at the end of the period	Accounting item
Shares	00135	Kunlun Energy	4,243,647.64	Own funds	4,975,513.90	703,882.90	-	-	-	260,579.14	5,679,396.80	Financial assets held for trading
Shares	000963	Huadong Medicine	39,851.86	Own funds	15,425,841.60	-1,130,569.16	-	-	-	95,587.48	14,295,272.44	Financial assets held for trading
Shares	BEAM	Beam	31,117,151.47	Own	82,218,236.97	-12,576,649.91	-	-	-	-	69,641,587.06	Financial

	(US)	Therapeutics, Inc.		funds									assets held for trading
Shares	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	34,823,014.36	-	-25,735,299.31	-	-	-	9,087,715.05		Other equity instruments investment
Shares	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	34,821,295.50	-	4,515,821.53	6,183,753.83	-	-	45,520,870.86		Other equity instruments investment
Shares	LLAI (LME)	LungLife Ai, Inc.	58,837,745.24	Own funds	9,615,483.94	-	-6,473,409.41		-	-	3,142,074.53		Other equity instruments investment
Shares	02480	Beijing Luzhu Biotechnology Co., Ltd.	30,000,000.00	Own funds	53,654,738.60	-	29,830,439.64	-	-	-	83,485,178.24		Other equity instruments investment
Funds	206001	Penghua Fund	150,000.00	Own funds	934,289.94	9,573.79	-	-	-	-	943,863.73		Financial assets held for trading
Others			27,978.31	Own funds	29,271.00	-	-	-	31,257.75	1,986.75	-		Financial assets held for trading
Total	/		198,586,942.57	/	236,497,685.81	-12,993,762.38	2,137,552.45	6,183,753.83	31,257.75	358,153.37	231,795,958.71	/	

Statement of investments in securities

Applicable N/A

Information on investment in private equity fund

Applicable N/A

The Company had no new private equity fund investments during the reporting period. As at the end of the reporting period, the book balance of private equity funds invested by the Company amounted to approximately RMB393 million.

Information on investment in derivatives

Applicable N/A

Unit: Yuan Currency: RMB

Name of the operator of derivatives investment	Related relationship	Is this a related party transaction	Type of derivatives investment	Initial investment amount of derivatives investment	Commencement date	Maturity date	Investment amount at the beginning of the period	Amount of investment during the period	Amount of disposal during the period	Impairment provision (if any)	Investment amount at the end of the period	Percentage of investment amount to the net assets of the Company at the end of the period (%)	Actual gain or loss for the period
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	587.60	2022/7/5	2023/1/30	607.17	0.00	588.55	0.00	0.00	0.00	-7.15
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	2,138.20	2022/8/2	2023/2/3	2,183.36	0.00	2,145.79	0.00	0.00	0.00	-21.21
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	5,403.44	2022/9/5	2023/2/24	5,376.80	0.00	5,278.45	0.00	0.00	0.00	200.05
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	10,670.51	2022/10/8	2023/4/4	10,392.16	0.00	10,232.19	0.00	0.00	0.00	527.26
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	11,661.47	2022/11/1	2023/4/20	11,361.13	0.00	11,332.91	0.00	0.00	0.00	328.36
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,952.88	2022/12/2	2023/6/26	8,939.17	0.00	8,894.39	0.00	0.00	0.00	-17.37
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	17,187.80	2023/1/4	2023/7/10	0.00	17,187.81	17,257.98	0.00	277.47	0.01	-544.67
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	31,642.59	2023/2/1	2023/7/20	0.00	31,642.59	24,818.61	0.00	7,745.86	0.36	-675.13
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	6,316.38	2023/3/1	2023/7/17	0.00	6,316.38	2,953.20	0.00	3,606.58	0.17	-110.93
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	19,128.56	2023/4/3	2023/10/16	0.00	19,128.57	7,756.10	0.00	12,058.96	0.55	-243.45

Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	16,311.15	2023/5/5	2023/10/16	0.00	16,311.15	3,862.70	0.00	12,858.51	0.59	-112.92
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	14,720.11	2023/6/2	2023/12/1	0.00	14,720.11	0.00	0.00	14,881.71	0.68	0.00
Financial institution	Non-related party	No	Forward foreign exchange contract (buy)	1,358.88	2022/9/22	2023/3/21	1,355.92	0.00	1,338.73	0.00	0.00	0.00	-20.33
Financial institution	Non-related party	No	Forward foreign exchange contract (buy)	448.42	2022/11/14	2023/2/15	461.69	0.00	452.26	0.00	0.00	0.00	-0.40
Financial institution	Non-related party	No	Forward foreign exchange contract (buy)	5,412.27	2022/12/2	2023/6/26	5,436.52	0.00	5,411.65	0.00	0.00	0.00	117.96
Financial institution	Non-related party	No	Forward foreign exchange contract (buy)	1,667.70	2023/1/6	2023/7/28	0.00	1,667.70	1,227.53	0.00	430.66	0.02	-23.94
Total				153,607.97	-	-	46,113.94	106,974.30	103,551.04	0.00	51,859.75	2.38	-603.85
Source of funds for derivatives investment				Own funds									
Litigation involved (if applicable)				Not applicable									
Disclosure date of the announcement in relation to the approval of investment in derivatives by the Board (if any)				7 April 2023									
Disclosure date of the announcement in relation to the approval of derivatives investment by the general meeting of shareholders (if any)				Not applicable									
Risk analysis of derivatives position held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				To effectively manage the uncertainty of exchange rate fluctuations on assets denominated in foreign currency of the Company, foreign exchange forward contracts and other financial derivatives are employed to lock relevant exchange rates for the purpose of hedging. The Company has formulated the <i>Management System for Financial Derivatives Trading</i> (《金融衍生品交易业务管理制度》) in relation to the operation and control of foreign exchange derivatives: 1. Market risk: the uncertainty of exchange rate fluctuations in the foreign exchange market has led to higher market risk in foreign exchange forward business. Control measures: The Company's foreign exchange forward business is entered into for hedging exchange rate risk associated with assets denominated in US dollar and lock the future exchange settlement price of such assets. It is designed to be used as a hedging instrument. Such foreign exchange derivatives shall not be used for speculative trading. The principle of prudence and conservation shall be observed so as to effectively prevent market risk. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management measures, clearly defined the responsibilities of all parties, improved the review and approval process and established supervisory mechanism, so as to effectively reduce operational risk. 3. Legal risk: The Company's foreign exchange forward business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition to strengthening the knowledge of laws and regulations and market									

	<p>rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.</p> <p>In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the <i>Internal Control System for Commodity Futures Hedging Business</i> (《商品期货套期保值业务内部控制制度》) to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: The Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: The Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition to strengthening the knowledge of laws and regulations and market rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.</p>
Change in market price or fair value of the derivatives invested during the Reporting Period, the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed	Gains and losses arising from change in fair value of the forward foreign exchange contracts, option contracts and commodity futures contracts during the Reporting Period were RMB-26.3211 million.
Explanation as to whether there has been a material change in the accounting policy and accounting principles for the Company's derivatives during the Reporting Period as compared with the previous reporting period	No
Specific opinion of independent Directors on investment in derivatives and risk control of the Company	Due to the growing import and export business of the Company, a large amount of foreign exchange transactions is required. To avoid and prevent foreign exchange risk, we are of the view that the forward foreign exchange derivatives trading business carried out by the Company and its subsidiaries are in line with the actual development needs of the Company. When the Board reviewed this proposal, the relevant decision-making procedures were in compliance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant laws and regulations and the provisions in the Articles of Association of the Company. In view of above, we concurred that the Company conducted foreign exchange derivatives trading business with its own funds within the limit approved by the Board.

(V) Sale of major assets and equity

Applicable N/A

(VI) Analysis of major controlled and invested companies

√Applicable □N/A

Unit: 10,000 Yuan

Company	Nature of business	Main product and service	Registered capital	Asset size	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	R&D, production and sales of oral liquids, tablets (hormones), aerosols (hormones containing), inhalation preparations (solution for inhalation) (hormones containing), nasal spray (hormones containing), and TCM extraction workshop	10,000	49,560.63	39,868.22	12,650.94	3,420.14	3,238.50
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	221,744.67	163,578.67	54,121.86	8,124.02	5,775.83
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical products, intermediates and other chemical products	17,000	95,579.48	40,584.76	38,443.15	2,677.80	2,576.82
Health China	Industry	Production and sale of self-produced Eagle's food, health care food, traditional Chinese medicine decoction pieces, and drug products	HKD7,317	14,276.24	9,542.04	1,644.73	341.78	189.40
Shanghai Frontier	Industry	R&D of new pharmaceutical products, health care products, medical devices, diagnostic reagents, pharmaceutical intermediates, and provision of relevant technical consulting, technical service and technical transfer	5,000	17,342.56	12,114.47	4,075.53	622.69	654.43
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceutical preparations, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	50,000	143,617.21	98,440.93	71,884.81	11,644.99	10,353.55
Topsino	Commerce	Investment and trade	HKD89,693	215,256.66	158,256.22	-	26,948.00	26,836.34
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	50,000	107,090.87	95,238.77	29,581.31	15,193.20	13,105.10

		commodities under exclusive rights, commodities under special government control, and monopolized commodities)						
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	93,555	2,572,612.72	1,424,982.52	668,991.81	142,843.20	117,407.08

Notes: 1. The companies listed above are companies where the Company directly or indirectly held 100% equity interest, except for Livzon Group and Shanghai Frontier; financial data thereof are data of individual accounting statements and that attributed to parent companies; as there are transactions between subsidiaries or between a subsidiary and the Company, data of individual financial statements are not separately analyzed.

2. For business conditions of Livzon Group, please refer to the 2023 Interim Report of Livzon Pharmaceutical Group Inc.

(VII) Structured entities controlled by the Company Applicable N/A**V. Other matters for disclosure****(I) Potential risks** Applicable N/A**1. Risks of changes in industrial policies**

The pharmaceutical manufacturing industry is significantly affected by changes in industrial policies. The pharmaceutical industry will face great challenge in development in the future with continuous deepening of medical reform, advancement of supply-side structural reform in the industry, revision of Drug Administration Law, acceleration of consistency evaluation of generic drugs, adjustment of the new edition of National Reimbursement Drug List, expansion of volume-based procurement, centralized rectification of the pharmaceutical industry and other industrial policies that have been successively launched. In July 2022, the Company's key product Meropenem for Injection (注射用美罗培南) was selected in the seventh batch of volume-based drug procurement organized by the State. This is expected to be implemented in November 2022 and will have a great impact on the sales price and market share of this product. Levosalbutamol Hydrochloride Nebulizer Solution (盐酸左沙丁胺醇雾化吸入溶液), a key product of the Company, met the standards on being included in the national volume-based procurement. It is expected to have impact on the sales of such product should being included in the list of volume-based procurement.

Response measures: The Company will pay close attention to industry dynamics and reforms, cope with major changes in policies of the pharmaceutical industry through early planning, transformation and compliance, and further establish and improve its compliant operation mechanism and system. It will actively strengthen new product R&D and innovation and constantly improve its core competitive strengths. Meanwhile, the Company actively engages in the access to the national reimbursement drug list and negotiation, and continue to increase the coverage of hospitals and sales, to realize the objective of "price for quantity", so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the volume-based drug procurement is becoming a regular practice. In the face of the seventh batch of volume-based drug procurement and the possible impact on the business performance of the Company, the Company will continue to enhance its innovative efforts, boost its competitive edge, and strive to ensure the stable operation of the business. With the Company's new high-barrier complex formulations, represented by inhalation formulations, being launched on the market, commercialization will gradually enter a stable contribution period. The Company's product structure will be further optimized, and the reliance on specific products will also gradually reduce.

The Company will continue to innovate and develop clinically needed innovative drugs with substantial added value, as well as high-barrier complex formulations. It will delve into products with market potential and technological barriers, actively advance post-market evaluations for key products, and

conduct consistency evaluations for related products. The Company will continuously optimize its product portfolio while actively exploring and expanding into international markets.

2. Market risk

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

Response measures: The Company will establish a more rational market-oriented system through strict compliance operation so as to maintain its dominant position and core competitive strengths; and the Company will ensure the sustainable and steady development and improve its profitability by reinforcing marketing efforts. Meanwhile, the Company will offset the impact of product price reduction by means of increasing sales volumes, and optimize technical process and reduce production costs through internal exploration and transformation. Moreover, the Company will speed up the R&D, expedite the process of bringing products to market and spread risks of the Company while expanding the range of existing products in segment markets. In the future, the augmentation of product variety will drive sales growth and foster new sources of profits.

3. Risk of safety and environmental protection

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

The quality of pharmaceutical products is directly related to people's lives and health. The requirements of drug regulatory authorities on the production quality are increasingly strict and pharmaceutical manufacturers bear significant responsibility. As pharmaceutical manufacturing involves numerous aspects such as the supply of raw materials, production technique, process control, equipment conditions, production environment, transportation conditions, storage conditions and inspection, the quality control for drugs covers the full lifecycle of products.

Response measures: The Company rigorously oversees the quality of products, gradually improve and strengthen the long-term mechanisms on product quality management and the comprehensive quality management systems. On such basis, the Company will coordinate the work of various relevant departments such as the R&D department, the production and quality management department, establish information-based systems and improve all SOP processes. It will strengthen process control and risk management on new products, improve the quality of operation and fully guarantee the quality of drugs through refining the quality management system. Meanwhile, it will continue to promote outstanding performance management models, introduce advanced international concepts and methods, strengthen the application of quality management instruments, and continuously propel and improve the international level of the quality management system.

6. 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, post-launch promotion of drugs is influenced by national regulations, industry policies, market environment and competitive intensity, potentially leading to lower-than-expected post-launch revenues. This exposes the

company to risks associated with 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 formulations to ensure the long-term sustainable development of the Company.

(II) Other matters for disclosure

Applicable N/A

Chapter 4 Corporate Governance

I Introduction of general meetings

Meeting sessions	Date of meeting	Query index of designated website	Disclosure date	Meeting resolution
2023 First Extraordinary General Meeting	19 May 2023	www.sse.com.cn	20 May 2023	The Resolution on the Proposal on Cancellation of Treasury Shares Previously Repurchased was considered and approved. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2023 First Extraordinary General Meeting (Lin 2023-056) for details
2022 Annual General Meeting	9 June 2023	www.sse.com.cn	10 June 2023	Nine (9) resolutions were considered and approved, including the 2022 Annual Work Report of the Supervisory Committee, 2022 Annual Work Report of the Board of Directors, 2022 Annual Profit Distribution Scheme, and 2021 Annual Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Abstract). See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2022 Annual General Meeting (Lin 2023-061) for details

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

Applicable N/A

Description of General Meetings

Applicable N/A

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

Applicable N/A

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

Applicable N/A

III Profit distribution plan and plan for conversion of capital reserve into share capital**Profit distribution plan and plan for conversion of capital reserve into share capital proposed for the first six months of 2023**

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

IV Equity incentive scheme, employee share ownership scheme or other employee incentives of the Company and their effect**(I) Matters related to equity incentive scheme have been disclosed in the Provisional Announcements with no progress or change in subsequent implementation**

Applicable N/A

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

Equity incentives

Applicable N/A

Others

Applicable N/A

Employee share ownership scheme

Applicable N/A

Other incentive program

Applicable N/A

Chapter 5 Environmental and Corporate Social Responsibility

I Environmental information

(I) Environmental issues of companies and their major subsidiaries belonging to key pollutant discharging units as announced by the environmental protection department

√Applicable □N/A

1. Pollution discharge information

√Applicable □N/A

i. Jiaozuo Joincare

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Joincare	Chemical oxygen demand	Continuous	1	Master outlet for sewage	119.7	220	379.24	942.1	Nil
	Ammonia nitrogen	Continuous			17.8	35	56.4	105.3	Nil

ii. Taitai Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Taitai Pharmaceutical	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	40.12	345	0.143	19.34	Nil
	Biochemical oxygen demand				8.15	150	0.014	/	Nil
	Ammonia nitrogen				0.124	35	0.0062	/	Nil
	Total Nitrogen				3.32	47	0.01	/	Nil

	Total Phosphorus	Intermittent	1	Discharge outlet of boiler exhaust gas	1.31	5.2	0.006	/	Nil
	Suspended Substance				4	250	0.014	/	Nil
	Sulfur dioxide				0.82	50	0.0055	/	Nil
	Nitrogen oxide				9.80	150	0.067	/	Nil
	Particulate matter				13.4	20	0.088	/	Nil

iii. Haibin Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Haibin Pharma	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	67	500	2.24	41.65	Nil
	Ammonia nitrogen				0.55	45	0.018	3.7485	Nil
	Total Nitrogen				3.82	70	0.128	5.831	Nil
	Total volatile organic compounds		1	Discharge outlet of boiler exhaust gas	2.6	100	0.0068	0.504	Nil
	Non-methane hydrocarbon		1	Discharge outlet of exhaust gas in sewage station	6	60	0.159	5.04	Nil

iv. Xinxiang Haibin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinxiang Haibin	Chemical oxygen demand	Continuous	1	Master outlet for sewage	108.795	220	8.787	14.81	Nil
	Ammonia nitrogen	Continuous			5.374	35	0.431	1.66	Nil

v. Fuzhou Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Fuzhou Fuxing	Chemical oxygen demand (COD)	Intermittent	1	The northwest side of the factory	16.00	100	10.78	102.19	Nil
	Ammonia nitrogen				0.06	15	0.04	10.22	Nil
	SO ₂	Organized	1	RTO	11.3	200mg/m ³	0.636	2.6	Nil
	NO _x		1	RTO	8.33	200mg/m ³	0.527	2.6	Nil
	VOCs		7	RTO, fermentation workshop, environmental friendly sewage station, regulating pool, Workshop 2 (East), Workshop 2 (West), QC department	3.72	60mg/m ³	2.158	30.19	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 Treatment Plant (江阴污水处理厂) (i.e. COD ≤ 100 mg/L, ammonia nitrogen ≤ 15 mg/L), and the agreed standard for discharge from Fuzhou Fuxing to Jiangyin Sewage Treatment Plant shall be the standards for discharge to the environment by Jiangyin Sewage Treatment Plant (江阴污水处理厂) (i.e. COD ≤ 500mg/L, ammonia nitrogen ≤ 60mg/L, total phosphorus ≤ 8mg/L, total nitrogen ≤ 70mg/L, SS ≤ 400mg/L). For the discharge of non-methane total hydrocarbons, particulate matter, sulfur dioxide, and nitrogen oxides, the adopted standard was the standard limits stipulated in the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》)(GB 37823-2019).

vi. Livzon Xinbeijiang

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
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Livzon Xinbeijiang	Chemical oxygen demand	Intermittent	1	Sewage treatment workshop	66.3	240	34.85	213.6	Nil
	Ammonia nitrogen				7.7	70	4.06	24.5	Nil

Note: The discharge concentration represents the concentration of discharge into Qingyuan Henghe Sewage Treatment Plant (清远横荷污水处理厂), while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD \leq 240 mg/L, ammonia nitrogen \leq 70 mg/L. The data was obtained from Qingyuan Environmental Protection Bureau. The boiler emission follows the Emission Standard of Air Pollutants for Boiler 《锅炉大气污染物排放标准》(DB 44/765-2019); the waste gas emission from the workshops follows the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》)(GB 37823-2019) and the Emission Standards for Odor Pollutants (《恶臭污染物排放标准》)(GB 14554-93).

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	78	192	8.049	26.68	Nil
	Ammonia nitrogen (NH ₃ -N)				4.4	40	0.463	5.48	Nil
	Sulphur dioxide	Organized continuous emission	3	Boiler room	4	50	0.059	/	Nil
	Nitrogen oxides		3	Boiler room	61.1	150	0.48	/	Nil
	Smoke and dust		3	Boiler room	1.56	20	0.018	/	Nil
	Hydrogen chloride		7	Workshop	7.38	100	2.06	/	Nil
	Non-methane hydrocarbons		7	Workshop	19.96	60	6.03	77.76	Nil
	Non-methane hydrocarbons		1	RTO	10.6	60	1.07		Nil
	Nitrogen oxides		1	RTO	7.88	200	0.81	/	Nil
Sulphur dioxide	1	RTO	2.5	200	0.265	/	Nil		

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

2. The discharge concentration of pollutants in the discharge outlets of waste gas represents the average concentration detected by a qualified third party engaged, of which the boiler exhaust adopted the Emission Standards for Boiler Air Pollutants in Guangdong Province (《广东省锅炉大气污染物排放标准》)(DB 44/765-2019), the waste gas of the workshop and wastewater treatment station 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	49.382	120	5.216	113.9	Nil
	Ammonia nitrogen				9.595	35	1.139	39.88	Nil

Note: Wastewater discharge follows the Discharge Standards of Water Pharmaceutical Industry Fermentation Products Category (《发酵类制药工业水污染物排放标准》)(GB21903-2008). The discharge concentration represents the concentration of ultimate discharge into the environment, while the discharge standards stipulated in the pollutant discharge license are COD \leq 120 mg/L, ammonia nitrogen \leq 35 mg/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	13.00	110	2.364	Nil	Nil
	Ammonia nitrogen				0.28	15	0.051	Nil	Nil

Note: The production process of Livzon Limin is required to comply with the Water Pollution Prevention and Control Law of the PRC (《中华人民共和国水污染防治法》), the Air Pollution Prevention and Control Law of the PRC (《中华人民共和国大气污染防治法》), the Solid Waste Pollution Prevention and Control Law of the PRC (《中华人民共和国固体废物污染环境防治法》), “Integrated Wastewater Discharge Standard of the PRC National Standard (GB 8978-1996)” (《中华人民共和国国家标准污水综合排放标准 (GB 8978-1996)》), the “Emission Standard of Air Pollutants for Boiler (GB13271-2014)” (《锅炉大气污染物排放标准 (GB 13271-2014)》), the Measures for Pollutant Discharge Permitting Administration (For Trial Implementation) (《排污许可管理办法 (试行)》) and other laws, regulations and industry

standards. The wastewater of Limin Factory 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 110 mg/L, ammonia nitrogen \leq 15 mg/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	21.09	120	1.17	Nil	Nil
	Ammonia nitrogen		1	Wastewater treatment station	0.2	20	0.012	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 water pollutant discharge concentration limits for newly-built enterprises of the “Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category” (《混装制剂类制药工业水污染物排放标准》(GB 21908-2008)), water pollutant discharge concentration limits for newly-built enterprises of the “Discharge Standards of Water Pollutants for Pharmaceutical Industry Bio-pharmaceutical Category” (《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 “Discharge Limits of Water Pollutants” (《水污染物排放限值》)(DB 44/26-2001) of Guangdong Province.

xi. Ningxia Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L) / (mg/m ³)	Pollutant discharge standards implemented (mg/L) / (mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharmaceutical	Chemical oxygen demand	Continuous	1	Sewage treatment workshop on north side of factory zone	116	200	58.4	Nil	Nil
	Ammonia nitrogen				0.25	25	0.12	Nil	Nil

	Sulfur dioxide		1	Boiler workshop on north side of factory zone	78	200	20.19	156.816	Nil
	Nitrogen oxide				121	200	31.17	156.816	Nil
	Particulate matter				7	30	1.57	23.522	Nil
	Volatile organic compounds		9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage	7.03	100	4.04	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") (COD \leq 200mg/m³, ammonia nitrogen \leq 25mg/m³), the standard adopted for discharge was the standard stipulated in the pollutant discharge license of the company (protocol standard) and the amount of discharge was calculated by the amount received by Xin'an Company. In respect of the total amount of approved discharge, since Ningxia Pharma 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 air emission concentration of boilers represents the self-monitoring average concentration throughout the year, the standard adopted for discharge was the emission limits of coal-fired boilers in Schedule 3 of Emission Standards for Boiler Air Pollutants (《锅炉大气污染物排放标准》表3) (GB13271-2014) (sulfur dioxide \leq 200mg/m³, nitrogen oxides \leq 200mg/m³, particulate matter \leq 30mg/m³) and the amount of discharge was calculated by the amount indicated by online monitoring. The concentration of volatile organic compounds 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》) (GB 37823-2019) and the amount of discharge was calculated by the amount of waste 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	97.84	220	4.274	60.8	Nil
	Ammonia nitrogen				4.27	35	0.151	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. Replacement of hazardous waste signs and labels in pipelines follows the latest Technical Specifications for the Setting of Hazardous Waste Identification Signs(《危险废物识别标志设置技术规范》).

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	Chemical oxygen demand	Intermittent	1	Master outlet in the park	36.63	500	4.10	6.1738	Nil
	Ammonia nitrogen				1.88	40	0.21	0.8747	Nil
	Particulate matter	Organized intermittent discharge	2	No. 5 and 6 outlet on the roof	-	-	0.008	0.054	Nil
	Volatile organic compounds		8	No. 1-4, 7-10 outlets on the roof	1.42	60	0.23	0.88325	Nil

Note: The discharge concentration was the average of monthly third-party monitoring data, and the amount of discharge was the cumulative sum of monthly discharge. The discharge of VOCs and particulate matter were in accordance with the “Emission Standard of Air Pollutants for Pharmaceutical Industry” (《制药工业大气污染物排放标准》)(GB 37823-2019), and the discharge of COD and ammonia nitrogen were implemented in accordance with the “Integrated Wastewater Discharge Standard” (《污水综合排放标准》)(DB 31/199-2018). Air pollutants discharge follows “Emission Standard of Air Pollutants for Pharmaceutical Industry” (《制药工业大气污染物排放标准》)(DB31/310005-2021), “Integrate Emission Standards of Air Pollutants” (《大气污染物综合排放标准》)(DB31/933-2015) and “Emission Standards for Odor Pollutants” (《恶臭(异味)污染物排放标准》)(DB31/1025-2016). Water pollutant discharge follows the “Pollutant Discharge Standard for the Biopharmaceutical Industry” (《生物制药行业污染物排放标准》)(DB31/373-2010). Shanghai Livzon was among other key pollutant discharge units, but not among the key pollutant discharge units of water environment and atmospheric environment

xiv. Livzon MAB

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon MAB	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	21.09	120	1.541	Nil	Nil
	Ammonia nitrogen		1	Wastewater treatment station	0.2	20	0.0146	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 Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (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), Water Pollutant Discharge Concentration Limits for Newly-Built Enterprises (新建企业水污染物排放浓度限值) of the 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 (《水污染物排放限值》) (DB 44/26-2001).

xv. Livzon Diagnostics

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 Diagnostics	Chemical oxygen demand	Intermittent	1	Sewage treatment station	16	500	0.02	Nil	Nil
	Ammonia nitrogen			Sewage treatment station	0.09	Nil	0.00012	Nil	Nil

Note: The sewage treated by Livzon Diagnostics was discharged into the South District Sewage Treatment Plant in Zhuhai (珠海市南区水质净化厂), and the waste water discharge was carried out in accordance with the "Discharge Limits of Water Pollutants of Guangdong Province Standards" (《广东省地方标准 水污染物排放限值》) (DB 44/26-2001).

2. Construction and operation of pollution preventive facilities

√Applicable □N/A

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Joincare	<p>Exhaust gas: The treatment process of “tertiary 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 in the first half of 2023.</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, fluorion and flow. 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 pollution preventive facilities were set up and all facilities functioned properly.
Haibin Pharma	No new pollution preventive facilities were set up. All pollution preventive facilities functioned properly and ensured up-to-standard discharge.
Xinxiang Haibin	<p>Wastewater: The wastewater treatment system with daily processing capacity of 600 tons through A/O process designed by East China University of Science and Technology started operation in April 2016 and has been functioning properly in the first half of 2023. Moreover, indicators can be stable and satisfy the required discharge standard. A set of MVR concentration wastewater treatment plant was added in April 2020, which has been functioning properly in the first half of 2023. From the second half of 2021 to March 2022, a set of lift aerator system and a set of magnetic levitation blower were added in the biochemical system, and they have been put into operation and functioning properly. A new sewage anaerobic treatment system was built in 2022.</p> <p>Exhaust gas: The 40,000 m³/h regenerative oxidation exhaust gas treatment system designed by Jiangsu Ruiding started operation on 2 November 2019 and has been functioning properly in the first half of 2023. Moreover, factors achieved ultra-low discharge. After reconstruction of dry tail gas self-circulating process, the activated carbon adsorption pre-treatment device for high concentration waste gas designed by Beijing Rixin Daneng Technology Co., Ltd. has been functioning properly in the first half of 2023. After photo-oxidative catalyztion + alkali spray + water spray treatment with a treatment capacity of 30,000 m³/h, the waste gas from biochemical aerobic process of wastewater treatment was emitted in compliance with the required standard,</p>

	<p>which has been functioning properly in the first half of 2023. A set of tetrahydrofuran membrane recovery system was added for high concentration exhaust gas treatment of six workshops, which has been functioning properly in the first half of 2023. The resin adsorption pre-treatment facility of exhaust gas was added and is currently under construction.</p>
Fuzhou Fuxing	<p>The company strictly complies with the “Three Simultaneous” system of environmental protection by collecting and treating “Three Wastes (wastewater, waste gas and solid waste)” according to requirements, and employs an advanced wastewater treatment process known as “Regulating pool + Hydrolysis acidification tank + Sequencing Batch Reactor Activated Sludge Process (SBR) and Cyclic Activated Sludge System (CASS) + Air float”. After the wastewater from production has gone through the above treatment process, all indicators are stable and satisfy the discharge standard. After meeting the discharge standards, the wastewater is discharged to Jiangyin Sewage Treatment Plant operated by Fujian Huadong Water Treatment Co., Ltd. (福建华东水务有限公司) via sewage pipe network at the industrial park area for further treatment. In 2022, the waste gas treatment facilities for Fenton pool and regulating pool have been added, and the waste gas was treated by secondary spraying. The RTO annual maintenance has been completed in the first half of 2023. In the first half of 2023, the COD concentration was 5634.46mg/L, the ammonia nitrogen concentration was 219.1mg/L; the COD concentration and ammonia nitrogen concentration discharged into Jiangyin Sewage Treatment Plant (江阴污水处理厂) were 219.53mg/L and 25.45mg/L respectively.</p>
Livzon Xinbeijiang	<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”. The effluent water quality constantly met the standard; the COD concentration of the influent water in the regulating pool was about 2000mg/L, and the actual COD concentration discharged after treatment was about 90mg/L (the discharge standard is ≤ 240mg/L), and the COD treatment efficiency reached 95.5%. The waste gas emitted from sewage treatment was treated using a biological deodorization box + 3-level high-efficiency sodium hypochlorite and lye spray + 1-level alkali spray treatment process; the waste gas emission constantly met the standard. For the organic waste gas, the refining workshop adopts the most advanced RTO treatment process, which conveys the waste gas to the RTO furnace chamber at about 800°C for high-temperature oxidation and decomposes the volatile organic gases into CO₂ and water. In 2023, the fourth round of environmental protection improvement and renovation was carried out, including a series of noise reduction measures such as installing sound-proof glass for the shutters on the third floor of the fermentation department 2, adding an enclosure to the fan on the roof of the refining workshop and enclosing the MVR and RTO areas with sound-absorbing cotton panels.</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 prevention & treatment facilities were enhanced to ensure that pollutant discharge was stable and in compliance with the required standard. For wastewater, the treatment process of “pre-treatment of drainage from the production process + hydrolytic acidification + Upflow Anaerobic Sludge Bed (UASB) + advanced oxidation + Cyclic Activated Sludge System (CASS) process + air floatation/ozonation advanced treatment” was adopted. Treated sewage was discharged into Zhuhai Leaguer Environmental Protection Co., Ltd. (珠海力合环保有限公司) (water purification</p>

	<p>plant in the South District) through the municipal sewage pipeline network. The waste gas was treated by spray tower, activated carbon adsorption, condensation, liquid nitrogen cryogenic, RTO and other comprehensive treatment technologies to ensure all kinds of pollutants were effectively treated and discharged in compliance with the standards.</p>
Gutian Fuxing	<p>At the same time when the enterprise started production, the “Three Wastes” were collected and treated effectively in accordance with the requirements of the “Three Simultaneous” system of environmental protection. This involves a designed sewage treatment capacity of 1,200t/d, adoption of the advanced “Anaerobic-Oxic activated sludge process (A/O) + SBR + nitrogen removal by denitrification + Fenton decolorizing + air flotation” wastewater 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. The COD concentration and ammonia nitrogen of untreated wastewater were 2000mg/L and 400mg/L respectively; the COD concentration and ammonia nitrogen were lowered to 49.382mg/L and 9.59mg/L after treatment, with the removal rate as high as 97.5%. Treated sewage that reaches the grade II discharge standard is directly discharged into Minjiang River. The hazardous waste of the company is entrusted to qualified companies for compliant disposal according to the requirements of environmental impact assessment and acceptance inspection opinions. The boiler exhaust treatment facilities were upgraded, with the high-efficiency waste gas treatment facility of “SNCR denitrification + cyclone dust removal + dry desulfurization + bag dust removal + wet desulfurization” adopted.</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 original sewage treatment plant with an investment amount of over RMB13 million has a designed processing capacity of 1,500t/d and adopts the treatment process of “Pre-treatment + Hydrolysis acidification tank + Facultative tank + Aerobic pool + Secondary sedimentation”, and the sewage after treatment was discharged into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂) through the municipal pipeline network. The key pollution indicators are chemical oxygen demand and ammonia nitrogen; the concentrations at water inlets were 3004mg/L and 14mg/L respectively in 2022, while the average discharge concentrations at water outlets were 19.64mg/L and 0.4592mg/L respectively, far lower than the relevant limits stipulated in the pollutant discharge license and the removal rates reached 93.45% and 54.08% respectively. In respect of waste 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. The key pollution indicators are sulfur dioxide, nitrogen oxides and particulate matter. The emission concentrations were 0.125mg/m³, 87.1mg/m³ and 2.19mg/m³ respectively in 2022, far lower than the relevant limits stipulated in the pollutant discharge license. In respect of control of noise pollution, investment was made to construct noise segregation wall to reduce noise pollution.</p>
Livzon Pharmaceutical Factory	<p>The “Three Wastes” were collected and treated effectively by the Pharmaceutical Factory. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with a designed processing capacity of 1,000t/d, which adopted the CASS process for phase I and the A/O process for phase II. The indicator of treated wastewater was approximately 50% of the standard limit requirement and the sewage after treatment was</p>

	<p>discharged into sewage treatment plants through the municipal pipeline network. For waste gas: currently, the company uses purchased steam and uses the boilers as backups, greatly reducing air emissions (sulfur dioxide, nitrogen oxides). The waste gas of the wastewater treatment stations is treated by a combination of first-level spray towers, Ultra Violet (UV) photoion equipment and second-level spray towers, and the treated waste gas was far below the national standard limit requirement.</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 7,500 m³/d (including one plant with capacity of 5,000 m³/d and one plant with capacity of 2,500 m³/d), and the actual total treatment amount was 2,800 m³/d.</p> <p>Waste gas treatment: 4 sets of fermentation and 2 sets of refining waste gas treatment adopt the treatment process of “sodium hypochlorite spray + water spray + two-way superoxide water spray + micro-nano bubble spray”; 2 sets of waste water treatment tank odor collection and treatment facilities adopt the treatment process of “three-level spray absorption (level 1: alkaline water spray absorption + level 2: sodium hypochlorite spray absorption + level 3: sulfuric acid spray absorption); 1 set of RTO (regenerative thermal oxidizer) waste gas treatment facility adopts incineration method; two 40-ton circulating fluidized bed boilers (one in operation and one on standby) were in normal operation, adopting the treatment process of “bag dust removal + double alkali desulfurization + alkaline water spraying and demisting”. General solid waste: slag and sludge were entrusted for landfill disposal; styrene-acrylic slag is sold as organic fertilizer; styrene-acrylic mother liquor was outsourced for recycling; styrene-acrylic spent activated carbon and Lova waste activated carbon were sent to boilers for incineration. Hazardous waste: mycophenolic acid and Dora waste slag are put into boilers for incineration; spent activated carbon, waste and empty reagent bottles, waste packaging bags, etc. were all entrusted to qualified companies for disposal. In 2023, the following pollution prevention measures were mostly completed: 1. decommissioning the former Xinbeijiang sewage treatment system to abate the source of malodorous gas generation; 2. carrying out comprehensive cleaning and maintenance of the existing 9 sets (30 units) of waste gas treatment facilities spray tower.</p>
Jiaozuo Hecheng	<p>The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The designed sewage treatment capacity was 3,000t/d, the treatment process of “hydrolytic acidification tank + UASB + aerobic pool + materialized treatment” was adopted, the treated wastewater would be discharged 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) through the municipal pipeline network. The sewage treatment facilities were under normal operation with compliant discharge.</p> <p>In 2023, an operation and maintenance contract in relation to online continuous monitoring system for water quality was signed with Jiaozuo Lansheng Environmental Technology Service Co., Ltd. (焦作市蓝晟环保及时服务有限公司). For waste gas: In 2023, dichloride module equipment was added in the recycling section, and the waste gas was discharged after being treated and the standard limit met; The waste gas generated from technical process in the production zone would be collected and treated by adopting two sets of processes of “spray + activated carbon + spray + RTO incineration equipment and -20°C condensation + dichloride module + spray + activated carbon + spray + RTO incineration equipment” and then discharged after reaching the required standard. Solid waste and hazardous waste would be stored in the hazardous waste station</p>

	<p>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)》). In 2023, hazardous waste disposal contracts were signed with qualified companies Anyang Zhongdan Environmental Protection Technology Co., Ltd. (安阳中丹环保科技有限公司), Luoyang Dezheng Waste Resources Reuse Co. Ltd. (洛阳德正废弃资源再利用有限公司) and Qinyang GTC Jidong Environmental Protection Technology Co. Ltd. (沁阳金隅冀东环保科技有限公司) for regular disposal of hazardous waste. Other general solid waste would be disposed of in compliance with the relevant requirements. In January 2023, a self-monitoring and automatic monitoring equipment comparison contract was signed with Henan Chenjian Inspection Technology Co. Ltd. (河南晨颀检验技术有限公司) to regularly monitor the company's discharge outlets.</p>
<p>Shanghai Livzon</p>	<p>The company designed and built a sewage treatment station with a processing capacity of 200 m³/d in 2018. The company’s wastewater 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 discharge outlets were treated with activated carbon adsorption and filtration, and the activated carbon was replaced every half a year to ensure that the air emission met the standards. In January 2022, the company demolished the solid preparation workshop on the third floor and transformed it into a microsphere workshop, and there is no particulate matter emission from the No. 5 and No.6 discharge outlets accordingly. In order to meet the regulatory requirements under the new environmental impact assessment (at least one emission reduction measure to be replaced with a new one), the 4# exhaust stack was upgraded in March 2023, upgrading the secondary activated carbon adsorption equipment and the monitoring platform processing equipment.</p>
<p>Livzon MAB</p>	<p>The “Three Simultaneous” system was strictly implemented by Livzon MAB for the treatment of “Three Wastes” by collecting and treating the “Three Wastes” effectively. For wastewater (relying on the wastewater treatment of Pharmaceutical Factory in the park): an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the sewage after treatment was discharged into sewage treatment plants through the municipal pipeline network. For waste gas: currently, the company uses purchased steam and takes the boilers as backups, greatly reducing air emissions. The waste gas of the wastewater treatment stations is treated by a combination of first-level spray towers, Ultra Violet (UV) photoion equipment and second-level spray towers.</p>
<p>Livzon Diagnostics</p>	<p>The “Three Simultaneous” system was strictly implemented by Livzon Diagnostics. The company has sewage treatment facilities, which started construction in 2017 and were completed and passed the acceptance inspection for use in June 2018. The treatment processes include sedimentation tanks, regulating tanks, anaerobic tanks, contact oxidation, secondary settling tanks, etc. The sewage after being treated and met the standard was discharged into the South District Sewage Treatment Plant (南区水质净化厂) through the municipal sewage pipeline. Hazardous waste and general industrial solid waste generated by Livzon Diagnostics were entrusted to a qualified third-party company for disposal.</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	Jiaozuo Joincare was listed in the mandatory clean production directories on key industries in 2023. Currently, the preliminary scheme for this initiative has been finalized. Feasibility analysis and the implementation of the plan are progressing as scheduled.
Taitai Pharmaceutical	The Environmental Impact Report for two new products are currently under review.
Haibin Pharma	No environmental impact assessment project was required in the first half of 2023; 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.
Xinxiang Haibin	Approval of Environmental Impact Report on 20 Tonnes/Year Meropenem Pharmaceutical Intermediate Project (Yu Huan Jian [2005] No. 84), Opinions on Environmental Protection Inspection and Acceptance for 20 Tonnes/Year Meropenem Pharmaceutical Intermediate F9 Project (Yu Huan Bao Yan [2008] No. 89), Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project (Yu Huan Shen [2014] No. 564), Independent acceptance of Approval of Environmental Impact Report on 100 Tonnes/Year Meropenem Pharmaceutical Intermediate Expansion Project on 24 March 2019, Opinions of Comprehensive Supervision and Enforcement Bureau of High-tech Zone on Approval of Environmental Impact Report on Technical Center Expansion Project of Xinxiang Haibin Pharmaceutical Co., Ltd. (Xin Gao Zong Jian Zi [2020] No. 26) and 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). It reapplied for the pollutant discharge license in the first half of 2023 and obtained the certificate on 20 June 2023.
Fuzhou Fuxing	The “Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.” was approved on 23 August 2021. The Environmental Impact Report on the Phase IV High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. was approved on 12 October 2022. In March 2023, the second phase, the third phase, the second stage and the third stage of environmental inspection have been completed. 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. The pollutant discharge license was updated in March 2023 with a validity period from 27 December 2020 to 26 December 2025.

Livzon Xinbeijiang	<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. The first application for a new national discharge permit was applied on 29 December 2017, and the renewal of the discharge permit was processed on 29 December 2022, with a validity period until 28 December 2027. The discharge permit for the new plant in Shijiao was changed on 8 May 2023 and is valid until 7 May 2028.</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 for expansion of 14 new products including paliperidone palmitate (棕榈酸帕利哌酮), 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 Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.” (《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, and obtained approval on 20 January 2022. The company strictly enforced the “Three Simultaneous” system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. In 2022, it was awarded the green card enterprise of environmental credit rating by Zhuhai Municipal Ecology and Environment Bureau. In March 2022, the revision and filing of the emergency plan for environmental emergencies was completed.</p>
Gutian Fuxing	<p>The company passed the environmental impact assessment on 30 June 1999 and the inspection and acceptance upon completion of construction carried out by Environmental Protection Bureau of Fujian Province on 5 June 2000. The company re-prepared its post-environmental impact assessment report in 2019 and passed the inspection and acceptance carried out by experts on 11 June 2019. The company strictly enforced the “Three Simultaneous” system and implemented the environmental protection measures as required under environmental impact assessment, with normal operation of the environmental protection facilities. In September 2022, the clean production passed the on-site inspection and acceptance of the Ecology and Environment Bureau, and in October 2022, it obtained the inspection and acceptance opinions of the Ningde Environmental Protection Science Research Institute. The existing pollutant discharge license was applied on 26 November 2020 with a validity period from 29 December 2020 to 28 December 2025.</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</p>

	<p>pollutant discharge license 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. In September 2022, Limin Pharmaceutical Manufacturing Factory passed the on-site review on clean production by the expert group. In the future, it will continue to explore the potential of energy conservation and emission reduction, establish and improve the clean production mechanism and continuously enhance the level of clean production. It was recognized as a green enterprise in the environmental credit rating by Shaoguan Municipal Ecology and Environment Bureau consecutively from 2019 to 2022. The pollutant discharge license was renewed in 2021 with a validity period from 22 October 2021 to 21 October 2026.</p>
Livzon Pharmaceutical Factory	<p>The Environmental Impact Report Form for the Newly-added Wet Granulation Line Project P07 of Pharmaceutical Factory (《丽珠集团丽珠制药厂 P07 新增湿法制粒线项目环境影响报告表》) was approved on 18 May 2022. Pharmaceutical Factory updated the pollutant discharge license in June 2022. The Environmental Impact Report Form for New Boilers and Boiler Low-nitrogen Transformation Project (《新增锅炉及锅炉低氮改造项目环境影响报告表》) was approved on 19 August 2022. The company will strictly enforce the “Three simultaneous” system to implement the environmental protection measures as required by the environmental assessment. The Expansion Project for Production Line of lyophilized Powder Injection of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂冻干粉针剂生产线扩建项目》) completed its independent acceptance in June 2022, and the Small-capacity Workshop Construction Project of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂小容量车间建设项目》) completed its independent acceptance in August 2022. Pharmaceutical Factory updated the pollutant discharge license in June 2022, with a validity period from 9 June 2022 to 8 June 2027.</p>
Ningxia Pharmaceutical	<p>The renewal application for the discharge license was completed in December 2020 and the license is valid until 28 December 2025. 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. In December 2022, the company passed the identification of Shizuishan municipal green plant and prepared an environmental impact assessment report on the increase of phenylalanine production capacity (currently under review by experts). The company reported to the national pollution discharge license management information platform (pollution discharge implementation report) and the ecological environment statistics business system (enterprise environment statistics report) quarterly. In 2022, the company also completed the second round of rectification of non-compliance under the supervision of central environmental protection authorities, independent acceptance and government acceptance. 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.</p>

Jiaozuo Hecheng	<p>The “Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd” (《焦作丽珠合成制药有限公司现状环境影响评估报告》) was approved and filed on 15 December 2016, the “Three Simultaneous” system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were in normal operation. The application for the national pollutant discharge license was completed in December 2020, the environmental protection policies were strictly enforced and various management tasks were implemented. In 2023, the “one enterprise, one policy” plan for Jiaozuo Hecheng, a VOCs discharge enterprise, was formulated in accordance with the “Summer Ozone Pollution Prevention and Control Action Plan” (《夏季臭氧污染防治攻坚战行动方案》). In accordance with the “Notice Requirements on Conducting Special Enforcement Inspections for Enterprises in Volatile Organic Compounds Industry” by provincial department in 2023 (《省厅 2023 年关于开展涉挥发性有机物行业企业专项执法检查的通知要求》), comprehensively self-inspection VOCs inspections were carried out, a list of issues was compiled and active rectifications were made. In March 2023, the current round of clean production audit work was kicked off.</p>
Shanghai Livzon	<p>The company passed the environmental assessment review of the Leuporelin 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 renovation of powder injection workshop 2 had completed in 2022, with the Environmental Impact Statement of Construction Project (《建设项目环境影响报告表》) filed in October 2022 and the Approval Opinion of Shanghai Pudong New Area Ecological Environment Bureau on the Environmental Impact Statement of the Reconstruction and Expansion Project of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海市浦东新区生态环境局关于上海丽珠制药有限公司改扩建项目环境影响报告表的审批意见》) obtained in March 2023. 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. The new Pollutant Discharge License was obtained on 30 May 2023 with a validity period until 29 May 2028.</p>
Livzon MAB	<p>The Environmental Impact Assessment Report on the V01 Industrialization Project of Livzon Group Livzon Pharmaceutical Factory was approved in April 2021; the Environmental Impact Report Form for the Expansion Preparation Line 3 of the Large-scale Production Capacity Building Project of Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) was approved in March 2022. The company updated the pollutant discharge permit in November 2022. The company strictly enforced the “Three Simultaneous” system to implement the environmental protection measures as required by environmental assessment.</p>
Livzon Diagnostics	<p>Livzon Diagnostics prepared the “Environmental Impact Report on Engineering and Production Projects of the New Plant” (《新厂工程及生产项目环境影响报告书》) in 2017, which was approved by Zhuhai Environmental Protection Bureau on 6 February 2018. The</p>

	<p>environmental protection acceptance inspection was completed in June 2018. In 2020, according to the Catalogue of Classified Management of Discharge Permit for Stationary Pollution Sources (《固定污染源排污许可分类管理名录》)(2019 version) and the Measures for Pollutant Discharge Permitting Administration (Trial) (《排污许可管理办法(试行)》), the pollutant discharge license was canceled and the pollutant discharge registration and filling were carried out.</p>
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4. Environmental emergency contingency plan

√Applicable □N/A

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Joincare	<p>Revision of the environmental emergency contingency plan of Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. was completed in May 2022 and was filed in the Macun Branch of Ecological Environment Bureau of Jiaozuo City on 19 May 2022.</p> <p>Revision of the environmental emergency contingency plan for hazardous waste pollution accident of Jiaozuo Joincare was completed in December 2020.</p>
Taitai Pharmaceutical	<p>The environmental plan is under reevaluation. It has passed experts' review and is under environmental protection approval.</p>
Haibin Pharma	<p>The Environmental Emergency Contingency Plan was filed (File No. 440308-2020-0029M). Trainings and drills on emergency responses were provided for employees to improve the capability of the Company for dealing with environmental emergencies. In the first half of 2023, two emergency drills for environmental emergencies were held.</p>
Xinxiang Haibin	<p>The environmental emergency contingency plan completed filing on 25 August 2022.</p>
Fuzhou Fuxing	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of “prevention-oriented, self-help-oriented, unified command, and division of responsibility”, which has been filed on 15 April 2022 (File No. 350181-2022-024-M).</p> <p>After environmental emergencies occur, immediate, quick, effective and orderly emergency rescue actions shall be taken to control and prevent the spread of accident and contamination, protect the surrounding environment and safeguard life and property of all employees, the company and nearby communities. In accordance with the contents and requirements of the plan, the company provides trainings and drills for its employees to get them well-prepared for environmental emergencies, so that timely rescue can be taken and the accident can be controlled in a short period of time in case of any environmental emergencies. A comprehensive emergency drill was conducted in June 2023 for Phase II Workshop 1 leakage and fire incident.</p>
Livzon Xinbeijiang	<p>Based on the principles of “prevention-oriented, On-alert all the time; classified management, Response by Tiers; cross-department cooperation, Responsibility by Levels; Scientific Prevention and Efficient handling”, Livzon Xinbeijiang 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 was verified and filed by the Qingyuan Municipal Ecology and Environment Bureau on 22 October 2021. Livzon Xinbeijiang regularly identifies environmental factors and sources of hazards and conducts drills</p>

	<p>on the emergency contingency plan. An environmental emergency contingency drill was conducted in June 2023 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>
<p>Livzon Hecheng</p>	<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>
<p>Gutian Fuxing</p>	<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》) (File No.: 352200-2017-005-L) 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 was approved in May 2017. The second amendment of the contingency plan was made in June 2020, which passed expert review and completed filing (File No.: 350922-2020-002-M). The third amendment of the contingency plan was made in June 2023, which passed expert review and completed filing (File No.: 350922-2023-012-M).</p> <p>According to the plan, the company will conduct an emergency drill for sudden hydrochloric acid leakage in August 2023, and after environmental emergency incidents occur, immediate, quick, effective and orderly emergency rescue actions can 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 for its employees. 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>
<p>Livzon Limin</p>	<p>The principles of occupational health and safety and the 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》) (File No.: 440203-2021-009-L) 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. According to the requirements of the contingency plan, an environmental accident emergency drill was conducted on 24 September 2021, and a specific drill summary was made. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance</p>

	the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.
Livzon Pharmaceutical Factory	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂突发环境事件应急预案》) was updated by Pharmaceutical Factory in 2021, and has been approved for filing approval and announced, with the filing number 440404-2021-0212-L. The Pharmaceutical Factory conducted a special emergency response drill for hazardous waste leakage on 16 June 2023, to train the emergency response team and enhance the emergency response and execution abilities of the participants, further clarify the responsibilities and tasks of relevant personnel, improve the emergency linkage mechanism, improve the awareness of risk prevention and the ability of self-rescue and mutual rescue.
Ningxia Pharmaceutical	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 (File No.: 640221-2019-005-II). Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, 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 Environmental Emergency Contingency Plan was amended in May 2021, and passed expert review and was reviewed by and filed with government environmental department in August 2021 (File No.: 640221-2021-054-H).
Jiaozuo Hecheng	The Environmental Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司突发环境事件应急预案》) was prepared in accordance with the relevant provisions and requirements and based on the principles of “Focusing on Prevention, On-alert all the time; Management by Classification, Response by Tiers, Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal”. The contingency plan was approved for announcement and filing in April 2021 (File No.: 4108042018005L). The Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) was 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 a 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. In 2023, the company newly formulated the Environmental Protection Assessment System (《环保考核制度》), Jiaozuo Livzon EHS Environmental Protection Assessment System (《焦作丽珠 EHS 环保考核制度》) and Jiaozuo Livzon Potential Safety Hazard Screening Responsibility System (《焦作丽珠隐患排查责任制度》).
Shanghai Livzon	In March 2022, the Environmental Emergency Contingency Plan of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司突发环境事件应急预案》) (File No.: 02-310115-2022-108-L) was filed by the company. The company conducts drills and reviews of the plan every year to improve its emergency response capabilities through regular training on the plan. On 22 May 2023, Shanghai Livzon completed the filing and registration of the General Emergency Response Plan for Work Safety Incidents (《生产安全事故综合应急预案》) (File No.: 3101150000002023052200058), in order to improve the emergency response capabilities for production safety accidents through training on the emergency response plan.

Livzon MAB	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon MAB (《丽珠单抗突发环境事件应急预案》) was prepared by Livzon MAB in 2022. In April 2023, the company conducted an emergency drill for hazardous waste leakage in the hazardous goods warehouse to enhance emergency response capabilities of staff, so as to alleviate or eliminate the impact of the consequences.
Livzon Diagnostics	In accordance with relevant regulations, Livzon Diagnostics carried out a risk assessment of environmental emergencies and emergency resources survey in 2021, and prepared the Environmental Emergency Contingency Plan of Zhuhai Livzon Diagnostics Inc. (《珠海丽珠试剂股份有限公司突发环境事件应急预案》) which was approved for filing and announced. Regular training on emergency response and disposal measures was provided to employees to equip them skills of executing safety measures timely, rapidly, effectively and orderly in environmental emergencies, in order to control and prevent the spread of risk and pollution, reduce or eliminate the impact of the consequences, and resume the production as soon as possible.

5. Environmental self-monitoring program

√ Applicable □ N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joincare	<p>In accordance with the self-monitoring program for pollutant discharge licenses, Jiaozuo Joincare completed the self-monitoring program for wastewater and waste gas for the year 2023 at the beginning of the year. The self-monitoring activities were carried out in accordance with the self-monitoring plan. As of the end of June, the self-monitoring for wastewater and waste gas for the first half of 2023 has been successfully conducted as scheduled.</p> <p>The company is a key enterprise in terms of soil management, and is required to carry out self-monitoring of soil annually. The company has completed the preparation, on-site sampling and review of self-monitoring program on soil as of June and the samples are under testing currently.</p>
Taitai Pharmaceutical	Wastewater was monitored once a quarter; boiler exhaust gas and plant boundary noise were monitored once a year; exhaust gases generated from technical process was monitored once half a year; online monitoring facilities of wastewater and boiler exhaust gas were additionally installed and functioning well.
Haibin Pharma	A third party is entrusted to conduct regular monitoring strictly in compliance with the relevant national laws and regulations and local requirements and ensure the accuracy, validity and authenticity of the monitoring data. Online wastewater monitoring equipment was installed and connected to environmental monitoring stations at municipal and district levels in accordance with environmental monitoring technical standards. Data was promptly uploaded on the national monitoring platform.
Xinxiang Haibin	A self-monitoring program was prepared, quarterly self-monitoring of exhaust gas and wastewater in accordance with the pollutant discharge license and annual self-monitoring of soil has been completed.
Fuzhou Fuxing	According to the relevant requirements of the “Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》)” and the “Self-monitoring Technology Guidelines for Pollution Sources–Pharmaceutical Industry Fermentation Products Category (HJ 882-2017) (《排污单位自行监测技术指南发酵类制药工业(HJ 882-2017)》)”, the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made

	<p>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 May2023, the work on leakage detection and repair (LDAR) of volatile organic compounds (VOCs) was completed. Information publicity website: http://wryfb.fjemc.org.cn</p>
<p>Livzon Xinbeijiang</p>	<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 wastewater (COD, ammonia nitrogen, pH, flow) and waste gas (non-methane hydrocarbons) has been installed in accordance with the requirement of environmental assessment technical standards, and the connection between online information and national development platform and Qingyuan municipal platform has been completed. Online monitoring equipment for wastewater 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 LDAR every six months for workshops that use VOCs. Livzon Xinbeijiang Pharma conducts monitoring of diffusive volatile organic compounds around the workshop of the first refinery division on a semiannual basis, and the monitoring results for the first half of 2023 met the standards.</p>
<p>Livzon Hecheng</p>	<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 monitoring and analysis instruments were examined and calibrated in strict compliance with relevant provisions. The automated monitoring equipment was installed in accordance with the requirements of environmental assessment technical standards, while online monitoring equipment for non-methane hydrocarbons, COD, ammonia nitrogen and pH level were installed and connected with the national development platform as required. In 2022, a third party was entrusted to conduct LDAR inspection, discharge outlet inspection, factory boundary noise monitoring and soil inspection on a regular basis, and all inspection results met the required standards.</p>
<p>Gutian Fuxing</p>	<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 Ecology and Environment</p>

	<p>Bureau and Ningde Gutian Ecology and Environment Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In June and December 2022, a qualified third party was engaged on two occasions to complete the leakage detection and repair (LDAR) work of volatile organic compounds and relevant reports were obtained. Information publicity website: http://wryfb.fjenc.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, boiler waste gas monitoring every month and R&D Center VOCs waste gas monitoring every six months, 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 online monitoring equipment for COD and ammonia nitrogen in water passed the acceptance inspection and the equipment was put into operation in January 2021, and it will perform monitoring every 2 hours. Data should be completed and filed to the Pollutant Source Sharing Data Platform of the Shaoguan Municipal Ecology and Environment Bureau on a timely basis, and the relevant data would be announced to the public after being reviewed by the Shaoguan Municipal Ecology and Environment 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 wastewater 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. All test parameters were within normal ranges for the first half of 2023.</p>
Ningxia Pharmaceutical	<p>The company formulated the self-monitoring program for 2022, which was reviewed by and filed with Shizuishan Municipal Ecology and Environment Bureau. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized air emissions, air emissions from boilers, wastewater, underground water, soil, diffusive environmental air, noise and recycled water TOC at plant boundary. 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 leakage detection and repair (LDAR) work of volatile organic compounds was carried out. The automated monitoring equipment was passed the inspection and acceptance conducted by the competent environmental protection authority and connected to the network of the competent environmental protection authority. The automated monitoring equipment was sound, and the monitoring data was accurate, valid and authentic.</p>
Jiaozuo Hecheng	<p>According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (Trial</p>

	<p>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 leakage detection and repair (LDAR) of volatile organic compounds was completed in June 2023. The inspection of equipment and facilities such as solvent pipes and flanges in the workshop was conducted and maintenance and rectification were carried out on the places where there was leakage. According to the requirements of environmental testing technical specifications, the company has installed online automatic sewage monitoring equipment, and also installed online monitoring equipment for COD, ammonia nitrogen, pH value, flow rate and total nitrogen, which were connected to the Guofa platform (国发平台) as required. The company carried out monitoring on a monthly and quarterly basis in strict compliance with the requirements of the self-testing scheme, which focused primarily on organized air emissions, wastewater, diffusive environmental air and noise at plant boundary.</p>
Shanghai Livzon	<p>In accordance with the relevant requirements of 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 pollutant discharge license, the company organized self-monitoring and information disclosure of the pollutants it has discharged, and formulated the self-monitoring program. In 2022, the company monitors main air emission outlets once a month, common discharge outlets once half a year, noise once every quarter and wastewater once a month. The monitoring items and frequency shall meet the requirements of the pollutant discharge license. The other three enterprises in the park and the third-party sewage treatment company in the park enter into an agreement to install an online monitoring comparator at the main discharge outlet for effective monitoring of sewage discharge.</p>
Livzon MAB	<p>The company entrusted an agency with national testing qualifications to carry out monitoring in strict compliance with relevant national laws, regulations and standards. By considering its own specific conditions, the company entrusted the inspection party to carry out monitoring on wastewater and waste gas on a regular basis in accordance with the requirements of the implementation plan of the pollutant discharge permit, and each time the monitoring was conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data.</p>
Livzon Diagnostics	<p>Wastewater: An agency with national testing qualifications was entrusted to carry out monitoring in strict compliance with relevant national laws, regulations and standards. The testing agency conducts quarterly inspections on water quality indicators such as chemical oxygen demand, ammonia nitrogen and suspended solids in strict accordance with the relevant national regulations to ensure the data collected from daily monitoring is accurate, valid, true, and meets the emission standards. Waste gas and noise: An inspection of noise and waste gas at the plant boundary is undertaken annually to ensure the monitoring data is accurate, valid, true, and meets the emission standards.</p>

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

Applicable N/A

7. Other environmental information to be disclosed

Applicable N/A

(II) Statement on environmental protection measures of companies except for key pollutant discharge units

Applicable N/A

The rest subsidiaries of the Company strictly implemented and obeyed the Environmental Protection Law of the People's Republic of China, Cleaner Production Law of the People's Republic of China and other environmental protection and safe production laws and regulations. We 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 prevented the generation of pollutants, all while safeguarding the mental and physical health of employees. These efforts are directed towards achieving a coordinated and sustainable development of economic, environmental and social benefits.

1. Administrative penalties imposed for environmental issues

Applicable N/A

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

Applicable N/A

3. Reason for non-disclosure of other environmental information

Applicable N/A

(III) Statement on subsequent progress or change in environmental information disclosed during the Reporting Period

Applicable N/A

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

Applicable N/A

Name of company	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Jiaozuo Joincare	Leak Detection and Repair (LDAR)work in the first half of 2023was completed.

	<p>Self-monitoring of soil and groundwater, as well as detection and treatment of hidden hazards were carried out in 2023.</p> <p>Carbon emission verification for the year 2022 was completed.</p>
Taitai Pharmaceutical	It was listed on the positive list of enforcement by the Nanshan Management Bureau of the Shenzhen Municipal Bureau of Ecology and Environment.
Haibin Pharma	Consumables of exhaust gas prevention and treatment facilities were replaced as scheduled to guarantee the treatment efficiency of exhaust gas; MBR films for waste water treatment were replaced and guaranteed the discharge of waste water under standards.
Xinxiang Haibin	<p>The Letter of Undertaking for Environmental Protection was submitted by the Company to the competent authority.</p> <p>LDAR leak detection and repair for the first half of the year was completed.</p> <p>Environmental taxes were paid in full and on time.</p>
Joincare Haibin	In terms of the comprehensive utilization of rainwater, it introduced the design concept of sponge city in the design and construction to achieve the maximum use of water resources. It adopted centralized heat supply to reduce the emission of waste gas from boilers.
Fuzhou Fuxing	LDAR leak detection and repair was completed; unorganized emission of VOCs was reduced; construction of phase II (Paromomycin, Telavancin, Pentostatin, Teicoplanin and Kanamycin Monosulfate), phase III (Pasiniazid and Polymyxin B), stage II (Emodepside, Dalbavancin and Moxidectin) and stage III (Afoxolaner, Fluralaner, Cyclosporine and Selamectin) were completed and the acceptance inspection on environmental protection was passed in 2023. In the environmental credit evaluation completed, the company was rated as an environmentally credible enterprise. The monthly and quarterly self-monitoring on waste water, waste gas and noise was completed as required. The detection results met the emission standards. The annual maintenance on the equipment for RTO exhaust was completed to ensure its safe operation and the emission of exhaust gas within the emission standards.
Livzon Xinbeijiang	Leakage detection and repair (LDAR) was completed as required in the first half and unorganized emission of VOCs was reduced; a series of noise control and improvement measures, such as installing soundproof glass in the louvers on 3/F of Workshop II of Fermentation to block the fermentation and stirring noises and using sound-absorbing cotton panels to surround the MVR to block the noise from the operation of the MVR; other equipment with loud noises in the factory has been surrounded by sound-absorbing cotton panels to reduce noise. The self-monitoring plan of the whole year was completed and the results of waste water, exhaust gas and noise met the emission standards. A qualified third party is entrusted to dispose of the waste in compliance with laws and regulations.
Livzon Hecheng	Two rounds of LDAR leak detection and repair were completed in the first half of 2023; unorganized emission of VOCs was reduced; approval for bidding and procurement of the new equipment for RTO exhaust was completed and the equipment is under installment and one of the new and existing equipment for RTO exhaust will be under use while the other will stand by after the completion of installment to ensure its safe operation and the emission of exhaust gas within the emission standards; replacement and upgrading of treatment facilities for exhaust gases generated from technical processes of the refining workshop and 103 workshop were completed; waste water treatment systems were under stable operation and the discharge was within the emission standards; qualified units were entrusted to treat hazardous waste with a compliance treatment rate of 100%.

	<p>The self-monitoring program was completed and environmental responsibilities were fulfilled as required.</p>
Gutian Fuxing	<p>Volatile organic matter leak detection and repair (LDAR) for the first half of 2023 was completed and a report was obtained; cover and sealing were added to pools with high concentration and primary sedimentation pools for sewage treatment and waste gas was collected and treated so as to avoid odor emit; HV frame was replaced in the sewage treatment workshop; water content of sludge was reduced; total volume of sludge was reduced; sludge generated was entrusted to qualified units for treatment; the collection, recovery, treatment of VOCs were completed and online monitoring facilities was installed and put into operation to reduce the random emission of VOCs; and the entrusted testing of waste water, waste gas, soil and groundwater for the first half of 2023 was completed, with the results showing they all met standards. The construction of the 12-tonne biomass boiler and the upgrading and reconstruction of boiler tail gas treatment facilities were completed. The efficient exhaust gas treatment facilities with “SNCR denitration + cyclone dust removal + dry desulfurization + cloth bag dust removal + wet desulfurization” were adopted. Hazardous waste was entrusted to qualified companies for compliant treatment to reduce the risk of environmental pollution.</p>
Livzon Limin	<p>1. Pollutants were discharged according to the standards in the pollution discharge license and the annual self-monitoring of pollution discharge plan was formulated; a third-party environmental detection company was entrusted to conduct regular environmental test on the factory. Test results showed that there was no excessive discharge for the period of January to June 2023; 2. The measures on energy conservation and emission reduction were formulated according to ESG objectives in 2023; 3. Facilities and equipment at waste water treatment stations were regularly maintained; 4. Post-treated waste water was used for watering flowers, trees and grass in the factory in three lines. The recycling of waste water is expected to be approximately 400 tonnes each month and approximately 4,800 tonnes each year; 5. Soil testing and underground water testing were carried out on hazardous waste warehouses and the test results were in line with the standards; 6. Identification and updating of environmental factors were carried out in the whole factory. A total of 4,304 environmental factors were identified, including 3,442 general environmental factors and 862 key environmental factors; 7. Argumentation on the comprehensive use of waste alcohol was carried out and it will be recycled and reused in waste water treatment stations to improve the treatment effect of waste water. The fees on supplementing carbon resources at waste water treatment stations were approximately RMB148,200 each year and the fees on the treatment of waste alcohol at TCM workshops I, II and III were approximately RMB35,910. Relevant fees were approximately RMB184,110 for the whole year.</p>
Livzon Pharmaceutical Factory	<p>Online monitoring on waste water treatment stations was carried out as required; a qualified third party was entrusted to detect waste water and waste gas; the monthly and quarterly self-monitoring of the enterprise was completed as required. Compliant treatment of hazardous wastes was made to reduce the risk of environmental pollution. Environmental impact assessment was conducted for new workshops and acceptance of environmental protection project of the newly-built workshop was completed as required. The facilities and exhaust gas equipment at the waste water treatment station were renovated and buildings near the waste water treatment station were renovated.</p>
Ningxia Pharmaceutical	<p>Suspended the use of the waste water treatment system of the former Xinbeijiang while ensuring the compliant treatment and discharge of waste water within the standards and reduced sources of odor gas; conducted comprehensive washing and maintenance of the spraying towers of the current</p>

	<p>9 sets (30) exhaust gas treatment facilities; replaced DN300 drainage pipes with a length of 600 meters (the original pipes leaked due to corrosion); obtained the recognition as a green factory at the level of the autonomous region; obtained the rating as a “green card” enterprise in the appraisal on the environment and credit and enterprises in the autonomous region in 2022; obtained the honor of an outstanding enterprise in pollutants treatment in Pingluo county in 2022; entrusted a third party to conduct repair, maintenance and operation of online monitoring equipment on VOCs in the exhaust gas from the RTO; completed LDAR detection and repair as required; completed self-inspection of the enterprise as required;</p>
<p>Jiaozuo Hecheng</p>	<p>Carried out automation construction; completed the repair and inspection of LDAR in the first half and retested in the workshop in July; Exhaust gas: dichloro film equipment was added in the recycling stage in 2023 and exhaust gas was emitted after treatment and meeting the standards; two techniques, namely “spraying + activated carbon + spraying + RTO incinerator equipment” and “-20°C condensation + dichloro films + spraying + activated carbon + spraying + RTO incinerator equipment”, were adopted to conduct collection and treatment of exhaust gas from processes in production areas and achieve emission under standards. Certain exhaust gas treatment equipment was replaced to ensure the treatment effect; hazardous waste was entrusted to a qualified unit for disposal, and the compliance disposal rate reached 100%; a qualified third party was entrusted to detect the exhaust gas; a qualified third party was entrusted to provide operation and maintenance services for wastewater system equipment; the implementation of “one policy for one plant” for emergency emission reduction in heavily polluted weather by the Municipal Environmental Protection Bureau was completed and the RTO incinerator equipment was operated normally this year; participated in various trainings organized by the municipal and district ecological and environmental bureaus; replaced logos and labels of hazardous waste based on the latest Technical Specifications on the Setting of Identification Logos of Hazardous Waste (《危险废物识别标志设置技术规范》). In 2023, the Company newly formulated the Appraisal System on Environmental Protection (《环保考核制度》), the Appraisal System on EHS Environmental Protection of Jiaozuo Livzon (《焦作丽珠 EHS 环保考核制度》) and the Responsibility System on Inspection of Hidden Dangers of Jiaozuo Livzon (《焦作丽珠隐患排查责任制度》).</p>
<p>Shanghai Livzon</p>	<p>The company has completed the Filing and Registration of the Contingency Plan for Emergent Environmental Incidents; completed the VOCs emission reduction milestone of “one plan for one factory” in accordance with the plan; discharged pollutants in strict accordance with the Sewage Discharge Permit System obtained, formulated the annual emission self-monitoring programme at the beginning of the year and implemented emission self-monitoring according to the programme, and completed the annual implementation report of the emission permits without any violations of laws or regulations. Meanwhile, we strengthened the daily supervision of the operation of the waste gas treatment facilities and sewage treatment stations, and entrusted a third party to test the emissions of waste gas and sewage every month to ensure the effective operation of the equipment and facilities. The safety facilities, occupational disease protection facilities and pollution prevention facilities of the “Preparation Line 3 and Assembly Line 2 Purification Plant and Utility System” project were designed, constructed and put into production and use at the same time as the workshop renovation project. In order to reduce the emission concentration of exhaust gas and reduce the emission of VOCs, double activated carbon was added and installed to exhaust funnel 4 and it can reduce the emission concentration of exhaust gas and reduce the emission of VOCs after one more treatment. Water purifiers were replaced to improve the efficiency of making water with purifiers.</p>

Livzon MAB	<p>Entrusted a qualified third party CTI to test the waste water and waste gas according to the requirements of the pollutant discharge license, and entrusted a qualified entity, Dongjiang Environmental-protection Doumen Yongxingsheng Environmental-protection, Co., Ltd. of Dongjiang Environmental Protection (东江环保斗门永兴盛环保公司), to dispose of hazardous wastes in accordance with the regulations, so as to reduce the risk of environmental pollution. Carried out the environmental impact assessment of the new workshop according to the requirements of “Three Simultaneities” for construction of workshops newly built, rebuilt and expanded. The production and R&D sewage was uniformly discharged into the sewage station of Livzon Pharmaceutical Factory in Livzon Industrial Park for treatment and discharge up to the standard.</p>
Livzon Diagnostics	<p>Waste water: an entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. The inspection party carried out routine environmental monitoring on chemical oxygen demand, ammonia nitrogen, suspended solids and other indicators on water quality. The inspection is carried out on a quarterly basis with every monitoring strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data and meeting the discharge standards. Exhaust gas and noise: an entity was engaged to conducting testing on exhaust gas and noise at the factory boundary each year and the monitoring data was accurate, valid and authentic and met the emission standards.</p>

(V) Measures taken add effects on carbon emission reduction during the Reporting Period

Applicable N/A

Name of company or subsidiary	Measures taken and effects on carbon emissions reduction during the Reporting Period
Jiaozuo Joincare	<p>Invested over RMB0.98 million to update the CASS aeration system, reducing the load of fans and saving 257,000 kWh of electricity each year, equivalent to reducing the carbon dioxide emission by approximately 135tCO₂.</p>
Taitai Pharmaceutical	<ol style="list-style-type: none"> 1. Lighting facilities in the park were replaced with “energy-saving lamps” in response to the call of the municipal government, producing prominent energy-saving effect; 2. The high-power motor in the factory was replaced with the efficient energy-saving motor in accordance with energy-saving requirements of the government and frequency conversion devices were installed to maximize energy conservation; 3. Low-NOx burner of the 4T boiler was upgraded in response to the call of “Green Shenzhen”; 4. Employees were organized to learn energy conservation knowledge so as to achieve energy conservation and emission reduction in routine work by turning off lamps and machines timely.
Haibin Pharma	<p>Adjusted production plans and conducted centralized production to reduce the energy consumption of unit product.</p>
Xinxiang Haibin	<p>With energy-saving pumps provided by Xinxiang Sanjiang Air Conditioning Co., Ltd. (新乡市三江冷气有限公司), the energy-saving benefits are shared by the two parties. It saved electricity with the electricity fees saved sharing by the two parties. The use time of each pump is subject to time totalizers and electricity meters. The equipment shall belong to Xinxiang Haibin and the sharing of benefits shall terminate after the accumulated operation time of each equipment reaches 52,560 hours.</p>

Joincare Haibin	Formulated plans based on new standard energy-saving equipment in the purchase process, developed the habit and thinking of saving electricity and turning off lights when leaving; refused waste and advocated civilized dining; promoted low-carbon travelling in green and environmental manners; saved natural gas and carried out multiple maintenance in daily use of boiler, and frequently inspected pipelines, took good insulation measures, and used pure electric cars to save fuel when going out. Adopted solar water heater in the dormitory, reduced plastics, conducted green consumption; advocated for online working and paper saving, etc.
Fuzhou Fuxing	Used photovoltaic power generation to reduce power consumption; renovated high-energy consuming pumps for energy conservation to effectively reduce energy consumption; replaced with high-efficiency motor water pumps to save energy consumption; vigorously promoted energy conservation and consumption reduction, and called on employees to realize the concept of “turning off lights, air conditioners and computers before leaving office” during their daily work.
Livzon Xinbeijiang	Used photovoltaic power generation to reduce power consumption; used water kinetic energy instead of electric motors to drive the cooling tower fans to reduce the electric energy consumption while ensuring the cooling effect; used LED lights to reduce power consumption, and raising employees’ awareness in power conservation and safety; promoted to set the temperature of the air conditioner to not lower than 26°C; promoted green travels by encouraging the use of public transportation thereby reducing the use of private cars.
Livzon Hecheng	Maintained and updated chiller units to make more rational use of energy and saved electricity consumption for production through more reasonable production scheduling by the production department; used natural gas as fuel for canteens and boilers; replaced sewage treatment Roots blowers in the environmental protection center with magnetic levitation blowers with an energy saving rate of about 30%, saving about 107,000 kWh of electricity consumption per year; replaced the ultra-low-nitrogen boiler has increased thermal efficiency by 10%, saved 10 cubic meters of natural gas per ton of steam consumption, and reduced nitrogen oxide emissions by 80%; called on all employees of the factory to respond to electricity conservation, turn off lights and air conditioners before leaving office, and limited the minimum temperature of air conditioners; promoted green travel, encouraged the use of public transportation when going out to work, and set up shuttle buses to transport employees to and from work.
Gutian Fuxing	Installed 4 air compressors with a capacity of 130 m ³ /min to replace the original air compressor with high power consumption to reduce power consumption; replaced one chiller unit to reduce electricity consumption; replaced a 100 m ³ /min air suspension blower and three 55KW Roots air compressors to reduce power consumption and on-site noise; called on all employees to “save every drop of water, save every kilowatt of electricity”, so that the lights are turned off and the equipment is powered off before people leaving office.
Livzon Limin	1. Installed an online remote automatic data monitoring system in the boiler room to analyze and judge the instantaneous flow rate monitoring of the flowmeter in the boiler room, checked whether the steam traps and exhaust valves in the factory were in sound condition, and thereby reduced the waste of steam. The average steam loss in the public pipelines of the factory was 15.6%. The steam loss was reduced to 11% via the relevant renovation of steam pipelines and it was expected that 1,242 tons of steam could be saved thereby; 2. The steam pipelines in the animal room of the research and development center were re-insulated and the steam traps were remodeled to prevent the occurrence of long-time steam exhaust due to the failure of water valves; 3. In the first and second traditional Chinese medicine extraction workshops, a total of 23 drainage devices were

	<p>added to all condensate drainage pipelines with steam heating equipment to realize automatic drainage and improve the utilization rate of steam. It was expected that approximately 100 tons of steam could be saved thereby per year; in the first and second traditional Chinese medicine extraction workshops, the cooling method of purified water circulation system was changed from cooling by drinking water to cooling by recycled chilled water in order to reduce the consumption of drinking water. It was expected that the consumption of water could be thereby reduced by approximately 3,000 tons per year; 4. In the first traditional Chinese medicine extraction workshop, the existing n-butanol recovery SOP was improved and refined and the powder collection amount of Panax Notoginsenosides-XST was enhanced with an aim to reduce the unit consumption of n-butanol. Based on a production of 20 batches per year, approximately RMB24,800 could be saved per year.</p>
<p>Livzon Pharmaceutical Factory</p>	<p>Carried out low-nitrogen transformation for boilers to reduce nitrogen oxide emissions; reduced operation costs by combining the operation of refrigeration stations, and discontinued P06 large air compressor system when P06 workshop stopped production, and supplied individual equipment with gas through small air compressors, which could save about 15,000 kWh of electricity and reduce energy consumption; regularly switched on and off the air conditioners in QC, warehouses and other departments according to their needs, which could save about 700 kWh of electricity per day; further strengthened the energy-saving management of functional departments, and advocated employees to turn off the lights during the lunch break, and encouraged them to turn off the lights and shut down their computers when they leave their seats and the office to save electricity.</p>
<p>Ningxia Pharmaceutical</p>	<p>The project of recovering waste heat from air compressors as heat source to heat water for heating in winter was completed and would be put into operation in winter. It was expected that 5,000 tons of steam could be saved thereby; the high-efficiency and energy-saving transformation of fermentation circulating water pump in workshop 103 was completed, saving 1.04 million kWh of electricity annually; the recycling test of solid waste (slag, sludge) was completed and solid waste would no longer be landfilled when relevant facilities were put into use.</p>
<p>Jiaozuo Hecheng</p>	<p>Collected and reused steam condense to reduce steam consumption, so as to reduce carbon emissions; changed the packaging equipment to automatic packaging to improve production efficiency; vigorously promoted energy saving and consumption reduction internally, called on all employees to “save every drop of water, save every kilowatt of electricity”, and uniformly managed the paint in the workshop to eliminate waste; installed additional mirrors behind the steam pipeline drainage valves to observe whether there is steam loss; led the steam condense to the production auxiliary system of the hot water tank and the crystallization tank to reduce the use of steam; changed the lighting in the common areas of the workshop, corridors, etc. to sound- or light-controlled switches and gradually replaced the workshop lighting with LED lights; gradually replaced high energy consuming equipment and facilities in workshops with low energy consuming or automated interlocking devices.</p>
<p>Shanghai Livzon</p>	<p>Further strengthened the daily energy-saving management according to the established energy-saving plan, effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; optimized the peptide splicing process, increased the peptide splicing yield by more than 10%, thus reducing the power consumption per unit of product; transformed the solid preparation workshop into the powder injection workshop which produces less waste and conserves electricity; while comfortable air conditioning unit (cooling) utilized the chilled water unit in the power room, the multi-expansion air conditioning unit was placed outdoors to use air cooling, saving cooling</p>

	capacity and reducing energy consumption. In order to reduce the exhaust emission concentration and VOCs emissions, double-stage activated carbon was installed to the No. 4 exhaust funnel. After one more step of treatment, both the exhaust emission concentration and the VOCs emissions could be reduced. In order to improve the efficiency of pure water production, the pure water equipment was replaced.
Livzon MAB	Formulated energy-saving and emission reduction measures in accordance with the ESG targets of the Company and made reasonable use of recycled wastewater; introduced purchased steam to reduce steam consumption effectively. Effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; used LED lights to reduce electricity consumption, and encouraged employees to turn off lights and computers to save electricity before leaving office. Set up shuttle buses to transport employees to and from work.
Livzon Diagnostics	Entrusted a third party to carry out routine monthly maintenance of sewage treatment facilities to ensure that the wastewater treatment system was functioning properly. The water quality was up to standard, and the discharge did not exceed the limit. Formulated an energy management system to save energy and reduce emissions and strengthened daily energy-saving management to improve the Company's performance in energy saving.

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

√Applicable □N/A

1. Industrial revitalization

The Company guiding principles of the CPC Central Committee and the General Secretary. In accordance with the relevant requirements, we have established and implemented the plan of “Astragalus Root (黄芪) Industry Revitalization”. Through adopting the model of “Company + Base” and “Company + Professional Cooperative”, we are driving local cultivation and processing of Astragalus and developing the astragalus root industry with reference to the local conditions to make it a pillar industry for poverty relief in the long-term. The Group will establish a sustainable and pivotal industry that creates wealth, forging a new path for the development of the distinctive Astragalus industry and promoting the construction of the “Chinese Medicine Ecological Base”.

“Astragalus Root (黄芪) Industry Revitalization” has been in place since 2017. Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源 有限公司) (“Datong Livzon”), a subsidiary of the Livzon, has established its own planting bases in Hunyuan County of Datong City in Shanxi Province and Zizhou County of Yulin City in Shaanxi Province, respectively, and built astragalus root planting bases together with 12 cooperatives and 3 individuals in Tianzhen County of Datong City and Ying County of Shuozhou City in Shanxi Province and Yulin City of Shaanxi Province. The total area of the self-built bases and jointly constructed bases is about 33,000 mu and a total of 265 people have been assisted. This program has effectively boosted the economy of corresponding areas in Shanxi and Shaanxi.

During the Reporting Period, based on the national “rural revitalization strategy”, Datong Livzon launched the “Joint Construction by Villages and Enterprises” project in cooperation with the village committee of

Mazhuang Village, Guan'er Town, Hunyuan County, Datong City, Shanxi Province to renovate and reconstruct the primary processing plant in the origin of astragalus root planting base which has met the requirements on the primary processing and storage of astragalus root. In addition, Datong Livzon trained approximately 15 managers and planters of the co-built base in Zizhou County, Yulin City, Shaanxi Province on the new version of GAP (Good Agricultural Practices), conducted on-site technical guidance and practical training on the traceability of traditional Chinese medicinal materials. These efforts aimed to assist in the preliminary land plot planning for achieving traceability of Chinese medicinal materials.

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 common chronic diseases such as hypertension, hyperlipidemia, cardiovascular and cerebrovascular diseases, and treatment drugs 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. The project also helps to promote local development of rural revitalization.

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, Tianzhu County, Linze County and Shandan County in Gansu Province, Xianghai national nature reserve in Jilin Province, Chayu County in Tibet Autonomous Region, Macun District of Jiaozuo City in Henan Province, Huangshan District of Huangshan City in Anhui Province, Suining County of Hunan Province, and Fenyi County of Jiangxi Province, bringing benefits to many patients. In recognition of these efforts, the Company was honored with a number of awards, including the “ESG Practice Excellence Model Award (ESG 践行卓越典范奖)” and “2022 China Pharmaceutical CSR Media Watch Pioneer Award (2022 中国医药社会责任媒体观察责任先锋)” for its excellent projects supporting urban revitalization.

As at 30 June 2023, the project covered 8 provinces and 2 autonomous regions, including 19 remote areas requiring assistance and 2 natural reserves at state level. This initiative has aided over 17,700 low-income patients. In 2023, there are plans to further donate drugs to additional areas in need.

Chapter 6 Major Events

I Fulfillment of undertakings

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

√Applicable □N/A

Commitment background	Commitment type	Subject	Commitment content	Time and time limit of commitment	Whether there is a time limit for fulfillment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
Commitment related to initial public offering	Settlement of horizontal competition	Baiyeyuan	Please see Note 1 for details	30 April 2001, long-term	No	Yes	-	-
	Settlement of horizon competition	Baiyeyuan, de facto controllers and persons acting-in concert, and the Company	Please see Note 2 for details	10 January 2014, long-term	No	Yes	-	-
Commitment related to seasoned offerings	Others	The Company and de facto controllers	Please see Note 3 for details	From 8 March 2016 to the date of completion of remedial measures in connection with the non-public offering of Livzon Group	Yes	Yes	-	-
	Others	Baiyeyuan and the de facto controller	Please see Note 4 for details	From 11 May 2017 to the date of completion of remedial measures in connection with rights issue of Joincare	Yes	Yes	-	-
	Others	The Company	Please see Note 5 for details	From the date of proceeds for issuance of the Rights issue in place to the date of completion	No	Yes	-	-

				of use of proceeds				
Other commitments made to the minority shareholders of the company	Others	The Company	Please see Note 6 for details	17 December 2008, long-term	No	Yes	-	-

Note 1: Shenzhen Baiyeyuan Investment Co., Ltd., the controlling shareholder of the Company, undertook that it would not be directly or indirectly engaged in or cause subsidiaries and branches under its control to be engaged in any business or activity constituting horizontal competition with the Company after the founding of the Company, including but not limited to the research, production and sales of any products that were the same as or similar to products under research, production and sales of the Company, and was willing to undertake compensation responsibility for economic losses to the Company arising from violation of the said commitment.

Note 2: Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any business that constituted competitive relation or potential competitive relation with drug research, development, production and sale businesses (“Restricted Businesses”) of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were researched, developed, manufactured and sold on the date of relevant letter of undertaking by the controlling shareholders and de facto controller of the Company, the Company and its controlled subsidiaries except for Livzon Group; 2. If any new business opportunity was found to constitute competitive relation with Restricted Businesses, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would inform Livzon Group in written form immediately and firstly provide Livzon Group with the business opportunity in accordance with reasonable and fair terms and conditions. If Livzon Group gave up the business opportunity, the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group may accept the business opportunity in accordance with the terms and conditions that were not superior to those offered to Livzon Group; 3. If assets and businesses that directly or indirectly constituted competitive relation and potential competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group; 4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group; 5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or

Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group. 6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlled subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement; (4) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company (and its controlled subsidiaries except for Livzon Group) would provide Livzon Group with the Letter of Confirmation in relation to compliance with clauses of the Letter of Undertaking every year so as to be included in the annual report of Livzon Group. 7. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, and the Company promise that they would bear corresponding legal responsibility and consequence arising from violation of any clause by the Company (or the Company's controlled subsidiaries except for Livzon Group or its contact persons), starting from the date of issuance of relevant letter of undertaking. 8. The said undertakings would terminate in case of the following circumstances (whichever is earlier): (1) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and any of its controlled subsidiaries were not the controlling shareholders of Livzon Group anymore; (2) Livzon Group terminated the listing of its shares on the Hong Kong Stock Exchange and other overseas stock exchanges (except that shares of Livzon Group stopped to be traded temporarily for any reason).

Note 3: Do not interfere in the operation and management activities of Livzon Group or encroach on the interests of Livzon Group.

Note 4: Pursuant to the Guiding Opinions on Matters Relating to the Dilution of Current Returns as a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (Announcement of CSRC [2015] No. 31), the company shall undertake to adopt specific remedial measures relating to dilution of current returns as a result of the company's initial public offering, refinancing of the listed company, or major asset restructuring and shall fulfill such undertaking. Pursuant to relevant provisions of CSRC, Zhu Baoguo, the de facto controller of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder: 1. Do not intervene in the operation and management activities or encroach on the interests of the company; 2. If CSRC issued other new regulatory provisions on the remedial measures in relation to returns and the relevant undertakings and the aforesaid undertakings did not conform to such provisions from the date of issuance of the undertaking to the completion of IPO share allotment, the Company/the de facto controller would undertake to issue a supplemental undertaking in accordance with the latest provisions of CSRC; 3. The Company/the de facto controller undertook to practically take the remedial measures in relation to returns formulated by the company and fulfill the undertaking concerning the remedial measures. In case of violation of the undertaking, causing losses to the company or investors, the Company/the de facto controller was willing to assume compensation responsibilities to the company or investors in accordance with law. In case of violation of the said undertakings

or rejection to fulfill the said undertakings, as one of the liability subjects relating to the remedial measures concerning returns, it was agreed that relevant punishment shall be imposed on or relevant management measures shall be taken against the Company/the de facto controller by CSRC, the SSE and other securities regulators in accordance with relevant provisions and rules set or issued by them.

Note 5: After the proceeds for issuance of allotment were in place, the Company would use them according to the disclosure in the announcement, and carry out the policies, including deposit in special account, approval by specially-assigned person, and special use of special funds in accordance with management measures for proceeds of the Company. The Board of the Company would regularly check the progress of projects invested with proceeds, issue a special report on deposit and use of proceeds, engage an accounting firm during the annual audit to issue a verification report on deposit and use of proceeds, would be supervised by regulators and sponsors at any time, and would not make major investment, asset purchase or similar financial investment though proceeds in disguise.

Note 6: (1) While transferring tradable shares subject to selling restrictions held by the company in Livzon Group, the company shall strictly 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.

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

Applicable N/A

III Information on Illegal guarantees

Applicable N/A

IV Audit of interim report

Applicable N/A

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

Applicable N/A

VI Matters related to bankruptcy reorganization

Applicable N/A

VII Material Litigation and Arbitration Matters

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

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

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

Applicable N/A

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

Applicable N/A

X Substantial related transactions

(I) Related transactions in the ordinary course of business

1. Provisional Announcements without progress or change in subsequent implementation

Applicable N/A

Overview	Query index
<p>Pursuant to the “Resolution on Related Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power” considered and approved at the 23rd Meeting of the 8th Session of the Board on 7 April 2023, Jiaozuo Joincare intended to purchase no more than RMB280 million (inclusive) of steam and power from Jinguan Electric Power in 2023 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. The independent directors of the Company gave prior approval opinions on the Resolution and gave opinions on the approval at the Board meeting. Both parties referred to the market price to fix a price of the said related transactions. During the Reporting Period, the actual amount of the said related transactions was RMB127.9266 million.</p>	<p>See the “Announcement on Resolutions Considered and Approved at the 23th Meeting of the 8th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2023-030) and the “Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power” (Lin 2023-036) disclosed by the Company on 11 April 2023 for details.</p>

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

Applicable N/A

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

Applicable N/A

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

1. Provisional announcements without progress or change in subsequent implementation

Applicable N/A

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

Applicable N/A

3. Matters that have not been disclosed in the provisional announcements□Applicable N/A**4. In case of performance agreement, information on performance realization during the Reporting Period shall be disclosed**□Applicable N/A**(III) Substantial related transactions of joint outbound investment****1. Provisional announcements without progress or change in subsequent implementation**□Applicable N/A**2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation**□Applicable N/A**3. Matters that have not been disclosed in the Provisional Announcements**□Applicable N/A**(IV) Credits and debts with related parties****1. Provisional announcements without progress or change in subsequent implementation**□Applicable N/A**2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation**□Applicable N/A**3. Matters that have not been disclosed in the provisional announcements**Applicable N/A

Unit: Yuan Currency: RMB

Related party	Relationship with related party	Offer funds to related parties			Receive funds from related parties		
		Balance at the beginning of the period	Amount incurred in the current period	Balance at the end of the period	Balance at the beginning of the period	Amount incurred in the current period	Balance at the end of the period
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	75,724,913.57	-8,480,203.79	67,244,709.78			
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	Others	9,282,804.29	7,641,565.47	16,924,369.76	117,760.00	1,825,280.00	1,943,040.00
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	Others	0.00	670,000.00	670,000.00			
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	Others	497,828.30	-4,410.00	493,418.30	20,947.89	83,329.36	104,277.25
Shenzhen Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Others	188,100.00	141,578.00	329,678.00			
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Zhuhai Sanmed Biotech	Others	211,200.00	0.00	211,200.00			

Inc. (珠海圣美生物诊断技术有限公司)							
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Others	101,526.98	134.20	101,661.18			
Shenzhen Health Deer Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Others	4,680.00	-4,680.00	0.00			
Total		86,480,948.92	-36,016.12	86,444,932.80	138,707.89	1,908,609.36	2,047,317.25
Reason for occurrence of credits and debts with related parties		During the Reporting Period, the Company had regular operating fund transactions with related parties					
Effect of credits and debts with related parties on the operating results and financial position of the Company		The said credits and debts with related parties mentioned above are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and related parties					

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

Applicable N/A

(VI) Other substantial related transactions

Applicable N/A

(VII) Others

Applicable N/A

XI Material contracts and their fulfilments

1. Custodianship, contracting and leasing

Applicable N/A

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

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)													
Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee Start date	Guarantee Maturity date	Guarantee type	Fulfilled or not	Overdue or 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	4,000.00	2022/7/11	2022/7/11	2023/7/11	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2022/7/11	2022/7/11	2023/7/11	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,000.00	2022/7/15	2022/7/15	2023/7/15	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2022/8/8	2022/8/8	2023/8/8	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,200.00	2022/9/16	2022/9/16	2023/9/16	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,800.00	2022/10/9	2022/10/9	2023/10/9	Joint liability guarantee	No	No	0	Yes	Yes	Associated company

Joincare	Headquarter of the Company	Jinguan Electric Power	3,200.00	2022/10/12	2022/10/12	2023/10/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,045.01	2023/6/12	2023/6/12	2023/10/13	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2022/11/24	2022/11/24	2023/11/24	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,183.85	2023/6/12	2023/6/12	2023/12/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,000.00	2023/6/16	2023/6/16	2023/12/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,640.00	2022/12/19	2022/12/19	2023/12/16	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Jiaozuo Joincare	Wholly-owned subsidiary	Jinguan Electric Power	2,000.00	2022/12/14	2022/12/14	2023/12/14	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)										6,228.86			
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)										38,068.86			
Guarantee provided by the Company and its subsidiaries to subsidiaries													
Total amount of guarantees to subsidiaries during the Reporting Period										133,364.31			
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)										306,780.16			
Total guaranteed amount of the Company (including guarantees to subsidiaries)													
Total guaranteed amount (A+B)										344,849.02			
Percentage of total guaranteed amount in the Company's net assets (%)										15.84			
In which:													
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)										0.00			
Amount of debt guarantee directly or indirectly provided to a guaranteed party with a liability-to-asset ratio exceeding 70% (D)										192,093.20			
Portion of total guaranteed amount exceeding 50% of net assets (E)										0.00			
Total guaranteed amount of the above three items (C+D+E)										192,093.20			
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee										N/A			
Statement on guarantees										The above connected guarantees are detailed in Note X 5(4) to the Financial Statements of this report.			

3. Other material contracts

Applicable N/A

XII Explanation of other significant events

Applicable N/A

1. Use of proceeds

Pursuant to the Reply to the Approval of Share Allotment of Joincare Pharmaceutical Group Industry Co., Ltd. issued by CSRC (Zheng Jian Xu Ke [2018] No. 1284), the Company allotted 365,105,066 shares to original shareholders. The planned proceeds from the share allotment amounted to RMB2,000 million; the total actual proceeds amounted to RMB1,715.9938 million; after deducting distribution expenses of RMB46.2536 million, the net proceeds amounted to RMB1,669.7402 million. As at 16 October 2018, the said proceeds were in place and validated by the Capital Verification Report of

Joincare Pharmaceutical Group Industry Co., Ltd. issued by Ruihua Certified Public Accountants (Rui Hua Yan Zi [2018] No. 40060006).

Pursuant to the Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 21st Meeting of the 8th Session of the Board and the 18th Meeting of the 8th Session of the Supervisory Committee of the Company on 29 December 2022, it was agreed that the Company temporarily replenished the working capital with no more than RMB500 million of idle proceeds from 1 January 2023 to 31 December 2023 so as to improve the use efficiency of proceeds and reduce financial expenses of the Company. For details, please refer to the “Announcement on the Temporary Replenishment of Working Capital with Certain Idle Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2022-146).

For details about deposit and actual use of proceeds in the first half of 2023, please refer to the Special Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Utilization of Proceeds for first half of 2023 disclosed by the Company on 24 August 2023.

2. Matters about share cancellation and share repurchase

(1) Share Cancellation

On 10 February 2020, the Company held the twenty-first meeting of the seventh session of the Board of Directors, at which it considered and approved proposals including the Proposal for the Repurchase of Shares through Centralized Price Bidding; and on 14 February 2020, the Company disclosed the Report on the Repurchase of Shares through Centralized Price Bidding. The Company planned to repurchase the shares of the Company with its own funds through centralized price bidding with the total fund of not less than RMB150 million (inclusive) and not more than RMB300 million (inclusive). The share repurchase price was not more than RMB15 per share (inclusive), and the repurchase period was set as not more than 12 months from the date on which repurchase plan was considered and approved by the Board of Directors. The repurchased shares shall be used for employee stock ownership plans and share incentive plans, with 40% of the repurchased shares allocated to employee stock ownership plans and 60% allocated to share incentive plans.

The implementation of the share repurchase plan had been completed by the Company on 12 July 2020, and 19,890,613 shares of the Company, accounting for 1.02% of the total share capital (1,947,537,633 shares) of the Company at that time, were repurchased through centralized price bidding. Pursuant to the arrangement for use of repurchased shares mentioned above, on 4 August 2021, the Company transferred 2,430,800 shares previously repurchased and held in special securities account for repurchases to the account of the Company for first phase ownership scheme by non-trading transfer. As of now, the number of shares previously repurchased and held in special securities account for repurchases is 17,459,813.

Pursuant to the relevant requirements of the Company Law (《公司法》), the Self-regulatory Guidelines for the Companies Listed on the Shanghai Stock Exchange No. 7—Repurchase of Shares (《上海证券交易所上市公司自律监管指引第7号—回购股份》) and share repurchase plan of the Company, the shares were repurchased for employee stock ownership plans and share incentives, and if the repurchased shares are not fully utilized by the Company within 36 months after the completion of the share repurchase, the unutilized shares repurchased shall be cancelled.

The twenty-fifth meeting of the eighth session of the Board of Directors and the first extraordinary general meeting of 2023 were convened by the Company on 28 April 2023 and 19 May 2023, respectively, at which the Resolution on the Cancellation of Treasury Shares Previously Repurchased was considered and approved. As the three-year term for the share repurchase conducted by the Company in 2020 will expire soon and the Company has no plan to use remaining shares held in special securities account for repurchases for share incentive plans or employee stock ownership plans in the near future, it was agreed that the Company should cancel the remaining 17,459,813 shares previously repurchased and held in special securities account for repurchases.

On 4 July 2023, the aforesaid remaining shares and the special securities account for repurchase were cancelled by the Shanghai Branch of China Securities Depository and Clearing Company Limited. Upon the completion of the share cancellation, the total share capital of the Company changed from 1,929,189,374 shares to 1,911,729,561 shares.

(2) Share Repurchase

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized Bidding Transactions and other resolutions considered and approved at the 17th Meeting of the 8th Session of the Board and the 2022 Fourth Extraordinary General Meeting of the Company on 14 October 2022 and 18 November 2021, it was approved that the Company repurchased company shares by way of centralized bidding transactions with its own funds, and the repurchased shares will be used to reduce the registered capital; the total amount of repurchase funds should be no less than RMB300 million (inclusive) and no more than RMB600 million (inclusive); the repurchase price should be no more than RMB16/share (inclusive); the repurchase term should be from 18 November 2022 to 17 November 2023. For details, please refer to the “Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized Bidding Transactions” (Lin 2022- 121) and the “Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized Bidding Transactions” (Lin 2022-137).

On 14 December 2022, the Company initially repurchased 348,400 shares by way of centralized bidding transactions, representing 0.02% of the total share capital of the Company. For details, please refer to the “Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Initial Share Repurchase by Way of Centralized Bidding Transactions” (Lin 2022-144).

As of 30 June 2023, the Company has repurchased a total number of 40,662,579 shares by way of centralized bidding transactions, representing 2.11% of the total share capital of the Company. The total amount paid was RMB494.4911 million (including handling fee). For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Progress of Share Repurchase by Way of Centralized Bidding Transactions (Lin 2023-065). As of 14 August 2023, the Company has repurchased a total number of 45,957,211 shares by way of centralized bidding transactions, representing 2.40% of the total share capital of the Company. The total amount paid was RMB557.9157 million (including handling fee). For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Progress of Share Repurchase by Way of Centralized Bidding Transactions (Lin 2023-080).

3. GDRs of the Company issued and listed on the SIX Swiss Exchange

On 26 September 2022, the Company's GDRs were listed on the SIX Swiss Exchange in an offering of 6,382,500 GDRs representing 63,825,000 underlying A shares, representing 3.31% of the Company's total share capital at that time, at an issue price of USD\$14.42 per GDR, with the final gross proceeds of approximately USD\$92.04 million.

The lock-up restriction period for the redemption of the GDRs issued by the Company is from 26 September 2022 (Swiss time) to 23 January 2023 (Swiss time). As 23 January 2023 falls in the Chinese New Year holiday, the transfer and settlement of A shares in relation to the cross-border conversion of GDRs cannot proceed during the period from 23 January to 27 January 2023. In accordance with the relevant regulations on stock connect, the GDRs with the expiry of the lock-up restriction period for the redemption can be converted into A shares of the Company from 30 January 2023 (Beijing time). As of the closing of the Shanghai Stock Exchange on 30 January 2023, the number of A shares of the Company represented by the outstanding GDRs was less than 50% of the number of underlying A shares represented by the GDRs actually issued by the Company as approved by the CSRC.

The proceeds from the Company's issuance of GDRs, after deducting the issuance fees, are intended for the business development and strategic investments of the Company, aimed at improving the Company's capabilities of global research and development, industrialization and commercialization, thus further deepening the international business presence and replenishing the working capitals of the Company. For details about deposit and actual use of GDR proceeds in the first half of 2023, please refer to the Special Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Utilization of Proceeds for first half of 2023 disclosed by the Company on 24 August 2023.

4. Overall relocation and expansion project of Sichuan Guangda

On 6 March 2019, after review and approval by the Board of the Livzon Group, the controlling subsidiary of the Company, considered and approved that Livzon Group 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, the 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 the Company. Pursuant to the Supplemental Agreement I, Pengzhou Municipal People's Government has agreed to pay a compensation for demolition of RMB90 million and grant total incentive of not more than RMB125.8 million for the construction of new plants to the Company.

As at 30 June 2023, the total investment of the specific contracts entered into for the Project amounted to RMB548.5066 million, and the sum of subsidies received from government authorities at various levels amounted to RMB174.4317 million, the construction works for all production plants and supporting production facilities were completed, and the construction works for the office buildings, dormitories and canteens were completed. The new plant of Sichuan Guangda was officially put into operation on 12 July 2023.

Chapter 7 Changes in Equity and Shareholders

I Changes in share capital

(I) Changes in shares

1. Changes in shares

During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.

2. Description of changes in shares

Applicable N/A

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

Applicable N/A

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

Applicable N/A

(II) Changes in shares with selling restrictions

Applicable N/A

II Shareholders

(I) Total number of shareholders:

Total number of ordinary shareholders at the end of the Reporting Period	80,960
Total number of shareholders of preferred shares with resumed voting rights at the end of the Reporting Period	Not applicable

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

Unit: shares

Shareholdings of the Top 10 shareholders							
Name of shareholder (Full name)	Change during the reporting period	Number of shares held at the end of the Period	Percentage (%)	Number of shares held with selling restrictions	Pledge, mark or lock-up		Nature of Shareholder
					Share status	Number	
Shenzhen Baiyeyuan Investment Co., Ltd.	17,380,900	895,653,653	46.43	0	Pledge	75,679,725	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	-23,328,015	89,928,152	4.66	0	Unknown		Unknown

Might Seasons Limited	-16,001,259	41,486,175	2.15	0	Unknown		Foreign entity
Huaxia Life Insurance Co., Ltd. – Equity fund	2,578,400	11,854,118	0.61	0	Unknown		Unknown
Perseverance Asset Management L.L.P.–Gaoyi Xiaofeng No. 2 Zhixin Fund	10,840,000	11,800,000	0.61	0	Unknown		Unknown
China Foreign Economy and Trade Trust Co., Ltd.–Foreign TRUST–Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	10,799,948	11,759,948	0.61	0	Unknown		Unknown
Bank of Shanghai Co., Ltd. – Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	5,294,500	8,972,896	0.47	0	Unknown		Unknown
Abu Dhabi Investment Authority	2,207,629	8,127,971	0.42	0	Unknown		Unknown
108 portfolio of national social security fund	6,446,000	7,803,721	0.40	0	Unknown		Unknown
He Zhong	0	7,800,024	0.40	0	Unknown		Domestic natural person

Shareholdings of the Top 10 shareholders without selling restrictions

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
Shenzhen Baiyeyuan Investment Co., Ltd. *	895,653,653	Ordinary shares denominated in Renminbi	895,653,653
Hong Kong Securities Clearing Company Limited	89,928,152	Ordinary shares denominated in Renminbi	89,928,152
Might Seasons Limited	41,486,175	Ordinary shares denominated in Renminbi	41,486,175
Huaxia Life Insurance Co., Ltd. – Equity fund	11,854,118	Ordinary shares denominated in Renminbi	11,854,118
Perseverance Asset Management L.L.P.–Gaoyi Xiaofeng No. 2 Zhixin Fund	11,800,000	Ordinary shares denominated in Renminbi	11,800,000
China Foreign Economy and Trade Trust Co., Ltd.–Foreign TRUST–Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	11,759,948	Ordinary shares denominated in Renminbi	11,759,948

Bank of Shanghai Co., Ltd. — Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	8,972,896	Ordinary shares denominated in Renminbi	8,972,896
Abu Dhabi Investment Authority	8,127,971	Ordinary shares denominated in Renminbi	8,127,971
108 portfolio of national social security fund	7,803,721	Ordinary shares denominated in Renminbi	7,803,721
He Zhong	7,800,024	Ordinary shares denominated in Renminbi	7,800,024
Notes on the special repurchase account among the top 10 shareholders	As at the end of the Reporting Period, the special repurchase account of the Company (special securities repurchase account of Joincare Pharmaceutical Group Industry Co., Ltd.) owned 58,122,392 shares in total, accounting for 3.01%.		
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	Not applicable		
Description of connection or acting- in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown		
Description of holders of preferred shares with resumed voting rights and number of preferred shares	Not applicable		

Note: As of the end of the Reporting Period, 17,380,900 shares lent by Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), a controlling shareholder of the Company, by participating in the refinancing business were matured and collected in full, and the ownership transfer of such shares did not take place.

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

Applicable N/A

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

Applicable N/A

III Information on directors, supervisors, and senior management

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

Applicable N/A

Description of other information

Applicable N/A

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

Applicable N/A

(III) Others

Applicable $\sqrt{N/A}$

IV Changes in controlling shareholders or de facto controllers

Applicable $\sqrt{N/A}$

Chapter 8 Information on Preferred Shares

Applicable N/A

Chapter 9 Information on Bonds

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

Applicable N/A

II Information on convertible corporate bonds

Applicable N/A

Chapter 10 Financial statements

I. Auditor's report

□Applicable √N/A

II. Financial statements

Consolidated Balance Sheet

30 June 2023

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2023	31 December 2022
Current assets:			
Cash and bank balances	V.1	14,459,790,383.84	14,808,488,110.96
Financial assets held for trading	V.2	90,560,120.03	109,015,664.98
Notes receivable	V.3	2,170,075,201.62	1,959,985,016.85
Accounts receivable	V.4	3,193,959,089.23	3,103,758,850.15
Receivables financing			
Prepayments	V.5	365,293,699.87	364,265,142.57
Other receivables	V.6	105,444,746.96	52,535,740.14
Including: Interests receivables			
Dividends receivables		40,304,700.46	
Inventories	V.7	2,850,415,298.45	2,561,869,999.57
Contract assets			
Assets held-for-sale			
Non-current assets due within one year	V.8	55,066,666.67	54,048,611.11
Other current assets	V.9	179,667,019.96	163,539,900.32
Total current assets		23,470,272,226.63	23,177,507,036.65
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.10	1,430,177,915.97	1,419,882,594.59
Other equity instrument investments	V.11	1,192,927,634.58	1,193,958,879.05
Other non-current financial assets			
Investment properties	V.12	6,191,475.43	6,191,475.43
Fixed assets	V.13	5,203,199,498.59	5,265,200,110.91
Construction in progress	V.14	942,008,555.30	811,300,068.96
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.15	40,253,482.25	41,843,133.97

Intangible assets	V.16	747,107,448.45	802,115,125.75
Development cost	V.17	428,365,307.98	428,284,884.17
Goodwill	V.18	636,339,503.82	614,468,698.73
Long-term prepaid expenses	V.19	283,004,625.91	277,867,716.95
Deferred tax assets	V.20	523,128,551.94	533,861,743.26
Other non-current assets	V.21	1,338,462,703.49	1,156,772,182.99
Total non-current assets		12,771,166,703.71	12,551,746,614.76
Total assets		36,241,438,930.34	35,729,253,651.41
Current liabilities:			
Short-term loans	V.22	2,126,000,000.00	2,126,050,615.06
Financial liabilities held for trading	V.23	21,644,248.86	755,634.43
Notes payable	V.24	1,729,003,530.95	1,635,906,989.22
Accounts payable	V.25	824,340,189.33	943,905,580.91
Receipts in advance			
Contract liabilities	V.26	92,547,832.12	292,977,730.74
Employee benefits payable	V.27	429,497,292.92	573,010,571.46
Taxes payable	V.28	291,260,187.96	337,702,273.73
Other payables	V.29	4,070,004,397.43	3,680,334,360.88
Including: Interests payables			
Dividends payables		439,505,017.15	12,252,074.84
Liabilities held-for-sale			
Non-current liabilities due within one year	V.30	62,798,499.68	63,077,260.98
Other current liabilities	V.31	89,741,502.82	101,276,714.35
Total current liabilities		9,736,837,682.07	9,754,997,731.76
Non-current liabilities:			
Long-term loans	V.32	3,963,263,438.94	3,230,844,042.88
Bonds payable			
Lease liabilities	V.33	17,678,294.69	23,482,486.07
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.34	426,374,081.37	384,537,267.55
Deferred tax liabilities	V.20	240,208,214.99	231,164,425.48
Other non-current liabilities	V.35	90,000,000.00	84,000,000.00
Total non-current liabilities		4,737,524,029.99	3,954,028,221.98
Total liabilities		14,474,361,712.06	13,709,025,953.74
shareholders' equity			
Share capital	V.36	1,929,189,374.00	1,929,189,374.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	V.37	2,314,216,904.87	2,343,693,215.99

Less: Treasury shares	V.38	717,135,581.08	347,176,561.29
Other comprehensive income	V.39	35,886,298.52	4,704,473.53
Special reserve			
Surplus reserve	V.40	734,766,581.50	734,766,581.50
Undistributed profits	V.41	8,937,259,650.16	8,456,643,326.82
Total shareholders' equity attributable to the parent		13,234,183,227.97	13,121,820,410.55
Minority shareholder's equity		8,532,893,990.31	8,898,407,287.12
Total shareholders' equity		21,767,077,218.28	22,020,227,697.67
Total liabilities and shareholders' equity (or shareholder's equity)		36,241,438,930.34	35,729,253,651.41

Person-in-charge of the Company:
Zhu Baoguo

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

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

Balance Sheet of the Parent Company

30 June 2023

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2023	31 December 2022
Current assets:			
Cash and bank balances		1,987,536,896.86	3,148,933,185.29
Financial assets held for trading			
Notes receivable		250,442,507.70	249,617,024.89
Accounts receivable		244,301,554.81	291,630,857.74
Receivable financing			
Prepayments		51,899,253.54	542,966,676.99
Other receivables		1,157,913,625.25	785,307,024.78
Including: Interests receivables			
Dividends receivables		926,892,488.80	544,999,500.00
Inventories		26,487,443.91	63,656,837.97
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		55,066,666.67	54,048,611.11
Other current assets			
Total current assets		3,773,647,948.74	5,136,160,218.77
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,560,411,562.84	3,524,184,512.63
Other equity instrument investment		160,833,887.86	141,562,064.27
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		45,166,334.04	46,410,672.12
Construction in progress		18,820,158.10	15,330,867.65
Productive biological assets			
Oil & gas assets			
Right-of-use assets		5,505,524.52	7,570,096.21
Intangible assets		18,553,395.99	20,154,211.97
Development cost		132,361,980.23	92,797,615.87
Goodwill			
Long-term prepaid expenses		382,796.81	552,795.74
Deferred income tax assets		87,900,288.11	88,792,276.83
Other non-current assets		1,029,681,135.02	815,024,705.98
Total non-current assets		5,065,808,538.95	4,758,571,294.70
Total assets		8,839,456,487.69	9,894,731,513.47
Current liabilities:			
Short-term loans		200,000,000.00	100,091,666.67
Financial liabilities held for trading			
Notes payable		617,708,743.41	924,199,480.81
Accounts payable		134,395,769.85	257,832,649.19

Receipts in advance			
Contract liabilities		11,304,465.08	53,648,681.36
Employee benefits payable		129,575,813.68	139,895,738.09
Taxes payable		17,071,042.80	10,549,309.54
Other payables		862,895,522.46	1,303,649,356.48
Including: Interests payables			
Dividends payables		175,574,399.22	
Liabilities held-for-sale			
Non-current liabilities due within one year		43,190,338.37	47,152,440.47
Other current liabilities		1,026,096.80	3,007,795.91
Total current liabilities		2,017,167,792.45	2,840,027,118.52
Non-current liabilities:			
Long-term loans		1,141,000,000.00	1,154,000,000.00
Bonds payable			
Lease liabilities		1,438,947.60	3,729,020.22
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		20,091,800.00	20,534,000.00
Deferred tax liabilities		1,349,792.53	997,675.94
Other non-current liabilities			
Total non-current liabilities		1,163,880,540.13	1,179,260,696.16
Total liabilities		3,181,048,332.58	4,019,287,814.68
shareholder's equity:			
Share capital		1,929,189,374.00	1,929,189,374.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,693,043,177.98	1,678,414,507.96
Less: Treasury shares		717,135,581.08	347,176,561.29
Other comprehensive income		107,626.77	726,576.72
Special reserve			
Surplus reserve		646,164,633.12	646,164,633.12
Undistributed profits		2,107,038,924.32	1,968,125,168.28
Total shareholders' equity attributable to the parent		5,658,408,155.11	5,875,443,698.79
Total liabilities and shareholders' equity		8,839,456,487.69	9,894,731,513.47

Person-in-charge of the Company:
Zhu Baoguo

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

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

Consolidated Income Statement

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2023	First half of 2022
I. Total Revenues	V.42	8,719,741,599.23	8,564,945,285.55
Including: Operating revenues	V.42	8,719,741,599.23	8,564,945,285.55
II. Total operating costs		6,852,636,758.88	6,767,945,476.66
Including: Cost of operations	V.42	3,273,420,227.03	3,054,392,703.20
Taxes and surcharges	V.43	102,706,433.95	94,322,638.31
Selling expenses	V.44	2,399,063,230.20	2,512,369,792.45
Administrative expenses	V.45	434,867,895.32	529,828,311.93
Research and development expenses	V.46	765,166,559.76	707,433,078.44
Financial expenses	V.47	-122,587,587.38	-130,401,047.67
Including: Interest expenses		70,061,146.58	60,979,386.68
Interest income		135,947,800.19	117,501,999.50
Add: Other income	V.48	125,925,260.26	97,242,254.03
Investment income("-" for loss)	V.49	56,854,039.45	51,014,159.00
Including: Gains from investments in associates and joint ventures		44,824,481.29	41,208,487.80
Gain from derecognition of financial assets at amortized cost ("-" for loss)			
Gain from net exposure of hedging("-" for loss)			
Gains from changes in fair values("-" for loss)	V.50	-39,314,888.38	-95,479,537.15
Credit impairment loss("-" for loss)	V.51	-22,209,391.69	-2,805,440.83
Assets impairment loss("-" for loss)	V.52	-30,171,594.37	-27,834,495.93
Gains from disposal of assets("-" for loss)	V.53	-342,359.46	-510,518.91
III. Operating profit("-" for loss)		1,957,845,906.16	1,818,626,229.10
Add: Non-operating income	V.54	1,757,450.18	4,470,914.88
Less: Non-operating expenses	V.55	7,370,028.41	6,741,606.85
IV. Total profit("-" for loss)		1,952,233,327.93	1,816,355,537.13
Less: Income tax expenses	V.56	324,663,062.10	271,175,329.55
V. Net profit("-" for net loss)		1,627,570,265.83	1,545,180,207.58
(I) Classified by continuity of operations:			
Including: Net profit from continuing operations ("-" for net loss)		1,627,570,265.83	1,545,180,207.58
Net profit from discontinued operations ("-" for net loss)			
(II) Classified ownership:			
Including: Net profit attributable to shareholders of the parent ("-" for net loss)		815,434,734.90	801,268,519.50
Net profit attributable to minority interests ("-" for net loss)		812,135,530.93	743,911,688.08
VI. Other comprehensive income – net of tax		30,080,133.76	-25,063,137.51

(I) Other comprehensive income attributable to shareholders of the parent, net of tax		31,181,824.98	-42,998,857.20
1. Other comprehensive income not reclassified into profit or loss subsequently		-11,322,857.19	-79,078,918.80
(1) Changes in remeasurement of defined benefit plan			
(2) Share of other comprehensive income of the equity method investments			1,109,969.99
(3) Changes in fair value of other equity instruments investment		-11,322,857.19	-80,188,888.79
(4) Changes in fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss subsequently		42,504,682.17	36,080,061.60
(1) Share of other comprehensive income of associates and joint ventures under equity method			
(2) Changes in the fair value of other debt investments			
(3) Reclassification of financial assets recognised as other comprehensive income			
(4) Credit impairment loss of other debt investments			
(5) Cash flow hedging reserve			
(6) Translation of foreign currency financial statements		42,504,682.17	36,080,061.60
(7) Others			
(II) Other comprehensive income attributable to minority interests, net of tax		-1,101,691.23	17,935,719.69
VII. Total comprehensive income		1,657,650,399.59	1,520,117,070.07
(I) Total comprehensive income attributable to shareholders of the parent		846,616,559.88	758,269,662.30
(II) Total comprehensive income attributable to minority interests		811,033,839.70	761,847,407.77
VIII. Earnings per share			
(I) Basic earnings per share		0.4264	0.4235
(II) Diluted earnings per share		0.4251	0.4232

Person-in-charge of the Company:
Zhu Baoguo

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

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

Income Statement of the Parent Company

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2023	First half of 2022
I. Total Revenues		1,089,533,681.48	1,177,100,137.17
Less: Cost of operations		562,374,480.65	788,887,001.95
Taxes and surcharges		9,684,525.66	7,310,543.59
Selling expenses		401,053,309.98	347,794,247.66
Administrative expenses		43,383,375.37	106,346,117.92
Research and development expenses		29,929,993.32	30,185,363.06
Financial expenses		-58,939,252.75	-7,269,224.74
Including: Interest expenses		17,039,482.75	7,190,074.41
Interest income		52,611,530.57	15,043,357.51
Add: Other income		2,329,988.11	874,278.66
Investment income("-" for loss)		381,330,039.01	315,106,835.25
Including: Gains from investments in associates and joint ventures		-562,949.79	576,377.39
Gain from derecognition of financial assets at amortized cost ("-" for loss)			
Gain from net exposure of hedging("-" for loss)			
Gains from changes in fair values("-" for loss)			
Credit impairment loss("-" for loss)		768,574.70	1,514,532.04
Assets impairment loss("-" for loss)			
Gain from disposal of assets("-" for loss)			
II. Operating profit("-" for loss)		486,475,851.07	221,341,733.68
Add: Non-operating income		25,293.97	94,336.14
Less: Non-operating expenses		36,018.67	23,452.93
III. Total profit("-" for loss)		486,465,126.37	221,412,616.89
Less: Income tax expenses		10,759,313.57	-22,775,639.86
IV. Net profit("-" for net loss)		475,705,812.80	244,188,256.75
(I) Net profit from continuing operations ("-" for net loss)		475,705,812.80	244,188,256.75
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax		-618,949.95	-80,895,061.60
(I). Other comprehensive income not reclassified into profit or loss subsequently		-618,949.95	-80,895,061.60
1. Changes in remeasurement of defined benefit plan			
2. Share of other comprehensive income of the equity method investments			
3. Changes in fair value of other equity instruments investment		-618,949.95	-80,895,061.60
4. Changes in fair value of the Company's own credit risks			

(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1. Share of other comprehensive income of associates and joint ventures under equity method			
2. Changes in the fair value of other debt investments			
3. Reclassification of financial assets recognised as other comprehensive income			
4. Credit impairment loss of other debt investments			
5. Cash flow hedging reserve			
6. Translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		475,086,862.85	163,293,195.15
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Person-in-charge of the
Company: Zhu Baoguo

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

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

Consolidated Cash Flow Statement

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2023	First half of 2022
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		8,906,333,555.96	9,266,508,015.60
Tax refund received		90,738,446.12	167,531,739.91
Other cash received relating to operating activities	V.57	389,179,917.76	320,066,884.87
Sub-total of cash inflows		9,386,251,919.84	9,754,106,640.38
Cash paid for goods and services		3,008,508,020.45	2,686,391,136.11
Cash paid to and on behalf of employees		1,280,962,434.80	1,283,240,953.21
Payments of all types of taxes		1,016,910,155.51	862,562,844.21
Other cash paid relating to operating activities	V.57	2,822,663,623.54	3,018,958,482.06
Sub-total of cash outflows		8,129,044,234.30	7,851,153,415.59
Net cash flows from operating activities		1,257,207,685.54	1,902,953,224.79
II. Cash flows from investing activities:			
Cash received from disposal of investments		374,334,588.68	216,970,980.42
Cash received from returns on investments		26,682,920.81	121,544,073.53
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		335,824.60	931,662.20
Cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V.57	297,725,238.13	12,984,186.55
Sub-total of cash inflows		699,078,572.22	352,430,902.70
Cash paid to acquire fixed assets, intangible assets and other long-term assets		541,421,314.72	739,956,798.62
Cash paid to acquire investments		429,194,136.52	30,338,557.45
Cash paid to acquire subsidiaries and other business units		22,461,951.59	
Other cash paid relating to investing activities	V.57	215,261,350.77	15,394,931.82
Sub-total of cash outflows		1,208,338,753.60	785,690,287.89
Net cash flows from investing activities		-509,260,181.38	-433,259,385.19
III. Cash flows from financing activities :			
Cash received from capital contribution		6,700,000.00	61,420,564.63
Including: Cash received from investment by minority interests of subsidiaries		6,700,000.00	22,444,277.37
Cash received from borrowings		2,272,549,701.83	3,620,437,809.48

Cash received relating to other financing activities	V.57	20,000,000.00	3,124,846.38
Sub-total of cash inflows		2,299,249,701.83	3,684,983,220.49
Cash repayments of amounts borrowed		1,435,273,289.94	2,583,795,608.09
Cash payments for interest expenses and distribution of dividends or profits		1,119,156,231.94	1,219,425,266.74
Including: Dividend paid to minority interests of subsidiaries		881,913,452.00	900,571,289.90
Other cash payments relating to financing activities	V.57	649,256,623.95	538,573,404.10
Sub-total of cash outflows		3,203,686,145.83	4,341,794,278.93
Net cash flows from financing activities		-904,436,444.00	-656,811,058.44
IV. Effect of foreign exchange rate changes on cash and cash equivalents		82,691,655.27	105,379,819.98
V. Net increase in cash and cash equivalents		-73,797,284.57	918,262,601.14
Add: Opening balance of cash and cash equivalent		14,178,465,686.40	11,697,518,141.18
VI. Closing balance of cash and cash equivalents		14,104,668,401.83	12,615,780,742.32

Person-in-charge of the Company:
Zhu Baoguo

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

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

Cash Flow Statement of Parent Company

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2023	First half of 2022
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		1,186,543,577.01	1,627,134,774.34
Tax refund received			
Other cash received relating to operating activities		675,490,295.47	1,361,915,765.88
Sub-total of cash inflows		1,862,033,872.48	2,989,050,540.22
Cash paid for goods and services		520,976,342.45	1,220,271,835.02
Cash paid to and on behalf of employees		110,926,580.85	171,079,267.11
Payments of all types of taxes		78,549,138.25	59,188,798.29
Other cash paid relating to operating activities		1,608,207,704.80	747,239,926.63
Sub-total of cash outflows		2,318,659,766.35	2,197,779,827.05
Net cash flows from operating activities		-456,625,893.87	791,270,713.17
II. Cash flows from investing activities:			
Cash received from disposal of investments			216,970,980.42
Cash received from returns on investments			403,351,191.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10,500.00	13,000.00
Cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		291,590,000.00	158,470.77
Sub-total of cash inflows		291,600,500.00	620,493,642.92
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,629,530.81	3,688,331.00
Cash paid to acquire investments		56,790,000.00	
Cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities		200,000,000.00	
Sub-total of cash outflows		260,419,530.81	3,688,331.00
Net cash flows from investing activities		31,180,969.19	616,805,311.92
III. Cash flows from financing activities :			
Cash received from capital contribution			38,976,287.26
Cash received from borrowings		300,000,000.00	750,000,000.00
Cash received relating to other financing activities			2,214,629.88
Sub-total of cash inflows		300,000,000.00	791,190,917.14

Cash repayments of amounts borrowed		217,000,000.00	650,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		178,476,531.68	281,112,849.39
Other cash payments relating to financing activities		370,702,308.51	520,332,751.22
Sub-total of cash outflows		766,178,840.19	1,451,445,600.61
Net cash flows from financing activities		-466,178,840.19	-660,254,683.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		20,771,674.01	1,150.86
V. Net increase in cash and cash equivalents		-870,852,090.86	747,822,492.48
Add: Opening balance of cash and cash equivalent		2,858,062,020.22	1,370,906,734.13
VI. Closing balance of cash and cash equivalents		1,987,209,929.36	2,118,729,226.61

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

Consolidated Statement of Changes in Owner's Equity

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	First half of 2023												Minority interests	Total shareholders' equity
	Owner's equity attributable to the parent company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
Preferred share		Perpetual bonds	Others											
I. Balance at end of previous year	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,643,326.82	13,121,820,410.55	8,898,407,287.12	22,020,227,697.67
Add: Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Balance at beginning of period	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,643,326.82	13,121,820,410.55	8,898,407,287.12	22,020,227,697.67
III. Movement over the period ("-" for loss)					-29,476,311.12	369,959,019.79	31,181,824.98				480,616,323.34	112,362,817.41	-365,513,296.81	-253,150,479.39
(I) Total comprehensive income							31,181,824.98				815,434,734.90	846,616,559.88	811,033,839.70	1,657,650,399.59
(II) Capital contribution or reduction from shareholders					14,628,670.02	369,959,019.79						-355,330,349.77	-73,940,616.66	-429,270,966.43
1. Capital contribution from ordinary shareholders						369,959,019.79						-369,959,019.79	6,700,000.00	-363,259,019.79
2. Capitals invested by other equity instrument holders														
3. Increase in shareholders' equity resulted from share-based payments					14,628,670.02							14,628,670.02		14,628,670.02
4. Others													-80,640,616.66	-80,640,616.66

(III) Appropriation of profits											-336,792,056.76	-336,792,056.76	-1,123,591,995.09	-1,460,384,051.85
1.Transfer to surplus reserve														
2.Transfer to general risk reserve														
3.Distributions to shareholders											-336,792,056.76	-336,792,056.76	-1,123,591,995.09	-1,460,384,051.85
4.Others														
(IV) Transfer within shareholders' equity											1,973,645.20	1,973,645.20	2,434,430.12	4,408,075.32
1.Capital reserve converting into share capital (or capital)														
2.Surplus reserve converting into share capital (or capital)														
3.Surplus reserve cover the deficit														
4.Changes of equity from the revaluation of defined benefit plan														
5.Other comprehensive income transfer to retained earnings											1,973,645.20	1,973,645.20	2,434,430.12	4,408,075.32
6.Others														
(V) Specific reserve														
1.Appropriation for the period														
2.Used in the period ("-" for loss)														
(VI) Others						-44,104,981.14						-44,104,981.14	18,551,045.12	-25,553,936.02
IV. Balance at end of period	1,929,189,374.00				2,314,216,904.87	717,135,581.08	35,886,298.52		734,766,581.50		8,936,012,274.69	13,234,183,227.97	8,528,725,362.28	21,767,077,218.28

Item	First half of 2022													Minority shareholder's equity	Total shareholders' equity
	Owner's equity attributable to the parent company											Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits				
	Preferred shares	Perpetual bonds	Others												
I. Balance at end of previous year	1,907,727,908.00				2,265,357,311.92	222,644,454.50	5,387,545.97		640,821,179.08		7,223,644,166.22	11,820,293,656.69	8,359,317,322.63	20,179,610,979.32	
Add: Changes in accounting policies															
Correction of prior period errors															
Business combination under common control															
Others															
II. Balance at beginning of 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	
III. Movement over the year ("-" for loss)	4,812,759.00				51,003,487.03	520,332,751.22	-42,998,857.20		8,617,763.68		601,270,760.95	102,373,162.24	-181,707,712.31	-79,334,550.07	
(I) Total comprehensive income							-42,998,857.20				801,268,519.50	758,269,662.30	761,847,407.77	1,520,117,070.07	
(II) Capital contribution or reduction from shareholders	4,812,759.00				34,163,528.26	520,332,751.22						-481,356,463.96	16,410,217.23	-464,946,246.73	
1. Capital contribution from ordinary shareholders	4,812,759.00				34,163,528.26	520,332,751.22						-481,356,463.96	16,410,217.23	-464,946,246.73	
2. Capitals invested by other equity instrument holders															
3. Increase in shareholders' equity resulted from share-based payments															
4. Others															
(III) Appropriation of profits											-277,557,631.65	-277,557,631.65	-967,251,289.90	-1,244,808,921.55	

1.Transfer to surplus reserve													
2.Transfer to general risk reserve													
3.Distributions to shareholders										-277,557,631.65	-277,557,631.65	-967,251,289.90	-1,244,808,921.55
4.Others													
(IV) Transfer within shareholders' equity								8,617,763.68		77,559,873.10	86,177,636.78		86,177,636.78
1.Capital reserve converting into share capital (or capital)													
2.Surplus reserve converting into share capital (or capital)													
3.Surplus reserve cover the deficit													
4. Changes of equity from the revaluation of defined benefit plan													
5.Other comprehensive income transfer to retained earnings								8,617,763.68		77,559,873.10	86,177,636.78		86,177,636.78
6.Others													
(V) Specific reserve													
1.Appropriation for the period													
2.Used in the period ("-" for loss)													
(VI) Others					16,839,958.77						16,839,958.77	7,285,952.59	24,125,911.36
IV. Balance at end of period	1,912,540,667.00				2,316,360,798.95	742,977,205.72	-37,611,311.23	649,438,942.76		7,824,914,927.17	11,922,666,818.93	8,177,609,610.32	20,100,276,429.25

Person-in-charge of the Company: Zhu Baoguo

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

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

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

January to June, 2023

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

Unit: Yuan Currency: RMB

Item	First half of 2022										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bonds	Others							
I. Balance at end of previous year	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,125,168.28	5,875,443,698.79
Add: Changes in accounting policies											
Correction of errors											
Others											
II. Balance at beginning of period	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,125,168.28	5,875,443,698.79
III. Movement over the period ("-" for loss)					14,628,670.02	369,959,019.79	-618,949.95			138,913,756.04	-217,035,543.68
(I) Total comprehensive income							-618,949.95			475,705,812.80	475,086,862.85
(II) Capital contribution or reduction from shareholders					14,628,670.02	369,959,019.79	-				-355,330,349.77
1.Capital contribution from shareholders						369,959,019.79					-369,959,019.79
2.Capitals invested by other equity instrument holders											
3.Increase in shareholders' equity resulted from share-based payments					14,628,670.02						14,628,670.02
4. Others											
(III) Appropriation of profits										-336,792,056.76	-336,792,056.76
1.Transfer to surplus reserve											
2.Distributions to shareholders										-336,792,056.76	-336,792,056.76
3.Others											
(IV) Transfer within shareholders' equity											
1.Capital reserve converting into share capital (or capital)											
2.Surplus reserve converting into share capital (or capital)											
3.Surplus reserve cover the deficit											
4.Changes of equity from the revaluation of defined benefit plan											
5.Other comprehensive income transfer to retained earnings											
6.Others											
(V) Specific reserve											
1.Appropriation for the period											
2.Used in the period ("-" for loss)											
(VI) Others											
IV. Balance at end of period	1,929,189,374.00				1,693,043,177.98	717,135,581.08	107,626.77	-	646,164,633.12	2,107,038,924.32	5,658,408,155.11

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

Person-in-charge of the Company: Zhu Baoguo

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

Joincare Pharmaceutical Group Industry Co., Ltd

Notes to the financial statements

(All amounts in RMB Yuan unless otherwise stated)

I Company Profile

1. Overview

Applicable N/A

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

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

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

As of 30 June 2023, the total share capital of the Company was RMB 1,929,189,374 and the total number of shares of the Company was 1,929,189,374. The controlling shareholder of the Company is Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), and the ultimate controlling party is Zhu Baoguo (朱保国).

The Company is engaged in the integrated pharmaceutical industry.

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

2. Scope of consolidated financial statements

Applicable N/A

The information of subsidiaries included in the scope of consolidation for the first six months of 2023 refer to Note VII “Equity in other entities” and the information of the changes in scope of consolidation during the period refer to Note VI “Changes in scope of consolidation”.

II Basis of Preparation for the Financial Statements

1. Basis of preparation

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

2. Continuing operation

Applicable N/A

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China (“MOF”) and its application guidance, interpretations and the other related provisions (collectively, the “Accounting Standards for

Business Enterprises”). In addition, the Company also discloses relevant financial information in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2014 Revision) issued by the China Securities Regulatory Commission.

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

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

III Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimate tips:

√Applicable N/A

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

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

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the consolidated and the Company's financial positions as at June 30, 2023, and the consolidated and the Company's operating results and the consolidated and the Company's cash flows and other relevant information for the 6 months period ending June 30, 2023.

2. Accounting period

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

3. Business cycle

√Applicable N/A

The Company's operating cycle is 12 months.

4. Functional currency

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

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

√Applicable N/A

(1). Business combinations involving enterprises under common control

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

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

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

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

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

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

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

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

In the separate financial statements, the initial cost of the investment is the sum of the carrying amount of the acquiree's equity investment held before the acquisition date and the additional investment cost on the acquisition date. In respect of the equity investment held prior to the acquisition date, other comprehensive income will not be recognised using equity method on the acquisition date, and such

investment will be accounted for on the same accounting treatment as direct disposal of relevant asset or liability by the investee at the time of disposal. Shareholder's equity recognised due to the changes of other shareholder's equity other than the changes of net loss and profit, other comprehensive income and profit distribution shall be transferred to profit or loss for current period when disposed. If the equity investment held prior to the acquisition date is measured at fair value, the cumulative changes in fair value recognised in other comprehensive income shall be transferred to profit or loss for current period when accounted for using cost method.

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

(3). Transaction fees attribution during the combination

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

6. Preparation of consolidated financial statements

Applicable N/A

(1) Scope of consolidation

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

(2) Method for preparation of the consolidated financial statements

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

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

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

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

(3) Purchase of the minority stake in the subsidiary

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

(4) Treatment of loss of control of subsidiaries

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

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

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

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

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

In the separate financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, and such transactions are not regarded as "a basket of transactions", the carrying amount of the long-term equity investment involving each disposal will be carried forward, with the difference between the disposal price and the carrying amount of the long-term equity investment involving the disposal being accounted into the investment incomes

for the current period; where the transactions constitute “a basket of transactions”, the difference between the consideration of each disposal and the carrying amount of the long-term equity investment involving the disposal before the loss of the control, is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.

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

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

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

Applicable N/A

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

(1) Joint operation

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

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

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

(2) Joint ventures

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

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

8. Standards for determination of cash and cash equivalents

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

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

√Applicable N/A

(1) Foreign currency transactions

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

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

(2) Translation of financial statements in foreign currency

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

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

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

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

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

10. Financial instruments

√Applicable N/A

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

(1) Recognition and De-recognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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

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

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Distinction between financial liabilities and equity instruments

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

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

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

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

If a financial instrument must or are able to be settled by the Company's own equity instrument, the Company should consider whether the Company's equity instrument as the settlement instrument is a substitute of cash or other financial assets or the residual interest in the assets of the Company after

deducting all of its liabilities. If the former, the tool is the Company's financial liability; if the latter, the tool is the equity instrument of the Company.

(4) Derivative financial instruments and embedded derivatives

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

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

(5) Fair value of the financial instrument

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

(6) Impairment of financial assets

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

A. Financial assets measured at amortised cost;

B. Receivables and debt investments that are measured at fair value through other comprehensive income;

C. Contract assets as defined in the Accounting Standard for Business Enterprises No. 14 – Revenue;

D. Lease receivables;

E. Financial guarantee contracts, except for those carried at fair value through profit or loss, those which the transfer of financial assets does not satisfy the derecognition condition or those formed as a result of continued involvement of the transferred financial assets.

Measurement of expected credit loss (ECLs)

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

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

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

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

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

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

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

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

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

A. Notes receivable

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

B. Accounts receivables

- Accounts receivables portfolio 1: Amount due from domestic customers
- Accounts receivables portfolio 2: Amount due from overseas customers

- Accounts receivables portfolio 3: Receivables of consolidated companies

Contract assets

Contract assets portfolio: Sale of products

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

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

Other receivables

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

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

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

Long-term receivables

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

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

A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

B. Other long-term receivables

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

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

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

Debt investments and other debt investments

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

Assessment of significant increase in credit risk

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

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

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

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

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

Write-off

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

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

(7) Transfer of financial assets

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

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

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

(8) Offsetting financial assets and financial liabilities

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

11. Fair value measurement

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

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

The Company implements the hypothesis used by the market participants to realise the maximum economic benefit in assets or liabilities pricing.

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

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

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

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

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

12. Inventories

Applicable N/A

(1) Classification of inventories

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

(2) Method of costing

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

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

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

(4) Inventory system

The Company maintains a perpetual inventory system.

(5) Amortisation methods of consumables

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

13. Assets held for sale

Applicable N/A

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

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

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

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

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

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

carrying amount of non-current assets according to the proportion of carrying amount of the individual non-current assets in the disposal groups.

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

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

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

- ① The carrying amount of the asset 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 already been leased out, etc.

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

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

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

16. Fixed assets

(1) Conditions for recognition of fixed assets

Applicable N/A

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

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

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

(2) Method of depreciation

Applicable N/A

Category	Useful years (year)	Annual depreciation	Residual rate
Properties and Buildings	20	4.5%-4.75%	5%-10%
Machine and equipment	10	9%-9.5%	5%-10%
Transportation equipment	5	18%-19%	5%-10%
Electric equipment and others	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) Refer to note III. 22 for the impairment testing and the impairment provision of fixed assets.

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

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

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

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

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

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

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

- (6) Overhaul costs

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

17. Construction in progress

Applicable N/A

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

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

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

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

18. Borrowing costs

Applicable N/A

(1) Recognition principle of capitalisation of borrowing costs

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

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

(2) Capitalisation period of borrowing costs

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

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

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

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

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

19. Biological assets

Applicable N/A

(1) Determination of biological assets

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

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

(2) Classification of biological assets

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

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

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

(3) Impairment of biological assets

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

20. Intangible assets

(1) Pricing methods, useful lives and impairment tests

Applicable N/A

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

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

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

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

Category	Expected useful life	Amortisation method	Note
Land use rights	30-50years	Straight-line	
Patent and technical know-how	1-10 years	Straight-line	
Trademark rights	2-10 years	Straight-line	
Others	5 years	Straight-line	

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

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

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

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

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

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

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

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

23. Long-term deferred expenses

Applicable N/A

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

24. Employee compensation

(1) The scope of employee compensation

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

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

(2) Short-term employee compensation

Applicable N/A

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

(3) Post-employment benefits

√Applicable N/A

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

(4) Termination benefits

√Applicable N/A

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

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

(5) Other long-term employee benefits

√Applicable N/A

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

25. Provision for liabilities

√Applicable N/A

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

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

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money

is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

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

26. Share-based payment and equity instruments

√Applicable □N/A

(1) Accounting treatment of share-based payment

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

① Equity-settled share-based payment

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

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

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

② Cash-settled share-based payment

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

the period are recognised as the costs or expenses and corresponding liabilities at fair value of the liabilities assumed by the Company.

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

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

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

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

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

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

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

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

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

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

27. Preferred shares, perpetual bonds and other financial instruments

√Applicable □N/A

(1) Classification of financial liabilities and equity instruments

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

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

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

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

28. Revenue

√Applicable □N/A

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

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

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

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

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

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

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

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

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

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

mode according to custom declaration upon making declaration for goods and completing the export procedures.

29. Contract costs

Applicable N/A

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

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

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

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

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

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

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

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

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

30. Government grants

Applicable N/A

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

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

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

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

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

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

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

31. Deferred tax assets and deferred tax liabilities

Applicable N/A

(1) Current tax

At the balance sheet date, for the current tax liabilities (or assets) arising from the current period and the previous period, should be measured by the tax of the estimated payable (returnable) amount which is 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 in accord to the relevant regulations of the tax law.

(2) Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

(3) Tax expenses

The tax expenses comprise current tax and deferred tax.

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

(4) Offset of tax

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

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

32. Leases

(1) Accounting treatment method of finance leases

Applicable N/A

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

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

(2) Accounting treatment method of operating lease

Applicable N/A

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

(3) Determination method and accounting treatment method of lease under the new lease standards

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.

33. Right-of-use assets

Applicable N/A

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

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

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

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

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

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

34. Repurchase of shares

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

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

35. Restricted Shares

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

36. Other significant accounting judgements and estimates

√Applicable □N/A

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

(1) Classification of financial assets

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

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

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

(2) Measurement of ECL for accounts receivables

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

(3) Impairment of non-current assets other than financial assets (other than goodwill)

The Company determines at the balance sheet date whether there are signs of possible impairment of non-current assets other than financial assets. For intangible assets that have not yet reached usable condition, in addition to the annual impairment test, when there are signs of impairment, the impairment test is also carried out. Other non-current assets, other than financial assets, are tested for impairment when there are indications that their carrying amount is not recoverable. An impairment occurs when the carrying amount of an asset or group of assets is higher than the recoverable amount, which is the present value of the fair value net of disposal costs and projected future cash flows. The net amount of fair value less disposal costs, is determined by referencing to the agreed sale price or observable market value of a similar asset in an arm's length transaction, less incremental costs directly attributable to the disposal of that asset. When projecting the present value of future cash flows, management must estimate the projected future cash flows of the asset or group of assets and select an appropriate discount rate to determine the present value of future cash flows.

(4) 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.

(5) Development costs

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

(6) Deferred tax assets

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

(7) 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.

(8) 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 $\sqrt{N/A}$

(2)Changes in significant accounting estimates

Applicable $\sqrt{N/A}$

IV. Taxation

1. Major taxes and their tax rates

√Applicable □N/A

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

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

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

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

√Applicable □N/A

Taxpayer	Rate of enterprise income tax (%)
Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司), Livzon Pharmaceutical Biotechnology Co., Ltd. (丽珠医药生物科技有限公司), Lian (Hong Kong) Co., Ltd. (丽安香港有限公司), Livzon Biologics Hong Kong Limited (丽珠生物科技香港有限公司)	16.5
Companhia de Macau Carason Limitada (澳门嘉安信有限公司), Li Zhu (Macau) Limitada (丽珠(澳门)有限公司); Macau Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司)	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.)
The Company and Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (深圳太太药业有限公司), Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司), Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司), Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司), Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司), Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd. (广州健康元呼吸药物工程技术有限公司), Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司); Livzon Group (丽珠集团) and subsidiaries of Livzon Group, Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂). Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂). Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司). Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司), Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司), Livzon Group Fuzhou Fuxing	15

Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司), Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司), Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏) 制药有限公司), Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), Zhuhai Lihe Medical Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司), Zhuhai Livzon Chinese Medicine Modern Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司)	
Livzon MAB Pharm (US) Inc. (丽珠单抗生物技术(美国) 有限公司)	21
LIVZON BIOLOGICS (MALAYSIA) SDN. BHD.,	17 or 24 (registered capital of less than MYR 2.5 million, the tax rate is 17% on the first profit less than MYR 600,000; the registered capital exceeds MYR 2.5 million or the profit exceeds MYR 600,000, the tax rate is 24%)
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co., Ltd., Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II	0 (Note1)
Other subsidiaries	25

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

2. Tax incentives

Applicable N/A

(1) Preferential value added tax

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

(2) Preferential enterprise income tax

The Company enjoys the preferential income tax policy for high-tech enterprises for the 3 years from 2022; The Company's subsidiaries, Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司), Shenzhen Haibin Pharmaceutical Co., Ltd (深圳市海滨制药有限公司), Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司) and Shanghai Frontier Health Medicine Technology Co., Ltd. (上海方予健康医药科技有限公司) have re-applied for high-tech enterprise certification in this period. Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司) entitled to enjoy preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2021. Jiaozuo Joincare Bio

Technological Co., Ltd. (焦作健康元生物制品有限公司), Guangzhou Joincare Respiratory Drug Engineering Technology Co., Ltd. (广州健康元呼吸药物工程技术有限公司) have re-applied for high-tech enterprise certification in this period. Livzon Group and its subsidiaries—Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂), Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) and Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司) have re-applied for high-tech enterprise certification in this period. Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) are entitled to preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2021. Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) and Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) entitled to enjoy preferential income tax policies applicable to high and new technology enterprises for 3 years with effective from 2022. Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司) was approved to enjoy the enterprise taxation preference of the Encouraged Industries in Western China. The above companies were subject to enterprise income tax rate of 15% for the period.

In accordance with Article 27 of the Enterprise Income Tax Law of the People's Republic of China and Article 86 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the business of planting Chinese herbal medicines engaged by the subsidiaries of the Livzon, Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) and Longxi Livzon Shen yuan Medicine Co., Ltd. (陇西丽珠参源药材有限公司) are exempted from enterprise income tax.

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Policies for Enterprise Income Tax in the Hengqin Guangdong-Macao Deep Cooperation Zone" (Cai Shui [2022] No. 19), enterprise income tax is levied at a reduced rate of 15% for qualified industrial enterprises located in the Hengqin Guangdong-Macao Deep Cooperation Zone. The Livzon Group's subsidiaries, Zhuhai Lihe Medical Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司) and Zhuhai Livzon Chinese Medicine Modern Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司) meet the relevant conditions and are subjected to 15% enterprise income tax rate for the current period.

According to the preferential tax policies for small low-profit enterprises, the portion of annual taxable income of a small low profit enterprise which does not exceed RMB1 million is subject to enterprise income tax at a tax rate of 5%.

3. Others

Applicable N/A

V. Notes to the items of consolidated financial statements**1. Cash and bank balances**

√Applicable □N/A

Unit: Yuan Currency: RMB

Items	Balance at End of the Period	Balance at Beginning of the Period
Cash on hand	410,711.67	231,883.95
Bank deposits	14,439,410,683.45	14,792,867,005.08
Other monetary funds	19,968,988.72	15,389,221.93
Total	14,459,790,383.84	14,808,488,110.96
Including: total overseas deposits	1,553,615,124.00	1,491,900,539.35

Other descriptions:

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

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

Below are the details of the use of restricted monetary funds:

Item	30 June 2023	31 December 2022
Deposits for letter of credit	2,436,523.26	444,032.37
Deposits for bank acceptance bills	1,275,408.99	947,255.39
Deposits for other business	1,120.00	1,120.00
Total	3,713,052.25	1,392,407.76

2. Financial assets held for trading

√Applicable □N/A

(1) Classification

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Financial asset measured at fair value through profit or loss	90,560,120.03	109,015,664.98
Including:		
Debt instrument investments	943,863.73	934,289.94
Equity instrument investments	89,616,256.30	102,648,863.47
Derivative financial assets	0.00	5,432,511.57
Total	90,560,120.03	109,015,664.98

Other descriptions:

√Applicable □N/A

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

on the last trading day in the Reporting Period.

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

(1) No restrictive financial asset measured at fair value through profit or loss was realised in the closing balance.

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

3. Notes receivable

(1) Classified presentation of notes receivable

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	2,170,075,201.62	1,959,985,016.85
Bad debts	0.00	0.00
Total	2,170,075,201.62	1,959,985,016.85

(2) Notes receivable pledged at period end

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Amount pledged at year end
Bank acceptance bills	530,641,682.69
Total	530,641,682.69

As at 30 June 2023, bank acceptance bills with carrying amount of RMB 530,641,682.69(31 December 2022: RMB469,659,266.19) have been used as pledge for opening of bills.

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

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Derecognised amount at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	526,352,414.45	0.00
Bank acceptance bills not yet mature but already discounted	153,755,208.00	0.00
Total	680,107,622.45	0.00

In the current period, the Company discounted bank acceptance bills of RMB 206,754.53 thousand (previous year: RMB714,219.83 thousand). Since the major risks and rewards such as interest rate risk

related to these bank acceptance bills have been transferred to the bank, the Company derecognizes the discounted unexpired bank acceptance bills. Factoring expenses incurred was RMB 1,494.62 thousand (previous year: RMB 6,657.46 thousand).

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

Applicable N/A

(5) Disclosure by method of provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Including:										
Bank acceptance bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	2,170,075,201.62	100.00	0.00	0.00	2,170,075,201.62	1,959,985,016.85	100.00	0.00	0.00	1,959,985,016.85
Including:										
Bank acceptance bills	2,170,075,201.62	100.00	0.00	0.00	2,170,075,201.62	1,959,985,016.85	100.00	0.00	0.00	1,959,985,016.85
Total	2,170,075,201.62	100.00	0.00	0.00	2,170,075,201.62	1,959,985,016.85	100.00	0.00	0.00	1,959,985,016.85

Provision for bad debts on individual item:

Applicable N/A

Provision for bad debt on a collective basis:

Applicable N/A

Name combination provision project: Bank acceptance bills

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	2,170,075,201.62	0	0
Total	2,170,075,201.62	0	0

Recognition criteria and instructions for withdrawing bad debts by combination

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

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

Applicable N/A

4. Accounts receivable

(1) Disclosed by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year:	3,224,390,323.16
1-2 years	28,693,652.96
2-3 years	4,656,372.91
3-4 years	2,160,501.98
4-5 years	11,192,993.98
Over 5 years	15,746,072.78
Total	3,286,839,917.77

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

(2) Disclosure by method of provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	9,854,599.67	0.30	5,657,914.46	57.41	4,196,685.21	10,454,599.67	0.33	6,257,914.47	59.86	4,196,685.20
Including:										
Receivables from domestic customers	9,709,854.02	0.30	5,513,168.81	56.78	4,196,685.21	10,454,599.67	0.33	6,257,914.47	59.86	4,196,685.20
Receivables from overseas customers	144,745.65	0.00	144,745.65	100.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	3,276,985,318.10	99.70	87,222,914.08	2.66	3,189,762,404.02	3,165,780,437.19	99.67	66,218,272.24	2.09	3,099,562,164.95
Including:										
Receivables from domestic customers	2,725,925,374.52	82.93	79,148,008.90	2.90	2,646,777,365.62	2,659,276,844.47	83.66	60,180,304.43	2.26	2,599,096,540.04
Receivables from overseas customers	551,059,943.58	16.77	8,074,905.18	1.47	542,985,038.40	506,503,592.72	16.01	6,037,967.81	1.19	500,465,624.91
Total	3,286,839,917.77	100.00	92,880,828.54	2.83	3,193,959,089.23	3,176,235,036.86	100.00	72,476,186.71	2.28	3,103,758,850.15

Provision for bad debt on individual item:

Applicable N/A

Unit: Yuan Currency: RMB

Name	Closing balance			Reason of provision
	Book balance	Provision for bad debts	Expected credit loss rate (%)	
Purchase of goods	9,854,599.67	5,657,914.46	57.41	Not expected to be recoverable
Total	9,854,599.67	5,657,914.46	57.41	/

Descriptions of Provision for bad debt on individual item:

Applicable N/A

Provision for bad debts on portfolio basis:

Applicable N/A

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

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	2,673,370,500.41	52,207,197.80	1.95
1 to 2 years (inclusive of 2 years)	28,686,427.16	5,142,859.52	17.93
2 to 3 years (inclusive of 3 years)	4,656,372.91	2,678,783.10	57.53
3 to 4 years (inclusive of 4 years)	2,160,501.98	2,097,208.02	97.07
4 to 5 years (inclusive of 5 years)	2,594,611.32	2,564,999.72	98.86
Over 5 years	14,456,960.74	14,456,960.74	100.00
Total	2,725,925,374.52	79,148,008.90	2.90

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

Applicable N/A

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

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	551,052,717.78	8,073,460.02	1.47
1 to 2 years (inclusive of 2 years)	7,225.80	1,445.16	20.00
Total	551,059,943.58	8,074,905.18	1.47

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

Applicable N/A

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

Applicable N/A

(3) Provision for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Beginning balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Removal/write-off	Others	
Provision for bad debts	72,476,186.71	20,935,155.87	0.00	537,700.06	7,186.02	92,880,828.54
Total	72,476,186.71	20,935,155.87	0.00	537,700.06	7,186.02	92,880,828.54

At 30 June 2023 and 31 December 2022, the Company had no overdue but not impaired accounts receivable.

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

□Applicable √N/A

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

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written off	537,700.06

Significant accounts receivable that are written off:

□Applicable √N/A

Descriptions of write-off of accounts receivable:

□Applicable √N/A

(5) Accounts receivable due from the top five debtors

√Applicable □N/A

As of 30 June 2023, the total amount of the top five debtors in closing balance is RMB321,299,912.04, accounting for 9.78% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB7,349,948.86.

(6) Accounts receivable derecognized due to the transfer of financial assets in each reporting period.

□Applicable √N/A

(7) Assets or liabilities formed by the continuing involvement of transferred accounts receivables in each reporting period.

□Applicable √N/A

Other descriptions:

□Applicable √N/A

5. Prepayments

(1) Disclosure of prepayments by aging analysis

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		Balance at the Beginning of the Period	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	305,775,902.09	83.71	343,457,382.98	94.29
1 to 2 years	53,870,750.44	14.75	16,867,695.41	4.63
2 to 3 years	2,277,462.13	0.62	948,519.54	0.26
Over 3 years	3,369,585.21	0.92	2,991,544.64	0.82
Total	365,293,699.87	100.00	364,265,142.57	100.00

(2) Prepayments due from the top five debtors

Applicable N/A

As of 30 June 2023, the total amount of the top five prepayments in closing balance is RMB123,487,227.51, accounting for 33.80% of the total amount of closing balance of prepayments.

Other descriptions:

Applicable N/A

6. Other receivables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	40,304,700.46	0.00
Other receivables	65,140,046.50	52,535,740.14
Total	105,444,746.96	52,535,740.14

Other descriptions:

Applicable N/A

Dividends receivable

(1) Dividends receivable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Kunlun Energy Company Limited	264,700.46	0.00
Tianjin Tongrentang Group Co., Ltd.	40,040,000.00	0.00
Total	40,304,700.46	0.00

(2) Significant dividends receivable aged over 1 year.

Applicable N/A

(3) Provision made for bad debts

Applicable N/A

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

Category	Book balance	Expected credit loss rate for the next 12 months(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	40,304,700.46	0.00	0.00	40,304,700.46	
Dividends receivable	40,304,700.46	0.00	0.00	40,304,700.46	Expected to be recovered
Total	40,304,700.46	0.00	0.00	40,304,700.46	

Other receivables

Applicable N/A

Other receivables

(1) Disclosed by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	62,129,686.89
1 to 2 years	3,885,765.11
2 to 3 years	3,346,403.49
3 to 4 years	2,182,615.17
4 to 5 years	744,277.02
Over 5 years	32,254,415.62
Total	104,543,163.30

(2) Disclosure by nature

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Security deposits, deposits and rental fees	10,995,397.90	12,668,692.36
Reserved fund and advances	36,198,615.71	25,494,468.62
Related party balances	1,552,455.94	1,097,855.07
External entities balances	10,936,496.20	13,226,352.58
Tax refund on exports	11,068,188.29	16,539,609.68
Treasury bonds and security deposits	17,968,386.04	17,968,386.04
Others	15,823,623.22	3,812,338.32
Total	104,543,163.30	90,807,702.67

(3) Information of provision for bad debts

Unit: Yuan Currency: RMB

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit	

	within 12 months		impairment has occurred)	
Beginning balance	0.00	9,793,858.02	28,478,104.51	38,271,962.53
Movement of beginning balance during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	-223,851.98	223,851.98	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the year	0.00	1,300,635.82	0.00	1,300,635.82
Reversal in the year	0.00	0.00	26,400.00	26,400.00
Transfer in the year	0.00	0.00	0.00	0.00
Write-off in the year	0.00	0.00	223,851.98	223,851.98
Other movement	0.00	15,580.93	65,189.50	80,770.43
Closing balance	0.00	10,886,222.79	28,516,894.01	39,403,116.80

At the End of the Period, No provision for bad debts on those in first stage.

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

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	76,026,269.29	14.32	10,886,222.79	65,140,046.50	
Export tax refund receivable	11,068,188.29	3.32	367,132.06	10,701,056.23	
Security deposits, deposits and rental receivable	10,995,397.90	26.03	2,862,178.09	8,133,219.81	
Other receivables	53,962,683.10	14.19	7,656,912.64	46,305,770.46	
Total	76,026,269.29	14.32	10,886,222.79	65,140,046.50	

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

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	28,516,894.01	100.00	28,516,894.01	0.00	
Other receivables	28,516,894.01	100.00	28,516,894.01	0.00	Not expected to be recoverable
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	28,516,894.01	100.00	28,516,894.01	0.00	

As of 31 December 2022, information of provision for bad debts:

As of 31 December 2022, No Provision for bad debts on those in first stage.

As of 31 December 2022, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	62,329,598.16	15.71	9,793,858.02	52,535,740.14	
Export tax refund receivable	16,539,609.68	1.76	290,344.77	16,249,264.91	
Security deposits, deposits and rental receivable	12,668,692.36	28.52	3,613,600.49	9,055,091.87	
Other receivables	33,121,296.12	17.78	5,889,912.76	27,231,383.36	

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Total	62,329,598.16	15.71	9,793,858.02	52,535,740.14	

As of 31 December 2022, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	28,478,104.51	100.00	28,478,104.51	0.00	
Other receivables	28,478,104.51	100.00	28,478,104.51	0.00	Not expected to be recoverable
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	
Total	28,478,104.51	100.00	28,478,104.51	0.00	

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

Applicable N/A

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

Applicable N/A

(4) Actual written-off of other receivables in this period

Applicable N/A

Unit: Yuan Currency: RMB

Item	Amount written off
Other receivables actually written off	223,851.98

Significant other receivables that are written off:

Applicable N/A

Descriptions of write-off of other receivables:

Applicable N/A

(5) Other receivables due from the top five debtors

Applicable N/A

Unit: Yuan Currency: RMB

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Hua Xia Securities Co., Ltd.	Treasury bonds and security deposits	17,968,386.04	Over 5 years	17.19	17,968,386.04
Tax refund on exports	Export tax refund	11,068,188.29	Within 2 years	10.59	367,132.06
Guangzhou Yinhe Sunshine Biological Products Co., Ltd.	Loan	5,000,000.00	Over 5 years	4.78	5,000,000.00

Suzhou Sino Imp.& Exp. Co., Ltd.	Security deposits	2,150,000.00	Over 3 years	2.06	74,250.00
Jiaozuo Yangsen Trading Co., Ltd.	Security deposits	1,174,630.34	Over 5 years	1.12	1,174,630.34
Total	/	37,361,204.67		35.74	24,584,398.44

(6) Receivables involving government subsidies

□Applicable √N/A

(7) Other receivables derecognised due to the transfer of financial assets

□Applicable √N/A

(8) Assets or liabilities formed by the continuing involvement of transferred other receivables:

□Applicable √N/A

Other descriptions

□Applicable √N/A

7. Inventories

(1) Inventories by category

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	632,393,396.16	28,682,906.99	603,710,489.17	642,893,858.16	37,543,320.41	605,350,537.75
Packaging materials	134,682,255.54	11,249,787.36	123,432,468.18	137,488,629.87	11,191,692.58	126,296,937.29
Goods in process and Proprietary semi-finished goods	798,166,154.01	86,722,717.73	711,443,436.28	649,362,917.78	65,482,989.52	583,879,928.26
Low-value consumables	103,244,084.59	260,524.03	102,983,560.56	80,473,347.95	495,743.41	79,977,604.54
Finished goods and stock goods	1,305,985,264.09	23,279,507.09	1,282,705,757.00	1,138,363,946.23	22,354,857.60	1,116,009,088.63
Sub-contracting materials	1,952,145.59	0.00	1,952,145.59	2,318,531.50	0.00	2,318,531.50
Consumptive biological assets	14,671,473.02	0.00	14,671,473.02	13,692,837.04	0.00	13,692,837.04
Goods in transit	9,515,968.65	0.00	9,515,968.65	34,344,534.56	0.00	34,344,534.56
Total	3,000,610,741.65	150,195,443.20	2,850,415,298.45	2,698,938,603.09	137,068,603.52	2,561,869,999.57

(2) Provision for diminution in value of inventories and provision for diminution in value of contract performance costs

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase during the Period		Decrease during the Period		Balance at the End of the Period
		Provision	Others	Reversal or written-off	Others	
Raw materials	37,543,320.41	2,995,579.91	0.00	11,855,993.33	0.00	28,682,906.99
Packaging materials	11,191,692.58	2,027,096.21	0.00	1,969,001.43	0.00	11,249,787.36

Goods in process and Proprietary semi-finished goods	65,482,989.52	23,859,293.66	0.00	2,619,565.45	0.00	86,722,717.73
Low-value consumables	495,743.41	1,158,623.99	0.00	1,393,843.37	0.00	260,524.03
Finished goods and stock goods	22,354,857.60	10,015,530.95	0.00	9,090,881.46	0.00	23,279,507.09
Total	137,068,603.52	40,056,124.72	0.00	26,929,285.04	0.00	150,195,443.20

Provision for decline in value of inventories (Continued)

Item	Basis in determination of net recoverable amount/residual value and cost to be incurred	Reason for reversal or written-off of provision for decline in value of inventories/ Provision for impairment of contract performance cost
Raw materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Goods in process and Proprietary semi-finished goods	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	The estimated selling price less the related taxes	Used or discard
Finished goods and stock goods	The estimated selling price less the estimated selling expenses and related taxes	Sale and discard

(3) Descriptions at the End of the Period of inventories including capitalised amount of borrowing costs

Applicable N/A

(4) Description of amortization amount of contract performance cost in the current period

Applicable N/A

Other descriptions:

Applicable N/A**8. Non-current assets due within one year**Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Long-term receivables due within one year	0.00	0.00
Time deposits due within 1 year	55,066,666.67	54,048,611.11
Total	55,066,666.67	54,048,611.11

Significant debt investments and other debt investments at the end of the period:

Applicable N/A**9. Other current assets**Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
------	----------------------------------	--

Input VAT pending deduction /Input tax pending for verification	51,349,452.39	35,679,462.66
Prepaid income tax	14,773,784.81	17,665,709.39
Cash Management	98,970,691.50	92,815,738.44
Cost of returns receivable	12,043,428.52	12,043,428.52
Others	2,529,662.74	5,335,561.31
Total	179,667,019.96	163,539,900.32

10. Long-term equity investment

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Period	Movement during the Period								Balance at the End of the Period	Closing balance of provision for impairment
		Additions in investment	Decrease in investment	Investment gain or loss under equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
I. Subsidiaries											
Zhongshan Renhe Health Products Co., Ltd.	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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.	93,084,766.28	0.00	0.00	7,123,513.81	0.00	0.00	0.00	0.00	0.00	100,208,280.09	0.00
Shenzhen City Youbao Technology Co., Ltd.	1,496,595.40	0.00	0.00	160,208.11	0.00	0.00	0.00	0.00	0.00	1,656,803.51	0.00
AbCyte Therapeutics Inc.	13,767,260.06	0.00	0.00	-1,011,802.73	0.00	0.00	0.00	0.00	0.00	12,755,457.33	0.00
L&L Biopharma, Co. Ltd.	13,903,676.49	0.00	0.00	-657,044.41	0.00	0.00	0.00	0.00	0.00	13,246,632.08	0.00
Zhuhai Sanmed Biotech Inc.	61,291,769.61	0.00	0.00	-9,964,795.62	0.00	0.00	0.00	0.00	0.00	51,326,973.99	0.00
Aetio Biotherapy, Inc.	16,034,314.68	0.00	0.00	-452,987.59	0.00	0.00	0.00	0.00	0.00	15,581,327.09	0.00
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	92,803,409.42	0.00	0.00	-3,635,306.07	0.00	10,840.09	0.00	0.00	0.00	89,178,943.44	0.00
Tianjin Tongrentang Group Co., Ltd.	726,580,281.08	0.00	0.00	48,579,279.42	0.00	0.00	40,040,000.00	0.00	0.00	735,119,560.50	0.00
Infinite Intelligence Pharmaceutical Co. Ltd.	18,857,727.08	0.00	0.00	-698,434.04	0.00	0.00	0.00	0.00	0.00	18,159,293.04	0.00
Shenzhen Kangti Biomedical Technology Co., Ltd.	6,000,000.00	4,000,000.00	0.00	-37,820.11	0.00	0.00	0.00	0.00	0.00	9,962,179.89	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	285,538,495.52	0.00	0.00	3,807,951.04	0.00	0.00	0.00	0.00	0.00	289,346,446.56	0.00
Ningbo Ningrong Biomedical Co., Ltd.	27,179,209.51	0.00	0.00	-158,884.43	0.00	0.00	0.00	0.00	0.00	27,020,325.08	0.00
Feelife Health Inc.	15,303,495.74	0.00	0.00	1,179,937.17	0.00	0.00	0.00	0.00	0.00	16,483,432.91	0.00
Jiangsu Baining Yingchuang	28,732,381.11	0.00	0.00	837,520.76	0.00	0.00	0.00	0.00	0.00	29,569,901.87	0.00

Medical Technology Co., Ltd.											
Shanghai Sheo Pharmaceutical Technology Co., Ltd.	19,309,212.61	0.00	0.00	-246,854.02	0.00	0.00	0.00	0.00	0.00	19,062,358.59	0.00
Haisong Precision Parts (Taicang) Co., Ltd.(Note 1)	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00
Subtotal	1,421,082,594.59	5,500,000.00	0.00	44,824,481.29	0.00	10,840.09	40,040,000.00	0.00	0.00	1,431,377,915.97	1,200,000.00
Total	1,429,370,311.39	5,500,000.00	0.00	44,824,481.29	0.00	10,840.09	40,040,000.00	0.00	0.00	1,439,665,632.77	9,487,716.80

Other descriptions:

Note 1: On 15 March 2021, Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) (“Shanghai Frontier”), a subsidiary of the Company, signed an investment agreement with Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件(太仓)有限公司) (“Haisong Precision”). Shanghai Frontier proposes to contribute RMB3,230,000 and hold 35% equity of Haisong Precision (with the Phase-I contribution of RMB1,500,000). Pursuant to the shareholder agreement and the articles of association, Shanghai Frontier will appoint one director of Haisong Precision. As Shanghai Frontier can have significant effect on Haisong Precision, the investment in Haisong Precision is accounted as long-term equity investment.

11. 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
Shanghai Yunfeng Xinchuang Equity Investment Center	67,932,735.87	67,935,704.36
Shanghai JingYi Investment Center	72,891,151.99	73,616,359.91
Qianhai Equity Investment Fund	251,543,869.00	243,378,742.17
Apricot Forest, Inc	120,788,500.00	120,788,500.00
Chengdu JinRui Foundation Biotechnology Co., Ltd.	20,000,000.00	0.00
Zhuhai China Resources Bank Co., Ltd.	158,400,000.00	158,400,000.00
GLOBAL HEALTH SCIENCE	246,961,521.36	271,980,388.15
Nextech V Oncology S.C.S., SICAV-SIF	18,034,888.35	23,996,121.32
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	30,513,209.27	30,513,209.27
ELICIO THERAPEUTICS, INC.	9,087,715.05	34,823,014.36
CARISMA THERAPEUTICS, INC.	45,520,870.86	34,821,295.50
Beijing Luzhu Biotechnology Co., Ltd.	83,485,178.24	53,654,738.60
Shanghai Keantai Biotechnology Co., Ltd.	12,000,000.00	12,000,000.00
Others	55,767,994.59	68,050,805.41
Total	1,192,927,634.58	1,193,958,879.05

(2) Descriptions of investments in non-trading equity instruments

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Dividend income recognized for the Period	Cumulative gains	Cumulative losses	Amount transferred from other comprehensive income to retained earning	Reason for the designation	Reason for transfer as fair value through other comprehensive income
Shanghai Yunfeng Xinchuang Equity Investment Center	0.00	0.00	0.00	0.00	non-trading	
Shanghai JingYi Investment Center	0.00	0.00	0.00	0.00	non-trading	

Qianhai Equity Investment Fund	0.00	0.00	0.00	0.00	non-trading	
Apricot Forest, Inc	0.00	0.00	0.00	0.00	non-trading	
Chengdu JinRui Foundation Biotechnology Co., Ltd.	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	17,709,895.19	0.00	0.00	0.00	non-trading	
Nextech V Oncology S.C.S., SICAV-SIF	0.00	0.00	0.00	0.00	non-trading	
Yizun Biopharmaceutics (Shanghai) Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
ELICIO THERAPEUTICS, INC.	0.00	0.00	0.00	0.00	non-trading	
CARISMA 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 Keentai Biotechnology Co., Ltd.	0.00	0.00	0.00	0.00	non-trading	
Others	0.00	0.00	0.00	0.00	non-trading	
Total	17,709,895.19	0.00	0.00	0.00		

Other descriptions:

Applicable N/A

12. Investment properties

Measurement of investment properties

(1) Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1. Beginning balance	61,914,754.28	61,914,754.28
2. Increase	0.00	0.00
3. Decrease	0.00	0.00
4. Closing balance	61,914,754.28	61,914,754.28
II. Accumulated depreciation and amortisation		
1. Beginning balance	55,723,278.85	55,723,278.85
2. Increase	0.00	0.00
(1) Amortisation for the year		
3. Decrease	0.00	0.00
(1) Disposal		
4. Closing balance	55,723,278.85	55,723,278.85

III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
(1) Provision	0.00	0.00
3. Decrease	0.00	0.00
(1) Disposal	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	6,191,475.43	6,191,475.43
2.Carrying value at beginning of the period	6,191,475.43	6,191,475.43

(2) Investment properties whose title certificate has not completed:

Applicable N/A

Other descriptions:

Applicable N/A

13. 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	5,203,199,498.59	5,265,200,110.91
Fixed assets for disposal	0.00	0.00
Total	5,203,199,498.59	5,265,200,110.91

Fixed assets

(1) Details of fixed assets

Applicable N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Book value:					
1.Beginning balance	4,305,054,019.02	5,637,544,484.73	106,291,576.88	856,552,473.06	10,905,442,553.69
2.Increase	14,409,214.37	212,826,051.65	6,316,978.34	41,725,652.00	275,277,896.36
(1) Purchase	1,178,647.55	45,700,594.29	5,063,095.64	17,254,796.59	69,197,134.07
(2) Transfer from construction in progress	13,230,566.82	167,125,457.36	0.00	19,244,917.18	199,600,941.36
(3) Changes in business merger	0.00	0.00	805,832.74	5,193,524.57	5,999,357.31
(4) Others	0.00	0.00	448,049.96	32,413.66	480,463.62
3.Decrease	225,272.42	6,055,902.27	2,358,365.71	3,878,689.30	12,518,229.70
(1) Disposal or scrap	225,272.42	6,055,902.27	2,358,365.71	3,878,689.30	12,518,229.70
(2) Others	0.00	0.00		0.00	
4.Closing balance	4,319,237,960.97	5,844,314,634.11	110,250,189.51	894,399,435.76	11,168,202,220.35

II. Accumulated depreciation					
1.Beginning balance	1,806,888,229.17	3,109,967,392.10	82,170,130.55	538,254,242.39	5,537,279,994.21
2.Increase	95,783,017.77	189,528,756.68	5,049,519.17	43,078,940.54	333,440,234.16
(1) Provision	95,783,017.77	189,528,756.68	3,998,932.75	39,103,823.83	328,414,531.03
(2) Changes in business merger	0.00	0.00	602,536.46	3,942,703.05	4,545,239.51
(3)Other increase	0.00	0.00	448,049.96	32,413.66	480,463.62
3.Decrease	202,745.18	3,947,374.74	2,036,893.14	2,474,867.09	8,661,880.15
(1) Disposal or scrap	202,745.18	3,947,374.74	2,036,893.14	2,474,867.09	8,661,880.15
(2) Others	0.00	0.00	0.00	0.00	0.00
4.Closing balance	1,902,468,501.76	3,295,548,774.04	85,182,756.58	578,858,315.84	5,862,058,348.22
III. Provision for impairment					
1.Beginning balance	26,474,491.83	57,549,501.09	0.00	18,938,455.65	102,962,448.57
2.Increase	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	17,897.06	0.00	177.97	18,075.03
(1) Disposal or scrap	0.00	17,897.06	0.00	177.97	18,075.03
4.Closing balance	26,474,491.83	57,531,604.03	0.00	18,938,277.68	102,944,373.54
IV. Carrying amount					
1.Carrying value at period end	2,390,294,967.38	2,491,234,256.04	25,067,432.93	296,602,842.24	5,203,199,498.59
2.Carrying value at beginning of the period	2,471,691,298.02	2,470,027,591.54	24,121,446.33	299,359,775.02	5,265,200,110.91

(2) Fixed assets with temporary idle

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Housing and buildings	23,926,279.99	15,096,166.69	5,155,770.80	3,674,342.50	
Machinery and equipment	157,053,168.18	107,108,974.67	35,957,973.60	13,986,219.91	
Electronic equipment and others	2,529,359.60	2,064,729.22	167,401.17	297,229.21	
Total	183,508,807.77	124,269,870.58	41,281,145.57	17,957,791.62	

(3) Fixed assets held under finance leases

□Applicable √N/A

(4) Fixed assets leased out under operating leases

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount
Housing and buildings	1,388,823.73

(5) Fixed assets without property certificate

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount	Reason for pending for certificate of ownership
Housing and buildings	167,321,294.13	Application in progress

Other descriptions

Applicable N/A

Disposal of fixed assets

Applicable N/A**14. 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	941,543,760.31	810,835,273.97
Construction materials	464,794.99	464,794.99
Total	942,008,555.30	811,300,068.96

Construction in progress

(1) Descriptions of construction in progress

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Haibin Pharma Pingshang New Factory	169,982,198.67	11,068,266.54	158,913,932.13	133,771,969.05	11,068,266.54	122,703,702.51
Guangda New Factory Project	404,619,421.41	0.00	404,619,421.41	360,963,893.27	0.00	360,963,893.27
Fuxing Company Phase I & II Projects and others	30,491,744.08	0.00	30,491,744.08	38,842,449.73	0.00	38,842,449.73
Project of Shijiao New Factory	23,806,304.97	0.00	23,806,304.97	12,409,895.73	0.00	12,409,895.73
Transformation Project of Pharmaceutical Factory Workshop	74,126,138.66	0.00	74,126,138.66	70,972,186.23	0.00	70,972,186.23
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	38,727,287.07	0.00	38,727,287.07	39,976,590.91	0.00	39,976,590.91
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	0.00	0.00	0.00	180,053.79	0.00	180,053.79
Project of lyophilized powder injection workshop	0.00	0.00	0.00	1,157,559.47	0.00	1,157,559.47
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	1,586,060.52	0.00	1,586,060.52	0.00	0.00	0.00
Technology transformation project for Microsphere Phase II of Shanghai Livzon	15,364,843.69	0.00	15,364,843.69	1,560,960.52	0.00	1,560,960.52

Jiaozuo new factory relocation project	36,513,524.20	0.00	36,513,524.20	34,677,843.69	0.00	34,677,843.69
Others	157,563,844.04	169,340.46	157,394,503.58	127,559,478.58	169,340.46	127,390,138.12
Total	952,781,367.31	11,237,607.00	941,543,760.31	822,072,880.97	11,237,607.00	810,835,273.97

(2) Changes in significant construction in progress

√Applicable □N/A

Unit: Yuan Currency: RMB

Project item	Budget	Balance at the Beginning of the Period	Increase	Transfer to fixed assets	Other decrease	Balance at the End of the Period	Proportion of cumulative input to budget %
Haibin Pharma Pingshang New Factory	1,436,107,400.00	133,771,969.05	93,985,923.16	55,735,456.28	2,040,237.26	169,982,198.67	75.24
Guangda New Factory Project	536,882,000.00	360,963,893.27	43,655,528.14	0.00	0.00	404,619,421.41	80.96
Fuxing Company Phase I & II Projects and others	378,090,800.00	38,842,449.73	23,745,621.59	32,061,560.52	34,766.72	30,491,744.08	95.38
Project of Shijiao New Factory	377,005,000.00	12,409,895.73	11,396,409.24	0.00	0.00	23,806,304.97	92.94
Transformation Project of Pharmaceutical Factory Workshop	306,558,388.48	70,972,186.23	47,400,607.13	44,246,654.70	0.00	74,126,138.66	76.63
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	262,445,000.00	39,976,590.91	893,805.33	2,143,109.17	0.00	38,727,287.07	89.71
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	117,710,000.00	180,053.79	331,155.40	511,209.19	0.00	0.00	95.3
Project of lyophilized powder injection workshop	143,500,000.00	1,157,559.47	426,344.85	1,583,904.32	0.00	0.00	95.4
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	126,880,000.00	1,560,960.52	25,100.00	0.00	0.00	1,586,060.52	1.25
Technology transformation project for Microsphere Phase II of Shanghai Livzon	40,500,000.00	34,677,843.69	31,000.00	19,344,000.00	0.00	15,364,843.69	85.7
Jiaozuo new factory relocation project	159,981,900.00	0.00	36,513,524.20	0.00	0.00	36,513,524.20	22.82
Others	-	127,559,478.58	81,175,675.65	43,975,047.18	7,196,263.01	157,563,844.04	-
Total	3,885,660,488.48	822,072,880.97	339,580,694.69	199,600,941.36	9,271,266.99	952,781,367.31	/

(Continued)

Project item	Progress	Cumulative amount of interest capitalised	Including: interest capitalised in the year	Interest capitalisation rate for the year (%)	Source of fund
Haibin Pharma Pingshang New Factory	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
Guangda New Factory Project	Under construction	0.00	0.00	0.00	Self-funding
Fuxing Company Phase I & II Projects and others	Completion of some projects	0.00	0.00	0.00	Self-funding
Project of Shijiao New Factory	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
Transformation Project of Pharmaceutical Factory Workshop	Completion of some projects	0.00	0.00	0.00	Self-funding
Construction Project for Microsphere Workshop (including Gose) of Livzon Group Livzon Pharmaceutical Factory	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
P06 Construction Project of Livzon Group Livzon Pharmaceutical Factory	Completed	0.00	0.00	0.00	Self-funding
Project of lyophilized powder injection workshop	Completed	0.00	0.00	0.00	Self-funding and funds raised
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory	Under construction	0.00	0.00	0.00	Self-funding
Technology transformation project for Microsphere Phase II of Shanghai Livzon	Completion of some projects	0.00	0.00	0.00	Self-funding
Jiaozuo new factory relocation project	Under construction	0.00	0.00	0.00	Self-funding
Others	-	0.00	0.00	0.00	Self-funding
Total		0.00	0.00	0.00	-

Other decrease is mainly transferred to long-term deferred expenses.

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

Applicable N/A

Other descriptions:

Applicable N/A

15. Right-of-use assets

Applicable N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1.Beginning balance	78,335,855.53	78,335,855.53
2.Increase	14,230,427.76	14,230,427.76
(1) Leasing	14,230,427.76	14,230,427.76
3.Decrease	3,505,411.89	3,505,411.89
4. Closing balance	89,060,871.40	89,060,871.40
II. Accumulated depreciation		
1.Beginning balance	36,492,721.56	36,492,721.56
2.Increase	15,820,079.48	15,820,079.48
(1) Provision	15,820,079.48	15,820,079.48
3.Decrease	3,505,411.89	3,505,411.89
4.Closing balance	48,807,389.15	48,807,389.15
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	40,253,482.25	40,253,482.25
2.Carrying value at beginning of the period	41,843,133.97	41,843,133.97

Other descriptions:

As of 30 June 2023, the Company recognised lease expenses related to short-term leases and the leases of low value assets of RMB314.73 million.

16. Intangible assets

(1) Details of intangible assets

Applicable N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patent and technical know-how	Software	Trademark rights	Others	Total
I. Book value						
1.Beginning balance	442,251,561.19	1,015,955,570.54	93,252,884.14	62,769,716.98	10,985,294.53	1,625,215,027.38
2.Increase	0.00	179,140,231.36	228,532.13	0.00	0.00	179,368,763.49
(1) Purchase	0.00	100,000.00	228,532.13	0.00	0.00	328,532.13
(2) Internal R&D	0.00	179,040,231.36	0.00	0.00	0.00	179,040,231.36
3.Decrease	0.00	5,524,303.12	1,933,014.92	0.00	0.00	7,457,318.04
4.Closing balance	442,251,561.19	1,189,571,498.78	91,548,401.35	62,769,716.98	10,985,294.53	1,797,126,472.83
II. Accumulated amortisation						
1.Beginning balance	132,119,481.74	542,409,896.29	63,402,361.15	62,765,668.27	6,682,720.82	807,380,128.27
2.Increase	4,709,915.83	225,024,874.61	4,092,149.76	235.86	549,264.73	234,376,440.79
Provision	4,709,915.83	225,024,874.61	4,092,149.76	235.86	549,264.73	234,376,440.79
3.Decrease	0.00	5,524,303.12	1,933,014.92	0.00	0.00	7,457,318.04
4.Closing balance	136,829,397.57	761,910,467.78	65,561,495.99	62,765,904.13	7,231,985.55	1,034,299,251.02
III. Provision for impairment						
1.Beginning balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
2.Increase	0.00	0.00	0.00	0.00	0.00	0.00
Provision	0.00	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
IV. Carrying amount						
1.Carrying value at period end	304,440,336.68	412,923,084.58	25,986,905.36	3,812.85	3,753,308.98	747,107,448.45
2.Carrying value at beginning of the period	309,150,252.51	458,807,727.83	29,850,522.99	4,048.71	4,302,573.71	802,115,125.75

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 48.26%

(2) Intangible assets pending for certificates of ownership

Applicable N/A

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

17. Development Costs

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Internal development costs	Other increase	Recognized as intangible assets	Recognised in profit or loss in the year	
Chemical pharmaceuticals	136,857,815.87	178,549,474.93	0.00	24,807,895.94	0.00	290,599,394.86
Biologics	238,227,636.57	0.00	0.00	145,802,628.07	0.00	92,425,008.50
APIs and others	53,199,431.73	571,180.24	0.00	8,429,707.35	0.00	45,340,904.62
Total	428,284,884.17	179,120,655.17	0.00	179,040,231.36	0.00	428,365,307.98

Other descriptions:

Item	Time for commencement of capitalisation	Specific basis of capitalisation	Progress of research and development at year end
Chemical pharmaceuticals	Clinical trial	Obtain approval for clinical trial	Clinical stage
Biologics	Clinical trial	Obtain approval for clinical trial	Clinical stage
APIs and others	Pilot stage	Pilot related information	Post-pilot stage

18. Goodwill

(1) Book value of goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of investee or matter from which goodwill arose	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Formation by business combination	Others	Disposal	Others	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.	2,045,990.12	0.00	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25
Livzon Group Livzon Pharmaceutical Factory	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66
Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd.	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd.	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd.	92,035.87	0.00	0.00	0.00	0.00	92,035.87
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	0.00	21,870,805.09	0.00	0.00	0.00	21,870,805.09
Total	640,550,053.67	21,870,805.09	0.00	0.00	0.00	662,420,858.76

(2) Provision for impairment of goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Joincare Daily-Use & Health Care Co., Ltd.	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Total	26,081,354.94	0.00	0.00	0.00	0.00	26,081,354.94

(3) Relevant information regarding the asset portfolio and set of asset portfolios to which the goodwill belongs

Applicable N/A

Goodwill of the Company arose from its business combination involving enterprises not under common control.

(4) Descriptions of the process of goodwill impairment testing, key parameters (such as the growth rate of the forecast period, the growth rate of the stable period, the profit rate, the discount rate and the forecast period, etc. when the present value of future cash flows are expected, if applicable) and the recognition method of the impairment losses on goodwill

Applicable N/A

On the balance sheet date, the Company conducts an impairment test on goodwill. When estimating the recoverable amount of input costs, it uses an assets group related to goodwill to estimate the present value of future cash flows.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group, key assumptions are a gross margin of 63.27%-63.46% and a business revenue growth rate of 0-9.08% as well as a cash flow discount rate of 12.21%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司), key assumptions are a gross margin of 38.91%-40.11% and a business revenue growth rate of -9.19~2.79% 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.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group Livzon Pharmaceutical Factory(丽珠集团丽珠制药厂), key assumptions are a gross margin of 82.19%-83.33% and a business revenue growth rate of 0~7.83% as well as a cash flow discount rate of 14.72%. 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 Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司), key assumptions are a gross margin of 63.43%-64.44% and a business revenue growth rate of 0~11.80% as well as a cash flow discount rate of 15.04%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the period.

(5) The impact of goodwill impairment test

Applicable N/A

Other descriptions:

Applicable N/A

19. Long-term deferred expenses

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Amortisation	Other decrease	Balance at the End of the Period
Renovation costs of offices	32,404,898.26	1,882,339.34	3,287,024.57	0.00	31,000,213.03
Renovation costs of plants	177,270,511.39	15,024,467.04	17,436,584.11	0.00	174,858,394.32
Others	68,192,307.30	40,341,777.00	31,388,065.74	0.00	77,146,018.56
Total	277,867,716.95	57,248,583.38	52,111,674.42	0.00	283,004,625.91

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Deductible timing differences	Deferred tax assets	Deductible timing differences	Deferred tax assets
Provision for impairment of assets	337,089,020.61	51,580,954.99	336,502,793.26	51,790,732.85

Accrued expenses	902,905,879.26	135,624,380.46	965,912,234.46	145,014,131.32
Deductible tax loss	418,979,415.49	64,476,849.75	399,128,528.63	61,021,514.54
Deferred income	370,621,002.86	55,608,150.43	329,970,021.95	49,511,503.29
Unrealised gains from intra-company transactions	501,321,768.50	75,328,292.69	694,726,037.62	104,182,311.29
Changes in fair value of other equity instrument investments	179,876,717.01	44,924,244.73	146,540,719.40	36,635,179.85
Deductible difference arising from share incentive expenses	150,186,553.14	22,602,225.48	107,474,309.53	16,149,104.44
Changes in fair value of financial assets held for trading	28,168,669.24	4,660,606.50	7,298,819.37	1,234,418.76
Other deductible temporary difference	455,485,646.12	68,322,846.91	455,485,646.11	68,322,846.92
Total	3,344,634,672.23	523,128,551.94	3,443,039,110.33	533,861,743.26

(2) Deferred tax liabilities before offsetting

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Taxable timing difference	Deferred tax liabilities	Taxable timing difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading	14,753,682.98	2,213,052.45	20,269,315.67	3,216,065.39
Accelerated depreciation of fixed assets	1,127,824,349.83	170,134,703.63	1,094,571,545.41	167,757,444.03
Changes in fair value of other equity instrument investments	274,168,629.71	47,069,458.91	242,925,303.81	39,399,916.06
Unrealised gains from intra-company transactions	105,940,000.00	20,791,000.00	105,940,000.00	20,791,000.00
Total	1,522,686,662.52	240,208,214.99	1,463,706,164.89	231,164,425.48

(3) Deferred income tax assets or liabilities listed as net amount after offset

□Applicable √N/A

(4) Details of unrecognized deferred tax assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
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Deductible temporary difference	301,489,517.89	239,109,485.46
Deductible tax losses	3,241,798,031.09	2,804,958,759.64
Total	3,543,287,548.98	3,044,068,245.10

(5) Expiry of deductible tax losses in subsequent period

√Applicable □N/A

Unit: Yuan Currency: RMB

Year	Balance at the End of the Period	Balance at the Beginning of the Period	Note
2023	181,799,154.76	182,300,762.40	/
2024	385,138,859.92	385,139,111.62	/
2025	262,456,724.50	253,044,280.36	/
2026	398,033,727.51	390,203,263.39	/
2027	1,452,004,008.76	1,485,158,186.92	/
2028	442,037,468.37	0.00	/
Indefinite	120,328,087.27	109,113,154.95	/
Total	3,241,798,031.09	2,804,958,759.64	

Other descriptions:

□Applicable √N/A

21. Other non-current assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book Balance	Provision for impairment	Carrying amount	Book Balance	Provision for impairment	Carrying amount
Term deposit and interests	1,037,535,481.51	0.00	1,037,535,481.51	812,562,286.58	0.00	812,562,286.58
VAT carry forward	3,338,552.19	0.00	3,338,552.19	3,338,552.19	0.00	3,338,552.19
Prepayment for acquisition of project and equipment	295,988,669.79	0.00	295,988,669.79	340,456,344.22	0.00	340,456,344.22
Prepayment for acquisition of technical know-how	1,600,000.00	0.00	1,600,000.00	415,000.00	0.00	415,000.00
Total	1,338,462,703.49	0.00	1,338,462,703.49	1,156,772,182.99	0.00	1,156,772,182.99

22. Short-term loans

(1) Short-term loans by category

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	2,116,000,000.00	2,089,585,755.20
Guaranteed loans	10,000,000.00	36,464,859.86

Total	2,126,000,000.00	2,126,050,615.06
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(2) Overdue short-term loans

Applicable N/A

Other descriptions:

Applicable N/A

23. Financial liabilities held for trading

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Financial liabilities held for trading	755,634.43	20,888,614.43	0.00	21,644,248.86
Including:				
Derivative financial liabilities	755,634.43	20,888,614.43	0.00	21,644,248.86
Total	755,634.43	20,888,614.43	0.00	21,644,248.86

Other descriptions:

Derivative financial liabilities represent foreign currency forward contracts. The loss from unexpired onerous contracts measured at fair value on balance sheet date was recognised as financial liabilities held for trading.

24. Notes payable

Applicable N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,729,003,530.95	1,635,906,989.22
Total	1,729,003,530.95	1,635,906,989.22

The total of bills payable due but not yet paid during the period is RMB 0.00.

25. Accounts payable

(1) Presentations of accounts payable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	766,124,196.07	815,158,453.21
Over 1 year	58,215,993.26	128,747,127.70
Total	824,340,189.33	943,905,580.91

(2) Significant accounts payable aged aging over one year

Applicable N/A

Other descriptions:

Applicable N/A

26. 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	64,934,759.90	260,935,024.18
Over 1 year	27,613,072.22	32,042,706.56
Total	92,547,832.12	292,977,730.74

(2) Significant changes in the carrying amount during the Reporting Period and reasons therefor

Applicable N/A

Other descriptions:

Applicable N/A

As at the End of the Period, there was no significant contract liabilities with ageing for more than 1 year at the end of the period. The amount of contract liabilities at beginning of the period recognised as revenue during the period is RMB189,613,046.02.

27. Employee benefits payables

(1) Descriptions of employee benefits payables

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
I. Short-term employee benefits	571,143,205.10	1,064,732,405.44	1,207,934,749.24	427,940,861.30
II. Post-employment benefits - Defined contribution plans	584,624.36	78,848,885.81	79,159,820.55	273,689.62
III. Termination benefits	1,282,742.00	3,606,117.44	3,606,117.44	1,282,742.00
Total	573,010,571.46	1,147,187,408.69	1,290,700,687.23	429,497,292.92

(2) Descriptions of Short-term employee benefits

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I Salaries, bonus and allowances and subsidies	375,067,929.19	958,354,048.92	1,100,233,701.81	233,188,276.30
II Staff welfare	5,794,481.17	35,772,678.18	36,387,299.70	5,179,859.65
III Social insurances	1,244,430.44	35,893,920.68	36,039,229.46	1,099,121.66
Including: Medical insurance	1,153,030.82	32,970,467.46	33,097,333.80	1,026,164.48

Work injury insurance	51,322.84	1,975,068.85	1,986,360.07	40,031.62
Maternity insurance	40,076.78	948,384.37	955,535.59	32,925.56
IV Housing fund	2,223,574.48	31,548,429.02	32,145,023.54	1,626,979.96
V Union funds and staff education	418,905.96	3,163,328.64	3,129,494.73	452,739.87
VI Stock Ownership Plan Special Fund	186,393,883.86	0.00	0.00	186,393,883.86
Total	571,143,205.10	1,064,732,405.44	1,207,934,749.24	427,940,861.30

(3) Defined contribution plans

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Post-employment benefits				
Including: 1. Basic pension insurance	545,595.12	76,509,184.46	76,806,285.48	248,494.10
2. Unemployment insurance	39,029.24	2,339,701.35	2,353,535.07	25,195.52
Total	584,624.36	78,848,885.81	79,159,820.55	273,689.62

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.

28. Taxes payable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Value added tax	102,092,047.04	166,151,353.61
Urban maintenance and construction tax	9,994,708.09	14,374,197.97
Enterprise income tax	150,824,573.52	124,039,899.44
Property tax	10,241,088.83	7,992,927.81
Land use tax	2,995,400.14	2,847,286.45
Individual income tax	2,993,114.20	7,524,584.67
Stamp duty	3,140,814.03	2,904,260.39
Education surcharges	6,775,591.04	9,613,697.69
Others	2,202,851.07	2,254,065.70
Total	291,260,187.96	337,702,273.73

29. 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	439,505,017.15	12,252,074.84
Other payables	3,630,499,380.28	3,668,082,286.04
Total	4,070,004,397.43	3,680,334,360.88

Dividends payableApplicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Common shares dividend	412,156,930.98	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	14,355,461.84	6,682,964.50
Dividends payable--Staff shares of subsidiaries	11,791,914.33	4,348,225.88
Total	439,505,017.15	12,252,074.84

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	72,936,759.45	69,513,003.38
Security deposit	72,154,822.13	89,750,329.22
Promotion fees	1,948,108,687.80	1,722,993,407.82
Technology transfer fees	10,000,000.00	10,000,000.00
Accrued expenses	1,442,602,987.10	1,714,076,189.32
others	84,696,123.80	61,749,356.30
Total	3,630,499,380.28	3,668,082,286.04

The obligations of repurchasing restricted shares of the directors, the senior management and their spouses amounted RMB0.00 at the End of the Period.

(2) Significant other payables aged over 1 year

Applicable N/A

Other descriptions:

Applicable N/A

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

Item	30 June 2023	31 December 2022	Reason for outstanding at the End of the Period
Utility bill	46,855,809.21	28,378,759.70	Unpaid
Research expenses	30,285,873.37	61,153,064.06	Unpaid
Business development and promotion expenses	1,273,381,492.64	1,517,084,251.92	Unpaid
Audit and information disclosure expenses	5,872,694.75	4,775,560.70	Unpaid
Others	86,207,117.13	102,684,552.94	Unpaid
Total	1,442,602,987.10	1,714,076,189.32	

30. 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	23,951,826.07	19,415,779.34
Long-term loans and interest due within one year	38,846,673.61	43,661,481.64
Total	62,798,499.68	63,077,260.98

31. Other current liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Output VAT pending for transfer	6,301,133.87	17,734,822.42
Payable refunds	83,440,368.95	83,440,368.95
Others	0.00	101,522.98
Total	89,741,502.82	101,276,714.35

Change of short-term bonds payable

Applicable N/A

Other descriptions:

Applicable N/A

32. Long-term loans

(1) Classification of long-term loans

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	2,025,232,389.91	1,475,974,398.32
Guaranteed loans	1,976,877,722.64	1,798,531,126.20
Less: Long-term loans due within one year	38,846,673.61	43,661,481.64
Total	3,963,263,438.94	3,230,844,042.88

Other descriptions, including interest rate range:

√Applicable □N/A

The interest rate range of credit loan is 2.25%-3.45%, and the interest rate range of guaranteed loan is 2.35%-3.60%.

33. Lease liabilities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease payments payable	41,630,120.76	42,898,265.42
Lease liabilities due within one year	-23,951,826.07	-19,415,779.35
Total	17,678,294.69	23,482,486.07

Other descriptions:

Interest expenses accrued on lease liabilities during the 6-month period ended 30 June 2023 was RMB1,469,700, which was recorded in financial expenses-interest expense.

34. Deferred income

Deferred income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period	Reason of formation
Government grants	384,537,267.55	71,872,232.48	30,035,418.66	426,374,081.37	/
Total	384,537,267.55	71,872,232.48	30,035,418.66	426,374,081.37	/

Projects involving government grants:

√Applicable □N/A

Unit: Yuan Currency: RMB

Projects with grants	Beginning balance	Additions in the period	Charged to Non-operating income for the period	Transfer to other income	Other movement	Closing balance	Related to assets/ Related to income
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020年度上海市专业技术平台能力提升项目立项)	1,000,000.00	0	0	1,000,000.00	0	0	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations (开发区财政局拨款创业领军人才项目: 药品吸入制剂共性共建技术的研究)	4,800,000.00	0	0	0	0	4,800,000.00	Related to assets
Key technology research and development of budesonide nebulized inhalation solution	2,158,333.29	0	0	175,000.02	0	1,983,333.27	Related to assets

(布地奈德雾化吸入溶液关键技术研发)								
High-growth small and micro innovation enterprises (高成长小微科创企业)	400,000.00	0	0	0	0	400,000.00	Related to assets	
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	4,278,000.00	0	0	442,200.00	0	3,835,800.00	Related to assets	
Laboratory project of respiratory system inhalation preparation engineering laboratory project (呼吸系统吸入制剂工程实验室项目)	1,885,450.00	0	0	808,050.00	0	1,077,400.00	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)	1,550,000.00	0	0	50,000.00	0	1,500,000.00	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)	837,943.68	0	0	59,853.12	0	778,090.56	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	500,000.00	0	0	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	
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)	685,666.62	0	0	121,000.02	0	564,666.60	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	
Government funding for small molecule peptide project (政拨款用于小分子肽项目)	239,999.76	0	0	40,000.02	0	199,999.74	Related to assets	
Innovation coupon (Jingjin filter press equipment) (创新券(景津压滤设备))	153,332.75	0	0	0	0	153,332.75	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	
Glucocorticoid inhalation suspension project (糖皮质激素混悬液项目)	7,200,000.00	0	0	0	0	7,200,000.00	Related to assets	
Return of land holding tax (土地使用税返还)	3,460,631.62	0	0	703,111.26	0	2,757,520.36	Related to assets	
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金扶持)	1,804,713.72	0	0	28,198.68	0	1,776,515.04	Related to assets	
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	20,908,374.88	0	0	920,106.30	0	19,988,268.58	Related to assets	
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	1,680,000.00	0	0	0	0	1,680,000.00	Related to assets	
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	39,522,162.26	0	0	0	0	39,522,162.26	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	
Patent funding (专利资助)	200,000.00	0	0	0	0	200,000.00	Related to assets	

Shenzhen Sponge City Construction Fund Award* Shenzhen Water Affairs Bureau (深圳市海绵城市建设资金奖励* 深圳市水务局)	760,947.20	0	0	22,380.78	0	738,566.42	Related to assets
Atmospheric environmental quality improvement subsidy (大气环境质量提升补贴资金)	157,915.02	0	0	10,766.94	0	147,148.08	Related to assets
Technology giant (科技小巨人)	1,200,000.00	0	0	1,200,000.00	0	0	Related to assets
First application for corporate postdoctoral project research funding (首次申请企业博士后项目研究资助)	120,000.00	0	0	0	0	120,000.00	Related to assets
R&D and industrialization of innovative Ilaprazole series (艾普拉唑系列创新药物研发及产业化)	11,168,166.21	0	0	2,455,000.02	0	8,713,166.19	Related to assets
Strategic emerging industries in 2014 (sustained release microspheres) (2014 年战略性新兴产业 (缓释微球))	16,700,000.00	0	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)	12,550,000.00	0	0	0	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))	18,314,195.60	0	0	1,202,654.94	0	17,111,540.66	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)	1,135,750.00	0	0	115,500.00	0	1,020,250.00	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	880,000.18	0	0	79,999.98	0	800,000.20	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)	29,485,857.65	0	0	5,280,044.64	183,600.00	24,022,213.01	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)	1,353,499.35	0	0	551,000.04	0	802,499.31	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	2,299,785.26	0	0	190,182.90	0	2,109,602.36	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)	11,852,941.22	0	0	1,911,764.70	0	9,941,176.52	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	4,329,992.36	0	0	564,781.68	0	3,765,210.68	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	5,576,302.33	0	0	891,684.24	0	4,684,618.09	Related to assets
Energy Saving and Emission Reduction Program Distribution Transformer Energy Efficiency	332,000.00	0	0	24,000.00	0	308,000.00	Related to assets

Improvement (节能减排项目 配电变压器能效提升)								
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研 发与产业化团队)	1,710,833.60	240,000.00	0	28,999.92	0	1,921,833.68	Related to assets	
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能 力建设 (抗体药物实验室))	4,288,140.60	0	0	222,877.68	0	4,065,262.92	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))	159,691.94	0	0	37,665.18	0	122,026.76	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)	3,329,659.71	0	0	0	0	3,329,659.71	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)	357,142.96	0	0	53,571.42	0	303,571.54	Related to assets	
Scientific technology award and subsidy for technological innovative project (科学技术 奖及科技创新项目资助)	2,200,000.00	0	0	0	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)	63,891.00	0	0	12,770.42	0	51,120.58	Related to income	
Commissioner workstation (特 派员工作站)	25,000.00	0	0	25,000.00	0	0	Related to assets	
Industrial revitalisation supporting funds (产业振兴扶 持资金)	1,287,500.01	0	0	579,000.00	0	708,500.01	Related to assets	
Government grant for industrial transformation (工业 转型政府扶持资金)	108,333.83	0	0	83,333.44	0	25,000.39	Related to assets	
New industrialization development grant (新型工业 化发展奖金)	5,035,866.34	0	0	191,666.54	0	4,844,199.80	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)	166,666.53	0	0	100,000.02	0	66,666.51	Related to assets	
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	200,000.24	0	0	49,999.98	0	150,000.26	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)	11,750,000.00	0	0	0	0	11,750,000.00	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))	5,000,000.00	0	0	0	0	5,000,000.00	Related to assets	
Application of artificial intelligence in triptorelin long- acting microsphere preparation (人工智能在曲普瑞林长效微 球制剂中的应用)	0	0	0	-80,000.00	0	80,000.00	Related to income	
Key projects of industrial core and key technologies of Zhuhai (Dantrolene) (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	3,000,000.00	0	0	Related to assets	
Data-driven industrial chain collaboration platform	2,920,000.00	0	0	365,000.00	0	2,555,000.00	Related to assets	

demonstration project (数据驱动的产业协同平台示范项目)								
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针剂)	2,280,000.00	0	0	120,000.00	0	2,160,000.00	Related to assets	
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	1,533,100.00	0	0	0	0	1,533,100.00	Related to assets	
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	585,000.00	0	0	45,000.00	0	540,000.00	Related to assets	
Cleaner Production Audit Project (清洁生产审核项目)	170,000.12	0	0	4,999.98	0	165,000.14	Related to assets	
Green factory (绿色工厂)	1,001,666.75	0	0	64,999.98	0	936,666.77	Related to assets	
HCG Project Construction (HCG 项目建设)	2,992,185.88	0	0	197,824.98	0	2,794,360.90	Related to assets	
Sewage treatment system upgrade project (污水处理系统升级改造项目)	56,209.88	0	0	4,015.02	0	52,194.86	Related to assets	
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛促性腺素研发及产业化)	987,500.00	0	0	75,000.00	0	912,500.00	Related to assets	
Development and Industrialization of Cyclosporin Self-emulsifying Soft Capsules with High Technology Barriers (高技术屏障的环孢素自乳化软胶囊制剂的开发及产业化研究)	786,000.00	0	0	28,000.00	80,000.00	678,000.00	Related to assets	
Project on the building of scale production capability on Recombinant SARS-CoV-2 Fusion Protein Vaccine (V-01)(重组新型冠状病毒融合蛋白疫苗(V-01)规模化生产能力建设项目)	0	22,921,500.00	0	238,765.63	0	22,682,734.37	Related to assets	
Special Fund for Foreign Economic and Trade Development (外经贸发展专项资金)	0	32,232.48	0	0	0	32,232.48	Related to assets	
Guangdong Provincial Key Laboratory of Characteristic Drug R&D Enterprises (广东省特色药物研发企业重点实验室)	941,666.69	300,000.00	0	54,999.98	0	1,186,666.71	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)	60,000.00	0	0	11,250.00	0	48,750.00	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)	53,916.31	0	0	0	0	53,916.31	Related to assets	
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019 年度第一批科技创新专项资金立项配套资助)	600,000.00	0	0	0	0	600,000.00	Related to assets	
Provincial industrial innovation (provincial enterprise)	79,229.73	0	0	0	0	79,229.73	Related to assets	

technology center) project in 2019 (2019 年度省产业创新(省级企业技术中心)项目)							
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)	4,089,721.57	0	0	0	0	4,089,721.57	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds (Special funds for epidemic prevention and control) (香洲区采购设备补贴扶持资金(疫情防控专项资金))	9,150.21	0	0	0	0	9,150.21	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)	50,000,000.00	30,000,000.00	0	0	0	80,000,000.00	Related to assets
Environmental protection bureau RTO project special funds (环保局 RTO 项目资金)	159,999.92	0	0	10,000.02	0	149,999.90	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)	99,209.17	0	0	99,209.17	0	0	Related to income
R&D and demonstration of key technologies for the development and utilization of swim bladder (golden oyster) marine traditional Chinese medicine resources (鱼鳔(黄金鮠)海洋中药资源开发与利用关键技术研发与示范)	750,000.00	250,000.00	0	0	0	1,000,000.00	Related to income
2022 Special funds for the reconstruction of the industrial base and the high-quality development of the manufacturing industry from the central finance (2022 年中央财政产业基础再造和制造业高质量发展专项资金示范)	27,965,416.69	9,828,500.00	0	4,609,789.46	0	33,184,127.23	Related to assets
National Science and Technology Major Special Project Subsidy Fund LZM009 (国家科技重大专项项目后补助资金 LZM009)	2,382,806.91	0	0	190,799.56	0	2,192,007.35	Related to assets
Funds for scientific and technological cooperation in Guangdong-Hong Kong-Macau (粤港澳科技合作资金)	0	300,000.00	0	0	0	300,000.00	Related to assets
Phase-II support fund for innovation and entrepreneurship teams in Zhuhai in 2019 (2019 年珠海市创新创业团队第二期资助资金)	0	8,000,000.00	0	0	0	8,000,000.00	Related to assets
Xiangzhou District actively responds to the impact of the epidemic and maintains stability, innovation drives technology industry project (香洲区积极应对和疫情影响保稳创新驱动科技工业分项)	1,644,800.00	0	0	0	0	1,644,800.00	Related to assets
Total	384,537,267.55	71,872,232.48	0	29,771,818.66	263,600.00	426,374,081.37	

Other descriptions:

Applicable N/A

35. 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	90,000,000.00	84,000,000.00
Total	90,000,000.00	84,000,000.00

36. Share capital

Applicable N/A

Unit: Yuan Currency: RMB

	Balance at the Beginning of the Period	Changes for the Period (+ -)					Balance at the End of the Period
		Issuance of new shares	Stock dividend	Conversion from capital reserve	Others	Subtotal	
I. Tradable shares subject to selling restrictions							
1. Domestic legal person shares	0	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0	0
II. Tradable shares							
1. Ordinary shares denominated in RMB	1,929,189,374	0	0	0	0	0	1,929,189,374
2. Domestically listed foreign shares	0	0	0	0	0	0	0
Tradable shares in aggregate	1,929,189,374	0	0	0	0	0	1,929,189,374
Total number of shares	1,929,189,374	0	0	0	0	0	1,929,189,374

37. Capital reserve

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
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Capital premium (Share premium)	2,221,682,284.77	0.00	64,111,240.69	2,157,571,044.08
Other capital reserve	122,010,931.22	34,634,929.57	0.00	156,645,860.79
Total	2,343,693,215.99	34,634,929.57	64,111,240.69	2,314,216,904.87

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

The decrease in capital premium was due to: 1. After the stock options are exercised, the difference between the tax deductible expenses according to tax regulations and the accrued expenses increases the income tax payable by RMB234,356.35, which decreased the share premium accordingly. 2. The Company's subsidiary, Livzon Group, repurchased shares, and the capital premium is reduced by RMB63,876,884.34 correspondingly.

The increase in other capital reserve was due to: 1. The Company and its subsidiary, Livzon Group, accrued share incentive expenses RMB28,752,796.67. 2. The Company's subsidiary, Livzon Group, made non-proportional capital contribution to an investee under equity accounting method that led to change in shareholding ratio and other equity, the capital reserve is increased by RMB1,706,551.56. 3. The repurchase by the Company's subsidiary, Livzon Group, caused the changes in the shareholding held by the Company and led to the change in other equity, the capital reserve is decreased by RMB4,175,581.34.

38. Treasury shares

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Repurchase of shares due to Share Ownership Scheme and Share Options Incentive Scheme	222,644,454.50	0.00	0.00	222,644,454.50
Repurchase of shares to be cancelled	124,532,106.79	369,959,019.79	0.00	494,491,126.58
Total	347,176,561.29	369,959,019.79	0.00	717,135,581.08

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

The increase in Treasury shares during the current period represents the total amount of funds used by the Company to repurchase 29,705,344 shares of the Company cumulatively through centralized bidding transactions.

39. Other comprehensive income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of The Period	For the Period					Balance at the End of the Period
		Amount before tax	Less: transferred to profit or loss in current year or retained earnings	Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently	16,979,631.87	-17,160,840.71	4,408,075.32	6,154,772.69	-11,322,857.19	-16,400,831.54	5,656,774.68
Other comprehensive income not reclassified to profit or loss under equity method	8,775,200.25	0.00	0.00	0.00	0.00	0.00	8,775,200.25

Changes in fair value of other equity instrument investments	8,204,431.61	-17,160,840.71	4,408,075.32	6,154,772.69	-11,322,857.19	-16,400,831.54	-3,118,425.57
II. Other comprehensive income that will be reclassified into profit or loss subsequently	-12,275,158.33	57,803,822.48	0.00	0.00	42,504,682.17	15,299,140.31	30,229,523.84
Including: Other comprehensive income that will be transferred to profit or loss under equity method	274,411.50	0.00	0.00	0.00	0.00	0.00	274,411.50
Translation difference of foreign currency financial statements	-12,549,569.84	57,803,822.48	0.00	0.00	42,504,682.17	15,299,140.31	29,955,112.33
Total of other comprehensive income	4,704,473.53	40,642,981.77	4,408,075.32	6,154,772.69	31,181,824.98	-1,101,691.23	35,886,298.52

40. Surplus reserve

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Statutory surplus reserve	693,451,984.13	0.00	0.00	693,451,984.13
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	734,766,581.50	0.00	0.00	734,766,581.50

41. Undistributed profits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Retained earnings in previous period before adjustments	8,456,643,326.82	7,223,644,166.22
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00
Opening balance of retained earnings after adjustments	8,456,643,326.82	7,223,644,166.22
Add: Net profit attributable to parent company for the current year	815,434,734.90	1,502,595,840.48
Gains from disposal of other equity instruments investment	1,973,645.20	101,906,354.19
Less: Appropriation of statutory surplus reserve	0.00	93,945,402.42
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation for dividends to ordinary shares	336,792,056.76	277,557,631.65
Dividend converted to share capital of ordinary shares	0.00	0.00
Closing balance of undistributed profits	8,937,259,650.16	8,456,643,326.82

42. Operating income and operating cost

(1) The information of operating income and operating cost

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
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	Income	Cost	Income	Cost
Primary operations	8,652,793,987.61	3,225,507,979.30	8,492,047,759.72	3,002,949,330.38
Other operations	66,947,611.62	47,912,247.73	72,897,525.83	51,443,372.82
Total	8,719,741,599.23	3,273,420,227.03	8,564,945,285.55	3,054,392,703.20

Other descriptions:

(2) Breakdown information of principal activities income

① Segregation by products

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Chemical pharmaceuticals	4,477,996,443.20	922,208,230.73	4,692,194,805.98	916,659,504.15
Chemical APIs and Intermediates	2,682,754,623.59	1,757,162,775.91	2,771,577,889.05	1,743,742,075.65
Traditional Chinese medicine	985,591,533.02	315,931,826.92	514,402,423.73	146,937,126.69
Biologics	113,409,489.23	59,602,491.18	107,058,620.30	8,426,569.04
Health care products	87,265,994.18	32,129,014.01	54,741,880.51	20,894,995.01
Diagnostic reagents and equipment	297,994,623.29	133,676,710.13	346,042,443.87	164,056,563.15
Others	6,493,224.41	4,376,527.62	0.00	0.00
Subtotal of pharmaceutical industry	8,651,505,930.92	3,225,087,576.49	8,486,018,063.45	3,000,716,833.69
Service industry	1,288,056.69	420,402.81	6,029,696.27	2,232,496.69
Total	8,652,793,987.61	3,225,507,979.30	8,492,047,759.72	3,002,949,330.38

② Segregation by operating location

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Domestic	7,274,024,825.06	2,345,678,968.90	6,974,358,565.54	2,065,054,349.09
Overseas	1,378,769,162.55	879,829,010.40	1,517,689,194.18	937,894,981.29
Total	8,652,793,987.61	3,225,507,979.30	8,492,047,759.72	3,002,949,330.38

③ Segregation by timing of revenue recognition

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Commodities (recognised at a point of time)	8,652,793,987.61	3,225,507,979.30	8,492,047,759.72	3,002,949,330.38
Total	8,652,793,987.61	3,225,507,979.30	8,492,047,759.72	3,002,949,330.38

④ Information of top five customers of business revenue

Period	Total operating income of the top five customers	Proportion to primary operating income in the period (%)
January to June 2023	804,489,272.38	9.30
January to June 2022	784,737,990.71	9.24

⑤ Segregation by other operations

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Sales of raw materials	16,840,657.33	11,419,476.82	32,752,345.84	20,358,443.93
Processing fees	931,674.96	787,254.35	1,336,854.96	546,940.37
Rental fees	6,337,567.62	951,349.22	5,928,780.42	930,025.57
Power fees	5,264,050.06	4,942,696.45	6,434,386.87	6,293,501.06
Others	37,573,661.65	29,811,470.89	26,445,157.74	23,314,461.89
Total	66,947,611.62	47,912,247.73	72,897,525.83	51,443,372.82

43. Taxes and surcharges

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban construction tax	43,298,169.40	40,929,152.73
Education surcharge	32,598,533.87	30,058,369.58
Property tax	13,997,948.34	11,993,989.59
Land use tax	5,285,696.16	5,195,628.85
Stamp duty and others	7,526,086.18	6,145,497.56
Total	102,706,433.95	94,322,638.31

Other descriptions:

The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

44. Selling expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Marketing and promotional expenses	2,076,537,470.48	2,183,934,600.06
Staff salaries	251,267,240.73	260,162,330.69
Entertainment and travel expenses	28,223,785.21	20,988,461.23
Conference fees	10,768,435.82	8,609,021.92
Others	32,266,297.96	38,675,378.55
Total	2,399,063,230.20	2,512,369,792.45

45. Administrative expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	183,700,164.99	276,280,216.68

Depreciation and amortization	59,970,975.61	52,062,021.03
Loss on suspension of operations	0.00	83,168,875.94
Shares incentive expenses	49,817,409.23	10,488,471.09
Advisory, consultancy and information disclosure fees	13,669,675.15	12,483,135.10
Quality project expenses	22,174,736.40	11,250,121.78
Office, entertainment and travelling expenses	26,242,650.31	22,601,820.05
Repair of utilities, transportation and miscellaneous expenses	18,490,663.47	16,250,836.91
Recruitment and staff training expenses	3,245,797.53	2,548,844.21
Others	57,555,822.63	42,693,969.14
Total	434,867,895.32	529,828,311.93

46. R&D expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material fees	108,389,222.80	146,857,218.55
Staff salaries	217,004,623.19	207,091,826.90
Shares incentive expenses	1,139,264.69	9,799,989.00
Testing fee	121,552,481.88	205,299,479.02
Depreciation and amortization	267,976,579.13	67,800,559.34
Others	49,104,388.07	70,584,005.63
Total	765,166,559.76	707,433,078.44

47. Finance expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	70,061,146.58	60,979,386.68
Interest income	-135,947,800.19	-117,501,999.50
Exchange (gains)/losses	-60,395,256.87	-77,672,355.34
Bank charges and others	3,694,323.10	3,793,920.49
Total	-122,587,587.38	-130,401,047.67

48. 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	29,702,173.89	33,869,358.52	Related to assets
Government grants	93,642,570.39	60,315,844.07	Related to income
Handling fees for tax withholding	2,579,796.37	3,025,074.11	
Tax refund on super-deduction	719.61	31,977.33	
Total	125,925,260.26	97,242,254.03	

Other descriptions:

For specific information on government grants, please refer to Note V. 61. Government grants for details.

49. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Investment income from financial assets held for trading during the holding period	356,166.62	306,527.56
Investment income from disposal of financial assets held for trading	-6,036,503.65	-3,456,991.56
Dividend income from other equity instrument investments	17,709,895.19	8,713,730.74
Long-term equity investments income under equity method	44,824,481.29	41,208,487.80
Investment income from disposal of long-term equity investments	0.00	4,242,404.46
Total	56,854,039.45	51,014,159.00

50. 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	-18,426,273.95	-89,596,630.72
Including: Debt instruments investment	9,573.79	13,515.95
Equity instruments investment	-13,003,336.17	-80,056,904.18
Derivative financial assets	-5,432,511.57	-9,553,242.49
Financial liabilities held for trading	-20,888,614.43	-5,882,906.43
Including: Derivative financial liabilities	-20,888,614.43	-5,882,906.43
Total	-39,314,888.38	-95,479,537.15

51. Credit impairment loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debts of accounts receivable	-20,935,155.87	-933,002.92
Bad debts of other receivables	-1,274,235.82	-1,872,437.91
Total	-22,209,391.69	-2,805,440.83

52. 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	-30,171,594.37	-27,834,495.93
III. Losses on impairment of long-term equity investments	0.00	0.00
IV. Losses on impairment of property	0.00	0.00
V. Losses on impairment of fixed assets	0.00	0.00
VI. Losses on impairment of project materials	0.00	0.00
VII. Losses on impairment of construction in progress	0.00	0.00
VIII. Losses on impairment of bearer biological assets	0.00	0.00
IX. Losses on impairment on oil and gas assets	0.00	0.00
X. Losses on impairment of intangible assets	0.00	0.00
XI. Losses on impairment of goodwill	0.00	0.00
XII. Others	0.00	0.00
Total	-30,171,594.37	-27,834,495.93

53. Gains on disposal of assets√Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Gain from disposal of fixed assets (“-” for Loss)	-342,359.46	-510,518.91
Gain from disposal of intangible assets (“-” for Loss)	0.00	0.00
Total	-342,359.46	-510,518.91

54. Non-operating income√Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Gain from retirement of non-current assets	463,655.86	774,200.18	463,655.86
Including: Gain from disposal of fixed assets	463,655.86	774,200.18	463,655.86
Income from scraps	475,611.19	1,368,658.80	475,611.19
Waiver of payables	185,479.70	651,801.74	185,479.70
Compensation income	305,178.31	122,240.53	305,178.31
Others	327,525.12	1,554,013.63	327,525.12
Total	1,757,450.18	4,470,914.88	1,757,450.18

Government grants included in current profit or loss

Applicable N/A**55. Non-operating expenses**√Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Loss on retirement of non-current assets	1,210,440.54	2,249,701.49	1,210,440.54
Including: Loss from disposal of fixed assets	1,210,440.54	2,249,701.49	1,210,440.54
Donation expenses	3,107,267.57	3,675,341.69	3,107,267.57
Others	3,052,320.30	816,563.67	3,052,320.30
Total	7,370,028.41	6,741,606.85	7,370,028.41

56. 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	304,266,559.25	357,374,828.74
Deferred income tax	20,396,502.85	-86,199,499.19
Total	324,663,062.10	271,175,329.55

(2) Reconciliation between income tax expenses and accounting profits

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period
Profit before tax	1,952,233,327.93
Income tax expenses calculated at statutory (or applicable) tax rates	488,058,331.98
Impact from tax preferential rate in certain subsidiaries	-539,309.30
Effect of tax reduction and exemption	-257,591,017.66
Effect of non-deductible costs, expenses and losses	3,144,882.49
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-75,126.10
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	100,280,827.03
Others	-8,615,526.34
Income tax expenses	324,663,062.10

Other descriptions:

Applicable N/A

57. Notes to cash flows statement

(1) Other cash received relating to operating activities

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants	166,304,476.76	135,472,208.17
Interest income	132,299,641.10	99,798,243.58
Security deposits	1,333,286.78	18,200,506.40
Current accounts and others	89,242,513.12	66,595,926.72

Total	389,179,917.76	320,066,884.87
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(2) Other cash paid relating to operating activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Business promotion expenses	2,238,980,138.14	2,410,016,519.70
Research and development expenses	278,035,606.39	314,240,104.94
Bank charges	3,454,431.81	3,538,284.90
Letter of credit and bank acceptance bill deposit, etc.	628,328.60	1,164,843.92
current accounts and others	271,627,636.18	10,960,309.52
Other expenses paid	29,937,482.42	279,038,419.08
Total	2,822,663,623.54	3,018,958,482.06

(3) Other cash received relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Tiantong Securities bankruptcy distribution	0.00	158,470.77
Security deposits	135,238.13	6,825,715.78
Compensation for demolition	6,000,000.00	6,000,000.00
Time deposits	291,590,000.00	0.00
Total	297,725,238.13	12,984,186.55

(4) Other cash paid relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Security deposits	633,989.87	5,303,620.21
Foreign exchange forward contract losses	14,627,360.90	10,091,161.61
Time deposits	200,000,000.00	0.00
Others	0.00	150.00
Total	215,261,350.77	15,394,931.82

(5) Other cash received relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bill discounting	20,000,000.00	0.00
Collection and advance payment of individual income tax	0.00	3,124,846.38
Total	20,000,000.00	3,124,846.38

(6) Other cash paid relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Repurchase of shares	512,626,059.45	520,433,907.64
Discount bill redemption	120,415,088.50	0.00
Rent	15,457,825.06	16,902,285.66
Collection and advance payment of individual income tax	14,362.22	1,237,210.80
Others	743,288.72	0.00
Total	649,256,623.95	538,573,404.10

58. Supplemental to cash flow statement

(1) Supplemental to cash flow statement

√Applicable □N/A

Unit: Yuan Currency: RMB

Supplemental information	For the Period	For the Previous Period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,627,570,265.83	1,545,180,207.58
Add: Assets impairment loss	30,171,594.37	27,834,495.93
Credit impairment loss	22,209,391.69	2,805,440.83
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	328,414,531.00	297,357,229.58
Amortization of right-of-use assets	15,820,079.48	16,158,894.05
Amortization of intangible assets	234,376,440.79	29,104,955.65
Long-term prepaid expenses amortization	52,111,674.42	24,818,590.37
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	342,359.46	510,518.91
Loss on retirement of fixed assets (Gain as in "-")	746,784.68	1,475,501.31
Losses on changes in fair value (Gain as in "-")	39,314,888.38	95,479,537.15
Financial expenses (Gain as in "-")	29,379,861.81	4,262,214.38
Investment losses (Gain as in "-")	-56,854,039.45	-51,014,159.00
Decrease in deferred tax assets (Increase as in "-")	19,022,256.19	-84,323,187.15
Increase in deferred tax liabilities (Decrease as in "-")	1,374,246.66	-1,876,312.04
Decrease in inventories (Increase as in "-")	-318,716,893.25	-201,059,238.14
Decrease in operating receivables (Increase as in "-")	814,112,912.19	559,085,768.30
Increase in operating payables (Decrease as in "-")	-1,633,858,286.87	-393,594,247.88
Others	51,669,618.16	30,747,014.96
Net cash flows from operating activities	1,257,207,685.54	1,902,953,224.79
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital	0.00	0.00
Convertible bonds mature within one year	0.00	0.00
Newly added use right assets in the current period	14,230,427.76	0.00
3. Net increase/(decrease) in cash and cash equivalents:		

Cash and bank balance as at end of period	14,104,668,401.83	12,615,780,742.32
Less: cash and bank balance at beginning of period	14,178,465,686.40	11,697,518,141.18
Add: cash equivalents at end of period	0.00	0.00
Less: cash equivalents at beginning of period	0.00	0.00
Net increase in cash and cash equivalents	-73,797,284.57	918,262,601.14

(2) Net cash paid for acquisition of subsidiaries during the period

√Applicable □N/A

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid during the Period for business combinations in the Period	
Including: Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	22,500,000.00
Less: Cash and cash equivalents held by subsidiaries on the acquisition date	
Including: Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	38,048.41
Add: Cash or cash equivalents paid during the Period for business combinations in previous periods	
Including: Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	
Net cash paid on the acquisition of subsidiaries	22,461,951.59

(3). Net cash received from disposal of subsidiaries during the period

□Applicable √N/A

(4). Details of cash and cash equivalents

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
I. Cash	14,104,668,401.83	14,178,465,686.40
Including: Cash on hand	410,711.67	231,883.95
Cash at bank readily available for payment	14,088,001,753.69	14,164,236,988.28
Other monetary fund readily available for payment	16,255,936.47	13,996,814.17
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	14,104,668,401.83	14,178,465,686.40

Other descriptions:

√Applicable □N/A

Cash and cash equivalents do not include any cash and cash equivalents that are restricted in use.

59. Ownership or using rights of assets subject to restriction

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying value at period end	Reason of restriction
Other monetary funds	3,713,052.25	Security deposits of letters of credit, bank acceptance bills

		and forward settlement
Notes receivable	530,641,682.69	Bills pool business, pledge notes receivable
Total	534,354,734.94	/

60. Items in foreign currencies

(1). Items in foreign currencies

Applicable N/A

Unit: Yuan

Item	Balance in foreign currency at year end	Conversion rate	Equivalent RMB balance at year end
Cash and bank balances			
Including: HKD	1,155,062,479.39	0.92198	1,064,944,504.75
EUR	94,230.96	7.8771	742,266.70
USD	238,326,165.22	7.2258	1,722,097,204.65
MOP	6,391,169.00	0.8997	5,750,134.75
JPY	301,142,397.00	0.050094	15,085,427.24
GBP	1,690.10	9.1432	15,452.92
Accounts receivable			
Including: USD	75,882,763.03	7.2258	548,313,669.11
MOP	166,738.45	0.8997	150,014.58
Dividend receivable			
Including: HKD	287,100.00	0.92198	264,700.46
Other receivables			
Including: HKD	2,268,906.00	0.92198	2,091,885.96
MOP	179,548.00	0.8997	161,539.34
Other current assets			
Including: USD	13,696,849.00	7.2258	98,970,691.50
Short-term loans			
Including: USD	13,696,849.00	7.2258	98,970,691.50
Accounts payable			
Including: USD	126,001.27	7.2258	910,459.98
EUR	5,665.41	7.8771	44,627.00
JPY	195,820,821.22	0.050094	9,809,448.22
Dividends payable			
Including: HKD	255,415,684.50	0.92198	235,488,152.80
Other payables			
Including: HKD	2,700,522.79	0.92198	2,489,828.00
USD	3,760,505.65	7.2258	27,172,661.73

(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

61. 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	29,702,173.89	Other income	29,702,173.89
Related to income	93,642,570.39	Other income	93,642,570.39

(2) Return of government grants

□Applicable √N/A

Other descriptions

(1). Government grants recorded as deferred income and measured at gross amount method subsequently

Projects with grants	Category	Beginning balance	Additions in the period	Charged to Non-operating	Transfer to other income	Other movement	Closing balance	Item presented in income statement	Related to assets/ Related to income
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020 年度上海市专业技术平台能力提升项目立项)	Financial allocation	1,000,000.00	0	0	1,000,000.00	0	0	Other income	Related to assets
Research on Common Co-construction Technology of Pharmaceutical Inhalation Preparations (开发区财政局拨款创业领军人才项目: 药品吸入制剂共性共建技术的研究)	Financial allocation	4,800,000.00	0	0	0	0	4,800,000.00	Other income	Related to assets
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	Financial allocation	2,158,333.29	0	0	175,000.02	0	1,983,333.27	Other income	Related to assets
High-growth small and micro innovation enterprises (高成长小微科创企业)	Financial allocation	400,000.00	0	0	0	0	400,000.00	Other income	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	Financial allocation	4,278,000.00	0	0	442,200.00	0	3,835,800.00	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)	Financial allocation	1,885,450.00	0	0	808,050.00	0	1,077,400.00	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)	Financial allocation	1,550,000.00	0	0	50,000.00	0	1,500,000.00	Other income	Related to assets

服务平台项目人才经费)									
R&D of active substances with bone and joint repair and health care functions(具有骨关节修复与保健功能的活性物质研发)	Financial allocation	837,943.68	0	0	59,853.12	0	778,090.56	Other income	Related to assets
Science and technology help the economy key special projects (科技助力经济重点专项)	Financial allocation	500,000.00	0	0	500,000.00	0	0	Other income	Related to assets
Leulu total sterone project (漏芦总甾酮项目)	Financial allocation	2,500,000.00	0	0	0	0	2,500,000.00	Other income	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动泡罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	Financial allocation	685,666.62	0	0	121,000.02	0	564,666.60	Other income	Related to assets
City Service Development Special (市服务发展专项)	Financial allocation	800,000.00	0	0	0	0	800,000.00	Other income	Related to assets
Government funding for small molecule peptide project (财政拨款用于小分子肽项目)	Financial allocation	239,999.76	0	0	40,000.02	0	199,999.74	Other income	Related to assets
Innovation coupon (Jingjin filter press equipment) (创新券(景津压滤设备))	Financial allocation	153,332.75	0	0	0	0	153,332.75	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)	Financial allocation	3,625,000.00	0	0	0	0	3,625,000.00	Other income	Related to assets
Glucocorticoid inhalation suspension project (糖皮质激素混悬液项目)	Financial allocation	7,200,000.00	0	0	0	0	7,200,000.00	Other income	Related to assets
Return of land holding tax (土地使用税返还)	Financial allocation	3,460,631.62	0	0	703,111.26	0	2,757,520.36	Other income	Related to assets
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金支持)	Financial allocation	1,804,713.72	0	0	28,198.68	0	1,776,515.04	Other income	Related to assets
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Financial allocation	20,908,374.88	0	0	920,106.30	0	19,988,268.58	Other income	Related to assets
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	Financial allocation	1,680,000.00	0	0	0	0	1,680,000.00	Other income	Related to assets
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	Financial allocation	39,522,162.26	0	0	0	0	39,522,162.26	Other income	Related to assets
Zhimu total sapogenin project (知母总皂甙元项目)	Financial allocation	8,900,000.00	0	0	0	0	8,900,000.00	Other income	Related to assets
Patent funding (专利资助)	Financial allocation	200,000.00	0	0	0	0	200,000.00	Other income	Related to assets
Shenzhen Sponge City Construction Fund Award* Shenzhen Water Affairs Bureau (深圳市海绵城市建设	Financial allocation	760,947.20	0	0	22,380.78	0	738,566.42	Other income	Related to assets

资金奖励*深圳市水务局)									
Atmospheric environmental quality improvement subsidy (大气环境质量提升补贴资金)	Financial allocation	157,915.02	0	0	10,766.94	0	147,148.08	Other income	Related to assets
Technology giant (科技小巨人)	Financial allocation	1,200,000.00	0	0	1,200,000.00	0	0	Other income	Related to assets
First application for corporate postdoctoral project research funding (首次申请企业博士后项目研究资助)	Financial allocation	120,000.00	0	0	0	0	120,000.00	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)	Financial allocation	11,168,166.21	0	0	2,455,000.02	0	8,713,166.19	Other income	Related to assets
Strategic emerging industries in 2014 (sustained release microspheres) (2014 年战略性新兴产业 (缓释微球))	Financial allocation	16,700,000.00	0	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)	Financial allocation	12,550,000.00	0	0	0	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))	Financial allocation	18,314,195.60	0	0	1,202,654.94	0	17,111,540.66	Other income	Related to assets
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Financial allocation	2,400,000.00	0	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)	Financial allocation	1,135,750.00	0	0	115,500.00	0	1,020,250.00	Other income	Related to assets
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Financial allocation	880,000.18	0	0	79,999.98	0	800,000.20	Other income	Related to assets
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	29,485,857.65	0	0	5,280,044.64	183,600.00	24,022,213.01	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	1,353,499.35	0	0	551,000.04	0	802,499.31	Other income	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	Financial allocation	2,299,785.26	0	0	190,182.90	0	2,109,602.36	Other income	Related to assets
Technical transformation project	Financial allocation	11,852,941.22	0	0	1,911,764.70	0	9,941,176.52	Other income	Related to assets

of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液技改项目)									
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	4,329,992.36	0	0	564,781.68	0	3,765,210.68	Other income	Related to assets
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	5,576,302.33	0	0	891,684.24	0	4,684,618.09	Other income	Related to assets
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects (Energy-saving and emission reduction projects (节能减排项目 配电变压器能效提升))	Financial allocation	332,000.00	0	0	24,000.00	0	308,000.00	Other income	Related to assets
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	Financial allocation	1,710,833.60	240,000.00	0	28,999.92	0	1,921,833.68	Other income	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设 (抗体药物实验室))	Financial allocation	4,288,140.60	0	0	222,877.68	0	4,065,262.92	Other income	Related to assets
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设 (抗体药物实验室))	Financial allocation	159,691.94	0	0	37,665.18	0	122,026.76	Other income	Related to income
Achievement transfer of blood screening (BCI) nucleic acid detection testing (血液筛查 (BCI) 核酸检测试剂成果转化)	Financial allocation	3,329,659.71	0	0	0	0	3,329,659.71	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)	Financial allocation	357,142.96	0	0	53,571.42	0	303,571.54	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	2,200,000.00	0	0	0	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)	Financial allocation	63,891.00	0	0	12,770.42	0	51,120.58	Other income	Related to income
Commissioner workstation (特派员工作站)	Financial allocation	25,000.00	0	0	25,000.00	0	0	Other income	Related to assets

Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	1,287,500.01	0	0	579,000.00	0	708,500.01	Other income	Related to assets
Government grant for industrial transformation (工业转型政府扶持资金)	Financial allocation	108,333.83	0	0	83,333.44	0	25,000.39	Other income	Related to assets
New industrialization development grant (新型工业化发展奖金)	Financial allocation	5,035,866.34	0	0	191,666.54	0	4,844,199.80	Other income	Related to assets
Policy fund for leading industrial enterprises loan Interests (工业龙头企业贷款贴息政策资金)	Financial allocation	166,666.53	0	0	100,000.02	0	66,666.51	Other income	Related to assets
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Financial allocation	200,000.24	0	0	49,999.98	0	150,000.26	Other income	Related to assets
Capital project for innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	Financial allocation	11,750,000.00	0	0	0	0	11,750,000.00	Other income	Related to assets
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020年度珠海市创新创业团队(纳米晶))	Financial allocation	5,000,000.00	0	0	0	0	5,000,000.00	Other income	Related to assets
Application of artificial intelligence in triptorelin long-acting microsphere preparation (人工智能在曲普瑞林长效微球制剂中的应用)	Financial allocation	0	0	0	-80,000.00	0	80,000.00	Other income	Related to income
Key projects of industrial core and key technologies of Zhuhai (Ryanodex) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	Financial allocation	3,000,000.00	0	0	3,000,000.00	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)	Financial allocation	2,920,000.00	0	0	365,000.00	0	2,555,000.00	Other income	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch) (珠海市产业核心和关键技术攻关方向项目资金(第二批))	Financial allocation	2,000,000.00	0	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)	Financial allocation	2,280,000.00	0	0	120,000.00	0	2,160,000.00	Other income	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	Financial allocation	1,533,100.00	0	0	0	0	1,533,100.00	Other income	Related to assets
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	Financial allocation	585,000.00	0	0	45,000.00	0	540,000.00	Other income	Related to assets

Cleaner Production Audit Project (清洁生产审核项目)	Financial allocation	170,000.12	0	0	4,999.98	0	165,000.14	Other income	Related to assets
Green factory (绿色工厂)	Financial allocation	1,001,666.75	0	0	64,999.98	0	936,666.77	Other income	Related to assets
HCG project construction (HCG 项目建设)	Financial allocation	2,992,185.88	0	0	197,824.98	0	2,794,360.90	Other income	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	Financial allocation	56,209.88	0	0	4,015.02	0	52,194.86	Other income	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒促性素研发及产业化)	Financial allocation	987,500.00	0	0	75,000.00	0	912,500.00	Other income	Related to assets
Development and Industrialization of Cyclosporin Self-emulsifying Soft Capsules with High Technology Barriers (高技术屏障的环孢素自乳化软胶囊制剂的开发及产业化研究)	Financial allocation	786,000.00	0	0	28,000.00	80,000.00	678,000.00	Other income	Related to assets
Project on the building of scale production capability on Recombinant SARS-CoV-2 Fusion Protein Vaccine (V-01) (重组新型冠状病毒融合蛋白疫苗 (V-01) 规模化生产能力建设项目)	Financial allocation	0	22,921,500.00	0	238,765.63	0	22,682,734.37	Other income	Related to assets
Special Fund for Foreign Economic and Trade Development (外经贸发展专项资金)	Financial allocation	0	32,232.48	0	0	0	32,232.48	Other income	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug R&D Enterprises (广东省特色药物研发企业重点实验室)	Financial allocation	941,666.69	300,000.00	0	54,999.98	0	1,186,666.71	Other income	Related to assets
Subsidies for online monitoring equipment and installations of coalfired boilers (燃煤锅炉在线监控设备装置补助资金)	Financial allocation	60,000.00	0	0	11,250.00	0	48,750.00	Other income	Related to assets
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化) 资金)	Financial allocation	53,916.31	0	0	0	0	53,916.31	Other income	Related to assets
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019 年度第一批科技创新专项资金立项配套资助)	Financial allocation	600,000.00	0	0	0	0	600,000.00	Other income	Related to assets
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019 年度省产业创新 (省级企业技术中心) 项目)	Financial allocation	79,229.73	0	0	0	0	79,229.73	Other income	Related to assets

Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	Financial allocation	4,089,721.57	0	0	0	0	4,089,721.57	Other income	Related to assets
Xiangzhou District equipment purchase subsidy supporting funds (Special funds for epidemic prevention and control) (香洲区采购设备补贴扶持资金 (疫情防控专项资金))	Financial allocation	9,150.21	0	0	0	0	9,150.21	Other income	Related to assets
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I funds (珠海市创新创业团队和高层次人才创业项目首期资金)	Financial allocation	12,000,000.00	0	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)	Financial allocation	50,000,000.00	30,000,000.00	0	0	0	80,000,000.00	Other income	Related to assets
Environmental protection bureau RTO project special funds (环保局 RTO 项目资金)	Financial allocation	159,999.92	0	0	10,000.02	0	149,999.90	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)	Financial allocation	99,209.17	0	0	99,209.17	0	0	Other income	Related to income
R&D and demonstration of key technologies for the development and utilization of swim bladder (golden oyster) marine traditional Chinese medicine resources (鱼鳔(黄金鲍) 海洋中药资源开发与利用关键技术研发与示范)	Financial allocation	750,000.00	250,000.00	0	0	0	1,000,000.00	Other income	Related to income
2022 Special funds for the reconstruction of the industrial base and the high-quality development of the manufacturing industry from the central finance (2022 年中央财政产业基础再造和制造业高质量发展专项资金示范)	Financial allocation	27,965,416.69	9,828,500.00	0	4,609,789.46	0	33,184,127.23	Other income	Related to assets
National Science and Technology Major Special Project Subsidy Fund LZM009 (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	2,382,806.91	0	0	190,799.56	0	2,192,007.35	Other income	Related to assets
Funds for scientific and technological cooperation in Guangdong-Hong Kong-Macau (粤港澳科技合作资金)	Financial allocation	0	300,000.00	0	0	0	300,000.00	Other income	Related to assets
Phase-II support fund for innovation and entrepreneurship teams in Zhuhai in 2019 (2019	Financial allocation	0	8,000,000.00	0	0	0	8,000,000.00	Other income	Related to assets

年珠海市创新创业团队第二期资助资金)									
Xiangzhou District actively responds to the impact of the epidemic and maintains stability, innovation drives technology industry project (香洲区积极应对和疫情影响保稳创新驱动科技工业分项)	Financial allocation	1,644,800.00	0	0	0	0	1,644,800.00	Other income	Related to assets
Total		384,537,267.55	71,872,232.48	0	29,771,818.66	263,600.00	426,374,081.37		

(2). Government grants recognized in income for the period by gross method

Projects with grants	Category	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Job stabilization subsidy (稳岗补贴)	Financial allocation	577,232.17	350,819.74	Other income	Related to income
Maternity benefits (生育津贴)	Financial allocation	278,357.04	559,167.10	Other income	Related to income
Talent quality improvement project (人才素质提升工程项目款)	Financial allocation	100,000.00	0	Other income	Related to income
2022 High-tech Enterprise Cultivation Funding (2022 年高新技术企业培育资助)	Financial allocation	1,000,000.00	0	Other income	Related to income
Water Saving Carrier Incentive Fund (节水载体奖励资金)	Financial allocation	153,203.50	0	Other income	Related to income
2022 Industrial "Carbon Peak" Subsidy (2022 年工业"碳达峰"补贴)	Financial allocation	100,000.00	0	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)	Financial allocation	808,050.00	808,050.00	Other income	Related to assets
Industrial Development Fund (Green Factory) Project Funding (产业发展资金(绿色工厂)项目资助经费)	Financial allocation	200,000.00	0	Other income	Related to income
Expansion and improve efficiency (扩产增效)	Financial allocation	620,000.00	2,840,000.00	Other income	Related to income
Production line project funding (生产线项目资助)	Financial allocation	2,045,300.00	0	Other income	Related to income
Project funding for enterprises that meet the standards for value-added growth (增加值增速达标企业项目资助)	Financial allocation	1,145,100.00	0	Other income	Related to income
Insurance premium subsidy for export (出口用保险保费资助款)	Financial allocation	1,020,497.00	160,000.00	Other income	Related to income
Major special project injection lipid research funding (重大专项项目注射脂质研究经费)	Financial allocation	500,000.00	0	Other income	Related to assets
China Patent Award Supporting Award (中国专利奖配套奖)	Financial allocation	200,000.00	0	Other income	Related to income
Carbon Peak work pilot demonstration project funding ("碳达峰"工作试点示范项目资助款)	Financial allocation	500,000.00	0	Other income	Related to income
Industrial development funds in Yantian District (盐田区产业发展基金)	Financial allocation	0	1,574,275.12	Other income	Related to income
2020 Enterprise R&D Financial Subsidy Special Subsidy Fund District Matching Fund (2020 年企业研发财政补助专项补助资金区配套资金)	Financial allocation	1,400,000.00	280,000.00	Other income	Related to income

Funds to support business development (扶持企业发展资金)	Financial allocation	1,503,000.00	1,200,000.00	Other income	Related to income
Return of land holding tax (土地使用税返还)	Financial allocation	703,111.26	703,111.26	Other income	Related to assets
Second tranche of high-level subsidies (40%) in 2019 (2019年认定高企补贴第二笔(40%))	Financial allocation	400,000.00	0	Other income	Related to income
Funding for pilot demonstration projects of industrial carbon peaking work (工业碳达峰工作试点示范项目资助款)	Financial allocation	100,000.00	0	Other income	Related to income
Government Subsidy of Special Fund for Scientific and Technological Innovation (科技创新专项资金政府补助)	Financial allocation	0	863,994.00	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)	Financial allocation	0	1,150,000.00	Other income	Related to income
“Specialized and new” subsidy (“专精特新”补贴)	Financial allocation	0	300,000.00	Other income	Related to income
Support plan on technological innovation projects (技术创新项目扶持计划)	Financial allocation	0	2,000,000.00	Other income	Related to income
Government incentive funds for full-load production of industrial above designated scale (规模以上工业满负荷生产财政奖励资金)	Financial allocation	0	200,000.00	Other income	Related to income
Demonstration project on the preparation of marine mollusk kinetic protein and its application (海洋软体动物功能蛋白肽制备及其应用示范项目)	Financial allocation	0	442,200.00	Other income	Related to assets
Special support plan on promoting the high-quality development of life technology industries in Nanshan District (南山区促进生命科技相关产业高质量发展专项支持计划)	Financial allocation	0	1,000,000.00	Other income	Related to income
Science and technology help the economy key special projects (科技助力经济重点专项)	Financial allocation	0	500,000.00	Other income	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020年度上海市专业技术平台能力提升项目立项)	Financial allocation	0	1,000,000.00	Other income	Related to assets
2022 Shanghai Technology giant (2022年上海科技小巨人)	Financial allocation	0	1,200,000.00	Other income	Related to assets
Incentive funds for high-quality development of industries in Jiaozuo in 2023 (2023年焦作市工业高质量发展奖励奖金)	Financial allocation	0	250,000.00	Other income	Related to income
Special support for market access of drugs and medical devices (药品和医疗器械市场准入专项扶持)	Financial allocation	0	736,044.78	Other income	Related to income
Support program on upgrading of industrialization technology (产业化技术升级资助项目)	Financial allocation	0	665,900.00	Other income	Related to income
Green and low-carbon development of enterprises (企业绿色低碳发展)	Financial allocation	0	300,000.00	Other income	Related to income

“Specialized and new” Enterprise reward projects (“专精特新”企业奖励项目)	Financial allocation	0	300,000.00	Other income	Related to income
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Financial allocation	0	920,106.30	Other income	Related to assets
Export credit insurance subsidy (出口信保补贴)	Financial allocation	1,110,960.80	751,524.46	Other income	Related to income
R&D subsidy (研究开发费补助)	Financial allocation	950,440.00	70,300.00	Other income	Related to income
Research and development funds for new drug for Class I Treatment of Necrosis Factor in Human Tumour from Human Source (I类治疗人源化抗人肿瘤坏死因子α单克隆抗体新药的研制资金)	Financial allocation	5,924,000.00	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)	Financial allocation	1,202,654.94	1,202,654.94	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Financial allocation	16,265,800.32	2,455,000.02	Other income	Related to assets
Fiscal Subsidy and Operating Subsidy (财政补贴及经营运营补贴)	Financial allocation	21,859,039.00	42,998,690.80	Other income	Related to income
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	5,280,044.64	5,280,044.64	Other income	Related to assets
Import discount and supporting funds (进口贴息及配套资金)	Financial allocation	211,356.00	0	Other income	Related to income
Promoting Imports of Foreign Trade Development Special Fund (外贸经济发展专项资金)	Financial allocation	1,230,271.00	190,505.51	Other income	Related to income
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋(参芪扶正注射液)技改项目)	Financial allocation	1,911,764.70	1,911,764.70	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	551,000.04	551,000.04	Other income	Related to assets
Subsidies for high and new technology enterprises and high and new technology products (高新技术企业及高新技术产品项目补贴)	Financial allocation	100,000.00	418,004.00	Other income	Related to income
Funds for market exploration by SMEs (中小企业开拓市场项目资金)	Financial allocation	0	2,139,156.30	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	3,687,400.00	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)	Financial allocation	1,257,556.68	1,257,556.68	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	1,140,000.00	-100,000.00	Other income	Related to income
Patent (Intellectual Property) Support Fund (专利(知识产权)资助资金)	Financial allocation	0	457,096.00	Other income	Related to income
Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	579,000.00	579,000.00	Other income	Related to assets

Employment Assurance and Re-employment and Attraction to Graduates of Tertiary Academic Institutions Subsidy (企业稳岗及再就业和吸纳高校毕业生补贴款)	Financial allocation	1,690,234.86	398,303.65	Other income	Related to income
Enterprise Technology Center Innovation Capacity Development (Antibody Laboratory) 企业技术中心创新能力建设(抗体药物实验室)	Financial allocation	222,877.68	222,877.68	Other income	Related to assets
Special fund from the Ministry of Industry and Information Technology (工业和信息化专项资金)	Financial allocation	0	223,500.00	Other income	Related to income
Supporting subsidy for "Talents Plan" and subsidy for talents introduction and cultivation ("人才计划"配套补贴及引才育才补贴)	Financial allocation	583,774.23	638,700.00	Other income	Related to income
Rewards for the integration of informatization and industrialization (两化融合奖励)	Financial allocation	500,000.00	0	Other income	Related to income
Special funds for key leading enterprises in the 13th Five-Year Plan (2019) (十三五重点领军企业专项资金(2019年))	Financial allocation	5,503,400.00	8,501,100.00	Other income	Related to income
Special capital replenishment for industrial enterprise Restructuring (工业企业结构调整专项资金)	Financial allocation	1,000,000.00	0	Other income	Related to income
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Financial allocation	0	4,609,789.46	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)	Financial allocation	0	11,837,821.00	Other income	Related to income
"Specialized and new" subsidy ("专精特新"补贴)	Financial allocation	950,000.00	300,000.00	Other income	Related to income
National special funds for foreign trade in 2020 appropriated by the Department of Science and Technology of Guangdong Province (广东省科学技术厅拨来2020年度国家外专款)	Financial allocation	741,000.00	0	Other income	Related to income
Hengqin Guangdong-Macao Deep Cooperation Zone Factory Rental Subsidy (横琴粤澳深度合作区厂房租金补贴)	Financial allocation	345,012.00	0	Other income	Related to income
National Science and Technology Major Special Project Subsidy Fund LZM009 (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	2,171,293.53	190,799.56	Other income	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Financial allocation	365,000.00	365,000.00	Other income	Related to assets
Key projects of industrial core and key technologies of Zhuhai (Dantrolene) (珠海市产业核心和关键技术攻关方向项目(丹曲林钠))	Financial allocation	0	3,000,000.00	Other income	Related to assets
Project funds for promoting the development of the biomedical industry (促进生物医药产业发展用途项目资金)	Financial allocation	0	9,415,420.00	Other income	Related to income

Application of artificial intelligence in triptorelin long-acting microsphere preparation (人工智能在曲普瑞林长效微球制剂中的应用)	Financial allocation	0	-479,813.48	Other income	Related to income
Others	Financial allocation	2,051,204.73	2,503,218.61	Other income	Related to assets
Others	Financial allocation	1,446,266.47	1,152,061.41	Other income	Related to income
Total		94,185,202.59	123,344,744.28		

VI. Change to Consolidation Scope

1. Business combination not involving enterprises under common control

Applicable N/A

2. Business combination involving enterprises under common control

Applicable N/A

3. Reverse purchase

Applicable N/A

4. Disposal of subsidiaries

Was there any circumstance under which a single disposal of the investment in subsidiaries will lose control

Applicable N/A

Other descriptions:

Applicable N/A

5. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

Applicable N/A

Change to scope of consolidation in the subsidiary Livzon Group

(1) Business combination involving enterprises not under common control

① Business combination involving enterprises not under common control during the Period

Name of acquiree	Time of obtaining equity	Cost of obtaining equity	Proportion of equity obtained	Method of obtaining equity	Purchase date	Basis for determining purchase date	Revenue of acquiree from the purchase date to the end of the Period	Net profit of acquiree from the purchase date to the end of the Period
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	2023.3.6	25,000,000.00	100	Purchase	2023.3.6	Completion of asset delivery	483,018.86	-988,386.12

② Combination cost and goodwill

Item	Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.
Combination cost:	
Cash	25,000,000.00
Total combination cost	25,000,000.00
Less: Share of the fair value of identifiable net assets obtained	3,129,194.91
Goodwill	21,870,805.09

③ The purchaser can identify the assets and liabilities on the purchase date

Item	Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd.	
	Fair value at the purchase date	Book value at the purchase date
Assets		
Current assets	3,133,248.41	3,133,248.41
Non-current assets	1,454,117.80	1,454,117.80
Liabilities:		
Current liabilities	1,458,171.30	1,458,171.30
Net assets	3,129,194.91	3,129,194.91
Less: Minority interests		
Net assets acquired by consolidation	3,129,194.91	3,129,194.91

(2) Other changes

On 1 February 2023, the Company and Livzon Group established Lijian (Guangdong) Animal Healthcare Co., Ltd. (丽健(广东)动物保健有限公司) with a registered capital of RMB200 million, of which, Livzon Group contributed RMB102 million, accounting for 51% of its registered capital; and the Company contributed RMB98 million, accounting for 49% of its registered capital.

On 8 February 2023, the Company and Livzon Group established Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司) with a registered capital of RMB1,000 million, of which, Livzon Group contributed RMB600 million, accounting for 60% of its registered capital; and the Company contributed RMB400 million, accounting for 40% of its registered capital.

On 13 April 2023, Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd., a subsidiary of Livzon Group, and Livzon Group Limin Pharmaceutical Manufacturing Factory established Macau Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司) with a registered capital of MOP100,000, each of them accounting for 70% and 30% of its registered capital, respectively.

On 15 March 2023, Gongshan Livzon Pharmaceutical Technology Limited (贡山丽珠药源科技有限公司), a subsidiary of Livzon Group, was deregistered.

6. Others

Applicable N/A

VII Equity in Other Entities

1. Interests in subsidiaries

(1). Group structure

√Applicable □N/A

Name of subsidiary	Main operating location	Place of registration	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Topsino Industries Limited (Topsino Industries)	Hong Kong	Hong Kong	Business	100	0	Set-up by investment
Shenzhen Taitai Genomics Inc. Co., Ltd. (Taitai Genomics)	Shenzhen	Shenzhen	Industry	75	25	Set-up by investment
Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (Taitai Pharmaceutical)	Shenzhen	Shenzhen	Industry	100	0	Set-up by investment
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd.(BVI) *	The British Virgin Islands	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd. (CAYMAN ISLANDS)	Cayman Islands	Cayman Islands	Investment	0	100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd. (Xinxiang Haibin)	Henan Xinxiang	Henan Xinxiang	Industry	0	100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	Shenzhen	Investment	100	0	Set-up by investment
Jiaozuo Joincare Bio Technological Co., Ltd.(Jiaozuo Joincare)	Henan Jiaozuo	Henan Jiaozuo	Industry	75	25	Set-up by investment
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.(Shanghai Frontier)	Shanghai	Shanghai	Industry	65	0	Set-up by investment
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	Shenzhen	Industry	100	0	Set-up by investment
Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd.(Joincare Respiratory)	Guangzhou	Guangzhou	Industry	0	26	Set-up by investment
Guangdong Taitai Forensic Test Institute (Forensic Test)	Shenzhen	Shenzhen	Business	0	100	Set-up by investment
Joincare Haibin Pharmaceutical Co., Ltd (Joincare Haibin)	Shenzhen	Shenzhen	Industry	25	75	Set-up by investment
Shenzhen Haibin Pharmaceutical Co., Ltd. (Haibin Pharma)	Shenzhen	Shenzhen	Industry	97.87	2.13	Business combination not under common control
Joincare Daily-Use & Health Care Co., Ltd. (Joincare Daily-Use)	Shenzhen	Shenzhen	Business	80	20	Business combination not under common control
Health Pharmaceutical (China) Limited (Health China)	Zhuhai	Zhuhai	Industry	0	100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group) *Note 1	Zhuhai	Zhuhai	Industry	23.66	21.11	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	100	Business combination not under common control
Health Pharmaceutical Industry Company Limited	Hong Kong	Hong Kong	Investment	0	100	Business combination not under common control
Shenzhen Hiyeah Industry Co., Ltd (Hiyeah Industry)	Shenzhen	Shenzhen	Business	97.58	2.42	Business combination not under common control
Guangzhou Hiyeah Industry Co., Ltd.	Guangzhou	Guangzhou	Industry	0	100	Business combination not under common control
Zhongshan Renhe Health Products Co., Ltd.	Zhongshan	Zhongshan	Industry	0	100	Business combination not under common control
Shenzhen Jiekang Health Care Co., Ltd.	Shenzhen	Shenzhen	Industry	0	100	Business combination not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd. (Joincare Special medicine Food)	Shaoguan	Shaoguan	Industry	100	0	Set-up by investment

Name of subsidiary	Main operating location	Place of registration	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Henan Joincare Biomedical Research Institute Co., Ltd.	Jiaozuo	Jiaozuo	Industry	0	70.13	Set-up by investment
Jiaozuo Jianfeng Biotechnology Co., Ltd.	Jiaozuo	Jiaozuo	Industry	0	66.5	Set-up by investment

*Note 1: Invested subsidiaries of the Company controlled by Livzon Group

(1) Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) and the Company's subsidiary Livzon Group established Shanghai Liyu Biomedical Technology Co., Ltd. (上海丽予生物医药技术有限责任公司) on 30 March 2021. Livzon Group holds 55% of the shares and Shanghai Frontier Health Pharmaceutical Technology Co., Ltd holds 45%.

(2) On 1 February 2023, the Company and Livzon Group established Lijian (Guangdong) Animal Healthcare Co., Ltd. (丽健(广东)动物保健有限公司) with Livzon Group and the Company holding 51% and 49% of equity interests, respectively.

(3) On 8 February 2023, the Company and Joincare Pharmaceutical Group Industry Co., Ltd. established Lijian (Guangdong) Animal Healthcare Co., Ltd. (武汉康丽健康投资管理有限公司) with Livzon Group and the Company holding 60% and 40% of equity interests, respectively.

(4) Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司) is a subsidiary within the scope of Livzon Group's consolidation. It was originally 100% indirectly held by Livzon Group. Due to the restructuring of the shareholding structure of the subsidiary, Livzon Group holds 51% of its shares, the Company holds 33.07% of the shares, YFPharmab Limited holds 8.43% of the shares, and Hainan Lishengjuyuan Investment Partnership (Limited Partnership) (海南丽生聚源投资合伙企业(有限合伙)) holds 7.50%

Other descriptions:

Subsidiaries not included in the scope of consolidation in the current period:

Name of subsidiary	Registered Capital	Actual investment	Interest held
Guangzhou Hiyeah Industry Co., Ltd.	3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd.	500,000.00	500,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司), Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司), are wholly-owned subsidiaries of Shenzhen Hiyeah. They entered the liquidation process in 2008, and has been out of business for many years, and completed the tax cancellation procedures, so they were not included in the scope of the consolidated.

(2). Significant non-wholly owned subsidiaries

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding of minority interest	Profit or loss attributable to minority interest	Dividend paid to minority interest	Balance of minority interests at period end
Livzon Group	55.2266	626,584,628.11	817,351,995.09	7,407,755,714.92

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

Applicable N/A

Other descriptions:

Applicable N/A

(3). Principal financial information of significant non-wholly owned subsidiaries

Applicable N/A

Unit: 100,000,000 Yuan Currency: RMB

Name of subsidiary	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	179.27	77.99	257.26	82.39	32.37	114.76	169.87	78.78	248.65	73.97	25.32	99.29

Name of subsidiary	Current period				Prior Period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	66.90	11.74	11.77	12.27	63.03	11.18	11.51	14.26

(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts:

Applicable N/A

(5). Financial supports or other supports offered for the structured entities included in the scope of consolidated financial statements:

Applicable N/A

Other descriptions:

Applicable N/A

2. Changes in share of owners' equity in subsidiaries and still controls the subsidiaries

Applicable N/A

3. Interests in joint arrangements or associates

Applicable N/A

(1). Significant joint arrangements or associates

Applicable N/A

Unit: Yuan Currency: RMB

Name of joint arrangements or associates	Main operating location	Place of registration	Business nature	Shareholding(%)		Accounting treatment of joint investment
				Direct	Indirect	

Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Jiaozuo City, Henan Province	Jiaozuo City, Henan Province	Electricity production,	0.00	49	Equity method
Tianjin Tongrentang Group Co., Ltd.	Tianjin	Tianjin	Manufacture of medicine	0.00	40	Equity method

(2). Key financial information of significant joint arrangements

□Applicable √N/A

(3). Main financial information of significant associates

√Applicable □N/A

① Jinguan Electric Power

Unit: Yuan Currency: RMB

Item	Closing balance / Amount for the period	Beginning balance / Amount for the prior period
	Jinguan Electric Power	Jinguan Electric Power
Current assets	983,674,798.10	1,034,890,763.04
Including: Cash and cash equivalents	145,046,368.84	193,286,823.41
Non-current assets	293,533,049.66	274,836,800.49
Total assets	1,277,207,847.76	1,309,727,563.53
Current liabilities	694,019,787.24	734,194,376.70
Non-current liabilities	12,284,097.25	12,419,097.25
Total liabilities	706,303,884.49	746,613,473.95
Net assets	570,903,963.27	563,114,089.58
Including: Minority interests	0.00	0.00
Owners' equity attributable to parent company	570,903,963.27	563,114,089.58
Share of net assets calculated based on shareholding ratio	279,742,942.00	275,925,903.89
Adjustment items	9,603,504.56	9,612,591.63
Goodwill		
Unrealized profit on internal transactions		
Others	9,603,504.56	9,612,591.63
Carrying value of equity investment in associates	289,346,446.56	285,538,495.52
Fair value of publicly quoted equity investments of associates		
Operating income	425,894,049.32	545,919,608.69
Financial expenses	874,470.98	5,790,628.01
Income tax expenses	2,568,597.39	0.00
Net profit	7,789,873.69	1,656,551.92
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	7,789,873.69	1,656,551.92
Net cash flows from operating activities	-31,462,568.89	120,800,417.88
Dividends received from joint ventures in the current period		

②Tianjin Tongrentang Group Co., Ltd.

Item	Tianjin Tongrentang Group Co., Ltd.
	2023.6.30
Owners' equity attributable to parent company	591,654,692.05
Share of net assets by shareholding	236,661,876.82
Adjustments	
Including: Goodwill	498,457,683.68
Carrying value of equity investment in associates	735,119,560.50
Fair value of publicly quoted equity investments	

Continued:

Item	Tianjin Tongrentang Group Co., Ltd.
	Amount for the period
Operating income	577,306,842.17
Dividends received by the company from associates in the current period	0.00

Other descriptions:

√Applicable □N/A

The Company calculated share of assets by shareholding ratio based on the amount attributable to the parent company in the associates' consolidated financial statements. The amounts of associates on the consolidated financial statements take into account the fair value of net identifiable assets and liabilities of the associate when acquiring the investment and the effect of unifying accounting policies. The above data of Tianjin Tongrentang is based on the performance forecast.

(4). Summary of financial information of other insignificant associates

√Applicable □N/A

Unit: Yuan Currency: RMB

	Closing balance/ Current period	Beginning balance/Prior period
Associates:		
Total carrying amount of investment	405,711,908.91	389,448,001.30
The following amount are calculated on the basis of shareholding ratio		
Net profit	-7,562,749.17	-5,650,897.40
Other comprehensive income	0.00	0.00
Total comprehensive income	-7,562,749.17	-5,650,897.40

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the company

□Applicable √N/A

(6) Excess losses incurred by joint ventures or associates

□Applicable √N/A

(7) . Unconfirmed commitments related to joint venture investment

Applicable N/A

(8) . Contingent liabilities related to investments in joint ventures or associates

Applicable N/A

4. Important joint operations

Applicable N/A

5. Equity in structured entities not included in the scope of consolidated financial statements

Relevant descriptions of structured entities not included in the scope of consolidated financial statements:

Applicable N/A

6. Others

Applicable N/A

VIII. Risks Management of Financial Instruments

Applicable N/A

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

1. Management objectives and policies of risks

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

(1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar, Euro and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong

Kong dollars, U.S. dollar and Euro dollar. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

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

① As at 2023.06.30

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP
Financial assets in foreign currency —						
Cash and bank balances	1,064,944.50	1,722,097.20	742.27	15,085.43	15.45	5,750.13
Financial assets held for trading	75,320.98	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	548,313.67	0.00	0.00	0.00	150.01
Dividends receivable	264.70	0.00	0.00	0.00	0.00	0.00
Other receivables	2,091.89	0.00	0.00	0.00	0.00	161.54
Other current assets	0.00	98,970.69	0.00	0.00	0.00	0.00
Other equity instruments investment	441,193.91	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,583,815.98	2,369,381.56	742.27	15,085.43	15.45	6,061.69
Financial liabilities in foreign currency —	0.00	0.00	0.00	0.00	0.00	0.00
Accounts payable	0.00	910.46	44.63	9,809.45	0.00	0.00
Dividends payable	235,488.15	0.00	0.00	0.00	0.00	0.00
Other payables	2,489.83	27,172.66	0.00	0.00	0.00	0.00
Subtotal:	237,977.98	28,083.12	44.63	9,809.45	0.00	0.00

② As at 2022.12.31

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP	CHF
Financial assets in foreign currency —							
Cash and bank balances	689,008.76	1,795,183.72	702.84	18,052.98	16.29	4,272.78	0.00
Financial assets held for trading	87,193.75	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	498,180.41	0.00	0.00	0.00	1,097.96	0.00
Other receivables	2,849.00	0.15	0.00	0.00	0.00	504.53	0.00
Other current assets	0.00	92,815.74	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	524,464.51	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,303,516.02	2,386,180.02	702.84	18,052.98	16.29	5,875.27	0.00
Financial liabilities in foreign currency—							
Short-term loan	0.00	13,464.86	0.00	0.00	0.00	0.00	0.00
Accounts payable	0.00	3,569.18	42.05	14,627.29	0.00	0.00	141.89
Other payables	2,583.45	27,967.54	0.00	0.00	0.00	0.00	0.00
Subtotal:	2,583.45	45,001.58	42.05	14,627.29	0.00	0.00	141.89

As at 30 June 2023, in respect of the Company's financial assets and liabilities denominated in foreign currencies such as Hong Kong dollar, U.S. dollar, Euro dollar, Japanese Yen and Macau Pataca, should the value of RMB appreciate or depreciate by 5% against foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau Pataca, and other factors remain unchanged, the Company would be subject to an increase or decrease in profit of approximately RMB184,959.36 thousand (31 December 2022: approximately RMB182,597.36 thousand).

(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 exists. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivable of the Company, the accounts receivable of the top five customers accounted for 9.78% (31 December 2022: 11.98%); among the other receivables of the Company, the other receivables of the top five customers accounted for 35.74% (31 December 2022: 46.23%).

(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:

①As at 2023.06.30

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	14,459,790,383.84	0.00	0.00	0.00	14,459,790,383.84
Financial assets held for trading	90,560,120.03	0.00	0.00	0.00	90,560,120.03
Notes receivable	2,170,075,201.62	0.00	0.00	0.00	2,170,075,201.62
Accounts receivable	3,193,959,089.23	0.00	0.00	0.00	3,193,959,089.23
Other receivables	105,444,746.96	0.00	0.00	0.00	105,444,746.96
Non-current assets	111,489,549.76	0.00	0.00	0.00	111,489,549.76
Subtotal:	20,131,319,091.44	0.00	0.00	0.00	20,131,319,091.44
Financial liabilities:					
Short-term loans	2,126,000,000.00	0.00	0.00	0.00	2,126,000,000.00
Financial liabilities held for trading	21,644,248.86	0.00	0.00	0.00	21,644,248.86
Notes payable	1,729,003,530.95	0.00	0.00	0.00	1,729,003,530.95
Accounts payable	824,340,189.33	0.00	0.00	0.00	824,340,189.33
Other payables	4,070,004,397.43	0.00	0.00	0.00	4,070,004,397.43
Other current liabilities	83,440,368.95	0.00	0.00	0.00	83,440,368.95
Non-current liabilities due within one year	62,798,499.68	0.00	0.00	0.00	62,798,499.68
Lease liabilities	0.00	12,104,847.17	5,573,447.52	0.00	17,678,294.69
Long term loans	0.00	1,608,118,419.41	2,355,145,019.53	0.00	3,963,263,438.94
Subtotal:	8,917,231,235.20	1,620,223,266.58	2,360,718,467.05	0.00	12,898,172,968.83

②As at 2022.12.31

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	14,808,488,110.96	0.00	0.00	0.00	14,808,488,110.96
Financial assets held for trading	109,015,664.98	0.00	0.00	0.00	109,015,664.98
Notes receivable	1,959,985,016.85	0.00	0.00	0.00	1,959,985,016.85
Accounts receivable	3,103,758,850.15	0.00	0.00	0.00	3,103,758,850.15
Other receivables	52,535,740.14	0.00	0.00	0.00	52,535,740.14
Non-current assets	104,859,166.96	0.00	0.00	0.00	104,859,166.96
Subtotal:	20,138,642,550.04	0.00	0.00	0.00	20,138,642,550.04
Financial liabilities:					
Short-term loans	2,126,050,615.06	0.00	0.00	0.00	2,126,050,615.06
Financial liabilities held for trading	755,634.43	0.00	0.00	0.00	755,634.43
Notes payable	1,635,906,989.22	0.00	0.00	0.00	1,635,906,989.22
Accounts payable	943,905,580.91	0.00	0.00	0.00	943,905,580.91

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Other payables	3,680,334,360.88	0.00	0.00	0.00	3,680,334,360.88
Other current liabilities	83,541,891.93	0.00	0.00	0.00	83,541,891.93
Non-current liabilities due within one year	63,077,260.98	0.00	0.00	0.00	63,077,260.98
Lease liabilities	0.00	14,509,839.81	8,972,646.26	0.00	23,482,486.07
Long term loans	0.00	907,182,927.81	2,323,661,115.07	0.00	3,230,844,042.88
Subtotal:	8,533,572,333.41	921,692,767.62	2,332,633,761.33	0.00	11,787,898,862.36

2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets). On 30 June 2023, the Company's gearing ratio is 39.94% (31 December 2022: 38.37%).

3. Transfer of financial assets

(1). Financial assets which are transferred but have not been derecognised in their entirety

None.

(2). Financial assets which have been transferred and ceased to be recognised but still have involvement with the transferor

During the Period, the Bank discounted bank acceptance bills to the bank of RMB206,754,529.57 (previous period: RMB407,822,740.99). Since the principal risks and rewards, such as interest rate risks associated with these bank acceptance bills, have been transferred to the banks, the Company derecognizes discounted unmatured bank acceptance bills. According to the discount agreement, if the bank acceptance bills are not accepted when due, the bank has the right to require the Company to pay the outstanding balance. As a result, the Company continued to engage in discounted bank acceptance bills, which amounted to RMB153,755,208.00 (31 December 2022: RMB422,899,944.56) as at 30 June 2023.

As of 30 June 2023, the Company's carrying amounts of bank acceptance bills undue and endorsed to suppliers for settling account payables is RMB526,352,414.45 (31 December 2022: RMB542,620,475.62); the Company has no commercial acceptance bills undue and endorsed to suppliers for settling account payables in the period (31 December 2022: Nil). In accordance with the Negotiable Instruments Law, the holders of the bills have a right of recourse against the Company if

payment is refused by the bank of acceptance (the “Continuing Involvement”). In the opinion of the Company, the Company has transferred substantially all risks and rewards. Accordingly, their full carrying amounts and the corresponding account payables have been derecognised. The maximum loss and the undiscounted cash flows from the Continuing Involvement and repurchasing is equal to their carrying amounts. In the opinion of the Company, the fair values of the Continuing Involvement are not significant.

During the 6-month period ended 30 June 2023, no gain or loss was generated by the Company on the date of transfer of the bills. The Company had no current or accumulated gain or loss arising from the continuing involvement in financial assets which had been derecognised. The endorsement was incurred evenly throughout the period.

IX. Fair Value

1. Closing balance of the fair value of assets and liabilities measured at fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financial assets held for trading	103,583,153.41	5,432,511.57	0.00	109,015,664.98
1. Financial assets at fair value through profit or loss				
(1) Debt instruments investment	934,289.94	0.00	0.00	934,289.94
(2) Equity instruments investment	102,648,863.47	0.00	0.00	102,648,863.47
(3) Derivative financial assets	0.00	5,432,511.57	0.00	5,432,511.57
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	141,235,838.68	0.00	1,051,691,795.90	1,192,927,634.58
(IV) Investment properties				
1. A land use right that is used to be leased out.				
2. A building that is leased out.				
3. A land use right held for transfer upon capital appreciation				
(V) Biological asset				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured at fair value on a recurring basis	244,818,992.09	5,432,511.57	1,051,691,795.90	1,301,943,299.56
(VI) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Including: Issued tradable bonds				
Derivative financial liabilities	0.00	21,644,248.86	0.00	21,644,248.86
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	21,644,248.86	0.00	21,644,248.86
II. Non-recurring fair value measurement				
(I) Assets held-for-sale	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

During January to June 2023, ELICIO THERAPEUTICS, INC. and Carisma Therapeutics, Inc., in which Livzon Group, a subsidiary of the Company, holds investments, were listed on the NASDAQ Stock Exchange, and Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司), in which the Company holds investments, was listed on the Hong Kong Stock Exchange. As a result, the fair value measurement of this investment in other equity instruments transferred from level 3 to level 1; except for this investment in other equity instruments, there were no transfers of the fair value measurements between level 1 and level 2 and no transfers into or out of level 3.

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

Applicable N/A

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

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

Applicable N/A

For the items in level 2 fair value measurement which uses valuation techniques and qualitative and quantitative information of important parameters to determine the fair value. For derivative financial instruments such as foreign exchange forward contracts, the fair value is determined based on the quoted forward exchange rate corresponding to the expiring contract.

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	5,432,511.57	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	21,644,248.86	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

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

Applicable N/A

For the items in level 3 fair value measurement uses valuation techniques and qualitative and quantitative information of important parameters to determine the fair value. For some other equity instruments held, the fair value is based on the cost or the present value of the estimated future net cash flow as the best estimate.

5.Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

Applicable N/A

Item	Fair value at the end of the period	Valuation techniques
Other equity instruments investment-Shanghai Yunfeng Xinchuang Equity Investment Centre (上海云锋新创股权投资中心)	67,932,735.87	Net assets
Other equity instruments investment-Shanghai JingYi Investment Centre (上海经颐投资中心)	72,891,151.99	Net assets
Other equity instruments investment-Qianhai Equity Investment Fund (前海股权投资基金)	251,543,869.00	Net assets
Other equity instruments investment- PANTHEON D ,L.P.	164,827.73	Net assets
Other equity instruments investment-Apricot Forest, Inc (杏树林)	120,788,500.00	Income method
Other equity instruments investment-Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	158,400,000.00	Market method
Other equity instruments investment-Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海) 有限公司)	30,513,209.27	Market method
Other equity instruments investment-Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	32,099,443.70	Recent financing price
Other equity instruments investment- Xiangrong (Shanghai) Biotechnology Co., Ltd. (享融 (上海) 生物科技有限公司)	19,613,667.00	Recent financing price
Other equity instruments investment-GLOBAL HEALTH SCIENCE	246,961,521.36	Net assets
Other equity instruments investment-SCC VENTURE VI 2018-B,L.P.	237,981.63	Net assets
Other equity instruments investment-Nextech V Oncology S.C.S., SICAV-SIF	18,034,888.35	Net assets
Other equity instruments investment- Others	32,510,000.00	Cost

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

9.Others

Applicable N/A

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**1. Information of parent company**

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio by parent company (%)	Voting right by parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd.	Shenzhen	Investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	46.43	46.43

Notes to the parent company of the Company:

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

The ultimate controller of the Company: Zhu Baoguo

Other descriptions:

(1) Registered capital of parent company and its changes

Name of parent company	2022.12.31	Increase for the Period	Decrease for the Period	2023.06.30
Shenzhen Baiyeyuan Investment Co., Ltd.	80,000,000.00	0.00	0.00	80,000,000.00

(2) Shares of the company held by the parent company and its changes

Name of parent company	2022.12.31	Ratio	Increase for the Period	Decrease for the Period	2023.06.30	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd.	878,272,753.00	45.53%	17,380,900	0.00	895,653,653.00	46.43%

On 21 March 2023, 17,380,900 shares lent by Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司) for participating in the refinancing securities lending business were returned.

2. Subsidiaries of the Company

Details of subsidiaries refer to Note

√Applicable □N/A

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

3. Joint ventures and associates of the Company

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

√Applicable □N/A

Details of significant joint ventures or associates refer to Note V. 11 and Note VII. 2.

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
Shenzhen City Youbao Technology Co., Ltd.	Associate
AbCyte Therapeutics Inc.	Associate
L&L Biopharma, Co. Ltd.	Associate
Zhuhai Sanmed Biotech Inc.	Associate
Aetio Biotherapy Inc	Associate
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.	Associate
Tianjin Tongrentang Group Co., Ltd.	Associate
Infinite Intelligence Pharmaceutical Co. Ltd.	Associate
Shenzhen Kangti Biomedical Technology Co., Ltd.	Associate
Shanghai Sheo Pharmaceutical Technology Co., Ltd.	Associate
Zhuhai Sanmed Gene Diagnostics Ltd.	Entity controlled by an associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd.	Entity controlled by an associate

Other descriptions

Applicable N/A

4. Other related parties of the Company

Applicable N/A

Name of other related parties	Relationship with the Company
Shenzhen Taitelixing Investment Development Co., Ltd.	Others
Zhuozhou Jingnan Yongle Golf Club Co., Ltd.	Others
Shenzhen Healthy Deer Information Technology Co., Ltd.	Others
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries	Others
Zhuhai Medpha Biotechnology Co., Ltd.	Others
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership)	Others
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)	Others
Zhuhai Liying Investment Management Partnership (Limited Partnership)	Others
Jiangsu Yiyinjia Medical Technology Co., Ltd.	Others
Directors, Supervisors and other senior management personnel	Others

5. Related party transactions

(1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods, receipt of services

Applicable N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Approved transaction amount (if applicable)	Whether the transaction amount is exceeded (if applicable)	Prior period
Guangdong Blue Treasure Pharmaceutical Co., Ltd.	Raw materials	1,615,292.04			1,458,973.45
Jiangsu Yiyinjia Medical Technology Co., Ltd.	Finished goods, Modern service	611,361.00			368,692.00
Zhuhai Sanmed Biotech Inc.	Testing	0.00			53,443.40
Shenzhen Youbao Technology Co., Ltd.	Modern service	643,255.00			871,765.00
Beijing Infinite Intelligence Pharmaceutical Technology Co., Ltd.	R&D	693,069.31			339,805.83
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Electricity, steam	127,926,603.34	280,000,000	No	129,081,366.42

Sales of goods/rendering of services

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Prior period
Guangdong Blue Treasure Pharmaceutical Co. Ltd.	Finished goods, water and electricity, power	22,816,768.72	15,282,052.21
Zhuhai Sanmed Biotech Inc.	Finished goods, water and electricity, power and others	232,007.99	194,261.12
Zhuhai Sanmed Gene Diagnostics Ltd.	Finished goods, water and electricity, power and others	274,234.26	325,180.92
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd.	Finished goods	1,280,329.37	1,987,679.87
Tianjin Tongrentang Group Co., Ltd.	Modern service	283,018.87	0.00

Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

□Applicable √N/A

(2). Related entrusted management/contracting and entrusting management/outsourcing

Table of the entrusted management/contracting of the Company:

□Applicable √N/A

Descriptions of related trusteeship/outsourcing

□Applicable √N/A

Table of the entrusting management/outsourcing of the Company:

□Applicable √N/A

Descriptions of related management/outsourcing

□Applicable √N/A

(3). Related party leases

The Company as a lessor

Applicable N/A

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Zhuhai Sanmed Biotech Inc.	Buildings	1,113,149.50	1,113,149.50
Zhuhai Sanmed Gene Diagnostics Ltd.	Buildings	120,000.00	120,000.00
Shenzhen Baiyeyuan Investment Co., Ltd.	Buildings	9,445.88	9,445.88
Shenzhen Taitelixing Investment Development Co., Ltd.	Buildings	9,360.00	9,360.00
Shenzhen Healthy Deer Information Technology Co., Ltd.	Buildings	8,587.16	8,587.16
Shenzhen City Youbao Technology Co., Ltd.	Buildings	8,587.16	8,587.16

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	Effective date	Expiration date	Fullfilled or not
Jinguan Electric Power	4,000.00	2022/7/11	2023/7/11	No
Jinguan Electric Power	3,000.00	2022/7/11	2023/7/11	No
Jinguan Electric Power	2,000.00	2022/7/15	2023/7/15	No
Jinguan Electric Power	3,000.00	2022/8/8	2023/8/8	No
Jinguan Electric Power	3,200.00	2022/9/16	2023/9/16	No
Jinguan Electric Power	3,800.00	2022/10/9	2023/10/9	No
Jinguan Electric Power	3,200.00	2022/10/12	2023/10/12	No
Jinguan Electric Power	2,045.01	2023/6/12	2023/10/13	No
Jinguan Electric Power	3,000.00	2022/11/24	2023/11/24	No
Jinguan Electric Power	2,183.85	2023/6/12	2023/12/12	No
Jinguan Electric Power	2,000.00	2023/6/16	2023/12/12	No
Jinguan Electric Power	4,640.00	2022/12/19	2023/12/16	No
Jinguan Electric Power	2,000.00	2022/12/14	2023/12/14	No

The Company as the guaranteed party

Applicable N/A

Descriptions of guarantees with related parties

Applicable N/A

① In order to ensure the stable development of production and operation of Jinguan Electric Power, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) according to “the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare” considered and approved at the First Extraordinary General Meeting of the Company on 6 July 2016, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2019. Pursuant to “the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Joincare” considered and approved at the 2017 Annual General Meeting of the Company on 22 May 2018, the Company and its controlling subsidiary Jiaozuo Joincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts), with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022. In order to ensure the stable development of production and operation of Jinguan Electric Power, the revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) considered and approved at the 2017 General Meeting of the Company was changed to the revolving guarantee facility with balance of no more than RMB450 million (inclusive) on 10 May 2019 due to the actual business needs of Jinguan Electric Power, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2022. On 18 May 2022, the "Proposal on the Company and its subsidiary Jiaozuo Joincare in Providing Loan Guarantee for Jinguan Electric Power" was reviewed and approved by the Company's 2021 annual general meeting, the Company and its subsidiary Jiaozuo Joincare jointly provided a guarantee for Jinguan Electric Power on its revolving loans facility with a balance of not more than RMB 450 million (including RMB 450 million) (the specific guarantor will be specified in each guarantee contract), and the term is from the date of approval of this guarantee proposal at the Company's annual general meeting to 31 December 2025.

As at 30 June 2023, the Company provided Jinguan Electric Power with guarantees for loans of RMB380.6886 million; of which RMB254.2886 million in Shenzhen Branch of China Everbright Bank, RMB60 million in Shenzhen Branch of Zheshang Bank, RMB46.40 million in Shenzhen Branch of Nanyang Commercial Bank and RMB20 million in Jiaozuo Branch of China CITIC Bank.

In order to ensure the safety of secured loans, Jinguan Electric Power provided counter guarantees for the said guarantees provided by the Company and its subsidiary, Jiaozuo Joincare, based on its owned assets, and undertook that it would unconditionally provide mutual guarantees for the Company or its controlling subsidiary designated with total facility of no more than RMB450 million (inclusive) whenever the Company deemed necessary.

② Another shareholder of Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) – the Company has issued a "Counter Guarantee Commitment", promising that it will share the joint and several guarantee liability to the extent of 33.07% of the scope of guarantee responsibility in relation to the guarantee provided

to Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), and the counter guarantee period will expire on the date when the Company's guarantee responsibility expiry.

③ Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙)), being another shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) has issued a "Counter Guarantee Commitment", promising that it will share the joint and several guarantee liability to the extent of 8.44% of the scope of guarantee responsibility incurred by the Company in relation to the guarantee provided to Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), and the counter guarantee period will expire on the date when the Company's guarantee responsibility expiry.

(5). Lending funds of related parties

Applicable N/A

(6). Asset transfer and debt restructuring between related parties

Applicable N/A

(7). Remuneration of key management personnel

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration of key management personnel	782.04	799.59

For the 6-month period ended 30 June 2023

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	162.50	0.00	3.17	1.40	0.00	0.00	0.00	167.07
Liu Guangxia (刘广霞)	162.50	9.65	4.82	1.40	0.00	0.00	0.00	178.37
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	0.00	130.00
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Lin Nanqi (林楠棋)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Cui Liguó (崔利国)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Huo Jing (霍静)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Qin Yezhi (覃业志)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Peng Juan (彭娟)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Supervisors:								
Yu Xiaoyun (余孝云)	2.40	19.08	3.54	1.12	0.00	0.00	0.00	26.14
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Xing zhiwei (幸志伟)	2.40	28.88	3.44	1.05	0.00	0.00	0.00	35.77
Other senior management:								

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Zhao Fenguang (赵风光)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Total	356.20	390.11	26.56	9.17	0.00	0.00	0.00	782.04

Note: Mr. Zhu Baoguo (朱保国) serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong (俞雄) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon. The remuneration presented in above does not include the portion paid by Livzon.

For the 6-month period ended 30 June 2021

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	162.50	0.00	3.42	1.25	0.00	0.00	0.00	167.17
Liu Guangxia (刘广霞)	162.50	9.03	4.51	1.25	0.00	0.00	0.00	177.29
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	0.00	133.00
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Lin Nanqi (林楠棋)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Cui Ligu (崔利国)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Huo Jing (霍静)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Qin Yezhi (覃业志)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Peng Juan (彭娟)	5.54	0.00	0.00	0.00	0.00	0.00	0.00	5.54
Supervisors:								
Yu Xiaoyun (余孝云)	2.40	19.23	3.46	1.12	0.00	0.00	0.00	26.21
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Xing zhiwei (幸志伟)	0.57	32.00	3.36	1.05	0.00	0.00	0.00	36.98
Xie Youguo (谢友国) (resigned)	1.83	18.46	0.00	0.00	0.00	0.00	0.00	20.29
Other senior management:								
Zhao Fenguang (赵风光)	0.00	67.50	3.60	1.25	0.00	0.00	0.00	72.36
Total	354.37	411.23	25.55	8.44	0.00	0.00	0.00	799.59

Note: Mr. Zhu Baoguo 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. Xie Youguo has resigned. The remuneration listed above does not include the part paid by Livzon.

(8). Other related transactions

Applicable N/A

6. Receivables and payables with related parties

(1). Receivables from related parties

Applicable N/A

Unit: Yuan Currency: RMB

Item	Name of related parties	Balance at the End of the Period		Balance at the Beginning of the Period	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bills receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	12,738,589.00	0.00	3,893,820.00	0.00
Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	3,121,800.00	31,218.00	4,781,500.00	47,336.85
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Ltd.	83,081.78	830.82	85,731.98	840.17
Accounts receivables	Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd.	493,418.30	138,748.58	497,828.30	103,325.48
Prepayments	Zhuhai Sanmed Biotech Inc.	211,200.00	0.00	211,200.00	0.00
Prepayments	Shenzhen Youbao Technology Co., Ltd.	329,678.00	0.00	188,100.00	0.00
Prepayments	Jiangsu Yiyingjia Medical Technology Co., Ltd.	670,000.00	0.00	0.00	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	67,244,709.78	0.00	75,724,913.57	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 Health Deer Technology Co., Ltd.	0.00	0.00	4,680.00	74.38
Other receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	1,063,980.76	10,639.81	607,484.29	6,925.32
Other receivables	Zhuhai Sanmed Gene Diagnostics Ltd.	18,579.40	123.49	15,795.00	170.59

(2). Payables to related party

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Related parties	Balance at the End of the Period	Balance at the Beginning of the Period
Contract liabilities	Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd.	104,277.25	12,011.72
Bills payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	1,943,040.00	0.00
Accounts payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd.	0.00	117,760.00
Other payables	Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd.	0.00	8,936.17

XI. Share-Based Payment**1. General information about share-based payment**

√Applicable □N/A

Unit: Share Currency: RMB

Total equity instruments granted during the Current Period by the Company	
Total equity instruments exercised during the Current Period by the Company	
Total equity instruments of the Company expired during the Current Period	
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	—
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Note 1: Share Option

① On 29 August 2022, the Company held the third extraordinary general meeting of shareholders in 2022, and reviewed and approved the "Proposal on the Company's 2022 Stock Option Incentive Plan (Draft) and its Summary", "Proposal on the Company's 2022 Stock Option Incentive Plan Implementation Appraisal Management Measures" and "Proposal on Requesting the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to Shares Incentive". The Company held the 16th meeting of the eighth board of directors on 5 September 2022, and reviewed and passed the "Proposal on First Time Granting Stock Options to Incentive Participants". With 5 September 2022 as the grant date, 49.45 million stock options were granted to 423 incentive participants at a price of RMB11.24 per share. The date of completion and effective date of registration of stock options granted is 16 September 2022.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period	From the first trading day 12 months after the first grant date to the last trading day within 24 months from the first grant date	40%
Second vesting period	From the first trading day 24 months after the first grant date to the last trading day within 36 months from the first grant date	30%
Third vesting period	From the first trading day 36 months after the first grant date to the last trading day within 48 months from the first grant date	30%

Company-level performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose stock options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

(2) The Company's subsidiary, Livzon Group

Total amount of equity instruments granted during the year (shares)	
Total amount of equity instruments exercised during the year (shares)	
Total amount of equity instruments forfeited during the year (shares)	
Range of exercise price and residual life of outstanding share options at the end of the year	Note 2
Range of exercise price and residual life of outstanding other equity instruments at the end of the year	Note 3

Note 2: Share Option

① On 14 October 2022, Livzon Group's 2022 Second Extraordinary Shareholders' Meeting, 2022 Second A-Share Class Shareholders' Meeting and 2022 H-Share Class Shareholders' Meeting reviewed and approved the "Proposal on the Company's 2022 Stock Option Incentive Plan (Revised Draft) and Its Summary", "Proposal on the company's 2022 Stock Option Incentive Plan Implementation Appraisal Management Measures", "Proposal on submitting to the company's general meeting of shareholders to authorize the board of directors to handle matters related to the 2022 stock options incentive plan". On 7 November 2022, the 39th meeting of the 10th Board of Directors of Livzon Group reviewed and approved the "Proposal on Matters Related to the First Time Grant of the 2022 Stock Option Incentive Plan". With 7 November 2022 as the grant date, 17,973,500 stock options were granted to 1,026 incentive participants at a price of RMB31.31 per A share. The date of completion and effective date of registration of stock options granted is 23 November 2022.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of stock options granted for the first time	From the first trading day 12 months after the completion of the first time grant registration to the last trading day within 24 months from the completion of the first time grant registration	40%
Second vesting period of stock options granted for the first time	From the first trading day 24 months after the completion of the first time grant registration to the last trading day within 36 months from the completion of the first time grant registration	30%
Third vesting period of stock options granted for the first time	From the first trading day 36 months after the completion of the first time grant registration to the last trading day within 48 months from the completion of the first time grant registration	30%

Livzon Group performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting during the 3 fiscal years of the vesting period. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit compound growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose stock options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

Note 3: Other equity incentive

Pursuant to "the Resolution on the Disposal of Certain Equity of a Holding Subsidiary and Connected Transaction" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, it was agreed that 9.5% equity interests (totally 8,382,100 shares) in Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) held by Livzon Group shall be transferred to Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)) at the consideration of RMB21,122,892. Pursuant to the Assets Appraisal Report on the Valuation of the

Shareholders'. According to "Assets evaluation report of all shareholders' equity value project of Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) involved in the proposed transfer of equity by Livzon Pharmaceutical Group Co., Ltd.". (Huaya Zhengxin Appraisal Report [2019] No. A02-0011), the valuation of all shareholders' equity 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) (珠海豪汛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 or employee stock ownership platform of Zhuhai Livzon Diagnostics Inc.

On 31 August 2021, the general meeting of Livzon Bio considered and approved the Equity Incentive Scheme of Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司), granting 66,666,667 restricted shares of Livzon Biologics to incentive participants, among which 42 million shares were granted in the first batch and 24,666,667 shares were reserved. Incentive participants indirectly subscribed for the above shares through the holding of the limited partnership shares of the employee shareholding platform. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB33.6 million, which should be amortized during the lock-up period according to the Equity Incentive Scheme of LivzonBio and the Grant Agreement and RMB4.76 million was amortized in the 6-month period ended 30 June 2023.

2. Equity settled share-based payments

√Applicable □N/A

Unit: Yuan Currency: RMB

Method in determining the fair value of equity instruments at the date of grant	Black-Scholes Model, market price
Basis for determining quantity of exercisable equity instruments	-
Reasons for significant discrepancies between estimate for the Period and Previous Period	None
Accumulated amount of equity settled share-based payments included in capital reserve	222,785,534.02
Total expense recognised for equity settled share-based payments for the Period	50,956,673.92

3. Cash settled share-based payments

□Applicable √N/A

XII. Commitments and Contingencies**1. Significant commitments**

√Applicable □N/A

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

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitments in relation to acquisition of long-term assets	380,762,082.33	455,161,816.72
Commitments in relation to external investment	8,000,000.00	12,000,000.00
Commitments in relation to research and development expenditures	206,451,500.00	0.00

(2) Other commitments

None.

(3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 30 June 2023.

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

3. Others

□Applicable √N/A

XIII. Events after the Balance Sheet Date**1. Significant non-adjustment events**□Applicable N/A**2. Profit distribution**□Applicable N/A**3. Sales returns**□Applicable N/A**4. Descriptions of other events after the balance sheet date**□Applicable N/A**XIV. Other significant events****1、 Other significant events**Applicable N/A

Leases

The Company had adopted a simplified approach for short-term leases and leases of low value assets and did not recognized right-of-use assets and lease liabilities. The expense of short-term leases, leases of low value assets and variable lease payments not included in the measurement of lease liabilities are included in the expenses in the current period as follows:

Item	Amount for the Period
Short-term leases	3,147,259.24

As at 30 June 2023, save as the disclosed above, there were no other significant matters required to be disclosed by the Company.

XV. Notes to the Key Components of Financial Statements item of the Parent Company**1. Notes receivables**

Category	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	250,442,507.70	0.00	250,442,507.70	249,617,024.89	0.00	249,617,024.89
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	250,442,507.70	0.00	250,442,507.70	249,617,024.89	0.00	249,617,024.89

(1) Notes receivable pledged at the end of the period

Category	Amount pledged at the End of the Period
Bank acceptance bills	165,392,453.42

(2) Notes receivable endorsed or discounted to other parties but not yet expired at balance sheet date

Category	Amount derecognised at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	49,342,163.84	
Bank acceptance bills not yet mature but already discounted	0.00	
Total	49,342,163.84	

(3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

(4) Classification by the method of bad debt provision

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Book balance Amount	Provision for bad debts		Book balance		Provision for bad debts Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debt on an individual basis										
Provision for bad debt on a collective basis	250,442,507.70	100.00	0.00	0.00	250,442,507.70	249,617,024.89	100.00	0.00	0.00	249,617,024.89
Including:										
Bank acceptance bills	250,442,507.70	100.00	0.00	0.00	250,442,507.70	249,617,024.89	100.00	0.00	0.00	249,617,024.89
Total	250,442,507.70	100.00	0.00	0.00	250,442,507.70	249,617,024.89	100.00	0.00	0.00	249,617,024.89

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

None

(6) There are no bills receivables actually written-off for the Period.

2. Accounts receivables

(1). Disclosure using the aging analysis method

√Applicable □N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Within 1 year	243,755,283.87
1-2 years	2,382,422.30
2-3 years	1,149,664.82
3-4 years	71,587.93
4-5 years	171,734.61
Over 5 years	8,115,871.79
Total	255,646,565.32

(2). Classification by the method of bad debt provision

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		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 debts on individual basis	771,300.68	0.30	771,300.68	100.00	0.00	771,300.68	0.25	771,300.68	100.00	0.00
Including:										
Receivables from domestic customers	771,300.68	0.30	771,300.68	100.00	0.00	771,300.68	0.25	771,300.68	100.00	0.00
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	254,875,264.64	99.70	10,573,709.83	4.15	244,301,554.81	302,839,357.89	99.75	11,208,500.15	3.70	291,630,857.74
Including:										
Receivables from domestic customers	254,875,264.64	99.70	10,573,709.83	4.15	244,301,554.81	302,839,357.89	99.75	11,208,500.15	3.70	291,630,857.74
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	255,646,565.32	100.00	11,345,010.51	4.44	244,301,554.81	303,610,658.57	100	11,979,800.83	3.95	291,630,857.74

Provision for bad debts on individual item:

√Applicable □N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision made
Purchase of goods	771,300.68	771,300.68	100.00	Not expected to be recoverable
Total	771,300.68	771,300.68	100.00	/

Statements of provision for bad debt on individual basis:

□Applicable √N/A

Provision for bad debts on portfolio basis:

√Applicable □N/A

Item on portfolio basis: Due from domestic customers

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		
	Accounts receivables	Provision for bad debts	Provision Ratio(%)
Within 1 year	243,788,178.90	2,612,778.20	1.07
1-2 years (inclusive of 2 years)	2,382,422.30	119,121.12	5.00
2-3 years (inclusive of 3 years)	1,149,664.82	344,899.45	30.00
3-4 years (inclusive of 4 years)	71,587.93	35,793.97	50.00
4-5 years (inclusive of 5 years)	111,468.01	89,174.41	80.00
Over 5 years	7,371,942.68	7,371,942.68	100.00

Total	254,875,264.64	10,573,709.83	4.15
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Standards of provision for bad debts made by portfolio and descriptions thereof:

Applicable N/A

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

Applicable N/A

(3). Provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Changes for the current period				Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	Other changes	
Accounts receivables	11,979,800.83	-634,790.32	0.00	0.00	0.00	11,345,010.51
Total	11,979,800.83	-634,790.32	0.00	0.00	0.00	11,345,010.51

As at 30 June 2023 and 31 December 2022, the Company had no accounts receivables that are past due but not impaired.

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

Applicable N/A

(4). Accounts receivable actually written off for the current period

Applicable N/A

(5). The top five balances of accounts receivable by debtors as at the End of the Period

Applicable N/A

As of 30 June 2023, the total amount of the top five debtors in closing balance is RMB39,253,456.12, accounting for 15.35% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB392,534.56.

(6). Derecognised accounts receivables in the Company due to the transfer of financial assets.

Applicable N/A

(7). Amount of assets or liabilities for which accounts receivable have been transferred but involvement continues in the Company.

Applicable N/A

Other descriptions:

Applicable N/A

3. Other receivables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	926,892,488.80	544,999,500.00
Other receivables	231,021,136.45	240,307,524.78
Total	1,157,913,625.25	785,307,024.78

Other descriptions:

Applicable N/A

(1). Dividends receivable

Dividends receivable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Topsino	524,999,500.00	524,999,500.00
Livzon Group	381,892,988.80	0.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Total	926,892,488.80	544,999,500.00

Other receivables

(2). Disclosure by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period
Subtotal within 1 year	230,926,374.00
1-2 years	48,152.00
2-3 years	210,597.40
3-4 years	148,186.44
4-5 years	138,912.04
Over 5 years	19,124,794.21
Total	250,597,016.09

(3). 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	225,864,474.22	238,041,400.41
Treasury bonds and security deposits	17,968,386.04	17,968,386.04
External entities balances	799,416.83	1,384,240.83
Security deposits	822,373.90	973,098.11
Others	5,142,365.10	1,650,063.41
Total	250,597,016.09	260,017,188.80

(4). Provision made for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (without impairment of credit)	Expected credit losses over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period	0.00	1,741,277.98	17,968,386.04	19,709,664.02
Movement of beginning balance during the period				
-- Transferred to Second stage	0.00	0.00	0.00	0.00
-- Transferred to third stage	0.00	0.00	0.00	0.00
-- Reversed to second stage	0.00	0.00	0.00	0.00
-- Reversed to first stage	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	-133,784.38	0.00	-133,784.38
Reversals for the Period	0.00	0.00	0.00	0.00
Write-off for the Period	0.00	0.00	0.00	0.00
Settlement for the Period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,607,493.60	17,968,386.04	19,575,879.64

As at the End of the Period, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	0.00	0.00	0.00	0.00	
Provision for bad debt on portfolio basis	225,864,474.22	0.00	0.00	225,864,474.22	
Other receivables of each company within the scope of combination	225,864,474.22	0.00	0.00	225,864,474.22	Expected to be recovered
Total	225,864,474.22	0.00	0.00	225,864,474.22	

As at the End of the Period, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item					
Provision for bad debt on portfolio basis	6,764,155.83	23.76	1,607,493.60	5,156,662.23	
Receivables of security deposits	822,373.90	33.18	272,840.51	549,533.39	
Other receivables	5,941,781.93	22.46	1,334,653.09	4,607,128.84	
Total	6,764,155.83	23.76	1,607,493.60	5,156,662.23	

As at the End of the Period, provision for bad debts in third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	17,968,386.04	100.00	17,968,386.04	0.00	

National debt and Margin	17,968,386.04	100.00	17,968,386.04	0.00	Not expected to be recoverable
Provision for bad debt on portfolio basis	0.00	0.00	0.00	0.00	
Total	17,968,386.04	100.00	17,968,386.04	0.00	

As at 31 December 2022, provision made for bad debts:

As at 31 December 2022, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	0.00	0.00	0.00	0.00	
Provision for bad debt on portfolio basis	238,041,400.41	0.00	0.00	238,041,400.41	
Other receivables of each company within the scope of combination	238,041,400.41	0.00	0.00	238,041,400.41	Expected to be recovered
Total	238,041,400.41	0.00	0.00	238,041,400.41	

As at 31 December 2022, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	4,007,402.35	43.45	1,741,277.98	2,266,124.37	
Receivable deposits and deposits and rental fees	973,098.11	36.42	354,429.35	618,668.76	
Other receivables	3,034,304.24	45.71	1,386,848.63	1,647,455.61	
Total	4,007,402.35	43.45	1,741,277.98	2,266,124.37	

As at 31 December 2022, provision for bad debts in the third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	17,968,386.04	100.00	17,968,386.04	0.00	
Treasury bonds and Margin	17,968,386.04	100.00	17,968,386.04	0.00	Not expected to be recoverable
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	--
Total	17,968,386.04	100.00	17,968,386.04	0.00	

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

Applicable N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of

financial instruments have increased significantly:

Applicable N/A

(5). Actual written-off of other receivables at the End of the Period

Applicable N/A

(6) Other receivables due from the top five debtors at the End of the Period

Applicable N/A

Unit: Yuan Currency: RMB

Name of entity	Nature of receivables	Balance at the End of the Period	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	2-3 years	51.86	0.00
Shenzhen Haibin Pharmaceutical Co., Ltd.	Other receivables of each company within the scope of combination	21,470,539.48	Within one year	8.57	0.00
Huaxia Securities Co., Ltd	Treasury bonds and security deposits	17,968,386.04	Over 5 years	7.17	17,968,386.04
Joincare Haibin Pharmaceutical Co., Ltd.	Other receivables of each company within the scope of combination	17,491,868.69	Within one year	6.98	0.00
Joincare (Guangdong) Special Medicine Food Co., Ltd.	Other receivables of each company within the scope of combination	16,757,913.91	Within two years	6.69	0.00
Total	/	203,644,812.41	/	81.26	17,968,386.04

(7). Other receivables derecognised due to the transfer of financial assets

Applicable N/A

(8). Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

Applicable N/A

Other descriptions:

Applicable N/A

4.Long-term equity investments

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,453,138,312.11	7,010,047.91	3,446,128,264.20	3,453,138,312.11	7,010,047.91	3,446,128,264.20

Investments in associates and joint ventures	114,283,298.64	0.00	114,283,298.64	78,056,248.43	0.00	78,056,248.43
Total	3,567,421,610.75	7,010,047.91	3,560,411,562.84	3,531,194,560.54	7,010,047.91	3,524,184,512.63

(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
Fenglei Electric Power	100,763,433.06	0.00	0.00	100,763,433.06	0.00	0.00
Jiaozuo Joincare	375,000,000.00	0.00	0.00	375,000,000.00	0.00	0.00
Shanghai Frontier	32,500,000.00	0.00	0.00	32,500,000.00	0.00	0.00
Taitai Biological	4,832,950.00	0.00	0.00	4,832,950.00	0.00	0.00
Joincare Haibin	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00
Joincare Special medicine Food	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Livzon Biotechnology	294,037,191.00	0.00	0.00	294,037,191.00	0.00	0.00
Total	3,453,138,312.11	0.00	0.00	3,453,138,312.11	0.00	7,010,047.91

(2) Investment in associates and joint ventures

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Year	Change during the Period								Balance at the End of the Period	Balance of provision for impairment at the End of the Period
		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		
II Associates											
Ningbo Ningrong Biological Medicine Co., Ltd.	27,179,209.51	0.00	0.00	-158,884.43	0.00	0.00	0.00	0.00	0.00	27,020,325.08	0.00
Feellife Health Inc.	12,402,324.22	0.00	0.00	786,621.90	0.00	0.00	0.00	0.00	0.00	13,188,946.12	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd	28,732,381.11	0.00	0.00	837,520.76	0.00	0.00	0.00	0.00	0.00	29,569,901.87	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd.	9,742,333.59	0.00	0.00	-88,165.30	0.00	0.00	0.00	0.00	0.00	9,654,168.29	0.00

Lijian (Guangdong) Animal Healthcare Co., Ltd.	0.00	36,750,000.00	0.00	-1,940,032.85	0.00	0.00	0.00	0.00	0.00	34,809,967.15	0.00
Wuhan Kangli Health Investment Management Co., Ltd.	0.00	40,000.00	0.00	-9.87	0.00	0.00	0.00	0.00	0.00	39,990.13	0.00
Total	78,056,248.43	36,790,000.00	0.00	-562,949.79	0.00	0.00	0.00	0.00	0.00	114,283,298.64	0.00

5. 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	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75
Other activities	12,095,953.20	7,540,550.84	7,768,255.94	3,116,156.20
Total	1,089,533,681.48	562,374,480.65	1,177,100,137.17	788,887,001.95

Other descriptions:

(2). Descriptions of operating income

① Operating income and operating cost presented by product types

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Chemical pharmaceuticals	965,727,948.21	492,012,624.44	1,091,103,688.17	735,913,959.70
Traditional Chinese medicine	31,093,955.39	18,301,781.00	23,819,263.50	13,860,751.57
Health care products	80,615,824.68	44,519,524.37	54,408,929.55	35,996,134.48
Total	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75

② Operating income and operating cost presented by major operating regions

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost
Domestic	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75
Total	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75

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)	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75
Total	1,077,437,728.28	554,833,929.81	1,169,331,881.23	785,770,845.75

(3) Descriptions of other activities

Item	For the Period		For the Previous Period	
	Income	Cost	Income	Cost

Rental fees	4,513,807.00	583,020.25	5,325,285.20	781,055.72
Others	7,582,146.20	6,957,530.59	2,442,970.74	2,335,100.48
Total	12,095,953.20	7,540,550.84	7,768,255.94	3,116,156.20

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	381,892,988.80	310,288,053.40
Long-term equity investments income under equity method	-562,949.79	576,377.39
Investment income from disposal of long-term equity investments	0.00	4,242,404.46
Total	381,330,039.01	315,106,835.25

7. Others

□Applicable √N/A

XVI Supporting Information

1. Statement of non-recurring profit or loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss on disposal of non-current assets	-342,359.46
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	123,344,744.28
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	-45,351,392.03

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	
Reversals of provision for impairment of accounts receivable with individual impairment test	0.00
Profit or loss from entrusted loans	0.00
Gains or losses from changes in the fair values of investment properties that are subsequently measured using the fair value model	0.00
Impact of a one-time adjustment on current profit and loss according to the requirements of tax and accounting laws and regulations	0.00
Custody fees of entrusted operation	0.00
Other non-operating income and expenses besides the above items	-5,612,578.23
Other items that conform to the definition of non-recurring profit or loss	0.00
Less: Effect of income tax	12,031,185.95
Effect of minority equity(After tax)	26,316,635.89
Total	33,690,592.72

Provide explanations for classifying non-recurring profit and loss items defined in the Explanatory Announcement No. 1 for Public Company Information Disclosures –Non-recurring Profits and Losses, and for classifying non-recurring profit and loss items listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures –Non-recurring Profits and Losses as recurring profit and loss item.

Applicable N/A

2. Rate of return on net assets and earnings per share

Applicable N/A

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net loss attributable to the Company's ordinary shareholders	6.29	0.4264	0.4251
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	6.03	0.4088	0.4075

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: 23 August 2023

Revised information

Applicable N/A